



Digital Air Cargo Forum

Airports4Cargo

How Air Cargo Adds Value to Airports



Key trends impacting the air cargo industry

Key trends creating opportunities...



Air cargo traffic is on a recovery path and is increasingly **important to airlines**



Intensified **e-commerce** activity has supported traffic and is creating growth opportunities



The crisis emphasized the importance of **Digital**, where the industry has room for improvement

...and challenges for air freight



The unprecedented downturn has put pressure on **cash and investment ability**



Distributing the long-awaited **Covid-19 vaccines** may be air cargo's biggest challenge yet



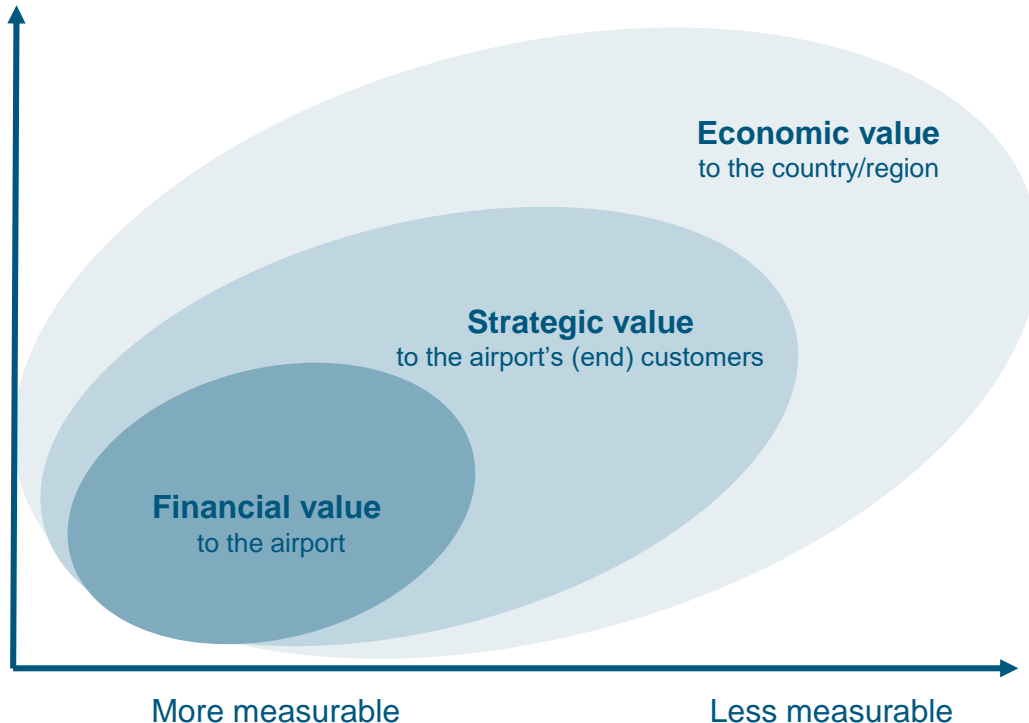
Ageing **physical infrastructure** in some markets has reduced air cargo potential

What is the role of airports in responding to these trends?

A model to assess cargo's value to airports

Air freight creates three types of value to an airport

Impact



Economic Value

- Engine for developing the local industries and broader logistics
- Attracts new industries/companies providing high-value trade

Strategic Value

- Contributes to airlines' profits, including passenger airlines
- Supports end customers business (freight forwarders, shippers)

