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Letter from Michael Rousseau, President and CEO: A Future Freighted with Possibility



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Air Canada successfully managed the Covid-19 crisis by acting quickly, making very difficult decisions and creating new opportunities. A prime example was cargo, where, utilizing the strength of our brand, and especially the creativity and hard work of our employees, we actually grew our business.

In 2019, the global air-freight market was worth US\$270 billion, with most freight carried in the bellies of passenger airlines. But with commercial flying reduced by Covid-19 and pandemic-related congestion in other cargo modes – notably ocean shipping – a global cargo-capacity shortage has arisen.

To fill the void, Air Canada Cargo has been expanding its operations. Building on our early pandemic success using our aircraft with the seats removed to carry extra cargo, we are taking eight of our retired Boeing 767 aircraft, cutting out larger doors and reinforcing their floors, and permanently converting them into freighters. The first two will arrive soon, and operate to such places as Miami, Lima, Guadalajara, Madrid and Frankfurt.

We are also diversifying. This fall, we began a \$16-million project to expand our cold-chain handling capabilities at our Toronto cargo hub. The extra space will have temperature-controlled zones, including a cooler large enough to chill 432,000 pints of blueberries, for shipments such as pharmaceuticals and perishables. The facility will be unique in Canada and among the most modern in North America.

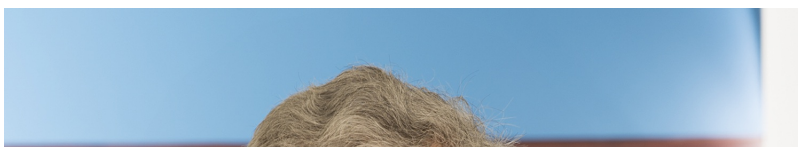
Another reason to invest in cargo is the e-commerce boom. Apart from its speed, air freight is ideal for e-commerce shipments since they are often goods with high value relative to their volume or weight, such as electronics. This makes it lucrative, as air cargo represents less than one percent of global trade by volume, but 35 percent of its value.

To better compete, this year we launched Rivo for online retailers. This is a delivery service that takes advantage of our domestic network to offer quick distribution of small parcels across Canada, with “first mile” and “last mile” delivery through strategic partners.

Prompted by the disruption of the pandemic, Air Canada leveraged its capabilities to strengthen its business. Even more, we are not only serving new customers, but also supporting our country’s economic recovery by facilitating trade with the rest of the world.

The letter from Mike appears in enRoute Magazine, Air Canada’s award-winning in-flight magazine found onboard all Air Canada, Air Canada Rouge and Air Canada Express flights. This edition is from the November issue.





A STAR ALLIANCE MEMBER

