ARTIFICIAL INTELLIGENCE – decoding market complexities

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A people business

My tenure as Secretary General of TIACA since 2013 has been set against the backdrop of some of the most eventful times in the 36 years that I have been involved in our dynamic air freight industry. The regulatory and business landscapes are dramatically changing, and we have had to learn to adapt and innovate as never before. But the need to keep pace with these changes has a cost, and how we address this twofold challenge must, in the end, benefit us all.

I have attended countless meetings and summits with regulators all over the globe as they plan a host of new security rules, advocating the needs of our wide range of members and the air cargo community as a whole. While some of these are short-term changes, others may take years to complete and finalize. Throughout this process, I continue to be encouraged by their willingness to hear the voice of our industry, and to better understand through our efforts how their actions have an impact on every segment of the supply chain. Developing and maintaining these close relationships is essential as they take decisions that will affect all of us. I do believe that together we will find global solutions that ensure we have a secure supply chain, which also works smoothly.

Disruptive technologies, meanwhile, are shaking up our manufacturing world and forcing some, let us face it, much needed change. The Internet of Things, smart warehouses, and 3D printing are just some of the breakthroughs that, only a decade ago, felt like futuristic dreams but are now here to stay and are developing at eye-watering speed.

Our industry is learning to embrace the disruption and I have no doubt we will see slicker, more efficient supply chains as a result. But in order to accomplish this, we must all, from consignor to consignee, and every segment of our industry in between, continue to collaborate and identify solutions together. The e-commerce revolution continues to force change and innovation and has completely altered the way we need to think about our customer service, delivery and security. Through this process I am convinced that we will emerge stronger as an industry, and move solidly into the digital world. In my view that is not a hope, it is a must.

At our last Air Cargo Forum (ACF) in Seoul, Korea, we called for closer collaboration. Industry listened and we are indeed working better together. I am very proud of TIACA’s part in continuing to provide a platform for that to happen. We are now looking forward to three days of lively and informative discussion at our next ACF in Paris, with a multitude of networking and business development opportunities. TIACA is unique in representing all sectors of the air cargo supply chain, and for this event we have put the shipper voice firmly center stage.

In these challenging times, it is vital that we have input and representation from all stakeholders to ensure we have a successful and vibrant future. TIACA enables, encourages and champions precisely that. Ours is a people business and I have been privileged to work with many innovative and interesting colleagues. I am convinced that our industry has a bright future and I wish you all the very best as part of that success.

Doug Brittin
TIACA Secretary General
Cargo monitoring’s MISSING HARMONY

Ian Putzger reports on how new technology is being used to track shipments, and on how the lack of standards is creating problems for the smaller operators.

To track cargo at the piece level, Air Canada Cargo is busy rolling out radio-frequency identification (RFID) across its network, with full installations in key stations. RFID tags are embedded in barcode labels, which are used in smaller stations.

Cargo is captured at six read points throughout the shipment process while it is in the custody of the carrier – from goods acceptance over build-up to export for outgoing shipments and import (entry into the warehouse from airside dock), breakdown and delivery at the receiving end.

At some points, RFID readers are placed in pairs as portals to register the passage of cargo from one area to another. At others, multiple units are mounted in clusters, which enables the system to pinpoint a shipment’s location. One area where this comes into play is container build-up, allowing the system to register whether a piece is placed in or taken out of a container.

High expectations

The real-time feed of data allows not only faster shipment tracking and monitoring, it also helps eliminate mistakes. Barb Johnston, Manager of Operational Programmes, Air Canada, said it is too early to quantify improvements, but the carrier has high expectations.

After the roll-out, which should be completed halfway through 2017, management intends to broaden the use of RFID. Already trials are in progress using it for mail bags, which are currently scanned manually in the industry.

One possible target on Johnston’s radar is pharmaceutical cargo. Air Canada’s RFID readers can pick up the signals from tags placed in many of these shipments to monitor ambient temperature.

Requirements for close monitoring continue to rise. By 2018, seven of the top ten best-selling pharmaceutical products will require strict 2°C to 8°C conditions, noted Chris Fore, Compliance Manager of Envirotainer.

The regulatory bar is moving up. More than 40 markets, including the EU, US, South Korea, China, and Brazil, are introducing new rules that require tracing by serial number to combat counterfeit drugs. According to industry tracking provider TraceLink, over 75% of prescription medications worldwide will be covered by the new rules by the end of 2018.

Leandro Moreira, Director, Life Sciences at Brinks, noted that other sectors are experiencing similar developments.

He pointed to new rules in the US that mandate best practices for sanitary transportation of food products. Better monitoring also helps prevent theft and counterfeiting in the IT and apparel sectors, he added.

There is also a strong case for air cargo service providers. “The industry needs to embrace technology and continuous improvement not to lose more cargo to ocean transportation,” Moreira warned.

He emphasized the need to use monitoring data in a more proactive manner, noting that currently it serves mostly for post-incident investigations. “This information can and
should be aligned with proactive processes to turn the information into action steps to prevent such losses,” he commented.

“As supply chains become increasingly complex, companies seek solutions that provide greater visibility in order to manage and reduce risk. The trend is towards comprehensive management of the supply chain,” commented Fore.

Increasingly this produces multiple layers of monitoring technology, such as Air Canada’s plans vis-a-vis pharmaceuticals and RFID. Envirotainer is tracking its own containers – chiefly to monitor its equipment and improve availability of units, but there are other benefits. Companies that have a global presence are in a better position to bridge the gaps from lack of harmonization. – Leandro Moreira, Brinks

“We are able to aggregate data across various shippers and look at various trade lanes. We can tell someone: ‘Here’s what you should expect in this trade lane’,” said Fore.

Measuring parameters

Envirotainer can also measure other parameters, like light, motion, humidity, shock, and so on. Fore stressed that this is not to replace shipper’s own tracking devices. By the same token, the container provider can track individual shipments but does so only for a small fraction of its traffic.

The overlap of technology and shipment information moving between different providers’ systems raises questions about data ownership and control. Five years ago most pharmaceuticals shippers were adamant that the data was theirs alone, but they have since changed their stance for the sake of better visibility, observed Fore.

“This topic has been the big elephant in the room for several years. As the industry evolves towards efficiency, transparency, and compliance, information sharing will hopefully help support collaborative efforts,” remarked Moreira.

“You have to make sure you sanitize data. You have to come to some agreement with the manufacturer and the shipper. I think it should be part of a service-level agreement what data is used and how it is managed,” Fore reflected.

When it comes to selecting tracking technology, much hinges on the needs and priorities of the players involved, as each has its particular strengths and weaknesses.

Data loggers, the type of technology favored by pharmaceuticals shippers, are small and easy to use and perform well. On the downside, the devices have to be programmed, software is needed to download the data, and the technology becomes labour-intensive if multiple shipments are being received, noted Fore.

He added that many pharmaceutical companies will not allow reusable devices due to worries that data from a prior trip might not be properly erased.

Moreira noted that the time it can take for a signal from a device to reach the person who monitors it from far away and makes a call to a contact to take corrective action can be quite long. According to IATA statistics, 57% of losses of temperature-controlled pharma shipments at airports happen on the tarmac, he added.

