Recovery gathers MOMENTUM

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‘Asian Spring’ for TIACA

The year 2017 was notable for TIACA’s expanded connections in Africa and Latin America. TIACA signed a Memorandum of Understanding with the African Airlines Association (AFRAA) and partnered with the International Civil Aviation Organization (ICAO) in organizing a major air cargo conference in Addis Ababa, Ethiopia. We signed further MoUs with three Latin American associations. We also added new meaning to our relations with the Air Forwarders Association of the United States, and Russia’s Infomost. We are actively exchanging participation at events with all of them. Then it is the Americas Alliance’s 1st International Afro-Latino Logistics Summit 2018 in Bangkok, Thailand.

There are two more notable event in Asia that have already taken place. The first – the Aviation International Afro-Latino Logistics Summit 2018 in Bangkok, Thailand.

The latter conference concentrated on the hottest topic of the day, ‘An innovative, inclusive, strategic and collaborative approach to sustainable cross-border e-commerce’, and concluded with a Beijing Declaration calling for a standardized and harmonized framework, enhanced connectivity, and inclusiveness. It will be in the interest of TIACA members to carefully examine the Declaration and to take part in the implementation of its principles.

I called this introductory message an ‘Asian Spring’ for a good reason – almost every second a significant industry event takes place in Asia, predominantly in China, and almost all of them have to do with e-commerce. TIACA’s new strategy makes our work with the industry more dynamic and calls for more substantial input in shaping up regional policies – hence our involvement. TIACA has a powerful contingent at the Air Cargo India in Mumbai on 20-22 February with the Vice Chairman of the TIACA Board, Steven Polmans, speaking at the event. There are several events to which TIACA will be making a direct contribution, discussing our policies, participating in follow up actions to the Beijing Declaration, and strengthening contacts with emerging partners in Asia. Among those that are of special interest are: 3rd China Logistics Development Conference and Expo in Zhengzhou in March, Air Cargo China in Shanghai in May, World Routes in Guangzhou in September, and FIATA World Congress in Delhi, also in September.

At all these events we will be setting up and strengthening our working contacts with the Asian and other organizations and individuals, and even more importantly will be explaining our new directions, new value proposition, which includes boosted training, consultancy, and advocacy initiatives, as well as a bigger global footprint with a local focus. We will be promoting improved networking opportunities at the Air Cargo Forum and clarifying the idea of setting up clusters of members representing the different sectors of the industry, including, for example, airlines, airports, and ground handling agencies, which will concentrate on issues specific to their interests and challenges to develop solutions beneficial to the entire industry. A demanding Asian Spring!

Vladimir Zubkov, Secretary General, TIACA
From hangar to hanger, in a fast fashion

In the rapidly changing textile and fashion industries where timing is critical, we understand how vital high-speed, quality transportation is to your business. That is why our dedicated staff and bespoke solutions guarantee your shipments will always arrive ahead of the trend.

Moved by people qrcargo.com
Great businesses understand that if they cannot get their customers what they want, when they want it, that customer will go somewhere else. Everyone from Amazon and Alibaba to the local pottery store dabbling in online sales understands how essential e-fulfillment is to their success. The reality is that they are only as good as the weakest link in their supply chain.

Airports are critical to successful e-fulfillment. While cities are battling to attract corporations like Amazon’s HQ2, airports, and in particular mid-sized airports like Winnipeg, have been eyeing distribution centers as a way to drive economic growth for their region.

For airports to be successful in attracting e-fulfillment centers, they must have the right infrastructure in place. This is a priority for us at Winnipeg Richardson International Airport. We are already Canada’s busiest airport for all-freighter landings, with direct service to Louisville, Memphis, and Cincinnati, as well as overnight service to most major Canadian cities.

Working together
Yet we understand that for business to continue to meet the rising demands of their customers, we need to work together to find better ways to move products through the supply chain. Our role as an airport is to build the critical infrastructure necessary to expedite the process and make cargo move faster through the supply chain.

We are working closely with our partners to better position all of us for success. With a new award-winning passenger terminal opening six years ago, we have now shifted our focus to re-profiling our cargo campus. Over the last year, we have been setting in motion our plans to expand and redevelop the airport campus. The first step is a new, state-of-the-art GSE building, which will open-up much needed space in our cargo campus. The next step is the development of an Express Carrier Sortation and Logistics Facility to meet the demands of current operators looking to expand. The final step is a new Common Use Air Cargo Facility. The multipurpose, multi-tenant processing center will include cold-chain storage and perishable logistics, a significant gap right now for this region. The project also includes an expansion of our cargo apron to ensure we have the space for more large aircraft.

Innovative outlook
We are also looking at innovative ways to improve our operations. We have been working with the Canadian and US governments to see whether we can establish a pilot to pre-inspect cargo at YWG. By inspecting and clearing goods while they are on Canadian soil waiting for shipment, rather than once they have arrived in the US, we believe we can significantly speed up the process. We are continually looking at ways to act as a testing ground for new ideas that can lead to significant improvements across the industry.

The supply chain is only as good as its weakest link. By working together with our partners we will continue to seek out new ways of doing business that will not only make our airport more efficient, but ultimately will ensure business is able to deliver on the expectations of their customers.

Pascal Bélanger
The Vice President and Chief Commercial Officer at the Winnipeg Airports Authority discusses his priorities at Canada’s busiest airport for all-freighter landings.

