

June 22nd, 2021

Air Cargo Market Projection Beyond Covid-19 Era

Cargo & Aero Logistics and Drone
Technology Expo

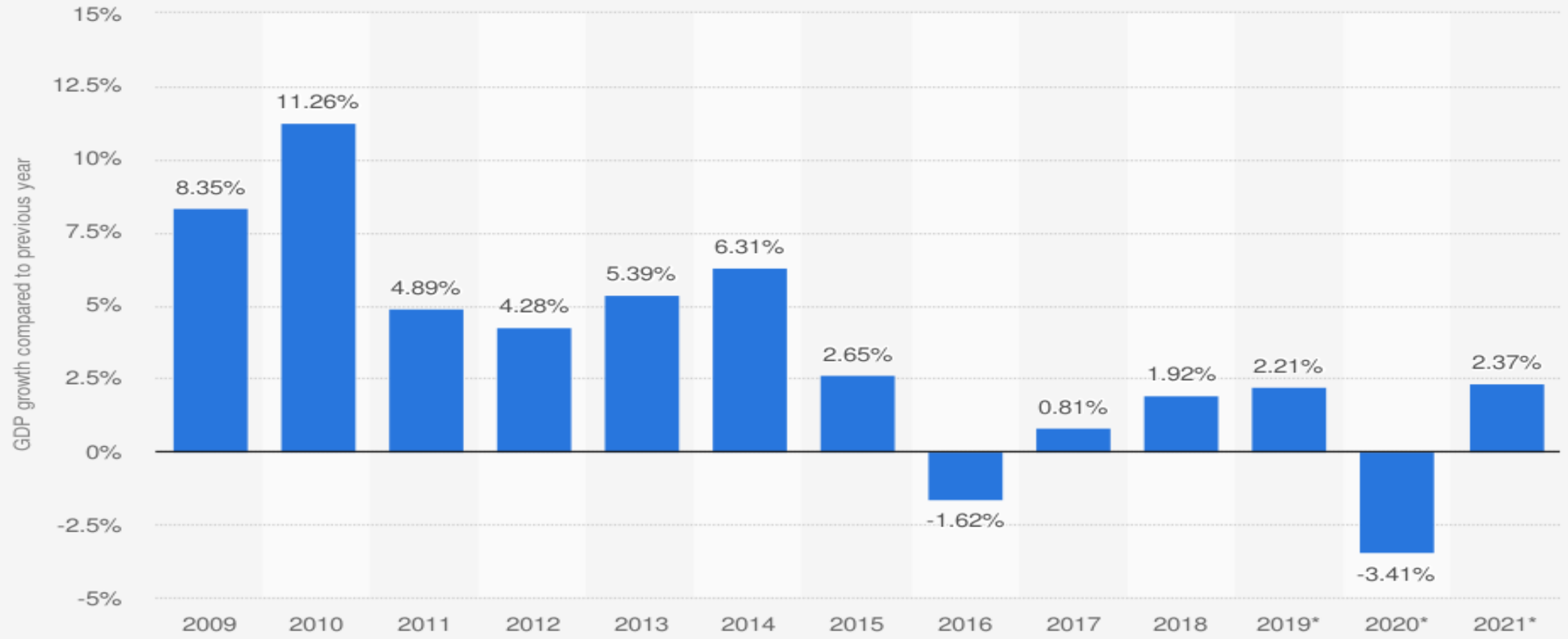
- Introduction
- Airline Industry pre Covid 19
- Black Swans and its impact on global air cargo industry
- Opportunities and recovery path post Covid 19.
- Conclusion



Outline

and learning objectives:

Nigeria: Growth rate of the real gross domestic product (GDP) from 2009 to 2021 (compared to the previous year)



Source
IMF
© Statista 2020

Additional Information:
Nigeria; IMF

Nigerian Economy at a glance



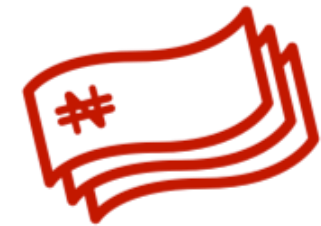
Rising
unemployment at
33%



Population of
210 million



Headline and Food
inflation at 18.7%
and 22.9%



Exchange rate for
Naira to Dollar
currently @ N480

2021 Budget and Key Allocations



N13.08trillion for 2021 fiscal year tagged the “Budget of Economic Recovery and Resilience”