Global System for Mobile communications (GSM) automates the entire process and provides real-time decision-making. It improves productivity and enhances visibility, Fore noted. However, GSM is not used in Japan and Korea, and it does not work in mountainous areas, deserts, or at sea. To be used on aircraft, the technology has to be approved by the airline.

Unlike GSM, satellite tracking offers global coverage. However, it does not have the same frequency of pings as GSM, and is more expensive.

Requirements for close monitoring continue to rise. – Chris Fore, Envirotainer

Companies that have a global presence are in a better position to bridge the gaps from lack of harmonization. The sum of different technology solutions and offerings used by logistics players makes for a fragmented landscape, which is all the more frustrating for the absence of standards. Fore described this as both a challenge and a big headache for the airlines.

Disadvantage

It also puts smaller firms at a disadvantage. “Companies that have a global presence are in a better position to bridge the gaps from lack of harmonization. They can implement their own standards,” remarked Moreira.

He gives kudos to IATA for championing the CEIV standard for handling pharmaceuticals.

The airline body had a Cargo Wireless Technology Advisory Group to provide recommendations for common industry standards and best practices related to wireless monitoring devices but this petered out, Fore noted ruefully.

“At this point your best bet is to talk to manufacturers about standardization,” he said.

“I think the industry needs someone to take the lead in this,” he reflected. “We would like to be involved in this. If TIACA was to do it, Envirotainer would commit time and resources to participate.”
What impact will e-commerce have on air cargo?

KSL The growth of the e-commerce market will lead to an increase in demand for last-mile deliveries and same-day deliveries, bringing disruption to the conventional transport modes. It will lead to an increase in intermodal transport solutions. To meet the future challenges, we need to focus on expediting Customs clearance processes, developing new services to suit customer needs, reducing delivery times and reasonable delivery fees, and increasing the supply of infrastructure to respond to rising demands for fulfilment centers.

AvdB E-commerce may not completely take over, but we think the shift will be significant and we feel it will have implications for the whole supply chain. It could mean a dense network of fulfillment centers which are constantly supplied, but it could also mean more direct-to-consumer delivery – so more pieces of airfreight.

In both cases it means more local/last-mile logistics delivery. And then there is return logistics: how are products that are sent back to be dealt with? For this the same applies.

FG E-commerce implies changes in the processes and the compelling use of

Kwang-Soo Lee, Chief Airport Operations Officer at Incheon Airport, is one of four TIACA Board members representing the airport. On the eve of our Air Cargo Forum (ACF) in Paris, France, which focuses on a collaborative vision for the industry, we asked for his perspective on market trends. Incheon has a Leading Airport Alliance with Groupe ADP, one of the ACF hosts, and Amsterdam Airport Schiphol, and we also spoke to Franck Goldnadel, Chief Airport Operations Officer of Groupe ADP and Paris-Charles de Gaulle Airport Executive Director, and André van den Berg, Chief Commercial Officer, Schiphol Group, for their input.
As a business partner to all stakeholders, airports must secure leadership in SCM. Related government agencies. As a coordinator, initiating harmonious collaboration amongst air management (SCM) stakeholders and they should function as a gateway for global SCM.

What is the role of the airport in the air cargo supply chain?
KSL The airport brings together all supply chain management (SCM) stakeholders and they should function as a gateway for global SCM.

Airports must play the role of a coordinator, initiating harmonious collaboration amongst air carriers, freight forwarders, couriers, and related government agencies. As a coordinator, airports must secure leadership in SCM.

As a business partner to all stakeholders, airports should create a reliable communication system and we must strengthen our competitiveness by leading innovative industrial convergence and providing creative services leveraging innovative technologies.

AvdB The air cargo industry has a role in valuable and speedy products such as spare parts, gold and paper money, animals, medicine, flowers and other luxury goods. In this airports do not touch airfreight itself, we ‘just’ facilitate others like airlines, handlers, forwarders, hauliers and Customs in their shipment and in their storing of products.

However, in airfreight hardly any stakeholder is in a position to dominate the whole supply chain and that is why airports do have a role to play: getting everybody on the same page to drive efficiencies, to lower costs and to enhance services.

FG I am certain it is not possible to have a large international airport without major cargo activity. The function of the airport is to boost cargo business by gathering the cargo community around challenging and innovative projects, as well as by promoting platforms cargo assets.

The airport’s role is to bring together all partners in order to make the community strong and efficient. To achieve that, the airport must facilitate and lead unifying projects that cannot be carried out by each member of the community individually.

What will the hub of the future look like?
KSL Airports are leading development in the 21st century providing a growth momentum on a national level.

Successful realization of hub strategies will have positive ripple effects, not only for the aviation industry and the airport’s surrounding regions, but also for the entire nation.

Strengthening competitiveness on all levels will create economic added-value on an integrated level.

Airports will need to create cost-effective connectivity among passenger airplanes and cargo freighters, as well as investing in expanding airport infrastructure and adopting new technologies.

AvdB A good but broad question! To answer, I would like to define ‘future’ as five to ten years from now. The airplanes, runways, trucks and other structures will look pretty similar, however – although we think most stakeholders will be pretty much the same – we do think the supply chain will be completely changed.

We believe the following trends will apply: tracking of all airfreight from-start-to-end, some types of airfreight temperature-controlled from start-to-end, security controlled airfreight, speedy and non-speedy airfreight. This will lead to a rise in product diversity for airfreight, which will lead to more airfreight.

Public bodies of countries will coordinate their data and checks. So, airfreight will be integrated, and tuned in, with all other forms of logistics, and so we, as airports, will work closely with all relevant parties in logistics.

FG Improving the operational and economic efficiency of the cargo business and simplifying procedures associated with freight handling are key factors.

Technological disruption affecting manufacturing as well as changing behaviors, consumption modes, locations of production and logistics organization/sites. The hub of the future, along with the cargo community, needs to adapt its processes to fit to these new parameters.

Combined action by everyone involved will provide better monitoring of goods and shall mobilize the whole cargo community via the development of new technologies.

Dematerialization is essential to gain transparency between the buyer and the customer at the origin of the order. Training and the integration of new technologies will be top priority.

We have to adapt processes, adapt people, and adapt organizations!
Clarion Events, owners of both the Multimodal UK Exhibition, and the Supply Chain and Logistics Summits, will launch an Americas show in 2018, co-located with TIACA’s 29th International Air Cargo Forum & Exhibition in Toronto, Canada.

TIACA is the only organization representing all sectors of the air cargo supply chain, and our showcase Air Cargo Forum is a unique opportunity to explore new business opportunities, connect with suppliers, and learn from the experts.

The three-day conference and exhibition will provide a networking opportunity for shippers, partners, suppliers, and regulators from across the globe, as well as a chance to find new supply chain solutions, explore the latest trends and source new ideas.
The logistics industry should collaborate to innovate and embrace multimodal solutions playing to each mode’s strengths.

This is becoming a greater necessity as factors such as environmental pressures, rising costs, and an increasingly complex legislative landscape are demanding industry to think up transport systems that are more reliable, quicker, and more cost-effective.

Some are recognizing opportunity in such change, and efforts such as the Express Rail Euro Carex high-speed rail cargo transport project in Europe have culminated.

Once fully realized, it will be one of the first initiatives to move high-value, fast-moving air cargo from the current mixture of air and truck to rail, to have taken off.

