

LOGISTICS REPORT

Cascading Flight Cancellations Snarl Airfreight Shipments

Freight forwarders are playing 'whack-a-mole' as they hunt for scarce capacity amid staffing shortages and bad weather



Recent flight cancellations have forced freight forwarders that serve as middlemen between air carriers and companies shipping goods to scramble for alternative flights and to reroute shipments. Above, airplanes at Hartsfield-Jackson Atlanta International Airport.

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Airfreight forwarders are off to a turbulent start to the New Year as flight cancellations have sharply reduced aircraft capacity and disrupted expedited shipping operations.

Though cancellations eased over the past few days, airlines have scrubbed thousands of flights in recent weeks because of winter storms and staffing shortages tied to surging Covid-19 cases.

That has forced the freight forwarders that serve as middlemen between air carriers and companies shipping goods to scramble for alternative flights and to reroute shipments,

from clothing and pharmaceuticals to printer cartridges and electronics, that fly in the bellies of passenger planes.

The cancellations have delayed deliveries and added to transportation costs for retailers and manufacturers seeking to fly goods over clogged ocean ports around the world.

Itasca, Ill.-based AIT Worldwide Logistics Inc. recently had to switch airlines for a 100-ton shipment scheduled to fly from the U.S. to Hong Kong for a major technology customer because the first carrier didn't have enough ground handlers to unload the cargo at its destination, AIT Chief Executive Vaughn Moore said.

"We had to pivot very quickly," said Mr. Moore, adding that the past several weeks "have been extremely taxing," with staff shortages and quarantine rules for crew members complicating air-cargo operations. In some cases, AIT has switched airports and even moved items by truck to their final destination.

U.S. airlines have canceled more than a thousand flights daily over the past two weeks. FedEx Corp. last week said the spread of the Omicron variant is contributing to staff shortages and delays in shipments traveling by air.

The tumult has freight forwarders "literally playing whack-a-mole" as they try to rebook cargo, said Marc Schlossberg, executive vice president of airfreight at Unique Logistics International Inc., a New York-based freight forwarder.

On Dec. 30, a flight flying from Hanoi to the U.S. loaded with cargo for a Unique Logistics fashion retailer customer was canceled because there weren't enough crew members due to Omicron-related quarantines. It took several days for Unique Logistics to get the goods on another jet out of Vietnam, Mr. Schlossberg said.

The disruptions have delayed air cargo shipments by two to four days in recent weeks, said Brian Bourke, chief growth officer at Seko Logistics LLC, another freight forwarder based in Itasca, outside Chicago.

On Jan. 7, Seko warned customers that it was "experiencing challenges moving freight to and from many cities throughout the Continental U.S. via domestic airfreight" because of weather and Covid-19-related labor shortages. The company plans to issue another alert this week warning of disruptions across all modes of freight transportation, Mr. Bourke said.

Airfreight demand has soared in recent months as companies have sought to fly goods around bottlenecks in supply chains.

Shippers are using airfreight for heavy items such as exercise bikes and lower-value goods like discount store merchandise that would usually ship by ocean, said Brandon Fried, executive director of the Airforwarders Association, a trade group. “Usually, it’s electronics and high-value goods that have a definitive market shelf life” that would travel by air, he said.

Demand softened in December but it remains elevated compared with the same month in 2020, Mr. Fried said, “and that’s probably a direct result of the congestion” at the ports.

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