

## Further drop in air cargo demand in July, reports IATA

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Montreal : Air cargo demand slumped again in July but there are some indicators suggesting a narrowing in comparisons in the coming months.

The latest statistics from IATA show that air cargo traffic in July fell by 9.7 per cent year on year in cargo tonne km terms - the fifth month in a row to register a drop off compared with a year earlier.

The airline association said that several factors should be noted when considering the figures: "New export orders, a leading indicator of cargo demand, decreased in all markets, except China which began a sharp upward trend in June."

It added, "The war in Ukraine continues to impair cargo capacity used to serve Europe as several airlines based in Russia and Ukraine were key cargo players."

However, there were some positives. IATA pointed out that cargo traffic is not that far off 2019 levels - it was 3.5 per cent down on two years ago in July - and that global goods trade continued to recover in the second quarter.

Also, the additional easing of Covid-19 restrictions in China will further boost recovery in the coming months.

"While maritime will be the main beneficiary, air cargo is set to receive a boost," IATA said.

Capacity, meanwhile, was in July 3.6 per cent up on the same month in 2021 and load factors were 6.9 percentage points down at 47.2 per cent - the second month that the load

factor has dropped below 50 per cent since February 2020, the first being June. On this note, Willie Walsh, Director General, IATA, said, "Air cargo is tracking at near 2019 levels although it has taken a step back compared to the extraordinary performance of 2020-2021."

Looking at regional performance, Asia Pacific airlines saw their air cargo traffic decrease by 9 per cent year on year in July.

"This was a significant decrease over the 2.1 per cent decline in June," IATA said.

North American carriers posted a 5.7% decrease in cargo volumes in July. IATA said the lifting of restrictions in China is expected to boost demand in the coming months.

European carriers registered a 17 per cent year-on-year decrease in cargo volumes in July.

"This was the worst performance of all regions for the third month in a row," IATA said.

"This is attributable to the war in Ukraine. Labor shortages and lower manufacturing activity in Asia due to Omicron also affected volumes."

Middle Eastern carriers experienced a 10.9 per cent year-on-year decrease in cargo volumes in July as stagnant cargo volumes to/from Europe affected the region's performance.

Latin American carriers were the best performing as they reported an increase of 9.2 per cent in cargo volumes on the back of service and capacity investments.