7th WORLD CARGO SYMPOSIUM
DOHA 12-14 MARCH 2013

Closing Plenary
Opening Remarks and Key Outcomes of WCS 2013

- Desmond Vertannes
  - Global Head of Cargo, IATA

- Steve Gunning
  - Managing Director, IAG Cargo
Key Outcomes

- Activities of GACAG
- Commitment to FACES! Initiative will widen to include students
- Strengthen collaboration to enhance compliance of DGR
- Air Cargo must urgently innovate, pursue initiatives to mitigate modal shift
- Commitment to develop industry CO2 emissions calculation methodology
Key Outcomes

- Developed an industry recommended practice for the effective use of ULDs
- Commitment to developing simplified and harmonized handling operations.
- Reaffirm obligation for training, investment in modern infrastructure and equipment to ensure animal welfare
- Quality as #1 priority for transporting pharma products

People Cargo Matter!
… and this isn’t the end of the story
Panel Discussion:
Attracting Talent to the Cargo Industry:
It’s Everyone’s Business

Moderator
- Carolina Ramirez, Head Secure Freight, IATA

Panelists
- Elizabeth Shaver, Director, Cargo Services, Airlines for America
- Lise-Marie Turpin, Vice President Cargo, Air Canada
- Olivier Evans, Chief Cargo Officer, Swiss International Airlines
- Robert P. Frei, EMEA Regional Practice Leader – Logistics & Transportation, Partner at Stanton Chase Intl
Panel Discussion:
IS the US Consumer Going to Lead us Back to Air Cargo Growth?

Moderator
David Hoppin, Managing Director D. F. Hoppin & Associates

Panelists
Robbie Anderson, President, United Cargo
Gert-Jan Jansen, Executive Director, Seabury Group
Jim Billing, Director, Airline Market Analysis, Boeing
Is the U.S. consumer going to lead us back to air cargo growth?

Setting The Scene
Three Key Questions

- **How important** is the U.S. consumer to our industry?
- **How much** will U.S. consumers buy?
- **From where** will the goods be sourced?
HOW IMPORTANT?
U.S. still the largest importer by value

**World* Real Trade Value: 1995-2012**
USD Trillions (2012 Dollars)

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<td>US</td>
<td>24%</td>
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100% =

* - Excludes intra-Europe trade.

Source: IMF International Financial Statistics
N America is 2\textsuperscript{nd} largest air import market

Share of CASS Tons and Revenue: 2012

- Caribbean: \(2\%\) Tons, \(0\%\) Revenue
- Central America: \(11\%\) Tons, \(7\%\) Revenue
- Japan & Korea: \(9\%\) Tons, \(8\%\) Revenue
- Middle East: \(5\%\) Tons, \(8\%\) Revenue
- Africa: \(7\%\) Tons, \(10\%\) Revenue
- South East Asia: \(26\%\) Tons, \(17\%\) Revenue
- North America: \(19\%\) Tons, \(21\%\) Revenue
- Europe: \(22\%\) Tons, \(24\%\) Revenue

Source: CargoIS
HOW MUCH?
Consumers dominate the U.S. economy

U.S. Household Consumption As % of GDP

Source: The World Bank
...and are not scared to borrow money!

U.S. Consumer Debt: 1995-2012
USD Trillions

Debt Service Expense As % of Household Income

U.S. Trade Deficit: 1995-2012*
USD Billions

* - 2012 data is estimated.

Source: US Federal Reserve Board, US Department of Commerce: Census Bureau, IMF World Economic Outlook
U.S. consumer confidence is rising

Source: Haver Analytics, from the IATA eCargoChartbook 4q12
U.S. unemployment is falling (slowly)

Source: IMF World Economic Outlook Database
US house prices are recovering (slowly)

U.S. House Price Index (Seasonally Adjusted)

Source: Federal Housing Finance Agency Expanded-Data Index
U.S. stock markets hitting new peaks

S&P 500 Stock Price Index

Source: Standard and Poor's
WHERE FROM?
Leading Air Imports From Asia to U.S.

Top 10 Air Import Commodities from Asia/Pacific to U.S.: 2005
Metric Tons (000s)

Source: U.S. Department of Commerce Merchandise Trade Database
Mexico’s Rising Share Of Asia Top 10

Mexico’s Share of Top 10 Asian Air Import Commodities Via All Modes
Share of Metric Tons

Source: Analysis of U.S. Bureau of Census Imports by End Use Type
Mexico can now beat China…

Manufacturing-Outsourcing Cost Index: 2005-2010

Source: Alix Partners

Landed costs in U.S. from LCCs relative to U.S. domestic manufacturing cost for market basket of parts.
… and increasingly the U.S. can, too

One Scenario For China Outsourcing Cost

Assumptions

- China wage rate increase of 30% per year
- Freight rate increase of 5% per year
- RMB appreciates 5% per year against USD
So now a few questions to our panel
Thank you WCS Participants!
Honoring an Industry Tribute

Desmond Vertannes
Global Head of Cargo, IATA
RAM MENEN...

WHAT A MAN...

WHAT A CAREER...
WCS 2014: Where Next?

Desmond Vertannes

Global Head of Cargo, IATA
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Coffee Break Sponsored by