



COVID-19 Air Cargo Impact Report

1st Edition: Focus on China

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1st Edition: Focus on China

The COVID-19 crisis is impacting the air cargo market around the world. Mainland China has been the first market impacted by this epidemic.

The purpose of this 1st edition of the COVID-19 Air Cargo Impact Report is to share an analysis of the market dynamic in Mainland China as similar patterns may occur in other markets going forward.

Approximately 20% of global air cargo volumes either originate in or are destined for Mainland China (2019 average)*. The production shutdown after the 2020 Chinese New Year (CNY) has been and is still resulting in significant supply chain disruptions around the world.

*Source: Classic CargoIS based on CASS

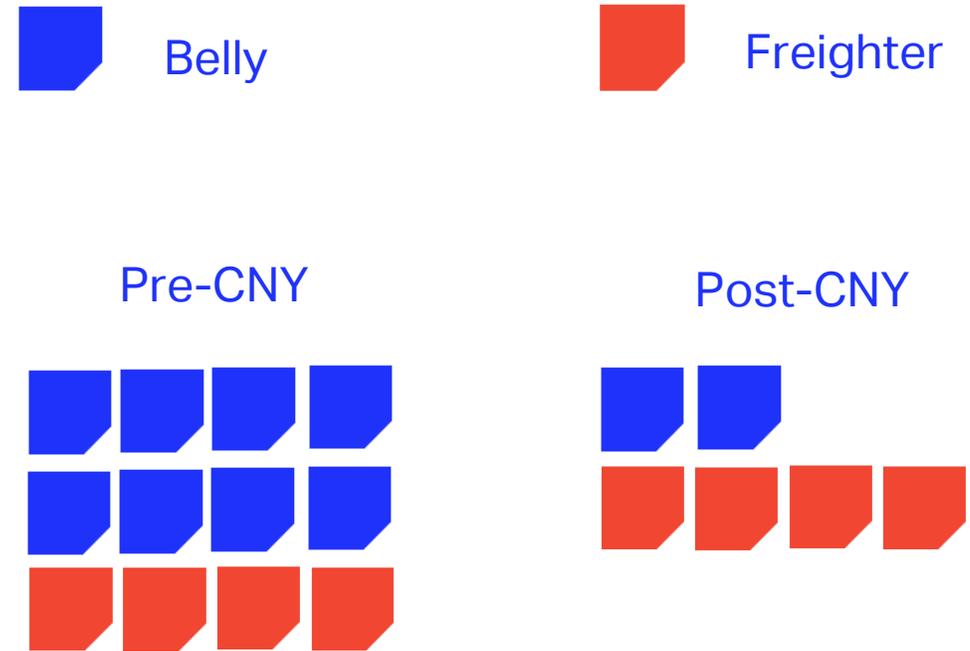
Air Cargo Supply

The total available capacity for air cargo has seen a downturn in the range of 50-55% during the core of the crisis in Mainland China.

The reduction in capacity is driven by the grounding of passenger aircrafts, thus impacting the supply of belly cargo. The supply of freighter capacity has remained stable throughout this downturn. The proportion of total air cargo transported by freighters has drastically shifted from approximately 30% before the crisis to approximately 70% at the core of the crisis.

Mainland China Outbound

-50% Capacity



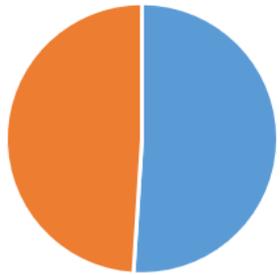
Source: IATA Air Cargo Intelligence Services

Note: CNY = Chinese New Year

Air Cargo Supply

Mainland China Outbound

Pre-CNY



Post-CNY



■ Mainland China Carriers

■ Other Carriers

Source: IATA Air Cargo Intelligence Services

Airlines based in Mainland China have grown their market share during the crisis, from approximately 51% before the crisis to 60% after the core of the crisis.



