A fresh look at tomorrow’s CARGO HUBS

INSIDE

PLACI: A set of rules is to be published this summer

ACF program: A listing of workshop and panel debates

Guest Column: Massimo Garbini on modernizing air traffic management in Europe

One to one: Lars J.T. Droog on learning to listen to our customers
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Greg Guillaume, Atlas Air

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Expanding and simplifying security

With continuing regulatory pressure to broaden and improve air cargo security and screening, it will be increasingly important to include the entire supply chain in the process as part of the solution. While supply chain security measures do already exist, they must be expanded, coordinated and improved.

Currently, there is a wide range of shipper categories globally. The International Civil Aviation Organization (ICAO) has basically defined Known Consignors (or KCs, eligible for transport on any aircraft) and Account Consignors (or ACs, eligible for transport only on all-cargo aircraft). However, modifications to ICAO regulations have removed the strict distinctions regarding how these categories are screened or secured. Although the AC category will disappear altogether in a few years, it remains in wide usage globally, so changes will be necessary.

Part of the challenge we face is the plethora of names (and further distinctions) within the KC category itself. Different states have created variations, such as: Known Shipper, Certified Cargo Screening Facility (CCSF), Regulated Shipper, and Trusted Shipper, to name a few. And for those states that do utilize the KC name as a category, a very broad range of capability, requirements, and regulatory oversight is involved. For example, in some areas, industry members themselves (carriers or Regulated Agents) are responsible for identifying the KCs, while in others, a government inspection may be involved, ensuring that security measures are in place at the company and a list is maintained. Going even further, shippers in the US who are designated as CCSFs are not only vetted and validated by the Transportation Security Administration (TSA) for security of their facilities, they actually screen the shipments before tendering them to their supply chain partners, and are inspected on an ongoing, regulated basis to ensure compliance.

But such a level of engagement by shippers is of course not viable across the global universe of millions of shippers – a universe which will continue to expand as ‘e-trade’ shipments from individuals and small shippers continue to grow. No doubt all of this will lead to either an increase in the screening of shipments, or require a way to better ensure that a secure supply chain exists, extending from shippers all the way through the supply chain.

To accommodate a need for increases in screening, new, faster, and more efficient screening technology will be needed, as will an expansion in the availability and usage of privately operated canines. To expand and improve a secure supply chain, we must work with regulators in all states to ensure that a common definition and practical application is in place of each segment of the ‘pre-flight’ supply chain, from shippers, to handlers, to Regulated Agents. And, once this is accomplished, we still face the challenge of ensuring the validity and compliance within each program... will we need a global database? If so, who would maintain it, and at what cost (and would all regulators approve it)?

We have a long way to go to accomplish all of this, but in the end, a simplified and common basis for categorizing shippers will benefit not only industry, but regulators as well.

Doug Brittin
TIACA Secretary General
With a proposed set of rules on Pre-Loading Advance Cargo Information (PLACI) set to be published this summer, there remain mixed feelings among forwarders, writes Ian Putzger.

Forwarders are looking to the looming introduction of the requirement to send data on air cargo shipments ahead of flight departure with a mixture of anticipation and concern. The unfolding regime will give them a more active role to play, which is definitely welcome, as is the prospect of faster Customs clearance. On the other hand, many questions are still up in the air before they can feel ready to embrace it.

The authorities in the US, the European Union, and Canada have been working on the Pre-Loading Advance Cargo Information (PLACI) initiative in response to the discovery of explosives hidden in desktop printers shipped from Yemen in 2010. PLACI is an additional layer of security in a multi-layered, risk-based air cargo system.

Forwarders are actively involved in the pilot programs currently running in the US. Craig Clark, Program Manager, Office of Cargo and Conveyance Security, US Customs and Border Protection (CBP), noted that they have the house air waybill data required for the process earlier than the airlines.

He does not expect the program itself to look too dissimilar from the set-up for the trials, adding that there will be clear criteria for eligibility to file advance data.

Cargo agents are pleased with the prospect of direct involvement instead of having to go through the airlines. “We are heading in the right direction,” commented Brandon Fried, Executive Director of the US Airforwarders Association.

In the postal sector, Christophe Eggers, Manager, Supply Chain Compliance and Facilitation at Groupe La Poste, shares the ambivalent feelings on the forwarder side. “It is complex. There is pain and also potential benefits,” he reflected.

The drive to the advance data environment passed major milestones last summer, when both the International Civil Aviation Organization (ICAO) and the World Customs Organization adopted the so-called ‘7+1’ data set as the requirement for risk data analysis, helping to standardize basic PLACI processes.

Industry organizations like TIACA have stressed the need for a harmonized international regime to avoid a confusing and potentially conflicting array of national regulations.

According to Clark, the pilot programs in the US have not yielded any major surprises and are making good progress. He estimated that the proposal for the set of rules will be published this summer, to be followed by a period for comment that will likely last for 90 days.

He added that CBP intends to adopt a grace period of some 12 months where companies are required to transmit the requisite data but enforcement will be light. This is reassuring for operators who are concerned that there might be too little time between the promulgation of the rules and their implementation.

“We are not there yet,” commented Fried, citing a litany of questions to be settled. “Who does what? What is the timing around it? How does the communication flow work? What do I do as a forwarder if I get a ‘do not load’ message or a request for further screening?” he asked. “We need to agree on details about how the information goes back and forth, and how we respond to them,” he added.

Postal organizations had a head start, having begun a dialogue about advance shipment data transmission well before 2010, but they also have a number of open questions, Eggers pointed out. “How do I make the data available to the regulator, and what will they do with it?” he asked. “We need to agree on details about how the information goes back and forth, and how we respond to them,” he added.

The authorities in the EU have provided part of the regulations already, but not to the level of detail that postal operators need to know what they have to do, he said.

Clark noted that there will be some variations in the processes, depending on national characteristics. In some countries, forwarders may be able to perform additional high risk
screening, but in other jurisdictions this may have to be carried out by airlines.

