# FedEx still No. 1 among cargo airlines while UPS falls, industry report says

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FedEx is still the king of cargo airlines, while rival UPS dropped a notch, according to a new report from the International Air Transport Association.

FedEx ranked first among airlines in 2018 in scheduled freight tonne kilometers flown, according to the IATA’s World Air Transport Statistics report. UPS ranked fourth in this category behind Emirates and Qatar Airways after placing third the year before.

Freight tonne kilometers (FTK) flown is a measurement of cargo airline activity factoring in both how much an airline is carrying and how far it carries those goods. One FTK represents one metric ton of goods moved one kilometer.

FedEx has ranked first in FTK since at least 2014, per the IATA. The ranking factors in FTK for both international flights and domestic flights.

In 2018, FedEx totaled roughly 17.5 billion FTK, up from 16.9 billion the year before. Nine billion of that came from domestic traffic, also first among airlines. For international traffic, FedEx placed fourth with about 8.5 billion FTK.

UPS, which has a smaller air fleet than FedEx and is known more for ground delivery, saw 12.5 billion FTK in 2018 compared to 11.9 billion in 2017. Its split between international and domestic traffic was 6.3 billion (ninth among airlines) and 6.2 billion (second among airlines), respectively.

## Airlines flying for Amazon make list

Two airlines that fly for Amazon Air, the e-commerce giant’s cargo airline brand, landed in the top 25 for domestic FTK.

Atlas Air (761 million FTK) placed fifth domestically while ABX Air (422 million FTK) ranked 12th. Atlas Air placed 16th overall in total FTK at 4.6 billion.

Both Atlas Air and ABX Air could see a boost in activity soon following FedEx Express’ decision to [end its U.S. contract with Amazon](https://www.commercialappeal.com/story/money/industries/logistics/2019/06/07/fedex-amazon-cut-ties-u-s-domestic-deliveries/1383075001/). FedEx CFO Alan Graf said in June the move will[“be a near-term headwind” until fiscal year 2021](https://www.commercialappeal.com/story/money/industries/logistics/2019/06/25/fedex-4-q-earnings-report-fedex-express/1549576001/) as volume is replaced.

## How long can FedEx be No. 1?

FedEx’s place at the top could be challenged in the coming years if the U.S. Postal Service ends its express air transportation contract with the company, [commented former FedEx employee Dean Maciuba of Logistics Trends & Insights](https://www.linkedin.com/pulse/fedex-remains-king-global-air-cargofor-now-dean-maciuba/). The agreement is set to expire in 2024.

FedEx announced[a contract extension with the USPS](https://www.commercialappeal.com/story/money/2017/02/23/fedex-usps-extend-air-express-contract-through-2024/98313700/) in 2017, which is expected to generate about $1.5 billion in annual revenue for FedEx Express.

Their relationship has changed of late. FedEx is shifting volume that used to go to the USPS for the last leg of delivery back into its own network and “aggressively competing” with the USPS’ Priority Mail service, Maciuba said. This gives the USPS “two very good reasons” to shop the agreement with UPS or Amazon Air, he added.

## Air cargo industry slowing down

Overall, the cargo airline industry fared well in 2018 but decelerated from the year prior, the report said. Air freight demand growth slowed last year, according to IATA, but it still grew in line with global trade volumes.

The second half of 2018 saw “a number of headwinds including a moderation in world trade — in part a result of the heightened trade tensions between the US and China,” the report said. Air freight for e-commerce and pharmaceuticals, two sectors FedEx is bullish on, performed “very strongly,” it added.

FedEx Express, FedEx’s largest company and operator of 681 aircraft, [has struggled of late in the face of a global economic slowdown](https://www.commercialappeal.com/story/money/industries/logistics/2019/06/25/fedex-4-q-earnings-report-fedex-express/1549576001/). In June, FedEx Express reported both revenue and operating income were down from the year-before quarter. Still, volume for less urgent domestic shipments and international economy shipments both climbed.

Max Garland covers FedEx, logistics and health care for The Commercial Appeal.