LATIN AMERICA: NURTURING GROWTH

INSIDE

Pharma: Airfreight's biggest challenge?

View from the Board: Oliver Evans on inspiring the leaders of the future

Advance Data: Crunch time for rules implementation

One to One: Sebastiaan Scholte of Jan de Rijk Logistics
“Give all my cargo undivided attention.”

Go ahead, challenge us.
At Agility, we make it our business to pick-up as promised, ship as scheduled, track every move and deliver on time, every time. So we’re not only providing reliable solutions to deliver your freight, we’re managing every move down to the last detail.

Agility is a leading logistics company with 22,000 employees taking care of our customers in more than 100 countries. Put your local office to the test - Email: globalmarketing@agility.com
Focusing on your key issues

TIACA recently sent out a survey to its members seeking their input on issues which are important to them, and also recording feedback on TIACA’s initiatives. Our goal is to ensure that we are responsive to all of our members, and that we remain flexible to the evolving needs of all elements of the air cargo industry, which we so uniquely represent. In the survey, we also sought input on our three pillars of: Advocacy, Knowledge and Networking. We received replies from all global regions, and from all industry segments.

From the survey results it is readily apparent that our members want TIACA to continue to focus primarily on regulatory issues. The top three priorities were: keeping members updated on new regulations; lobbying on their behalf; and also continuing to provide strong networking opportunities. Within these broader categories, issues surrounding security were rated as of the highest importance, followed by cooperation, and then e-freight initiatives in the future.

While these results certainly support our defined mission, the survey also pointed out areas in which we can continue to improve. It is clear that we must expand our outreach and activity on behalf of smaller enterprises, especially within the forwarder community. The survey also noted the need to engage more shippers. Most importantly, members stressed the importance of communication. We live in an era where there are times when we feel we are getting information overload, but our members clearly desire more frequent information updates on key issues to help them make strategic business decisions.

We are already actively engaged in ensuring we communicate more effectively and frequently with our members. We now have a regular e-newsletter which we hope you are finding useful, and we have undertaken to update members in real time whenever possible about regulations which may affect them.

We are also well on the way to launching our new website which will be a great platform for knowledge sharing and will embrace all of the social media tools that have become so useful to us in our daily business lives.

We are very pleased that so many of our members took the time to take part in our Survey and we will continue to conduct them to ensure we stay responsive and relevant. Of course, we always welcome any suggestions on how we can perform better and I would urge you to contact me directly with and feedback you may have. I am sure I will have the opportunity of seeing many of you at our Executive Summit and look forward to our discussions there.

Doug Brittin
TIACA Secretary General
Partial privatization has unleashed change in Brazil’s air cargo sector, but ironically at a time when the economy is struggling. Ian Putzger reports on the measures air freight carriers are taking to boost their market.

A new cargo terminal opened at Sao Paulo’s Guarulhos airport in March. With a footprint of 15,000 sq m, it is the largest cargo facility of the LATAM group in Brazil. The building, which caters primarily to domestic air cargo, reflects the operators’ new objectives. It features a cold storage chamber, flows are automated, and it can handle freighters and passenger aircraft simultaneously. Previously the focus of Guarulhos was firmly on bellyholds, with Viracopos the designated cargo airport of Sao Paulo.

Today Viracopos is setting up a new passenger terminal which is due to open later this year. After the partial privatization of Brazil’s major airports two years ago, they are free to define and pursue their own destinies. For Viracopos, a key plank in this is the development of international passenger routes – and, by extension, more attention to belly cargo.

In the long run, this should transform the airport into a hub for South America with a significant portion of transit traffic, said Adam Cunha, the airport’s Cargo Business Advisor, who reports directly to the President. At this point, nearly all its traffic is headed for, or shipped from, the Sao Paulo region.

The partial privatization has unleashed ambitions and opened the door to changes in processes and investment, such as a new warehouse management system at Viracopos and plans for a safe zone in the warehouse for valuables, which will be built in partnership with Brinks. The improvement in performance and the new airport operators’ eagerness to talk with airlines and forwarders is drawing plaudits, although some note that Brazilian Customs has been slower to embrace change.

There have been clear improvements, as the duty men have begun to speed up the clearance process for smaller and mid-sized firms to match the privileges so far offered only to large corporate customers, noted Cunha. Cunha is referring to the Brazilian Authorized Economic Operator (AEO) Program. The program is a voluntary scheme that certifies supply chain operators who face low risk in their operations, both in terms of physical security of cargo and in the fulfillment of Customs obligations in line with similar programs in 64 other countries.

Panalpina launched a new 747-400 freighter link from Huntsville, USA, to Viracopos, Brazil, in March.
Somewhat ironically, this is unfolding at a time when Brazil’s economy has lost its zip, which has put a damper on air freight growth in Latin America’s largest market. Traditionally strong segments for air cargo, such as the consumer electronics and the automotive sectors, have been affected, operators report.

“Brazil is going through tough times,” said Carmen Taylor, Managing Director of Cargo Sales, Latin America, at American Airlines.

Other countries in South America have fared better, but the ripples from Brazil have spread across the region. “The market in Latin America is in troubled waters,” said Alvaro Carril, Vice President of Sales and Marketing of LAN Cargo, the cargo arm of LATAM Airlines. The region’s largest carrier has taken three of its B767-300 freighters out of service. Its focus has shifted more to filling the belly capacity of TAM widebody departures.

With airborne exports of dry goods from Brazil in the doldrums, carriers and forwarders have shifted their focus to perishables. This traffic, particularly fruit exports, is growing out of Brazil, reported Taylor, adding that this extends to other parts of the region. “In perishables we see significant growth in Latin America,” she said.

Panalpina has identified this segment as a strategic growth area. The company has set up ‘expertise centers’ in Peru and Colombia and is looking to replicate this in other countries in the region, said Roberto Schiavone, Senior Vice President, Airfreight, the Americas.

Pharmaceuticals are another strong suit in the region. Unlike automotive traffic, the healthcare and pharmaceutical business has remained strong for airfreight operators in Latin America. Last summer DHL boosted its network of certified life sciences stations in the Americas with 13 new locations, ten of them in Latin America.

LAN Cargo extended one of its transatlantic freighter runs beyond Frankfurt to Basel to tap into pharmaceutical cargo from Switzerland to Brazil, which has been going well, according to Carril. “We still want to grow more in that market.” Pharmaceuticals are also a focus for Panalpina on its new 747-400 freighter link from Huntsville, USA, to Viracopos, which was launched in March, Schiavone said. He described perishables, pharmaceuticals, and Panalpina’s controlled network as the three main pillars of the company’s strategy in the region this year.

LAN Cargo will make further investments in cold chain capability, but it is looking to other niches as well. “We also target other special products. We expect special products to grow more than general cargo,” Carril said.

