



Cargo Facts EMEA 2025

Session 7

Trade, Geopolitical Tensions, and Tariffs: Shaping the Future of Air Cargo

May 07, 2025

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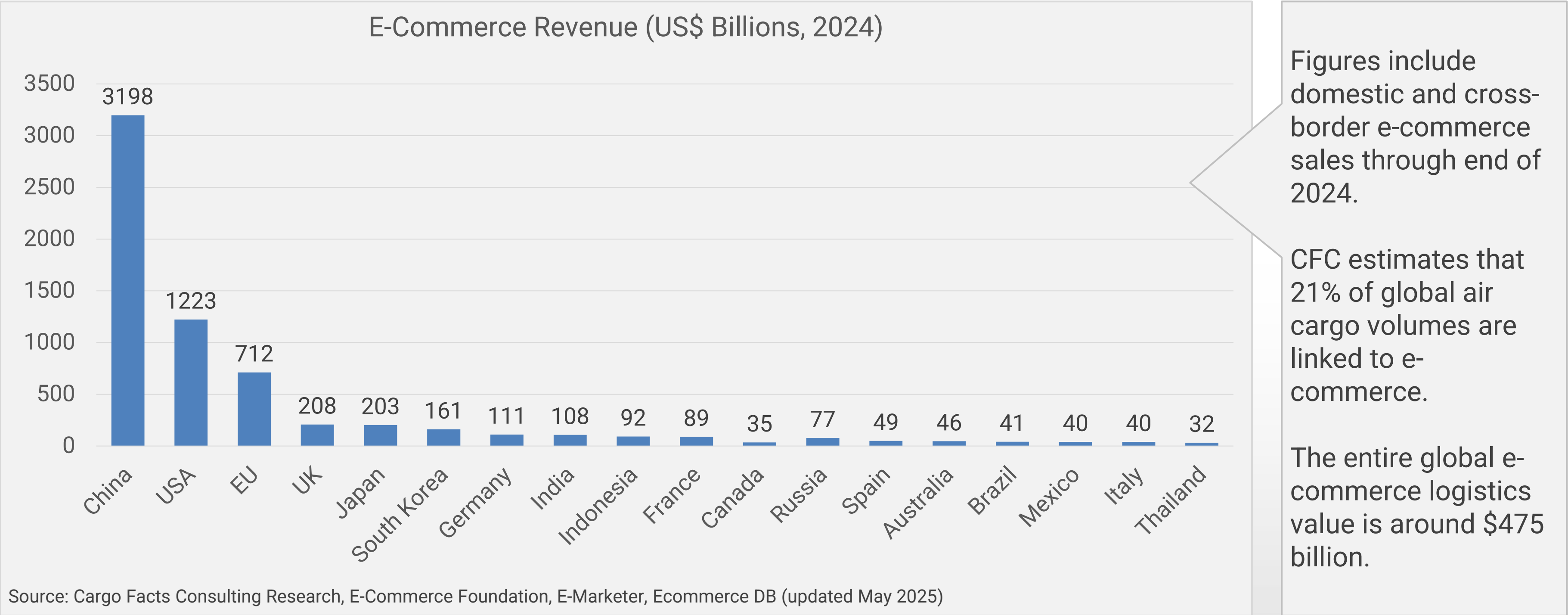
Agenda

- Tariff War & End of de Minimis
- State of the Market
- Regional Outlook: EMEA
- Supply & Demand Dynamics – An Aging Fleet
- 20-Year Freighter Forecast Highlights
- Air Freight & Economic Indicators
- 2H 2025 Outlook

Tariff War & End of de Minimis

**How are stakeholders adapting to the
impact of the trade war and the
suspension of the de minimis exemption?**

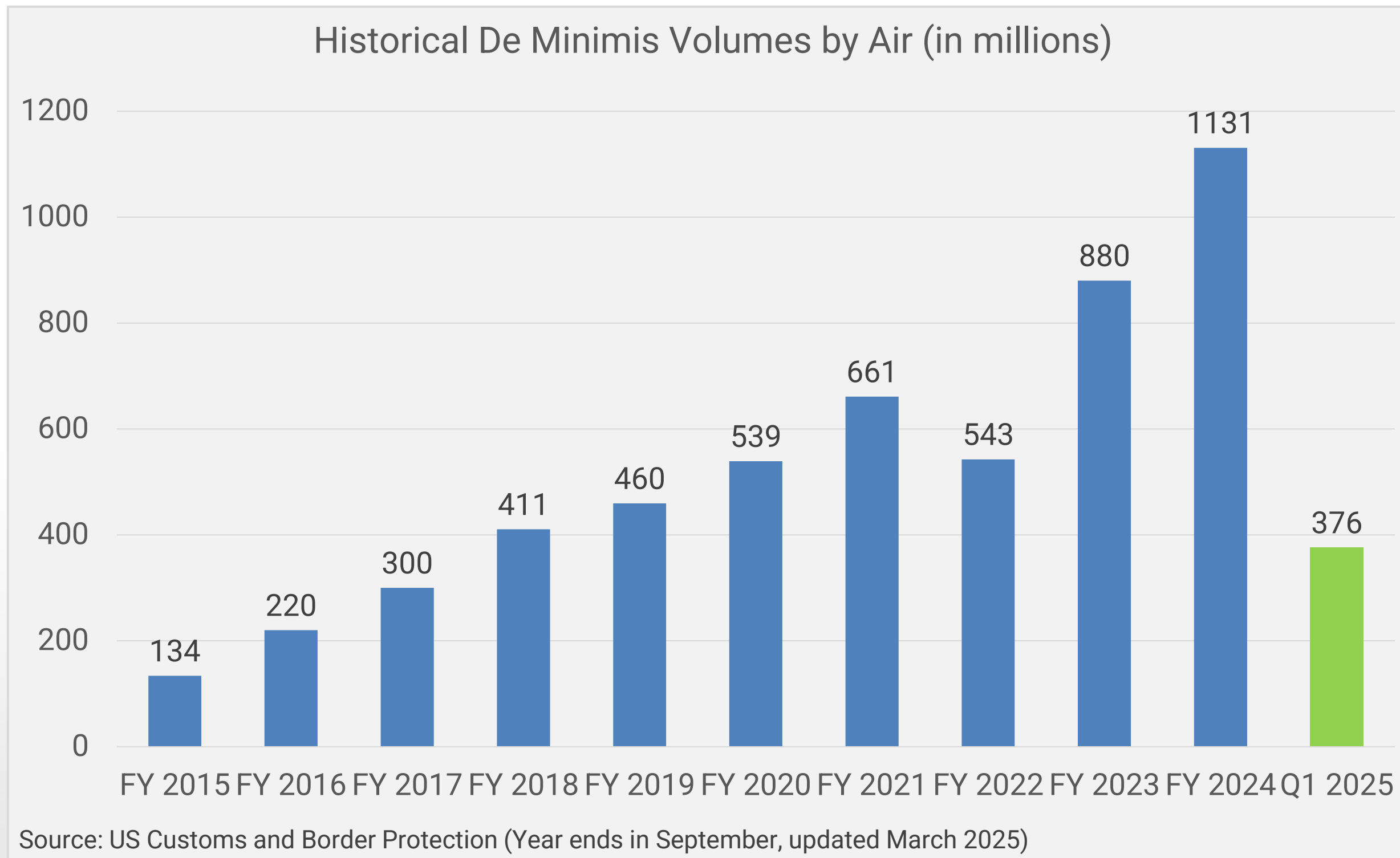
Global e-commerce revenues in 2024 reached \$6.3 trillion. China is the largest market, followed by the United States and the European Union.



End of de Minimis: A turning point for cross-border e-commerce.