Our role as an airport is to build the critical infrastructure necessary to expedite the process and make cargo move faster through the supply chain.
INTRA-ASIA TRADE
soars alongside China’s continuing growth

China is one of the economic engines of the world and remains a dominant driver of global air cargo. But the rise of a number of Southeast Asian economies is fuelling the growth of intra-Asia trade and along with it, expanding the overall Asian cargo market, reports Donald Urquhart.

“All roads lead to Asia,” said Tom Crabtree, regional director, airline market analysis, at Boeing Commercial Airplanes, as he highlighted the forecast 4.2% average annual cargo growth rate through to 2036 – a doubling of global air cargo traffic by the year 2036 from 2016. “And where is all that growth coming from – the transPacific, Europe-Asia and intra-Asia,” he both asked and answered.

China is a key driver of this growth no doubt, but what is perhaps most striking is the rise of the intra-Asia trade lane. Crabtree noted that the intra-Asia trade has been growing steadily at an annual average of more than 4% for nearly two decades, an impressive feat given the troubles the industry has faced, particularly over the last decade.

“And of course we saw the distinct pick-up in 2016/17 which saw intra-Asia growth rates in the low teens,” he added. Boeing forecasts the trade lane (which includes the Indian sub-continent) will see growth exceeding that of the world market – at around 5.5% from 2015-2036. This will push the intra-Asia from the world’s sixth biggest air freight market to the third biggest by the end of that timeframe.

Indeed, carriers in the region are already quite familiar with the robust growth on intra-Asia routes, with Singapore Airlines Cargo (SIA) president Chin Yau Seng observing that, “demand has been strong over the past few years, and is expected to remain so going forward, with general expectations of healthy growth in trade among Asian economies”.

Chin added that while sub-component cargo into China remains a key part of intra-Asia volumes, there has also been strong growth in perishables, e-commerce and finished goods, particularly electronics.

The steady growth of the intra-Asia trade lane owes much to the development of regional economies such as Vietnam, Cambodia, Philippines and Indonesia, alongside the earlier (and continuing) economic growth stories of Malaysia and Thailand. Vietnam, in particular, is the latest success story with the economy producing double-digit growth rates in recent years, partly due to some shifting of production out of China.

The air cargo market has clearly benefited with 1.1 million tonnes of cargo in 2016, rising to 1.3 million tonnes last year. The market is forecast to reach 2.5 million tonnes by 2020 at an average growth rate of 12.8% per year.

Garments, shoes, electronics, seafood and other perishables, along with the new addition of e-commerce, have been driving this. And while some 52 foreign carriers operate in Vietnam, 17 of which also offer maindeck capacity, there is no home-grown freighter capacity. VietJet Air is determined to plug this hole, moving to tap a market opportunity because of what the carrier’s vice president for cargo, Đỗ Xuân Quang, said is a shortfall in maindeck capacity.

The low-cost carrier will bring in two leased B737-400 freighters in the second quarter of this year, followed by two more by year-end, with widebody freighter capacity planned for next year with either A330s or B767s, Quang said.

Cambodia is another rising star in the region, with the country’s main gateway hub of Phnom Penh International Airport (PHN) experiencing a 38% growth in cargo volumes last year over 2016 to reach a record 63,000 tonnes, according to Chloé Lapeyre, general manager of PHN. In 2017, garments were the main export at 69%, followed by general goods and electronics.

Small figures compared with the region’s heavyweight air cargo, but a clear indication of where Cambodia’s air cargo market is headed. And this has not been lost on industry giants like Cathay Pacific Cargo, Turkish Cargo, K-Mile...
and Qatar Cargo, who all currently operate freighters into PHN.

To accommodate this current growth and a forecast CAGR of between 2% and 6% to 2030, Lapeyre said the airport is set to embark on a cargo development plan that will see new cargo facilities including specialized perishables and e-commerce facilities.

These buoyant assessments of the intra-Asia trade are also echoed in Hong Kong with Vivien Lau, Hong Kong Air Cargo Terminal Ltd (Hactl) executive director, saying: “The intra-Asia trade will be the major growth market and we strongly believe e-commerce in China will be leading this growth in particular.”

Lau noted that with cross-border e-commerce, air cargo is growing more balanced in this part of the world. She noted there is also a lot of effort being put into developing specialized, premium facilities around the region, citing Bangkok’s building of a special premium warehouse for cargo such as pharmaceutical products. And in Hong Kong, a new premium e-commerce warehouse is also in the works.

Last year also saw Singapore Changi Airport-based ground-handler SATS open a new specialized facility known as eCommerce AirHub, which is aimed squarely at the burgeoning e-commerce logistics business.

Discussion of the growing intra-Asian trade and growth of regional economies does, however, bring up one key point – what will be the impact, if any, on China as an air cargo market.

“China is the powerhouse of the Volga-Dnepr Group – for more than 20 years the group has been in China with AirBridgeCargo (ABC) starting its first service in 2004,” said Joanna Li, VP Chartered Cargo Operation & Scheduled Cargo Operation APAC for the Volga-Dnepr Group.

Li underscored the significance of China as an air cargo market by pointing out that Hong Kong and Shanghai, “the two most prosperous airfreight markets in the region”, have together exceeded the 9 million-tonne mark, representing an astonishing 15% of the global airfreight market.

Going forward, Li expected continued growth out of China as she noted the country’s 2017 economic growth was actually larger than expected, coming in at 6.9% for the year. She also pointed to the closely watched Purchasing Managers’ Index (PMI), which has been holding above the bellwether 50 mark for at least the past two years, “something which is a positive signal showing to us that China’s growth is healthy”, she said.

