

# Scandinavian Air Cargo Tradeindex Second Quarter 2006

IATA-CASS Nordic • Swedish International Freight Association • Swedish Civil Aviation Administration

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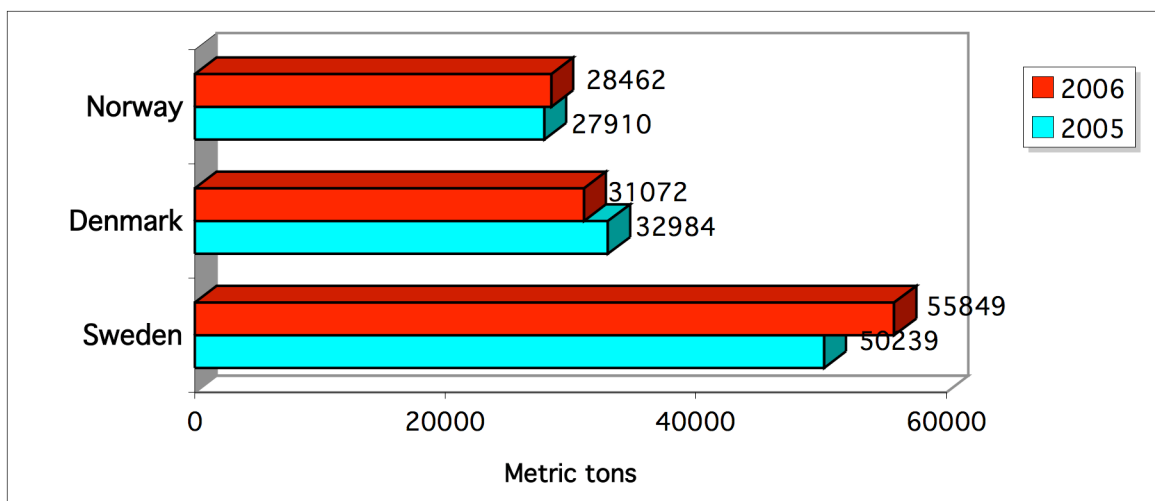
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## HIGHLIGHTS

- Swedish market back on positive track
- Volumes in Denmark plummeting
- Downturn in Norwegian salmon exports into Japan
- The global economy slowed in the second quarter

## CASS outbound tonnage from Scandinavia January-June 2006 Vs 2005



## IATA-CASS Tradeindex: cumulative January-June 2006

<b>SWEDEN</b>	Turnover	%-	Index	Tons	%-	Index
	TSEK gross	split	Last Year	split	Last Year	
North America	377,570	29.4	101.0	18,403	32.9	101.1
Central Am.&Caribbean	42,706	3.3	81.2	1,919	3.4	70.7
South America	67,792	5.3	112.9	2,446	4.4	106.5
Europe	51,538	4.0	97.0	2,789	5.0	96.7
Middle East	86,931	6.8	103.5	4,363	7.8	94.8
Africa	58,599	4.6	145.8	2,386	4.3	133.0
South East Asia	93,646	7.3	115.2	3,692	6.6	116.1
China	120,092	9.3	120.9	5,933	10.6	134.7
Japan	92,148	7.2	112.7	2,959	5.3	111.9
Korea	34,589	2.7	107.4	1,036	1.9	101.2
South Asian Subcont.	136,698	10.6	122.9	6,618	11.8	129.8
South West Pacific	120,589	9.4	175.1	3,305	5.9	185.6
Domestic	2,709	0.2	978.7	122	0.2	2282.6
Total:	1,285,607	100.0	112.9	55,971	100.0	110.5

<b>DENMARK</b>	Turnover	%-	Index	Tons	%-	Index
	TDKK gross	split	Last Year	split	Last Year	
North America	166,639	21.7	90.1	8,769	28.2	90.8
Central Am.&Caribbean	11,113	1.4	86.7	431	1.4	86.6
South America	34,083	4.4	100.7	1,240	4.0	100.1
Europe	31,590	4.1	90.3	1,965	66.3	93.5
Middle East	57,954	7.6	109.4	2,866	9.2	119.1
Africa	67,759	8.8	109.3	2,170	7.0	109.6
South East Asia	63,100	8.2	78.8	2,542	8.2	81.8
China	70,055	9.1	99.4	3,616	11.6	103.9
Japan	65,076	8.5	81.5	2,163	7.0	81.4
Korea	35,422	4.6	75.6	1,064	3.4	73.0
South Asian Subcont.	37,071	4.8	67.6	1,710	5.5	71.3
South West Pacific	126,702	16.5	112.8	2,536	8.2	111.4
Domestic	210	0.0	50.6	7	0.0	39.2
Total:	766,777	100.0	92.8	31,079	100.0	93.4

