

Air freight

STRENGTHENING GERMANY AS A BUSINESS LOCATION

Lufthansa Cargo is investing 600 million euros in the modernization of its cargo hub in Frankfurt. The export-oriented German economy will benefit from an innovative and efficient air freight center. In addition, Lufthansa Cargo is investing in a highly efficient fleet. To enable air freight to grow in Germany and Europe, this loyalty to the business location must be properly supported by political measures.

Since it began operating in 1982, the Lufthansa Cargo Center (LCC) at Frankfurt Airport has been in operation 24 hours a day, 365 days a year. With a handling capacity of around 20,000 metric tons per week, it is Lufthansa Cargo's largest logistics center worldwide. From here, goods are sent to 300 destinations in 100 countries. The LCC, which covers an area of about 46 football pitches, will be completely modernized by 2030. The aim is to enable a faster and more customized handling of goods.

Sustainability on the ground and in the air

The LCC will set new standards in sustainability. Photovoltaic systems, state of the art thermal insulation, heat recovery and waste heat utilization increase energy efficiency and significantly reduce CO₂ emissions. In addition, Lufthansa Cargo is investing around 3.5 billion euros in new aircrafts this decade. Since October 2021, the company has completely switched to the Boeing 777F on long-haul routes – the most modern freighter with the best environmental record. Aircraft of the latest generation consume up to 30 percent less fuel and emit correspondingly less CO₂ than their predecessors.

Unfair competition

In order to remain attractive as a cargo hub in the future, Frankfurt needs competitive conditions as a business location. Political requirements are currently weakening the industry in relation to its European and non-European competitors.

The most important issues are:

- Procedures and processes in Germany are often more complicated and lengthier than in other European countries. For example, comprehensive digitalization and automation at customs is crucial to ensure the rapid processing of the enormous increase in the number of shipments. An EU-wide harmonization requires a uniform interpretation of EU regulations.
- The German procedure for collecting import sales tax is a significant disadvantage for Germany as a business location. It unnecessarily ties up liquidity and thus causes increased costs for importers that do not arise in neighboring EU countries. A clearing model alone could reduce costs for businesses and authorities, while improving public revenue and the ecological footprint of the flow of goods.
- Like passenger traffic, airfreight is also exposed to competition-distorting burdens due to increasing EU climate protection requirements. The goal remains a global level playing field.
- Compared to the rest of Europe, costs in Germany are very high. Take air traffic control fees, for example: in Frankfurt, they amount to more than 1,000 euros per take-off for a Boeing 777-200F. In Paris, they are around a fifth cheaper. And, as incredible as it may sound, there are no air traffic control fees at all in Liège.

Air freight is particularly valuable

Average value per ton of freight



Source: BDL, 2022

All this entails the risk of cargo traffic being increasingly shifted abroad. Even today, 40 percent of air freight between the EU and Asia is sent via non-European locations. There has not been a European location among the top ten worldwide air freight airports for a long time. All this must be taken into account by policymakers.