LATAM E-COMMERCE TAKES OFF

INSIDE
BOARD BRIEFING: Sanjiv Edward on his tenure at TIACA
EXECUTIVE SUMMIT: A full listing
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ONE TO ONE: René Droese, Property and Cargo Director at Budapest Airport

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B2B2C Premium Service
Convenient and Fast
for E-commerce goods delivery

Incheon Airport
GACAG enters a new phase

On several occasions in my presentations and publications I have expressed the opinion that, in spite of the temporary reduction of activity, Global Air Cargo Advisory Group (GACAG) remains useful to the air cargo industry. In fact, this is the only platform where the shippers, represented by Global Shippers’ Forum (GSF), freight forwarders through International Federation of Freight Forwarders Associations (FIATA), airlines represented by International Air Transport Association (IATA), and the multidisciplinary TIACA, can meet, exchange views, consider challenges, and even take practical steps supporting members with a unified voice.

Recently, the executive heads of all four associations – TIACA, IATA, FIATA and GSF – got together at the FIATA office near Zurich airport, Switzerland. The main agenda item was a review of the Group’s objectives and it was based on the document which was adopted at the end of the last year: ‘GACAG Industry Priorities’. In its present version, the main topics are: Safe transport of lithium batteries; Effective border security and advance cargo information; Efficient border management and trade facilitation; Accelerating industry modernization; and Responding to environmental issues.

Generally speaking, it is agreed that it will be a living document which, having established the framework for actions, should allow for dynamic response to emerging issues and challenges. The GACAG members will be able to use it at conferences for reference and guidance, and it will help us to agree on the priorities, to identify areas where we can achieve progress and make a difference for the industry.

In the discussion, two new issues have emerged that may become additional priorities after further consultations: border liberalization and, slot allocation issues faced by all-cargo carriers.

The Group also turned to the discussion of how well we promote the fact that the air cargo sector has been contributing directly to GDP, to the generation of jobs, both direct and indirect, as well providing strong contribution to local economies and communities. It is obvious that we need to establish a measure of success that we could present to the global entities.

We agreed that it is important to reach out to the regulators – ICAO, WCO, and national aviation security administrations – with a joint position. It is also very important to make sure that the regulators’ level of awareness about the problems, achievements, and benefits of the air cargo industry, is maintained.

We can all agree that the understanding of the importance of global collaboration is there. However, the practical realization of this vision is yet to be achieved. I consider one of the major GACAG tasks for 2017 and beyond is to move from proclaiming the need for “working together” to truly intensifying and promoting the practices of working together.

And as a part of “working together” we also need to better use the energy and knowledge that comes out of the industry conferences and other meetings. We need to strive for greater involvement of the regulators and associated international organizations to the development of practical solutions, methodologies, and projects that we talk about in our events. To conclude – GACAG members completed this meeting with optimistic and concrete work plans. We will keep you informed.

Vladimir Zubkov, Secretary General, TIACA
Celebrating our touchdown in Pittsburgh

Beginning this October, Qatar Airways Cargo will be the first international cargo airline to introduce twice weekly freighter flights to Pittsburgh. This new service will bring our total freighter destinations to 13 across the Americas. Our commitment to continually expanding our network ensures that with us, your business is always growing.

We deliver to the world qrcargo.com
Achieving consistency IN A VOLATILE WORLD

As business leaders, one of the common challenges we encounter is how to drive consistent growth and efficiencies for our business in a highly unpredictable world. While every business leader has grown up believing the cliché “change is the only constant”, the speed of change in today’s times is unprecedented and the ability to adapt to this “accelerated change” is an extremely valuable attribute, that can be achieved through an “accelerated collaboration” made possible through industry associations like TIACA.

As they say, we exist in a VUCA world (volatility, uncertainty, complexity, ambiguity). However, the entrepreneurial view is that while there are challenges galore, so are there opportunities. Businesses are having to adopt new marketing channels (web and social). To engage globally is easier than ever before but this also requires important decisions to invest in, and adopt, new technologies for competing on a global stage. All of these hold true for trade associations as well for them to remain visible, engaged, and relevant to the industry.

Critical role

Against the backdrop of today’s accelerated change, the role of the associations becomes even more critical to not only understand the change but to work with industry and fulfill the objectives in this rapidly changing business environment. This has been a key driver for the theme of our Executive Summit 2017 in Miami, encouraging industry and its leaders to deliberate on how do we ‘Future Proof Air Cargo’.

Historically, trade associations have played an important role, firstly in connecting businesses within their sphere of influence (for an organization like TIACA the arena is global, cutting across geographies, countries, and economic regions); secondly they have become the bridge between industry and regulators (facilitating the change in policy and procedures); and thirdly, enabling the creation of efficiencies in the products and processes to aid revenue and business growth in their industry.

Sanjiv Edward
Chairman, TIACA

As Sanjiv Edward comes to the end of his tenure as TIACA Chairman, he reflects on his aims and achievements, and thanks his colleagues for the privilege of working with them.

I firmly believe that in this world of accelerated change, industry associations like TIACA will continue to play an important role leading “accelerated collaboration”.

Since my taking over as TIACA Chair, we have been gearing up for adapting to the changing world around us. It started by first having a Board that is truly representative of our global nature by bringing in participation from diverse regions like South Korea, Singapore, the Middle East, Europe, the Americas and our latest addition will be from Africa.

Another important step was engaging and collaborating with a diverse spectrum of regulators, which saw the launch of four major projects with the International Civil Aviation Organization (ICAO) in the areas of joint events, training, technology, and cargo service quality.

The culmination of these two initiatives was the organizing of the very successful LEAD Summit at ACF 2016 in Paris, which witnessed heads of ICAO, the World Customs Organization (WCO), and Board members of TIACA interacting with industry and association leaders from 27 different countries across the globe, on various issues that impact the efficiency in the air cargo supply chain.

Common factor

All the players in the air cargo supply chain have one thing in common – the ultimate customer, the Shipper. At TIACA, we have made special efforts to listen to the shipper by forming the Shippers’ Advisory Council (SAC). Also, to address their need for quality, we initiated the development of the Cargo Service Quality (CSQ) program during my tenure, which I had the privilege to lead and be personally involved with together with our Board.

The CSQ program is an ambitious project of the TIACA Board aimed at measuring and improving the cargo service quality to make air cargo the preferred mode of transportation. Last year our former Secretary General, Doug Brittin, moved on after a fruitful tenure to spend more time with his family. We found an excellent replacement in Vladimir Zubkov, an experienced industry veteran, who has brought renewed energy to the organization and our global industry engagements, hosting two recent events in Indonesia and Ethiopia, together with Regulators.

I have had the privilege of working with an excellent Board, the TIACA team, and have made many friends in industry which I really value.

In conclusion, I firmly believe that in this world of accelerated change, industry associations like TIACA will continue to play in important role leading “accelerated collaboration” in several areas, which will be a key factor for the industry to achieve consistency in an unpredictable world.
By 2025, 15-20% of air freight shipments will be booked directly with the airline according to a recent survey by McKinsey & Company – does this spell the end of the traditional air cargo industry or the beginning of a new exciting chapter? Robert Platt spoke to two of the panellists joining the debate at our Executive Summit in October. See pages 10-13 for details.

The rise of the DIGITAL FORWARDER

Up in the air: Where can air freight forwarders find value?

