

# NEWSLETTER

**JUNE 2023**



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## Avia Solutions buys Slovakia's AirExplore

**Avia Solutions Group, an ACMI operator, has acquired AirExplore, an ACMI and charter airline based in Slovakia.**

AirExplore, a Bratislava-based company founded 13 years ago, operates 10 Boeing 737-800 aircraft, two of which are configured as freighters. The acquisition increases Avia's fleet to 180 aircraft in total.

Avia chief executive Jonas Janukenas commented: "Slovakia offers a dynamic business environment and having an air operator's certificate (AOC) here presents a significant advantage, providing vast opportunities for extended geographic reach and new routes."

Martin Stulajter, the chief executive of AirExplore, said: "Being a part of the world's largest ACMI provider and the leading aviation services group will not only give our airline access to best industry practices and valuable know-how, but it will also present new business opportunities, strengthening our positions in the market. For the

expansion and development of our airline, we anticipate an exciting time."

The parent business of operators includes SmartLynx Airlines, Avion Express, Bluebird Nordic, KlasJet, and Magma Aviation under the name Avia Solutions. With nine AOCs now held in Europe and another one slated to be announced in Indonesia in July, it will have a presence in 68 nations. Additionally, services like ground handling, pilot and crew training, and maintenance, repair, and overhaul (MRO) are provided.

Its cargo operators provide full and part charters as well as wet-leasing services to integrators, charter brokers, and other European cargo airlines. They fly to roughly 900 destinations annually, carrying about 600,000 tonnes.

Through its ground handling businesses BGS and Aviator, it is also present at over 27 airports in Europe and offers over 70 airlines in Northern, Central, and Eastern Europe cargo handling and other services.



## Air Atlanta begins a new chapter with the switch to 777s

**Currently, Air Atlanta Icelandic is deviating from the norm. The Icelandic airline is reactivating three B747-400 aircraft at a time when a depressed market is hastening the departure of older aircraft from service. All three should be operational by June, according to CEO Baldvin Mar Hermannsson.**

Those aircraft are not freighters. Their reappearance symbolizes the passenger industry's improving prospects. Because of the pandemic, the Iceland-based ACMI carrier had to scale back its passenger services and concentrate exclusively on the cargo sector.

The management has continued to look for options to acquire additional 747 freighters despite the recent slowdown in cargo demand. Due to a dearth of appropriate aircraft, none have lately been

introduced to the lineup.

"We constantly keep an eye on the market, but the correct aircraft must be available at the appropriate time and price," stated by Hermannsson.

In response to the slower airfreight demand, carriers like FedEx have accelerated the retirement of older aircraft.

Despite not being under any obligation to reduce capacity, Air Atlanta would prefer to replace some older aircraft with some comparatively newer 747s.

Hermannsson claims that the airline's freighter operations have not actually been impacted by the decline in the cargo market.

Although the airline's freighters are all bound by long-term contracts, he sees the current scenario as an inevitable market correction that has lowered demand for capacity globally following an unsustainable two-year boom.

He claims that none of them will expire before the end of 2024, adding, "It's been years since we last signed a three-month contract."

#### **Charter reduction+**

Despite the inflated pricing between the summer of 2020 and last summer, this plan required a reduction in Air Atlanta's exposure to the charter market.

We don't conduct a lot of ad hoc business instead we strive to build up as much long-term as possible. Ad hoc can be advantageous when markets are booming, but we've adopted a pretty cautious, long-term strategy," adds Hermannsson.

Along with concentrating on ACMI, the airline has increased its CMI-related activities.

Hermannsson states, "We've been doing more and more CMI operations," noting that there seems to be an increasing need for them. Six planes are now being flown by Air Atlanta thanks to CMI agreements.

#### **Availability challenge**

The revival of the global passenger industry has made it harder to find widebody aircraft, particularly 777s and A330s. Although Air Atlanta once used B767s, Hermannsson now does not anticipate the type having a place in its business strategy.