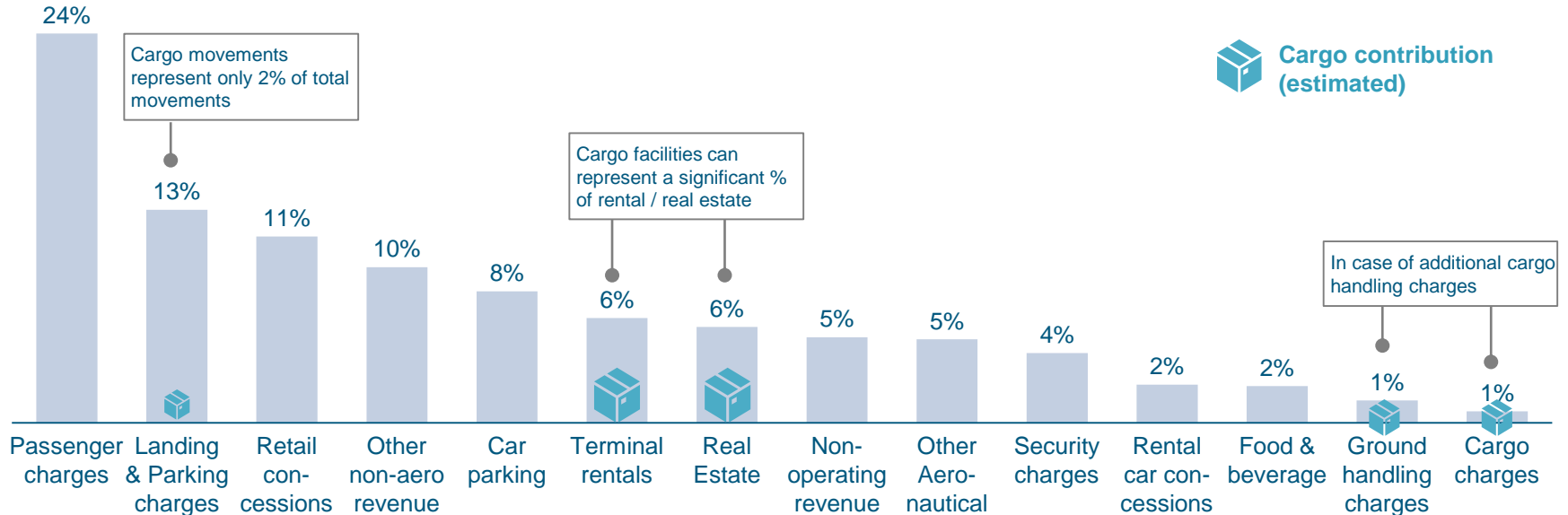
Financial Value

- Land and facilities rent, either at or off airport
- Landing & parking fees of freighter flights

Financial value: an opportunity to diversify revenues

Breakdown of airports' total revenue (2018)

% of total revenue



Cargo represents around 10% of airport's revenue on average

Strategic value: cargo is ever so important to airlines

“ Cargo is forecast to represent **26% of airlines** revenue in 2020, up from 12% in 2019. ”

“ As of early October, the number of passenger aircraft adapted to transfer **in-cabin cargo** is estimated to be at around **2,500**. ”



“ About 60% of our fleet is flying now, **largely due to cargo**. ”

The airline has made money on flights that are only 20% full of passengers but 100% full of cargo. ”

virgin atlantic 

“ Cargo will become an increasingly important part of our business as we plan to expand to **dedicated freighters** and focus on e-commerce. ”

 AIR CANADA

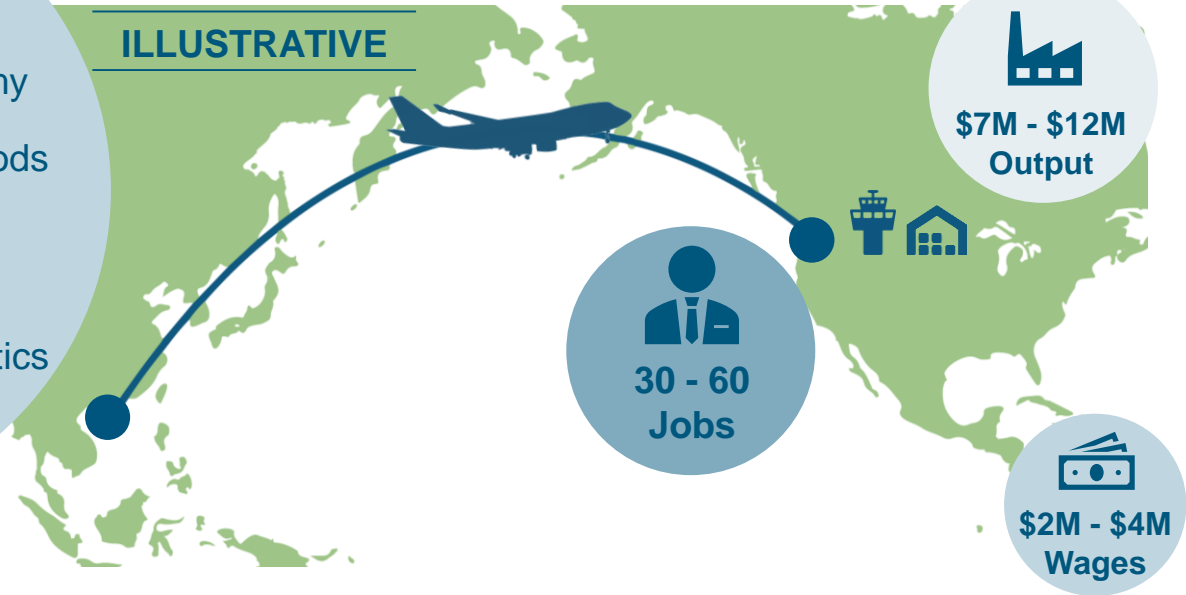
Economic value: employment and economic output