For its part, American Airlines is cultivating geographical markets that are further afield rather than the trunk lanes to and from its home market. “Our strategy for Latin America is to sell our network where our competitors have less presence and not as good a choice of schedule,” said Taylor.

The market in Latin America is in troubled waters.
– Alvaro Carril, LAN Cargo

Airfreight flows within Latin America were buoyant in the boom years; lately the picture has been mixed. “Intra-regional cargo has its ups and downs. Intra-regional traffic into Brazil is a bit down, but Peru-Chile is up. Overall it has come down a little bit,” Carril said.

Operators are confident that the South American market will regain its momentum, but for the near future nobody is expecting a quick turnaround. Still, there are good opportunities. “I believe 2015 is going to be a good year. It is not going to be an excellent year,” said Taylor.
Expand Your HORIZON!

Receive training from seasoned air cargo industry professionals

For more information, visit www.tiaca.org

Air Cargo Professional Development Workshop
June 22 - 24, 2015  Cologne, Germany

The principle objectives of this course are to provide a broad overview of the air cargo industry and to create awareness of the underlying marketing, financial, operational and competitive factors which influence management decision-making.

Participants will:
• Learn first-hand how market forces affect supply chain, revenue and financial management
• Work in teams on simulated, case studies to facilitate application of the concepts covered in real-world scenarios in order to improve retention

Who should attend?
• Junior to middle managers in the air cargo chain (Airlines, GSA/GSSAs, ground handlers, airports, logistics service providers, CAAs, and anyone interested in learning more about the industry)

Learn more, visit www.tiaca.org
INSPIRING our leaders of the future

Oliver Evans
Chairman, TIACA

TIACA has so far held two Professional Development Workshops to motivate and develop the industry’s young executives. The energy, creativity, and drive of those that attended was truly phenomenal.

Our air cargo industry competes fiercely against other modes of transport for the customer’s choice when it comes to the global supply chain. Despite the substantially higher costs, shippers entrust us with close to 40% of the value of all goods traded across the globe. And so we have a thriving industry comprising a wide range of distinct entities, from integrators to freighter or combination airlines, to forwarders, truckers, ground handlers, IT providers, and many more, offering a vast range of different supply chain solutions to suit every need.

Digitalization

Digitalization is driving innovation and disruption at an ever-increasing pace in all kinds of industries, and therefore for all users of airfreight. This is putting unprecedented pressure on all of us to redouble and accelerate our efforts to transform, adapt, and streamline processes in concert with regulators.

Therefore TIACA’s agenda, focusing on Advocacy, Networking, Education, and Knowledge, has never been more relevant and urgent. Our recent membership survey has confirmed the appreciation of our activities in all these different areas.

For me personally, nothing is more important than attracting the leaders of the future, motivating them, developing them, and offering to make them the agent of the massive change we must accomplish. We need their fresh, and sometimes radical ideas. We need their questions and impatience. We need their new mindset and mastery of social media and digital pathways.

My observation is that, as an industry, we did not struggle to attract talented individuals: after all, for a generation born to think and act globally, what industry is more ubiquitous and connected across borders?

But we did stifle their spirit by bending them to execute processes rather than challenging them, so that far too many left before reaching the top of their career ladder.

Leadership Development

We at TIACA have been working very hard to create a platform for young executives from every segment of our wide constituency to mix with their peers, and with experienced top leaders: the Leadership Development Program.

We have so far run two editions of the program, and have planned many more. I had the pleasure of participating in person at the latest one, in Johannesburg in February, as one of the ‘dragons’ or captains of industry. The energy, creativity, and drive in the room were phenomenal. With such enthusiasm, the future of our industry, and of TIACA, looks very bright, and I thank all the team that put the program together, our partner Strategic Aviation Solutions International, and the companies that sent their best young talent to attend.
With you all the way.

Our goal is to see things from your perspective and anticipate your every need – especially when it involves incredibly sensitive shipments. With a larger, expanding network, we’re coming together to provide a global cold chain solution that ensures on-time, uninterrupted, temperature-controlled delivery, even in hard-to-reach locations.

ExpediteTC®

Learn more about Expedite TC® at aacargo.com/expediteTC
CRUNCH TIME
for advance data rules implementation

Unless regulators agree on risk assessment and other rules, shipments could be left sitting on the tarmac. TIACA is working on behalf of all stakeholders as Advance Data rules are set to be formulated this year, reports Emma Murray.

Regulators are poised to begin implementation of new Advance Data rules which will affect everyone in the supply chain and could impede cargo flows if they are not aligned.

Cargo might be left sitting on the tarmac if common global standards are not put in place, and small and medium-sized forwarders will be at a disadvantage without an accessible on-line Advance Data filing portal.

TIACA is the only association representing all sections of the airfreight industry and lobbying on behalf of all stakeholders on both sides of the Atlantic to ensure the air cargo community is heard as regulations begin to be formalized.

“For cargo transiting multiple pre-loading advance cargo information (PLACI) regimes, unless regulators agree on risk assessment and operational rules, shipments could be left sitting on the tarmac,” said Doug Brittin, Secretary General, TIACA.

“A shipment from South America for Europe transported via the US would need to be looked at by the first PLACI regime, in this case the US, prior to granting access to the US, but then would also be looked at by the European Union (EU), the second PLACI regime, before it was granted access to the EU.

“Unless civil aviation security programs are aligned, two identical shipments originating in Hong Kong, for example, with one going to Europe, and the other to the US, with both identified as ‘high risk’, might require the carrier to employ two different screening procedures, which is certainly not efficient.

“And unless the PLACI member civil aviation security programs are aligned to allow supply chain screening for all shipments, including those deemed as high risk, forwarders will likely lose the ability to build up secure ULDs, given the possibility that any shipment within the consolidation might need high risk screening.”

TIACA is working closely with regulators in the US, Europe, and Canada.
Another issue is the need for a portal or other easily accessible system for small and medium-sized forwarders to use when submitting data, to avoid complications and IT costs to connect with existing automation systems.

“If a filing portal is not put in place, small and mid-size forwarders, who will likely not be able to spend the IT time and money to link up to destination government PLACI systems, will be at a disadvantage by having to wait until they tender the freight, and the carrier then flies the data,” said Brittin.

The countdown to the regulations is on. In the US, Customs and Border Protection (CBP) is expected to give notice of rulemaking later this year, while in the EU, the first regulations are expected in the middle of this year.

Although no technical specifications are available at the moment, the aim is for “Key issues are being addressed, and decisions are being discussed right now,” said Axel Klein, Senior Manager Customs & Authorities at Lufthansa Cargo AG.

Position paper
TIACA has just published a position paper on Advance Data, which is posted at www.tiaca.org. The paper defines the different approaches being considered by regulators, explains the challenges for each scenario, and calls for regulators to adopt a phased approach to implementing the new rules to ensure that security is enhanced while shipments keep moving.

