



Air Cargo Industry Overview

Opportunities and Challenges

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All-Cargo Air Carrier Industry

- Air cargo traffic contains both domestic and international freight/express and mail
- Economic activity drives cargo demand
- Cargo moves in the bellies of passenger aircraft and in dedicated all-cargo aircraft on both scheduled and nonscheduled service
 - Air cargo Revenue Ton Miles (RTMs) flown by all-cargo carriers comprised 79.7 percent of total RTMs in 2013, with passenger carriers flying the remainder

All-Cargo Air Carrier Industry

- Cargo carriers face price competition from alternative shipping modes such as trucks, container ships, and rail cars
- Trends in high demand electronics from China and Asia provide unique opportunity for all-cargo industry
- High-value and time sensitive/perishable cargo will always look to air transportation
- Companies have evolved to provide customer with full supply chain services

The Cargo Airline Association (CAA)

- Nationwide trade association representing all-cargo air carrier industry
- Exists to be a collective voice for the industry
- U.S. all-cargo airline, airport and air freight forwarder members; other members with interest in air freight
- Primarily Part 121 airline operators
- No international airline members

CAA Members

- **Board of Directors**

- ABX Air, Inc.
- Atlas Air, Inc.
- FedEx Express
- UPS

- **Other Members**

- DHL Express
- Fort Wayne International Airport
- Kalitta Air, Inc.
- Louisville International Airport
- Memphis International Airport

Operational Characteristics

- Our members carry cargo and not “Passengers”
- Large percentage of nighttime flying
- Use of large sorting hubs
- Extensive use of feeder operations
- Money-back guarantee if the package is not delivered on-time
- Integrated carriers who use planes and trucks

Forecasts

- The March 2014 FAA Aerospace Forecast projects for cargo 1.4% annual domestic growth through 2034 and a 5.4% international growth
- According to Boeing, the world freighter fleet will increase to 3,198 airplanes from 1,738 by 2031. Large freighters will represent 36 percent of the fleet

Challenges

- Air cargo operating results are a function of the world economy.
- Security in an uncertain world is a major issue.
- Regulatory changes and political pressures jeopardize growth of business.
- Environmental issues will continue to have an impact on operations.
- Airspace modernization is necessary, but there are technical, financial and political/legal challenges.

Regulatory Issues

- Flight and Duty time regulations
- Transport of hazardous material
- Security rules for all-cargo industry

Legislative Issues

- FAA Reauthorization
- Open Skies
- Noise Issues
- Pilot Fatigue – Pilot Supply Issues

Continuing Uncertainties

- How do we do long-term planning in a world dominated by events somewhat beyond industry control?
- What can we do in the short-term to ensure long-term survival?
- What are the relative roles of industry and government in addressing these issues?

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