Ministry of Aviation
N89Bn



Transportation
N255Bn



Works & Housing
N404Bn



Industry & Trade
N51Bn



Agriculture and Rural Dev
N110Bn

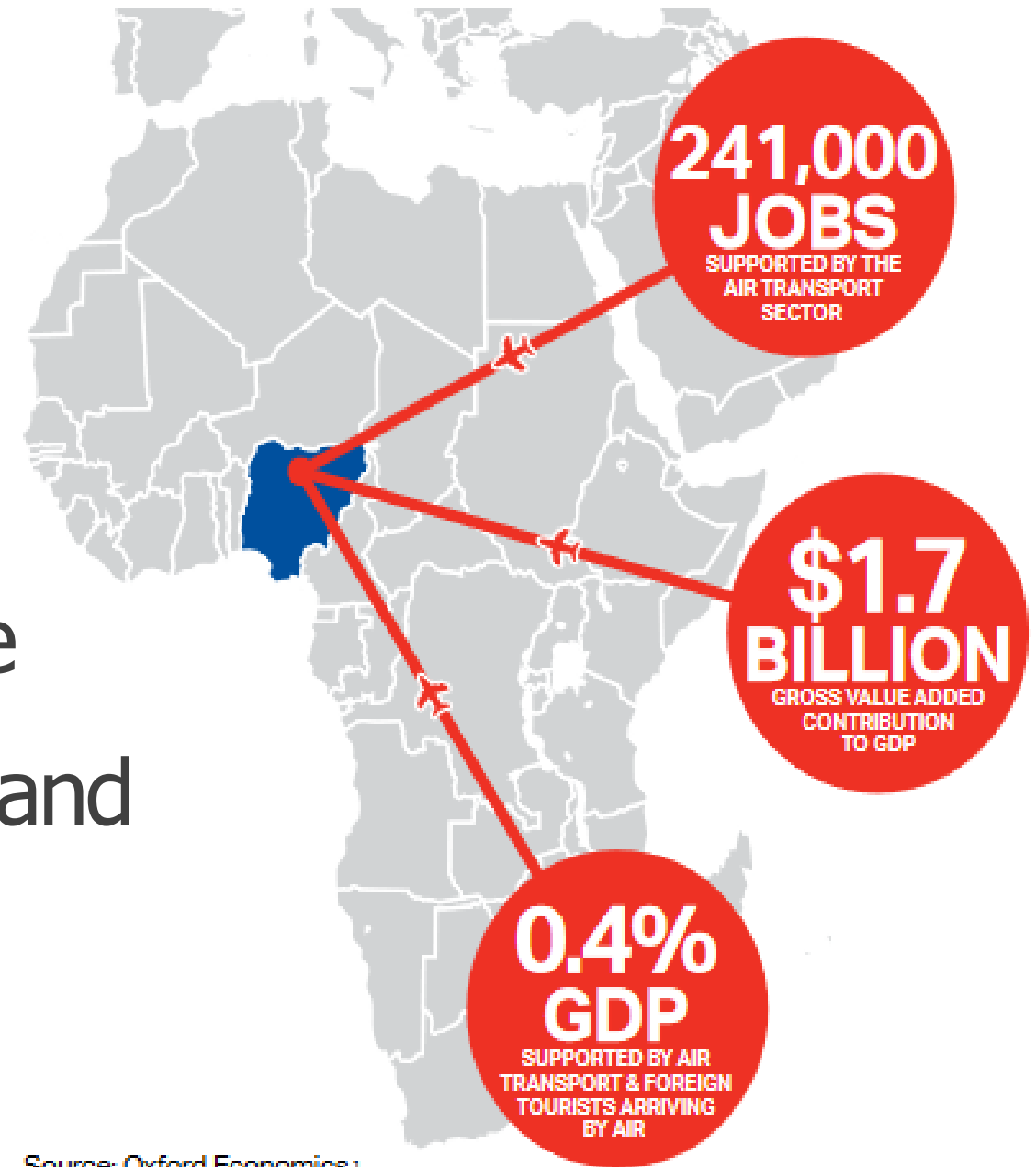


Power
N198Bn

Background

Air transport sector affects the economy via:

- Jobs generated by airlines and their supply chain.
- The flows of trade, supply chains and tourism.



Source: Oxford Economics¹



Nigeria is expected to reach **19.0 million ton-kilometers by 2025**. The forecast has been adjusted for the expected impact of COVID-19

www.statista.com

Nigeria Top Nations for Export 2019



India
15% 8Bn USD



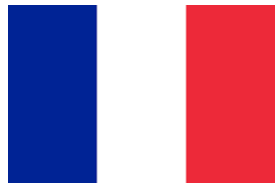
Spain
9% 5Bn USD



Netherlands
7% 4Bn USD



Ghana
7% 4Bn USD



France
6% 3Bn USD



South Africa
5% 3Bn USD



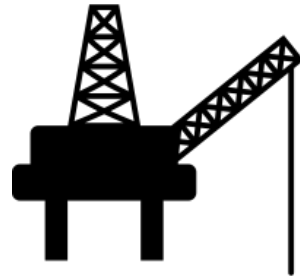
USA
5% 2Bn USD



Italy
3% 2Bn USD

China : 3.1% (1.66 billion US\$)

