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# FORUM SUR LE DEVELOPPEMENT DU FRET AERIEN

## **Vladimir D. Zubkov**

- Vice-President, Volga-Dnepr Group;
- Board Member of TIACA

# Relationship between Air Cargo and International Trade



Réseau de 52 Pays Membres

Développement des Institutions  
Financières Islamiques et  
l'Octroi de Lignes de Financement

Financement des Projets  
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## Points to cover:

- 1. GDP; Global trade and share of aviation**
- 2. Forces at work and reasons for decline**
- 3. Modernization requirements and E-freight**
- 4. Where to go**

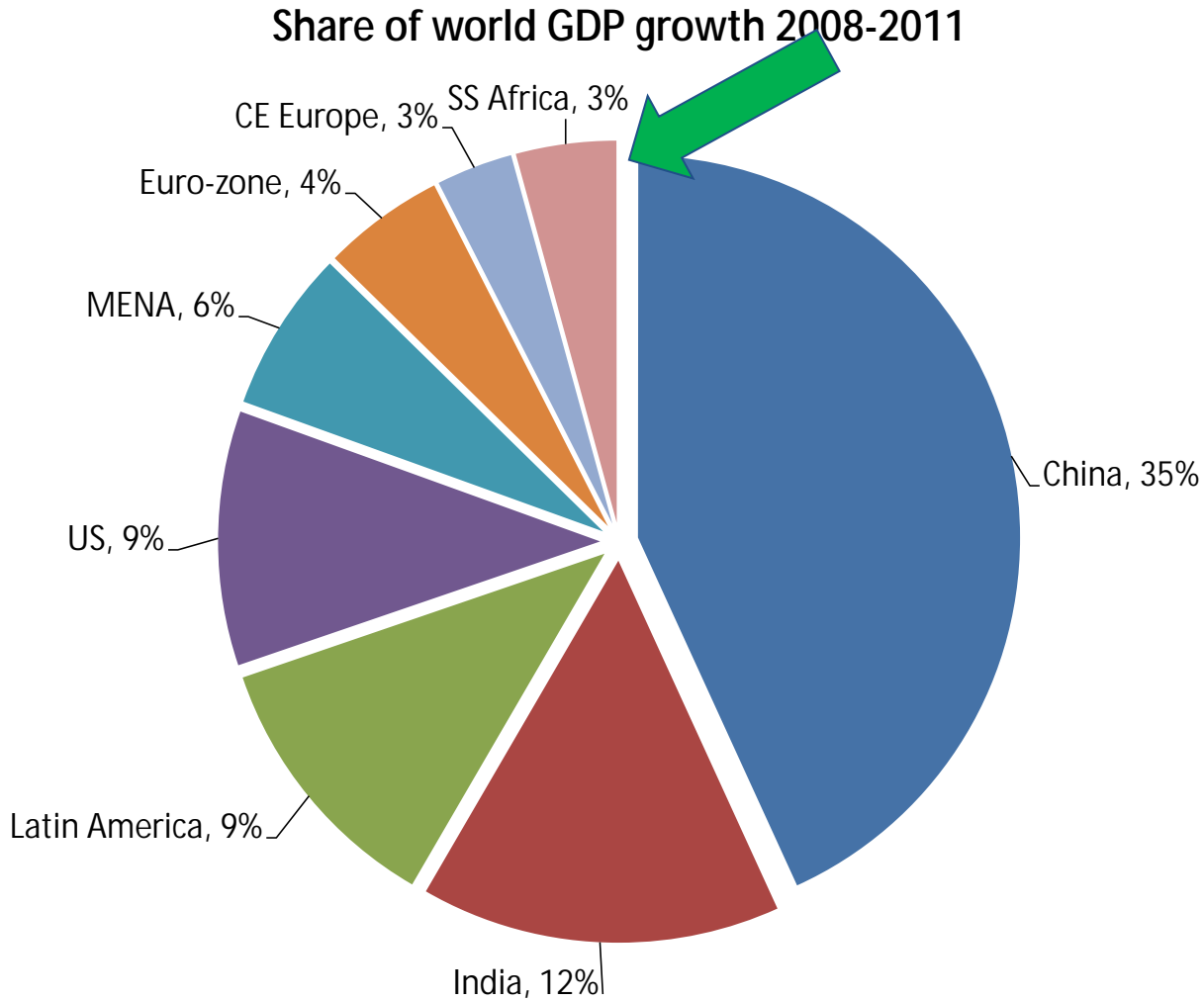
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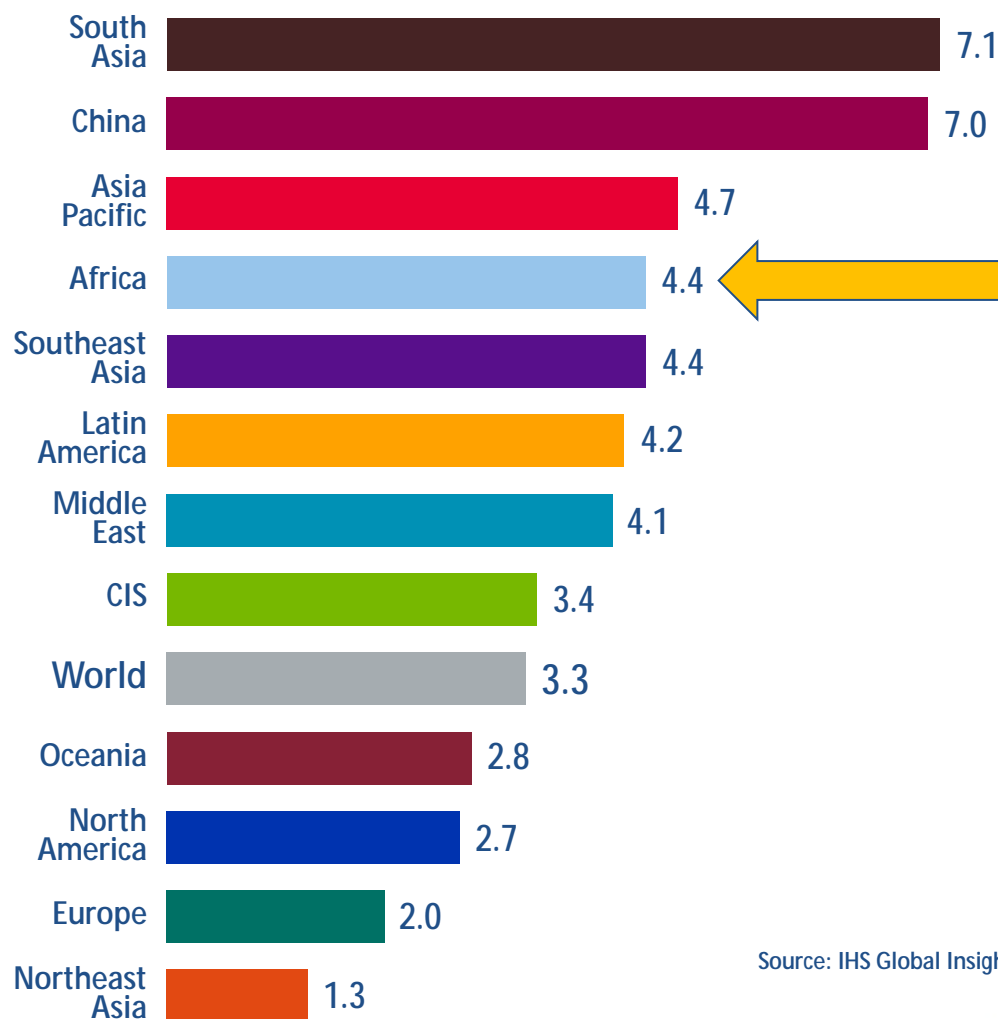
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# Some basic figures: Where the economic growth is coming from