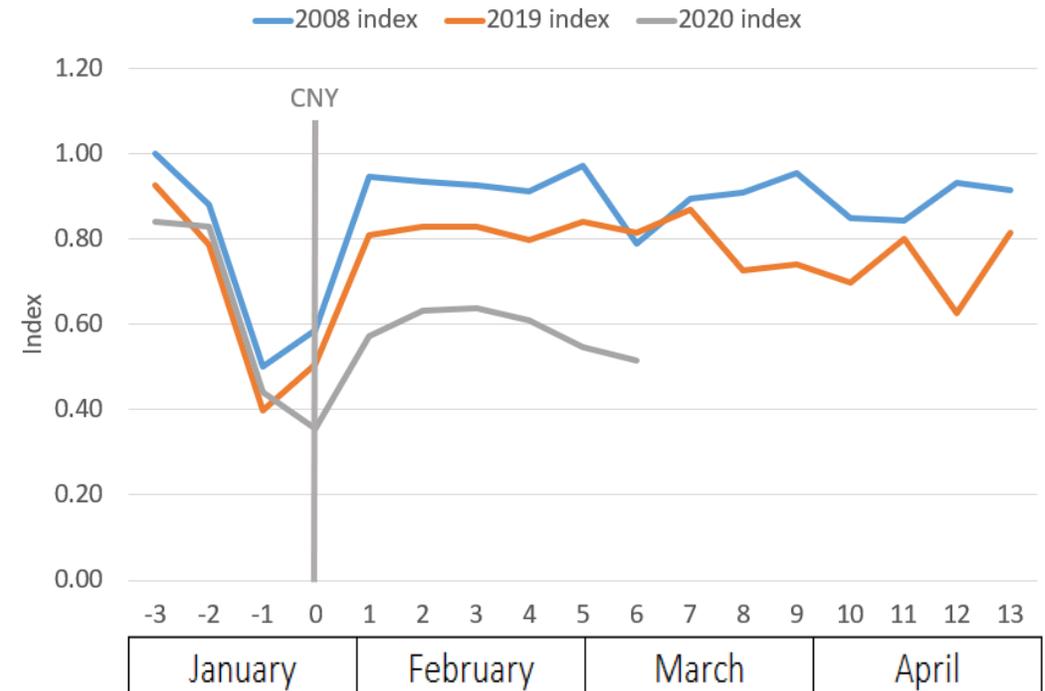
Air Cargo Demand

The demand pattern for Mainland China inbound chargeable weight was quite consistent in 2018 and 2019 around CNY.

In 2020, the pattern is identical until CNY. From then the chargeable weight increases again with a similar pattern as previous years, however the growth rate is a bit slower, and the weight reaches a plateau approximately 15 to 20% below previous years values.