<b>NORWAY</b>	Turnover	%-	Index	Tons	%-	Index
	TNOK gross	split	Last Year	split	Last Year	
North America	60,380	9.8	116.0	3,320	10.7	118.5
Central Am.&Caribbean	4,208	0.7	117.3	158	0.5	93.0
South America	10,605	1.7	97.7	426	1.4	102.5
Europe	34,648	5.6	106.2	1,759	5.7	104.6
Middle East	26,100	4.2	107.7	1,309	4.2	98.4
Africa	19,256	3.1	113.9	602	1.9	112.9
South East Asia	74,358	12.1	108.5	3,310	10.6	116.3
China	103,200	16.8	110.8	6,599	21.2	108.4
Japan	194,239	31.5	85.3	8,678	27.9	87.3
Korea	32,426	5.3	103.8	1,649	5.3	98.6

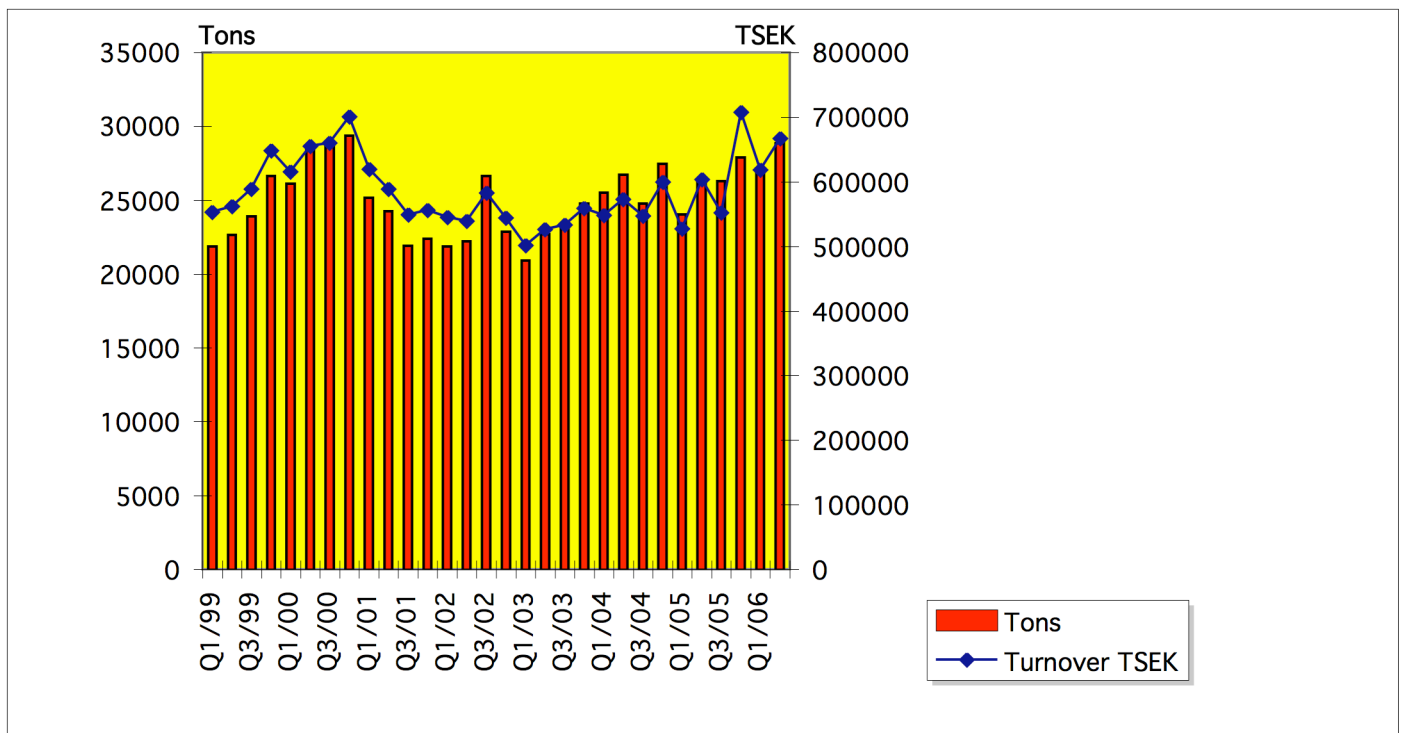
South Asian Subcont.	6,545	1.1	114.6	335	1.1	99.8
South West Pacific	13,417	2.2	123.0	316	1.0	123.7
Domestic	36,351	5.9	76.1	2,628	8.5	78.4
Total:	615,738	100.0	98.5	31,090	100.0	99.0

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## Introduction

Please click [here](#) for details about participating carriers in CASS Nordic, definitions of the regions/areas in the tables above and other background details.