Forwarders are not able to invest in IT capabilities before the final details are released, lest they spend money on something that does not match with the final set of requirements, Fried remarked.

By the same token, IT providers do not know yet what exactly they have to present to their clients, he continued. However, Clark pointed out that some IT providers have been participating in the US pilot programs, which should give them a fairly good idea of what is going to be required.

Air cargo security efforts in recent years have aimed to extend security along the supply chain, preferably all the way to the shipper. However, Fried does not expect shippers to play as large a role as initially expected. By and large, they are more inclined to hand the cargo to their forwarders and expect them to take care of all the details of getting it to destination, he reckoned.

Still, cargo agents will find it a lot easier to capture the required data than postal operators. “We have been collecting data only for a small portion of our flows – for the express portion of our business,” Eggers noted.

That information has been provided in paper form, which accompanies the shipment to the destination country, where it comes into play for the clearance process.

“We do not have scanners in the post offices to the scale that would be needed,” he remarked. “The challenge is the capture. Once we have the data, sharing it is fairly easy.”

Not surprisingly, the rapid increase in parcel traffic caused by on-line purchasing is a huge issue for postal agencies. Fried agreed that a lot of change in the business is being driven by on-line shopping.

For Customs authorities, on the other hand, this aspect will probably not have much impact on the development of rules and protocols, Clark said.

While PLACI is first and foremost about air cargo security, its ramifications go beyond it to other aspects of the industry. For one thing, the requirement to submit shipment information electronically is going to be a shot in the arm for the e-freight initiative, remarked Fried.

The biggest benefit from the operators’ vantage point is the prospect of a faster clearance process. “We not only want to use it to satisfy regulators’ needs, but also to use to our advantage to accelerate Customs clearance at destination,” said Eggers, adding that the surge in e-commerce shipments makes this even more important, as customer expectations do not tally with a clearance process that takes three or four days.

Clark has no hard data on this aspect so far, but conversations with airlines indicate that they have seen faster clearance, he said.

One further question mark that is hanging over the advance data scenario is the cost associated with it. CBP will not charge for it, but operators and solutions providers will work out fees between themselves, Clark predicted. “This is a commercial matter,” he said.

“We have no indications today what the cost for forwarders will be. We are still in the air on that,” Fried said. He has no doubt that work on security regulations will continue when PLACI is in place. “After we get through this we will focus on the known shipper program,” he said.

TIACA is part of the International Civil Aviation Organization and the World Customs Organization Joint Working Group on Advance Cargo Information (JWGACI), which was established to develop common principles and practices across advance data regimes globally.

Eggers, Fried, and Clark will be joined by the Transportation Security Administration (TSA) for a debate on PLACI and its impact on the industry at the Air Cargo Forum in Paris on 28 October 2016.
TIACA is the only organization representing all sectors of the air cargo supply chain, and our showcase ACF is a unique opportunity to explore new business opportunities, connect with suppliers and learn from the experts.

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**CONFERENCE SESSIONS**

- **Plenary Session: Air cargo vision 2020**
  Doug Brittin, Secretary General, TIACA

- **Air Cargo: What Lies Ahead?**
  Sebastiaan Scholte, CEO, Jan de Rijk Logistics

- **Disruptive Innovation – An inspirational roadmap for tomorrow’s leaders**
  Christopher Shawdon, VP Logistics Solutions, Unisys

- **New EU Customs Code**
  Vladimir Zubkov, Vice President, Volga Dnepr Airlines

- **Multimodal Opportunities and Challenges in Europe**
  Enno Osinga, former Vice Chairman, TIACA

- **e-Business Challenges**
  Amar More, CEO, Kale Logistics

- **Power lunch: Impact of the New Economy on Cargo**
  Matthieu Pélissié du Rausas, Director, McKinsey & Company.

- **Manufacturing and Market Trends that will Shape the Industry**
  Essa Al-Saleh, CEO, Agility Logistics

- **The Cargo Hub of the Future**
  Sanjiv Edward, Head of Cargo Business, Delhi International Airport

- **Embracing the Cloud**
  John DeBenedette, Managing Director, WIN

- **Masterclass: Pre-Loading Advance Cargo Information (PLACI) Advance Data**
  Doug Brittin, Secretary General, TIACA

**FULL LIST OF SPEAKERS AND SESSION DESCRIPTIONS AVAILABLE ONLINE @ TIACA.ORG**
EMBRACING THE CLOUD:
What does it mean and what’s the imperative in air cargo?

John DeBenedette, Managing Director, Worldwide Information Network, emphasizes the importance of embracing the cloud to cut IT costs while improving productivity and security.

The term ‘cloud’ simply describes business, consumer, social or other software applications that are delivered entirely as a service via the internet, analogous to electricity delivered as a utility via the ‘grid’. Cloud apps are accessed by humans (using web browsers and mobile devices) and by other software programs (using web-services). The advantages of embracing the cloud are fueling the wave of technology driven innovations and disruptions to how we live and work.

Even at the most basic level, adopting cloud services for commoditized functions (servers, email, office applications, HR, expense reporting, accounting, even CRM) will reduce IT costs, increase security, and give your users access to more advanced and continuously improving applications.

Under a ‘pre-cloud’ IT delivery model, each business had to develop and maintain skills in so many areas just to achieve competence, unfortunately often at the expense of achieving best practice in any specific area. The cloud delivery model allows us to ‘rent’ best practice level solutions in a growing number of areas.

Whether you are a 20, 200, 2,000, or 20,000 employee company, your IT resources are limited. Do you really want to be managing servers, email and office applications, or managing your own CRM tools when you can now leverage offerings from the likes of category leaders such as Google, Amazon, or Salesforce.com?

Just from a security perspective, each of these providers may have more engineers protecting their infrastructure than your entire company has employees. In terms of feature development or economies of scale, it is next to impossible to match their resources and capabilities.

Moving beyond the basics and taking it to the next level, sourcing your core business applications from the cloud unlocks further benefits in terms of flexibility and cost savings.