Mainland China Inbound

Top 10 Inbound into China Mainland: Chargeable Weight

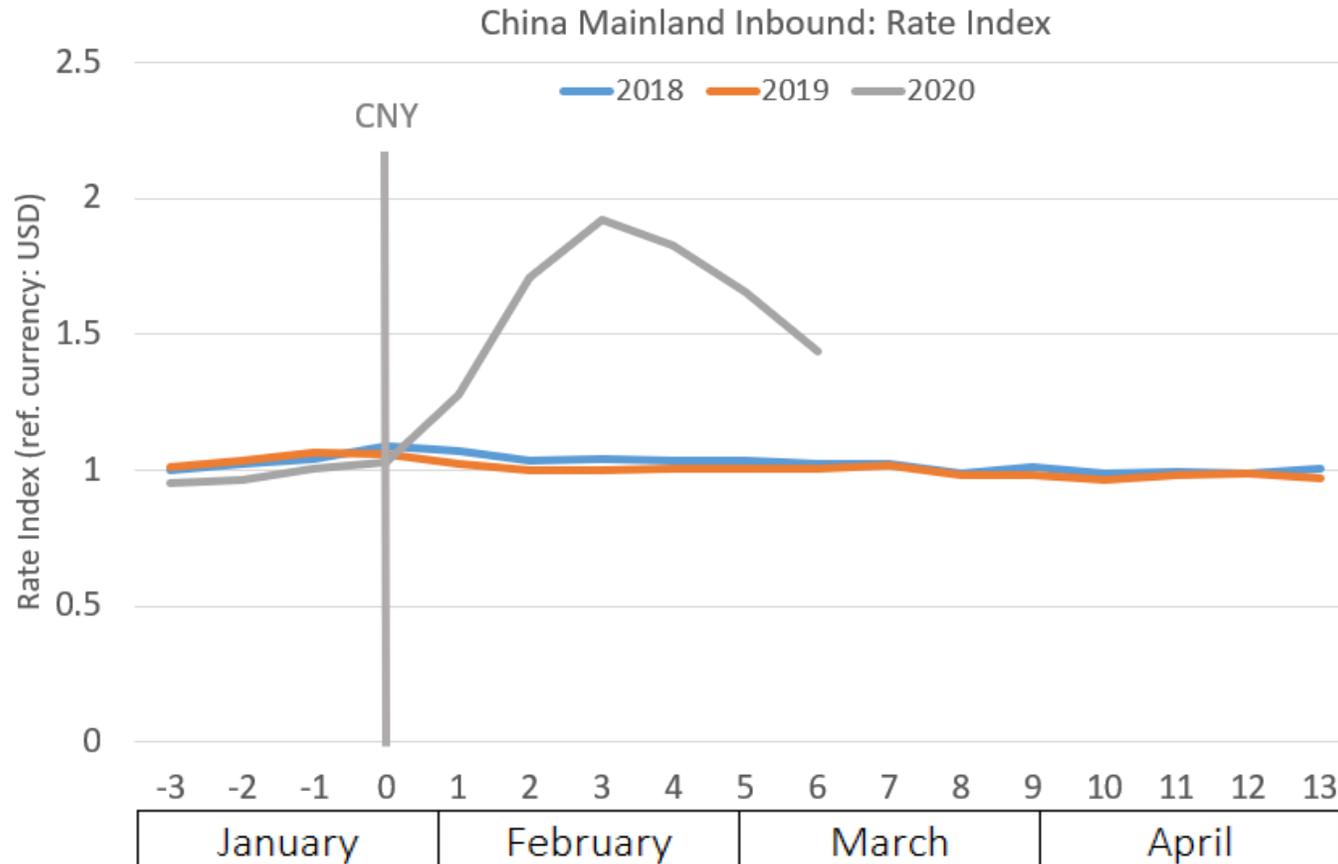


Source: Classic CargoIS based on CASS

Note: This data is subject to revision due to late submissions and corrections. This applies primarily to the most recent weeks

Air Cargo Demand

Mainland China Inbound



Source: Classic CargoIS based on CASS

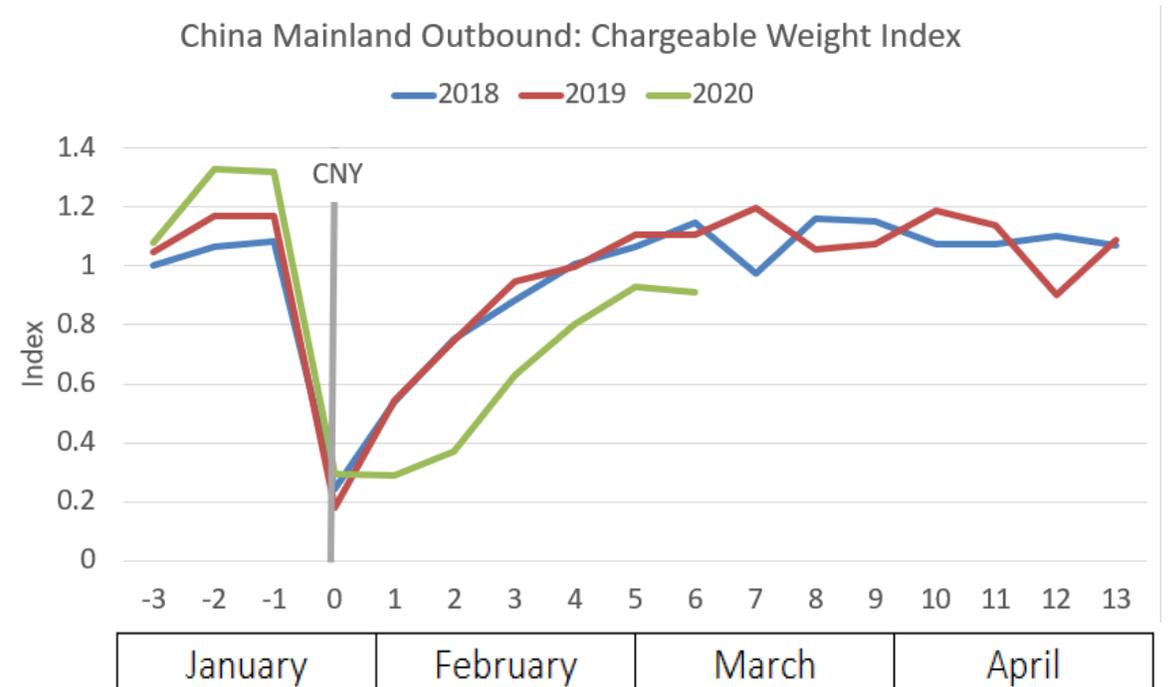
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Air Cargo Demand

COVID-19 impacted strongly production in Mainland China just after CNY, resulting in a shutdown of several weeks after that date. This has been followed by a progressive recovery that is ongoing.

As a result of the production shutdown, outbound chargeable weight by air from Mainland China remained very weak for 3 weeks following CNY. Since then, the weight has been increasing steadily. In the last weeks of February and March, chargeable weight reached a plateau around 20% below the 2019 numbers for the same period.