She also added that silicon wafer shipments needed for high-tech electronics products have been growing at close to 10%, which is also a positive sentiment for the China air freight market.

A key development, according to Li, is the push of both Chinese forwarders and carriers into the international market. “In the past, forwarders and many of the local carriers were focused on the domestic market, but nowadays most of these are really expanding their network into international markets,” she said.

Another interesting development driving cargo growth according to Hactl’s Lau, is the growth in home-grown electronic products. “A lot of mobile phones are now made in China and the Chinese brands are selling very well overseas,” she said, citing the example Huawei which produces a whole range of electronics products like routers and other computer-related devices, aside from cellphones.
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Corporate

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More information at: www.ups-scs.com

Find out more about membership by contacting Kenneth Gibson at kgibson@tiaca.org or visit www.tiaca.org

How we contribute to the success of cancer research.
Recently we transported some 2°C to 8°C temperature-sensitive biotech products in special boxes from San Francisco to a Swiss laboratory where cancer drugs are prepared to improve patients’ quality of life worldwide. This is just one of the many success stories we share with our customers.
Some shippers using air transport, even in large volumes, do not consider it a standard mode of transport, but as the only alternative they can resort to after having failed to be on time, or because the penalties for late deliveries by road or sea modes would be much higher than the cost of transport by air.

Other modes of transport have been favored as they have been considered more responsive in terms of modernization and innovation. As a result, neither are shippers encouraging the whole supply chain to make the necessary changes that would help towards better lead times, more fluidity, traceability, and a high enough quality to justify the extra costs compared with other modes.

The multiplicity of air cargo supply chain stakeholders, their lack of transparency, and the complexity of all processes, means that shippers very often find themselves as, or expected to be, the sponsors as well as the facilitators of any expected changes or improvements.

In terms of cost, air is considered by shippers to be the worst out of all modes, in addition to being the least environmentally kind.

There is a structural trend that accounting for greenhouse gas (GHG) emissions in transport is integrated in shippers’ tenders. The calculation for airfreight is, however, not objective, since 70% of the freight is transported in the bellies of passenger aircraft.

The International Air Transport Association’s (IATA’s) ambitious goal of reducing air emissions by 50% by 2050 is an encouraging step in the right direction. However, there are major challenges for shippers to monitor air transport emissions.

**Allocating CO₂**

How do we allocate the CO₂ from a flight to cargo or mail in the belly of a passenger aircraft, or in a full cargo aircraft? Different aircraft types or different routings are difficult variants to identify in the current air cargo landscape. The carbon footprint of a single airline can be misleading, so we need an holistic view to address climate action which only a collaborative environment can provide.

There is so much that I think should be discussed by air cargo stakeholders with increased shipper input, in regards to focus on emission factors, and making the right choices to really reduce them, not only showing good numbers.

Supporting UN sustainable development goals can be a good starting point in helping the air transport actors to be more collaborative.

Pascal Meyer spent a number of years working for freight forwarding companies in charge of international flows in pharmaceutical and cosmetics companies, before joining Chanel Parfums Beaute in 2005 as Head of Transportation and Customs. He leads the Airfreight Committee in the French Shippers’ Council and is a member of the TIACA Shippers’ Advisory Committee.
Recovery gathers MOMENTUM

Last year’s strong growth in airfreight looks set to continue according to latest research. In fact, strong growth in air cargo is being predicted for the next 20 years, reports Robert Platt.

Sometimes in order to look ahead you need to look behind, and for good reason this methodology has many air cargo experts upbeat about the industry’s future.

Last year, bullish growth rates returned for the global airfreight industry to a pace not seen since 2010 – a healthy 9% when measured in freight ton kilometers (FTK).

According to the International Air Transport Association (IATA), this rate was more than double the 3.6% annual growth rate recorded in 2016, and was the industry’s strongest performance since the rebound from the global financial crisis that began in 2010.

Speaking to TIACA Times, Marco Bloemen, Managing Director at aviation consultancy firm Seabury Consulting, said that when taking the last year into consideration, optimism remains strong over the way the market will perform over the next few months, at the very least.

“For the short-term, we are very bullish about the way the air cargo market may develop,” he commented. “For any longer-term predictions, there is more uncertainty, particularly given geopolitical situations around the globe. We have heard a lot from the press in terms of what impact foreign policy changes may have in terms of new restrictions.”

Certain sectors experienced particularly strong growth, as global demand rose for machinery, capital equipment, and automotive parts, while demand for consumer goods also performed at a healthy and stable rate.

“Not any one country is responsible for this growth,” said Bloemen. “This is truly a global phenomenon. On top of that, temperature-controlled goods, such as fresh flowers and fish, are stable commodities. They have not shown exceedingly strong growth rates, but they are still very decent, which is expected to continue.”

Bloemen added there are of course regional variations, with outbound commodities in Europe, and in particular Germany, showing very strong growth rates.

Outbound commodities from the USA slowed down in 2017, in part because of the strength of the dollar, but this has changed with the euro gaining strength in recent months. Intra-Asian trade is also on the up with electronics, and in particular computer and phone parts, taking a prominent position.

For example, “phone parts are being flown into China from Japan and Korea so that mobile phones can be produced there”, said Bloeman.

He added: “Another country doing very well is Vietnam. For exports there are two major commodities, those being mobile phones and fashion. The inbound market is growing too with more fluency in the middle class and what they can spend.”

Tom Hoang, Regional Director, Cargo Marketing, Boeing Commercial Airplanes,
agreed with Seabury’s optimism, saying that the crisis and recovery years are now in the rear-view mirror with all major economies growing.