Legacy technology

Unfortunately, air cargo operators may be at a disadvantage when it comes to embracing the cloud as so many of us are locked in by legacy technology providers entrenched in 30-year-old innovations. On the one hand, we can all stream a 2 gigabyte movie on our cell phones from anywhere on the planet freely over the internet, yet we struggle to include an ampersand in the name of a shipper in a short text file representing an AWB we must pay nearly a dollar to transmit to a partner across the airport property.

The relative lack of innovation by the entrenched IT providers in air cargo when compared with B2C and other B2B sectors is troubling and although it sets the stage for disruptive newcomers to take the lead, our costs and our business agility remain behind the curve.

It is imperative for us to embrace the cloud in as many areas as we can, establishing a new baseline for IT costs and productivity while improving security.

As our capabilities and expectations grow, we must begin to hold our legacy solution providers to these new higher standards and be ready to get on board as they adapt, or leave them behind as new innovative providers emerge.

DeBenedette will host a workshop on embracing the cloud at the Air Cargo Forum in Paris on 28 October 2016, to analyze how industry can collaborate to reap the benefits of new technologies. More information on the ACF on pages 8-10.
Learn from the experts and stay up to date with the latest trends at a series of workshops and panel debates. Each session will be chaired by a member of the TIACA Board of Directors and we will be publishing daily updates from the show as well as more in depth write ups of the sessions to ensure the debate continues and to facilitate calls to action for our industry.

09.00-10.00  **Plenary Session: Air cargo vision 2020**
What are the most important issues facing our industry at the moment and how should we prepare for the challenges of the next five years?
Speakers:
- **Doug Brittin**, Secretary General, *TIACA* (Chair)
- **Dr Fang Liu**, Secretary General, *International Civil Aviation Organization (ICAO)*
- **José Viegas**, Secretary General, *International Transport Federation (ITF)*
- **Kunio Mikuriya**, Secretary General, *World Customs Organization (WCO)*

11.00-12.00  **Air Cargo: What lies ahead?**
With the growth of e-tail and shifting consumer models, what will we see in the future? Hear from experts at Boeing, Airbus, and Seabury to learn their views on the challenges ahead, to help shape our business plans in the coming years.
Speakers:
- **Sebastiaan Scholte**, CEO, *Jan de Rijk Logistics*, Vice Chairman, *TIACA* (Chair)
- **Randy Tinseth**, Vice President – Marketing, *Boeing Commercial Airplanes*
- **Oliver Von Tronchin**, Head of Freighter Marketing, *Airbus S.A.S.*
- **Marco Bloemen**, Senior Vice President, *Seabury Group*

12.30-13.30  **Disruptive Innovation – an inspirational roadmap for tomorrow’s leaders**
Jaye Shipman joined the management training scheme of Valanti Global Corporation in 2014, aged 27. Now, in 2020, she has been appointed the leader of the company’s Natus division which manages the cargo businesses of four large carriers for the first time. We listen in to one of her first board meetings at which Jaye asks Operations, Sales and Technology leaders to present their views in a few minutes each on how to build disruptive innovation that delivers competitive value. After the presentations, the group discuss value and prioritization. Topics are likely to include advanced robotics, RFID tracking, self-learning algorithms and optimization, security, data products and integration.
Speakers:
- **Christopher Shawdon**, VP Logistics Solutions, *Unisys* (Chair)
- **Jim Friedel**, President, Strategy Validation, LLC
- **Lise-Marie Turpin**, Vice President, Cargo, *Air Cargo Canada*
- **Olivier Rochet**, CEO and Founder, *Scallog*
- Other speakers TBC
14.00-15.00  The new EU Customs code explained
The new Union Customs Code (UCC) will have a considerable impact on businesses importing into, or exporting from, the European Union. This panel of legislators and industry experts will explain the new rules and give practical advice on being compliant.
Speakers:
- Vladimir Zubkov, Vice President, Volga-Dnepr Airlines, Member of the TIACA Board (Chair)
- Dr Susanne Aigner, Head of Unit Customs Legislation, DG TAXUD A2
- Hélène Croqueveuille, General Director, DGDDI
- Kester Meijer, Director Operational Integrity and Division Safety & Quality Manager, KLM Cargo
- Brigitte Iconomoff, Manager Customs Regulatory Affairs, FedEx
- Jean François Auzéau, Customs Commission Chairman, TLF Overseas, Vice-Chair CITI, Customs and Indirect Tax Institute, Clecat

15.30-16.30  Multimodal opportunities and challenges in Europe
If sustainability is so important, why are multimodal developments so slow? And with increased night bans, rail developments and the flexibility of trucking, why still fly?
Speakers:
- Enno Oisinga, former Vice Chairman, TIACA (Chair)
- Dr Libor Lochman, Executive Director, Community of European Railway and Infrastructure Companies (CER)
- Other speakers TBC

Thursday 27th October

10.30-11.30  e-Business Challenges
The global B2C e-commerce sector is expected to hit USD2.3 trillion globally by 2017 and the air cargo industry must reinvent itself to rise to the challenges of the new e-landscape. We need to stop being passive and learn to collaborate and innovate, especially when it comes to technology so that we can be faster and smarter. What are the options, where are the bottlenecks and what should the industry be doing to improve?
Speakers:
- Amar More, CEO, Kale Logistics, Member of the TIACA Board (Chair)
- Glyn Hughes, Global Head of Cargo, IATA
- Jean-Louis Salfati, e-Freight Project Manager, Air France Cargo
- Frank Newman, MD, FedEx
- Jérôme Balbi, CEO, Sodexi
- Valerie Dubuisson, Vice President International, Parcel Division, La Poste