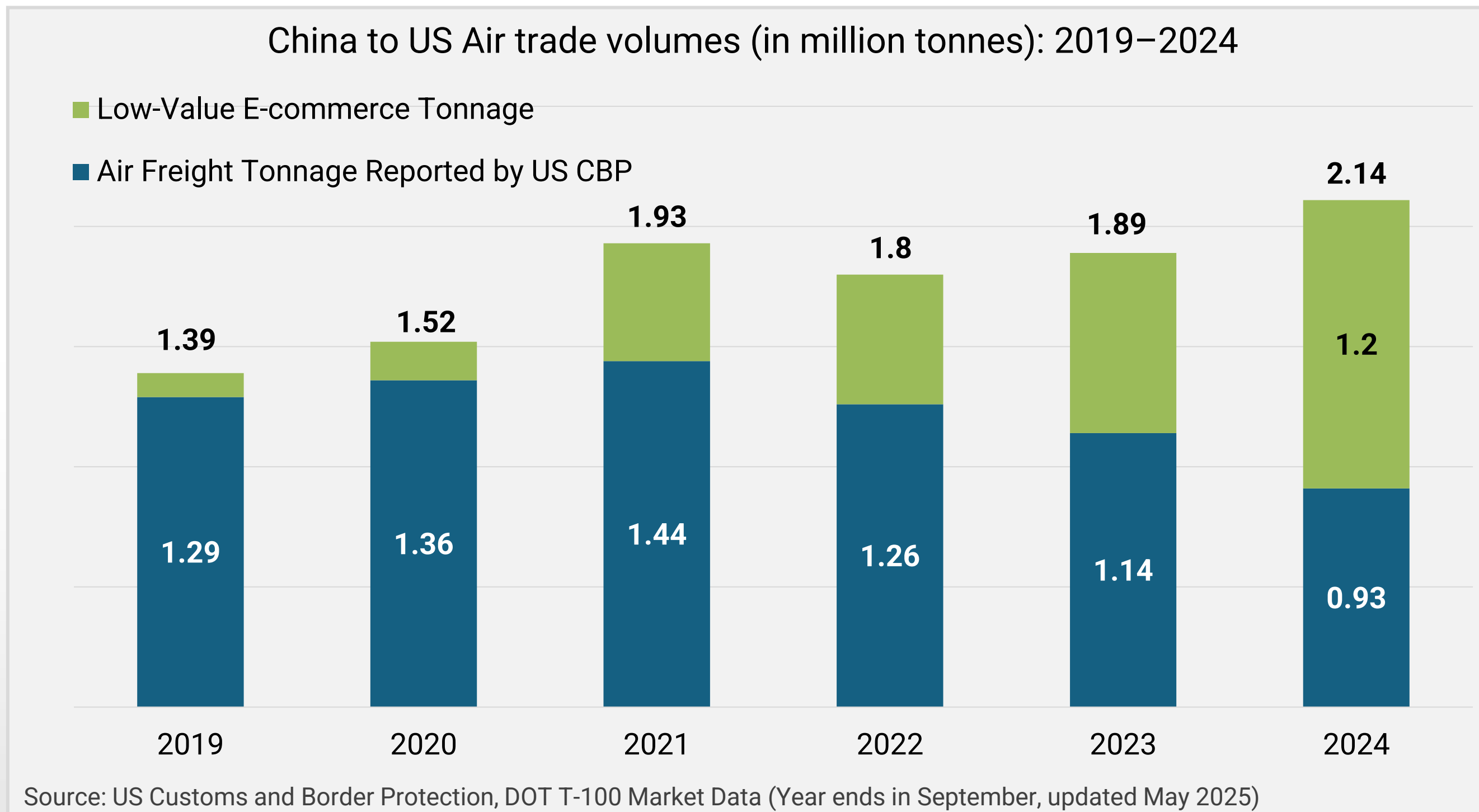
- The U.S. ended the de minimis exemption for Chinese imports under \$800 on May 2, subjecting millions of low-value parcels to full tariffs and customs procedures.
- Small parcels are now subject to a 120% tariff rate or a flat fee of \$100, due to rise to \$200 at the start of June.
- The move targets major e-commerce platforms like Shein or Temu and could lead to a drop in air cargo volumes, especially for small, cost-sensitive shipments.
- Chinese sellers may shift to more warehousing, reroute via other countries, or turn to ocean freight, as the policy signals a broader shift toward stricter U.S. trade controls.

Shifting Skies: How e-commerce shipping to the US has transformed since 2015



- In the last fiscal year, the U.S. processed over 1.36 billion de minimis shipments (those valued at \$800 or less). Over 80% of these shipments arrived via air (around 1.1 billion).
- In 2016, we saw the increase of the minimis threshold from \$200 to \$800.
- Around US\$52.3 billion worth of de minimis shipments arrived in the US by air in FY2024.

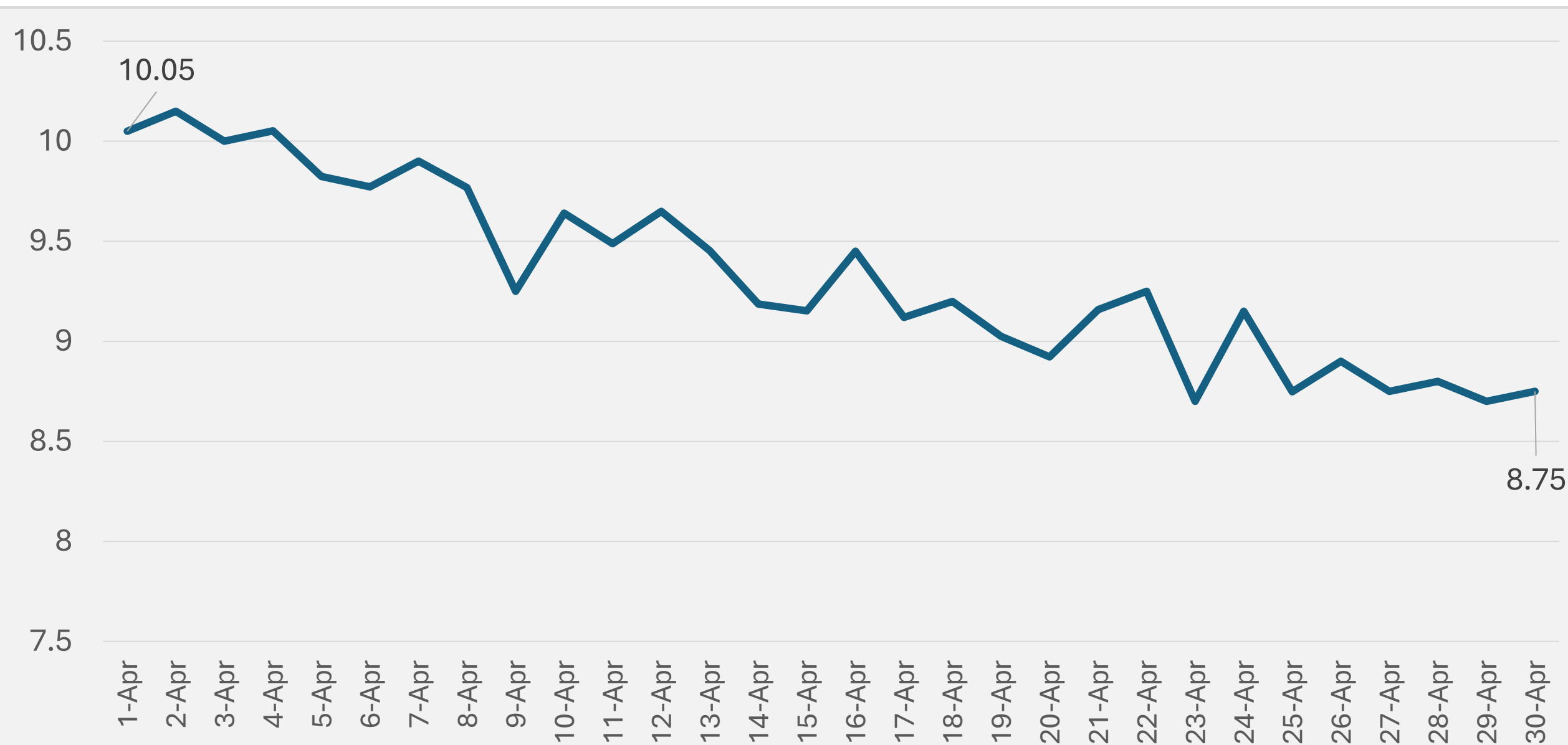
Over 50% of China–US air cargo in 2024 is low value e-commerce, totaling 1.2 million tonnes.



