

Trends of Air Cargo Transportation in the U.S.

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1. Introduction

It has been about 7 months since the first case of the novel coronavirus (COVID-19) was confirmed in the U.S. People's movements have been substantially restricted, and there was even a day when the total number of passengers flying on commercial flights was less than 100,000 at airports all across America. (The number of passengers at Narita International Airport on a regular day is about 100,000 during normal times.) Regarding international travel, it would not be an exaggeration to say that it has gone down to almost zero. Other countries are experiencing the same predicament, and airlines are deeply impacted worldwide. Under these circumstances, airlines that cannot carry passengers are instead flying cargo to try to make as much of a profit as possible, or are minimizing operation costs for aircraft that have been forcibly grounded. Airlines have been trying to find new approaches by shipping personal protective equipment (PPE) and medical equipment, or by putting cargo on passenger seating. However, although cargo figures have not been impacted as much as passenger numbers, demand for shipment of cargo is also going down. While we are seeing some signs of recovery, the situation is still difficult.

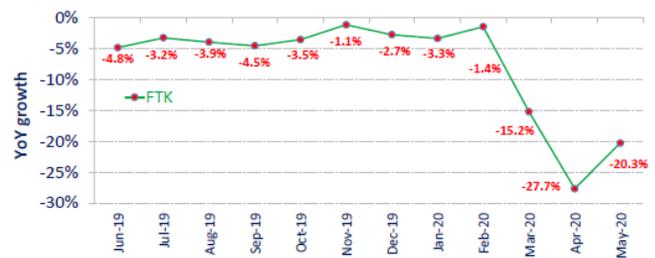
In this report, I will overview the status of international air cargo transportation through a summarization of trends based on the latest data, and will also briefly touch on trends seen in Japan and the world.

2. International Air Cargo Transportation Trends across the World

Figure 1 shows the volume of air cargo transportation in the entire world compared to the same month a year ago. Demand for cargo has rapidly decreased since the beginning of 2020 due to COVID-19, and recorded a 27.7% loss in April compared to the same month a year previously. On the other hand, the cargo load for this April went up by 11.5% year-on-year, the highest level it's been since 1990, due to the rapid shortage of belly charters as the number of passenger flights almost disappeared

In May, the world's air cargo transportation volume was down 20.3% year-on-year, but was a 7.4% increase from the last month's losses. This shift was considered a turnaround because the decline seen in production activities and export orders were coming to an end. Cargo transportation numbers under the COVID-19 pandemic were supported by the shipment of medical equipment and essentials. However, demand for air cargo transportation has been declining, and it faces big challenges due to the downturn of the world economy and trading volume decreases throughout the world. By region, we can see recovery of air cargo transportation in almost all areas, with the biggest revenue made in Africa, Latin America, and the Caribbean. We also see moderate recovery in the Asia Pacific and Europe, although performance results are not strong.

Figure 1



Source) ICAO Air Transport Monthly Monitor, July 2020

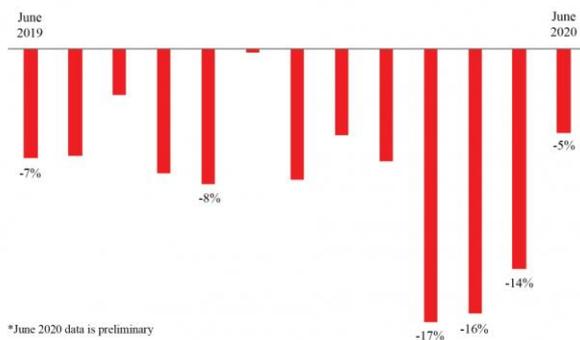
Despite it not being listed in Figure 1, while world air cargo travel volume in June decreased 17.6% year-on-year, it was a gradual upturn for the second consecutive month.¹⁾ However, air cargo is losing its market share within world trade as buyers have leaned towards cheaper, though slower, transportation modes these past few months. Thus demand for cargo in June remained weak compared to normal times, as it stayed relatively stagnant. North America led the recovery, and Europe and the Middle East also saw improvements in June.

3. Air Cargo Transportation Trends in the U.S.

According to the Bureau of Transportation Statistics' newly published data in June (Figure 2), the total air cargo transportation volume between the U.S. and other countries was 740,000 tons that month, a 5% decrease compared to the 781,000 tons a year before. The decline rate was small compared to the 17% drop seen in March, the 16% in April, and 14% in May. This decline was due to a decrease in cargo transportation in Europe (29.8% drop) and Latin America (10.8% drop). Although Asia had the highest volume of cargo transportation with the U.S., with a 10.6% increase in June, the big declines seen in Europe and Latin America offset these gains. However, the roughly 5% loss in June was the smallest fall since the approximate 0.2% in November 2019.

Figure 2

Figure 1. U.S. International Air Cargo Percent Change from the Previous Year, June 2019–June 2020* Cargo by Weight



Source : Bureau of Transportation Statistics, Press Release

The progression over time of air cargo transportation volume between the U.S. and other regions of the world are as follows. Table 1 shows comparisons of air cargo transportation volume for this and last year's June between the U.S. and other countries, and recent developments for each region are described afterwards.