Nigeria Export per Products 2019



Petroleum Oil
76% (\$41 billion)



Petroleum Gas
10% (\$5.43 billion)



Vegetables
0.5% (\$294 million)



Cocoa Beans
0.46% (\$248 million)



Chemicals
0.28% (\$151 million)



Cashew nuts
0.2% (\$112 million)

Background and Introduction

Even though Sea Freight remain favorable, Air Freight is considered the quickest and the unhindered mode of transportation

[ResearchAndMarkets.com](https://www.researchandmarkets.com)

Air cargo faced significant challenges from fallen global trade volumes caused by China-US trade wars ,Protectionist Policies and Economic Recessions

www.globenewswire.com

A close-up, low-angle shot of a large jet engine on an airplane, with the wing and fuselage visible in the background. The image is dark and serves as a background for the text.

Air Cargo Market before Covid 19

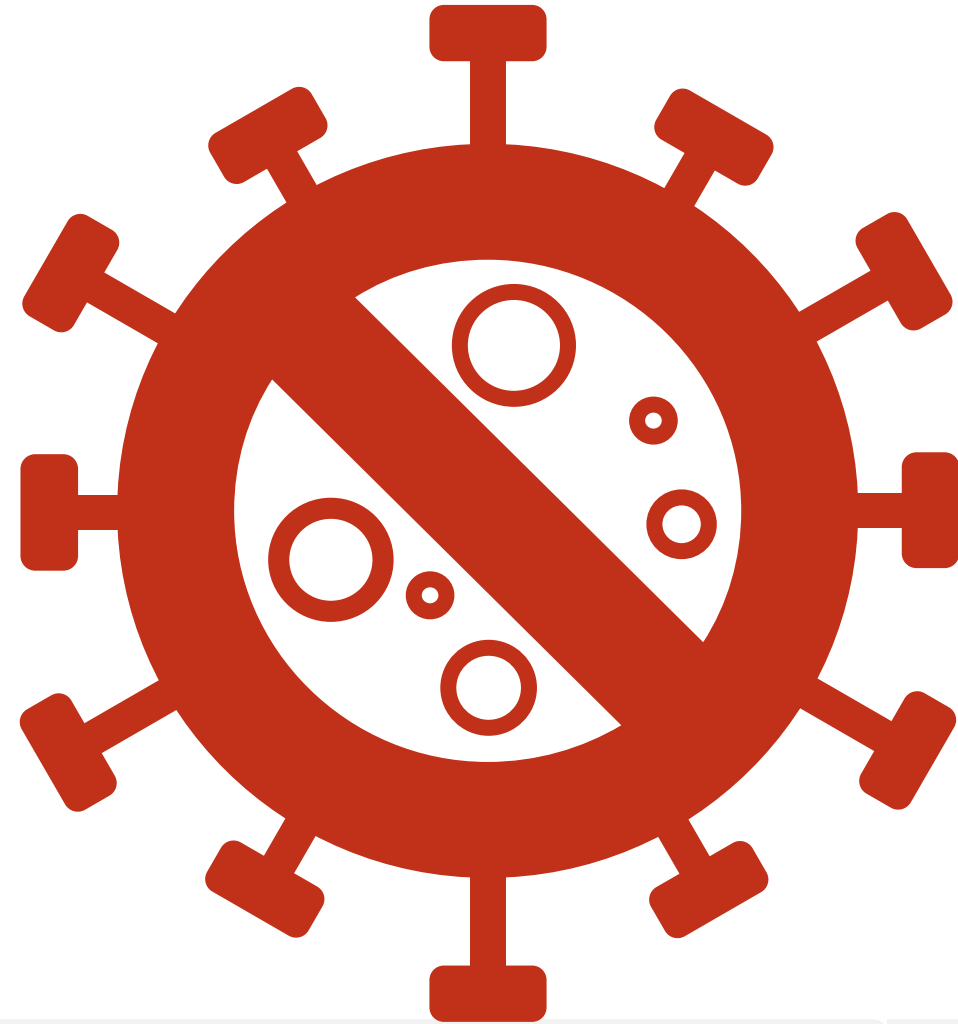


The Airline Industry has encountered Black Swans which had negative consequences in the past. Such events included: **9/11 Attacks** and **SARS** virus

SARS 2003

In 2003 Global Airlines lost **7 Billion US Dollars** during SARS epidemic .There were **8098** cases and **774 deaths**

Source : www.nhs.uk



9/11 impact

Despite a \$15 billion aid package, it is estimated that airline revenues from domestic U.S. flights fell by \$10 billion a year between 2001 and 2006.