A flexible FUTURE?

In a rapidly changing logistics environment, multimodal hubs serving all transport modes may be the template for the future. But there is a reluctance among traditional operators to face up to the challenges, writes Robert Platt.
But the traditional players, and those in air cargo in particular, have been slow to embrace new ideas, often held back by a fear of losing market share.

Enno Osinga, former Vice Chairman of TIACA and former Senior Vice President at Schiphol Airport, believes the logistics industry as a whole is playing catch-up with a quickly evolving market, with many not recognizing or capitalizing on the new opportunities and, as a result, being determined to defend the status quo.

"They are continuing to offer existing products, maybe cheaper, but often not changing what they offer.

Rapid change

"The reality is that we are experiencing a rapidly changing business environment in Europe and globally, both in the logistics business and on the regulatory front. Some of these changes include an increase in night bans at airports, more road congestion and road tolls, the possibility of increased security checks at borders, as well as a driver shortage that will impact the capacity of trucking in Europe.

“We are also witnessing change as a result of the rapid growth in online retailing, which has had an impact on the behaviors and expectations of consumers who want faster and faster delivery service. All companies involved in those deliveries need to re-evaluate the different opportunities available to them in Europe.”

Shippers have been the quickest to pick up on the changing infrastructure of the business but their demands have mostly fallen on deaf ears, Osinga added.

"Shippers are attempting to communicate that there has been a huge change in terms of their business model, which requires totally different solutions. Yet industry does not want to come up with new solutions – it has been so cost-driven and so competitive that they have almost lost their ability to communicate. Instead of innovating, they are waiting for shippers to tell them what to do.”

Industry professionals need to either collectively or individually invest in innovation, as those that do are far more successful, Osinga added.

“But to do that they need to look outside their own industry, and perhaps benchmark against totally different industries – that would be true innovation. The solutions to these problems may actually be outside the industry.”

One of these solutions may be improving multimodal transport systems, which might not only be more sustainable, but could also help alleviate costs and create new efficiencies. Osinga believes concepts such as the Express Rail Euro Carex could set precedent, setting the stage for a trans-continental distribution network enabling next-day delivery with a lower carbon footprint lower than current air and road transport solutions.

But Rogier Spoel, Policy Advisor at the European Shippers’ Council, said a lack of infrastructure is hampering multimodal development on the continent. As airports and railways are built and developed independently, the idea of designing and constructing mixed rail-to-air hubs has simply not yet taken place on the continent on any meaningful scale.

"There are some exceptions but, in general, traditional players – airlines, airports, logistics service providers, truckers, and rail operators – are too focused on the past and maintaining the market in its current state, which has been based on competition between themselves, rather than embracing innovation,” he said.

"Multimodal solutions would be great as each mode could play on the other’s strengths – for example air is quicker, but most cities have industrial centers easily accessible to other transport modes," Spoel said.

"Each mode also has its weaknesses – airfreight is typically more inward looking and more competitive than other transport modes. Rail is competitive as well and suffers more than the other modes from bureaucracy, but in general it collaborates a whole lot better. Maybe the correct approach is learning from each other’s strengths and weaknesses and sharing best practice.”

New regulations

Spoel added that with new regulations, such as restrictions on transporting lithium batteries by air, a shift has begun in the ways goods are transported. Despite the hurdles, industry is increasingly considering multimodal solutions. Some have even speculated about turning smaller airports into multimodal cargo hubs, as such facilities could be adapted more quickly and at a much cheaper cost than larger airports, which are also much more passenger-focused.

“Multimodal hubs that service all transport modes are the future, but we still need many more improvements as the connections between different transport modes remain very weak. Smaller airports could be the answer. Regardless, instead of viewing these changes as a threat, all industry should be working together and looking at how we can all benefit from each other,” Spoel observed.

Dr Libor Lochman, Executive Director, Community of European Railway and Infrastructure Companies (CER), stated that improved rail-air collaboration will become a necessity as a result of globalization, which is driving increased trade and changing consumer demands. “Such solutions would also help with sustainability, and therefore are in the public interest,” he said.
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- Wong Chee Meng, SATS

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“Intermodal terminals are needed desperately and it is apparent that, whilst our infrastructure is advancing, the market is changing faster. Industry needs a big push for this to really happen and for it to happen on time. I believe that must come from an international level, not just from a commission or a union.”

The pace of change is particularly apparent in rail transport, which some believe is going through a kind of renaissance. Alice Defranoux, Head of Rail Freight, GEFCO Group, gave the example of the Chongqing, China, to Duisburg, Germany, high speed rail line. It stretches 6,946 m (11,179 km) and stretches across six countries, and was established with the aim of capturing some of the freight that currently moves from China to Europe by sea and air.

Defranoux said that the rail option is attractive since it can handle heavier items than air freight and is faster than seaborne cargo, and believes the success of the China – Europe rail line could be replicated in Europe.

**Lower cost solution**

“Customers who used to transport goods via air are increasingly looking for other lower cost solutions,” she said. “Train transit times are only 15 days from China to Europe, and cost five times less than freight.

“We currently have about ten trains per week on this service, which we expect to grow in the future. The speed has also improved drastically, with trains covering approximately 621 m (1,000 km) a day.

“Add to this, border crossing arrangements have also improved; when we cross into Russian territory, for example, we are no longer waiting a few days as we have in the past.”

Defranoux believes the air cargo industry should see the rise in rail transport as an opportunity rather than a challenge.

“At GEFCO, we transport a lot of cargo via sea plus rail, which is great because most ports have good rail connections. In this respect, rail has improved the competitiveness of each port, so the two modes have benefited each other.

Lower cost solution

“Now, we have the opportunity to do the same with rail and air. In much the same respect, if the rail infrastructure existed at airports, we could see rail-air solutions cutting down China-Europe transport even further to just five days.”

But there are still many hurdles to overcome if multimodal solutions, and in particular air-rail systems, are to be established in Europe. These include limitations in cargo capacity on short-haul flights within Europe, as well as weak connections between rail and airport hubs.

“We do put cargo on short-haul flights but it is not a priority at the moment,” Spoel said.

“Meanwhile rail, with all the regulations of transporting across vast distances in Europe, including crossing the borders of several countries, still presents its own unique set of challenges.

“This adds a lot of time to delivery, which also hurts costs. More transparency is also needed as the industry currently is too fragmented.”

**ACF Paris speakers**

Enno Osinga, Rogier Spoel, and Alice Defranoux will be taking part in a session looking at multimodal opportunities and challenges in Europe at the Air Cargo Forum. More on the ACF on pages 22 to 26. For more details or to register to attend, visit www.aircargoforum.org
Disruption has become a rather over-used word recently. It is used frequently in the context of 3D printing, e-commerce, drones, robotics, and automation. But more change is coming – triggering several questions: what changes are they, when are they coming – and what will you do about it?

In the short term, the most significant shifts to affect logistics are in e-commerce. Much of the technology is already there – but the sector is still in its infancy, and the total impact and significance of the shift is yet to be felt.

“The future is not just about new technology – it is also about what trends companies should not be missing,” pointed out Niall van de Wouw, Managing Director of CLIVE.