TIACA agrees that the so-called ‘7+1’ data set currently used in the pilot phase is sufficient for civil aviation risk assessment and can be provided early in the supply chain.

But the Association says regulators must enable all relevant parties, including carriers and others, such as regulated agents or postal operators in the supply chain, to submit data in order to encourage industry to provide it as early as possible. TIACA is urging regulators to avoid imposing penalties for 7+1 data submission errors.

Pre-loading advance cargo information (PLACI) is an additional layer of security in a multilayered, risk-based air cargo system which may be adopted as an optional security enhancement by countries that determine this is a necessary step to address security threats. Even without PLACI, the global air cargo industry has numerous layers of security, as required under each country’s national cargo security programs within the framework of ICAO Annex 17’s standards and recommended practices.

PLACI adds to this existing matrix of security measures an additional capability, designed to specifically address a possible “bomb in the box” scenario such as that with the 2010 Yemen incident. PLACI has only one purpose: to identify potential high-risk cargo by analyzing consignment data, which is provided by industry to Customs and aviation security authorities early in the air cargo supply chain, and to require any necessary follow up actions.

PLACI concepts have thus far been tested through the US, EU, and Canada pilots, each of which has had varying degrees of industry participation. The air cargo supply chain has several business models, so it is essential to run pilots that have sufficient industry participation to test all air cargo operational models, including those for the express, general cargo, and mail segments of the business.

The PLACI pilots have clearly established the following with respect to the data to be used for civil aviation risk assessment:

1. The consignment data should be provided as early as possible in the supply chain. The earlier regulators receive consignment data, the earlier they can review it, ensure it is complete (and, if it is not, notify the filer so this can be corrected), and conduct their civil aviation risk assessment.

2. The ‘7+1’ data set has been validated to be sufficient for initial civil aviation risk assessment.

3. The ‘7+1’ data set can generally be provided early in the supply chain. These data elements are among the first available in the supply chain, and industry has been providing them through the PLACI pilots.

Download the full paper from www.tiaco.org
communications (referrals) they may receive from regulators, warned Klein. Presti said TIACA members and industry must ensure they keep informed and continue to give feedback to the regulators through TIACA or others.

“In the USA, there will be a Public Notice for comment coming soon – look out for it,” she said. “TIACA will continue to advise and inform, so industry should note our updates and reports.

“The position paper is an important part of our lobbying on Advance Data, and we have presented it to the regulators, so they are aware of challenges and impacts of the new rules.”

Important role
TIACA is playing an important role in the development of Advance Data regulation, through close work and strong relationships with regulators, as well as membership of the International Civil Aviation Organization (ICAO)/World Customs Organization (WCO) working groups.

Presti sits on the ICAO/WCO Joint Working Group on Advance Cargo Information (JWGACI), and ICAO’s Working Group on Air Cargo Security (WGACS), and works with the Transportation Security Administration (TSA) as well as the CBP. TIACA also works with Transport Canada and the Canada Border Services agency.

In Europe, TIACA is working with DG Mobility and Transport (DG MOVE) and DG Taxation and Customs Union (DG TAXUD).

TIACA’s work with regulators at this time is vital to ensure new rules take into account all of the needs of the air cargo community.

Regulators from all PLACI regimes will present program updates at TIACA’s Executive Summit on 21 May in Miami, US.

To find out more about joining TIACA or registering for the Executive Summit, visit www.tiaca.org, or contact Rachel Negron via rnegron@tiaca.org

Advance data explained

The ‘7+1’ data elements are:

1. The number of pieces, total weight, general cargo description, shipper name, shipper address, consignee name, and consignee address (all as described on the house air waybill), plus
2. The house air waybill number.

Pre-loading advance cargo information (PLACI) initiatives undertaken by the US, EU, and Canada since the 2010 ‘Yemen incident’ have proved that using Advance Data for civil aviation risk assessment provides an additional layer of security.

The pilots include:

- The Air Cargo Advance Screening (ACAS) pilot program in the US, extended until July 2015 after lobbying from industry including TIACA.
- The Pre-Departure/Loading Consignment Information for Secure Entry (PRECISE) program being developed in the EU.
- The Pre Load Air Cargo Targeting (PACT) pilot launched by Canada Customs.
James Jackson joins Hall of Fame

James ‘Jim’ Jackson, an air-cargo handling and logistics innovator, a lifelong champion of international standardization, and an engineering solutions-finder for the air cargo industry who fostered the ubiquitous ULD (the LD3), has been welcomed to TIACA’s Hall of Fame.

Jim spent 40 years with American Airlines, where he held management roles in line cargo operations, aircraft and cargo ground equipment development, aircraft specification and configuration, and cargo market and finance planning.

He chaired both the Society of Automotive Engineers’ (SAE) Air Cargo Committee (AGE-2A) and the International Air Transport Association’s (IATA) ULD Board, and concurrently inaugurated and chaired the International Standards Organization’s (ISO) Air Cargo and Ground Equipment technical sub-committee (SC-9), from the mid-1960s through the early-1980s.

SAE’s Technical Board awarded him a Certificate of Appreciation in 1974 for internationalizing the standards development processes and securing worldwide acceptance of fundamental air cargo criteria.

Under his leadership, the baseline technical standards for ULDs, aircraft cargo handling systems, and aircraft ground equipment and handling during the transition from propeller to jet, and later widebody, aircraft were developed and globally recognized.

The SAE’s Aerospace Council conferred its Franklin W. Koik Air Transportation Progress Award for 2001 to Jim in recognition of his broad contributions and leadership in air cargo transportation.

Jim helped establish, and was twice chairman of SAE’s Air Cargo Forum (ACF), which has evolved into one of the air-cargo industry’s premier events. He served on the ACF Executive Committee for 34 years. He was a founder of TIACA, which emerged from the SAE’s Air Cargo Forum Committee in 1990 and assumed the operation of the ACF. He served in the US Army during both World War II and the Korean conflict.

He will be formally inaugurated at a gala dinner during TIACA’s Executive Summit in May. “Jim is an inspirational airfreight pioneer, and it is wonderful that he is being recognized for his leadership and innovation,” said Doug Brittin, Secretary General, TIACA.

The TIACA Hall of Fame honors air cargo professionals who have played a role in the progress of aviation and have helped to shape and grow the industry.

TIACA members, industry organizations, and the press are invited to nominate individuals for consideration. The honorees are selected by TIACA’s Chairman’s Council, which includes all past and current chairmen of the Association.

Presti in security talks

Sue Presti represented TIACA at two important security meetings recently. She joined the International Civil Aviation Organization (ICAO) Working Group on Air Cargo Security in Montreal, Canada, in April and presented TIACA’s position paper on Advance Data. Presti also attended ICAO’s Aviation Security (AVSEC) Panel meeting, where important security issues affecting the airfreight community were discussed.

