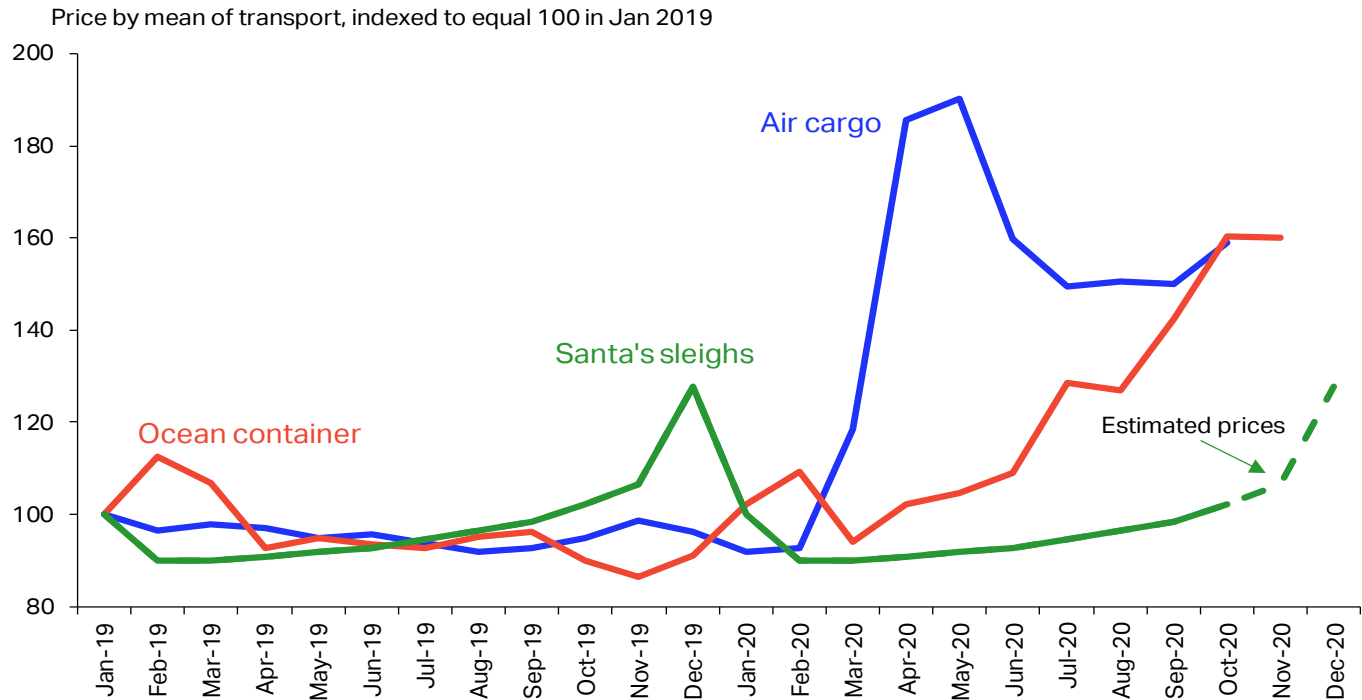


IATA Economics' Chart of the Week

18 December 2020

Santa Claus provides a competitive alternative to air and ocean trade



Source: IATA Economics using data from CargoS, Freightos

- After the peak of the COVID crisis at the start of the year, consumer confidence and demand have shown a partial rebound in many economies. This is reflected in the currently fast-growing e-commerce demand, resilient world goods trade and also strong new export orders. But the capacity shortage caused by travel restrictions causes record-high prices in goods transport, with air cargo rates up roughly 65% year-on-year in October, and container rates more than 80% higher than last year in November.
- With consumers' appetite to spend increasing during the year-end, transport of gifts using Santa's sleighs offers a highly competitive alternative to air cargo and ocean freight. We estimate that sleigh rates in December will be 27% higher than in January 2020. Sleigh rates have generally risen during the year, as holiday season impatience built up. They will peak in December due to limited reindeer capacity – there are [only nine](#) – but Santa is still likely to attract a sizeable share of the demand, as other means of transport will be costlier.
- Santa also benefits from advantageous logistics. In 2020, he has become connected to the Internet and is able to benefit from the e-commerce boom. Reindeers have the ability to magically travel faster than any other mean of transport. Moreover, it is unlikely that travel restrictions and border controls would impact him significantly, as it would require custom agencies to control every chimney where reindeers could potentially lend. That being said, Santa is still expected to take a COVID-19 test prior to departure, and a crucial question for global trade is whether the test will come back negative...
- The attractiveness of sleigh transport also means that standard cargo may push children's presents off Santa's sleighs. This is why IATA recommends that governments implement coordinated testing strategies, which would allow a partial return of passenger traffic and air cargo capacity, and no disappointment during the holiday season.
- Chart of the Week will return in 2021. Season's greetings to all!

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