# Annual GDP growth 2011 – 2030



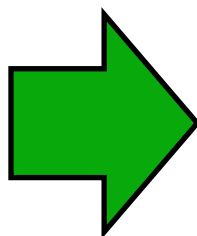
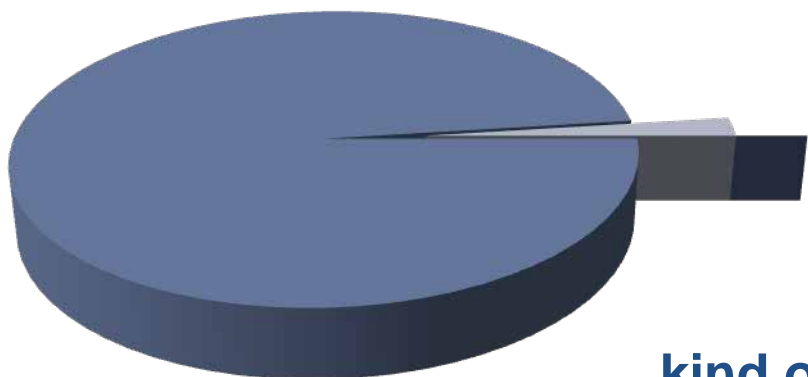
Source: IHS Global Insight

# Air cargo is only 0.5% in the global trade volume, but 35% in terms of its value



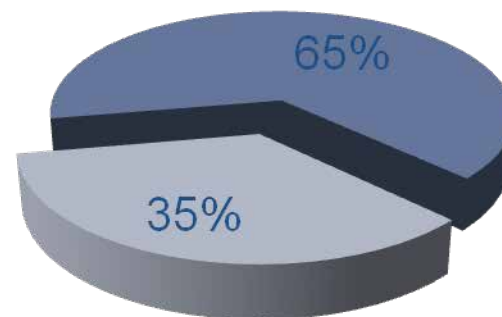
## Cargo volume

■ Global Cargo ■ Air cargo



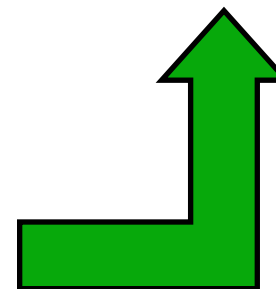
## Cargo value

■ Global cargo volume  
■ Air cargo volume



### kind of commodities:

perishables  
live stock  
valuable cargo  
electronics  
urgent  
just-in-time (for assembly lines)  
project cargo  
unique cargo

