

# European GSAs

REPORT

## The price is not right

Cargo general sales agents complain that low rates are driving the business down as everyone scrambles for market share. Nonetheless, it's still a good time to invest in your own business, they claim – and even in these hard times, some agents are landing new client carriers

According to Guy Tordjman, president of Paris-headquartered cargo general sales agent (GSA) European Cargo Services (ECS), the economic crisis and its effects on the air freight industry do now appear to be levelling out.

Agreeing with the general interpretation of cargo figures released by the International Air Transport Association (IATA), he said: "The downward trend seems to be slowing down a little at the moment."

"It would seem that the crisis that has been affecting us all since the end of last year, and especially the beginning of this year, is easing.

"I would not say that we are seeing a recovery yet, but things are calming down. It looks like there will not be any further decline, at least."

Tordjman said that the recent economic meltdown had been "a shock" for the world as a whole, leading to fear, a sudden halt to investment and a decrease in demand as panic took hold.

But: "Now we can see that people are starting to return to normality. Every crisis has to level out," he commented, reiterating his belief in the cyclical nature of the industry.

"We must remain vigilant, however," he con-

tinued. "Any projects that have been put on hold are still at risk. Just because the crisis looks like it's getting better doesn't mean we should go back to making big investments straightaway."

Instead, he feels that the fourth quarter will give a better indication of how the situation is developing. Meanwhile, ECS will continue with its cautious strategy of keeping costs down and avoiding major, new financial commitments.

"Now is not the best time to expand, although if we see clear signs of an upturn then we will of course react. But for the moment the priority is to consolidate rather than to try and develop," Tordjman affirmed.

At the same time, he recognised the importance of reacting sufficiently early to avoid being left behind when the situation begins to significantly improve – and he said that ECS will look to develop further when the time is right.

He pointed out that the GSA has so far found France to be a relatively stable market, as it is not dependent on exports. Africa, too, has held up well, with figures on that sector



Tordjman believes rate cuts are "deplorable"

matching those from last year, more or less.

In general, though, "the current period has meant that volumes are lower, and GSAs have had to accept a lower income", he went on.

"On the other hand, many airlines are looking to make savings and they're coming back to the idea that GSAs could be useful to them. So there are some disadvantages, but there are also advantages."

Tordjman continued: "What I find most deplorable about this situation is the way rates have been dropping."

"Airlines are trying to cope with the scarcity of freight by lowering their rates – but I don't think that's the best solution because it will not attract more cargo," he said.

"Everyone is cutting rates, trying to recover market share. This is normal when the market is doing okay, but there is no market these days – so it's pointless."

"People are selling at low rates just to fill their aircraft and are ending up losing money. To me, this is the most tragic thing about today's market," he concluded.