

Wings of Prosperity: The Significance of new China-Pakistan Air Cargo Route

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The inauguration of the China-Pakistan Air Cargo Route between Ezhou Huahu Airport in Central Chinese Hubei province and Lahore marks a significant milestone in promoting connectivity between the two countries. This route, originating from China's first cargo-focused airport, Ezhou Huahu, operates three weekly round-trip flights and aims to provide an estimated 300 tonnes of air express capacity per week.¹ Launched by SF Airlines, a Chinese cargo airline, this initiative not only reinforces global connectivity but also strategically aligns with the broader economic framework of the China-Pakistan Economic Corridor (CPEC). The air cargo route is expected to bolster air transport capacities and, consequently, trade between the two countries, amplifying the broader impact of CPEC on the already existing economic collaboration between Pakistan and China.

The newly-launched China-Pakistan Air Cargo route emerges as a pivotal addition in the historical context of the China Pakistan Economic Corridor (CPEC), a transformative initiative under President Xi Jinping's visionary Belt and Road Initiative (BRI). With over \$65 billion committed and \$25.4 billion injected, CPEC has long been a cornerstone of the bilateral relationship, promoting economic prosperity and connectivity not only in Pakistan and China but also in the region. The recent air cargo

¹ China Daily, "SF Airlines Launches China-Pakistan Intl Air Cargo Route," [Chinadaily.com.cn](https://global.chinadaily.com.cn/a/202401/13/WS65a28967a3105f21a507c21f.html), January 13, 2024, <https://global.chinadaily.com.cn/a/202401/13/WS65a28967a3105f21a507c21f.html>.

route contributes to the multifaceted engagement goals of CPEC, signifying another progressive step in efforts to expand trade between China and Pakistan.

CPEC's importance is underscored by its comprehensive nature, encompassing energy projects, infrastructure development transportation networks, and industrial zones. Previously, the modes of trade and transportation under CPEC involved extensive road links, and over 809 km of motorways and highways, in addition to Gwadar Port, connecting maritime routes of trade and connectivity. Separately, the two countries are closely following up on the extensive rail project, i-e the ML-1. Notably, the new China-Pakistan Air Cargo Route becomes a diversifying addition to the connectivity framework of CPEC. This air cargo route, with its 300-ton weekly capacity between Lahore and Ezhou Huahu Airport, offers a swift and efficient alternative mode for the transportation of goods, complementing and enhancing the existing modes of trade under the CPEC framework. Moreover, goods that require urgent delivery, such as medicines, electronic equipment, important spares for machinery deployed in crucial places, and sensitive items, can be transported swiftly via this air cargo route.

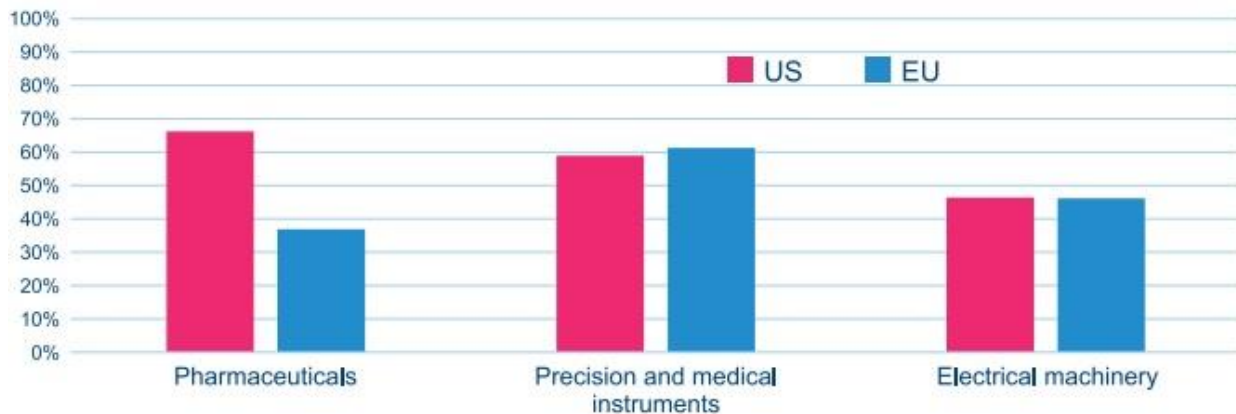
Global trade in modern times has expanded exponentially, growing almost 400 times from the 1950s level.² Amidst this explosive expansion of trade, air cargo has significantly contributed to world trade; approximately 35% of global trade is accounted for via air cargo.³ In 2015 alone, airlines transported 52.2 million metric tons of goods valued at \$5.6 trillion, highlighting the substantial contribution of air cargo to the global trading system.⁴ In this regard, the major sectors targeted by air cargo trade are of a sensitive nature and require swift and secure transportation. Figure-1 illustrates imports to the U.S. and EU via air cargo mode, projecting the sectors that direly depend on air cargo transportation. This underscores the importance of air transport in delivering high-value goods and supporting sectors reliant on swift, reliable, and secure transportation in an unparalleled manner.

