

## Airlines maintaining focus on air cargo: IATA DG

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Montreal : Airlines are still maintaining the focus they put on air cargo during Covid-19, said Willie Walsh, Director General of IATA.

Reports cited Walsh from the IATA World Cargo Symposium in Istanbul, saying that it was natural that airline management would focus on passenger operations as carriers continued to roll out networks following the pandemic.

However, he added that the focus on cargo that had developed over the last couple of years would continue.

"Airline management teams have a much greater appreciation for cargo, how the cargo industry operates, the value of it, what it meant to the industry and what it meant to airlines in terms of cash generation through that very difficult period in 2020 and 2021," Walsh said.

Walsh pointed out that there has been a spate of combination-carrier investments in freighters as airlines realise the importance of all-cargo aircraft for some of the contracts they compete for.

He also pointed out that from a business perspective, it makes sense for carriers to diversify revenue streams to offer protection against market disruption. Cargo, like a wide geographic spread, has a role to play in this approach, he said.

On IATA's future focus on cargo, Walsh said that sustainability was top of the agenda, with digital transformation and safety and security also of importance.

"In terms of threat to our industry, it is sustainability," he said.

Walsh said that he has been surprised that there is a greater emphasis on sustainability from cargo customers than on the passenger side of the market.

He said the pick-up on offsetting and paying for sustainable fuel was just 1 per cent in the passenger market.

Another challenge facing cargo, as well as the wider aviation industry, is recruitment.

He felt that some of the recruitment issues aviation has experienced of late were temporary rather than structural and would ease as people regained confidence that the sector was through the recent phase of uncertainty.

Another trend in cargo in 2023 has been declining rates as capacity increased and demand subsided.

Walsh said that this drop-off in pricing is partly related to cargo increasingly being able to share the cost of operating with the passenger side of the business.

He explained that during the pandemic, cargo had to bear the brunt of the fuel, airport and landing fee costs rather than an incremental part of the cost as they were shared with passenger operations.

"The cost associated with transporting a kilo of cargo went up

significantly during the pandemic and it looked like the yields showed massive profits, but what it didn't show was the significant increase in costs," he said.