## Sweden



The Swedish market has recovered significantly during the first half year. The CASS volume in first half 2006 was up 11 percent, and the turnover increased 13 percent on the previous year. Several export-oriented shippers have been doing well, which has boosted the demand for air cargo.

The North American market is the most important export market by far in CASS based statistics with a market share of 33 percent of the total CASS volume. CASS data indicate that westbound flows to North America increased only 1 percent and in terms of revenue – also only 1 percent. Polar Air Cargo decided to pull out of Scandinavia will scheduled all-cargo services last year. The significant Gothenburg-Landvetter hub was terminated due to weak and unstable market demand. Polars' only remaining freighter operate on behalf of DFDS from Malmo-Sturup airport to Charlotte. Since this service is officially non-scheduled it will not be included in CASS data.

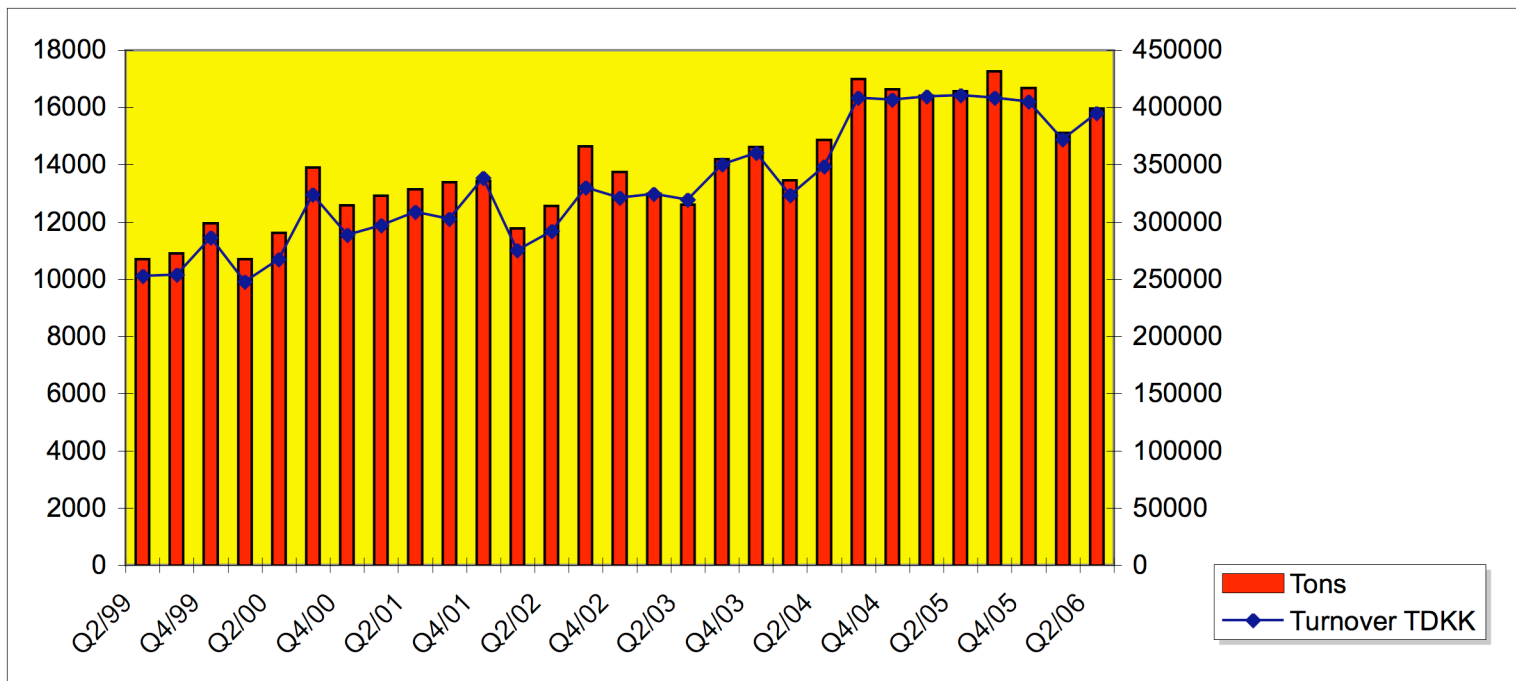
South West Pacific grew dramatically during the first half-year. Air cargo volumes into this region increased 86 percent first half 2006 YOY. China gained strength and was up 35 percent. Other growth markets are Africa up 33 percent, South Asia +30 percent, South East Asia +16 percent, Japan +12 percent, and South America soared 7 percent. CASS share of the total outbound air freight volumes into China/Taiwan/Hong Kong has for many years been fairly low.