“The composition of growth is also moving towards a better balance. This is crucial for sustained growth in the air cargo industry,” he said.

Indicators for 2018 all support continued healthy air cargo growth as the projected economic fundamentals, including GDP, industrial production, world trade, consumer confidence, are expected to continue.

Hoang also believes that the world economy, along with the USA, the European Union (EU), and China are all projected to grow at or above trend for 2018 (see chart). The industrial side of the economy is back and expected to stay healthy for the near term, he said.

Meanwhile, Hoang said, industrial production is forecast to grow 3.4% in 2018, following a growth of 3.2% in 2017.

“Consumer confidence is at or near records,” added Hoang. “The outlook for the world air cargo industry in 2018 is positive with growth expecting to exceed the long-term world air cargo growth of 4.2% per year.”

Oliver von Tronchin, Head of Freighter Marketing at Airbus, was optimistic about an even longer term forecast. According to Airbus’s Global Market Forecast (GMF), there will be an average annual FTK growth of 3.8% for the next 20 years.

The GMF also predicts the freighter fleet will grow from about 1,600 today to 2,400 aircraft, which will result in the requirement for 1,956 freighter aircraft, of which 732 will be new production freighter.

“We predict that the mid-size segment will stay the largest with a share of 48%,“ he added, and 70% of the FTKs “will be linked to the emerging markets in 2036”.

Belly cargo
One of the trends that industry is seeing today is the increasing use of belly cargo, which will increase its share from today’s 52% to 61%. “In addition, we predict that express and e-commerce freight will take market share away from general cargo,” said von Tronchin.

“As express and e-commerce cargo is typically much lighter than general freight, this will result in freighter aircraft being required to offer more volume.”

However, Bloemen said industry still has to tread with caution, as despite the ongoing positive forecasts, volatility is also increasing compared with a few years ago.

“One of the key reasons for this growth was the inventory to sales ratio,” he commented. “If there is a strong increase in sales and limited change in inventory, then there is lower inventory to sales ratio, so as a result you have to fly more in.

“What we have seen is sales increase less fast than inventories have from 2010 to 2016, and there was not much need for airfreight growth. Then we saw this reverse and that is a trend continuing today.

“Although we only have this for the USA, we use this as a global indicator. There is the risk that this inventory to sales ratio could change again, so it is an indicator we are watching very closely. We only had so much airfreight capacity coming in this year. We are seeing relatively moderate growth in terms of belly capacity growth for 2018. On top of that the amount of freighters being delivered to airlines is not increasing so much.”

“We are finding that the volatility is getting more severe than a few years ago,” added Bloemen. “With the rise of e-commerce, the consumer expects things to be delivered very quickly, which is also having a cross-border air freight flow impact.”

Future challenge
To meet the challenges of the future, TIACA Chairman Sebastiaan Scholte, who is also Chief Executive Officer of Jan de Rijk Logistics, said that industry needs to embrace digitization more than it has done.

“The technology is already there but we need to cooperate more and have a willingness to change, as well as work more collectively,” he said. We also have to listen more to the younger people and address issues such as gender diversity in our industry. We as TIACA can facilitate this and function as a platform to voice these recommendations.”

A panel debate looking at the global Air Cargo Market Overview will take place at TIACA's Air Cargo Forum in Toronto, Canada – more information at www.aircargoforum.org
TIACA launches new vision focusing on improved services for members

TIACA’s leadership team is rolling out a new vision for the Association, which will see the development of more training and consultancy projects, as well as a new look, and a reinvigorated value proposition for members.

TIACA’s new focus will ensure a forward-looking approach to representing, supporting, and informing every element of an efficient, modern, and unified air cargo industry.

The Association will be global, whilst acting locally and regionally, and will work closely with other organizations and government bodies, building on recent tie-ups with associations in Africa, Latin America, North America, and Asia.

In addition, TIACA will set up clusters of members representing the different sectors of the industry, including, for example, airlines, airports, and ground handling agencies (GHAs).

The clusters will concentrate on issues specific to their interests and challenges to develop solutions beneficial to the entire industry.

Ram Menen, a founding member of the Association: “It is important for TIACA to stay relevant and show leadership in catalyzing the change needed to embrace the new norm.”

The new vision was developed by a think-tank of industry experts, set up by TIACA’s leadership team which includes Ram Menen, one of the Association’s founding members and President and Chairman of the Board between 1995 and 1996.

“The dynamics of air cargo has had a major makeover in the past years,” said Menen.

“In keeping with this evolution, it is important for TIACA to stay relevant and show leadership in catalyzing the change needed to embrace the new norm.

“The Association has a proud history of supporting our industry and demonstrating thought leadership and, with this new vision, we are paving the way for a strong future for airfreight.”

TIACA’s is pledging to secure improved networking opportunities at its showcase events, the Air Cargo Forum (ACF) and the Executive Summit (ES), as well as through regular communication and a new website.

New MoUs with Latin America groups

TIACA has signed three Memoranda of Understanding (MoU) with key Latin American organizations and has appointed a sales agent to further grow its presence in the region.

The MoUs are with Buenos Aires, Argentina-based Americas Alliance (AA), Bogotá, Colombia-headquartered Federation of National Associations of Cargo Agents, International Logistical Operators of Latin America and the Caribbean (ALACAT), and Santiago, Chile-based logistics provider AGUNSA.

