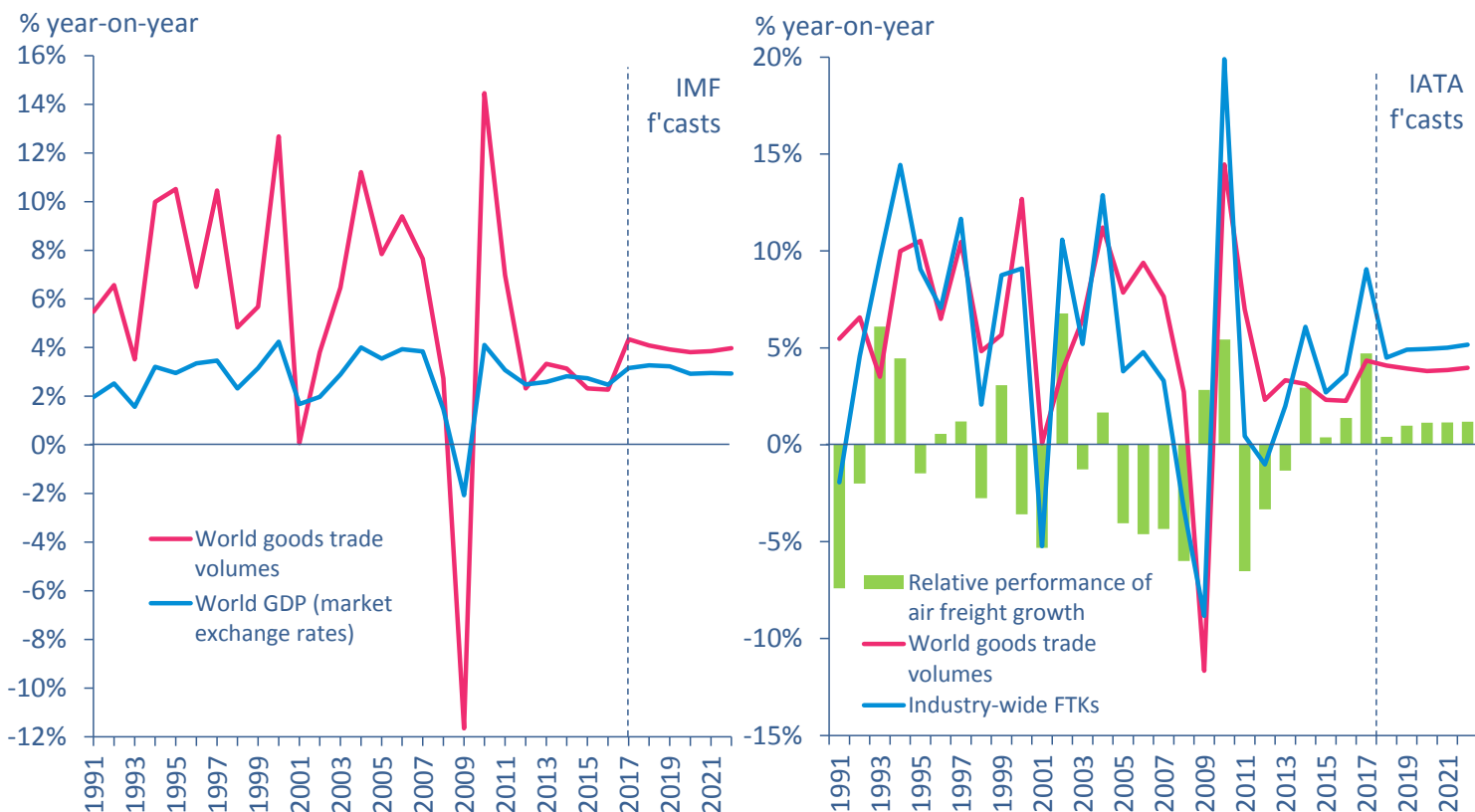




IATA ECONOMICS' CHART OF THE WEEK

23 MARCH 2018

PROTECTIONISM IS A KEY UNKNOWN FOR THE FIVE-YEAR FREIGHT OUTLOOK



Source: IATA, IMF

- In time for last week's *World Cargo Symposium*, IATA Economics developed a new five-year [air freight forecast](#) covering the period 2018-2022. Our demand forecasting framework is based on two key building blocks: the relationship between economic activity (global GDP growth) and global goods trade growth; and, in turn, the relationship between global goods trade growth and air freight volumes (measured in freight tonne kilometers, or FTKs).
- As noted in a previous [chart](#) earlier this year, the latter relationship has been strong in recent years. Air freight outperformed wider global goods trade growth in 2017 by the widest margin seen in seven years, driven in large part by the global inventory restocking cycle. Crucially, we expect that air freight will continue to outperform world goods trade over the years ahead – albeit more modestly than it did in 2017 – helped in part by growth in sectors such as pharmaceuticals and e-commerce.
- There is perhaps more uncertainty over the former relationship. In the decades leading up to the global financial crisis (GFC), global goods trade tended to grow at around 2x the pace of global GDP, but this multiplier has slowed to more like 1x in the years since. Forecasters, including the IMF, currently expect it to be in the region of 1.4x over the coming five years – a larger tailwind for air freight growth than we saw between 2012 and 2016, but still well below what used to be 'normal' prior to the GFC.
- Based on these relationships, our modelling suggests a solid global FTK growth forecast of 4.9% on average over each of the next five years, out to 2022. That said, the recent pick-up in protectionist measures and the rising prospects of a global trade war present significant downside risks to the outlook. This is an issue that we will continue to monitor closely over the months ahead.

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