Mainland China Outbound

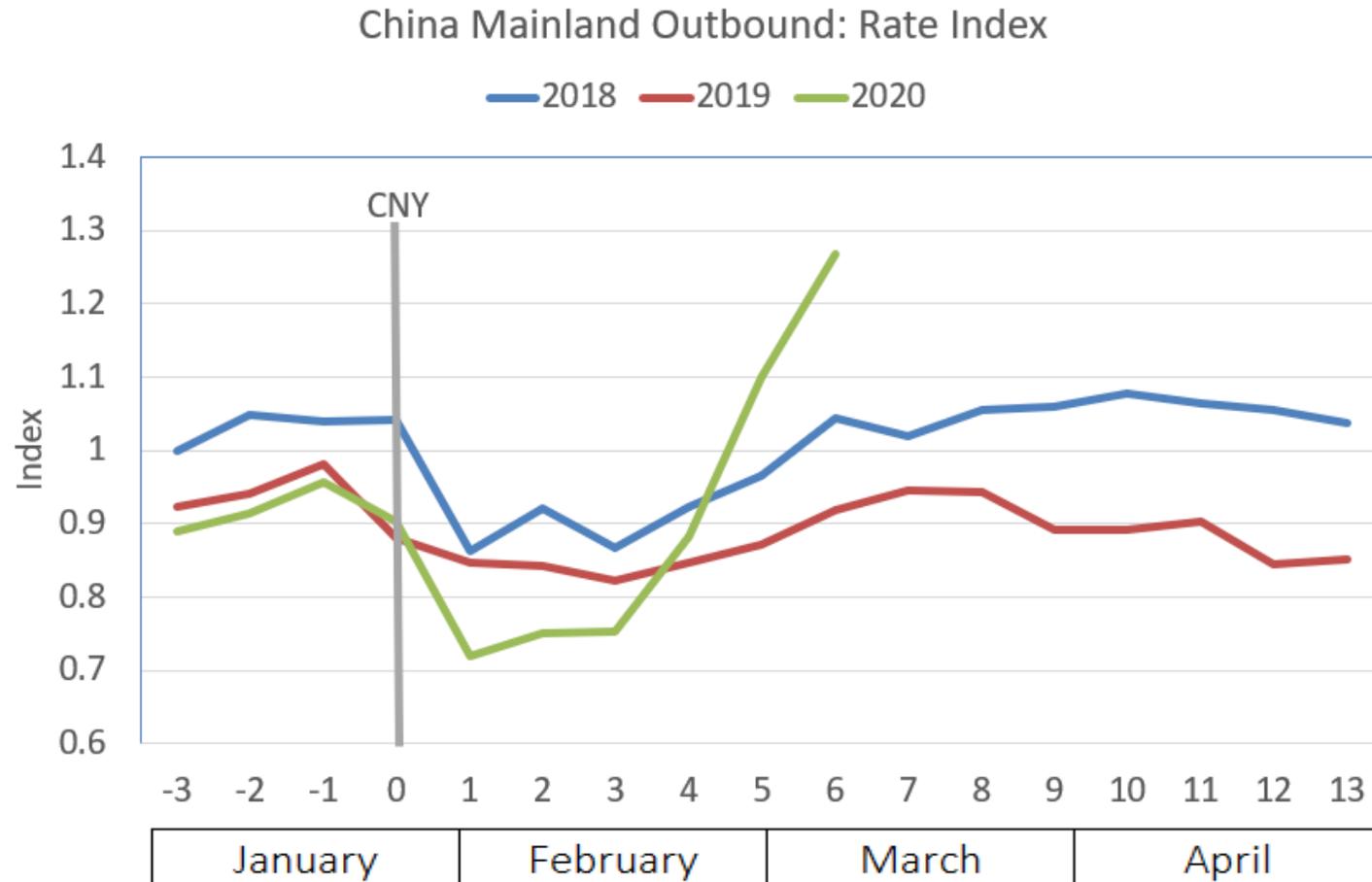


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Air Cargo Demand

Mainland China Outbound



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Call to action

Ensuring smooth air cargo shipments is crucial. With the evaporation of passenger demand and cancellation of passenger flights, vital air cargo capacity has disappeared. Airlines are taking all measures to meet the remaining cargo demand. Unfortunately, airlines faced bottlenecks in getting appropriate permissions and crewing cargo flights amid quarantine restrictions. The result was delays to shipments when time is of the essence to fight the COVID-19 outbreak and keep global supply chains functioning.

“We are in an emergency and the European Commission has responded with speed and clarity. EU member states need to act quickly to ensure that the guidance is followed so that air cargo—including vital shipments of medicines and medical equipment—gets to where it needs to be. Other governments should follow the EC’s example and implement similar measures so that we can unblock the global air cargo networks on which we all depend,” said Alexandre de Juniac, IATA’s Director General and CEO.

See recent IATA press releases related to air cargo:

IATA Welcomes EC Efforts to Keep Air Cargo Flowing: <https://www.iata.org/en/pressroom/pr/2020-03-26-03/>

Air Cargo Bottlenecks Could Put Lives at Risk- Urgent Government Action Required:
<https://www.iata.org/en/pressroom/pr/2020-03-25-01/>