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

14.00-15.00  Manufacturing and market trends that will shape the industry
A blurring of the industrial and the digital revolution is forcing huge developments in manufacturing, driven by disruptive technologies, the industrial internet, also known as Industrie 4.0, advanced manufacturing, and Big Data analysis. The air cargo industry must stay agile and adaptable to keep up with the pace of change and make the most of the opportunities.
Speakers:
- Essa Al-Saleh, CEO, Agility Logistics, Member of the TIACA Board (Chair)
- Chris Welsh, Secretary General, Global Shippers’ Forum
- Lars J.T. Droog, Manager – Supply Chain & General Affairs, TOSOH Corporation
- Pascal Meyer, Head of Transportation and Customs, CHANEL Fragrances and Beauté
- Adriana Diener, Global Lead and Managing Director, Accenture Freight & Logistics
15.30-16.30  The Cargo Hub of the Future
What role will the next-generation air cargo hub play in supporting the industry as it rises to the challenge of a changing e-business landscape? Which new technologies will we need to adopt and how can we work together to make sure our facilities are smart hubs?
Speakers:  
Sanjiv Edward, Head of Cargo Business, Delhi International Airport, Chairman, TIACA (Chair)  
Olivier Bijaoui, President and Chief Executive Officer, WFS  
Uwe Beck, Managing Director, BeCon Projects GmbH  
Franck Goldnadel, Executive Director, Chief Airport Operations Officer, Groupe ADP, and Managing Director, Paris-Charles de Gaulle Airport  
Jean-Yves Chaumet, Senior Vice President Operations, Air France Cargo  
Ramesh Mamidala, CEO, Celebi Delhi Cargo Terminal Management India Pvt. Ltd

Friday 28th October

10.00-11.00  Embracing the Cloud
Millions of users are securely sharing and collaboration on billions of documents in the Cloud. What does it mean and what advantages are gained moving to Cloud? What would Cloud look like for air cargo, are there any examples taking root, and should we approach this as individual businesses to reap the benefits?
Speakers:  
John DeBenedette, Managing Director, WIN, Member of the TIACA Board (Chair)  
Dean Baxter, General Manager, Youredi  
Patrice Bélie, Chief Executive Officer, Hub One  
Other speakers TBC

11.30-12.30  Masterclass: Pre-Loading Advance Cargo Information (PLACI)
With ongoing developments across the globe on impending new regulations, legislators and industry leaders take a look at the most up-to-date information, explain the impact on the air freight supply chain and answer questions on how to prepare for the changes.
Speakers:  
Doug Brittin, Secretary General, TIACA (Chair)  
Brandon Fried, Director, The Airforwarders Association  
Christophe Eggers, External Relations Division, La Poste  
Craig Clark, Program Manager, Cargo and Conveyance Security, Office of Field Operations, US Customs and Border Protection  
Warren Miller, Air Cargo Policy Branch Manager, Air Cargo Division, Transportation Security Administration  

The ACF is a cost-effective way to network and showcase your business to thousands of leaders and buyers from across the entire air cargo supply chain. ACF is the perfect opportunity to promote and launch new products and services and to interact with potential and existing customers, partners and suppliers.  
For more information on exhibiting at the ACF or attending the seminars contact: Warren Jones, TIACA Director, Tel: +1 (786)-265-7011, Email: wjones@tiaca.org or visit www.aircargoforum.org
When you ship with us, we consider you our partner. Because, like you, an entrepreneurial spirit of change and growth guides everything we do. We’re in this together, and with our larger, expanding network, we’ll have even more opportunities in the future to give you the same exceptional service you’ve come to expect. That’s a great partnership.

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TIACA NEWS ROUND UP

Customs goes digital
TIACA took part in the World Customs Organization (WCO) Information Management Sub Committee to discuss progress on the “WCO going digital” campaign. The meeting focused on next steps of the WCO Data Model, a key element of the initiative that will see all paper-based operations replaced by electronic ones. Also included in the discussion was a look at challenges to global adoption, advance data, the single window, and data security.

Advocacy knowledge bank
TIACA has unveiled a new and improved advocacy knowledge bank on its website. The information is sorted by topic, including Pre-Loading Advance Cargo Information (PLACI), dangerous goods, security programs, and e-commerce. Each topic will be fully described and easily searchable so that industry segments can determine how it may affect them. “We want to ensure that we deliver timely, relevant information to our members so that they can be ready for new legislation and take action where necessary,” said Doug Brittin.

Singapore training venue
Singapore will this summer play host to one of TIACA’s Air Cargo Professional Development Workshops, from 16-19 August. Find out more at www.tiaca.org, or contact course leader Charles Edwards, Chairman of the Education and Research Committee, TIACA, at chedwards@gtcc.edu

TIACA meets with TSA
TIACA Secretary General Doug Britten met with Gary Rasicot, Chief Operating Officer of the Transport Security Administration (TSA), to discuss security issues affecting members. The meeting focused on the need for more canine and other screening technologies, and on some recent changes in interpretation and enforcement of TSA security protocols. “We made progress on both issues, agreeing to near term follow-up activities on canines,” said Doug Brittin. “On enforcement of security protocols, TIACA is working with TSA headquarters to help clarify and resolve these issues. We encourage members to let us know of any new compliance issues they encounter.”

Industry and regulators in Executive Summit talks

Industry and regulators came together at TIACA’s Executive Summit in Hollywood Beach, Florida, USA, for three days of networking and debates on important issues facing the global air cargo supply chain.

More than 170 delegates attended and the sessions looked at a wide range of topics including the latest regulations, e-commerce, cyber security, and Pre-Loading Advance Cargo Information (PLACI) rules. One of the panels took a look at the progress of the new Automated Commercial Environment (ACE) Manifest, the majority of which came into force at the end of Q2 2016.

Those attending heard implementation of the new Customs and Border Protection (CBP) single window scheme had proven “extremely difficult”. “Customs were just not ready for this change, they framed up the air manifest piece just by moving the existing import manifest over to ACE,” Don Woods, Director, Customs & Trade Compliance, UPS, told the panel.

The initiative was borne out of the legacy Automated Commercial System (ACS) Manifest, and sees the unification of 47 separate agencies into one US Government single window for imports and exports in the country.

But Brandon Fried, Executive Director, Airforwarders Association, said: “I will give CBP the credit, I could see they were very concerned themselves and doing everything they could.”