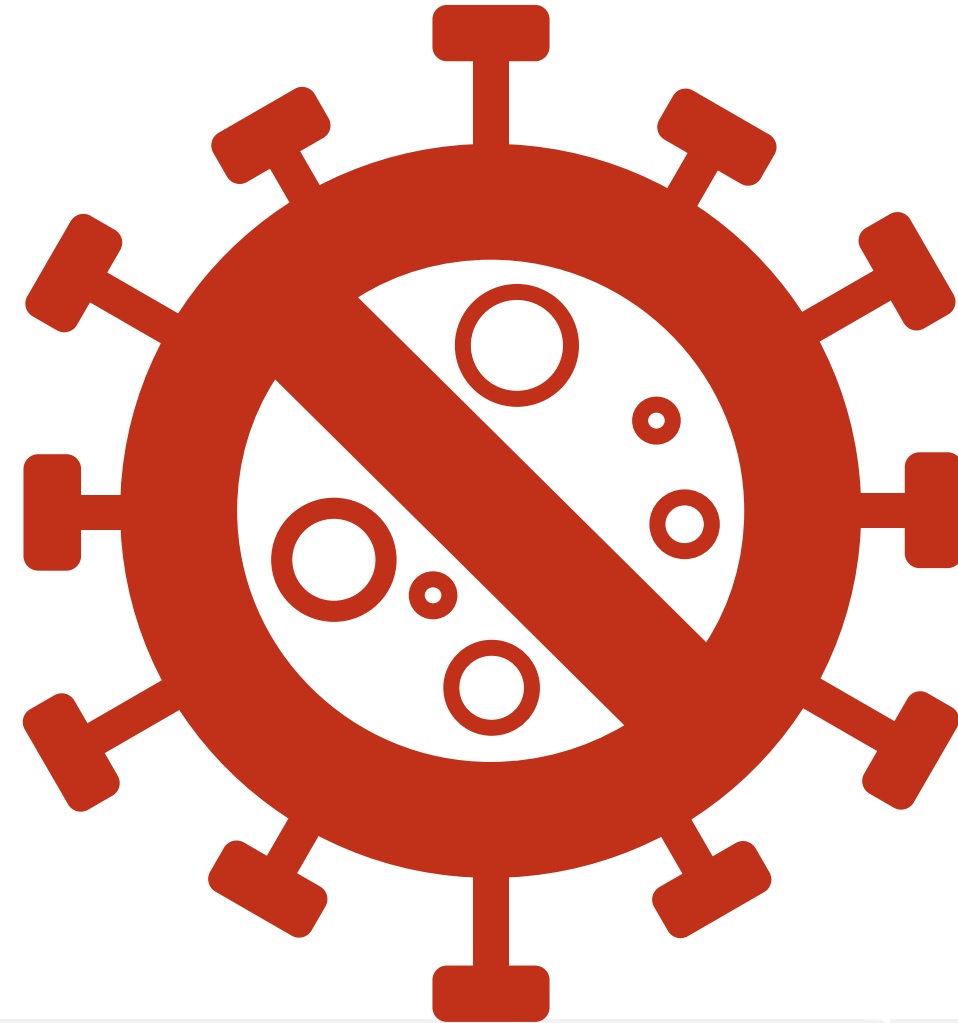
Based on Research, it takes at least **5 years for the industry to recover after a Negative Event.**
“Approximately **72 % of the impact of the initial shock persists one year after the event.**

IATA 2015 : Riding Out Periods of Turbulence.