AGUNSA has also been appointed as TIACA’s sales agent for Latin America to encourage companies in the region to attend and exhibit at TIACA’s events and to grow membership.

“We are continuing our efforts to expand the geography of TIACA membership and connections, and these three MoUs are in line with our current policy of globalization and regional partnerships,” said Vladimir Zubkov, TIACA Secretary General. TIACA has also signed an MoU with the Airforwarders Association (AIA), pledging to strengthen cooperation on industry matters across the air cargo supply chain.
SME e-commerce work highlighted at WCO

TIACA championed the contributions of small and medium-sized enterprises (SMEs) to the global e-commerce supply chain at a recent World Customs Organization (WCO) conference in Beijing, China.

The Global Cross-Border E-commerce conference, held in February, explored against the background of global e-commerce issues the role of SMEs in global trade and their ongoing work in e-commerce development.

The event also was used to discuss the inconsistencies in Customs regulations in China, with several senior China Customs officials taking part, including Zou Zhiwu, Vice Minister of Customs, who invited TIACA to contribute to the development of new Customs regulations.

The conference concluded with the adoption of a Beijing Declaration calling for a standardized and harmonized framework, enhance connectivity, and inclusiveness.

“Everybody was quick to admit that the business life of SMEs is more challenging than that of the bigger enterprises,” said TIACA’s Vladimir Zubkov. “The WCO and representatives of governmental organizations believe that SMEs can make a positive contribution to the development of new rules and regulations.

Zubkov will follow up by collecting views from the TIACA members and communicating with Zhiwu and other senior Chinese Customs officers.

Collaboration debate

TIACA’s Vice Chairman Steven Polmans took part in a debate looking at ways to improve air cargo supply chain flows globally through stronger collaboration.

The Air Cargo India panel, ‘Industry Collaboration Enable Efficient, Intelligent, and Profitable Air Cargo Supply Chains’, brought together a wide selection of representatives from across the logistics industry in Mumbai, India.

Polmans discussed TIACA’s unique role as the only association representing the entire global air cargo supply chain in bringing the whole industry together.

He also had the opportunity to share more details about TIACA’s new clusters initiative, which will see groups set up representing the different sectors of the industry to address issues most important to them.

Africa options explored

TIACA has agreed to look at options for supporting aviation projects in Africa jointly with EU DG MOVE and the European Civil Aviation Conference.

The move comes after Vladimir Zubkov took part in the Aviation Leadership Summit in Singapore in January, and stems from the Action Plan adopted by the ICAO/TIACA Air Cargo Conference in Addis-Ababa, Ethiopia last June.

Tributes paid to Gunnar M Bjorg

TIACA has paid tribute to former Hall of Fame winner Gunnar M Bjorg (pictured, who passed away in January this year.

Bjorg, 78, had been one of the original four founders of Luxembourger cargo airline Cargolux, and was inducted into TIACA’s Hall of Fame in 1997 in recognition of his work for the air cargo industry.

“TIACA recognizes the longstanding contributions Gunnar made to the air cargo industry, and we pass on our sincere condolences to his family and loved ones at this difficult time,” said Vladimir Zubkov, TIACA Secretary General.
Join us in Dallas for the 12th World Cargo Symposium!

The World Cargo Symposium is the largest and most prestigious annual air cargo event; each year it attracts more than 1,100 innovative and well-informed key stakeholders, throughout the industry supply chain, to collaborate and debate key issues.

Where: Hilton Anatole  
When: 13-15 March 2018  
Where: Dallas, Texas - USA  
Audience: Open to all

For more information and to register, visit: www.iata.org/wcs
Can you imagine a fully digitized multimodal logistics value chain from shipper, through a multitude of transport modes across international borders, all the way to the final consignee? That was the challenging theme of the kick-off conference for the Trade Cargo Facilitation (TCF) association in April 2017.

TCF can be seen as an alliance enabling many supply chain related stakeholders to participate in improving the supply chain by innovation and collaboration. All activities are done within existing regulation regarding competition, data privacy, etc., and are funded by the partners individually. For the time being, the focus is on feasibility studies of the use cases. At a later stage, a more formal TCF structure will be put in place.

The conference involved a significant group of stakeholders in the logistics value chain including shippers, consignees, the main mode specific associations, government, carriers, and forwarders.

It was agreed that the required technology is here, but that the challenge is to choose the appropriate combination of technologies to enable a value chain to move from a document-driven environment to a fully data-driven, or even a goods-driven, one – the data would be entered once, trust created that the data is untampered with and can be re-used where needed.

Main technologies

The main technologies we have reviewed are Semantic Data Structures/Ontologies, Linked Data, Unique Identifiers and Blockchain, based on existing standards from W3C, ISO, and others. With this we are creating an open and trusted connection between a multitude of stakeholder-specific cloud solutions.

The other main conclusion is that open co-development is required to be able to move across the current barriers among the stakeholders in the logistics value chain. We decided to use the bi-modal development approach, as described by Gartner. We also realized that we can build and combine previous experiences from a lot of stakeholders when building TCF Use Cases.

The intended longer-term scoping is to promote and protect the interests of international trade, and facilitate effective cooperation among market players on trade facilitation. We should also secure a long-term neutral, open, independent, and impartial digital collaboration environment not tied to any private interests, as well as bridge between other logistics associations.

How far have we come, then, with this approach after almost a year? Currently three TCF use cases have been identified and are being worked on:

Logistics Data Interchange: The collaboration layer linked data using a unique identifier to enable data sharing. The solution will support transport execution over both road and air, incorporating the ability to execute the conversion between different types of messages via a semantic structure.