Table 1

Region	June 2020 (ton)	June 2019 (ton)	Same month the year before
Europe	139,000	198,000	-29.8%
Latin America	89,000	100,000	-10.8%
Asia (Incl China)	380,000	344,000	+10.6%
China	81,000	75,000	+7.1%
Canada	23,400	23,100	+1.4%

Source : Bureau of Transportation Statistics, Press Release

Europe

The air cargo transportation volume between the U.S. and Europe had big losses consecutively, down 25.2% in March, 42.9% in April, 37.7% in May, and 29.8% in June. This extended a 17 month-long decreasing trend year-on year.

Latin America

Air cargo transportation volume between the U.S. and Latin America was down 22.7% annually in May, and dropped 10.8% in June. The slump in May was the biggest in 6 years of consecutive declines.

Asia (Incl China)

The U.S. and Asia air cargo transportation volume increased 10.6% in June, a 3 month-long rise after 7 months of consecutive decreases. It was the biggest year-on-year increase rate since April 2018. Air cargo transportation with Asia covered 51% of all international air cargo shipments for the U.S. in June.

China

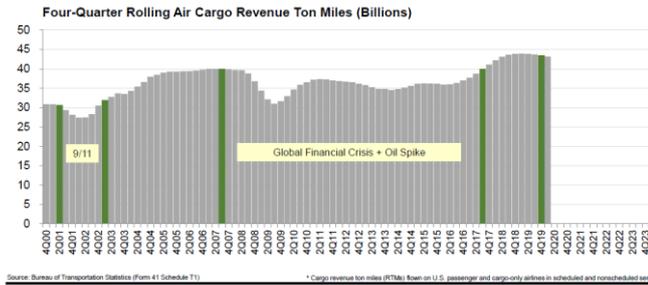
Since the beginning of 2020, air cargo transport with China has had 4 months of consecutive declines, including by 11.8% in January, 24.8% in February, 11.5% in March, and 10.0% in April. Rates slightly decreased by 0.1% in May, and increased by 7.1% in June compared to the same month a year ago. Among the air cargo transported between the U.S. and China in June, 87.8% were delivered from China and 12.2% were shipped from the U.S.

Canada

The air cargo transportation volume between the U.S. and Canada increased 1.4% in June year-on-year, after May ended 4 months of consecutive decreases. Within June air cargo shipments between the U.S. and Canada in June, 58.7% were from Canada, and 41.3% were from the U.S.

Volumes of air cargo transport are expected to increase in the U.S. as the economy reopens. However, in July there were some states where COVID-19 infections spread. The situation also remains uncertain, because there will be a presidential election in November. According to the information displayed on the progression of air cargo revenue by ton-miles for every quarter shown in the Figure 3, which was prepared by Airlines for America, a lobbying group representing U.S. airlines, after 9/11 it took about 1 and a half years to recover to the same level as before. After the financial crisis, it took almost 10 years to recover to the same level as before. Based on this data, it will take more than a few years for the current air cargo transportation volume to recover to pre-COVID-19 levels.

Figure 3



Source) Airlines for America

4. International Air Cargo Transportation Trends in Japan

I would like to also briefly mention about the trends in Japan. According to a preliminary report on the statistics of air transport by the Ministry of Land, Infrastructure, Transport and Tourism of Japan, though until this March the international transportation volume per month exceeded figures from the same months a year ago, from April it declined by 30% year-on-year after the effects of COVID-19 expanded across the world. Japan is not a deviation, and has also been impacted by COVID-19.

Table 2

Month	Transport Volume (ton·km)	Year-on-Year
January	1,619,590	+ 3.2%
February	1,388,834	+ 13.6%
March	1,047,521	+ 4.4%
April	479,080	- 34.6%
May	482,528	- 33.5%

Source: Preliminary statistical report on air transport by the Ministry of Land, Infrastructure, Transport and Tourism of Japan

5. Conclusion

There are some differences in the recovery of U.S.-international air cargo transportation depending on region. While air cargo shipments between the U.S., Europe, and Latin America are showing large downturns, U.S.-Asia cargo volumes have seen greater increases compared to even times before COVID-19, which is a good sign. However, as the U.S. engages in trade wars, they will continue to have big challenges ahead with China and the EU, as international air cargo transportation is one means of trading. In addition to this, political uncertainty will continue, as there will be a presidential election this November in the U.S. Although the industry's plight is expected to

remain formidable, I would like to continue to observe these trends carefully with the hope that air cargo transportation will recover under safe circumstances.

References

- 1) <https://www.iata.org/en/iata-repository/publications/economic-reports/air-freight-monthly-analysis-june-202022/>
- 2) <https://www.bts.gov/newsroom/air-cargo-down-5-between-us-and-foreign-points-june-2020-preliminary>