Coronavirus 2020

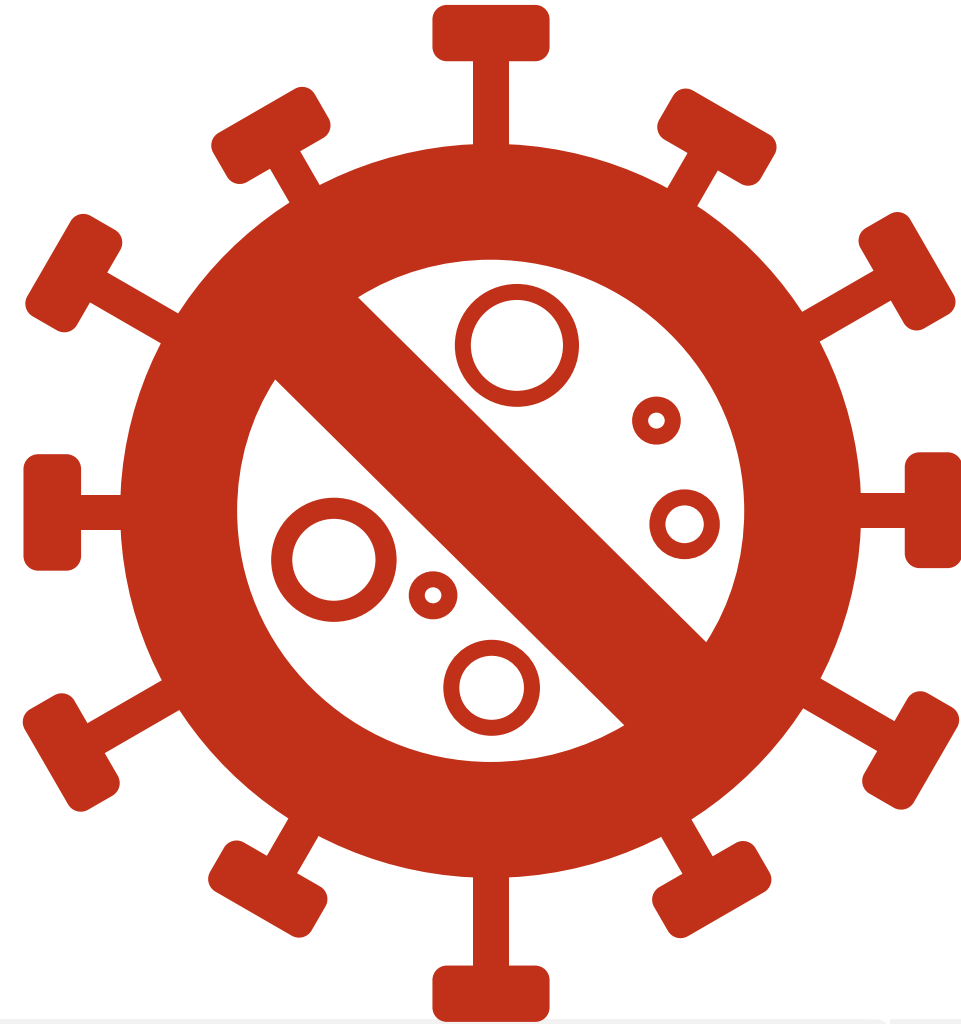
	Cases	Recoveries	Deaths
Lagos	22,562	21,119	220
Nigeria	69,255	64,774	1,180
Worldwide	67.3M	43.2M	1.54M

Data is from Google according to Wikipedia ,Government Health Ministries, The New York Times, and other authoritative sources, as attributed.



Coronavirus!