The Central American market plummeted 29 percent, and the Middle East dropped 5 percent. The Intra-European volume was stable, but the weight carried by air contracted 4 percent. It is likely that express operators have gained market share especially within Europe, so the market decline might be less sharp than CASS statistics indicates.

Demand for ad-hoc flights into Central Asia, particularly Kazakhstan, and East Asia, has been strong during 2006. Ericsson is shipping a lot of telecom equipment. Örebro airport has a significant share of ad-hoc charters in Sweden, and volumes jumped a lot this year.

The data for the domestic Swedish market should in practice be ignored. It does not say anything, since only a small portion of the domestic air cargo volume is included in CASS. JETPAK is the dominating actor, and is not party to CASS.

## Denmark



The Danish air cargo outbound market has experienced the most robust growth in Scandinavia over several quarters. The first half-year resulted in a downturn by 7 percent, while the turnover slumped 8 percent as a result of a weak first quarter. CASS-volumes jumped 6 percent the second quarter on the previous quarter.

CASS tonnage for Denmark does in fact also include a significant number of shipments originating from Norwegian and Swedish shippers and to

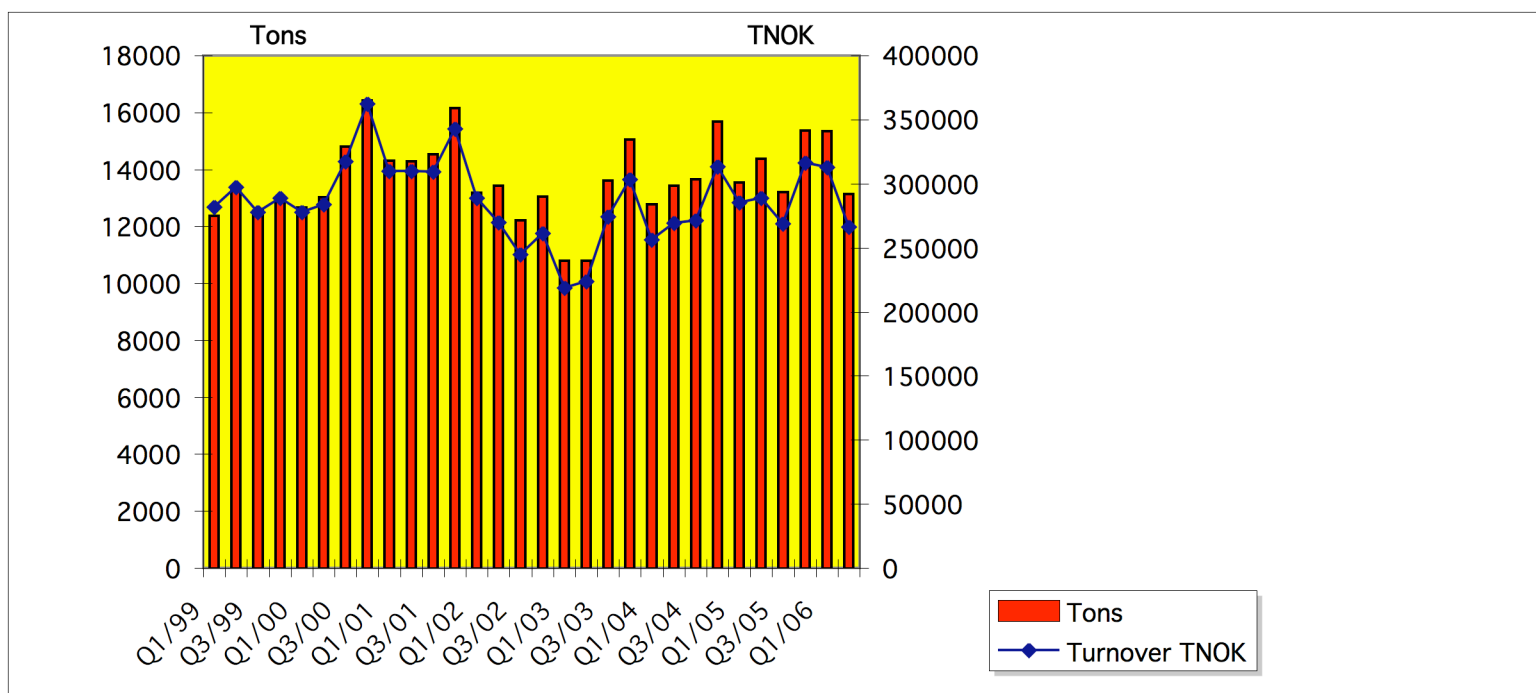
lesser extent volumes from other countries in Northern Europe. Korean Air and Singapore Airlines have increased the number of all-cargo departures from Copenhagen this year.

