Air freight plays a key role for shippers and valentines alike

- Air cargo plays a key role in delivering fresh cut flowers from the grower’s field to your bouquet. If your Valentine said it with flowers this week, there’s a very good chance that air freight helped make this loving gesture happen.

- This year’s Valentine’s Day follows an exceptional year for air freight demand in 2017, during which industry-wide freight tonne kilometres (FTKs) posted their strongest year of growth since 2010 (9.0%). This was helped in part by a pick-up in global trade and economic activity (global goods trade also posted its strongest year of growth in six years, for example). But 2017 was particularly notable in that air freight growth outperformed global trade by the widest margin since 2010.

- This outperformance is typical of the pattern that we tend to see during upturns in the economic cycle, when manufacturers and retailers turn to the speed offered by air freight – which is so pivotal in delivering tonnes of flowers around the world each year – to restock their shelves. As shown in this week’s chart, we estimate that the latest restocking cycle can explain around half of air freight’s outperformance relative to global goods trade seen in 2017.

- A number of factors are likely to be contributing to the remainder of the outperformance seen in 2017 and in recent years, particularly the positive impact that growing sectors such as e-commerce and pharmaceuticals appear to be having on air freight growth. The extent that such factors will allow air freight to decouple from wider growth in global goods trade is a key question for the outlook for air freight demand over the coming years.

Source: IATA Economics

www.iata.org/economics