Another panel examined advance data regimes around the globe and brought together representatives from the World Trade Organization, the International Civil Aviation Organization, Transport Canada, and the Transportation Security Administration.

Panelists gave an overview of how industry, agencies, and regulators are focused on finding as much harmonization as possible to ensure cargo flows are not slowed or impeded as cargo transits different regimes.

Industry representatives from Brussels Airport, Envirotainer, Brink’s, and McKesson also came together to debate how the pharmaceutical supply chain should evolve to cope with a changing industry.

“If a flower is not delivered on time, a heart is broken, if a pharma item is not delivered on time, a heart stops,” said Leandro Moreira, Director – Life Science, Brink’s, who was chairing the panel.

Justin Jedlinski, Chief – Air Cargo Security Regulations, Transport Canada, takes part in a panel looking at advance data.
The Global Shippers’ Forum (GSF) will welcome shippers from across the globe, and host a series of practical workshops at the Air Cargo Forum (ACF), from 26 to 28 October in Paris, France.

GSF will host a pavilion, and GSF members will benefit from access to TIACA’s one-to-one meeting scheduler, CargoLinX, to make the most of their time at the show.

“The GSF represents the interests of shippers globally and campaigns on the issues that most affect them,” said Chris Welsh, Secretary General, GSF.

“The GSF has taken the lead in air cargo industry cooperation and was a founder member of the Global Air Cargo Advisory Group (GACAG), established to enhance the air cargo product and to jointly campaign on key issues with regulators and key international organizations such as ICAO and WCO,” he added.

“We greatly value our cooperation with TIACA, and the ACF is an ideal opportunity for our members to network with suppliers and peers, and take part in practical workshops which will help them run more efficient supply chains.”

Shippers will also take center stage in the ACF speaker line up, with Pascal Meyer, Head of Transportation and Customs for CHANEL Fragrances and Beauté, and Lars J.T. Droog, Manager – Supply Chain and General Affairs, Tosoh Corporation, taking part in a discussion on new manufacturing trends amongst other sessions.

The three-day forum will also include discussions on e-business, multimodal challenges, and the cargo hub of the future, as well as practical workshops on the new EU Customs rules and the latest security regulations.

“TIACA represents all sections of the air cargo supply chain and the ACF is a unique opportunity for logistics decision-makers to find ways of moving cargo more efficiently, meet new suppliers, and network,” said Doug Brittin, Secretary General, TIACA.

Shippers from a cross-section of global industries have joined TIACA’s Shipper Advisory Committee. Representatives from Chanel Fragrances and Beauté, Ericsson, and Sandvik Machining Solutions will be joining Chairman Lars J.T. Droog, Manager – Supply Chain & General Affairs from Tosoh Corporation on the committee. Marine Harvest RMT and Teva Pharmaceutical Industries are also now members, with shippers from the automotive and flower sectors to be announced soon.

“We have representation from a wide range of industries who ship a significant amount by air globally to bring insight into shipper challenges, so that the industry can better collaborate and work towards slicker, safer supply chains,” said Droog.

The new committee complements existing shipper organizations by expanding the opportunity to include all sectors of the global air cargo community, according to Doug Brittin, Secretary General, TIACA.

Exhibitors at this year’s ACF will include Atlas Air, Brussels Airport, and Chapman Freeborn, as well as Emirates SkyCargo, Hartsfield-Jackson Atlanta International Airport, Heavyweight Air Express and Forward Air.

New this year for the ACF is CargoLinX, TIACA’s on-line meeting scheduler, which will allow visitors to schedule up to thirty 25-minute meetings with 45 leading global air cargo companies, weeks in advance of the event.

CargoLinX, in association with Qatar Airways, will be free to use for ACF visitors and exhibitors and meetings will be scheduled for the first two days of the show.

For more information on exhibiting or attending the show, contact Warren Jones, TIACA Director, Tel: +1 (786)-265-7011, Email: wjones@tiaca.org, or to register online visit www.aircargoforum.org

Lars J.T. Droog, Manager – Supply Chain & General Affairs, Tosoh Corporation, announced members of TIACA’s newly created Shippers’ Advisory Committee, which he chairs, at the Executive Summit in Hollywood Beach, Florida, USA. Next to him are (l-r) Sebastiaan Scholte, Vice Chairman, TIACA, Sanjiv Edward, Chairman, TIACA, and Doug Brittin, Executive Director, TIACA.

Shippers take center stage at Paris Air Cargo Forum

TIACA names new shipper advisory committee members

Lars J.T. Droog, Manager – Supply Chain & General Affairs, Tosoh Corporation, announced members of TIACA’s newly created Shippers’ Advisory Committee, which he chairs, at the Executive Summit in Hollywood Beach, Florida, USA. Next to him are (l-r) Sebastiaan Scholte, Vice Chairman, TIACA, Sanjiv Edward, Chairman, TIACA, and Doug Brittin, Executive Director, TIACA.
A call to simplify China-ASEAN FREE TRADE RULES

Logistics companies currently have to jump through a lot of hoops before their customers can enjoy the duty-free benefits of the China-ASEAN Free Trade Agreement, writes Ken Gangwani.

Since the launch of the China-ASEAN Free Trade Agreement (CAFTA) in 2002, business has been thriving. However, there are still a lot of hurdles to overcome such as communication, Customs, infrastructure and cultural differences, before manufacturers and importers can benefit from free duty on 95% of the products moved between the two regions.

The rules are very complex and manufacturers and importers, not wanting to be burdened with such issues, usually hire logistics companies to handle the trade. One major logistics company that helps manufacturers in both China and the Association of Southeast Asian Nations (ASEAN) to overcome these hurdles is Japan-listed Konoike Group, which was established 135 years ago.

Konoike was set up in ASEAN members such as Singapore more than 30 years ago, but in the past few years it established operations in the under-developed members, such as Myanmar, Cambodia, Laos, Thailand and Vietnam, which moved between the two regions.

Another major logistics company using CAFTA is Hong Kong-based BEL International Logistics. It has offices in several locations in China as well as in ASEAN members such as Vietnam. Konoike and BEL operate their own individual businesses, but since the Japanese giant bought a 30% stake in BEL they also co-ordinate, co-operate, and share expertise in certain areas.