In 2020 Global Airlines are
projected to lose **314**
Billion US Dollars

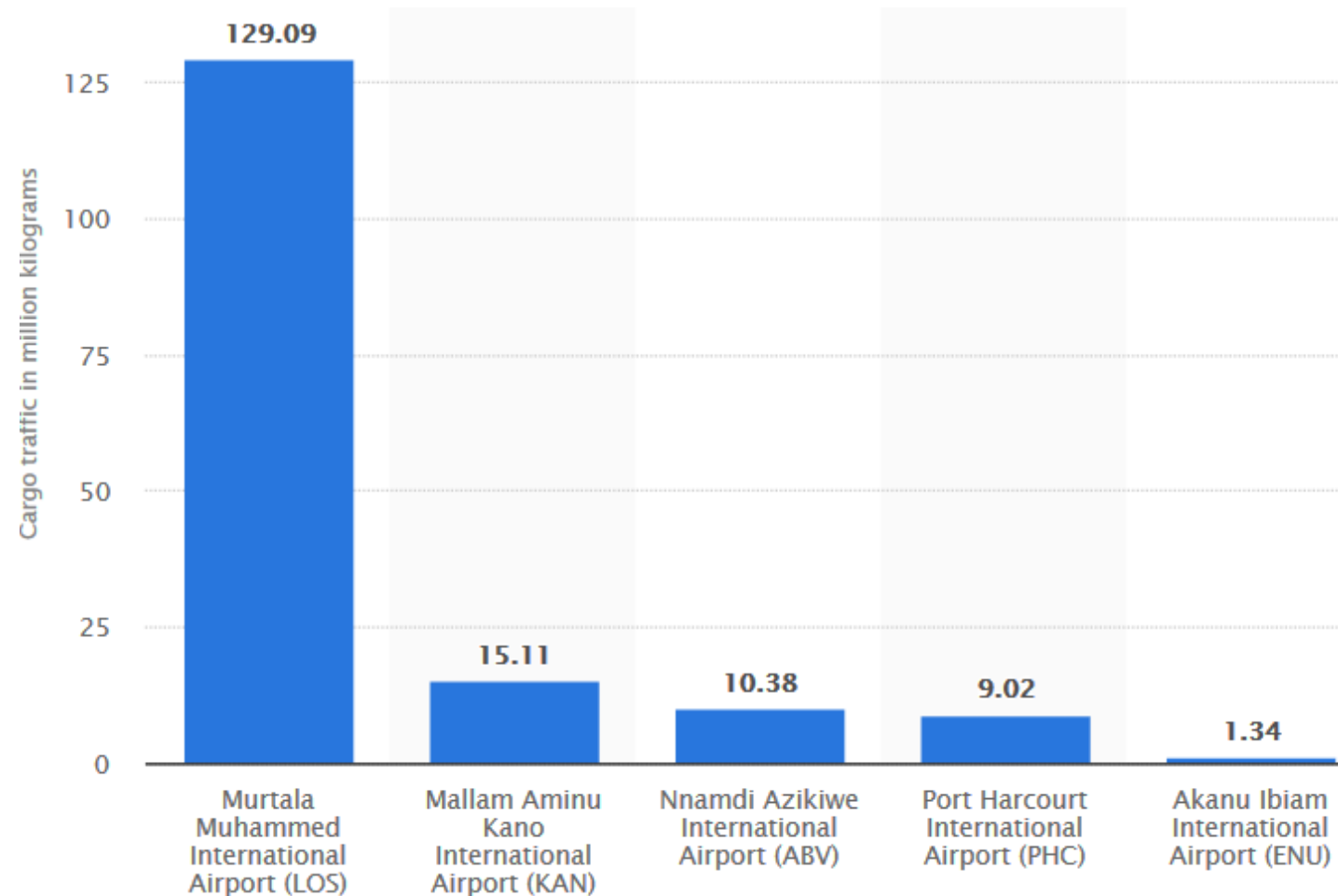


A close-up, low-angle shot of a large jet engine on an airplane, with the wing and fuselage visible in the background. The engine is the central focus, showing its complex fan blades and casing. The background is slightly blurred, showing an airport tarmac with other aircraft and ground service equipment.

Air Cargo Market after Covid 19

Nigerian Airports and Cargo performance

As at 2018, Murtala Mohammed Airport remains the largest in Nigeria in terms of Freight Traffic Kilometers. There remains an urgent need to deepen cargo traffic across other cargo and passenger airports



Source : BDIU 2018 Report

Convenience of Airport Operations

68th

150 Nations

Air Trade
Facilitation Index

36th

135 Nations

eFreight
Friendliness Index

127th

136 Nations

Enabling Trade
Index

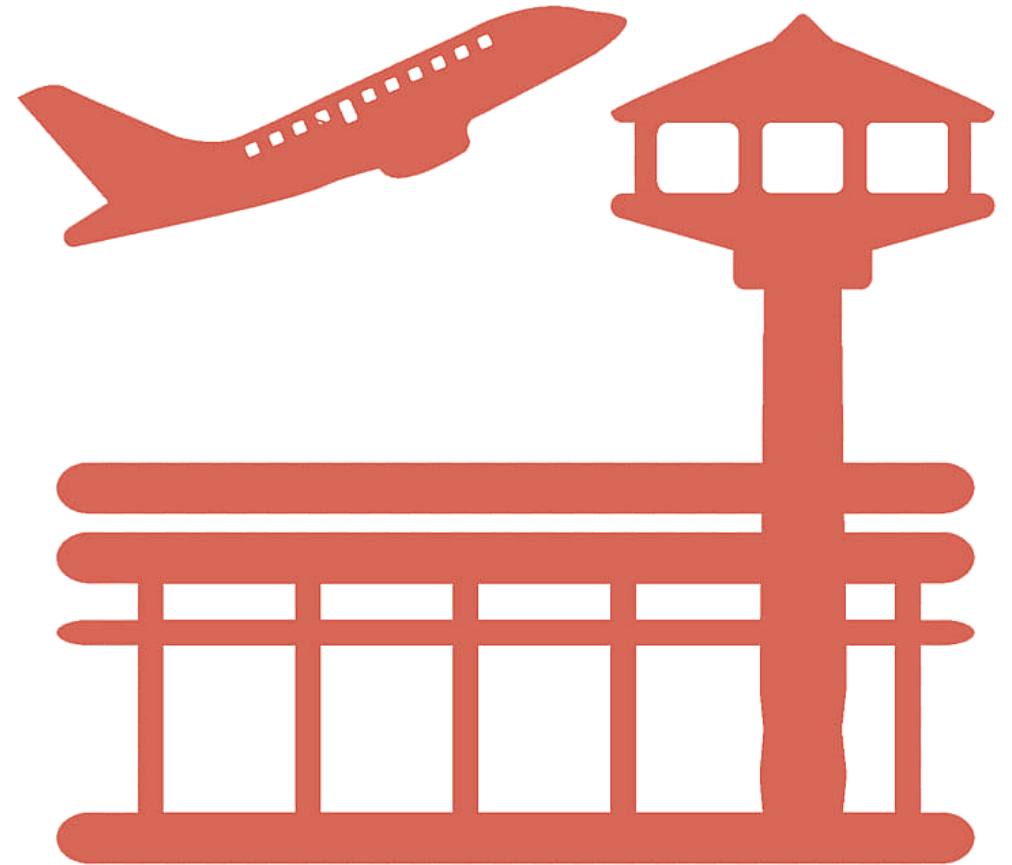
Ease of Clearance of goods through Customs
and smart transit through Borders

Major Challenges affecting Nigerian Air Cargo

- airline groups usually hold fewer liquidity accounts in their asset portfolios
- Fluctuations in Aviation Fuel Price
- Regulatory Bottlenecks
- High Cost of Ground Handling Equipment
- Proper Airport Infrastructure and no economies of scale