- Low-value e-commerce tonnage expanded rapidly, rising from just 6% of total volume in 2019 to 56% in 2024.
- After May 2, operators will see a dip in e-commerce volumes, especially for smaller, cost-sensitive shipments that no longer benefit from no import duties.

Freighter capacity in the transpacific has decreased by 13% in the month of April.

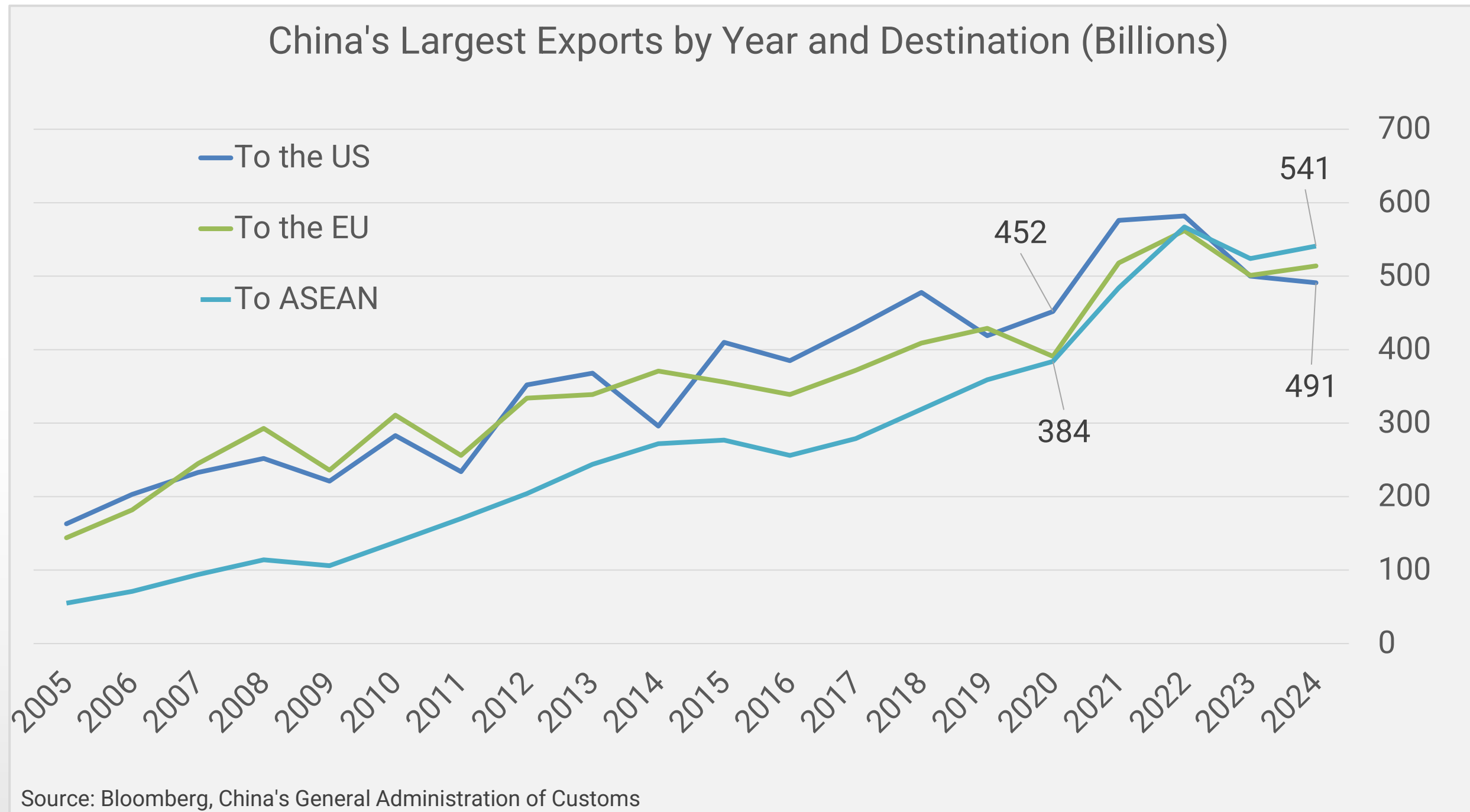
Daily Transpacific Freighter Capacity (thousand tonnes), April 2025



Source: Cargo Facts Consulting Analysis of FlightRadar24 data, updated May 2025.

- Transpacific capacity has dropped to 8.75 thousand tonnes per day, which aligns with the shifting trade patterns in the air cargo sector.
- The decline highlights the fragility of the air cargo market under current geopolitical and economic conditions.

China exports to ASEAN countries surpassed those to the US and the EU in 2023. This trend continued in 2024, reflecting a clear shift in trade.



- China now directs a greater share of exports to ASEAN (Association of Southeast Asian Nations) than to the U.S. or the EU.
- This indicates a major shift in trade patterns as Chinese companies work to reduce their dependence on US trade.
- Regardless of the tariff outcome, we can expect China to continue reducing its dependence on the US.

Navigating trade tensions: The evolving role of e-commerce in air cargo.



Air Cargo Recovery in 2024

E-commerce growth in late 2023 and 2024 helped drive air cargo's rebound after a weak period, post-pandemic.

Suspension of de minimis

Airlines have significantly reduced freighter capacity.

An average of 20 fewer aircraft per day were flying into the US on May 3, with reductions in flight schedules from UPS and FedEx.

Short-term Impact?

Final-mile carriers are seeing a decline in volumes.

Potential for more cancellations in the short-term.

Reallocation of assets to other trade lanes.

Long-Term Impact?

Underlying e-commerce demand will continue to be strong.

E-commerce platforms will likely find workarounds.

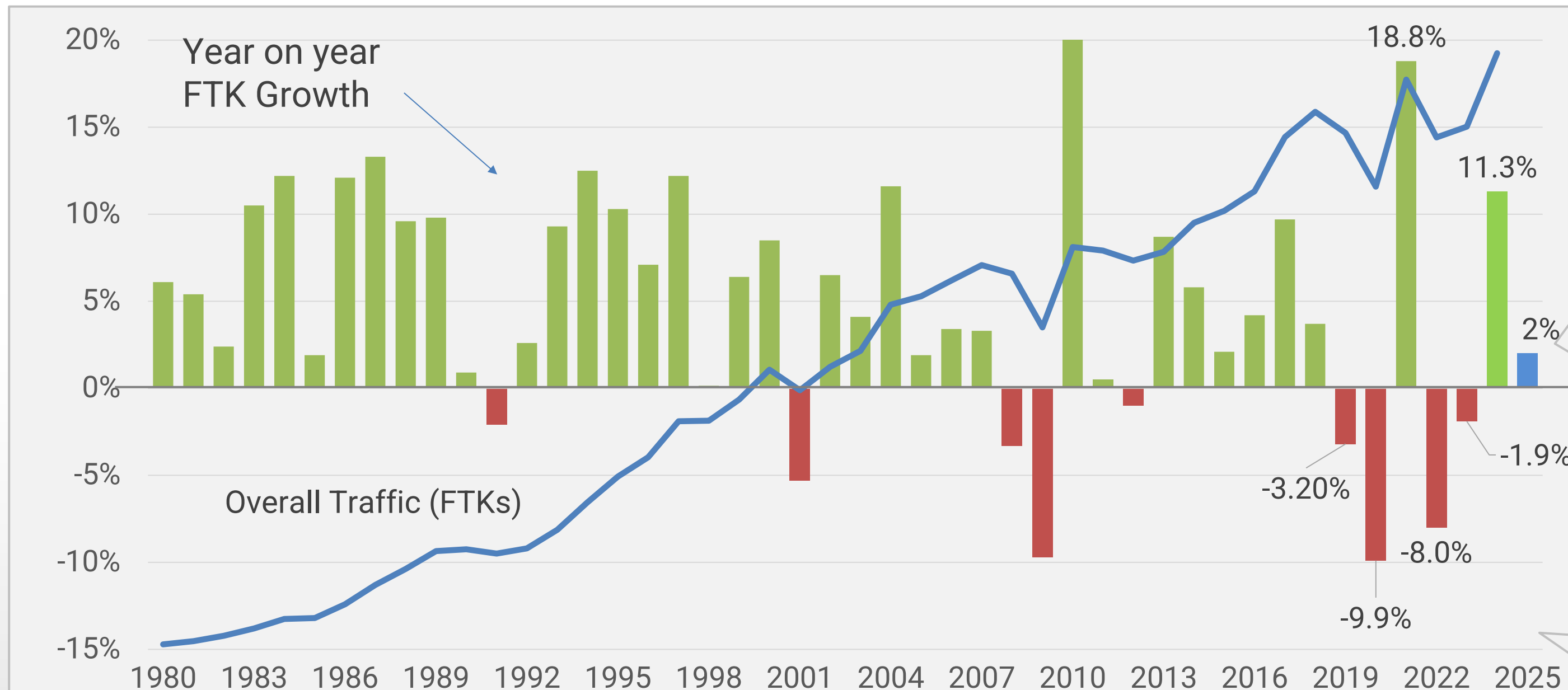
Air cargo's growing dependency on e-commerce is clear.