ASAC recommendations

Members of the Transportation Security Administration (TSA), Aviation Security Advisory Committee (ASAC), Air Cargo Security Subcommittee developed two aviation security recommendations at their latest meeting in April which Sue Presti chaired. They will be presented to ASAC, calling for a risk-based approach to security and addressing the Known Shipper program, which was set up to regulate air cargo. The Subcommittee is also seeking ways to support progress on Consignment Security Declaration (CSD) and e-CSD.

Survey prize draw winner

Congratulations to Giampiero Marsico, General Manager, Alitalia, the winner of our Member Survey prize draw. Thank you to everyone who took part in our feedback.

Social media debate

TIACA took part in a debate on social media in today’s air cargo market at the 2015 Cargo Network Services (CNS) Partnership Conference in Orlando, US, in April which saw Enno O singa joining Brook Thomas from Southwest Airlines and Kathi Rabil from Slice-Works. Enno will chair a panel on Advance Data at Air Cargo Europe in Munich, Germany, in May, where TIACA will exhibit.

Airfreight community change

Doug Brittin joined other industry leaders (pictured above right) to discuss upcoming changes in global air cargo regulations and their impact on broker and forwarder operations during the 41st National Customs Brokers & Forwarders Association of America (NCBFAA) Annual Conference in April in Orlando, Florida, USA.

EU security discussions

TIACA has been taking part in the European Commission’s Directorate-General for Mobility and Transport (DG MOVE)/Stakeholder Advisory Group for Aviation Security (SAGAS) meetings where aviation security is discussed. It is the only EU body that enables stakeholders to directly discuss issues with the Commission and EU member states. TIACA is part of current discussions on the set-up of the Pre-Departure Program for Europe.
Members back lobbying role

TIACA’s lobbying role was ranked in its top three most important functions by respondents to our Member Survey earlier this year.

Keeping members updated on new regulations and providing networking opportunities should be our other priorities, according to the results of the questionnaire.

Members told us they were positive about the Association and felt that TIACA understood the needs of the industry.

“We are pleased to report that members support TIACA’s mission to deliver the three pillars of networking, knowledge, and advocacy,” said Doug Brittin, Secretary-General, TIACA. “We continue to work hard to bring value to members.”

Britten added that TIACA is acting on the feedback and looking forward to an exciting Air Cargo Forum (ACF) in Paris, France, next year, as well as the launch of its new website.

Members told TIACA that the top three issues affecting their daily business are security, the need for close cooperation in the industry, and the adoption of e-freight.

For a full breakdown of the survey results, contact Doug via dbrittin@tiaca.org

Cologne to host Professional Workshop

TIACA has announced its next Professional Development Workshop will take place in Cologne, Germany, from 22 to 24 June, 2015.

The program, designed by Strategic Aviation Solutions International (SASI), will give participants an appreciation of each different air cargo sector by encouraging discussion and the sharing of perspectives, as well as providing practical advice and insight.

TIACA’s most recent workshop took place in Johannesburg, South Africa, in February and was attended by 18 students.

“The course challenged the way I think and made me realize that a change starts with me,” said Elize Werner, Branch Manager, Capetown, DN Freight, South Africa, who took part.

“I strongly suggest that more people attend. I can apply the knowledge to my day-to-day work.”

June’s program will be led by SASI’s Lilian Tan and Charles Edwards, and will include practical information sessions, as well as discussion, debate, and a chance to network with peers and senior industry veterans.

Topics covered will include market and competitive analysis, brand management, revenue management, understanding and analyzing financial statements, business ethics, and leading teams.

For more information, visit www.tiaca.org

Which of the following should TIACA be doing for its members?

Members back lobbying role

Cologne to host Professional Workshop

SPOTLIGHT ON NEW MEMBERS

Trustee Upgrade

Chapman Freeborn Airchartering Limited
Chapman Freeborn is the largest air charter broker in the world, with 25 offices in 22 countries employing over 250 personnel and most recently opening offices in Brazil, Italy, and Uganda. Its wide client base includes the world’s top corporations, governments, NGOs and relief agencies, the UN, defence organizations, freight forwarders, and logistics companies. Established in 1973 it provides over 5,000 charters a year, in addition to many ACM, wet and dry aircraft lease arrangements.

www.chapman-freeborn.com

New Corporate members

Trans World Aviation
TWA Ltd is a privately owned, Vietnam-based General Sales Agent (GSA) with a focus on cargo and passenger operation, helping companies in need of sales, marketing, expertise, and strategic support on a global basis.

www.twa.aero

LOT Polish Airlines
National Carrier of Poland employs a global network of over 2,000 agents, organizing freight transport for their customers to any given airport in the world.

www.lot.com/cargo

New Forwarder members

TALA – The Aerospace Logistics Alliance, Florida, USA-based global aerospace expert.

www.tala.aero

Richard Jackson and Sons Ltd.
Nigerian-based global logistics provider.

www.rjang.com

Future Transport & Logistics
Saudi Arabia-based freight forwarder.

www.ftl.com.sa

Find out more about membership by contacting Rachel Negron at megron@tiaca.org or visit www.tiaca.org

Members back lobbying role

Cologne to host Professional Workshop
The global pharmaceutical market is worth USD300 billion per year, and the logistics component alone was put at around USD64 billion in 2013. The high value, and time and temperature sensitivity, of products from tablets and medicines to blood plasma and anesthetics means that shippers depend heavily on air transport to reach the end user.

As in most other categories of freight, air’s share is more significant considered in value terms rather than by volume. Consultancy Seabury estimates that 3.5 million tons of pharmaceutical products per year are transported by sea, compared with just 500,000 tons by air.

The value of the air traffic is USD213 billion compared with USD56 billion for sea freight, but there is evidence that this modal balance could be shifting.

Leif Kronkvist, Global Head of Life Sciences at Agility Global Integrated Logistics, said pharmaceutical companies need to cut transportation costs as government health departments press for price reductions on generic drugs, and he believes ocean freight is winning the trust of more shippers. This trend began with full containers, but freight forwarders are now able to handle less-than-container-load consolidations in dedicated secure storage and loading areas.

"Air-to-ocean was a significant trend in past years. Customers are getting more mature in optimizing from a total cost perspective including the risks of ocean liability issues, working capital implications, etc," said Angelos Orfanos, President of Life Sciences and Healthcare, Customer Solutions & Innovation, DHL.

Orfanos expected that “some lower-value products will stay with ocean freight” but...
reported that DHL is growing “twice as fast as our customers’ market” in the life sciences and healthcare sector, as more stringent regulatory requirements drive premium services.

“The ‘controlled temperature’ 2-25°C category, increasingly better defined by regulation and regulatory interpretation, is growing strongly,” Orfanos said. “In addition, more of the innovative, high-value products reaching the market require 2-8°C cold chain solutions. We might see additional growth over coming years from so-called ‘bio-similars’, generic biopharmaceuticals.”