What we Need

Nigeria requires 5 billion USD to fix infrastructure in 24 Airports and 30 trillion USD over 30 years to modernize economic infrastructure



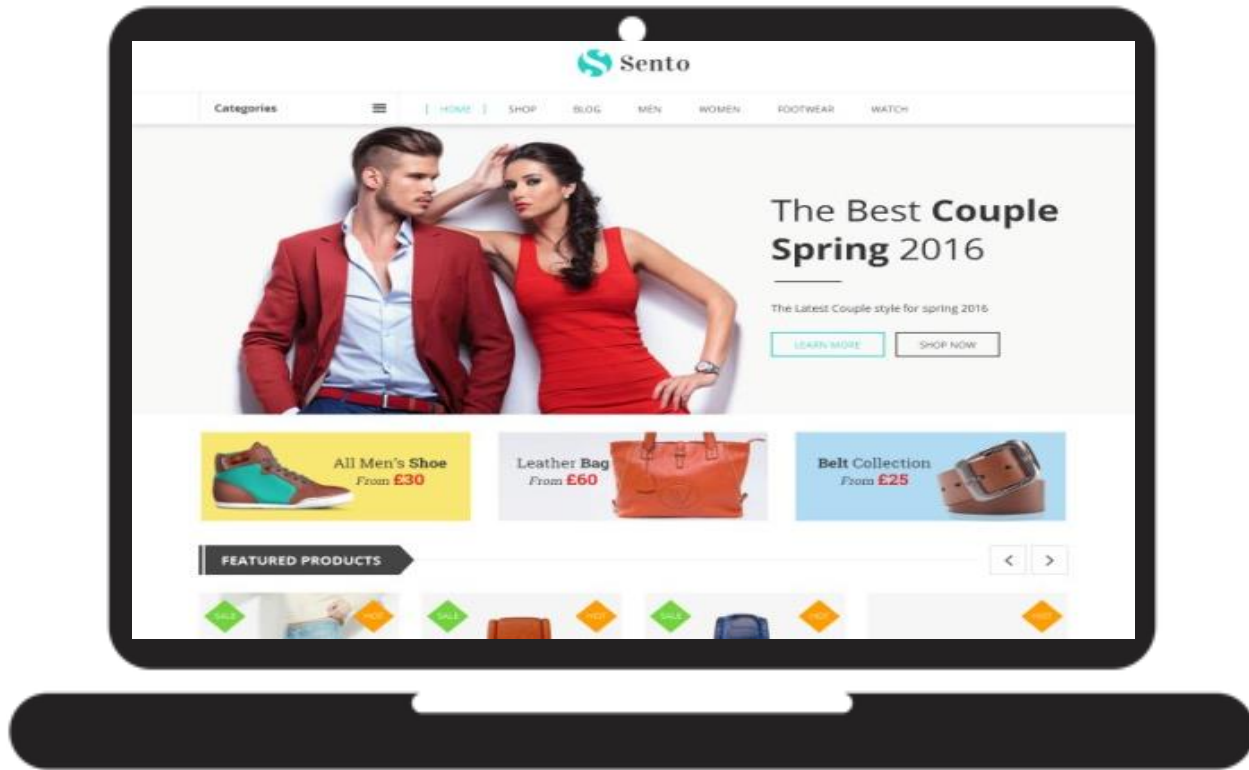
Source : Economy Recovery & Growth plan 2017-2020

A large cargo aircraft engine is the central focus of the image, shown from a low angle looking up. The engine's fan blades are visible, and the word 'ANTO' is partially visible on the fuselage to the left. The background shows an airport tarmac with other aircraft and ground service equipment. The text 'Recovery Path for Cargo Industry' is overlaid in a large, bold, red font across the center of the image.

