



**ABSTRACT**

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- Licentiate's thesis
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Author	Torsten M. Hoffmann	Student number	
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Title	AIRFREIGHT MARKET IN THE BALTIC COUNTRIES - Current development and future demand		
Supervisor (s)	Ph.D. Lauri Ojala – Ph.D. Olli-Pekka Hilmola		

**Abstract**

Air transport volumes have globally increased over the past decade, although the September 11<sup>th</sup> attacks in the United States and other events like the SARS outbreak in the Far East have tremendously harmed the industry. The ability to transport goods of almost any size around the world within 24 hours has significantly contributed to economic development and welfare around the world. In Eastern Europe transition countries, air transport has advanced the reconstruction of the economies by transporting people and delivering goods quickly and reliably.

The aim of this thesis is to investigate the development of airfreight in the Baltic countries, Estonia, Latvia and Lithuania, and to make an assessment of the airfreight market in this region. The Baltic States have made remarkable progress in their transitional processes towards a market economy, which eventually lead to European Union membership in May 2004. In a continuously growing economic environment, all three countries have needs to import and export different kinds of goods. Other modes of transport often do not fulfil the transport requirements in regard of speed and safety for time-sensitive, perishable and valuable goods as well as documents. The transitional period the countries are in and the relatively small airfreight market offer an interesting task to identify the factors influencing the Baltic airfreight market and to establish the current and future demand for this region.

This study gives a general in-depth review of airfreight market characteristics and its influencing factors. For this purpose a tool for analysing the industry structure is used, developed and first introduced by Michael E. Porter (1980). The airfreight market of each country is individually analysed and findings compared with each other.

The airfreight market in all three countries is well developed and the major actors are the national flag carriers as well as Scandinavian major airlines. Globally and locally operating freight forwarders are the link between the airlines and the shippers. Due to the small size of available aircraft, road feeder services play a significant role in the airlines' transport network. Although statistical data on airfreight transported with road feeder services was not available, the volumes are notable based on interviews and findings of this research. After the EU accession of the Baltic States, the use of road feeder services is very likely to increase, because of decreasing lead times to major European hub airports.

Key words	Airfreight market, Baltic countries, Estonia, Latvia, Lithuania
Further information	