The important North American market with a share of 28 percent of total CASS export volumes slumped 9 percent.

Data for the first half of 2006 indicate that volumes into several markets fell significantly. South Asia dropped 29 percent, Korea -27 percent, Japan -19 percent, South East Asia -18 percent, Central America -13 percent, and Europe fell 7 percent. The only upbeat markets were Middle East up 19 percent, Africa +10 percent and China soared 4 percent.

It is important to remember that the statistics only includes CASS-participating air carriers. Express operators not reporting traffic data to IATA-CASS Scandinavia carry more than 50 percent of the Intra-European volume.

## Norway



Market growth in Norway has remained fairly stable during the first half year. The CASS volume excluding domestic volumes was up 2.0 percent first and second quarter on the previous year, but fell 15 percent on the previous quarter. Cargo revenue was up 0.8 percent.

Fresh salmon dominates the Norwegian seafood export by air, especially to East Asia. However, volumes bound for Japan has slumped significantly during the first half-year. Down 11 percent on the previous year. Exports

to Korea fell 1.5 percent. China volumes jumped 8 percent during this period.

The North American market was up 19 percent YOY. Other growth markets during the first half-year year are South West Pacific 24 percent, Europe 5 percent and Africa soared 13 percent.

Some important outbound flows are not included in CASS data. Significant volumes are trucked to airports in continental Europe, and carried by non-CASS participating airlines. Oslo-Gardermoen airport has lost some freighter services into the East Asian market, probably due to smaller volumes and certain flows have been redirected to other Scandinavian airports.

The domestic volume contracted 22 percent.

## Macroeconomic outlook

Following strong performance in the first three months of the year, the global economy eased during the second quarter 2006. Amongst the developed economies, significant slowdown was seen in the US and Japan, which offset the firmer growth in the Eurozone. Likewise, Asian economies generally moderated in Q2 due largely to weaker domestic demand.

After expanding by a strong 5.6% QOQ in Q1 2006 due to post-Hurricane Katrina effects, the **US economy** pulled back sharply in the second quarter. Real GDP growth eased to 2.6% QOQ as growth in personal consumption and business investment moderated.

The **Eurozone** economy expanded at a robust rate of 3.8% QOQ in Q2, a pace not seen since 2000. Growth was driven by the two largest economies, France and Germany. Amidst improved corporate profitability and business confidence, corporate investment picked up strongly.

In **Japan**, real GDP growth slowed to 1.0% QOQ in the second quarter, from 3.3% a quarter earlier. Although consumer spending and business investment both expanded at a faster pace, these were partially offset by the sharp contraction in private residential and public sector investment. Weaker export growth also dampened overall GDP growth during the quarter.

Growth in the Asian economies generally softened, though there were exceptions. The **People's Republic of China** was one of the outliers, with real GDP growth accelerating to 11.3% on the previous year in the second quarter, the strongest growth rate in a decade. This was fuelled by robust investment growth, despite several interest rate hikes this year and administrative measures to restrain capital spending. In Indonesia and Malaysia, exports and private consumption remained firm. Both countries also witnessed increased government consumption and some build-up in inventories.

Elsewhere in the **East Asian** region, economic growth decelerated in tandem with weaker domestic demand. In particular, investment growth slowed sharply in Thailand, Hong Kong and South Korea, and turned negative in Indonesia, Taiwan and the Philippines. This was likely due to a combination of factors, including political uncertainty, the rise in interest rates and higher oil prices.

Report compiled by:

Lars-Gunnar Comén  
EUROAVIA International  
<http://www.euroavia.com>  
Tel. +46-33-129841  
Fax +46-33-228388  
e-mail: [LGC@euroavia.com](mailto:LGC@euroavia.com)