The development of these fleets won't happen quickly since its preferred twin-engine aircraft are less widely available than they were two years ago, and conversions will be involved in the process.

"There are fewer high-quality aircraft available. Capacity is undoubtedly more constrained, says Hermannsson. "It would be sensible to pursue conversions. There are a few businesses developing 777s, and IAI is the most skilled and advanced. We keep an eye on those possibilities. We would undoubtedly be interested in them.





## Taking Sustainable Shipping to the Next Level With Data

**Navigating the green shift and attaining more sustainable operations is a top concern for the maritime industry as decarbonization advances up the global agenda. The IMO estimates that shipping accounts for around 2.5% of the world's greenhouse gas emissions. If no measures are made to mitigate their effects on the environment, emissions might rise as much as 130% from 2008 levels by 2050.**

The International Maritime Organization has put standards in place to address this urgency, including the Energy Efficiency Existing Ship Index (EEXI) and the Carbon Intensity Indicator (CII). Additionally, shipping will be included in the EU's Emissions Trading System (ETS) beginning in 2019. These rules are bringing about a significant change in how shipping operates.

### **A new digital reality**

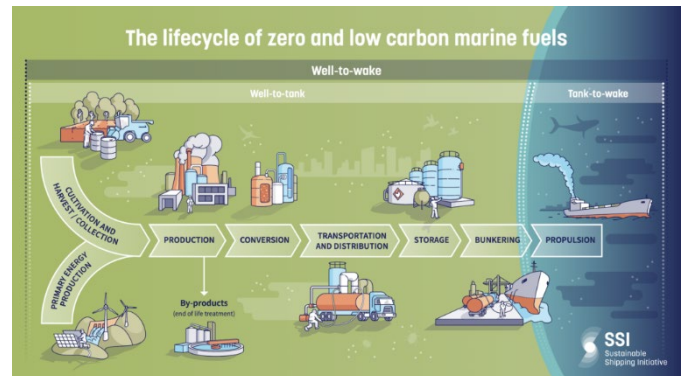
There is no turning back now that the pace of the industry's digital change has accelerated during the previous few years. Ship owners, operators, and charterers are using data to make decisions that are smarter, more transparent, and more well-informed. Decision-makers can obtain invaluable insights on how to achieve more effective, lucrative, and sustainable trips through improved weather routing, reporting, and bunker procurement by utilizing the huge data stores that currently exist inside their organizations.

The maritime industry's fragmentation and the absence of standardized data and analytic platforms along the value chain provide the biggest obstacles. Due to restricted visibility and the inability to agree on vessel actions and goals, owners, charterers, bunker providers, and wider stakeholders prevent businesses from achieving optimal shipping operations and hamper collaboration.

### A connected arena for collaboration

Unparalleled transparency made possible by data gives firms the capacity to uncover operational areas that could be optimized or enhanced. Depending on a particular business need, workers of a shipping company can evaluate data from across the organization to provide recommendations on how a voyage might be maximized, when and where to bunker, or which vessel is ideal to charter. Real-time data-driven decision-making can result in instant gains, increased efficiencies, and decreased fuel usage, costs, and emissions.

Giving both onboard workers and onshore staff visibility and access to the same data points also improves communication between the two groups. Masters are given the knowledge necessary to enhance their journey plans and even optimize while en route because they can observe right away



how changing weather conditions, for instance, may affect their voyage. In addition to uniting stakeholders behind the strategic commercial, compliance, and environmental goals, the correct software-supported data can also immediately enhance operations by reducing delays, port congestion, or changing vessel routing.

Data platforms serve as a point of connection for once isolated parties, combining processes from all points along the marine value chain into a single source of intelligence. This makes it possible for businesses to increase efficiency so that the most profitable and sustainable results may be obtained, benefiting both the economy and the environment.



## Panama Canal's Continuing Draft Reductions Pose Threat to Trade

There is growing concern that a huge climate event, which might have an effect on one of the busiest shipping routes in the world, is taking place at the Panama Canal. The Panama Canal Authority (ACP) reported last week that the area is still experiencing dry conditions, which could lead to more restrictions by limiting the amount of water available for use in the locks.

