

Air passenger travel recovery spells good news for cargo

Air passenger travel is steadily returning to pre-pandemic levels, with associated benefits for importers and exporters.

Delegates at the Customs Brokers and Freight Forwarders Federation (CBAFF) annual conference in Queenstown heard from experts from across the passenger and air cargo sector about how steadily increasing passenger travel will support cargo freight.

Alexander Larsen, Global Sales Manager Cargo for Air NZ, outlined the “Inextricable link between tourism and cargo freight”.

“About 80 per cent of New Zealand’s import and export air freight is done in the belly of passenger aircraft,” said Mr Larsen. “We are not a freight-led market because, traditionally, we have been a very attractive tourist destination. When tourism is buoyant it leads to better outcomes of market access and breadth of market. More capacity coming into the market, generally speaking, improves the total cost of market access.

“When tourism is good, generally speaking, freight is good but, of course, we have had complications in the last couple of years, to say the least. We are now seeing the other side of that and moving away from the cargo-only operating model we have been in for a couple of years.”

Mr Larsen said passenger markets are returning at different rates. Asian routes are proving slower to recover but Air New Zealand is seeing good improvement in the trans-Tasman market, with the possibility of returning to pre-pandemic capacity by March 2023. It is also hoped that North American routes will return to pre-COVID levels by March.

“We still have a number of international wide body services every week travelling with nobody up top. Of six services a week to Shanghai, two have passengers, four are empty up top and full down below. It will take some time to get to the point where we have bums on every seat and it will be a great day when we do.”

Mr Larsen also outlined plans for Air New Zealand to move its Auckland cargo terminal and develop a new modern facility. While the new location has not yet been determined, the move is expected to take place between 2025 and 2031, providing significant volume and efficiency benefits, with capacity to serve the airline to beyond 2050.

David Wee, Regional Manager Operational Safety and Security (Cargo) Asia Pacific for IATA, also had positive messages around the recovery of passenger travel demand - sharing that, overall, it was now at around 75 per cent of 2019 levels.

He said there was a slight drop at present, attributed to factors such as inflation and geopolitical issues, particularly the Ukraine war, but the expectation is the air travel industry will recover to pre-COVID levels by 2024 - with significant cargo freight benefits.

“That will mean a fair belly hold injection into the network. We do expect Asia Pacific to be slower than the rest of the region but that should also be back to normal by 2025.”

Mr Wee also outlined IATA’s current priorities, including air cargo sustainability, end-to-end air cargo digitalisation, safe carriage of cargo and mail and a call for governments to step up enforcement of safety regulation for the transport of lithium batteries.

Kevin Jackson from New Zealand's Civil Aviation Authority, set out recent developments in the civil aviation sector, including a recent audit by the International Civil Aviation Organisation (ICAO) and an inspection by US transport security.

"ICAO found some things we are doing in New Zealand are very successful but they found some things that could be significantly improved and they will be issuing a series of findings about what we can do better."

Mr Jackson said issues under scrutiny included how 'known customer' is run and also the quality of tamper evidence of cargo and underlined the critical important of regulated air cargo agents (RACA) and cargo terminal operators (CTO) ensuring tight security and rigorous controls in this area.

Mr Jackson said the US inspection had proved very positive, with the team very happy with way cargo is being managed in New Zealand.

"In theory, that should smooth people's transport to America. A regulated air cargo agent or CTO will still have to do what the airlines flying to the US tell you to do and nothing will change at the moment but, in the future, it might mean that things get a little bit easier."

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