² WTO, "Trade Statistics - World Trade Statistical Review 2021 (WTSR 2021)," WTO, accessed January 18, 2024, https://www.wto.org/english/res_e/statis_e/wts2021_e/wts21_toc_e.htm.

³ IATA, "Value of Air Cargo," IATA, accessed January 18, 2024, <https://www.iata.org/en/programs/cargo/sustainability/benefits/>.

⁴ IATA, "Value of Air Cargo Air Transport and Global Value Chains - IATA," International Air Transport Association, accessed January 18, 2024, <https://www.iata.org/en/iata-repository/publications/economic-reports/value-of-air-cargo-air-transport-and-global-value-chains-summary/>

Share of imports transported by air: by commodity and value⁵



Source: developing trade consultants. Note: EU imports 2014-EUComExt, US imports 2015- US Census Bureau

The modern global trading system possesses a critical component, which is the emergence of Global Value Chains (GVCs), where production processes are spread across multiple countries, creating a global network. When a country participates in a GVC, it gains the incentive to specialize in narrowly defined tasks, such as specific component production, research and development, or assembly. Tasks spread across a variety of states are then combined via a complex network of links to produce finished products such as cell phones, cars, computers, and even complex products such as aircraft and military equipment. According to the latest estimates, 70% of global trade involves GVCs.⁶ Additionally, the emerged competition in global trade dictates that a country develops its abilities to source intermediate goods in a cost-effective manner from imports and similarly develops the ability to export products to other countries for use in further export production processes. Henceforth, swift and reliable transport of component parts is a crucial consideration when it comes to GVC-led firms setting up their networks of production. Air cargo plays the most important role in multiple manufacturing GVCs, where there exists a need for rapid shipments of various components used to support time-limited production.

As established, there exists a positive association between air cargo connectivity and a state's inclusion in global value chains (GVCs). As the framework of CPEC dictates industrial development and competitive production of products, for Pakistan to compete in global trade, the new air cargo route can significantly enhance the speed and efficiency of cross-border trade. Countries with well-

⁵ Ibid.

⁶ OECD, "Global Value Chains and Trade - OECD," OECD, accessed January 18, 2024, <https://www.oecd.org/trade/topics/global-value-chains-and-trade/>.

developed air cargo connections are better positioned to integrate into global value chains, and the newly established route between Ezhou and Lahore, incorporated in CPEC infrastructure, not only accelerates trade but also aligns with the dynamics of contemporary global trade practices.

However, it is also important to take cognizance that this trade route cannot be completely employed for all forms of trade. The challenges include higher costs of air transport, limited load capacity compared to other alternatives, and the need for additional transportation from the destination airport to the final destination, limiting the feasibility of employing this route for all forms of transportation of goods. Moreover, the CO₂ emissions of aircraft are the highest when compared to other modes of transportation, producing significant impacts on the environment.

In light of these challenges, it can be concluded that the inclusion of the China-Pakistan Air Cargo route in CPEC's framework is not a substitute for the already existing trade routes, but rather another effective mode to further modernize bilateral trade potential in order to compete better in the global trade arena. The specific yet crucial applications of air cargo-based trade are a necessity in modern times and would likely contribute significantly to the trade volume of both countries.