McKinsey & Company is a global management consulting firm that serves leading businesses, governments, non-governmental organizations, and not-for-profits. Ludwig Hausmann is Associate Partner having joined McKinsey in 2010 after having worked in aircraft finance since 2006. In the last seven years, he led strategic and operational transformation projects at air cargo carriers, freight forwarders, integrators, and container lines around the world. He is also responsible for McKinsey’s proprietary airline benchmarking database and authored the firm’s recent publications.

Freight forwarding has evolved to address a number of shipper pain points, in part owing to high global transport chain fragmentation and complexity. Increased pressures in recent years coincided with sluggish freight rates, since belly capacity alone increased faster than cargo volumes.

A changing freight ecosystem has proven a challenge for freight forwarders throughout their existence. But now, the threats to their value pools are even more disruptive than in the past. Among these threats: digitization driving rising customer expectations. Market competition moves up a few notches as digital forwarders emerge, and new specialists attack specific value pools such as creating rate transparency.

E-forwarders such as Flexport could take on a key role in catalyzing digital transformation in air forwarding, since they can automate a large share of repetitive front- and back-end processes, thus likely being able to produce 5-10% cheaper. At the same time, incumbent forwarders are significantly larger than any of the emerging e-forwarders, which enables them to achieve larger discounts in procured freight capacity.

But despite this disadvantage in procurement costs, e-forwarders will further catalyze the digitization and automation of the air cargo industry. While strongest in ocean freight forwarding, about 15% of Flexport’s revenue is

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<th>Value sources for customers</th>
<th>Activities of new digital players</th>
<th>Example</th>
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<tr>
<td>Value-added services</td>
<td>Bundling of customer demand for simple and selected complex products</td>
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<tr>
<td>Stronger purchasing power†</td>
<td>Data-based optimization of E2E value chain and tailoring of services to specific needs</td>
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<td>Solution tailoring</td>
<td>Transparency regarding real-time prices and capacity</td>
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<tr>
<td>Superior market transparency⁴</td>
<td>Data-based optimization of real-time shipment flows and improved predictiveness</td>
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<td>Leverage of information/data</td>
<td>Improved matching of capacity and demand (including weight-volume restrictions)</td>
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<td>Physical consolidation</td>
<td>Instant online E2E rate inquiries and bookings</td>
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<td>E2E offering</td>
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<td>Transportation of goods²</td>
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Market competition moves up a few notches as digital forwarders emerge, air carriers expand their value pools with more comprehensive offerings.
already air freight. Moreover, it managed to attract small shippers as a loyal customer base, which it grew 15 times year-over-year recently: 70% of Flexport’s revenue comes from medium-sized companies that spend up to USD5 million on freight.

Such new challengers can also enhance market transparency for customers, while emerging specialists could tailor their solutions to single value chain elements.

One example: Freightos, specializing in price and market transparency along with booking platforms. Nothing stands in the way of a fully digitized sales and customer service experience becoming the industry standard and setting customer expectations—especially for small customers and those with simple transactions.

Over 80% of the leading air cargo carriers already offer online quote request or booking tools on their websites (although fully automated end-to-end cargo booking is still a rarity). This could allow carriers to in part disintermediate forwarders, driving direct shipper-air carrier bookings, which is estimated to be under 10% today.

However, this will not necessarily oust freight forwarders from the air cargo value chain completely. While these upcoming challenges will certainly change the role of intermediaries, traditional forwarders still hold a couple of aces they can leverage in the game. Apart from the ability to consolidate significant physical volumes from their existing customers, they also hold the key to managing complex air cargo operations and orchestrating numerous stakeholders along the transport chains.

Air freight forwarders that choose to embrace the potential of digital and agility, while leveraging the direct access to physical freight volumes, develop a recipe for smart consolidation, and specialize on hard-to-commoditize services and products to shield them from emerging competition, will play a key role in the game going forward.

Troels Stroving is Chief Executive Officer of Maersk-owned digital freight forwarder Twill Logistics, which was originally set up to simplify and digitize the shipping process. Troels has been the CEO of Twill since July 2016. He started his career as a management consultant, before working for two years at Maersk Tanker and three years at Damco as a Project Lead for Global Operations Projects.

What does the customer actually want?

I have recently participated in a few logistics/tech conferences where we spent hours excitingly discussing what the future of Blockchain, autonomous vessels, and smart containers will do for our industry. The sky is the limit—I know.

But let us make a quick assessment: is it technology trailing the logistics industry, or is it the logistics industry trailing the technology? I am quite certain it is the latter. Therefore, I would like to propose a parallel discussion to what new technology will bring us in the future: what can current technology bring us now?

It is actually not that hard to get some answers to that question. What you do is: ask your customer. Something that—in our industry, sadly—is vastly under-utilised (and under-estimated).

From my experience of starting Twill as a start-up digital freight forwarder, I have learned the power of deep customer involvement and working agile firsthand. The basics of this are:

1) Build no more than the absolute minimum to launch the product to your customers,
2) Keep evolving your product in small sprints,
3) Always, always ask the customer for feedback,
4) Be ready to pivot.

It is quite scary to launch a product to the market knowing that you could make it much better by just spending a few weeks—or perhaps a couple of months—more on it and make it a bit better.

But it is so powerful! Customers will happily use the product—and will happily give you feedback. That feedback is exactly what you need to use the next two weeks incorporating—and then repeat the process, over and over again, until you have a great product that is actually built almost by your customers: guaranteed customer satisfaction (well, almost at least).

My point with this is saying: our industry is so far behind the technological development that if we ‘just’ use existing technology and work closely with our customers (agile) on how to best use it, we will be able to rethink our industry. Trust me.

It takes guts though. It takes guts to constantly have your customers review your product, finding errors and giving feedback on improvements—and it takes guts for large organizations to invest in new start-ups that cannot really explain what the end product will be or how much money they will need.

But in my view, to change an industry like ours, guts are exactly what is needed—coupled with a healthy bit of technology and a few smart people.

To change an industry like ours, guts are exactly what is needed—coupled with a healthy bit of technology and a few smart people.
14th Annual
End-to-End Supply Network Summit 2017
19 - 20 October 2017 | Turnberry Isle, Miami
supplychain.us.com

As a follow-up from one of the biggest European supply chain events – Supply Chain and Logistics Summit EMEA 2017 – we are pleased to announce the End-to-End Supply Network Summit 2017 (19-20 October, Turnberry Isle Miami), which is the only event in the United States that is focusing on creating a roadmap for shippers that will help them design and implement an end-to-end supply chain and gain a competitive advantage from areas of potential disruption.

Join us at the End-to-End Supply Network Summit 2017, to network within an intimate setting with over 150 senior supply chain professionals for two days of leading content from 30+ speakers that are positioned at the forefront of the industry.

The summit will incorporate networking events, workshop showcases all with very limited sponsorship opportunities.

The full conference program and unprecedented speaker line-up is available at: www.supplychain.us.com

The leading speaker faculty include:

Jeanne Reisinger
Ex Procter & Gamble SC Director/Global Value Chain Consultant P&G /Zinata Inc.

Eric Pettersen
Director, Facilities, Energy and Supply Chain Procurement Hudson’s Bay Company

Raul Portela da Cunha
Chief Operating Officer Helly Hansen

Mehran Ravanpay
Vice President, Global Supply Chain Logistics Schneider Electric

Ximena Stawsky
Head of Regional Demand Planning Latam Merck

Our Next Event Will Be...