“Interpretations
He noted that instead of pallets reflecting what a large manufacturer has produced, they will show instead what a large group of consumers has actually bought.

“If we buy most of our things from a handful of websites, that retailer will have tremendous power over how those goods will be delivered to the final customer. The manufacturers and their traditional logistic providers will have less grip on the flow of these goods.”

However, this growing sector can also offer greater opportunities to smaller companies, according to Andrew Schmahl, Principal, PwC Transportation & Logistics practice.

“Part of the differentiation between logistics companies was relations with customers, but the e-marketplace is very commodity based, and is democratizing those relationships,” he explained.

“Smaller companies, and owner/operators can now participate. Technology enables companies to synthesize global networks using multiple suppliers.”

He added that any disruption felt by transport companies could partly be of their own making.

“Transport companies are not known for their innovation and wait for customers to demand it, which is why retailers have started building their own capacity as the industry has not delivered. If you are no longer a customer, you are a competitor.”

One further impact of e-commerce has been customer expectations in terms of visibility and delivery times – we expect our e-tailer or its delivery company to give us precise information on the status of a shipment. Yet all
too often in the B2B world of logistics, customers have not had this service.

“One thing that needs to happen is true visibility of where a shipment is, and the quality and status of goods,” said Adriana Diener, Global Lead for Accenture Freight and Logistics. “But thanks to the internet of things it will get solved.

“The transportation side can benefit from knowing how many days it will take and why a shipment may be stuck. There is a significant number of inaccuracies in documents and manual intervention. The ability to have visibility is better from the express sector but you do not see it to the same extent with other players.

“You cannot rely on Electronic Data Interchange (EDI) messages – there are a lot of failures.”

Chemical manufacturer TOSOH would like far better visibility from its logistics suppliers. Lars Droog, Supply Chain & General Affairs Manager, believes forwarders should sell data to shippers.

“The biggest focus for us is on supply chain visibility, track and trace, and delivering performance. And how we have visibility on all data in the organization.

“The biggest challenge is to get the information,” he says. “For us it will improve planning. We could also optimize locations and lower cost. But we need partners who will collaborate and share data, and who have visibility. In the long term – why not sell data about things like unstable areas, strikes, congestion? If we had that information in advance we could re-route a shipment, but mostly we do not receive it.

“Forwarders do not have the IT infrastructure to gather the information and send it on. They send newsletters. We are interested in quite specific places, but there is not a single forwarder who offers a solution for that.”

Logistics companies should also be aware of changes in the manufacturing process which will affect supply chains.

Automation, robotics, and 3D printing will all have the effect of shortening the distance between production and consumption; manufacturers will no longer need low-cost labour countries. “Modes such as air freight are highly ‘disruptable’ because of the speed-to-market selling point,” warned Schmahl.

Parcel industry
He added that robotics will also become useful in the parcel industry – but at the moment robots are less efficient than humans for sortation.

“Manually, people do about 1,000 pieces an hour. But robots have not had ocular sensitivity to view packages, so they are slower. It is a bit like the game Jenga – humans have an innate sense of what will fit. Robots do not have the sensitivity of human touch – they crush. But we are going to need this technology – it is hard to find enough people in peak times working for USD10 to USD15 an hour.”
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Another major change is that we buy less as software becomes a larger component in most goods.

“From a tech point of view, the internet of things involves less and less hardware and more software – which is not good for air freight,” explained Van de Wouw. “The value of software – relative to the hardware it is ‘on’ – of everything from phones to cars is going up. We simply need less physical stuff – we no longer buy movies and music, we simply subscribe to Netflix and Spotify, for example.”

This is also the case in the pharma industry, where Mobile Health – apps – are increasingly used. The total market for Mobile Health is expected to reach USD26 billion next year – and is likely to lead to a reduction in the transport of medical equipment and medicines.

Other industries are using more software in products, which could alter the logistics cycle. Telematics is changing the automotive and aerospace industries, for example showing when key parts are likely to fail. It will also boost safety and tracking.

“Machine learning and data analytics will help machines predict things, and help with closures, accidents,” explained Schmahl.

Smart bottles

Diageo’s Johnnie Walker label has produced a smart bottle together with tech company Thinfilm that can detect the sealed and opened states. Diageo can send personalized communications to consumers who read the tags with their smartphones.

Companies using sensor tags can track their products across the supply chain, from manufacturer to retailer and consumer. They can help identify issues such as counterfeits and temperature excursions, and provide manufacturers with better data.

Further down the line is blockchain, new technology cited by both Schmahl and Diener. A distributed database originally conceived for bitcoin, it maintains a growing list of records and transactions which cannot be tampered with. Every user is able to connect to the network, make new transactions, verify them and create new blocks.

“No trust is needed, everything is verifiable by a network of people,” explained Schmahl. “It is impossible to hack transactions, and in transport it would link one participant with another. It is an integrated global network which will tell you who has it, who broke it, why it is late. It has the potential to democratize access to different participants. A freight management system is OK, but blockchain is open source. It will require some industry commitment though.”

Impact

Diener agreed that it will have a “significant impact”. “With increased demands on shipment security coupled with financial security, blockchain opens the door to smarter sharing and accessibility of shipment data to relevant parties such as Customs, shippers, and carriers when and where needed. This translates into closer integration and ultimately into better decision making. It is not only about visibility of the shipment but also, for example, about the manufacturing cycle, the repositioning of containers, etc, that drives the decisions each involved party makes.”

“It will not happen next year, but blockchain is being tested and the first transaction happened recently in another industry.”

Even further away is the physical internet, at the moment an academic concept.

“The digital internet sends an anonymous package of data via the skies, which becomes non-anonymous when it arrives,” explained Schmahl. “So the question is whether there is a way to create physical standards, so that an anonymous box can move through any system or channel, participating with blockchain transactions, which will make the infrastructure a bit more accessible. You could have maybe ten different box sizes that fit together in a Tetris kind of way.”

But while other industries embrace new technologies, logistics is still slow to use new applications in its own business. Part of the reason, said Schmahl, is that the freight lies in a hidden world.

“Scientists do not think about trucking, but there is an opportunity for transport companies to make the industry known to graduates and attract younger people. At the moment, the people who would use new tech are drivers and handlers – not people who have previously been exposed to this technology. But now with smartphones, you overcome that obstacle – there is an understanding. The question is: can I find the talent to create solutions, and can I find people who can operate it?”

He added that there is not always an easy answer to investment.

“Lots of our clients are working on cost versus benefits. Cost is always real and now, while benefits are potential and later, so it is difficult to know how to respond.”

Diener said the logistics industry’s slow adoption of technology is a “real concern”. But she has advice.

“If I were at a transport company, I would upgrade the IT infrastructure to eliminate much of the manual intervention that is needed today while setting the foundation to create and track documents, monitor shipments, engage digitally with partners and third-party suppliers, forwarders, and shippers to establish a better collaborative connectivity. And I would look for partners and disruptors that can help me redefine the way I run the business to drive efficiency and lower costs.

“Once you have all this in place, look at big data analytics, which will tell you what you cannot see today. Business intelligence is not enough. Big data will tell you what actions you need to take.”

The internet of things involves less and less hardware and more software – which is not good for air freight.

– Niall van de Wouw, CLIVE

Blockchain opens the door to smarter sharing and accessibility of shipment data.

