

TRADE IN AIR TRANSPORT SERVICES: WORLD'S TOP TEN PLAYERS

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Abstract – This article deals with trade in air transport services, passenger air transport services and air cargo services. The case study analyses data about export and import of air transport services in general and then data about passenger air transport services and air cargo services. The paper identifies the world's ten biggest exporters and importers of air transport services in general, passenger air transport services and air cargo services. Results show that in 2011 the United States was the biggest world's exporter and importer of air transport services in every cases except the importing of air cargo services where China replaced the United States. Article also different classification of air transport services by different statistical frameworks.

Keywords: trade, air transport services, passenger services, cargo services

INTRODUCTION

Efficient service sector is essential for vital and resilient economy and significantly affects the growth of industries and overall economic performance. International trade in services is becoming an increasingly important part of international economic relations and services play a major role in all modern economies. Transfer of services in international trade takes place behind the national borders (Baláž, 1995).

“International trade in goods and services is the engine of global growth. It has a real impact on the day to day lives of people and business and offers a path to development t those in most need, wherever they live” (De Gucht, 2010).

The value of international trade in services growing well ahead compared to international trade in goods. Services were previously only provided locally or within one state. This rapid rise in the share of services is attributed to the fact that services become an international tradable. Thanks to this fact is not surprising, that the liberalization of trade in services is the key issue of the ongoing WTO negotiations (Francois and Hoekman, 2010).

In 2010 services represented more than two-thirds of the world's gross domestic product and approximately 20% of the total world trade (WTO, 2010). The international trade in services is the fastest growing component of the international

trade since the early 90s with an average annual increase of about 10% (WTO, 2008).

The share of services in total international trade in goods and services was relatively stable between 28,1% to 28,8% in the period from 2004 to 2008 and rose to 30% in 2009. In 2010 share of services in total international trade decreased to 27,8% (Eurostat, 2010).

The term “services” covers a large range of intangible heterogeneous products and activities that cannot be expressed by simple definition and are also the result of production activities. Several definitions of services generalize essence; reflect their specific facilities and certain elements of production. Multinational organizations (OECD, WTO, IMF, EUROSTAT) dealing with the developing of uniform definition of services. Term services may cover transport, telecommunications and computing services; architectural and financial services; retail and wholesale services; hotel and catering services; insurance and real estate services; health and education services; marketing and other business services; government and public services; audiovisual, recreational and household services.

There are different classifications of services arranged by global statistical frameworks for the purpose of statistical reporting. Following table shows the different classification of air transport services by different statistical frameworks.

Table 1 – Classification of air transport services

STATISTICAL FRAMEWORKS	CLASSIFICATION OF AIR TRANSPORT SERVICES
Central Product Classification Ver.2 (CPC)	Passenger air transport services; Scheduled domestic air transport services of passengers; Non-scheduled domestic air transport services of passengers; Scheduled international air transport services of passengers; Non-scheduled international air transport services of passengers; Air cargo services; International charter air transport services of passengers; Air transport services of freight; Air transport services of letters and parcels; Air transport services of other freight; Other supporting services for air transport; Reservation services for air transport

Extended Balance of Payments Services Classification (EBOPS)	Passenger air transport services; Air cargo services; Other air transport services
International Standard Industrial Classification of all Economic Activities (ISIC)	Passenger air transport services (Scheduled and non-scheduled air transport of passengers; charter flights; sightseeing flights; general aviation; rental services); Air transport services of freight
Services Sectoral Classification (SSC)	Passenger air transport; Air transport services of freight; maintenance and repair of airplanes; rental services; Other supporting services

(Source: Author.)

CASE STUDY OF TOP TEN BIGGEST PLAYERS IN FIELD OF AIR TRANSPORT SERVICES

Currently, the biggest exporters and importers of air transport services are world leaders like the United States, China, Japan, Russia and South Korea. The biggest European players on the air transport services trade are Germany, Great Britain, France, Netherlands and Spain. For the aim of analysis we are using the EBOPS classification of air transport services given in the Table 1. Statistical data are available for air transport services in general, passenger air transport services and air cargo services. There are no data available for the group of other air transport services, that's why we can't analyze this field. Following table shows the world's biggest exporters of air transport services.