20th Annual EMEA Supply Chain & Logistics Summit & Expo
4 - 6 June 2018 | Amsterdam | sclsummit.com

#E2ESCNET LinkedIn Supply Chain & Logistics Network supplychain.us.com
Robotics help Marine Harvest seize PALLETS OPPORTUNITY

Food producer Marine Harvest builds 10,000 airline pallets a year and supplies all the main airlines serving Oslo Airport Gardemoen, Norway, after opening a new facility.

Marine Harvest is Norway’s largest food producer and the world’s largest producer of farmed salmon. The company is represented in 23 countries, has a total of 12,000 employees and its turnover in 2015 was NOK27.9 billion (USD3.6 billion).

The company’s operations cover the entire value chain from the sea to the plate. The head office is located in Bergen, Norway, and the company is listed on the Oslo Stock Exchange.

Ambitions

Through its vision ‘Leading the blue revolution’, Marine Harvest has the ambition to be the leading provider of healthy, sustainable seafood.

The Marine Harvest terminal and logistic head office, which is located close to Oslo Airport, was established in 2009. The terminal has 60 employees and handled around 130,000 tons of salmon last year. The facility is cooled and is handling both trucking to Europe and airfreight overseas. The airfreight handling includes the building of airline pallets on behalf of handling companies or through direct contracts with the airlines.

“We realized, upon the planning of the terminal in 2008, that we could benefit from building the airline pallets with a robot. Each box is the same size with approximately the same weight on standardized wooden pallets from our factories” said Tom Mikkelsen, Head of Airfreight as well as a member of TIACA’s Shippers’ Advisory Committee.

The wooden pallet has 27 boxes with three boxes in each layer, and the factories are using several robots in the building of the wooden pallets, lifting one box at the time. Building the airline pallets is more challenging and required a project with Intek Engineering. It was soon realized that more equipment than just a robot was needed.

Production robot

It ended up with a complete production robot including roller-beds for wooden pallets and airline pallets with the following features:

• Automatic feeding of wooden pallets on roller-beds.
• A robot lifting whole layers – three boxes – at a time from the wooden pallets using a vacuum.
• Two platforms with roller-beds and weights for the airline pallets.
• Vacuum-lifters to move the empty airline pallets into position.
• Automatic pallet-stacker for the empty wooden pallets.
• A program available for the different airline contours and airline pallets.
• Software handling the weights, printing pallet tags and manifests.

The robot can produce a lower deck pallet (161 boxes) within 15 minutes. The finished set-up has been producing around 10,000 pallets per year and has been working according to plan.

It is now building airline pallets for all the major airlines serving Oslo Airport Gardemoen with freighters or wide bodies.

*Robotics is one of the technological innovations mentioned in TIACA’s Shippers’ Advisory Committee White Paper, published earlier this year. To view the White Paper in full, visit www.tiaca.org

We realized … that we could benefit from building the airline pallets with a robot. Each box has the same size with approximate the same weight on standardized wooden pallets.

– Tom Mikkelsen, Head of Airfreight, Marine Harvest
Future Proofing Air Cargo
Thursday 19th October 2017

09.00-10.00  Future Proofing Air Cargo – Plenary Session
A collaborative approach to building a safe and profitable industry. How can the different sectors of the industry work with each other and with regulators to ensure a transparent, professional supply chain environment, which is ready to embrace new technologies and business trends.
Speakers:
- Vladimir Zubkov, Secretary General, TIACA (chair)
- Chris Welsh MBE, Secretary General, Global Shippers’ Forum
- Glyn Hughes, Global Head of Cargo, IATA
- Robert A. Voltmann, Secretary General, International Federation of Freight Forwarders Associations (FIATA)

10.00-11.00  Security Update – PLACI – Plenary Session
The latest information on Pre-Loading Advance Cargo Information (PLACI) requirements and new security regulations affecting everyone in the supply chain. Ask the legislators what you need to know.
Speakers:
- Kester Meijer, Director, Operational Integrity, DSCMM, KLM Cargo (chair)
- Asha Menon, Senior Technical Officer Facilitation Sub-Directorate Compliance and Facilitation Directorate, World Customs Organization (WCO)
- Sylvain Lefoyer, Deputy Director Aviation Security and Facilitation Air Transport Bureau, International Civil Aviation Organization (ICAO)
- Justin Jedlinski, Chief, Air Cargo Security Regulations, Transport Canada
- Elizabeth Merritt, Director, Cargo Services, Airlines for America
- Warren Miller, Air Cargo Policy Branch Manager, Air Cargo Division, Transportation Security Administration (TSA)
- Annegret Rohloff, Policy officer Supply Chain Security, European Commission, Taxation and Customs Directorate, Taxation and Customs (DG TAXUD)

11.30-12.30  TIACA Cargo Service Quality Initiative – Plenary Session
This new TIACA initiative is about creating a tool to measure and publish the cargo service quality delivered by airports and cargo terminals, which form a vital link in the supply chain. This will help to boost efficiency to the air freight supply chain and empower the shipper by providing visibility on the quality of service being delivered.
Speakers:
- Sanjiv Edward, Chairman, TIACA, Head of Cargo Business, Delhi International Airport (chair)
- Denis Choumert, Chairman, European Shippers’ Council
- Steven Polmans, Head of Cargo & Logistics, Brussels Airport Company
- Amar More, CEO, Kale Logistics Solutions
- Nick Platts, Head of Cargo, Heathrow Airport
- Ian Morgan, Vice President Cargo The Americas, Qatar Airways
- Chee Meng Wong, Senior Vice President, Cargo Services, SATS Ltd

1.30-2.30  Lithium Battery Regulations Masterclass – Plenary Session
An update on the latest regulations, what you need to do to comply, and who you can work with to help you.
Speakers:
- George A. Kerchner, Executive Director, PRBA – The Rechargeable Battery Association (chair)
- Katherine Rooney PhD, Chief, Cargo Safety Section, International Civil Aviation Organization (ICAO)
- Sam Elkind, Corporate Regulated Goods Manager, UPS, Inc.
Future Proofing Air Cargo
Thursday 19th October 2017

3.00-4.00  **Pharma Track: Innovation and Trends in Pharma Air Cargo**

*in collaboration with Health Technologies Distribution Alliance (HTDA)*

Industry experts will share their views on the most impactful recent developments and advancements, and how they are making air cargo more efficient and reliable.

**Speakers:**
- Leandro Moreira, Director of Life Sciences, *Brink’s Global Services (chair)*
- Jonas van Stekelenburg, Head of Cargo, *Amsterdam Airport Schiphol*
- Stephen Maietta, Head of Market Development, *Envirotainer*
- Jim Bellinder, Vice President, United Cargo Sales – Americas, *United Airlines Cargo*
- Wayne G. Chester, CEO, President & Co-founder, *Sendum Wireless*

3.00-4.00  **Innovation Track: Launch of New Quality KPIs for Shippers**

Quality and transparency are key to the healthy future of our industry. For the first time, shippers have worked with industry to develop their own quality KPIs to work in harmony with initiatives by TIACA such as the Airport Cargo Service Quality program and the work of Cargo iQ.

**Speakers:**
- Chris Welsh MBE, Secretary General, *Global Shippers’ Forum (chair)*
- Arien Zimmerman, Executive Director, *Cargo iQ (chair)*
- Lars Droog, Supply Chain & General Affairs Manager, *Tosoh Corporation*
- Robert Mellin, Engagement Lead New Industries, Logistics, *Ericsson*
- Tim Strauss, Vice President, Cargo, *Air Canada*

4.30-5.30  **Pharma Track: A Collaborative Approach to Pharma Transportation and Regulatory Compliance**

In this session, industry experts will discuss their views on how collaboration has been positively impacting the way pharmaceutical products are moved by air.