Cargo's Economic Value is Driven by:

- Structure of the local economy
- Nature & value of carried goods
- Type of flows: (re-)exports, imports and transshipments
- Synergies with broader logistics

Example: contribution of a transpacific cargo flight at a North American airport

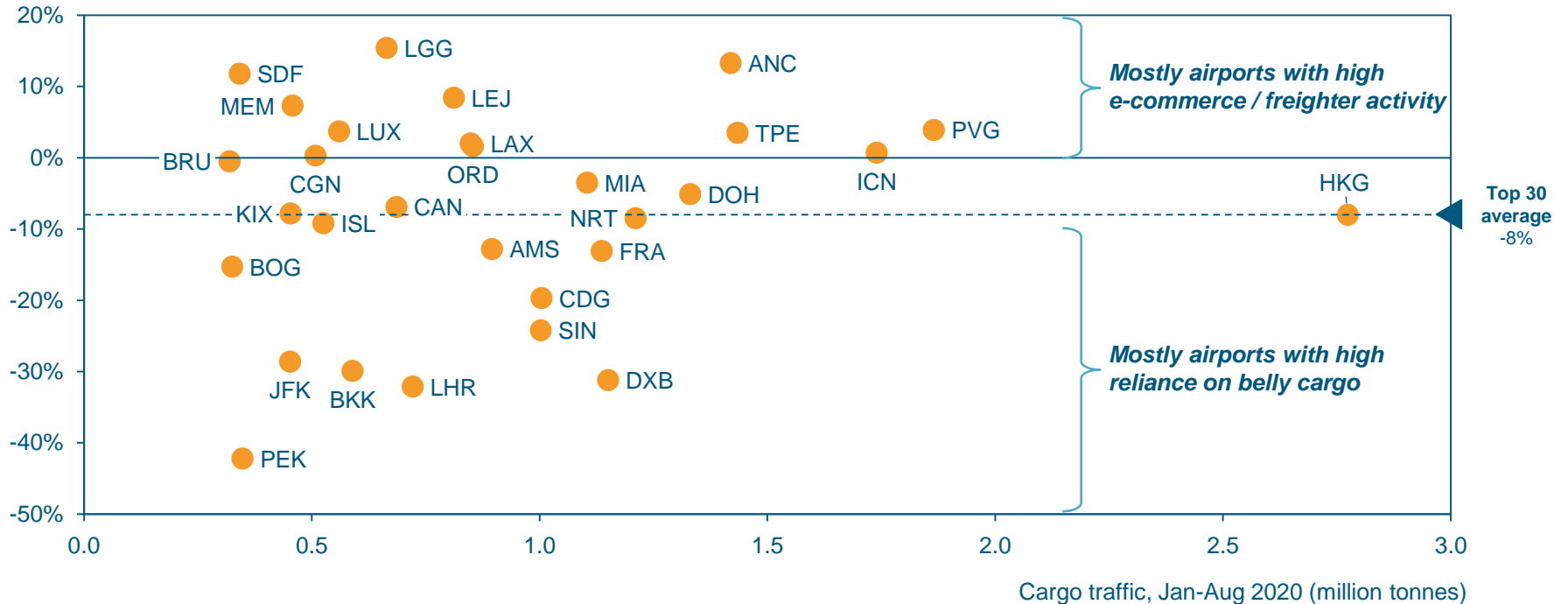
ILLUSTRATIVE



Airports have experienced a wide range of traffic impact

Top 30 cargo airports, international traffic vs. YoY growth

2019-2020 YoY growth



From Cargo Airport to Cargo *Ecosystem*



Role of Cargo Ecosystem

- Ensure continuous collaboration between stakeholders
- Evaluate “pain points” and develop end-to-end logistics
- Support and advocate development of cargo policies
- Drive joint innovation programs, e.g. digital, sustainability
- Joint marketing and cargo traffic attraction

What represents a strong cargo ecosystem?

Common criteria for an air cargo airport/ecosystem

Connectivity and Air Capacity

- Network coverage
- Choice of airlines/routes
- Cost of capacity
- Quality of capacity (main-deck & widebody belly)
- Night operations


Ground Handling and Warehousing

- Fast throughput time
- Quality & security of handling
- Capacity availability
- Range of cargo products

End-to-end Logistics

- Proximity to cargo markets and industry clusters
- Hinterland connectivity
- Availability of logistics companies
- Ease of doing business

Thank you!



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