– Adriana Diener, Accenture Freight and Logistics
New TIACA board member pledges to focus on collaboration

Steven Polmans, Head of Cargo at Brussels Airport Company (BAC), pictured right, has pledged to focus on improved industry collaboration in his new role on the TIACA Board.

Polmans has been voted onto the Board and said he would continue to encourage greater collaboration across the supply chain to cope with a rapidly changing industry, starting with our Air Cargo Forum in October.

“I strongly believe that more cooperation between all stakeholders is to the benefit of our industry,” said Polmans.

“We are facing challenging but interesting times. Our industry is in need of change, and digitization and innovation must become part of our behavior and culture.”

“Polmans, who has over 15 years’ experience in the aviation industry, is also Chairman of the newly established Air Cargo Belgium Association based at Brussels Airport.

Prior to joining BAC, he worked for ground handler Aviapartner Cargo, before moving on to logistics marketing specialist GLU4 BV, where he managed the company’s Benelux operation.

Polmans joined BAC in 2010 and was appointed Head of Cargo in 2012. He oversees the development and implementation of the airport’s overall cargo strategy.

TIACA NEWS ROUND UP

Secretary General
Doug Brittin retires

Doug Brittin, Secretary General since 2013, has advised the Board of Directors that he will retire at the end of this year.

A selection committee, under the direction of Sebastiaan Scholte of Jan de Rijk Logistics has been established and has commenced the process to review and recruit candidates.

Brittin will stay with TIACA in an advisory capacity once the new Secretary General has been appointed to ensure a smooth transition and to continue to support the TIACA Board.

Strong turn-out for first WCO e-commerce working group

TIACA took part in the first World Customs Organization (WCO) e-commerce working group (WGEC). The group, which was set up to look into Customs issues surrounding e-commerce, was also attended by trade associations, UN organizations and big e-commerce players including Alibaba, eBay and Amazon.

Security talks in Brussels and Washington

TIACA attended the European Union Stakeholder Advisory Group of Aviation Security (SAGAS) meeting to discuss latest Pre-Loading Advance Cargo Information (PLACI) developments. SAGAS is exploring the option of setting up a cargo-specific working group and TIACA will report back to members on the progress of this. TIACA also attended security meetings in Washington, including a meeting of the Aviation Security Advisory Committee (ASAC) attended by TSA leadership which discussed, amongst other topics, the potential expanded use of canines for screening and enforcement issues.

US freight forwarder program comments submitted

TIACA has submitted comments and recommendations for the proposed Change 6 to the Indirect Air Carrier Standard Security Program (IACSSP), which the Transportation Security Administration (TSA) released for industry comment in August.

Many of TIACA’s comments were centered on seeking improved clarification and definition, to eliminate burdensome cross-referencing inherent to the programs in the past, and cost to operations and training.
Position paper outlines need for global lithium battery regulations

TIACA believes that any regulations on air transportation of lithium batteries should be global in nature so that members can comply with a common standard and avoid confusion and inefficiencies to the detriment of safety.

The Association has published a position paper stating its belief that the International Civil Aviation Organization (ICAO) provides the appropriate forum for bringing stakeholders together to discuss the many complexities relating to lithium batteries. “We are encouraging ICAO to further clarify Standards and Recommended Practices (SARPs) and policy relating to the air transport of lithium batteries, with the goal of reducing complexity, enhancing understanding of existing requirements by state regulators as well as industry, and compliance,” said Doug Brittin.

“ICAO should continue to encourage affected regulators to partner with industry to clarify and simplify the requirements, where appropriate, in order to facilitate a better understanding of all parties in lithium battery supply chains.”

TIACA in new Multimodal Americas collaboration

TIACA will co-locate its Toronto ACF in 2018 with a new Multimodal Americas show to be launched by Clarion Events, owner of both the Multimodal UK Exhibition and the Supply Chain and Logistics Summits.

The Multimodal Americas exhibition will showcase leading logistics and transport companies over a three-day event, which will also include a series of seminars and practical workshops held alongside TIACA’s Toronto ACF in 2018.

“TIACA’s 28-year heritage and the association’s air cargo expertise is the perfect fit for us, and we are looking forward to working with its members to produce an exciting new show in Toronto,” said Robert Jervis, Logistics Portfolio Director, Clarion Events.

“We will provide an important platform for the logistics community in North America to discover innovative ways to improve their supply chains, meet new suppliers, and grow business.”

The Toronto event takes place from 17 to 19 October 2018.

“We are excited to be announcing plans to collaborate with a leading exhibition organizer,” said Doug Brittin, Secretary General, TIACA.

“Both of our organizations are leaders in their field, and working together we look forward to producing a memorable event that will help our community to innovate and grow business.”

SPOTLIGHT ON NEW MEMBERS

New Forwarder Members

AC World Connect PVT LTD – The Cyprus-based company works in the field of private charters and aviation logistics. www.worldconnectpvt.com

Carloking Services Ltd – A 100% locally owned Ghana freight forwarding company offering complete solutions to its domestic and international clients. www.carloking.com

Damco – A Dutch-based freight forwarder specializing in SCM, air and ocean. www.damco.com

FPS Logistics – An international courier and cargo company set up in 2004 in New Delhi, India. http://www.fpslogistics.in

LUG International – A Qatar based company specializing in air and sea cargo freight movement, Customs brokerage service, warehousing and distribution, project cargo movements, cross-border haulage, domestic haulage, and groupage service. www.lugintl.com

Supply Chain Solutions – A US-headquartered freight forwarding, trucking and warehousing 3PL. http://scsolutionsinc.com

Wax Logistics Ltd – The company won the International Association of Movers award for the most professional logistics company in Nigeria in 2013. http://waxlogistics.com.ng

Affiliate Members

Asociacion de Agentes Aduanales del Aeropuerto de Mexico AC – A civil association whose main objective is to represent its Customs brokers associated with the various entities and authorities related to foreign trade. http://aaadam.com.mx

Atlanta Logistics Connection – A Hapeville, Georgia, US based non-profit organization providing education on all aspects of international trade. www.atlanta-ic.org

Find out more about membership by contacting Kenneth Gibson at kgbison@tiaca.org or visit www.tiaca.org
Fashion is all about having your finger on the pulse in a fast-moving industry. That’s why we are the logistics choice for over 40 of the world’s top 100 brands. We provide customised supply chain solutions and unparalleled distribution across Greater China and the ASEAN regions, from merchandise and non-merchandise to POSM. We are here to support your business and growth in Asia.
It is with great pleasure that we welcome you to TIACA’s 28th Air Cargo Forum (ACF) in France’s beautiful City of Light, Paris.

TIACA represents all sectors of the air cargo community, and the ACF is a unique opportunity for us to network, grow business, and learn from expert speakers, as well as regulators.

Our industry is facing challenging times, and TIACA has a vital role to play in providing a backdrop for us to get together to exchange ideas and share best practice, as well as to meet with colleagues and suppliers to find new ways of delivering more efficient, secure supply chains.

The dramatic changes brought about by e-commerce, as well as disruptive technologies such as the Internet of Things, and 3D printing, make it imperative that we evolve and innovate.

Opportunities

With challenges come opportunities, of course, and there has never been a better time for us to explore new ways to collaborate to ensure that our industry does just that.

