

CHAPTER 2 - AIR CARGO MARKET

Air cargo is concentrated at busy commercial service airports, and much of it is carried in the baggage compartments of scheduled passenger aircraft. Less than 5 percent of scheduled flights are by all-cargo aircraft, and these are usually derivatives of passenger aircraft. Cargo flights usually occur during off-peak periods.

The demand for air cargo transportation is a derived demand resulting from economic activity. As a result the FAA produced a revised aviation forecast document for the years 2002-2013 to reflect the impacts of the September 11th, 2001 terrorist attacks, and the existing economic situation.

Significant structural changes have occurred in the air cargo industry recently. In October 2001 the FAA issued a new security directive to strengthen security standards for transporting cargo on passenger flights. This directive, which exempts all-cargo flights, was in response to the September terrorist attacks in the US. The following recent changes to air cargo activity have occurred as a result of the new directive:

- Shift from passenger carriers to all-cargo carrier.
- Increased use of substitutes to mail, e.g. E-mail.
- Near-term cutbacks in airline schedules.
- Modal shift from air to other modes, especially truck.
- Increased use of all-cargo carriers by U.S. Postal Service to transport mail.

These trends may be accelerated due to security considerations and associated increased operational costs.

Historic data and forecasts are presented for domestic and international freight/express and domestic and international mail Revenue Ton Miles (RTMs). **Table 1** presents the FAA forecasts for air cargo.

TABLE 1
ERIE INTERNATIONAL AIRPORT REVISED AIR CARGO FORECAST
PERCENT CHANGE IN AIR CARGO REVENUE TON MILES

Year	Freight/Express Revenue Ton Miles		Mail Revenue Ton Miles	
	Domestic	International	Domestic	International
Actual				
2001	-3.1%	-5.4%	-15.2%	-4.7%
Forecast				
2002	-2.1%	-2.3%	-23.8%	-3.3%
2003	3.0%	5.5%	-5.0%	2.0%
2004-2013	4.6%	6.2%	2.7%	3.2%
2002-2013	3.9%	5.4%	0.5%	2.5%

Source: FAA Aviation Forecasts 2002-2013

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Approximately 80 percent of air cargo traffic in Pennsylvania is freight. Freight tends to be commodities such as electrical equipment, auto parts, medicine, magazines, and machinery. Mail accounts for 20 percent, and express packages for 0.1 percent.

Almost 18 percent of all **domestic inbound** Pennsylvania air cargo originates in Ohio, while 16 percent originates in Kentucky. California and Georgia each receive about 13 percent of all Pennsylvania **domestic outbound** air cargo. Other key trading states include Texas, Illinois, and Florida.

Nearly half of all domestic air cargo moving in and out of Pennsylvania is mail. Most of the **international traffic** is trade with Europe, and 90 percent of the international traffic is through Philadelphia. There is also sustained trade with Canada and the West Indies. International air cargo (16.3 average annual growth) is projected to continue growing more rapidly than domestic air cargo (5 percent average annual growth), but at about half of current level.

Table 2 provides a historical overview of the annual air cargo tonnage at airports in the state of Pennsylvania.

TABLE 2
ERIE INTERNATIONAL AIRPORT REVISED AIR CARGO FORECAST
Five-year Comparison of Pennsylvania Air Cargo (Tonnage)

Airport	1995	1996	1997	1998	1999	Average Annual Change	5-Year Change
Philadelphia International Airport	460,660	425,139	457,317	488,579	531,882	3.9%	15.5%
Pittsburgh International Airport	167,389	172,678	180,698	173,396	161,801	-0.7%	-3.3%
Harrisburg International Airport	0	0	55,922	55,827	60,026	3.7%	n/a
Lehigh Valley International Airport	22,604	17,629	18,381	20,418	23,148	1.7%	2.4%
Wilkes-Barre/Scranton International	2,647	2,546	2,394	2,479	2,691	0.6%	1.7%
Erie International Airport	1,509	1,491	1,044	890	1,429	3.7%	-5.3%
Williamsport Regional Airport	32	34	47	491	1,085	42.4%	237.4%
DuBois-Jefferson County Airport	0	68	71	116	76	11.2%	n/a
Lancaster Airport	12	12	12	12	12	0.0%	0.0%
Arnold Palmer Regional	8	9	9	10	11	9.8%	43.1%

Source: Pennsylvania Statewide Airport System Plan - Air Cargo Study