

4.5pc air cargo volume rise expected in 2024

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Dhaka: International Air Transport Association is expecting air cargo demand to increase by 4.5 per cent in 2024 while pressure on rates is expected to bring down revenues for the sector.

The airline association said the projection of a cargo tonne km increase in 2024 comes on the back of the International Monetary Fund's prediction of a 3.5 per cent increase in trade and follows an estimated fall of 3.8 per cent in airfreight demand in 2023.

Looking at regional performance, African carriers are expected to post a 1.5 per cent increase in cargo demand next year, Asia Pacific 3.6 per cent, Europe 4.1 per cent, Latin America 7.7 per cent, Middle East 12.3 per cent and North America 2.1 per cent.

Reports cited IATA's senior macro economist Rachel Yuting Fan saying, "The growth rate is based on a low base. Air cargo has been decreasing

for the last two years, especially this year when it declined by 3.8 per cent, so the growth for next year is based on that.”

She added, “Our assumptions include GDP, inflation, interest rates, the strength of the US dollar, unemployment, jet fuel prices, the pace of recovery in China and conflicts. At the moment our baseline assumption is for war not to spread and for China to have a slow recovery.”

Meanwhile, IATA is expecting cargo revenues to fall by 17.3 per cent year on year in 2024 to USD 111.4 billion.

The revenue decline is based on yields continuing to fall in 2024 by 20.9 per cent, driven by the continued growth of belly capacity related to strong growth on the passenger side of the business and trade stagnation.

However, yields will remain high by historical standards, IATA said. The association pointed out that “yield progression has been extraordinary” in these last years (-8.2pc in 2019, +54.7pc in 2020, +25.9pc in 2021, +7pc in 2022, -32.2pc in 2023).

However, Fan pointed out that cargo revenues are still expected to be around 11 per cent higher than they were in the pre-pandemic year of 2019.

This year cargo revenues are expected to be 34.8 per cent lower than 2022 at USD 134.7 billion.

Fan said this year’s revenue decline is driven by weaker demand and lower yields. The industry has also been affected by improved ocean shipping reliability and returning belly capacity.

Cargo’s share of total airline revenues is expected to 13 per cent next year, roughly in line with the 12 per cent recorded in 2019.

“Demand for air cargo was up 3.8% in October. That marks three consecutive months of year-on-year growth, placing air cargo on course to end 2023 on a much stronger footing than it began the year. Recovering demand, slightly stronger yields and the uptick in trade are all good news. But with demand still 2.4% below pre-pandemic levels, and much uncertainty remaining over the trajectory of the global economy, optimism must be balanced with caution. Nonetheless, a continued strong peak year-end season will certainly help the sector to

manage through whatever turns the global economy might take in 2024,” said Willie Walsh, Director General, IATA.

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