

Think Economic Recovery: Air freight forwarders are essential to getting America back to business!



The nation's **3,500 indirect air carrier companies** – the freight forwarders who arrange for cargo to be moved swiftly from place to place in the bellies of passenger planes and on air freighters – together comprise **a vital link in America's transportation and logistics supply chain**. And to do their part they depend on another **6,500 businesses** – mostly small trucking cartage companies – to handle the ground segments of this work.

How vital?

The dollar value of cargo transported represents nearly a third of all cargo moved over air, land and sea. Half of all air cargo is flown in the bellies of passenger airlines. And 80 percent of that is managed by air freight forwarders.

Air freight forwarders and their trucking partners typically respond to the challenges of doing business in an era when “overnight delivery” is often not good enough for vital medicines and medical equipment, fresh foods, and the just-in-time parts and equipment needed to keep factories running. In addition to handling often sensitive shipments from dock-to-dock, air freight forwarders take care of a range of customs, regulatory and security issues for shippers, and in many cases take care of financial and insurance requirements as well as distribution.

This is what makes air freight forwarders and their partners essential and why **keeping these 10,000 businesses healthy will be critical to America's economic recovery** as we emerge from the COVID-19 crisis.

What is needed to keep the air freight forwarding industry viable and ready to help lead the recovery?

Continue to support and expand the Paycheck Protection Program for small businesses.

Make \$1 billion in cash grants available to the air freight forwarders and their ground partners who need help staying in business.

Make \$1 billion in zero-interest loans available to small and medium size air freight forwarding and associated trucking cartage businesses.

But here's the problem...

Air freight forwarders are predominantly small or medium-sized businesses, mostly located near airports in metro areas across the country. The sudden reduction in the number of passenger flights due to the pandemic, along with severe downturn in the economy, have hit their businesses hard.

- Many of the members of the Airforwarders Association report that their **revenues are down by 50 percent or more**, with **65 percent reporting that they are either laying off employees or likely to be doing so**.
- Given the investments they must continue to make in their operations to assure speed and security in their services, even during this downturn, there are now indications that several dozen air freight forwarding companies will go out of business in April. We estimate that **several hundred could close by the end of this summer**.
- The vast majority of **trucking partners across the industry depend almost entirely on air freight forwarders** for their business.
- This is about more than the loss of jobs and the ripple effect in communities where air freight forwarders operate. A significant loss of capacity in the air freight forwarding industry could also present **cost and viability issues to a long list of shippers who depend on air freight forwarders in their operations** – just as they themselves are looking to recover from the COVID-19 crisis and resume normal business operations.

Consider this...

The U.S. government's initial response to the crisis, supporting the major airlines and the major express carriers with infusions of cash, recognizes that these essential services need to be preserved so that they can serve as the foundation for the overall economy's return to health. Also receiving a financial lifeline were the ground services companies that service the airlines and who, like air freight forwarders, are dependent on the airlines flying.

The fact of the matter is that air freight forwarders are also a vital part of that equation. As the pandemic recedes and the airlines ramp up their flight schedules, air freight forwarders need to be ready and at full strength to resume their vitally important role in moving air cargo within the U.S. and American products to destinations all over the world.

The question is...

Can our transportation and logistics network lead the way to full economic recovery with the air freight forwarding industry in a state of diminished capacity? Do we really want to find out the answer to that?