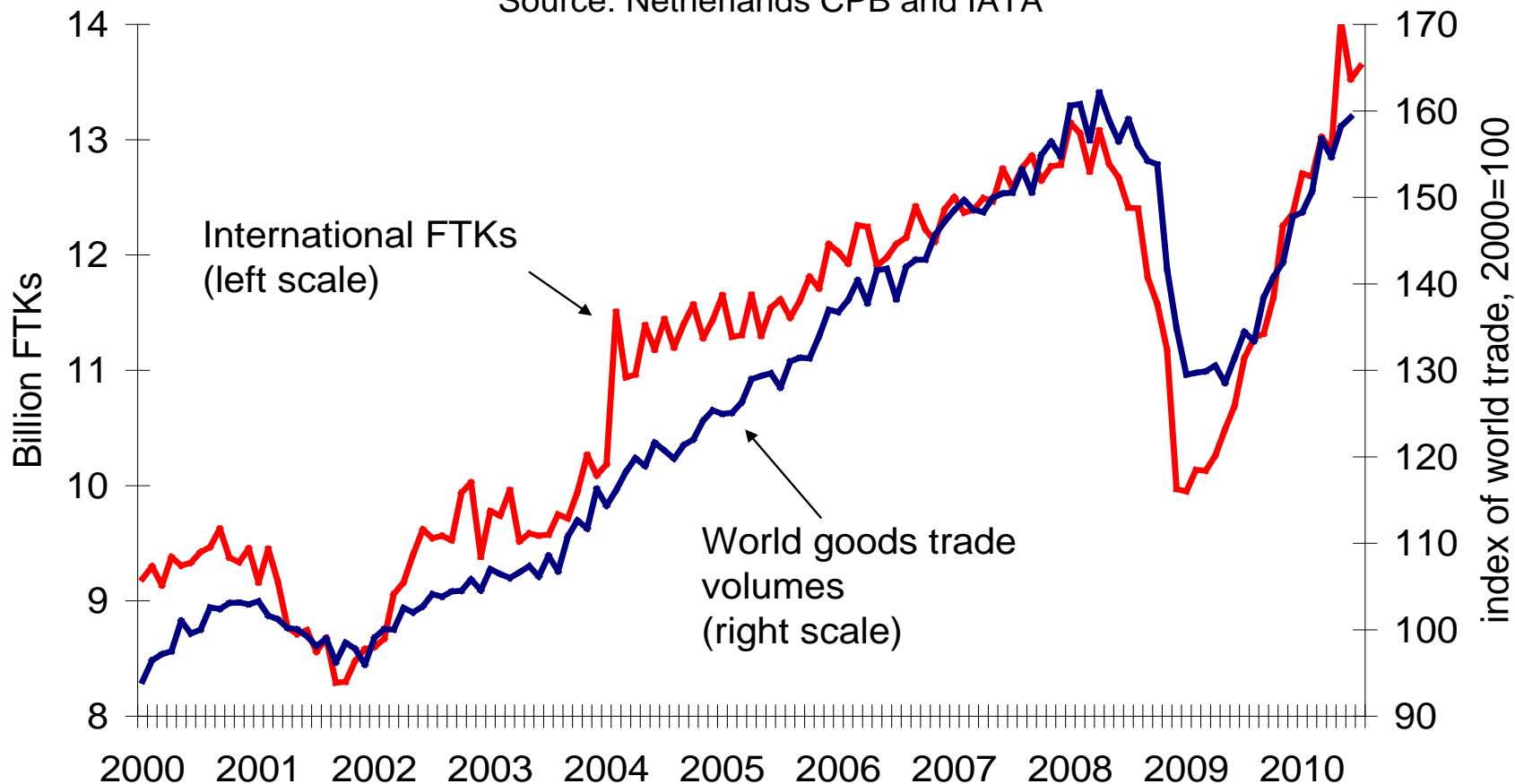




# Freight is a barometer of state of the commerce

## World trade in goods and air FTKs

Source: Netherlands CPB and IATA

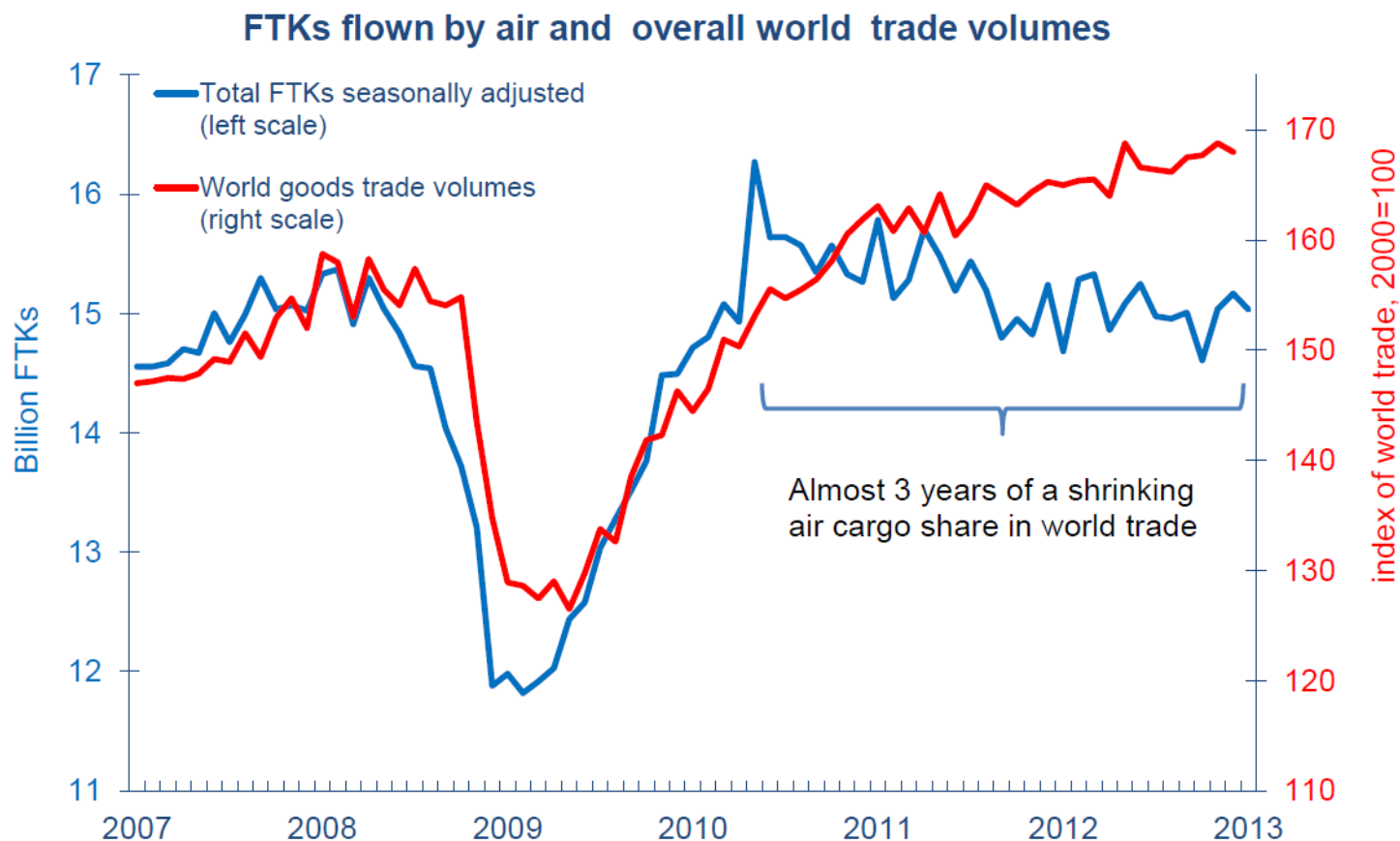


