



# AIR CARGO VOLUMES DROP AS CHINA'S ECONOMY STUMBLES

News / Airlines



**[Airports](#) from Seattle to Amsterdam are reporting a fall-off in cargo traffic to and from Asia, in what transportation executives and analysts say is a worrying sign for the health of global trade.**

The data, released in recent days by individual airport authorities, brought to an end a months-long stretch of rapid growth in air freight volumes across the U.S. and Europe. The abrupt reversal demonstrated how rapidly economic problems in China and other emerging markets have already reduced the flow of goods around the world.

China's economy has stumbled this year, leading policy makers in early August to unexpectedly devalue the yuan in hopes of boosting growth by reinvigorating exports. The country's stock markets tumbled, triggering steep drops in share prices worldwide amid fears that China's problems would drag down the global growth.

Air cargo is widely tracked as a leading indicator for trade because shippers deciding whether to

send items by plane are often swayed by last-minute economic developments. The recent drop in volumes has analysts concerned, even as maritime shipping out of Asia has remained healthy.

Some in the freight business say they already see signals of muted shipping in the coming months, when companies usually stock up for holiday-season sales.

"What the customers are telling us is that the peak season [for Asia-to-U.S. traffic] is going to be lower than last year," said Roberto Schiavone, senior vice president for airfreight in the Americas for Panalpina, one of the world's largest freight forwarders. "It will still be robust but we are not going to have the usual boom."

Stephen Fenwick, chief executive of the Americas at DHL Express, said the carrier has seen shipment volumes slip in recent weeks but expects demand to rebound as markets stabilize.

"We don't have any plans to take down planes," Mr. Fenwick said. "The U.S. is not going to stop buying stuff from China."

William Flynn, chief executive of Atlas Air Worldwide Holdings Inc., said the company remains positive about shipping demand is adding capacity this fall to its aircraft-leasing business. He said air freight numbers this year are up against tough comparisons to 2014, "the first good, solid year" in several years. "While the rate of growth seems to have slowed down, we're preparing for good, strong peak demand in 2015," Mr. Flynn said.

Many logistics and transportation companies have seen shares slide this year, in part due to doubts about future global trade volumes. DHL parent Deutsche Post AG shares are off 12% this year. Atlas Air, which provides the use of cargo planes to DHL and others with trans-Pacific routes, is down 22%. Hong Kong-based Cathay Pacific Airways Ltd., one of the largest air cargo carriers out of Asia, has seen its stock fall 18%. The company reported overall cargo growth of 1.4% in July, compared with 10.5% growth in the first six months of the year.

Los Angeles International Airport on Monday reported a 1% decline in cargo in July from a year earlier, breaking a string of increases that has pushed freight tonnage up 10% in the first half of the year. The airport does not report trade by region but Los Angeles is the largest gateway for U.S.-China air trade.

Asia freight tonnage at Seattle-Tacoma International Airport declined 0.4% year-over-year in July after growing 21% in the first six months of 2015. Taiwan-based China Airlines, the airport's second-largest Asia freight carrier, reported a 39% year-over-year decline in cargo tonnage through Seattle in July.

U.S. air cargo surged partly due to backlogs at West Coast ports, which have largely been resolved, said Brian Clancy, managing director of Logistics Capital & Strategy LLC, a consulting firm. European airports have seen similar declines, however.

Germany's Frankfurt Airport, the busiest cargo airport in Europe, reported a 2.1% decline in freight tonnage that was driven by a 9.1% drop in Far East traffic. Amsterdam Airport Schiphol saw an 8.3% slide in shipping connected to the Far East, part of a 2.1% overall drop in July.

July's weak air cargo numbers could prove to be an anomaly if a weaker yuan spurs more Chinese exports, analysts say.

"A 4% swing in the yuan isn't going to move the needle very much," Mr. Clancy said. "But if the yuan continues to decline I'd expect to see the exports out of China grow."

However, there are signs that trade with Asia was faltering before the summer. Asia largest air cargo hub, Hong Kong International Airport, has seen business flat for most of the year, and reported a 1.9% year-over-year decline in cargo tonnage in July.

03 SEPTEMBER 2015

**SOURCE: WCARN**

**ARTICLE LINK:**

<https://50skyshades.com/index.php/news/airlines/air-cargo-volumes-drop-as-chinas-economy-stumbles>