In 2002, when CAFTA (aka ACFTA) was launched, the bilateral trade volume was USD54.8 billion. By 2014, the bilateral trade volume rose to USD480.4 billion, increasing nine times during the 12 years with an annual growth of 20%. The two-way investment increased from USD3.37 billion in 2003 to USD12.2 billion in 2014, growing almost four times. At present, China is ASEAN’s largest trading partner and ASEAN is China’s third largest trading partner. The total investment by both sides amounts to more than USD150 billion.

The twin goals of CAFTA are two-way trade and investment of USD1 trillion and USD150 billion respectively by 2020.

Complexity

Talking of the difficulties in benefiting from CAFTA, Takahide Towa, Manager at Konoike’s Japan head office and Director of BEL, told TIACA Times: “There are so many products and with different and complex documentation for each product, it is difficult and time-consuming to clear the paperwork. Currently, it takes two or three days to clear export-import documents due to various factors such as communication barriers and Customs delay. Sometimes it takes longer, affecting product transit time. Things are improving but there are still issues with the paperwork. What China and ASEAN need to do is simplify the documentation.”

“Sometimes the regulations are not very clear. Changes must be made so business can be conducted more easily,” Brian Wu, Director of BEL, who is also Vice Chairman of the Hong Kong Association of Freight Forwarding Agents (HAFFA), told TIACA Times.

Towa called for a more open discussion between all parties, government officials and business executives. “All the shareholders must...
Sometimes the regulations are not very clear. Changes must be made so business can be conducted more easily.

– Brian Wu, HAFFA

be brought to the table to draft simpler and sustainable regulations.”

Regarding Customs problems at the border, Towa said: “There are Customs issues because of language and other communication problems as a result of which documentation is sometimes delayed. But the situation has been improving recently.”

“Customs is a unique animal in every country,” Willy Lin, Chairman of the Hong Kong Shippers’ Council, which represents importers and exporters, many of whom have offices in China and ASEAN, told TIACA Times. “In principle the China-ASEAN free Trade Agreement is working very well.”

“The platform between Customs of the two countries has to be matched. Mutual understanding is very important for the trade to succeed. The trade has to recognize that. Gradually over time we will see improvement.”

“Some of the Chinese manufacturers are considering setting up factories in Myanmar and Cambodia,” said Wu. “They have approached us to provide Chinese-speaking staff or customer service to serve their business. If that happens there will be a lot of business in the future.”

Lin also confirmed there are moves to transfer factories in China to the ASEAN border countries. “The products can then be made in ASEAN and sent to China duty free,” he said.

“The easy way for Chinese manufacturers to set up factories in ASEAN is through joint ventures with local partners,” Lin said. “But then there is the language problem, like in Thailand, where they only speak Thai, little English and no Chinese.”

Main trades
The main trades between China and the under-developed ASEAN members are machinery, consumer goods, raw materials and agricultural produce, and some electronics. Most of the products are moved by road or ocean freight. There is more exported from China to ASEAN under CAFTA than vice-versa.

Konoike’s three major operations benefiting from both CAFTA and domestic business are in various locations in China, Vietnam and Thailand, providing logistics services, warehousing – including cold facilities – trucking, cross-border service, documentation and Customs clearance.

“Asean is now planning a single Customs window. It is planning to set up a platform under which Customs will recognize each other’s data. This will also make it easier for CAFTA clearance,” said Lin.

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A single Customs window will show where the product was originally made, which countries it went through, and the number of days it spent in each country.

– Willy Lin, Hong Kong Shippers’ Council

So far five countries have joined the ASEAN Customs Transit System (ACTS). They are Vietnam, Indonesia, Malaysia, Thailand, and Singapore, with the rest expected to follow by the end of this year.

“A single Customs window will show where the product was originally made, which countries it went through, and the number of days it spent in each country,” said Lin. “There are a lot of monkeys involved in this trade but the single window will make it more transparent.”

Lower costs
Towa of Konoike said: “With a single ASEAN Customs window, transport costs will be much lower. We will have more opportunities to do business and that will be very promising for our industry.”

Le Luong Minh, ASEAN Secretary-General, said: “The ASEAN single window will not only promote the harmonization of standards and conformance procedures, including enhancing intra-ASEAN preferential rules of origin procedures, but also facilitate coordination and partnership among Customs administrations, the integration and transparency of Customs procedures, and the sharing of Customs intelligence for improved and modernized risk management.”

This topic will be discussed at the forthcoming Air Cargo Forum in Paris, France, in October 2016.
Modernizing Air Traffic Management (ATM) is crucial for the sustainability of European aviation and the forecasted increase in air traffic by 2035. The Single European Sky’s ATM Research project (SESAR) is one of the most ambitious modernization programs launched by the European Union (EU) contributing to the implementation of the Single European Sky. This modernization impacts all air-related stakeholders and consequently generates benefits for the air cargo industry.

Forecasts

Aviation is a strong driver of economic growth, jobs, trade, and mobility for the EU. It plays a crucial role in the EU economy and reinforces its global leadership position. Therefore the European aviation sector must remain competitive and reap the benefits of a fast-changing and developing global economy. The EU aviation sector directly employs between 1.4 million and 2 million people and overall supports between 4.8 million and 5.5 million jobs. The number of flights will increase from 9.5 million in 2012 to 14.4 million by 2035. At the same time, growth in air traffic in Europe and worldwide needs to be reconciled with maintaining high standards of aviation safety and security, as well as reducing aviation’s environmental footprint and contributing to the fight against climate change.

Modernization roadmap

The European ATM Master Plan is the roadmap for driving this European ATM modernization program. It sets out the necessary steps involved for the development and deployment of SESAR solutions with technologies and operational procedures, linking them to the Single European Sky performance objectives and ensuring global inter-operability and consistency with the International Civil Aviation Organization (ICAO) Global Air Navigation Plan.