Jörg Bodenröder, Director of Lufthansa Cargo’s Temperature Control Competence Center, agreed that while price-sensitive generic drugs are shifting to ocean transport, manufacturers of vaccines and higher-value, delicate products are shifting to ocean transport, manufacturers of vaccines and higher-value, delicate products such as insulin will continue with airfreight.

Quality concerns
The downside of the increasingly global shipment of valuable healthcare cargo, according to Tony Tyler, Director General and CEO, IATA, is that damage in transit costs the pharma industry up to USD12 billion per year. Not all of this can be laid at the door of the air cargo industry, but Tyler said: “A single mistake can destroy an entire batch. Mishandling is rare, but it is an unfortunate fact that more than 50% of all temperature excursions occur while the package is in the hands of airlines and airports.”

Shippers at the recent World Cargo Symposium in Shanghai in March complained of significant communication and quality control issues that can occur along the fragmented airfreight supply chain.

“New regulations are controlling the external business environment, pushing us to try to find the most effective ways to manage quality control and logistics. But when there is a temperature excursion between Europe and China, forwards say ‘I don’t understand, we don’t have this information,’” said Alex Xu, Associate Supply Chain Director, Lilly Suzhou Pharmaceutical.

The company might only discover when “interrogating” a shipment after the event that there had been a problem on the truck, in the aircraft or while awaiting loading, Xu said.

Lilly may be forced to reconsider its use of air as major transport as it develops new temperature-sensitive bio-medicines. Xu warned: “We have other modes we can choose, such as shipping, which can provide a more stable temperature.”

Speaking at the same event, Chris Welsh, Secretary General of the Global Shippers Forum, claimed shippers had told him that air freight forwarders are trying to sell the pharma service without understanding the industry’s unique requirements. Some are now using air freight only as a “distress purchase” and will seek cheaper or more sustainable alternatives where practicable.

“Road and even rail offer total integrity in terms of temperature control. There are gaps in the air cargo supply chain when it goes from the warehouse on to the ramp. That is where you get the product failures,” Welsh said.

The expansion in usage and production of biotechnology-derived drugs and other cold-chain products, especially in emerging markets, has helped make healthcare the most highly regulated transportation sector. Yet there is no global certification system.

In 2013, the European Union introduced the Good Distribution Practice (GDP) quality assurance standard. The World Health Organization, the US Food and Drug Administration, and the UK Medical and Healthcare Products Regulatory Agency each have their own frameworks.

In the last few years, China, Indonesia, Malaysia, Saudi Arabia, Australia, and Canada have all strengthened their requirements. Bodenröder said around 35 sets of regulations worldwide now govern the transportation of temperature-sensitive pharmaceuticals.

Regulatory challenge
IATA, through its Time and Temperature Task Force (TTTF), which involves airlines, forwarders, pharma manufacturers, packaging suppliers, and IT providers, is trying to bring these into a coherent package that the whole supply chain can understand.

The TTTF’s ‘time and temperature’ label has now become standard across the industry, helping ensure that required temperature ranges for sensitive products are known and followed.

It was to further help airlines, handlers, and forwarders comply with the multitude of regulations – and to try to reverse the modal shift trend – that IATA launched its Center of Excellence for Independent Validators (CEIV) on Pharmaceutical Handling.

The association modeled this on its existing cargo security scheme, training a group of independent validators to assess operations against a standard checklist, improve compliance with standards and regulations, and give pharmaceutical companies and regulators confidence that the air cargo industry is handling products correctly.
We’re looking forward to the 28th International Air Cargo Forum & Exhibition

October 26 - 28, 2016 • Paris, France

Take advantage of the great networking and business development potential of ACF 2016. Engage new customers, reinforce old ties, and enhance visibility!

For exhibition and sponsorship details, contact:
Paveen Raja (Europe, Asia & Africa): +44 208 253 4001, praja@tiaca.org
Pam Latty (Americas): 404 842 0000, platty@tiaca.org

Not just an agent, but a TRUE partner that you can rely on!

WCA leads the world in logistics partnering with over 5,700 offices of independent freight forwarders in 190 countries worldwide. We are a group of elite independents, working together, creating a single entity and boasting more members than all other logistics networks put together.

Discover why such a wide range of freight forwarders trust in WCA at

www.wcaworld.com
In February 2014, SATS, which handles cargo at Singapore’s Changi Airport, received CEIV Pharma certification for its Coolport facility.

The first airport in Europe to initiate the scheme is Brussels, which has encouraged its entire cargo community to undergo CEIV Pharma training. Nine local companies plus Jan De Rijk Logistics and Finnair, both of which have a big operational presence at BRU, took part in the “first wave” according to Steven Polmans, Head of Cargo at Brussels Airport Co.

Five of the firms are now CEIV-certified, including Netherlands-based Jan de Rijk, which offers road transport, warehousing, and intermodal services across Europe from offices in 15 countries.

Healthcare and pharmaceutical business now accounts for 10% of Jan de Rijk’s business, said Sebastiaan Scholte, CEO, who is also chairman of the Cool Chain Association.

The company is Europe’s biggest road feeder service operator, connecting more than 100 airports. Its fleet includes more than 250 refrigerated vehicles, 50 of which carry real-time temperature logging and monitoring devices.

Several major global drug manufacturers use Jan de Rijk for international transport of chilled and “controlled ambient” products. “We act as an extension of the airline, delivering into bonded facilities if required,” Scholte said. In the Benelux region, the company delivers direct to hospitals and pharmacies.

Jan de Rijk already complies with the GDP quality standard. A benefit of CEIV accreditation is shippers “can be confident that shipments will be handled in the right way” and will be less reliant on their own audits, Scholte said.

He is hopeful of recouping from customers the investment in workforce training that Jan de Rijk had to undertake to secure its CEIV certificate. “These initiatives must not be cost-prohibitive,” he insisted. “The industry will see the benefits over time, but it is useless unless the rest of the supply chain is involved.”

More trucking companies, plus forwarders DHL, Kuehne + Nagel, Geodis, and Panalpina, are among the eight companies taking part in a second wave of CEIV training at Brussels.

Separately, the airport company plans to introduce temperature-controlled airside transport that will provide live data on location and temperature. “This is to close all the risks in the chain, offer more transparency, and increase the pharma industry’s confidence that we offer them a secure logistical solution,” Polmans said.

“Is it our responsibility to organize this? Probably not... however, as an industry we have been talking for many years already about collaboration, working together, linking processes, and unfortunately, while the integrators are doing it, the traditional cargo industry is still struggling to do so.

“We feel that as an airport authority, by taking the lead in projects of general benefit, we can play a role as facilitator. Otherwise everybody is looking at each other, asking who will take the initiative and make the initial investments,” he said.