State of the Market

**Given the current market volatility,
can we still expect growth in 2025?**

Global air cargo traffic showed double-digit growth in 2024, but we expect this growth to slow down in 2025.

Air Freight Traffic Growth 1980 – 2025F



Source: Cargo Facts Consulting, IATA, Boeing (Updated March 2025)

Full-year demand for 2024, measured in cargo tonne-kilometers (CTK), increased 11.3%

CFC has revised its FY2025 forecast, now **estimating 1-2% growth**, down from the previous 4-5% estimate

Cargo traffic growth has been volatile since the beginning of COVID-19.

Industry growth slows down in 2025, with frontloading impacting cargo metrics.



Global demand (CTKs) rose 4.4% YoY in March, from a brief decline in February (-0.1%). This spike marched frontloading consumer behavior.



Global capacity (ACTKs) increased by 4.3% YoY in March with flat cargo load factors.



Jet fuel prices fell 17.3% YoY, continuing a decline that began in July 2024.



Global industrial output and trade volume grew by 3%, with inflation easing.

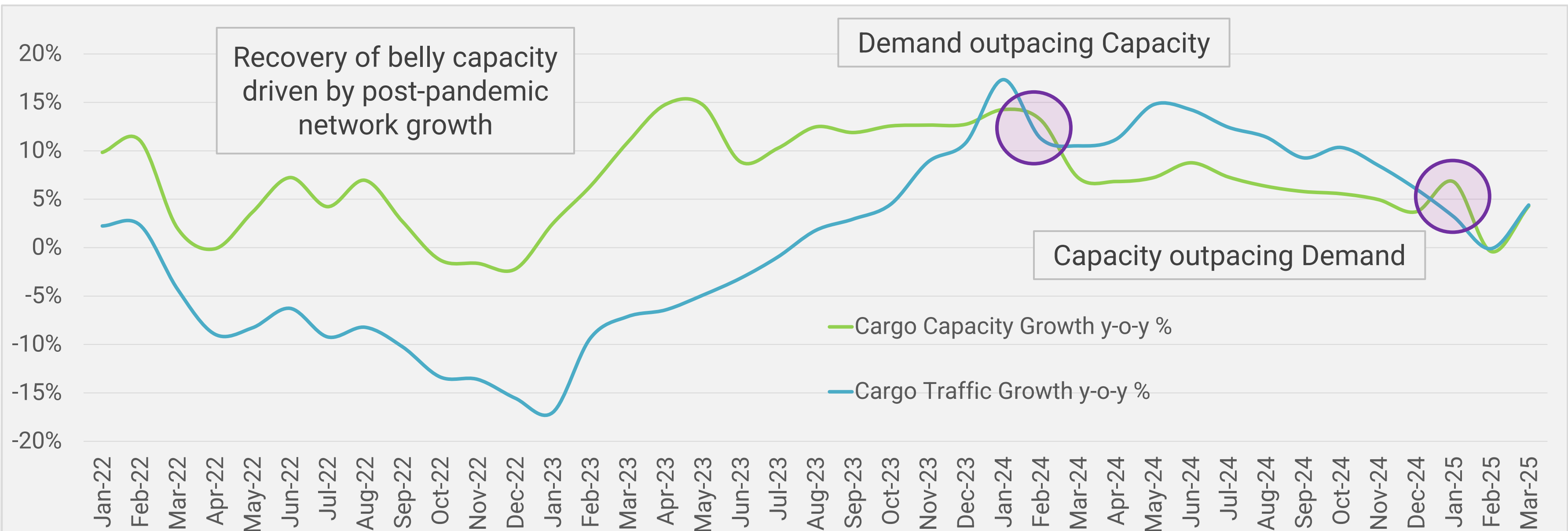


Strong growth in Asia Pacific (+9.3%), Latin America (5.6%) and Europe (4.4%).

Trade Lane Performance:
Europe – N. America (+8.5%),
Europe – Asia (+8.3%) and
Asia – N. America (+7.3%)

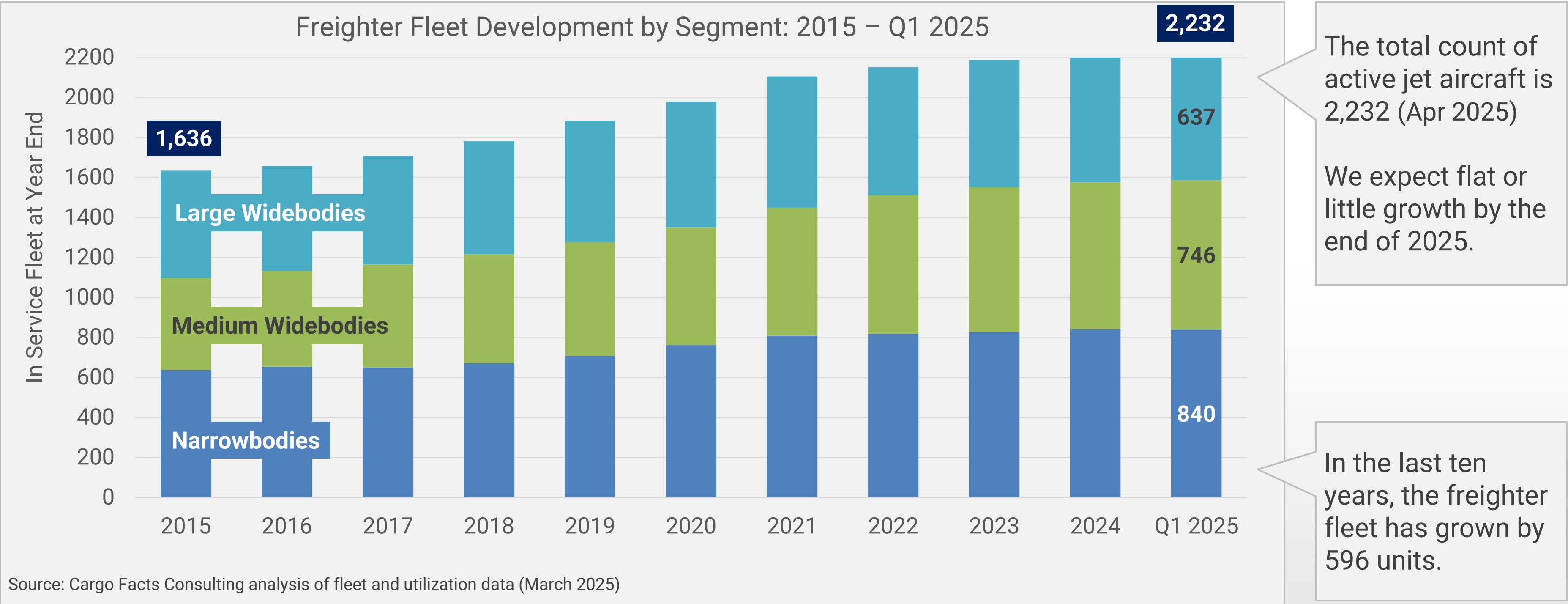
Global air cargo traffic overtook capacity growth in 2024. However, 2025YTD is showing a reverse trend, with capacity outpacing demand.