Table2 – The world's biggest exporters of air transport services

EXPORT (mil. €)	2003	2011
USA	19 399	36 090
Germany	10 068	17 210
Great Britain	9 483	12 915
France	8 483	12 288
Spain	5 937	9 558
China	1 721	6 958
Netherlands	6 188	6 627
Russia	2 093	6 388
South Korea	-	5 957
Japan	7 177	5 669

(Source: International Trade Centre, 2013)

The leader of top ten world exporters during the 9 years period from 2003 to 2011 was the United States with the value of air transport services export about 36, 1 billion Euros. Germany is the leader from European countries in exportation on air transport services with 17, 2 billion Euros. We didn't notice a "year by year increasing trend" of volume of exported air transport services neither in one of the mentioned countries, but comparing to year 2011 to 2003, the volume of United States' exported air transport services has increased by almost

86%, while exports of Germany has increased by 70%. On the other side, exports of Japan decreased in 2011 comparing to volume of exports in 2003 by 21% and Netherlands exported in 2011 only 7% more than in 2003. China recorded in 2011 approximately 300% increase in the volume of exported air transport services comparing to 2003 and Russia also recorded significant increase by 205% in volume of export. Decline in exports of air transport services can be seen between 2008 and 2009, possibly due to the global economic crisis. As it can be seen in the Table 2, there's no statistical information about the value of exported air transport services from South Korea in 2003, so we cannot compare it with the value in 2011. We are facing the existing problem of statistical reporting of services. Shelburne and Gonzales (2004) focused on the problem of statistical reporting of the services. These economists confirmed that the different sources of statistical data about services aren't presented in a similar hierarchical structure and this lack of harmonization is a problem in the empirical estimation of indices of intra – industry trade, which have been analyzed in mentioned study.

Table3 – The world's biggest importers of air transport services

IMPORT (mil. €)	2003	2011
USA	22 210	27 083
Germany	9 481	18 006
France	8 243	13 721
Great Britain	13 841	12 795
China	3 233	10 723
Japan	9 382	10 712
Canada	3 754	7 427
Spain	3 822	6 517
Russia	1 292	6 511
South Korea	-	4 201

(Source: International Trade Centre, 2013)

The largest importer of air transport services was during the period from 2003 and 2011 again the United States as it can be seen in Table 3. The "year by year increasing trend" in the volume of imported air transport services has not been reported in any of dozens of countries as in the case of exports. As Table 3 shows, Canada replaced Netherlands in top ten importers of air transport services. Germany, France, China and Japan imported more air transport services in 2011 than they exported. Since 2003 the volume of the United States' imported air transport services have increased by about 22% but on the other side, the volume of Great Britain's imported services fell by 7, 5%. Since 2003, Russia has recorded the largest increase of imported air transport services about significant 400%. Between 2008 and 2009, we noticed a decline in the volume of imported air transport services in each of mentioned countries except China. Here we meet again with the lack of statistical data in South Korea for the year 2003.

Table4 – The world's biggest exporters of passenger air transport services

EXPORT (mil.€)	2003	2011
USA	13 330	26 300
Germany	5 759	9 877
France	5 084	6 721
Great Britain	5 561	5 693
Spain	-	5 232
Netherlands	4 378	4 648
Russi	1 097	3 735
South Korea	-	3 543
China	952	3 418
Canada	1 415	2 252

(Source: International Trade Centre, 2013)

The top ten biggest exporters of passenger air transport services has not changed comparing to the top ten exporters of air transport services in general, except the fact, that Japan did not appears in this country ranking. As Table 4 shows, the leader in export of passenger air transport services was again the United States in the period between 2003 and 2011. European leader was Germany which exported about 16 billion Euros less than the United States in 2011. "Year by year increasing trend" of exported volume of air transport services has not been recorded in any of these countries. Between 2008 and 2009, the decline of volume of exported passenger air transport services can be seen again as in previous cases, except Germany. The United States exported in 2011 about 97% more passenger air transport services than in 2003 and Germany about 72% more. An extreme increase of total volume of exported passenger air transport services about 240% recorded Russia in 2011. By contrast, since 2003 we have noticed very low accumulation of passenger air transport services export within Great Britain (2,4%). In 2011 countries such as United States, Germany, Spain, Russia and South Korea exported more passenger air transport services than they imported. Otherwise, France, Great Britain, China and Canada exported less volume of passenger air transport services than imported in 2011. For 2003 there are no statistical data for Spain and South Korea again.

