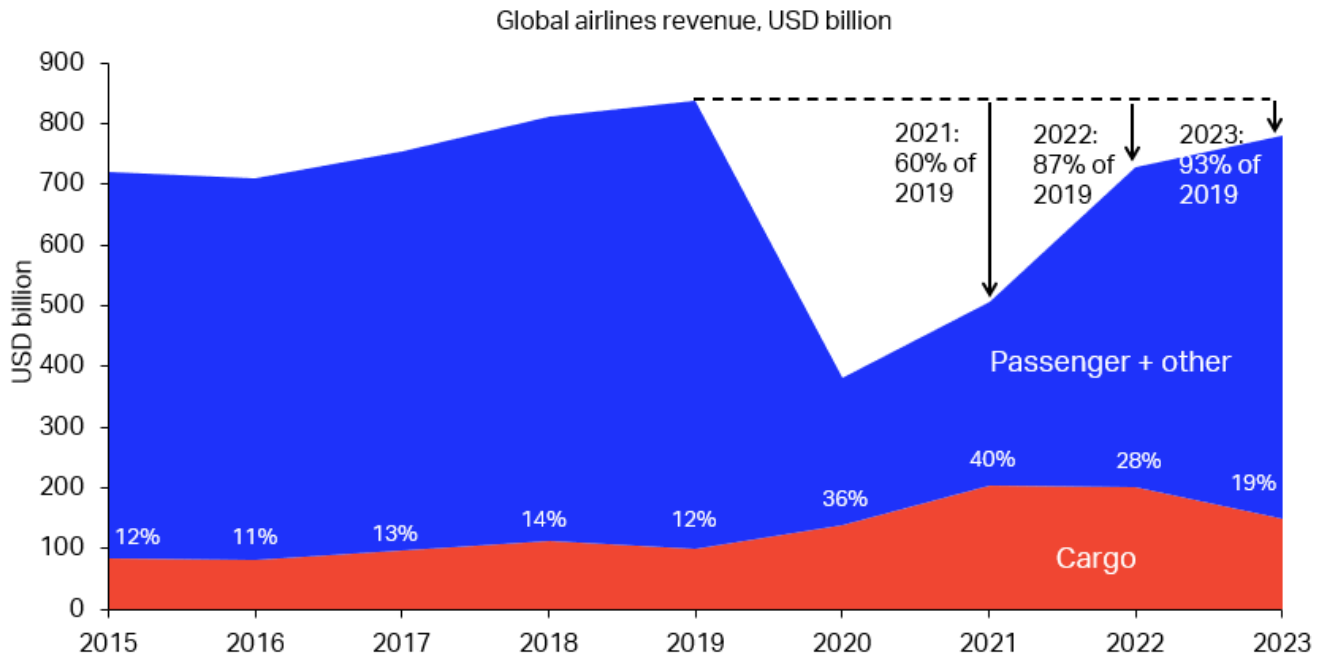




IATA Economics' Chart of the Week

16 December 2022

2023 to bring further pax recovery but softer cargo



Source: IATA Economics

- Air cargo played a critical role during the pandemic, to ensure that vital vaccines could be made available globally and to ensure that businesses and economic activity continued to function despite the extraordinary circumstances. Moreover, cargo became an increasingly important source of revenue for many airlines during the COVID crisis, reaching a high of 40% of total airline revenue in 2021, compared with 10-15% in the pre-pandemic period. This significant development reflects a combination of limited air passenger traffic, a sharp rise in cargo volumes, and higher yields in recent years.
- As the world and the air transport industry recover from the crisis, a normalization in activity is underway. Passenger markets are recovering strongly as more routes are opened while cargo volumes have begun to ease in 2022 from their recent highs, amid weaker global economic growth and geopolitical tensions. Total airline revenue is expected to reach around 87% of the 2019 level in 2022, up from 60% last year. With cargo revenue likely to be broadly unchanged this year, its share of total revenue will slip back to around 28%.
- In 2023, total airline revenue should increase to an estimated 93% of the pre-pandemic level, driven by the recovery in passenger traffic. Air cargo revenue looks set to moderate next year, to around USD 150 billion, reflecting both softer volumes and yields. Air cargo's share of total revenue will therefore ease further, to around 20%. Although this rebalancing of airline revenue was to be expected, it is noteworthy that cargo revenue in 2023 will still be around 50% higher than the level seen in 2019 – highlighting the ongoing important role played by the cargo sector in the post-pandemic industry and economic recovery.

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