# However, in the recent years air cargo is on decline



But world trade in goods has been expanding

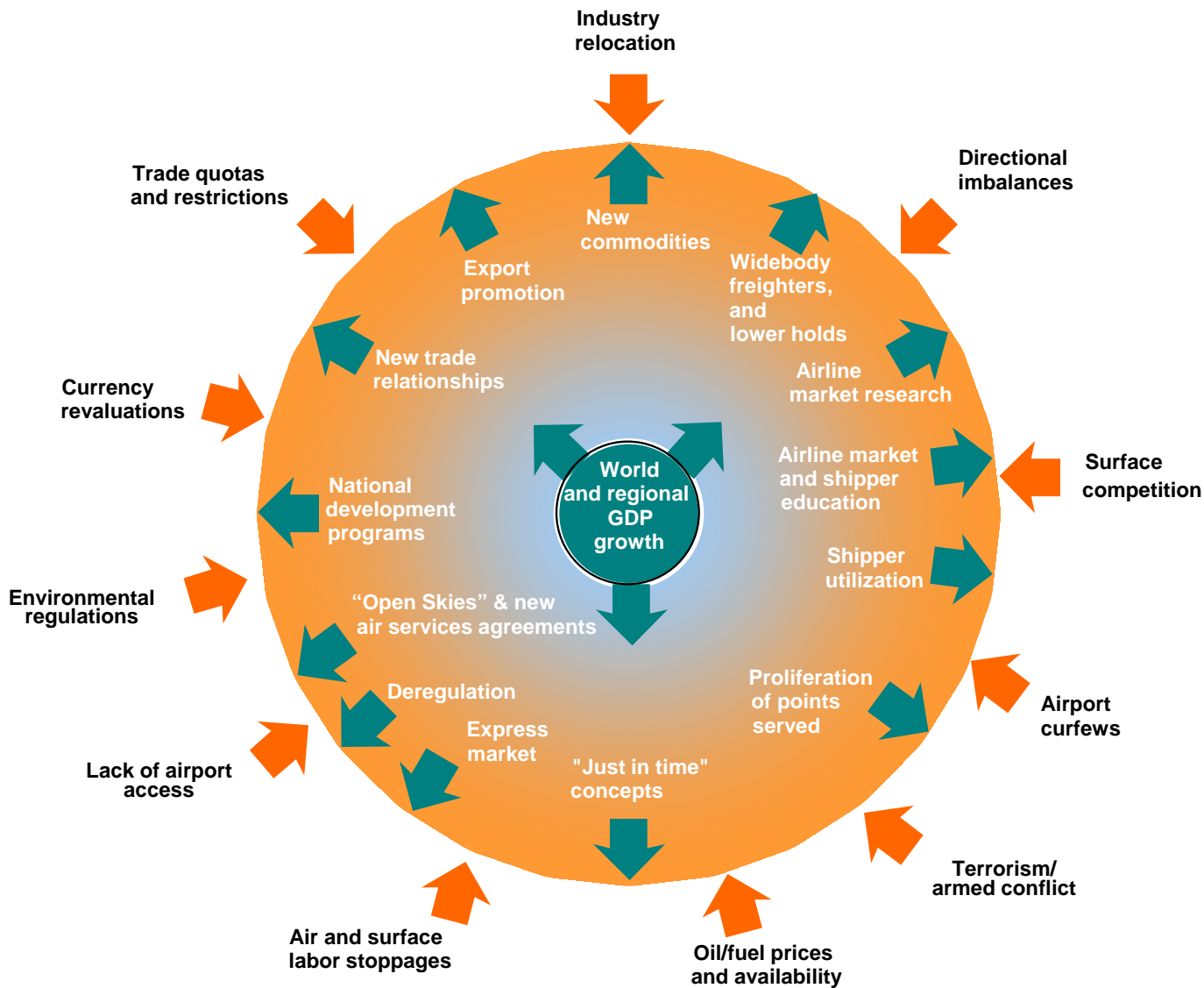
Since 2010Q2 world trade has risen 10%; air FTKs have fallen 7%