Controlling the ramp

Tom Grubb, Manager of Cold Chain Strategy at American Airlines (AA), underlined the importance of maintaining temperature at points in the transportation cycle where products are the most vulnerable, particularly on the ramp during aircraft loading. “The key for air carriers is to minimize time on the ramp so that the temperature-sensitive cargo is the last loaded and spends the least time at the side of the plane,” he said.

AA aims to ensure pharma shipments are exposed for a maximum of 90 minutes. “That is quite short when you consider the distance from the warehouse to the aircraft at some airports,” Grubb said. “A combination of robust processes and effective passive packaging enables successful product protection.”
ON THE ROAD to e-freight adoption

The number of air freight shipments moving under electronic air waybills (e-AWBs) continues to grow but the pace has not been as quick as many would like. TIACA is playing its part in speeding up the transition to paper-free air cargo shipping, write Mike Bryant and Robert Platt.

The International Air Transport Association (IATA)’s roadmap to e-freight adoption has set an ambitious target of a global 45% e-AWB penetration by the end of this year and 80% by the end of 2016. Launched by IATA in 2006, e-freight has become an industry-wide initiative bringing together all members of the airfreight supply chain from carriers to freight forwarders, ground handlers, shippers, and Customs.

At the heart of this effort is the move to replace all paper-based air waybills with electronic equivalents (e-AWBs). By the end of last year, 24% of air cargo shipments were moving under e-AWBs.

“The 45% is a challenging but achievable target,” said Guillaume Drucey, Head of Cargo e-Business at IATA, who is convinced that 2015 will see a faster rate of e-freight acceptance than has been seen so far, and points to the fact that the adoption rate is now three to four times faster than it was 12 months ago.

Behind that “very positive dynamic” is a change in mindset generally throughout the industry, he considered.

Airlines, handlers, and forwarders are no longer asking why they should adopt the e-AWB, but how it can be done, Drucey insisted. Even the smaller forwarders, who have generally been more reluctant to make the initial investment in new IT systems to support e-AWB use, are now realizing the benefits and making the transition in larger numbers, facilitated by the fact that airlines have become more willing to work with their cargo agent customers to help them in the migration. There are also numerous new IT solutions and providers who can support small and medium-sized enterprises (SMEs).

However, other voices sound a note of caution. Amar More, Senior Vice President of Mumbai, India-headquartered Kale Logistics and also a member of the TIACA Board, said that the industry should be aiming to improve the one-in-four statistic as soon as possible.

“Almost three decades have passed and there has been no significant improvement in transit times. We have all been talking about e-freight and we are still on 25% adoption with just the e-AWB. But it is progress nevertheless,” he said, and “much better” than the single-digit adoption rate of the past.

Operators are no longer asking why they should adopt the e-AWB, but how it can be done.

– Guillaume Drucey, IATA

Making the transition to e-freight is not easy, he added, not least because data standardization is not uniform globally. In some countries, regulatory requirements and existing Customs processes make it impossible, or difficult, to switch to paper-free airfreight shipping, he said.

IATA is also focusing on 50 of the world’s biggest cargo gateways and is seeking to encourage all cargo operators using those airports to switch to e-AWBs, creating what might be described as those gateways as a critical mass in e-freight shipping. It also wants to see e-AWBs used for all parts of the airfreight supply chain, including road feeder services (RFS), as well as actual air movements.

Drucey explained that IATA will be seeking to promote the other aspects of e-freight, beyond e-AWB documentation. It will be promoting the wider benefits enjoyed by those that have gone down the e-freight path – he mentioned the lower costs, time savings, and better service quality achieved by those participants in Amsterdam Schiphol Airport’s various e-freight-related initiatives, for example.

In July 2010, the Dutch Government funded E-Freight@NL to the tune of EUR1.2 million (USD1.28 million), encouraging the move towards paperless air cargo through its main airport, Schiphol in Amsterdam, the Netherlands. The project achieved a fivefold increase in e-freight shipments by its completion three years later. Schiphol is now part of the E-Link project based around a smart card, which enables the paperless transfer of all shipment data to handlers at the airport.

“E-freight brings many benefits to the air cargo industry,” said Saskia van Pelt, Director of Business Development Cargo at Amsterdam Airport, Schiphol.

“By electronically entering the correct data of a shipment from the start of the process, and during the processes adding electronic data to this shipment, information becomes more reliable and more efficient to manage. The current system of repetitively keying in the same information for different purposes leads to unnecessary mistakes and to inefficient use of resources.

“In my experience, following the trials we have been involved in, the biggest lesson learned is that e-freight involves the entire supply chain, and only through involvement and engagement from parties from every segment of the supply chain can the 100% implementation of e-freight become a reality.”

The Global Air Cargo Advisory Group (GACAG), which brings together TIACA, IATA,
E-freight brings many benefits to the air cargo industry.
– Saskia van Pelt, Amsterdam Airport Schiphol

Other advantages lie in the end of hard copy AWB documents getting lost and a much greater speed of processing along the supply chain. The benefits have already been felt on the export side of the operation, DeBenedette said, and over the next year or two they will also become more pronounced on the import side.

Other benefits of e-freight, as pointed out by More, lie in such areas as greater data visibility, easier planning, the security offered by data electronic access controls, and the favorable environmental impact of going paper-free.

“IATA and TIACA should keep pushing,” DeBenedette insisted. “They have done a good job on this.”

Amsterdam Airport Schiphol
| 19

The benefits do not so much lie in eliminating paper documents, he noted – many forwarders will still print out the AWB for the customers anyway – but in getting electronic data to all links in the supply chain, particularly the airlines but the handlers as well, as quickly as possible and thereby saving their time on data entry (and potential mistakes made during the rekeying process).

“TIACA is playing its own important role in e-freight migration. Its E-Commerce and Quality Management Subcommittee, which counts John DeBenedette, Managing Director (MD) of WIN, and More as members, is in the process of developing an industry scorecard that identifies the benefits and challenges for each segment of the air cargo industry of various e-commerce initiatives. TIACA says that this will be the first document to provide this information in a single source.

The mission paper has detailed the obstacles to implementation of e-freight from a practical standpoint and the ways to address them.

At the Association’s Air Cargo Forum (ACF) in Seoul, Korea, last year. TIACA’s e-freight workshop delegates agreed that implementation was not a simple process and it was taking the industry too long to get up to speed. The group accepted that cost remains an issue that many companies need to address, but they felt the fear of change should not stop the adoption of e-freight.

More said TIACA provided “some real thought leadership work in this space”. “TIACA is also consolidating several success stories and will be working on educating the world on these for people to take inspiration from, and to follow suit,” More concluded.

DeBenedette agreed with Druce that “solid momentum” has been achieved on e-freight over the last couple of years and that more can be expected. His own experience as MD of WIN tells him that the smaller forwarders are now coming on board and seeing the benefits of the program.