**Speakers:**
- Leandro Moreira, Director of Life Sciences, *Brink’s Global Services (chair)*
- Steven Polmans, Head of Cargo and Logistics, *Brussels Airport Company*
- Paul Yadron, Vice President, *Q Products & Services*
- Pascal Courtade, Airport Operations Director, *Aéroports de Paris*
- Frank Van Gelder, MS, *Mediconed bvba*

4.30-5.30  **Innovation Track: Unmanned Aircraft and New Airline Technology**

The future is now when it comes to new air cargo aircraft, from unmanned aircraft to hybrids. Learn about the latest developments and how they can benefit your supply chain.

**Speakers:**
- Brandon Fried, Executive Director, *Airforwarders Association (AFA) (chair)*
- Dr. Hans Heerkens, Chairman, *Platform Unmanned Cargo Aircraft (PUCA)*
- Brian Bauer, Chief Commercial Officer, *Hybrid Enterprises LLC*
- Aleksey Matyushiev, CEO and Co-founder, *Natilus*
- Sanjeev Gadhia, CEO, *Astral Aviation Limited*
- Joe Keegan, Manager, 787 Cabin Systems, *Boeing*
Future Proofing Air Cargo
Friday 20th October 2017

9.00-10.00  Consultancy – the Fourth Pillar of TIACA
With the increasing complexity of e-products and encompassing technologies and processes, demand for consultancy in the air cargo industry is expected to grow. TIACA’s wide ranging membership, knowledge of industry professionals and access to all the elements in the cargo supply chain make it logical to expand networking and training opportunities into the consultancy sphere. What can TIACA offer?
Speakers:
  - Vladimir Zubkov, Secretary General, TIACA (chair)
  - Uwe Beck, Managing Director, BeCon Projects GmbH
  - Ian Hutchinson, President, Americas, Hae Group
  - Stanley G. Wraight, President, CEO & Co-founder, Strategic Aviation Solutions (SASI)
  - Neel Jones Shah, SVP and Global Head of Airfreight, Flexport
  - David Hoppin, Senior Vice President, Diio

10.30-11.30  Innovation Track: Airport Communities
Airports are taking a leading role in creating communities that integrate all stakeholders, bringing them together with initiatives such as local events and working groups, as well as providing an interface with regulators. The panel will look at the value airport communities can bring to individual members in the supply chain, why airports are well placed to take on the role of an integrator for their community, and what role they can play in creating those communities.
Speakers:
  - Steven Polmans, Head of Cargo & Logistics, Brussels Airport Company (chair)
  - Wolfgang Rappaport, BA (Hons), Cargo Business Site Development, Vienna Airport
  - Jonas van Stekelenburg, Head of Cargo, Amsterdam Airport Schiphol
  - Sanjiv Edward, Chairman, TIACA, Head of Cargo Business, Delhi International Airport
  - Felix Kreutel, Vice President Cargo & Logistics, Fraport AG
  - Erez Agmoni, Regional Head of Supply Chain Development – Americas, Damco

10.30-11.30  LatAm Track: Challenges and Opportunities in Latin America
Latin America offers plenty of exciting opportunities, but what is the best way to deal with this mosaic of operating environments? Hear what works from some of the region’s leading players.
Speakers:
  - Eric Hartmann, VP Aviation Services, Agunsa (chair)
  - Joseph Napoli, Chief of Staff & Senior Policy Advisor, Miami Dade Aviation Department
  - Andres Osorio, Managing Director, Avianca Cargo
  - Andres Bianchi, CEO, LATAM Cargo

12.00-1.00  Innovation Track: The Rise of the Digital Forwarder
By 2025, 15-20% of air freight shipments will be booked directly with the airline according to a recent survey by McKinsey – does this spell the end of the traditional air cargo industry or the beginning of a new exciting chapter?
Speakers:
  - Glyn Hughes, Global Head of Cargo, IATA (chair)
  - Victor Ofstein, COO, Freightos
  - Troels Støvring, CEO, Twill Logistics, (a part of Damco International)
  - Ludwig Hausmann, Associate Partner, McKinsey & Company
  - Ruth Snowden, Executive Director, Canadian International Freight Forwarders Association (CIFFA)
Future Proofing Air Cargo
Friday 20th October 2017

12.00-1.00  **LatAm Track: The Latin America e-commerce boom**
Latin America is one of the fastest growing regions for e-commerce, behind Asia Pacific, with online retail sales projected to reach USD85 billion by the end of 2019. Discover the exciting potential of the region and learn how leading players are overcoming the challenges to make the most of this exciting opportunity.

**Speakers:**
- Dan March, CEO, *WCA Ltd (chair)*
- Carlos Herrera, CEO, *Aeropost*
- Jaime Alvarez, Cargo Director, *Copa Airlines*

2.00-3.00  **Air Cargo Leaders of the Future**
A new TIACA initiative, first trialled in the Netherlands earlier this year, is encouraging the next generation of air cargo leaders and has brought young professionals from the MIA Airport community together to take part in a new program aimed at developing talent and improving collaboration. Hear from young managers first-hand what they learnt and help them shape the future of our industry. TIACA also backs an Air Cargo Professional Development Workshop, aimed at growing management skills for air cargo professionals, and designed by Strategic Aviation Solutions International (SASI). Participants gain an appreciation of the entire air cargo supply chain and the component sectors by encouraging discussion and the sharing of perspectives, as well as providing practical advice and insight.

**Speakers:**
- Ben Radstaak, Managing Director, *Air Cargo Netherlands*
- Charles H.W. Edwards, Director – Logistics Strategy, *North Carolina Department of Transportation, Chair, Education and Research Committee, TIACA*
- Speakers from the Young Leaders Forum, *MIA*

3.00-6.00  **AGM (members only)**

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**About TIACA**

The International Air Cargo Association (TIACA) represents, supports, informs, and connects every element of the global air freight supply chain.

TIACA lobbies governments and regulators, provides valuable networking opportunities, organizes and hosts leading industry events, and gives guidance, advice, and specialist career development training for members.

We champion every size of business, and help shape the policy which affects all of our members, providing a unifying voice for the industry, working for global standards, and raising the profile of air cargo.

TIACA is a not-for-profit trade association representing aircraft manufacturers, airports, all-cargo airlines, combination carriers, consultants, Customs brokers, educational institutions, equipment manufacturers, general sales agents, ground handlers, freight forwarders, integrators, IT systems providers, logistics companies, road carriers, shippers, and screening technology developers.

www.tiaca.org/www.tiacasummit.org
Two new TIACA Board members appointed

Two new members have been appointed to the TIACA Board of Directors, representing the ground handling and cargo carrier sectors.

Ramesh Mamidala (pictured left) is Chief Executive Officer (CEO) of Turkey-based ground handler Celebi Delhi Cargo Terminal Management Private India Ltd, and Sanjeev Gadhia (right) is Founder and CEO of cargo carrier Astral Aviation Ltd.

“TIACA is a unique association representing all segments of the air cargo supply chain, and we are delighted to welcome Ramesh and Sanjeev to the Board, who will each bring valuable insight and a rich experience of managing cargo businesses in diverse areas,” said Sanjiv Edward, Chairman, TIACA.

Mamidala comes to the post with over 22 years’ experience in the air cargo industry, having previously held senior positions at companies including Qatar Airways and Emirates before taking up his current role in 2014.