The SESAR Deployment Manager (SDM) is responsible for the coordination of the implementation of the EU’s Pilot Common Projects, based on SESAR Solutions to be deployed in a synchronized and timely manner across Europe. Therefore it has created the Deployment Program, which explains how Europe’s ATM industry will be organized to fully and timely implement the Pilot Common Project (PCP), a European law covering six ATM functionalities that have to be deployed by EU member states.

SESAR Deployment Manager leads investment plans by civil and military European air navigation service providers, airport operators, airspace users, and the network manager to achieve Europe’s ATM infrastructure modernization, as required to ensure a safe and efficient continental air transport system in support of our economy and the creation of jobs.

The Deployment Program translates the priorities defined in the European ATM Master Plan’s planning view, and selected to be part of the Pilot Common Project, into a coherent and coordinated project view. The Deployment Program 2016 highlights the most urgent initiatives and activities to be undertaken in order to ensure an effective and synchronized deployment of PCP throughout Europe and to avoid significant gaps in the program’s deployment. It will be delivered by SESAR Deployment Manager to the European Commission by September 30, 2016.

Deployment

Today, deployment is a reality in Europe. The return on investment is tangible. There are 84 implementing projects by 45 partners already running in 23 EU member states and also two neighboring states. All this is the true demonstration of Europe’s ATM industry’s willingness to invest in ATM modernization and meet Single European Sky challenges.

Our main objectives for 2016 are to update the identified gaps in the Pilot Common Project implementation and focus on what remains to be implemented. The Deployment Program will release an early update by June 2016, which will look at what has already been implemented.

We are changing the life and strategy of a lot of our stakeholders in technological investments and now that we have proven that a strong partnership between the European Commission and the industry is the right model to achieve deployment results, we have to keep up to this level of expectation and remain open and transparent with a high focus on timely deployment to assure full PCP deployment together with all stakeholders.
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The key to further improving the efficiency of air cargo hubs will be greater collaboration between all the parties involved and closer integration of information technology and physical handling systems.

Coinciding with those developments, such centers will also need to manage the implementation of additional security requirements, respond to the particular demands of e-commerce, and cater for increasing volumes of bellyhold cargo.

Those were some of the main factors highlighted by senior executives from various sectors of the worldwide air cargo industry when asked to identify the most likely significant innovations required to enhance the future performance of hubs.

Markus Muecke, Global Head of Air Freight Procurement and Product Management for global forwarder Panalpina, suggested the ‘air cargo hub of the future’, as at present, is likely to comprise two distinct types of airport operation.

Future airport types

The first will be those of the established major international airports around the world, such as Amsterdam, Frankfurt, and Paris in Europe; Chicago, Atlanta, and Dallas in the US; Shanghai and Hong Kong in Asia; and leading Middle East gateways. These will continue to handle both ever-growing volumes of passenger aircraft bellyhold cargo and freighter traffic.

The second will be secondary and specialized airports focusing on handling freighters, for example Brussels and Leipzig in Europe, Memphis and Louisville in the US, and Zhengzhou in China. As current examples, he pointed to Panalpina’s established use of Luxembourg in Europe and Huntsville in the US as hubs for its own regular inter-continental scheduled chartered freighter operations.

Technology will play a key role in improving speed and transparency in the air cargo supply chain, according to Jonas van Stekelenburg, Head of Cargo Schiphol.

“I think it depends on how far you look, but technology is already playing a key role,” he said. “But if you really want to be quick and transparent, industry needs to embrace it much more than it does today.

“For example now you have fully automated warehouses, but the air cargo industry is nowhere near that. Hong Kong is one of the leaders in this and they are still nowhere near full automation. It is still very much a people’s process. However, I do think in time it will become automated."
“E-commerce is having the same effect and is forcing us to make processes more swift and transparent. It also forces you to look at parcel level and at things going into and out of airplanes and airports. It presents a big opportunity for us to make the industry better and offer a higher level of service.”

Increased collaboration between all the parties involved, and improved integration of processes, particularly in relation to the sharing of information, is one of the most important factors when it comes to improving the air cargo hub, agreed other industry sources.

Nanne Onland, Executive Director of Cargonaut, the cargo community information platform at Amsterdam Airport Schiphol in the Netherlands, said the air cargo industry should expect to see increased collaboration between the information systems at different airports.

“The two aspects go hand in hand. If you look at some of the moves in the air cargo industry to implement new technology that have failed, often the main reason for that has been a failure to take into account the change management that goes with the full process change. You cannot just install new technology and not re-envision the physical layout and the way the physical handling works,” he argued.

“More airport communities are developing community information platforms and at the International Air Transport Association (IATA) World Cargo Symposium in Berlin, Germany, last March, those various platforms expressed their willingness to cooperate,” he said. “In principle, for instance, outbound shipment, Customs and security information at one community information platform could be used by another platform for inbound processing.”

Jim Butler, President of US carrier American Airlines Cargo, said moves to enhance the efficiency of air cargo hubs through greater collaboration on the information technology front will be accompanied by further developments on the physical handling side.

Reasons for failure

“The classic information technology structure in an air cargo hub handles airline functions such as cargo booking, invoicing, revenue management, etc, and that is now generally done quite well. However, when it comes to hub

Some experts believe airport models of the future will split into two distinct types, including established major airports and ones specially designed for handling freighters, such as Panalpina’s use of Luxembourg in Europe and Huntsville in the USA.

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The ‘air cargo hub of the future’, as at present, is likely to comprise two distinct types of airport operation.

– Markus Muecke, Panalpina

International (IGI) Airport, Delhi, India. “In India, the focus of leading airports is on establishing integrated data-sharing platforms, for example Cargo Community System (CCS) at IGI Airport, and single window clearances for faster clearances in co-ordination with regulatory bodies. Many airports are also introducing various innovative means for faster physical handling of consignments such as battery-operated forklifts,” he reported.

However, Uwe Beck, Managing Director of BeCon Projects, a German international air cargo industry consultancy, claimed that in many parts of the world, efforts to improve the efficiency of hubs have been held back by a lack of co-ordinated information technology development within those facilities.