Air Freight Traffic & Capacity Growth Jan 2022 – Mar 2025



Source: Cargo Facts Consulting, IATA, (Updated March 2025)

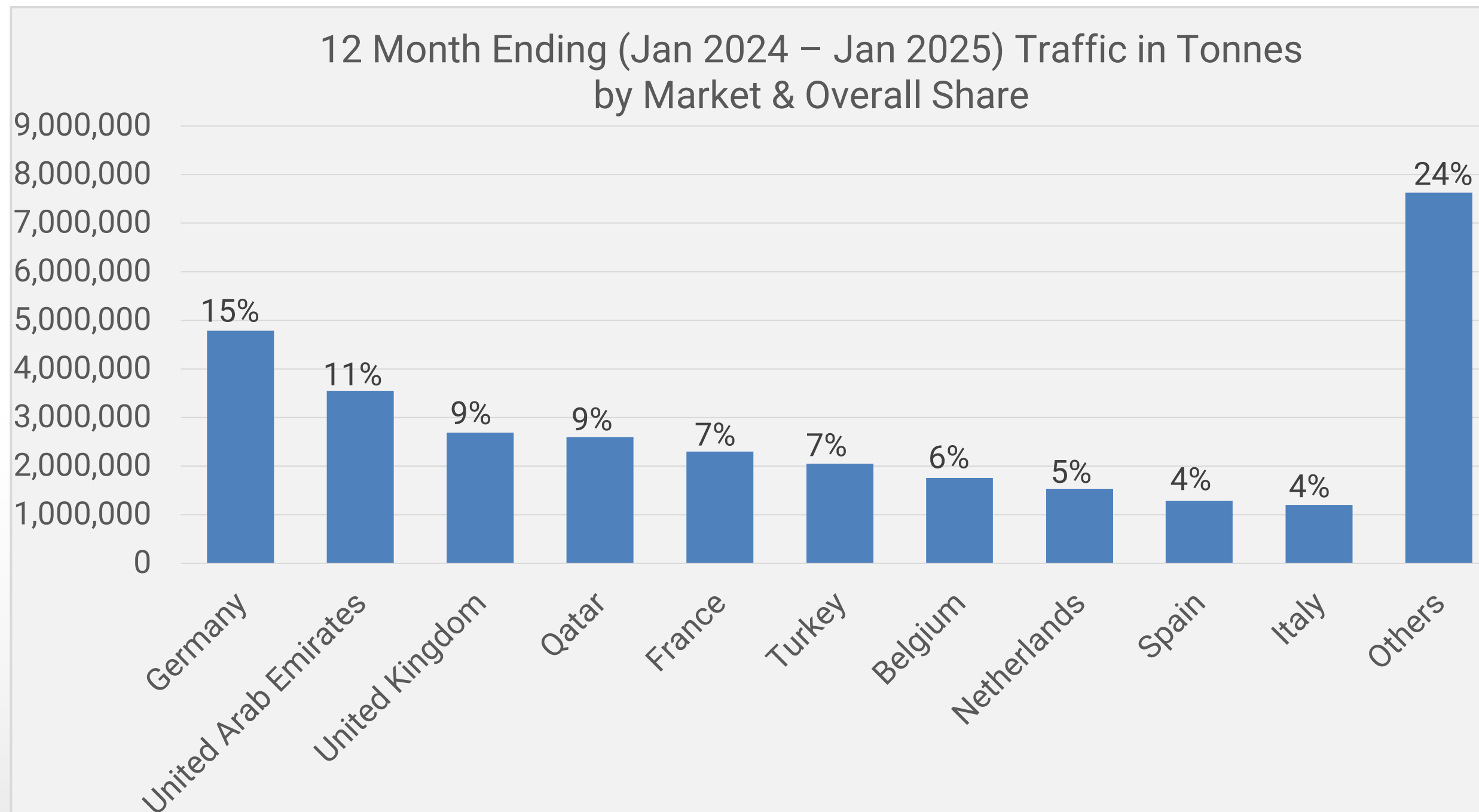
The global freighter fleet grew by only 0.6% year over year in Q1 2025, reflecting challenges such as OEM delays and feedstock constraints.



Regional Outlook: EMEA

Which airports are leading air cargo growth in the EMEA region?

The top ten countries within EMEA handle 75% of all cargo traffic in the region.



Source: Cargo Facts Consulting Analysis of ACI (updated May 2025)

Recent Developments

- **Germany** remained a dominant force, accounting for 15% of the region's total tonnage.
- **The UAE** follows with 11% share, underscoring its strategic position as a logistics hub.
- Other significant contributors included the **United Kingdom and Qatar**, each holding 9%, and **Turkey and France**, each at 7%.
- The "Other" category, includes additional markets highlights the diverse and dynamic nature of the EMEA air cargo landscape.

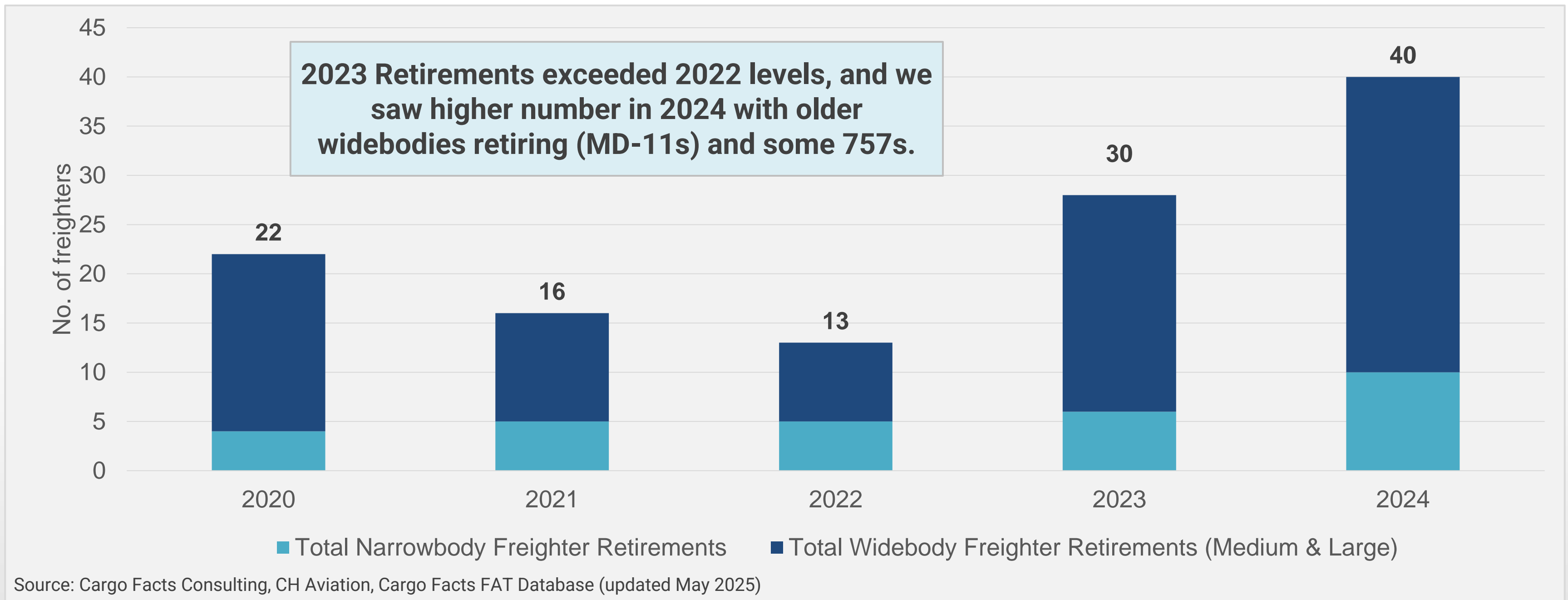
Supply & Demand Dynamics

How is each freighter segment positioned for short-term growth?