Our Forum theme focuses on a vision for our industry, with sessions covering issues from new security and Customs legislation to disruptive innovation and embracing the Cloud.

By inviting so many thought leaders to share their insight and analysis, we are ensuring that our members and the industry at large stays ahead of the curve. As part of the discussion, I will be leading a panel on the cargo hubs of the future, looking into how the airport community can gear up to deliver an efficient cargo platform in these changing e-commerce times.

E-commerce will doubtless continue to be a major driver, with supply chains getting shorter – and airport strategic planning should take this into consideration.

Some activities will move closer to, or take place on-airport and this has to be factored in from the start – airport masterplanners need to provide more on-airport space for cargo processing for second and third tier activities.

E-commerce

Regulators will also need to align to meet the changing environment created by international e-commerce. Security remains a major challenge and airports should be proactively planning infrastructure and futuristic technology to cater to this.

Cargo is often a neglected area for airports but there are proven models to demonstrate that cargo investment drives cargo volumes. Modern air cargo hubs will require investment in automation and new technology and although cost and space are issues, there are smart ways to address these.

Collaboration will be critical going forward, not only for our hubs, but for the industry at large. TIACA plays a major role by facilitating that collaboration and enabling us to share best practices.

Driving efficiency

TIACA also takes the voice of the industry to the regulators so that changes can be made that drive efficiency in the air freight supply chain.

We have an opportunity to learn from each other and plan for the future, and I am looking forward to meeting with you to discuss your challenges so that together we can make the most of these exciting times.

On behalf of the Board of TIACA, we would like to extend a thank-you to our kind hosts and supporters, Groupe ADP and Air France KLM Cargo, and wish you all a fruitful and interesting ACF.
09.00-10.00  Plenary Session: Air cargo vision 2020
What are the most important issues facing our industry at the moment and how should we prepare for the challenges of the next five years?

Speakers:
- Doug Brittin, Secretary General, TIACA (Chair)
- Dr Fang Liu, Secretary General, International Civil Aviation Organization (ICAO)
- Sergio Mujica, Deputy Secretary General, World Customs Organization (WCO)

11.00-12.00  Air Cargo: What lies ahead?
With the growth of e-tail and shifting consumer models, what will we see in the future? Hear from experts at Boeing, Airbus, and Seabury to learn their views on the challenges ahead, to help shape our business plans in the coming years.

Speakers:
- Sebastiaan Scholte, CEO, Jan de Rijk Logistics, Vice Chairman, TIACA (Chair)
- Randy Tinseth, Vice President – Marketing, Boeing Commercial Airplanes
- Oliver Von Tronchin, Head of Freighter Marketing, Airbus S.A.S.
- Marco Bloemen, Senior Vice President, Seabury Group

11.00-12.00  Global Shippers Forum Briefing – Connecting the links to a high-performance supply chain!
A panel on integral performance management in a fragmented supply chain. The panel will engage the audience in a lively debate on how data, quality and interoperability are corner stones for the industry’s performance – performance that should, and will, drive its future economic success.

Speakers include:
- Ariaen Zimmerman, Executive Director, Cargo iQ
- Kester Meijer, Director operational Integrity, Division Safety and Compliance Monitoring Manager, KLM Cargo, and Board Member Cargo iQ
- Lucas Kuehner, Global Head of Air Freight, Panalpina, and Board Member TIACA
- John Batten, interim Europe CEO, WFS, and Board Member Cargo iQ
- Chris Welsh MBE, Secretary General, GSF, and Director of Global and European Policy, FTA

12.30-13.30  Disruptive Innovation – an inspirational roadmap for tomorrow’s leaders
Jay Shipman joined the management training scheme of Valanti Global Corporation in 2014, aged 27. Now, in 2020, he has been appointed the leader of the company’s Natus division which manages the cargo businesses of four large carriers for the first time. We listen in to one of his first board meetings at which Jay asks Operations, Sales and Technology leaders to present their views in a few minutes each on how to build disruptive innovation that delivers competitive value. After the presentations, the group discuss value and prioritization. Topics are likely to include advanced robotics, RFID tracking, self-learning algorithms and optimization, security, data products and integration.

Speakers:
- Christopher Shawdon, VP Logistics Solutions, Unisys (Chair)
- Jim Friedel, President, Strategy Validation, LLC
- Lise-Marie Turpin, Vice President, Cargo, Air Cargo Canada
- Olivier Rochet, CEO and Founder, Scallog
- Simon Clark, Vice President of Business Development in EMEA, WiseTechGlobal
14.00-15.00 The new EU Customs code explained
The new Union Customs Code (UCC) will have a considerable impact on businesses importing into, or exporting from, the European Union. This panel of legislators and industry experts will explain the new rules and give practical advice on being compliant.

Speakers:
- Vladimir D. Zubkov, Member of TIACA Board of Directors, Vice President, Relations with International Organizations, Volga-Dnepr Airlines
- Dr Susanne Aigner, Head of Unit Customs Legislation, DG TAXUD A2
- Hélène Croquevieille, General Director, DGDDI
- Kester Meijer, Director Operational Integrity and Division Safety & Quality Manager, KLM Cargo
- Brigitte ICONOMOFF, Manager Customs Regulatory Affairs, FedEx
- Jean François Auzéau, Customs Commission Chairman, TLF Overseas, Vice-Chair CITI, Customs and Indirect Tax Institute, Clecat

14.00-15.00 Global Shippers Forum Briefing – Quicker, slicker air cargo
Cutting red tape, reducing administrative burdens and achieving faster door-to-door time for air cargo.

Speakers include:
- Robert Mellin, Strategy Development Manager, Industry and Society, Ericsson
- Chris Welsh MBE, Secretary General, GSF, and Director of Global and European Policy, FTA
- Boubacar Djibo, Director, Air Transport Bureau International Civil Aviation Organization (ICAO)

15.30-16.30 Multimodal opportunities and challenges in Europe
If sustainability is so important, why are multimodal developments so slow? And with increased night bans, rail developments and the flexibility of trucking, why still fly?

Speakers:
- Enno Ozinga, former Vice Chairman, TIACA (Chair)
- Jacques Dirand, Head of Passenger & Freight Services, Community of European Railway and Infrastructure Companies (CER)
- Tariel Chamerois, Quality, Security and Environment Manager, DB Schenker
- Denis Choumert, Chairman, European Shippers’ Council
- Alice Defranoux, Head of Rail Freight, GEFCO Group

15.30-16.30 Airport Briefing – Developing and marketing the airport economic logistics platform
Open skies, new generation freighters, security regulations and advances in supply chain management have changed the air cargo industry. Airports need to think of themselves not as airfields, but as logistics centers that extend beyond the airport fence and should embrace partnership opportunities. Airports need to think beyond their boundaries to prosper and partnering is one key to creating new business models. The panel will look at how to begin airport economy planning, how to understand your local market and developing a strategic marketing plan.