The benefit of the collaboration layer is that logistics operators would only need to execute one integration to the collaboration layer and then be connected to all other connected players.

Integration work is ongoing involving shippers, forwarders, and airlines. The next phase is intended to introduce Customs and pre- and onward trucking.

Unique Voyage Identifier (UVID): The process of collecting ETA information manually with limited or inefficient sharing to relevant stakeholders is today a manual operation. Typically, information is conveyed via email, phone calls or radio to agents and/or port authorities. The UVID is established in the Sea Traffic Management (STM) Project, together with a digital service infrastructure alleviating manual routines for information sharing.

The supply chain visibility created by the UVID provides a better basis for planning, reduced waiting times and turnaround times, and improved asset utilization.

The integration work is involving the Swedish Maritime Authority, port authorities, a forwarder, terminal operator, and a shipping line.

Dangerous goods: The collaboration layer will enable data sharing of a Dangerous Goods Certificate directly from the shipper with all other parties that need the information. It will...
dangerous goods certificate has been digitalized and the semantics prepared and implemented. The next step is to verify this in a real pilot.

**Proof of concept**

The teams have worked hard on creating content in their respective areas and are now preparing for the first live proof of concept demos. We have also proven that open, multimodal co-development is not only possible, but also very rewarding for all participants.

The big difference from 2017 is that TCF can now discuss from a platform of solid deliverables. In the near future, there will be events planned for demos of these results as well as the initiation of a new use case work group. We also see a line of new use cases coming along, involving more stakeholders and covering new areas.

Through its members, TCF also participates in the EU Digital Transport and Logistics Forum (DTLF), which is a multimodal forum bringing together government, logistics businesses, and their associations to prepare policy and legislation to support digital transport documents, technology, and the associated governance. TCF and the EU DTLF are two sides of the same coin; the policies of the DTLF fit well with the action-oriented work of TCF.

The next step beyond scoping is to get going with the long-term organizational structures and financing. There are ongoing discussions about the long-term association structure and possible collaboration/hosting opportunities with other associations, as well as a review of long-term stakeholder and government funding.

**Lars Magnusson is a supply process development expert with more than 25 years international experience in supply chain management.**

*He is currently responsible for Business Architecture for the Deliver Process of Ericsson AB in Stockholm, Sweden (pictured above).*

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As a global chemical company, Tosoh is always looking for ways to improve its global supply chains (end-to-end). For Tosoh, airfreight is a very important way to transport goods around the world. At the same time, it is the most challenging mode of transport, mainly caused due to the current fragmented set-up and the lack of visibility.

The goal of TIACA’s Shippers’ Advisory Committee to realize a logistics data backbone will bring plenty of opportunities for the airfreight industry – for all stakeholders. Airfreight will finally be able to compete directly with other modes of transport like the express industry where the exchange of data is often slowing down processes, and introducing errors due to data duplication, inaccurate data re-entry, and so on. The pragmatic approach to digital innovation is refreshing and although the take-up of such new approaches will always be challenging, the change is coming from the users themselves, which is a recipe for success. At IATA, we pursue similar objectives in digital cargo, in particular with our ONE Record data-sharing initiative. In some areas, such as electronic dangerous goods declarations and processes for airfreight, IATA has global standards, which is where TCF could benefit from our experience.

Complementarity is a valuable form of cooperation and IATA welcomes that.

**– Nik Delmeire, ESC**

TCF is doing a lot of good work and its ability to test digital processes in logistics data sharing is a valuable contribution to the freight industry where the exchange of data is often slowing down processes, and introducing errors due to data duplication, inaccurate data re-entry, and so on. The pragmatic approach to digital innovation is refreshing and although the take-up of such new approaches will always be challenging, the change is coming from the users themselves, which is a recipe for success. At IATA, we pursue similar objectives in digital cargo, in particular with our ONE Record data-sharing initiative. In some areas, such as electronic dangerous goods declarations and processes for airfreight, IATA has global standards, which is where TCF could benefit from our experience.

Complementarity is a valuable form of cooperation and IATA welcomes that.

**– Henk Mulder, IATA**
COMMENT

A GLOBAL VISION but collaboration at a local level

At TIACA, we are all about building connections, and our Vice Chairman Steven Polmans (pictured) was at Air Cargo India to share our insight on how industry collaborations enable efficient, intelligent, and profitable air cargo supply chains.

Our association has recently signed MoUs with several associations across Asia, Africa, and Latin America, and the partnerships sit perfectly with our ethos of being global, whilst acting local and regional.

Speaking during the session 'Industry Collaborations Enable Efficient, Intelligent, and Profitable Air Cargo Supply Chains', I explained that as the only association representing all air cargo supply chain stakeholders, we work with Customs and federal agencies as well as fostering local collaborations and community organization at airports.

Having this bilateral view of how partnerships work helped us identify the need for our ‘clusters’ initiative, involving groups representing different sectors of the industry, such as airports, airlines, and ground handling agencies (GHAs), to address the issues most pressing to them, on both a global and regional level.

The audience heard that we have reached the limits of what individual companies can achieve without cross-border cooperation, and further growth and improvements can only come through partnerships, which in turn foster knowledge-sharing and reduce time spent in process improvement.

Partnerships help solidify our objectives in what has traditionally been a fragmented supply chain, with many stakeholders and competing interests. The difference in this day and age is that to create a more efficient logistical chain, we cannot avoid working closely together with the other parts in the chain, as well as our competitors.