Gadhia launched Nairobi, Kenya-based Astral Aviation in 2000, which has grown to become the largest private cargo airline in Eastern Africa with a fleet of B747-400F, DC9F, B727F and F27 freighters. Gadhia is also the Vice Chairman of AFRAA (African Airlines Association) Cargo Task Force, which is Africa’s largest airlines association.

For more information on Celebi Delhi Cargo visit www.celebicargo.in. For more information on Astral Aviation visit www.astral-aviation.com.

TIACA NEWS ROUND UP

World Routes 2017
The evolving capabilities of airports to handle cargo was the topic of a panel debate led by Vladimir Zubkov during September’s World Routes 2017 in Barcelona, Spain. The seminar, ‘Air cargo development for airports: challenges in 2020’, also looked at ways of developing more efficient air cargo supply chains. World Routes is attended by more than 3,000 delegates from across the global aviation industry.

IATA-FIATA program launch
The International Air Transport Association (IATA) and the Fédération Internationale des Associations de Transitaires et Assimilés (FIATA) have launched their new joint Air Cargo Program (IFACP) in Canada. The program, which will be rolled out globally following the Canadian pilot, replaces the existing Cargo Agency Program, and will be jointly managed by forwarders and airlines as equal partners in the decision-making process. “Given that more than 80% of transactions are performed by freight forwarders acting as principals, the proposed IFACP better clarifies and validates the business through a buyer-seller relationship,” said Juan Antonio Rodriguez, IATA Director FDS Operations.

Security symposium
Regulators and industry came together to debate the latest in security regulations at the inaugural Global Aviation Security Symposium (AVSEC2017) in Montreal, Canada. TIACA’s Vladimir Zubkov took part in discussions looking at a range of issues including ways of enhancing international cooperation and collaboration to address the threat posed by terrorists targeting the industry. The event was hosted by the International Civil Aviation Organization (ICAO) in collaboration with Airports Council International (ACI).

TIACA supports USACIA
TIACA supported the US Air Cargo Industry Affairs Summit (USACIA) in Washington, DC, USA, for the second consecutive year. The event took place in September and was attended by over 200 delegates who debated a number of topics including meeting regulatory requirements, upcoming changes in administration, and the importance of promoting the air cargo industry. Officials from CNS and the CNS Board of Directors, which hosted USACIA, will be attending the TIACA 2017 Executive Summit in Miami, USA.

Africa air cargo growth
TIACA and the International Civil Aviation Organization (ICAO) will explore new ways of working together to support the continued growth of the air cargo industry in Africa. Vladimir Zubkov met with Piet Demunter, Director Strategic Development and Steven Polmans, Head of Cargo and Logistics from Brussels Airport Company, as well as senior International Civil Aviation Organization (ICAO) officials, in Addis Ababa, Ethiopia, during the 2nd International Civil Aviation Organization (ICAO) Meeting on Air Cargo Development in Africa. The three-day event concluded with Vladimir Zubkov and other attendees, representing 22 states and seven international organizations, adopting a new Statement on the Implementation of the Lomé Declaration to reaffirm their commitment to the sustainable development of air cargo in Africa.
TIACA supports Caspian region air cargo growth

TIACA is working with Silk Way West Airlines and other leading companies in the Caspian region to raise the profile of the growing air cargo industry in Central Asia and the Commonwealth of Independent States (CIS).

Secretary General Vladimir Zubkov will take part in the Caspian Air Cargo Summit in October 2017 in Baku, Azerbaijan, and will meet with air cargo leaders at the event to discuss cooperation and TIACA initiatives that can support regional progress.

“TIACA is keen to support Central Asia and the CIS’s expanding air cargo economy, and helping the region overcome challenges such as the need for collaboration and the complex patchwork of regulations,” said Zubkov.

“It is important that TIACA continues to reach out to new regions and connects with key decision-makers globally to ensure we grow our membership and support ongoing improvements to our industry.”

Zubkov will be taking part in a panel discussion called ‘Collaboration in the Supply Chain’, during the three-day summit held from 9 to 11 October 2017.

For more information, visit www.caspianaircargosummit.com

WCA e-commerce event highlights logistics changes

The changing face of logistics in the digital age came under the spotlight during the WCA’s inaugural e-commerce conference.

Vladimir Zubkov, TIACA Secretary General, took part in a panel exploring the challenges and opportunities of e-commerce during the event, which brought together over 150 air cargo leaders.

“Not only through my own impressions, but judging by the reaction of the participants, the topics were of great practical value,” said Zubkov.

Other topics looked at by the panelists included cross-border commerce, compliance, and Customs regulations.

“David Yokeum, Dan March, and Alex Allen, who designed the conference should be not only congratulated on the success of it, but also challenged to share more of this material with other members of TIACA,” said Zubkov.

Dan March, CEO of WCA Ltd, said: “The traditional freight industry has a long way to go to even begin to capitalize on the great opportunities that cross-border e-commerce is providing, but from the energy demonstrated in Miami by many players in the logistics chain, there is a fighting chance that we can work together to create the tools, solutions, and seamless transport options that online shippers and buyers crave.”
QATAR AIRWAYS CARGO resilient despite embargo

Ulrich Ogiermann, Chief Officer Cargo at Qatar Airways answers questions on the company’s situation.

How has the blockade affected Qatar Airways Cargo operations? What are the greatest challenges and how did QR Cargo deal with the situation given the sudden announcement?

We reacted swiftly to ensure minimum disruption to our schedule and services, prioritizing our customers and the business and at the same time supporting the massive airlift of food imports into Doha.

During this period, we received and handled an average of 15 freighters daily, in addition to our normal capacity of cargo services to 60 destinations around the world. The freighters, each transported between 60 to 100 tonnes of relief and food supplies such as dairy, vegetables, fruits, eggs, and fresh meat.

What were the changes or plans imposed by the Qatar government and how is QR Cargo working with the government to help with the imports?

Immediately when the blockade was imposed, we were given the mandate to prioritize the airlift of food supplies for the country. We quickly reinforced our operations, flight schedules, and staff rosters to manage the increased imports of food supplies and provide stability for the national food distribution channels.

With food inventory levels now fully restocked and the introduction of two key maritime shipping routes from Asia and Oman, demand for air cargo capacity has now returned to pre-crisis levels. While the majority of the nation’s imported supplies now come by ship, we continue to manage the national air cargo requirements using leased freighters, leaving our global commercial operations running at full capacity.

We have begun livestock shipments on board more than 20 B777 charter freighters to Doha.

This is the first time that Qatar has experienced an airlift of this magnitude to support the establishment of a new industry.

Have cargo operations returned to normal? Update us of the situation as it stands today?

The urgent need to secure Qatar’s food supplies and source the extra aircraft to service that need, required careful management to minimize disruption to our normal operating schedule. As a result, we largely maintained our normal operating schedule.

We are truly humbled by the pledges of support from across our customer base. We attribute this loyalty not just to the effectiveness of our response, but also to the contrasting approaches to pricing which took place immediately after the blockade was announced.

How we make art exhibitions more successful.

This year, we delivered a world-famous painting custom packaged in airtight conditions from Shanghai to Zurich and then onwards to a museum in Bern, where its exhibition created a sensation, drawing more visitors than ever. This is just one of the many success stories we share with our customers.
There is little doubt that the e-commerce market in Latin America and the Caribbean holds tremendous potential for the global air cargo industry.

The region, home to over 627 million people, now boasts more than 121 million people who use the Internet to purchase goods, a figure that is expected to balloon to 161 million by 2021.