# Forces and Constraints for Air Cargo Growth





# Three Major Reasons .....

- 1. Competition from other modes of transport**
- 2. Stricter security regulations**
- 3. Lagging behind in the modernization, specifically in the introduction of the electronic documentation**





## Competition leads to Modal Shift

- ä **AstraZeneca** is shifting transport of pharma products from air to sea, with the objective by end of last year to have moved 40% to sea transport and by end of 2013 70%.
- ä **Ericcson**: better production planning will support strategic shift away from Air Cargo
- ä **Sony Corp.:** CSR (Modal shift) nearly 30% of total VAIO® notebook computers are now by sea transport



# Current AWB: compare it with the simplicity of your e-ticket

- § High costs
- § Process inefficiency
- § Security drawbacks
- § Risk of non compliance

Get your truckstop stops here

Fix the lines here

020, FRANKFURT 52711176

Shipper's Name and Address  
**Terminal 28**

FRANKFURT-FLUGHAF  
GERMANY FED REP

Consignee's Name and Address  
**INTERNATIONAL**  
ST 9 10 WAREHOUSE NO 355 HAI TIAN  
SHANGHAI PUDONG  
CHINA

Issuing Carrier's Agent Name and City  
**GBMH**

Consignee's Account Number  
**28.FEB.2013**

Priority  
**PRIORITY**

Secu-Check MUC  
**SECUCHECK MUC**

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**SACHSEKRETÄR**  
NAME: **SCHITZ**  
DATUM / ZEIT: **8:10:13** ICD: **9**

**SONDERRAUM KEINE FREILAGERZEIT**

18. FEB. 2013

Lufthansa Cargo AG  
Lufthansa Cargo Center München  
Postfach 23 16 23  
85325 München / Flughafen