A GLOBAL VISION but collaboration at a local level
One of the common complaints by shippers is that air cargo, while marketed as a premium speedy service, and sold as such, spends most of its time sitting on the ground. A common estimate is that it takes seven days to ship air cargo from source to destination.

However, Ariaen Zimmerman, Executive Director, Cargo iQ, speaking at Multimodal 2017, said that estimate is outdated, being made in 1997. Since the implementation of Cargo 2000, and then Cargo iQ, the average time has actually improved to 5.3 days. “We are 23% faster than we think,” he said, “and no one noticed.”

Vladimir Zubkov, TIACA Secretary General, agreed transit times are faster, but said that more needs to be done. “Time-on-ground is definitely improving,” he said, “but it can be better.”

He pointed to Customs as a prime bottleneck in the supply chain. “This is why we are working with Customs agencies around the world to unify rules and so help all of the supply chain ship and receive goods quicker.”

While programs such as Cargo 2000 have quietly improved things behind the scenes, it is e-freight that has been the largest hurdle to modernization. No one can deny that fully implemented, it would solve a lot of problems and speed delivery of goods, but the issue remains, who pays for it?

“The recession is fading, but shippers are not returning to air cargo with their old enthusiasm. It is up to the air cargo industry to lure them back, writes Tom Pleasant. But how?”

There are now more airlines coming to us and saying they want to find ways of adding value to our members, and that is a positive step.
– Dan March, WCA

“Looking at the world today, it is impossible to see how the industry could continue to use a paper-based process,” said Alain Lumbroso, Lead Aviation Economist at the Organization for a brighter future.
TIACA’s Zubkov agreed it will happen eventually, but that he favors a carrot rather than stick approach. “There are two ways to increase adoption,” he said, “either stimulating by giving preferential treatment, or by prescriptive regulations. I prefer stimulation. Giving people preferential treatment motivates them to adopt e-freight and means those who do not are not excluded; they are just not given a premium service.”

Dan March, Chief Executive Officer (CEO) of the large freight forwarder group WCA, would disagree that those are the only options. “e-Airway Bills (eAWBs) make a saving for airlines, but do not do much for forwarders. What would benefit everyone is better information. Airlines typically operate on legacy systems that are very complex to integrate with, meaning you have to go through third parties, which cost a lot of money. The flow of information has to be free and easy, not difficult and expensive.”

March also stressed the need for airlines to engage with forwarders more. “Understandably, they struggle to deal with the hundreds, if not thousands, of forwarders that account for the majority of their trade,” he said. “Even so, there are now more airlines coming to us and saying they want to find ways of adding value to our members, and that is a positive step. Those that do, healthily grow their market just by engaging with the sector.”

Collaboration is vital, March added: “The industry has to ensure the supply chain is high quality and reliable. Airlines need to do their part in providing a level of service to the shippers that meets their expectations by recognizing forwarders are essential customers. The more air cargo can meet shippers’ expectations of performance and reliability the better, and the more business will flow into air cargo as a whole.”

“If they do not, then it will not just be the integrators that take their share. It will be companies like Amazon that will work out their own solution. Amazon’s leasing of 20-30 planes from Atlas to fly on its behalf tells you it wants more control of the supply chain to make it more effective. That is only going to continue.”

For air cargo to be that integrated, it will need to streamline its processes and innovate. Essa Al-Saleh, President and CEO of Global Integrated Logistics at Agility, said: “Today, you have to innovate and show customers how they can make money. You have to streamline. For example, giving customers a quote has traditionally been cumbersome. Now, you have to give prices on the spot.

“Likewise, shippers do not want to have to deal with 1,000 different air cargo suppliers. They want the flexibility to combine different solutions, but that needs a solution mind-set.”

While every organization will need to do its part, Winnipeg’s Belanger views TIACA as the leader to do that. “TIACA is the industry organization that brings to the table the participants of the entire supply chain,” he explained. “It is the one organization of the industry that brings together the difficulties and subtleties, brings together the possibility of a solution from the perspective of the full supply chain.”

● TIACA’s 2018 Air Cargo Forum will host a session exploring Air Cargo’s Value Proposition when it takes place in Toronto, Canada, 16-18 October – more information at www.aircargoforum.org
Can you provide a brief background of your organization and the work it does for the freight forwarding community?

Americas Alliance was born five years ago as an alternative to existing logistics networks, focused on freight forwarders who want to generate business with Latin and North America.

We have now hosted ten successful conferences, which are focused on generating one-to-one meetings and creating business synergy through coaching initiatives and sales. During 2017 we hosted four successful conferences in Brazil, Mexico, Colombia, and the USA.

We have nine projects in development and our main target for 2018 is to generate more business between our members. Last year we signed agreements with both La Federación de Asociaciones Nacionales de Agentes de Carga y Operadores Logísticos Internacionales de América Latina y el Caribe (ALACAT) and TIACA; we believe these kinds of alliances are beneficial for everyone involved as they encourage growth.

Why did you decide to enter the agreement with TIACA?

As Chief Executive Officer of Sky Cargo in Argentina, I have been very familiar with the work of TIACA for several years, it being one of the biggest associations in the world focused on air cargo. We were looking for extra benefits for our members and decided to partner with TIACA for its next Air Cargo Forum in Toronto, Canada, on 16-18 October this year.

How will your partnership with TIACA help facilitate cooperation amongst the regions?