Much of this growth is being driven by a rapidly expanding middle class – according to the World Bank Group, more than 50 million people became members of the middle class over the last decade, representing an increase of over 50%.

Growth drivers

Eric Hartmann, Vice President of AGUNSA Aviation Services, said that much of the growth in the region is being driven by improving local currencies, and in particular Brazil’s, the powerhouse of the region.

Major upgrades have been made to the region’s transportation in the last five to ten years, as well as new airports and warehouses that are comparable to “any leading trade facility in the world”.

However, there are still some problems for air cargo supply chain stakeholders who want to enter the LATAM market.

There are fragile political situations in various countries in the regions, so we have ups and downs, but these cycles are much shorter than they have been in the past,” Hartmann stated.

“The volatility of exchange rates is something all importers and exporters in the region also have to deal with – in a mere week it could make the difference of being something positive or negative for your business.”

At the forefront of the e-commerce movement in Latin America is the Mexico-based e-retailer Linio Mexico, which launched in 2012 and now dominates the online retail market in Mexico, Colombia, Peru, Venezuela, Chile, Ecuador, Panama, and Argentina.

Edgar Hiram Erives, Linio’s International Operations Manager, stated one of the main reasons for such strong growth was that Latin America is relatively new in the e-commerce market, resulting in 59% growth for the region last year.

However, the picture is far from perfect, stated Erives. One of Linio’s main challenges has been facing the taxes and trade barriers that many countries have inside their tariff policies.

“As a customer can enjoy paying 0% tax in some thresholds, they can also face a very high tax. For example, in Argentina a tax can reach almost 60% in some categories,” he said.

Address problems

Erives added that another challenge is the varying configuration of a customer’s address from country to country.

“There are countries in which the customer does not even know their ZIP code because..."
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For further information, contact: Kenneth Gibson: kgibson@tiaca.org
or Warren Jones: wjones@tiaca.org

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One of Linio’s main challenges has been facing the taxes and trade barriers that many countries have inside their tariff policies.

they do not usually use it. So, we need to grant the correct creation of the air-waybills to ensure that the carrier that completes the last mile will be able to deliver the package,” he stated.

“Another obstacle was that only 25% of Latinos have bank accounts. So, developing payment solutions as cash-on-delivery and payments in convenience stores is a big strength for Linio.”

Carlos Herrera, Chief Executive Officer of Aeropost, which handles end-to-end supply chain logistics, said that his business has experienced a 25% annual growth rate thanks mainly to an increase in e-commerce purchases.

Aeropost has experienced a 25% annual growth rate thanks mainly to an increase in e-commerce purchases.
– Carlos Herrera, Aeropost

The market is being boosted by an increase in demand for credit cards and bank accounts from Latin American consumers, with a growing middle-class population eager to access merchandise not available in their local areas, he said.

“This year to date we have transported USD325 million worth of goods into Latin America, and this is still growing,” stated Herrera.

“The aviation industry needs to keep in mind that we are in a position to own the growth in this market in LATAM. Ocean freight is out of the question with e-commerce because it moves too slowly. Aviation is also in the best position to handle returns.”

In comparison with other growing regions, infrastructure is not quite such a large issue, he added. “Much of the population in Latin America lives in the capital cities, and so much of the consumer market is actually urban.”

Dan March, Chief Executive Officer of WCA Ltd, said the air cargo industry is already beginning to benefit from the cross-border demands of both business-to-business (B2B) and business-to-consumer (B2C) players in the Latin American market.

Innovative solutions
Miami, itself, has already seen a rapid rise in logistic providers that are trying to create innovative solutions for e-commerce shipments into the LATAM region.

“However, the airlines need to work with logistics companies to provide a new level of service for B2C e-commerce and help build pressure on national and local authorities to reduce the import complexity and cost,” he said.

Latin America and the Caribbean also have one of the lowest levels of intra-regional trade and the region lacks a dominant trade hub. But March stated that e-commerce can help develop intra-regional trade, with B2C sales of goods growing more than five times faster than overall trade – actually reaching 20% per year 2012-2017.

“The biggest challenge to cross-border B2B and B2C growth is logistics. Complex Customs compliance, importation, and rapidly changing governmental rules have ensured cross-border e-commerce shipments are expensive, slow and poorly integrated into the domestic delivery market,” said March.

B2C sales of goods are growing more than five times faster than overall trade
– Dan March, WCA Ltd

March added that Latin American consumers will ultimately benefit from the e-commerce boom, as activity begins to catch up with the penetration in other markets.

“Innovative logistics providers, both domestic and cross-border, that can engage and provide real solutions to the demands of the e-retailers have a golden opportunity,” he stated.

Our 2017 Executive Summit, which takes place from 18th to 20th October in Miami, features a session looking at Latin American opportunities and challenges for the air cargo market, and another looking at e-commerce growth in the LATAM region.

More information on our ES on pages 10 to 13 of this issue.
Discover new business opportunities and learn from the experts

TIACA’s Executive Summit “Future Proofing Air Cargo” will be attended by air cargo supply chain decision makers from across the globe to network, grow business opportunities, and learn about the latest technologies and trends from the experts. Sessions and tracks include:

- Unmanned aircraft and new airline technology
- Digitization – revolution or hype?
- PLACI update – the latest information from legislators on new security regulations
- Understanding the new lithium battery regulations
- Blockchain – a supply chain opportunity

Quality in the air cargo supply chain
- The launch of new shipper KPIs
- The Air Cargo Service Quality Index – a TIACA program

New TIACA Programs
- Young Leaders – a new TIACA initiative to encourage transparency
- Consultancy – the fourth pillar of TIACA

Pharma track in collaboration with Health Technologies Distribution Alliance (HTDA)
- Innovation and trends in Pharma Air Cargo
- A collaborative approach to pharma transportation and regulatory compliance

Latin America track
- Challenges and opportunities in Latin America
- The Latin America e-commerce boom

To register visit www.tiacasummit.org.
TIACA members are provided with complimentary admission.

CONFIRMED SPEAKERS INCLUDE

Vladimir Zubkov
Secretary General, TIACA
Sanjay Edward
Chairman, TIACA, Head of Cargo Business, Delhi International Airport
Dr. Hans Heerkens
Chairman, Platform for Unmanned Cargo Aircraft (PUCAC)
Leandro Moreira
Director of Life Sciences, Brink’s Global Services
Steven Polmans
Head of Cargo & Logistics Strategic Development, Brussels Airport Company
Zvi Schreiber
Founder and CEO, Freightos
Chris Mangos
Director Marketing Division, Miami-Dade Aviation Department
Kester Meijer
Director Operational Integrity, Compliance & Safety – ISCM, KLM Cargo
Asha Menon
Senior Technical Officer Facilitation sub-directorate Compliance and Certification
Directorate, World Customs Organization
Justin Jedinski
Chris Welsh
MBE, Secretary General, Global Shippers’ Forum
Ariane Zimmerman
Executive Director, Cargo iQ
Lars Droog
Head of EMEA Supply Chain, Toosk Corporation
Robert Mellin
Engagement Lead New Industries, Logistics, Ericsson
Glyn Hughes
Global Head of Cargo, IATA
Jonas van Steekelenburg
Head of Cargo, Amsterdam Airport Schiphol
Brandon Fried
Executive Director, Airforwarders Association
Ryan Petersen
CEO, Flexport

For further information on sponsorship opportunities, contact: Kenneth Gibson: kgibson@tiaca.org
or Warren Jones: wjones@tiaca.org
www.tiacasummit.org
PLACI makes progress around the globe

Asha Menon, Senior Technical Officer Facilitation, Sub-Directorate Compliance and Facilitation Directorate at the World Customs Organization (WCO), discusses the status of Pre-Loading Advance Cargo Information (PLACI) regimes around the world.

