

## Air Cargo Off to a Robust Start in 2018

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Freight capacity, measured in available freight tonne kilometers (AFTKs), rose by 4.2% year-on-year in January 2018.

The continued positive momentum in freight growth into 2018 reflects the fact that demand drivers for air cargo remain supportive. Global demand for manufacturing exports is buoyant and meeting this strong demand is leading to longer supply chain delivery times. Demand for air cargo may strengthen as a result, with companies seeking faster delivery times to make up for longer production times.

“With 8% growth in January, it’s been a solid start to 2018 for air cargo. That follows an exceptional year in which demand grew by 9%. We expect demand for air cargo to taper to a more normal 4.5% growth rate for 2018. But there are potential headwinds. If President Trump follows through on his promise to impose sanctions on aluminum and steel imports, there is a very real risk of a trade war. Nobody wins when protectionist measures escalate,” said Alexandre de Juniac, IATA’s Director General and CEO.

### Regional Performance

All regions reported an increase in demand in January 2018.

Asia-Pacific airlines saw demand in freight volumes grow 7.7% in January 2018 and capacity increase by 2.2%, compared to the same period in 2017. The increase largely reflects the ongoing strong demand experienced by the region’s major exporters, China and Japan which has been driven in part by a pick-up in economic activity in Europe. However, the upward-trend in seasonally-adjusted volumes has paused.

North American airlines’ freight volumes expanded 7.5% in January 2018 year-on-year, as capacity increased 4.2%. The strength of the US economy and the US dollar have improved the inbound freight market in recent years. However, this may be offset by the weakening in the dollar although the recently-agreed US tax reform bill may help to support freight volumes in the period ahead. Seasonally-adjusted volumes are broadly trending sideways.

European airlines posted a 10.5% increase in freight volumes in January 2018. Capacity increased 5.3%. The strong European performance corresponds with a very healthy demand for new export orders among the region’s manufacturers. Seasonally-adjusted volumes jumped 3% in month-on-month

terms in January – the largest increase since March 2017.

Middle Eastern carriers' freight volumes increased 4.4% year-on-year in January 2018, the slowest growth of all regions. Capacity increased 6.3%. Seasonally adjusted freight volumes continued to trend upwards during the first month of the year, however, the region's carriers remain affected by the ongoing challenging political environment in the Middle East.

Latin American airlines experienced a growth in demand of 8.0% in January. Capacity increased 5.4%. The pick-up in demand comes alongside signs of economic recovery

in the region's largest economy, Brazil. Seasonally-adjusted international freight volumes are now back to the levels seen at the end of 2014.

African carriers' saw freight demand increase by 12.9% in January 2018 compared to the same month last year. The increase was helped by very strong growth on the trade lanes to and from Asia. Freight demand jumped by 59% between Africa and Asia in 2017 following an increase in the number of direct flights between the continents, driven by ongoing foreign investment flows into Africa.

Source: [IATA](#)