Recovery Path for Cargo Industry

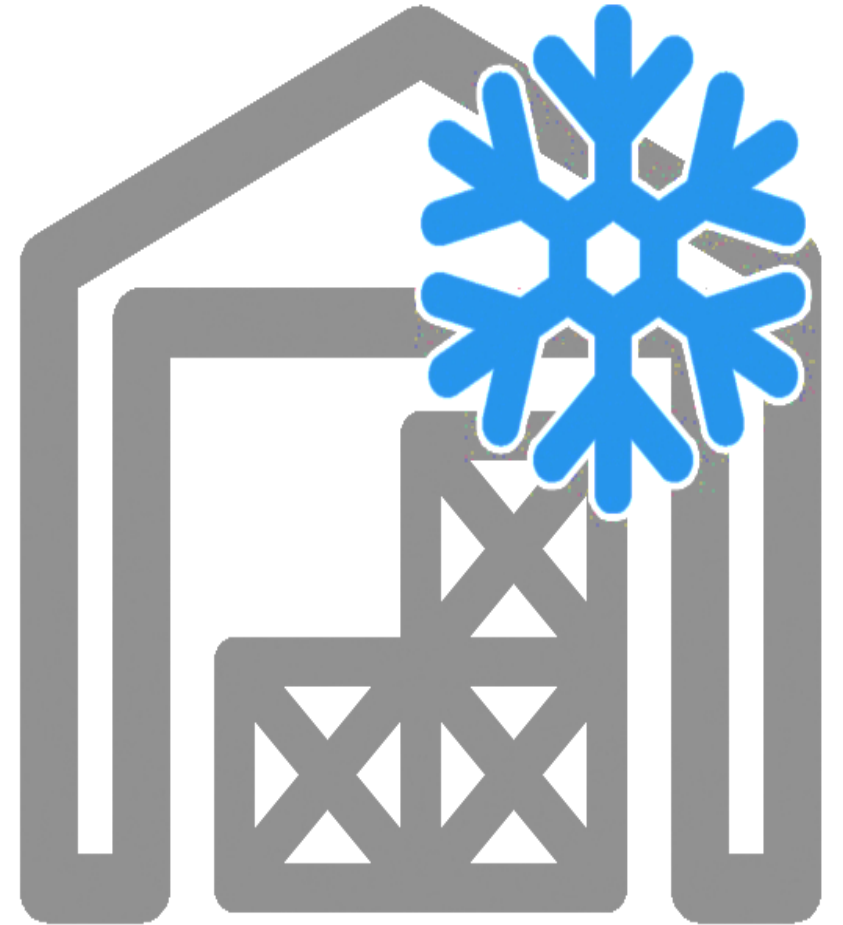
E-Commerce Opportunities

Nigeria Air freight Market can scale through E-commerce, Cross-Border shipping, Direct Currency settlement and no Duties for Small items.



Cold Storage Opportunities

Develop and Deepen
Specialized Temperature
Control Storage and
Processing warehouses for
Pharmaceuticals and Agro
Perishables



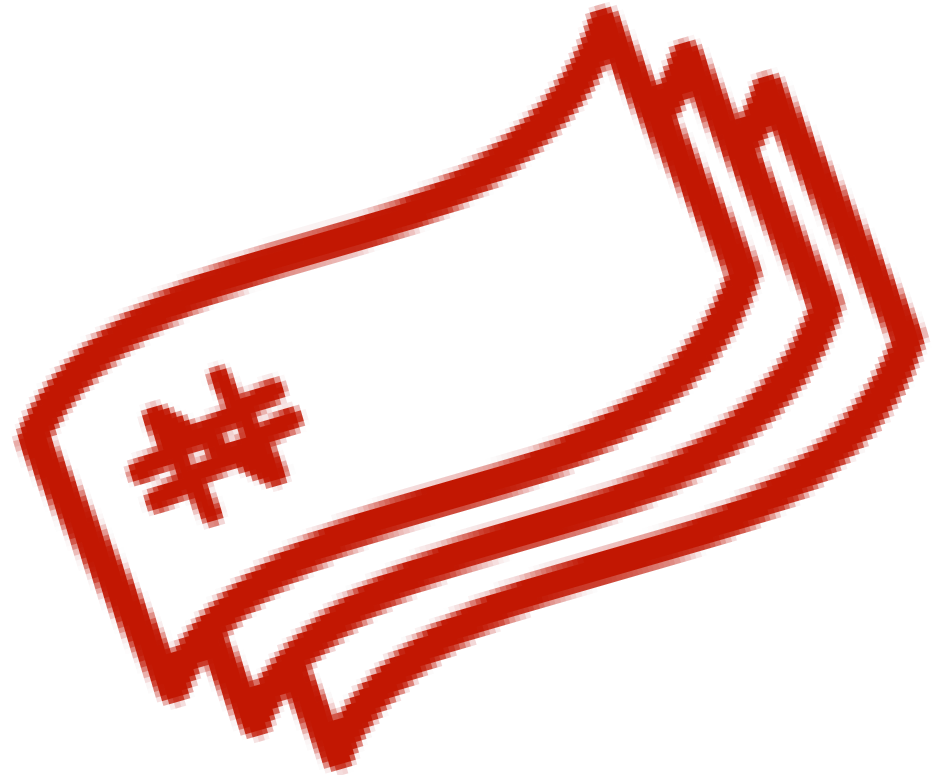
Government Intervention

Bailout should be given to airlines who do not have enough liquidity in their asset base to safeguard Jobs and Investment



CBN Policy and Support

Freight Forwarders who drive and contribute to FTKs exports should have access to foreign exchange to international settlement of partners



Conclusion

By 2024, total freight forwarding market, including airfreight, is expected to reach 178 billion U.S. dollars, Nigeria GDP recovery is dependent on Air Cargo development



Thank You

Dr. Sola Obabori

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