020-52711176  
28 FEB 13 17:03:37  
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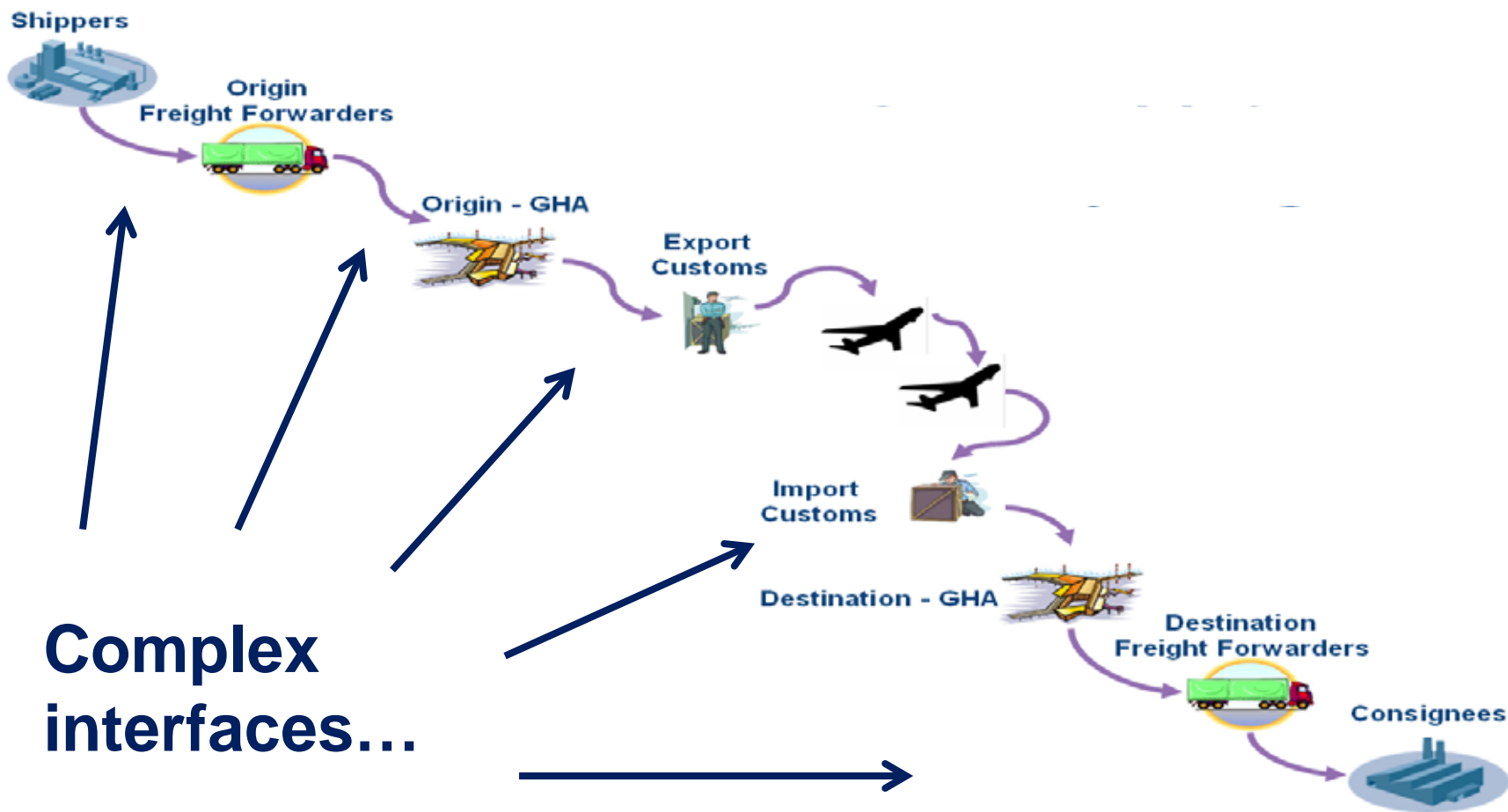
# **E-freight requires three components to work in the supply chain**

- 1) Electronic customs environment**
- 2) Electronic communication between forwarder, airline and ground handler**
- 3) Electronic communication between forwarder at origin and forwarder/consignee at destination**





# The air supply chain should address challenges together





## Conclusions:

**To maintain its role in the global trade the industry must reshape**

- § **Solutions must align with customer demands**
- § **Costs must be reduced**
- § **Processes must be simplified**
- § **Technology must be embraced**
- § **Innovation must replace status quo**
- § **We must collaborate to produce integrated solutions**
- § **Relationships with Forwarders must be redefined**



# Thank you

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