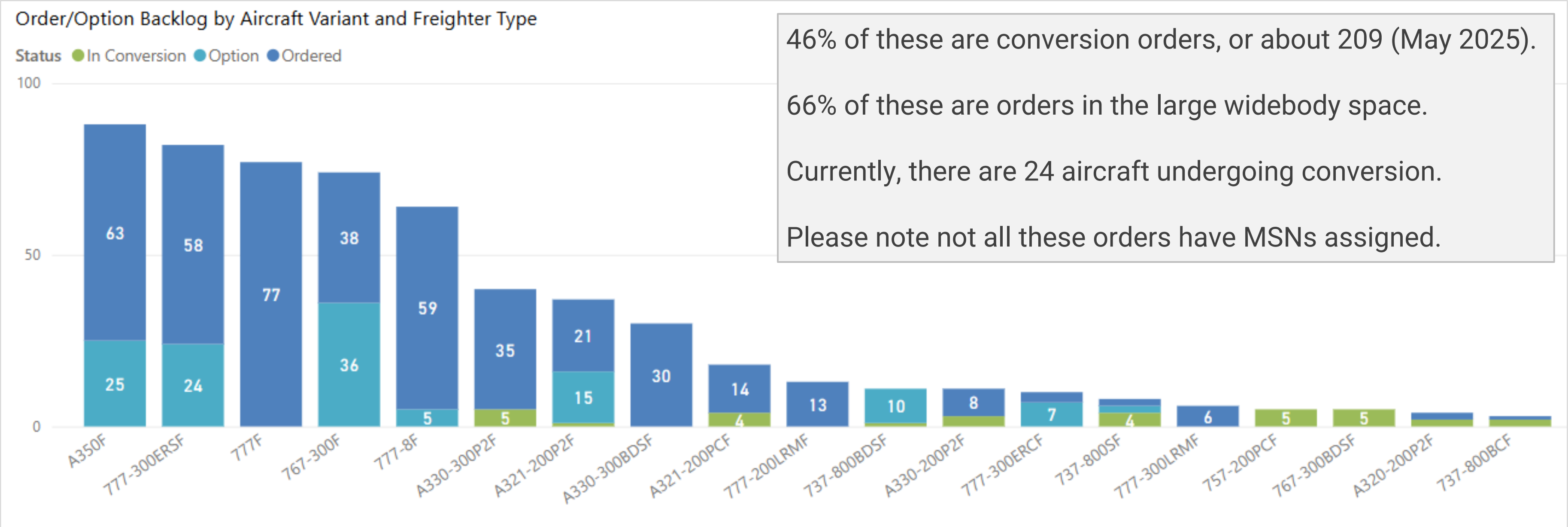
How many aircraft are on order, and how many are expected to retire?

Retirements started increasing in 2023 and continued in 2024, driven by oversupply and an aging widebody fleet. CFC expects between 40-50 aircraft to retire in 2025.

Retirements Development Summary: 2020 - 2024



There are 446 freighter orders in the backlog (not including options), showing a steady supply of aircraft in the short-term. However, some of these orders have been canceled.



Sources: Cargo Facts Consulting, CH Aviation, Airbus, Boeing, Cargo Facts FAT Database (updated May 2025)

More capacity than needed, or not enough?

Percentages refer to overall fleet growth in Q1 2025 (March) vs. Q3 2024 (October)

NARROWBODY

0%

- **Overcapacity:** Lessors are struggling to place converted freighters, delaying conversions; some aircraft sit grounded without engines.
- **Limited Feedstock:** High passenger aircraft and engine values hurt conversion economics, limiting feedstock supply.

MEDIUM
WIDEBODY

+2%

- **Conversion Market Shift:** A330 conversions are rising, while 767s slow down due to feedstock shortages.
- **Future Dominance: A330** set to lead over the next decade, with no 787 production or conversion program announced yet.

LARGE
WIDEBODY

+1%

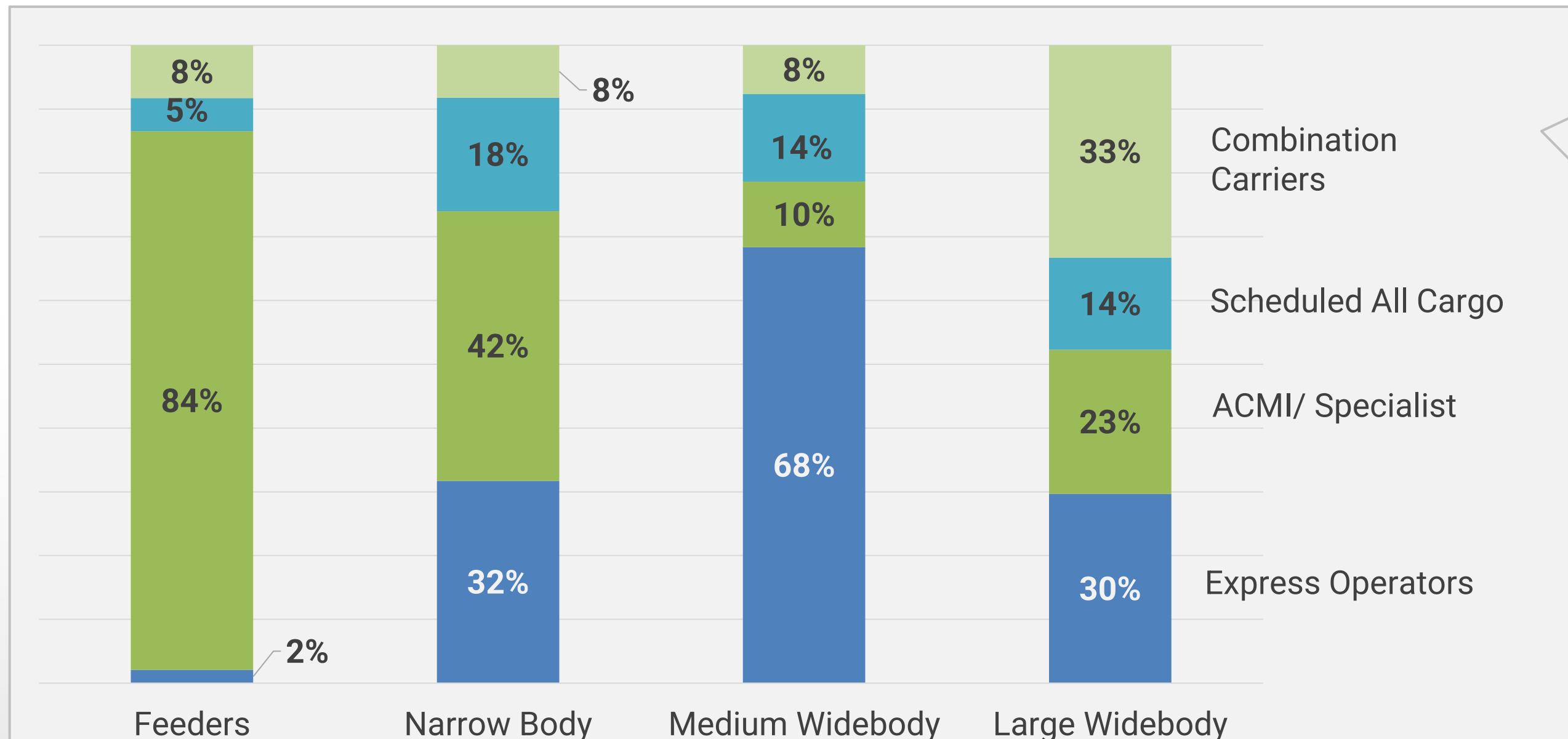
- **Capacity Constraints:** Over 120 aircraft are over 30 years old and gradually retiring, with limited replacement options available.
- **777 Conversion Delays:** Certification delays are further constraining capacity in this segment.