Americas Alliance is working very hard to develop relationships with companies around the world who would like to increase business and find reliable agents in Latin America. As a leading freight forwarder network in the Americas, we have a strong advantage across the region.
We hope our new-found partnership with TIACA will generate new regional agreements with some of the main airlines, and likewise look forward to bringing new business links from across the Americas to TIACA members.

**What are the challenges and opportunities in the air cargo sector in that region?**

Spanish-speaking countries have been developing very aggressive business policies, which has coincided with a strengthening of pride in our culture.

The biggest challenge is to maintain the volume of regional shipments against prices and rates in the Asian market.

We are seeing a steady increase in air cargo volumes across the region. In many cases, in relation to price competition with road transport, this implies that large industrial conglomerates and many of the South American small to medium-sized enterprises handle a significant flow of cargo in the region. Perishables and particularly organic fruits are performing exceptionally well in this market.

**You are about to host a new event in Bangkok that will bring together supply chain stakeholders from Asia, Africa, and the Americas – can you tell us why this is so significant? What can we expect at the event program?**

We are focused on developing new business globally. We have a new agreement with the African Freight Bridge Networks (AFBN) with whom we are organizing our Bangkok, Thailand, event.

We have invited our colleagues and business partners from across Europe, Asia, and Oceania, bringing together a huge and diverse range of logistics stakeholders from around the world.

Our objective is to unify the cultures of five continents through business. The event will include more than 150 logistics stakeholders from around the world working together for the success of a common mission.

This is to improve the global logistics sector by focusing on three aspects: cooperation between the airline and maritime sectors; maintaining competitive rates and promotion of reliable agents; and sharing best practice and creating new business synergy.

**What do you see in store for Latin American air cargo in 2018?**

This year will be a great year for air cargo in the Americas. It is a year of transition for some countries that are for the first time opening up to the global market.

This will generate a rise in exports in the region, where the first target market will be the border countries. This will benefit the air cargo sector immensely in the short term.
Facing up to challenges confronting air cargo

Yuval Baruch has been Chief Executive Officer of Hermes Logistics Technologies (HLT) at Magic Software Enterprises Ltd since joining in September 2012. He previously held senior board and management positions at companies including Matrix IT Ltd, Pilat HR Solutions and J.R. Holdings & Development Ltd.

The industry has been accused of dragging its feet around new technology – is this true and what can be done about it?
As a whole, sadly this is true. There are many innovation-oriented individuals with great ideas, but the fragmented nature of the industry, characterized by extreme interdependency between the various players across the supply chain, is a key difficulty.

Investment in technology creates strategic advantages and supports efficient growth while introducing savings, but the strategic nature of such investments and the time it takes to see the full benefit demands time and a disciplined implementation. Introducing new technology does require the operation to change.

There is much hype around blockchain and its potential. What would you identify as its advantages?
Blockchain can act as a decentralized trusted document store, and also a ledger, tracking the progression and changes applied to any document. This lends itself well to managing content such as contracts or waybills not requiring a central point of control, which is what tends to slow down some industries in terms of electronic content transaction.

How can traditional logistics players compete with newcomers who are disrupting the industry?
Innovate, innovate, innovate – players must come up with better ways to serve customers. Offer new products, give customers visibility, communicate with their ecosystem and ensure the level of service they provide is unrivalled in terms of speed and reliability.

Achievable also through alliances with other players in the supply chain that complement their offering; a more consolidated service could create products that are better embedded throughout the customers’ activity and therefore contribute to customer retention.

What is the main focus of Hermes Logistics Technologies going into 2018?
Innovation!

There is so much to do; with great ideas coming from our innovation and cargo experts creating amazing cargo IP, our roadmap looks better than ever. HLT creates the best value for our customers by ensuring that they will always have the best CMS/HMS in the world at their disposal, and that requires Hermes to continue innovating.

That said, great ideas are not enough, and HLT ensures that the human element is accounted for; otherwise you might end up with systems, in theory very efficient, but in reality that do not fit many individual’s needs. HLT will also focus on ensuring its system remains the same reliable product it has always been.

We know that our customers rely on Hermes to run their operation and that down-time must be avoided. Reliable innovation, that is our focus!

What is your favorite aspect about working in the logistics industry?
I have the privilege to meet people from many countries, religions, speaking various languages, but the one thing they all have in common is the passion for the industry they are part of and the desire to see it advancing.

The wonder of seeing the versatility of cargo, from e-commerce, to gems, to valuable livestock all the way through sports cars, dangerous goods, medicines, exotic fruits, an endless list.

There are many innovation-oriented individuals with great ideas, but the fragmented nature of the industry characterized by extreme interdependency … is a key difficulty.
Building Blocks for Innovation.
Opening doors for new business opportunities.

Join TIACA to increase your visibility in the air cargo industry, benefit from unique networking opportunities, and ensure that you are up to date with the issues that affect your daily business.

“TIACA is the global voice bringing together all elements of air cargo and logistics trends, changes, updates relating to government, customs, trade and regulatory authorities’ policies that will affect the air cargo supply chain. Hence, the value of being a member of TIACA lies in the ability to advocate on industry issues, networking and access to a reliable source of global air cargo information.”

- Wong Chee Meng, SATS

Benefit from TIACA membership today!

• Gain unique networking opportunities and a boost in business prospects
• Receive advisories and updates on issues that affect your daily business
• Participate in industry-specific training and career development opportunities
• Network with air cargo leaders at the annual Executive Summit, free for TIACA members
• Receive beneficial discounted rates to exhibit or take part in the Air Cargo Forum

Visit www.tiaca.org for details

Apply for membership online at www.tiaca.org
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