

Air cargo still benefiting from high cost of box shipping

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Air cargo will continue to benefit from the narrowing of pricing compared with ocean shipping despite that difference coming down in recent months.

Speaking on day one of the IATA World Cargo Symposium (WCS), IATA chief economist Marie Owens Thomsen pointed to statistics showing that the gap

between ocean and airfreight pricing was at its lowest level in September last year when port congestion had sent container pricing to record highs.

At that point, the cost of air cargo was under five times more than ocean shipping, compared with a historic difference of 10-20 times more.

This helped push many forwarders and shippers to utilise air cargo in order to maintain supply chains.

As issues in ocean shipping have eased, the figure has risen back above a differential of five times.

However, not to such an extent that air cargo will no longer benefit.

“The rise in maritime fares created a relative price advantage in favour of air cargo that is a rare occurrence,” Thomsen said.

“It is still the case that we are benefitting from this, but we can see nevertheless a suggestion that we are moving in the other direction.

“For now, for this year, I think this is still going to support air cargo, but it is a support that I expect will wane during 2023 in all probability – not necessarily disappear but become somewhat less supportive.”

The trend of declining ocean freight pricing was also highlighted by Accenture’s Seabury Consulting managing director Marco Bloemen.

Bloemen said that in January 2022 ocean freight pricing was around 5.5 times higher than its pre-Covid level.

While this had dropped, he said ocean shipping was still 2.2 times more expensive than pre-Covid levels.

Looking at Freightos data, ocean freight rates from Asia to the US west coast were in mid-September 80% lower than the same time last year at \$3,896 per 40ft container.

From Asia to the US east coast prices are down 61% on last year at \$8,553 per 40ft container.