Table5 – The world's biggest importers of passenger air transport services

IMPORT (mil.€)	2003	2011
USA	17 777	22 335
Germany	6 422	9 811
Japan	6 632	8 919
Reat Britain	8 580	8 685
France	3 700	7 322
Canada	2 451	5 339
China	1 316	4 584
Spain	-	4 176
Russia	327	2 754
South Korea	-	1 624

(Source: International Trade Centre, 2013)

In case of passenger air transport services import, Canada replaced Netherlands again in top ten world importers. Ranking of the first two biggest importers has not changed like in previous cases (United States and Germany). Otherwise, Japan has moved to the third position in 2011 as it can be seen in Table 5. The United States imported in 2011 about 13 billion Euros more than second biggest importer of passenger air transport services Germany. Compared with 2003, the largest increase of passenger air transport services volume was recorded in Russia with the increase of 742% and China with an increase of 248% in 2011. The third country with the biggest recorded increase in 2011 was Canada (118%) followed by France (100%). Compared with these mentioned countries we can evaluate the increase of Great Britain (1,2%) as inappreciable. "Year by year increasing trend" of imported passenger air transport services has not been noticed in any of these mentioned countries from Table 5 and also the decline of volume of exported passenger air transport services can be seen between 2008 and 2009 again as in previous cases.

Table6 – The world's biggest exporters of air cargo services

EXPORT (mil.€)	2003	2011
USA	6 068	9 790
Germany	1 574	3 297
China	769	3 009
South Korea	-	2 326
France	1 429	2 181
Japan	2 213	1 730
Netherlands	1 609	1 479
Russia	457	1 371
Great Britain	531	542
Spain	-	128

(Source: International Trade Centre, 2013)

The United States again leads the top ten world's biggest exporters of air cargo services. The values of air cargo services differ quite significantly from values of passenger air transport services. Ranking of top ten biggest exporters of air cargo services has changed in this particular case. China and South Korea moved to the top five countries. On the contrary, Great Britain and Spain appeared in last places of the table. In 2001 only three countries exported more air cargo services than imported (United States, South Korea and Japan). Compared with 2003, the highest increase in volume of exported of air cargo services was noticed in 2011 China with an increase of 291%, Russia with increase of 200% and Germany 109%. A drop in 2011 was recorded in Japan (-22%) and Netherlands (8%) compared to 2003. There are no statistical data in 2003 for Spain and South Korea again.

Table 7 – The world's biggest importers of air cargo services

IMPORT (mil.€)	2003	2011
China	1 917	5 317
Germany	532	4 767
USA	4 433	4 748
France	1 357	3 593
Russia	528	2 724
Netherlands	266	1 866
Japan	1 918	1 465
Great Britain	1 108	734
Spain	-	273
South Korea	-	264

(Source: International Trade Centre, 2013)

There was a change in the first place of the table in the case of world's top ten importers of air cargo services. Biggest importer of air cargo services in 2011 was China and replaced the United States, which fell to the third place. China imported in 2011 by approximately 550 million Euros more than the second biggest importer of air cargo services Germany, while United States imported in 2011 about the same amount of air cargo services as Germany. Compared to 2003, we noticed the biggest increase of volume of imported air cargo services in Germany (796%), Netherlands (602%) and Russia (416%) in 2011. Otherwise, the lowest increase recorded the United States in 2011 only 7% and the decrease of imported air cargo services was observed in Great Britain (-33%) and Japan (-24%). There are no statistical data in 2003 for Spain and South Korea again.

CONCLUSION

The comparison of trade in service between 2003 and 2011 shows more than a hundredfold increase of exported and imported air transport services in some cases. This fact can be attributed to increasingly more liberal trade environment. The post of biggest exporter and also importer of air transport services held the United States in 2011, except the import of air cargo services. The countries with the largest increase are Russia, China and from European countries Germany and Netherlands. Russia reported, in 2011 the highest growth in passenger air transport services import about 742% and China 248% comparing to 2003. Germany recorded up to 796% increase in imported volume of air cargo services and Netherlands has imported about 602% more air cargo services in 2011 than in 2003. Following the economic crisis the positive

signs of recovery in 2010 and 2011 confirmed, that air transport industry is in process of recovery. Thanks to this fact, we can also expect positive growth of trade in air transport services.

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