A recent success story has been the work of Worldwide Information Network (WIN) in Thailand, where it recently held an e-freight workshop in conjunction with its customer Bangkok Flight Services (BFS) to demonstrate how smaller and medium-sized forwarders can benefit from e-AWB adoption. The session was over subscribed and a second is planned.

Thailand is one of the markets where carriers have begun implementing surcharges for non e-AWB moves. David Ambridge, BFS Manager, said delivering easy and cheap access to e-AWB was important so that all freight forwarders can benefit from cost savings and efficiency benefits.

“With airlines charging Electronic Data Interchange (EDI) fees, this really is a ‘no brainer’ in my opinion,” he said.

WIN Managing Director John DeBenedette sits on the TIACA Board.

the International Freight Forwarders’ Association (FIATA), and the Global Shippers’ Forum (GSF), has its own e-commerce Task Force. It promotes the wider use of electronic documentation for house air waybills and flight manifests and is reviewing the e-freight project in order to identify ways to accelerate the shift to a paperless transportation process.

We need to sharpen the sales pitch around e-freight.
– Amar More, Kale Logistics

“The GSF has been working within GACAG to advance implementation of e-commerce and some progress has been made,” said Chris Welsh, Secretary General of GSF. “However shippers are getting increasingly impatient at slow delivery and now wish to see greater and faster implementation in order to make air freight more competitive and reduce costs.”

Recent figures from IATA and the World Economic Forum (WEF) show that switching to e-freight saves shippers USD4.2 billion through shorter transit times. The data also suggests they would enjoy a 1% increase in trade, adding approximately USD5.2 billion to their bottom lines.

Amar More considered that speeding up the adoption process is primarily “an education and communication issue” requiring the benefits of e-AWB to each member of the supply chain to be championed, and not only the high level benefits to industry as a whole. “We need to sharpen the sales pitch around e-freight,” he said.

More believes that although there are still challenges to be addressed, forwarders are now more aware of the definite savings that can accrue from electronic data exchange through the various EDI incentives offered by carriers.

He also noted the greater availability of tools for smaller forwarders to make the transition, while a broader audience of cargo agent networks, airports, and airlines are all now more interested in exploring e-freight initiatives.

TIACA is playing its own important role in e-freight migration. Its E-Commerce and Quality Management Subcommittee, which counts John DeBenedette, Managing Director (MD) of WIN, and More as members, is in the process of developing an industry scorecard that identifies the benefits and challenges for each segment of the air cargo industry of various e-commerce initiatives. TIACA says that this will be the first document to provide this information in a single source.

The mission paper has detailed the obstacles to implementation of e-freight from a practical standpoint and the ways to address them.

At the Association’s Air Cargo Forum (ACF) in Seoul, Korea, last year. TIACA’s e-freight workshop delegates agreed that implementation was not a simple process and it was taking the industry too long to get up to speed. The group accepted that cost remains an issue that many companies need to address, but they felt the fear of change should not stop the adoption of e-freight.

More said TIACA provided “some real thought leadership work in this space”. “TIACA is also consolidating several success stories and will be working on educating the world on these for people to take inspiration from, and to follow suit,” More concluded.

DeBenedette agreed with Druce that “solid momentum” has been achieved on e-freight over the last couple of years and that more can be expected. His own experience as MD of WIN tells him that the smaller forwarders are now coming on board and seeing the benefits of the program.

The benefits do not so much lie in eliminating paper documents, he noted – many forwarders will still print out the AWB for the customers anyway – but in getting electronic data to all links in the supply chain, particularly the airlines but the handlers as well, as quickly as possible and thereby saving their time on data entry (and potential mistakes made during the rekeying process).
Supply chain protection in LATIN AMERICA

Introduction

Transborder trade within Latin America presents challenges that potentially have significant economic, regulatory, and security impacts on the transportation system. The growing volume of global trade, increased number of air cargo entities, and increased demand for scarce security resources are signs of increasing complexity within the market. As air freight trade routes from Latin America to the US increase, challenges are compounded to include issues like: diverse cargo types and shipping forms; high-volume of shippers and vendors; and non-uniform reciprocal agreements.

These dynamic risks create urgency for governments and industry to advance data analytics, reassess and adapt policies and business practices related to the movement of goods to remain competitive in a growing global market.

The ability to collect and interpret data offers the key to addressing these risks by building an efficient risk-based security infrastructure. A focus on a three-phased approach to manage, sense, and protect against risk for supply chain improvements will help facilitate efficient and secure trade.

Phase I: Risk Management

Latin American carriers and shippers must attempt to mitigate risks such as: theft, insider threat, human and narcotics trafficking, and terrorism. Past events, such as the printer cartridge plot, indicate that terrorists seek to use air cargo as a means to execute attacks. Insider threat also poses a risk to air cargo because employees often have increased access to the cargo itself and the ability to offload or transport the cargo without necessary authorization.

To proactively combat and manage these risks, cargo entities should consider first prioritizing the threats in order of potential impact to the aviation system and define risk appetite and prioritization. From there, cargo entities can allocate resources accordingly.

One risk management area of particular interest to air cargo is insider threat. Insider threats pose a unique challenge to the aviation industry given the broad ecosystem of contractors, vendors, and employees that operate across the country’s aviation landscape.

In theory, each of the individuals involved with the movement of goods could have the opportunity to tamper with shipment, thereby breaching the chain of custody on which secure movement of goods depend. An insider threat can have a negative impact on any aspect of an organization, including employee and/or public safety, reputation, operations, finances, national security, and mission continuity.

In order to successfully prevent, detect, and respond to insider threat vulnerabilities,

Insider threats pose a unique challenge to the aviation industry given the broad ecosystem of contractors, vendors, and employees that operate across the country’s aviation landscape.
GUEST COLUMN

Conclusion
The global trade market is growing rapidly, and the Latin American market has an opportunity to capitalize on this growth. By specifically structuring its supply chain strategy according to the three-phased methodology of risk management, sensing, and protection, air cargo stakeholders can work together to thread supply chain efforts through exchanges between government and commercial entities across borders to facilitate safe and secure movement of goods.

Phase II: Sense
Many risks in the air cargo supply chain emanate from lower tier suppliers. Whether theft or other criminal activity, much of the damage may already be done by the time a shipment reaches the freight forwarder. Targeted risk sensing investigates specific supply chain components to identify vulnerabilities.

Leveraging automated business intelligence and data mining tools can help leaders efficiently aggregate commercial information about companies within their supply chain.

Publicly available and open source information can be used to identify an entire company’s corporate network of key personnel and subsidiaries, financial health, and nefarious information. Risk indicators can be expanded to address emerging threats and develop forward-looking solutions.

Phase III: Protect
As the global air cargo market continues to grow and expand in complexity, public and private entities must develop relationships with key air cargo stakeholders and understand what activities best protect against supply chain risks. Regional harmonization, for example, provides an opportunity to boost both security and speed along the international air cargo supply chain.