PLACI – where we are now

In October 2010, two improvised explosive devices (homemade bombs) were transported as air cargo consignments and were intercepted at airports in the Middle East and Europe before they could do any harm.

The WCO responded swiftly to the air cargo security concerns by issuing a communiqué on air cargo security in December of that year, stressing the need for further strengthening its cooperation with the International Civil Aviation Organization (ICAO), the International Air Transport Association (IATA), TIACA and other relevant international organizations.

The WCO established a Technical Experts Group on Air Cargo Security (TEGACS) in February 2011, involving interested Customs administrations, civil aviation authorities, intergovernmental organizations, and the private sector. Similarly, the ICAO also established its Working Group on Air Cargo Security (WGACS).

The fundamental principle behind the establishment of the TEGACS is that air cargo security can be enhanced by promoting cooperation between Customs and Civil Aviation authorities and other stakeholders, while clearly delineating their respective roles.

The WCO adopted standards for submission of PLACI by various entities in the air cargo supply chain, including postal operators and added it to its SAFE Framework of Standards to secure and facilitate global trade in 2015.

Acknowledging that both ICAO and WCO cannot work on these issues in isolation, a Joint Working Group on Advance Cargo Information (JWGACI), comprising eight members and one additional member to co-chair from each side as well as six representatives of relevant stakeholders, was set up in 2014. The purpose of JWGACI is to discuss and recommend best practices - based on the pilots that are being conducted - for sharing and using PLACI in carrying out security risk analysis by Customs and civil aviation authorities to mutually support each other and strengthen air cargo security.

Inter-sessional progress

At the February 2017 TEGACS meeting, an extended panel discussion on the issue of PLACI was held whereby it was agreed that even though it has been seven years since the Yemen incident, the risk is still present. In that vein, the importance of the different agencies to continue working together to mitigate potential risks in air cargo transport was acknowledged.

In addition, the success of the pilots should not be measured quantitatively (i.e., the pilots should not be only considered successful if an IED/shipment is found). There are many other benefits of a PLACI program that are very difficult to measure (e.g., visibility in the supply chain, communication links with industry, prevention, incident management, etc.). PLACI was noted to be a valuable additional layer in the detection of suspect shipments.

Following the PRECISE pilot, the EU introduced legislation in May 2016 requiring the submission of the pre-loading advance cargo information, with implementation expected by 2020.

In preparation for a smooth implementation, a two-day test of the transmission of the pre-loading data (7+1 data) was conducted with the cooperation of KLM. Some cases of simulated freight forwarder filing were also tested.

The United States has drafted language to make the requirements of its ACAS pilot a permanent regulatory regime. Meanwhile, the US also extended their pilot operations an additional 12 months to 26 July 2018. Canada continues to refine the constructs of their PACT pilot initiative.

A Japanese initiative also began in August 2016 with the involvement of a few airlines. It is based on the use of the 7+1 data elements and, in principle, on the submission of these data as early as possible before the cargo is loaded onto the aircraft.

Expectation

The WCO would like to acknowledge that the whole initiative so far would not have been possible if not for the close cooperation and the willingness of all the parties involved, the Customs administration, the aviation and the stakeholders. We hope that the Phase II Report will be completed in 2018.

* Asha Menon will be taking part in a plenary session at the 2017 TIACA Executive Summit (ES) looking at updates to PLACI schemes and new security regulations affecting the global air cargo supply chain. More information on the ES on pages 10-13 of this issue.
Pharma logistics is a good business to be in. With growing middle class populations able to afford better healthcare and pharmaceutical companies constantly developing new products, the market inevitably keeps growing. The more medication people take, the longer they live, the more medication they take: a virtuous cycle some might say. And the increasing numbers of clinical trials, and government and World Health Organization (WHO) vaccination programs, also contribute to an expanding industry.

But it is not just the growing volume of pharma and life science products that makes them an attractive market for those offering airfreight services, it is the changing nature of the products themselves.

“The entry of new players, including low-cost carriers, will stimulate the entire Asian air cargo market.”

— Julian Sutch, Emirates

All this leads to the demand for highly specialist logistics services – and the inevitable growth in rules and regulations covering those services. “There are more and more regulations – for all the right reasons,” said Leandro Moreira, Director of Life Science, Brinks, and Chair of the Health Technologies Distribution Alliance (HDTA). “It is all about the patient. The reason for so many standards is to protect the integrity of product, so that by the time it reaches the patient it is still intact and effective.”

He said that full supply chain transparency is vital. “Products are developed and manufactured in labs and clean rooms at ideal temperatures. The main challenge is when they depart the manufacturing facility. How do you minimize any kind of exposure that might cause spoilage?”

Moreira said that Brinks, a company usually associated with the movement of currency and...
communication have helped us to learn from each other and we have improved the whole supply chain, rather than individual companies just optimizing their own part.”

He said achieving IATA’s Center of Excellence for Independent Validators (CEIV) certification for the facility “got us all focused and in a cooperative mood. It has made sure we have back-up and contingency plans and good reporting. We have a ‘warm handshake’ between different parties in the chain.”

Van Stekelenburg admitted that the pharma market is very interesting because it is very valuable and therefore offers opportunities for bigger margins. It also means that “shippers take a great interest in how their product is being shipped. This drives continuous innovation and improvement. And it is better to work on high-value business where you can stand out and be a good operator.”

The growing healthcare industry in the UAE has encouraged Emirates to develop its pharma products and facilities. “In the Middle East, people used to travel to other parts of the world for healthcare, but that is now reversed and there is almost a healthcare tourism industry here in the UAE,” said Sutch. “Also, many of the pharma companies have huge certified warehouses in Jebel Ali and we fly to 156 destinations from here. Pharma used to go direct to different cities but now we have hubs to meet the higher standards needed.”

Stephen Maietta, Head of Market Development at Envirotainer, said investment needs to be in processes as much as in technology and facilities. “People have totally bought into training and education because the complexity and the overall risk profile varies so much for different products.

“Technology itself is not enough. You need to manage the touch points so that whatever packaging you use is effective. And it is also important to look at the sustainability factor so that manufacturers meet their own targets on reusing and recycling when choosing packaging and mode of transport.”

Moreira believes that the Internet of Things (IoT) can have a huge impact on whole pharma supply chain. “On the manufacturing side, all products will be required to have a serial number at unit level. We will have RFID, scanning devices communicating, inventory control, and time stamps at each stage.”

The ability to have devices communicate and connect to single platforms create formidable dynamic supply chain ecosystems. The Internet of Things allows for faster and more accurate decisions to be made, while facilitating great improvements in the areas of forecasting, compliance, security, continuous improvement, and operational performance, to name a few.

By integrating people, processes, data, and things, accountability and transparency can be raised to levels expected by regulators, shippers, and service providers. In the case of pharmaceutical supply chain, all these factors combined help protect product integrity, ultimately benefiting patients.

“We need to know everything that has happened to each unit with all the information controlled in a single platform. We need to have milestones captured in a certain way.”