An Aging Fleet

In times of uncertainty, when can we expect integrators to begin replacing their fleets?

About 60% of the global freighter fleet (or 1,280 aircraft) is operated by or on behalf of five companies: FedEx, UPS, DHL, Amazon and SF Express.

Freighter Fleet by Carrier Business Model



The operator mix varies substantially across segments.

The large widebody segment is home to a diverse set of operators, but the medium widebody is focused on express operations.

Source: Cargo Facts Consulting analysis of fleet and utilisation data, as of Q1 2025

Air Freight & Economic Indicators

**Is market uncertainty starting to
show up in the data yet?**

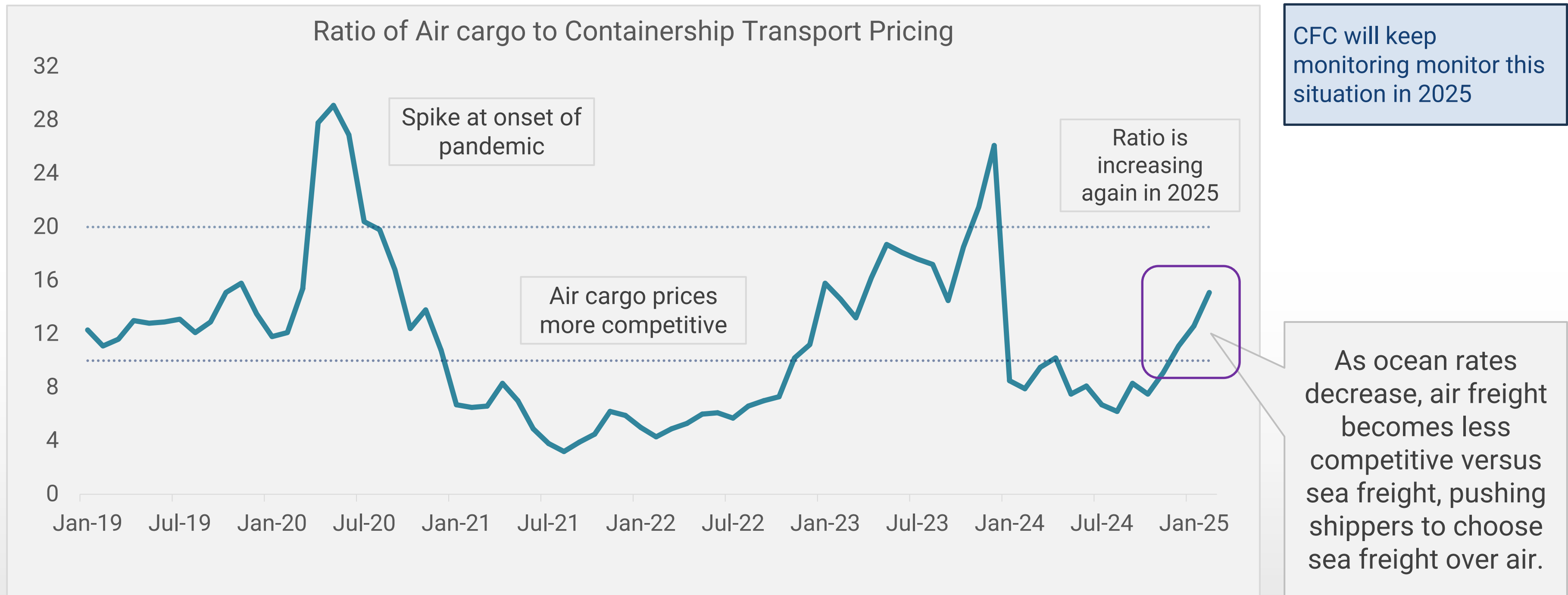
Air freight rates in April grew across most key trade lanes, in part due to frontloading effects.

Description	April Avg. Value	Change MoM
Frankfurt to North America	\$2.49	-11.8%
London to North America	\$1.23	+3.9%
Hong Kong to North America	\$5.34	+1.2%
Shanghai to North America	\$5.36	+8.1

Description	April Avg. Value	Change MoM
Hong Kong to Europe	\$4.57	+4.1%
Shanghai to Europe	\$4.23	+7.1%
Chicago to Europe	\$1.13	+5.2%
Frankfurt to China	\$0.80	+3.6

Source: CFC-Analysis of Baltic Exchange Index (BAI), updated May 2025

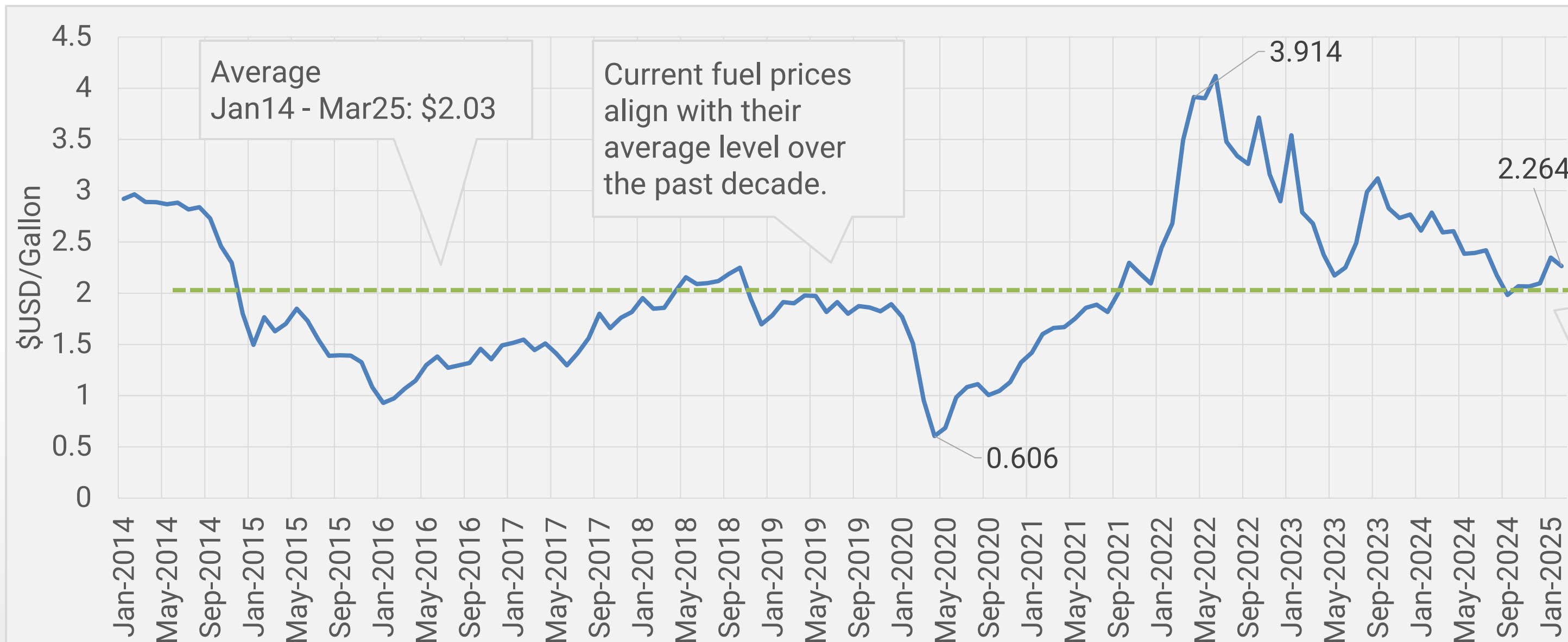
The recent stability in the Middle East has helped ease concerns in the Red Sea, lowering ocean rates but this might not last too long.