Government and industry can compound the current benefits of Latin America’s tightly connected markets through data-facilitated regional harmonization. To quickly establish new trusted partners, public and private entities need to access and use available data.

Once sufficient data is collected to build comprehensive shipper profiles, this information can segment risks according to shipper. Established trusted and low-risk partners will be able to bypass rigorous and labor-intensive security measures and transport goods more efficiently, allowing scarce resources to be focused on goods and entities that are high-risk.

Regional harmonization, with the support of data standardization and analysis, can help expedite the legitimate flow of goods across the border and allow security resources to focus efforts where issues are more likely to occur.

| Starting April 2nd, AirBridgeCargo will connect US West Coast with Europe, Russia and beyond. ABC will add to its growing global network freighter services from Los Angeles to Amsterdam and Moscow. |

<table>
<thead>
<tr>
<th>Why choose AirBridgeCargo?</th>
</tr>
</thead>
<tbody>
<tr>
<td>➔ We offer nine weekly flights from the US to Europe and Russia from our U.S. gateways in ORD, DFW and now also LAX.</td>
</tr>
<tr>
<td>➔ We operate a state of the art, Boeing 747 freighter fleet that is among the youngest in the industry.</td>
</tr>
<tr>
<td>➔ Our staff are highly skilled experts in moving heavy and outsized cargo.</td>
</tr>
<tr>
<td>➔ Our on time performance and service reliability ranks among the best in the industry.</td>
</tr>
<tr>
<td>➔ Through our extensive trucking networks, we offer a vast network of destinations in Europe, Russia and the C.I.S.</td>
</tr>
<tr>
<td>➔ We are member of IATA, TAPA and the Cool Chain Association.</td>
</tr>
</tbody>
</table>

You are welcome anytime!

Contact us:
- Chicago +1 773 800 2361
  abcsales.ord@airbridgecargo.com
- Dallas +1 469 629 0478
  abcsales.dfw@airbridgecargo.com
- Houston +1 832 332 9647
  abcsales.iah@airbridgecargo.com
- New York +1 201 503 9762
  abcsales.jfk@airbridgecargo.com
- Los Angeles +1 310 883 4086
  abcsales.lax@airbridgecargo.com
- www.airbridgecargo.com

Sean Conlin will be a keynote speaker at TIACA’s Executive Summit (ES) in Miami, USA, on 21 May.

The session Trade across the Americas: Bolstering Security and Efficiency will examine trends in trans-border air cargo trade and discuss innovative solutions for facilitating efficient transactions while keeping the border safe and secure. He will be joined by Michael Gelles, Director at Deloitte Consulting. Find out more about attending the ES at www.tiaca.org
Relishing the challenge of being thrown in at the deep end

Sebastiaan Scholte is CEO of Jan de Rijk Logistics (JDR) and sits on the Board of TIACA. He has worked in airfreight for over 18 years including with Aeromexpress and Cargolux. He holds a Global Executive MBA from the IESE Business School and is Chairman of the Cool Chain Association.

How has Jan de Rijk developed in the five years since you joined?
JDR has been through different phases and it was like being thrown into water. Just after the crisis we had to keep our head above the water in order not to drown, we had to restructure, cut costs, and improve sales. Once we had mastered that we started to define where we wanted to swim (strategy). Now we are improving our swimming style so that we can swim more efficiently and faster (process improvements). It is a great experience to be able to go through these different stages with a company. I am really proud to be at pre-crisis levels of profitability with solid growth, with an agile organization that is motivated and enthusiastic.

We have diversified into patient home deliveries and have more intermodal services, with two daily trains between Italy and the Netherlands, and we have strengthened our RFS network. We have also reduced our asset exposure in order to align ourselves better to seasonality. Even though we still own a large part of our fleet, we have increased our outsourced capacity in order to be more flexible.

What plans does Jan de Rijk have for the next five years?
To continue what we are doing well now, further strengthen our RFS network, become one of the major players in pharma deliveries to hospitals, patients and pharmacies in the Benelux and Europe. We will continue to invest in our IT, offering smarter solutions. We will grow organically, but we do not exclude any acquisitions either. We may expand beyond Europe.

What are customers looking for from their freight suppliers?
Transparency and visibility. The technology is there but the will to apply it is not always. We should be able to offer the same seamless service with transparency as the integrators. Optimizing cost is another priority.

Is the air cargo industry moving with the times?
I have seen too little change. The competition is not always from within the industry. Look at Kodak and the digital camera, the music industry and Apple, hotels and AirBnB, and taxis and Uber. Maybe the competition in logistics will now also come from companies like Uber, who through their extensive network could take packages as well. Or Amazon who will offer third party logistics. In all fairness, in an industry like ours that is heavily regulated and facing different Customs regimes, it is not always easy to change. But we need to change before we have to. I truly believe that we should act more like the integrators. We all interact – forwarers, airlines, handlers, truckers, and shippers – but we do not have contractual relationships. The airlines have a contract with the forw arder and with the RFS supplier and GHA, but there is no contract between the RFS supplier and the GHA, even though they both interact. The whole supply chain is not always transparent whereas with the integrator it is. I do believe that it is actually up to the forwarder to play a leading role in this.

You are chairing a session on Ground Handling at TIACA’s Executive Summit. In the face of so much new legislation and differing training requirements, how can the industry best serve the market and keep cargo flowing?
More cooperation. I believe that an airline can make a competitive difference on the ground. We need to share information better in the whole supply chain so we can better react and prepare and reduce unnecessary waiting times and improve efficiency.

You are a TIACA Board member – can you tell us why the Association is important to the industry?
TIACA is a great organization that represents the entire industry. It improves industry cooperation, promotes innovation, shares knowledge, enhances quality and efficiency, and promotes education. I joined TIACA because it is an excellent platform for networking, not just for commercial reasons but also for knowledge sharing. In many of the industry associations the Road Feeder Services and other activities on the ground are sometimes forgotten, but TIACA brings together all the parties in the supply chain. TIACA also addresses e-connectivity which is very important, the technology is there but the will to change is not always.

What would you say to a young person thinking about joining the air freight industry, what do you love about it?
We need more young energetic people in this industry who are willing to change the status quo. We should also listen to them since they may have very good new ideas. A career in air freight is great. I love the global aspect. Air cargo is a leading economic indicator. It is a dynamic industry. Near-sourcing, outsourcing, oil prices, currency fluctuations, weather, politics, macroeconomics, and wars, all have a direct impact on the air cargo supply chain. Basically whatever you read in today’s newspaper will have some kind of impact on air cargo today.
Incheon Airport’s nights are more dynamic than your days.
Your cargo comes first

With TK Plus service, your cargo has a guaranteed place even in heavy traffic regions. Your cargo comes first at more than 260 destinations, because our priority is your priority. Maybe that’s why we are one of the fastest growing cargo airlines in the world.