For Jonas van Stekelenburg, Head of Cargo at Amsterdam Airport, Schiphol, collaboration has been key to building Pharma Gateway Amsterdam (PGA). “Private parties working with public companies is very much the way we work in the Netherlands. Co-operation and

precious metals, has identified the life science market as a natural fit. “We are used to working with valuable products in highly regulated environments. We have the DNA of compliance, urgency, and a unique approach to the chain of custody control. These transfer really well into the life science industry.”

He explained that HTDA has been established as a platform to foster collaboration between all those involved in activities ranging from clinical trials, manufacturing to final distribution, and everything that happens in between (regulatory, compliance, quality, etc). The more opportunities there are to put stakeholders together, the more it helps to create an overall awareness of the entire process, and what the challenges are to protecting product integrity and efficacy until it gets to the patient.

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The 7th Caspian Air Cargo Summit 2017 is the largest and most comprehensive aviation event in the region, bringing the international air cargo market leaders to Baku. The ideal one-stop platform to find out about the latest developments globally and especially in CIS/Central Asia. This year’s event will have special focus on the oil & gas industry, innovation in logistics, collaboration in the supply chain and e-commerce. Simultaneous interpretation in English and Russian available.

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- E-commerce – Exploiting new opportunities
- Review of new aircraft production in CIS
- Collaboration in the supply chain
- Oil & gas industry and air cargo
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- Innovation

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President, Silk Way Group

Konstanze Kossack  
Sr. Innovation Strategist, Future Candy

Thomas Crabtree  
Airline Market Analysis-Air Cargo, Boeing

Ahmad Luqman Mohd Azmi  
CEO, Malaysia Airlines Berhad Kargo

Lesley Cripps  
Director Cargo Sales, Air Astana

Wolfgang Meier  
Senior Vice President, Silk Way Group

Vladimir Zubkov  
Secretary General, TIACA

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Rewriting the rules on LITHIUM BATTERIES

The United Nations Dangerous Goods Sub-Committee and International Civil Aviation Organization (ICAO) Dangerous Goods Panel continue to focus on new lithium battery transport regulations.

George A. Kerchner is Executive Director of the PRBA – The Rechargeable Battery Association. He has extensive experience with US and international hazardous materials and dangerous goods transportation regulations. He also represents the organization and other battery trade associations at domestic and international transportation forums such as the United Nations Subcommittee of Experts on the Transport of Dangerous Goods, the ICAO Dangerous Goods Panel, and the International Maritime Organization (IMO).

The UN Sub-Committee of Experts on the Transport of Dangerous Goods formally decided in December 2016 that a new dangerous goods classification system for lithium batteries was warranted in light of the evolution of the various lithium battery chemistries and the different hazards posed by the different chemistries and battery form factors.

More importantly, the hazards associated with lithium batteries in transport are now better understood than when the applicable dangerous goods regulations and packing instruction were first developed in the mid-1990s.

The dangerous goods regulations that govern the transport of lithium batteries and products containing them have evolved into a complex set of regulatory requirements that challenge even the most experienced regulators and dangerous goods professionals.

The work of the UN’s lithium battery informal working group will ultimately lead to a complete rewriting of the lithium battery dangerous goods regulations, classification criteria, and supporting UN38.3 test standard.

For example, it is entirely possible a new regulatory scheme will be developed with new UN numbers assigned to different battery chemistries based on how they perform under specified test conditions. This is likely a four-to-six-year project.

The ICAO Dangerous Goods Panel is taking a slightly different approach with lithium batteries and is in the process of developing an unprecedented packaging standard that will ultimately be required for lithium batteries shipped by air.

The stated purpose of the standard is to provide a test method to demonstrate and document the mitigation of potential hazards from lithium batteries when transported as cargo on aircraft.

It will address the hazards that may arise from a failure of an individual lithium cell by containing the hazards within the package used for shipping.

Mitigating the consequences of a failure within the package is intended to prevent fire and pressure pulses that may compromise fire suppression systems within the cargo compartment of an aircraft.

A final version of the standard is expected to be published in late 2018.

George A. Kerchner will be chairing a Lithium Battery Regulations Masterclass at the 2017 TIACA Executive Summit, joined by Katherine Rooney PhD, Chief, Cargo Safety Section, ICAO, and Sam Elkind, Corporate Regulated Goods Manager, UPS.

More information on the ES, which takes place from 18-20 October in Miami, can be found on pages 10 to 13 of this issue.
Why Budapest Airport is enjoying record growth

René Droese is Property and Cargo Director at Budapest Airport, where he has worked for over a decade, and has previously at several airports of the AviAlliance Group.

Budapest has seen record cargo growth in recent years – can you tell us how Budapest is managing this growth and any future plans?

Our state-of-the-art integrator facilities for DHL Express and TNT Express were recently handed over to both companies, allowing them to increase their respective volumes significantly this year. Our success stems from belly cargo that we have leveraged from long-haul flights with Emirates and Air China, together with the airline development team at Budapest Airport. We now also have long-haul flights with LOT Polish Airlines and American Airlines, allowing us to serve the North American market, which we were previously lacking.

Now is the time to consider Budapest Airport and to move on to a business case and initiate discussions with us, with the general sales and service agents (GSSAs), and with the forwarders based at Budapest Airport. Together with Cargo City, our dedicated freight centre – which will handle freighters operated by carriers such as Cargolux, Turkish Cargo, and Qatar Airways Cargo, as well as belly cargo, and is due to open in the second quarter of 2019 – has also driven great growth for Budapest Airport.

What is driving cargo growth in the Central Eastern Europe region and what advantages does this region have over others?

Budapest Airport is currently undergoing the EUR160 million (USD191.2 million) BUD:2020 Development Program. The cargo division will benefit in a number of ways. Cargo City has been approved and has moved on to execution, with design and permitting currently ongoing. Cargo City will open in the second quarter of 2019, and will include two buildings, one for cargo entry companies and the other for the forwarder community. In order to provide good operations, we plan to extend the aircraft parking space for two 747-8 aircraft. Foreign direct investment in Central Eastern Europe, supported by the Hungarian government, is the key factor driving growth in the region. The flat corporate tax of 9%, in addition to the lower wage levels, enables investors to increase their margins.

Hungary is closer to Asia than Frankfurt or Amsterdam, and also cheaper, and is therefore an ideal location for foreign companies. We have a lot of new investment with foreign companies, such as Bosch, Audi, etc. Hungary is in the top division of the export-import growth forecast for 2018 and the economy is growing. In many ways, Hungary is a real success story.

What are the biggest challenges currently facing the air cargo industry?

Time. Everything is much faster and costlier, therefore everyone is under greater time pressure than ever before. Airlines, for example, are under pressure to decrease their rate because the market is demanding cheaper rates and very fast services. This is not specific to the cargo community either. The entire aviation industry is under pressure, with the benefit going to the customer, or the shipper, because they receive lower rates, but the community itself is not profiting.

What first attracted you to work in the air cargo industry?

Twenty years ago I started my career in the aviation industry as a property manager and I was always in favor of developing new facilities for airports, including cargo. The cargo became so exciting because it is such an interesting community, because people know each other – it is like a small family you could say, and it is one of the key reasons I enjoy it. You know who you are talking to, unlike the passenger world, where you could be one in 1,000. In the cargo industry, you are a global player. This is what is truly motivating about the cargo community.

What is the most important thing for young professionals first entering the industry to understand?

Understand the business from the bottom. Do not enter the industry with the expectation of becoming a director as soon as possible. Understand all aspects of the business, including operations. If you understand the business, you will be able to communicate better with all stakeholders, and therefore will ultimately be recognized. Patience and hard work pay off.
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