Speakers include:
- Thomas Phillips, President, KPA Keiser Phillips Associates, LLC
- Trudy Wassel, Senior VP, Anchorage Airport
- Professor Jane Tian, The Civil Aviation Management Institute of China
- Michael J. Bednarz, Manager of Air Cargo Business Development, Port Authority of New York & New Jersey
- Kwang-Soo Lee, Senior Vice President of Marketing, Seoul-Incheon International Airport, Board Member, TIACA
- Chen Huaguang, General Manager of Marketing and Investment Department, Sichuan Province Airport Group (Chengdu Airport)
10.30-11.30  **e-Business Challenges**
The global B2C e-commerce sector is expected to hit USD2.3 trillion globally by 2017 and the air cargo industry must reinvent itself to rise to the challenges of the new e-landscape. We need to stop being passive and learn to collaborate and innovate, especially when it comes to technology so that we can be faster and smarter. What are the options, where are the bottlenecks and what should the industry be doing to improve?

Speakers:
- Amar More, CEO, *Kale Logistics*, Member of the TIACA Board (Chair)
- Glyn Hughes, Global Head of Cargo, *IATA*
- Jean-Louis Salfati, e-Freight Project Manager, *Air France Cargo*
- Frank Newman, MD, *FedEx*
- Jérôme Balbi, CEO, *Sodexi*
- Valerie Dubuisson, Vice President International, Parcel Division, *La Poste*

10.30-11.30  **European Shippers’ Council Discussion Platform – How can shippers maximize on the Air Cargo Proposition?**
Shippers are an integral part of the Air Cargo supply chain, but are sometimes left out of the discussion on how to improve Air Cargo as a whole. The question is not only on what the market needs to do, but moreover how shippers can profit from the Air Cargo proposition. But what does the industry need from Shippers and are Shippers willing to take those next steps to optimize their advantage?

Speakers:
- You, the audience
- Enno Osinga, former Vice Chairman, *TIACA* (Chair)
- Lucas Kuehner, Global Head of Air Freight, *Panalpina*
- Steven Polmans, Head of Cargo, *Brussels Airport Company*
- Marcel de Nooijer, EVP, *KLM Cargo*
- Marc Dellafaille, Purchasing Logistics Expert, *Agfa –Gevaert N.V.*

12.00-13.30  **Power lunch: Impact of the new economy on cargo**
Speaker:
Matthieu Pélissié du Rausas, Director, *McKinsey & Company*
Matthieu Pélissié du Rausas co-leads McKinsey’s Advanced Industries Practice globally. He works primarily with advanced-industry clients, including high-tech, automotive, telecommunications, and aerospace and defense firms, as well as clients from the chemical industry. Matthieu contributes to research on major trends within the manufacturing sector, such as the impact of increases in the cost of capital or Internet technologies.
14.00-15.00 Manufacturing and market trends that will shape the industry

A blurring of the industrial and the digital revolution is forcing huge developments in manufacturing, driven by disruptive technologies, the industrial internet, also known as Industrie 4.0, advanced manufacturing, and Big Data analysis. The air cargo industry must stay agile and adaptable to keep up with the pace of change and make the most of the opportunities.

Speakers:

Essa Al-Saleh, CEO, Agility Logistics, Member of the TIACA Board (Chair)
Chris Welsh, Secretary General, Global Shippers’ Forum
Lars J.T. Droog, Manager – Supply Chain & General Affairs, TOSOH Corporation
Pascal Meyer, Head of Transportation and Customs, CHANEL Fragrances and Beauté
Adriana Diener, Global Lead and Managing Director, Accenture Freight & Logistics
Andy Schmahl, Partner, PwC Strategy

15.30-16.30 The Cargo Hub of the Future

What role will the next-generation air cargo hub play in supporting the industry as it rises to the challenge of a changing e-business landscape? Which new technologies will we need to adopt and how can we work together to make sure our facilities are smart hubs?

Speakers:

Sanjiv Edward, Head of Cargo Business, Delhi International Airport, Chairman, TIACA (Chair)
Uwe Beck, Managing Director, BeCon Projects GmbH
Franck Goldnadel, Executive Director, Chief Airport Operations Officer, Groupe ADP and Managing Director, Paris-Charles de Gaulle Airport
Jean-Yves Chaumet, Senior Vice President Operations, Air France Cargo
Ramesh Mamidala, CEO, Celebi Delhi Cargo Terminal Management India Pvt. Ltd
John Batten, interim Europe CEO, WFS
Day Three

ACF 2016
Friday 28th October

10.00-11.00

Embracing the Cloud

Millions of users are securely sharing and collaborating on billions of documents in the Cloud. What does it mean and what advantages are gained moving to Cloud? What would Cloud look like for air cargo, are there any examples taking root, and should we approach this as individual businesses to reap the benefits?

Speakers:

John DeBenedette, Managing Director, WIN, Member of the TIACA Board (Chair)
Dean Baxter, General Manager, Youredi
Patrice Bélie, Chief Executive Officer, Hub One
Jonas van Stekelenburg, Cargo Director, Amsterdam Airport Schiphol
Zeke Ziliak, Executive Account Manager, PROS, Inc
Celine Hourcade, Head, Cargo Transformation Program, IATA

11.30-12.30

Masterclass: Pre-Loading Advance Cargo Information (PLACI)

With ongoing developments across the globe on impending new regulations, legislators and industry leaders take a look at the most up-to-date information, explain the impact on the air freight supply chain and answer questions on how to prepare for the changes.

Speakers:

Doug Brittin, Secretary General, TIACA (Chair)
Brandon Fried, Director, The Airforwarders Association
Christophe Eggers, External Relations Division, La Poste
Craig Clark, Program Manager, Cargo and Conveyance Security, Office of Field Operations, US Customs and Border Protection
Warren Miller, Air Cargo Policy Branch Manager, Air Cargo Division, Transportation Security Administration
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Innovation is already here, the trick is to implement it

Denis Choumert, Chairman, European Shippers’ Council, calls for an open source platform for the air cargo market.

For years the central topic for many on air cargo has been innovation. From e-freight to Cargo iQ, and from data pipelines to Cloud solutions, everyone sees the need for innovation.

However, the discussions should not be on what kind of innovations the air cargo market needs, but on how we can implement them. Frankly, the air cargo supply chain needs all the innovation it can get as this will ensure our market continues to improve and is fully prepared for a changing world.

Worryingly, according to the State of Logistics Report for 2016, logistics service providers (LSPs) feel threatened by technological innovation, yet are looking to it as a way to attract new customers. LSPs see stagnation of growth and high competition as the major threats and innovation as an opportunity. The report also conducted a survey – interestingly enough, 46% of the LSPs surveyed expected to gain most of their business in the 12 months ahead through innovation. So while innovation is viewed by LSPs as a competitive tool, they are also deeply wary of it.

Technological advancement in automation and intelligent software is regarded as a potential threat to the business as well. Not surprisingly, in the same survey, shippers’ benchmarking criteria was focused mainly on value for money, and therefore cost and reliability. This might be a somewhat disappointing outcome at first, seeing shippers sticking to the same dogma of cost and reliability. However, these will improve through innovation. Further digitalization, sharing of documents, track and trace, and the connection data platforms should lead to a range of improvements. These include a reduced administrative burden, less waiting time, more transparency of the operation, the reduction of margin of error, and increasing the safety and security of operations, with the effect of lowering costs and raising reliability.