Source: CFC-Analysis of Air Freight Price Index and Drewry's Container Freight Rate Index, updated April 2025

Jet fuel cost is down 21% from April 2024 and it has been decreasing since the summer of 2022.

U.S. Gulf Coast Kerosene-Type Jet Fuel Spot Price FOB (USD/Gallon) – as of April 29, 2025



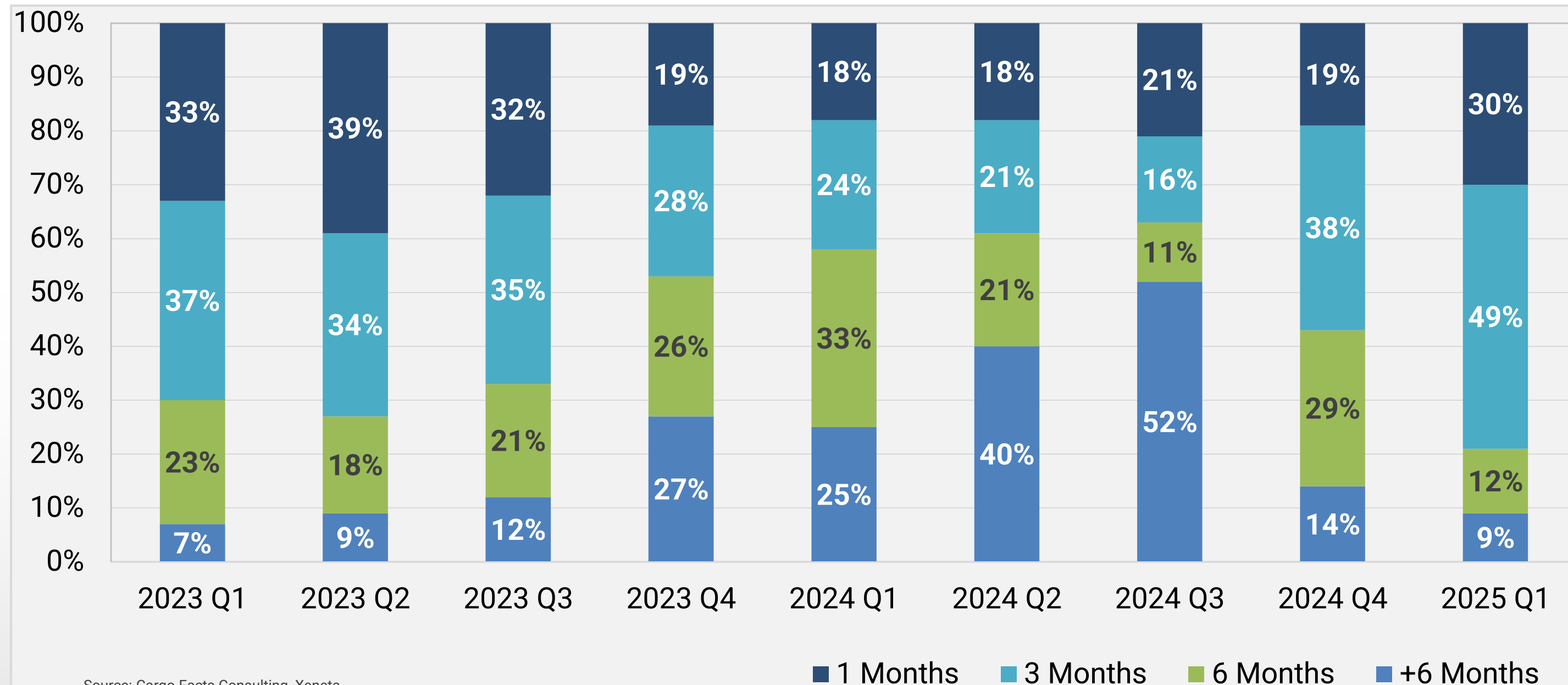
US Gulf Coast Kerosene-Type Jet Fuel Spot Price is at a current level of \$2.3, down from \$2.8 one year ago (-21%).

IATA estimates that jet fuel prices will be 5% lower on average in 2025.

Source: Cargo Facts Consulting, US Department of Energy

Shippers are seeking shorter term contracts due to overall uncertainty.

Share of Air Freight Contract Terms for Shippers (2023 – Q1 2025)



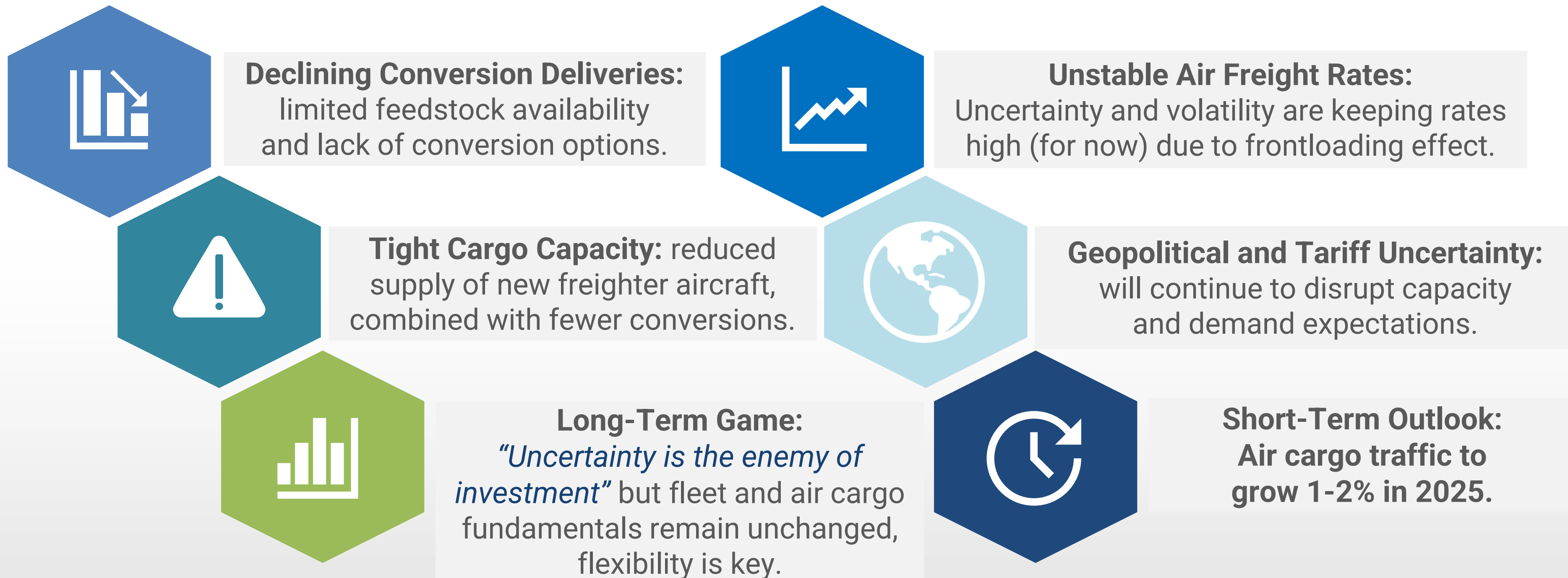
Source: Cargo Facts Consulting, Xeneta

Trends in Q1 indicate that shippers are taking a cautious approach due to the uncertainty around rates.

2025 Outlook

How do you see the air cargo market evolving in 2025 — what factors will drive growth or slow it down?

The air cargo market enters mid-2025 with sustained demand, but it faces growing geopolitical tensions and trade uncertainties that could impact future growth.





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