According to the Panama Canal Authority, May 2023 was the driest month since 1950. Because of the onset of the El Nino phenomenon, which is linked to warmer temperatures over the

Central American region, climatologists predict that this will get worse. In this situation, the ACP will continue to prioritize water-saving techniques.

These difficulties have occurred at the Panama Canal before. Extreme weather and attempts to minimize water use are said to have cost the ACP \$40 million in revenue during the 2015–2016 season. In April 2019, three years after the restriction was first implemented, the ACP informed consumers that it will be lowering it by a whole foot in just one month, to 44 feet.



The canal's water-saving measures were reinstituted and have been in place since January even though the drought conditions have lessened and the limitations have been lifted. Six draft-level modifications have been announced by the ACP so far, requiring ships to carry less cargo. The ACP began lowering the maximum in April, first from 50 feet to 47.5 feet and then gradually down to 46 feet by mid-May.

These changes have a significant impact on vessels passing through the "neopanamax" locks. The new locking system, which was introduced in 2016, allowed the Panama Canal to handle twice as large of a vessel as before.



According to Peter Sand, Chief Analyst at the Oslo-based ocean freight-benchmarking platform Xeneta, "smaller ships may return to favor with the carriers with the ongoing tightening of draft regulations in the Panama Canal, as they find themselves unable to utilize the full capacity of larger vessels." If port calls also change in accordance with ship sizes, this could force shippers to adjust their supply chains, which would put increasing pressure on short-term market rates.

According to some industry analysts, the new draft standards may require some boxships to lower their cargo by 40%. Continued draft reductions may have a substantial impact on international commerce given that 285 neopanamax ships, half of which are containerships, passed through the Panama Canal in April.





## Qantas, local rivals face possible fines for cancelling flights

Following a harsh evaluation of customer satisfaction and competition levels by the domestic antitrust agency, Qantas Airways Ltd. and other Australian airlines may be subject to fines for flight delays and cancellations.

The Australian Competition & Consumer Commission stated in its final report on airline competition released on Monday that the government should take into account establishing specific entitlements for passengers whose flights are cancelled or delayed.

The watchdog advocated for the establishment of a separate organization to address complaints regarding airlines, branding the carriers' current internal dispute resolution mechanism as "ineffective."

After a three-year monitoring program, the ACCC's report paints a picture of a domestic airline market that is essentially controlled by Qantas and its smaller rival Virgin Australia. According to the watchdog, the duopoly has resulted in increased prices and worse service, while competitors looking to enter the market are constrained by a scarcity of takeoff and landing slots at Sydney Airport.

The ACCC proposed increased penalties for airlines, citing the European Union as a model, where passengers are entitled to compensation for delays of three hours or longer and reimbursements for cancelled must be made within seven days of the flight's cancellation.



We are delighted to announce that our esteemed CEO, Alex, celebrating his birthday on June 21st! To make this occasion truly special, our colleagues in Shanghai have organized a fantastic birthday celebration to show our appreciation for everything he has done for the company and the team.

As we celebrate Alex's birthday, it's a perfect time to reflect on the growth and success of our company. Premiere Logistics has been a leader in the logistics industry, providing exceptional services to our clients and building a strong reputation based on reliability and efficiency. Our company's commitment to excellence has been the driving force behind our accomplishments. We take pride in our team's dedication, professionalism, and willingness to go the extra mile to meet our client's needs. Together, we have achieved significant milestones and overcome various challenges, cementing our position as a trusted logistics partner.

On this special occasion, we extend our gratitude to our boss for his invaluable leadership and guidance. His vision, passion, and unwavering support have been instrumental in our company's growth. We are privileged to have such an inspiring leader who empowers us to reach new heights.

A large container ship is docked at a port at night. The ship is illuminated by bright lights, and its reflection is visible in the water. Several cranes are visible in the background, also illuminated. The scene is a busy port at night.

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