

# IATA: Cargo demand at “all time high” but capacity is yet to recover

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Air cargo volumes in March reached an all-time high for the month, according to IATA in its latest air cargo analysis.

The association said that global air cargo demand, measured in cargo-tonne kilometres (CTKs) was 4.4% higher in March 2021 than in March 2019, which was used for comparison to avoid the “distorted” results in 2020 that reflect the unprecedented impact of Covid-19. Compared with a year ago, demand is up by 22.1%.

IATA said the underlying drivers of air cargo demand remain positive: “The latest monthly PMI surveys indicate that the global demand for exports has been recovering as countries emerge from lockdowns and business activity restarts.”

However, it noted: “That said, against our expectations, the blockage of the Suez Canal by the Ever Given ship in late March had a limited impact on air cargo volumes.”

Global capacity in March 2021, measured in available cargo tonne-kilometers (ACTKs), was recorded at 12% lower than in March 2019 and the cargo load factor was up by nine percentage points to 58.8%.

IATA said cargo capacity has not yet recovered from the temporary setback in early-2021 when many airlines grounded their passenger aircraft because of Covid-related travel restrictions.

Willie Walsh, director general at IATA, commented: “Air cargo continues to be the bright spot for aviation. Demand reached an all-time high in March, up 4.4% compared to pre-Covid levels (March, 2019) and airlines are taking all measures to find the needed capacity.

“The crisis has shown that air cargo can meet fundamental challenges by adopting innovations quickly. That is how it is meeting growing demand even as much of the passenger fleet remains grounded. The sector needs to retain this momentum post-crisis to drive the sector’s long-term efficiency with digitalisation”.

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Looking at regional performance in March 2021, Africa-based airlines recorded volumes 23.1% higher than in the same period of 2019. Capacity in the region was 4.6% lower than March 2019.

Cargo demand for North America-based airlines was 17.5% higher than March 2019. Capacity was also 3.8% higher.

IATA noted: “The cargo outlook for the region remains promising due to positive developments in underlying demand drivers. US first quarter GDP rose by 6.4% in annualised terms, up from 4.3% in the fourth quarter, which brings the country’s economy close to where it was before the crisis started.”

Europe-based airlines posted volumes 0.9% higher than in March 2019, while capacity was 17.1% lower.

IATA explained: “Improved operating conditions and recovering export orders contributed to the positive performance.”

Airlines based in the Middle East achieved volumes that were 9.1% higher than in March 2019. Capacity in the region was down 12.5% on pre-Covid levels (March 2019).

IATA observed: “The volumes had been supported especially by robust trade flows on the Middle East-North America and Middle East-Asia routes”.

Air cargo demand for Asia Pacific-based airlines was 2.9% lower than in March 2019. Meanwhile, capacity was 18.6% lower than pre-Covid levels.

IATA observed: “The slight weakness in performance compared to the previous month was seen on most of the trade lanes connected with Asia.”

It added: “For now, it’s unclear what caused the setback since we did not observe any significant fall in capacity nor spike in cargo rates compared with February.”

Latin America-based carriers performed the worst in terms of air cargo demand, which was 21.4% lower than pre-Covid levels. Capacity in the region was also lower than March 2019 — by 39.9%.

IATA said: “The region’s demand recovery has been stalling since Q3 and the already weak supply has started to deteriorate recently (by -4.3% month-on-month in March). The ongoing sharp capacity contraction has most likely contributed to the delayed rebound in cargo volumes.”