Tough competition

We know competition is high within air cargo, especially among LSPs who are fighting for the services of shippers. This tough competition does not leave much room for cooperation between the LSPs and other parties within the

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supply chain and has led to a standstill in innovation. The best way to successfully innovate new products and ensure their success, as well as continued evolution, is if there is an industry-wide consensus to share everyone’s developments and experience.

It is not without reason that one of the great technological and business pioneers of the 21st century, Elon Musk, released all the patents that were owned by Tesla Motors for advanced electric vehicle technology. The patents are now in an open source environment to share with whomever. Tesla understands that the only way to achieve growth and to further mature its products, as well as to encourage further technological breakthroughs, is to share its information with its competitors.

The alternative is for every motor company to be isolated and stuck in its own system. The methods employed would never improve from the experiences of other companies. This second option hampers efforts to be an industry pioneer and innovator. In fact, if you copy a competitor’s system you risk being sued because you are breaching intellectual property rights. This means everybody is trying to invent the wheel, but each wheel has to be significantly different.

Another company adopting open source technology is, of course, Google. It knew open source would allow smaller tech companies to feed off the Google systems and grow, but also become inseparably connected with Google. You only have to look at the way Google Maps has been implemented by many companies and vice versa.

Low trust

Innovation within the air cargo supply chain fails because competition is high and trust is low. But by breaking this cycle we can also break free from the stagnation in the market, increase shippers’ interest in air freight and resurrect the sector as a modality.

There is another reason that the open source option should be on the table. All innovative products within air cargo touch on government aspects in one way or another. Whether it is Customs related, a phytosanitary inspection, or related to security and safety, cooperation and access in some form is needed. Governments cannot favor one commercial system, or they would get into trouble with competition regulators. Regulators are also not keen on accessing innovations separately because it is too time consuming. The best way forward in working with governments is through an open source product.

Cargo figures

We have all seen the International Air Transport Association (IATA) cargo figures for July 2016: measured in freight ton kilometers, demand increased 5% compared with July 2015, the fastest pace of growth in almost 18 months. However, there is no reason to lean back, because global trade growth is sluggish and business confidence is weak. We only have to look at the container liner shipping market, another sector challenged by overcapacity, to see the issues, such as the demise of Hanjin and its effects ripple throughout the market. But Hanjin was just investing in capacity and cost, and not innovating.

Fortunately, there are exceptions to the rules in the air cargo market, which we hope will lead the way to an open source platform. In fact, TIACA would be the ideal platform to create this open source community because of its position, the parties involved, and the goals of the association. Maybe the Air Cargo Forum in Paris should conclude with the creation of a TIACA Open Source Innovation Platform (TOSIP). It has a nice ring to it…

Maybe the Air Cargo Forum in Paris should conclude with the creation of a TIACA Open Source Innovation Platform (TOSIP).

– Denis Choumert, European Shippers’ Council
A passion for modernizing the air freight industry

Chris Welsh, a member of the FTA’s senior management team, has played a leading role in representing shippers to the European Union and global organizations for over 30 years. In June 2011 he became the first Secretary General of the Global Shippers’ Forum (GSF).

The Freight Transport Association (FTA) has been around for over 125 years. How have the needs of the freight industry changed in this time?

In some ways not much. The FTA’s predecessor association was founded by a group of businessmen led by the then Lord Mayor of London to challenge the dominance of the rail and canal companies in setting non-negotiable tariffs for shippers. The results of that early collaboration led to an Act of Parliament which established that all rates had to be consulted upon, and ultimately sanctioned by, civil servants. Price and tariff transparency remains as topical today as it was then. Although modern supply chains are considerably more complex than 127 years ago, the fundamentals remain the same.

How do you feel the industry will evolve over the next 20 years?

I wish I had a crystal ball. Probably the greatest change and impact on the freight industry in the last 20 years has been the development of the internet and information communications technology. I do not think we have reaped the full potential and economic benefits of that, particularly in air cargo, but the future of air cargo may well hinge on exploiting the potential to reduce transaction costs and speed up door-to-door delivery times. One senses though, that our industry will be heavily impacted by the climate change challenge. The need to cut growing transport emissions in line with the December 2015 Paris Agreement, particularly in aviation and shipping, could presage major changes in the global supply chain and sourcing strategies, and could be the spur for further innovation and technological solutions. I hope so.

What motivated you to pick a career in the transport industry?

Like a lot of people in our industry, I fell into the industry when I became responsible for freight procurement working for a global paper company. Like others, once in it I got hooked. At times it is the most infuriating of industries, but it is also dynamic and exciting. With my interest in politics and the policy process, I jumped at an opportunity of joining the UK FTA. I have been privileged to represent the freight industry and help affect some changes that have hopefully had a positive impact on the industry, particularly for shippers.

What aspect of your role do you enjoy the most?

I still get a tremendous buzz from the challenge of leading the Global Shippers’ Forum and FTA’s Global & European Policy, and seeing our policies influencing national and international transport policy and legislation. For example, FTA’s ‘SKY High Value’ document put air cargo center stage in the policy and political debate over future airport capacity in the UK, and Sir Howard Davies specifically referred to this when announcing his recommendation for a third runway at Heathrow – the FTA’s preferred option.

What have been the proudest moments in your career?

There are many, including those mentioned above. In the mid-1990s I was a strong advocate for developing a global shippers’ representative organization. Seeing the realization of this in June 2011 when the GSF was formally incorporated as a non-governmental organization (NGO) is close, if not top, of the list. Today it has 33 national and regional shippers’ organizations in membership and is going from strength to strength. In the maritime arena, sitting in the European Court of Justice in Luxembourg and hearing that we had won our cases in a series of anti-trust complaints against various shipping cartels was vindication of a ten-year campaign to end serious cartel abuses in the container shipping sector. Similarly, the repeal of the liner conference block exemption from EU competition rules, which has totally transformed the liner shipping industry following a 20-plus year campaign, stands out as one of my proudest moments, even if it has not exactly endeared me to the shipping industry!

Can you describe a typical day in your job?

No, there is no typical day – that is the attraction of job!

How should the airfreight industry be responding to challenges such as modal shift? Is the future of freight multimodal?

In 1995 I authored a paper entitled ‘Air Cargo 2000 and Beyond’ for the European Air Shippers’ Council which summarized what leading European shippers thought the air cargo industry needed to do. Much of that is regrettable still relevant. The key message was that the air cargo product needed to emulate the simplicity and price attractiveness of the express industry. Today, there is the added competition presented by deepsea shipping as shippers have moved away from air freight to cut their costs for what many believe is an expensive mode that does not add sufficient value. For the want of sounding like a stuck record, the air cargo supply chain needs to be quicker and slicker. That means embracing e-commerce and simplifying procedures to reduce costs and cut door-to-door transit times by a half.
Incheon Airport’s nights are more dynamic than your days.

Did you know that 40% of total cargo at Incheon Airport is handled at night?

- Cargo terminal: 24 hours / 7 days (No curfew)
- Customs: 24-hour real-time service (UNI-PASS)
- Incentive: Landing charges are discounted by 25% for late nights (23:00 ~ 05:00)

For more information on the incentive program: www.airport.kr/eng/business
From native lands to the entire world

As the air cargo carrier flying to the most countries worldwide, Turkish Cargo carries your perishable goods in active cooling system containers with their freshness maintained.