“Similar points were made by Sanjiv Edward, Head of Cargo Business at Indira Gandhi
control matters, the actual physical movement of the shipment, there is a distinct lack of supervision and tracking. It is still all done by manual handling and interaction,” he stated.

On the subject of enhancing the physical handling in air cargo hubs, there has recently been growing talk in some sectors of the air cargo industry about the potential to make greater use of ‘robotics’, although opinion on the viability of such systems appears split.

BeCon’s Beck, for example, was sceptical, suggesting that while such systems might work for an express carrier handling shipments of up to 20 kilos, “they would not work in general air cargo hubs because the nature of the shipments handled is so varied in terms of size and the nature of the commodities”.

American Airlines Cargo’s Butler, though, put a more positive spin on that subject, suggesting that many modern handling systems could in fact already be considered a form of robotics. “I think it is likely there will be more opportunities for the advancement of robotics in cargo hubs although it may take us a while to get there,” he added.

Another major challenge for air cargo hubs in recent years has involved the need to respond to international demands for tighter security, particularly in relation to the screening of shipments, and that pressure appears set to continue.

“If there is another terrorist incident involving commercial cargo on an aircraft, the industry could see the Americans demanding that every shipment in transit has to be re-screened – in fact, that is already happening in some parts of the world,” commented BeCon’s Beck.

“If that requirement becomes more widespread, then a completely different handling scheme will be needed in the hubs concerned. Those screening systems will have to become an integrated and automated part of the whole hub handling process.”

Security outlook

Similar views were expressed by Cargonaut’s Onland who agreed that when it comes to tighter air cargo industry security, “there is certainly more to come”. He also suggested, though, that while hubs will have to respond to those developments, there could be resulting efficiency benefits.

“Security regulations trigger process changes and for those to happen, systems and facilities need to be adapted. However, much tighter security requirements may help the industry to share already available information for its own purpose.”

Onland also highlighted another more general development which, he said, would be an increasingly significant factor in future air cargo hub operations.

“E-commerce has taught end-consumers a new experience of logistics service, with faster delivery, higher predictability and more information about the status of a shipment. That experience is also expected in the business-to-business (B2B) market for air cargo.”

IAG Cargo’s Edward made the same point about the likely impact of e-commerce on air cargo hub operations. “Consumers are now willing to pay a premium to get their online purchases as soon as possible. Certain high-end products, such as designer fashions and accessories, are well suited to air transport and will make up an increasing percentage of air cargo. However, forwarders will need to provide a custom solution to ensure that those time-sensitive items arrive on time and undamaged.”

Current trends suggest an increasing percentage of that e-commerce traffic and other air cargo will be carried in the bellyholds of passenger aircraft rather than on freighters, with resulting implications for some airport hub operations.

“This is definitely a subject which aspiring airport hubs will have to contend with and those who have the adaptability to deal with the situation will succeed in the long term,” agreed Edward.

“Take Delhi’s IGI Airport as an example. Ten years back when doing the masterplan for future development, the assumption was that about 50% of cargo would be belly cargo and 50% freighter traffic, so the original plan was to dedicate a large area in a remote location for a cargo terminal and freighter bay expansion,” he said.

“However, currently 80-85% of cargo is belly cargo and that trend will continue. So changes were made to the masterplan to ensure the cargo terminal expansion was planned closer to the passenger terminals, reducing the connection time and keeping the air cargo product attractive.”

More stringent norms

Edward added that in some cases, more stringent norms are required for cargo travelling in passenger aircraft bellies “and hubs need to ensure the equipment, infrastructure and processes are aligned to support that”. Overall, though, warned BeCon’s Beck, when it comes to designing and developing the air cargo hubs of the future, the industry as a whole still needs to substantially improve its planning processes.

“Even with some of the large new air cargo hubs being built in the Middle East, for example, there is not sufficient planning going into them in terms of what is actually required,” he claimed.

“They are not correctly targeting what they need to be doing in the future; they are just repeating the format and structure of existing hubs.”

Edward and Beck will host a panel on cargo hubs of the future at the Air Cargo Forum in Paris on 27 October 2016. They will be joined by executives from Aeroports de Paris and Air France-KLM. More information on the ACF on pages 8-10.
New Corporate Members

**Fort Wayne-Allen County Airport Authority** – The authority owns and operates the Fort Wayne International Airport and Smith field in the US, as well as Fort Wayne Aero Center.

[www.flyfwa.com](http://www.flyfwa.com)

**Becon Projects** – a Germany based consultancy company for the design and upgrade of air cargo facilities.

[www.becon-projects.com](http://www.becon-projects.com)

**TTI – Travel Technology Interactive do Brasil** – A Brazil based software provider of cargo management and passenger management systems.


**Skani International Transport Ltd** – A freight forwarding company, founded in 1994, which is based in Thessaloniki.

[www.skani.gr](http://www.skani.gr)

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Lars J.T. Droog is Manager – Supply Chain & General Affairs at Tosoh Corporation and was recently appointed Chair of TIACA’s new Shippers’ Advisory Committee. He has almost two decades of experience in the aviation sector, including senior roles at Polar Air Cargo, Schreiner Aviation Group, and Asiana Airlines.

You recently took up the role of chairman of TIACA’s new Shippers’ Advisory Committee – can you tell us a bit more about its aims?
The aim of the Shippers’ Advisory Committee will be to help change the airfreight industry from a fragmented one to one where all stakeholders can work together with maximum visibility. The airfreight industry suffers from a lack of communication between all the different parties. We have several short-term goals for the next couple of years; one of those is data sharing. We would like one neutral platform which can be used by different stakeholders in the industry, so there is no need to re-enter data. This way you increase efficiency and decrease errors. The other is technological innovation and how that can benefit our industry, such as robots building unit load devices (ULDs). This is an opportunity for the airfreight industry.

Why is it important to have the shipper voice represented?
The shipper is the customer of the airfreight industry. When the airfreight industry understands the needs of the shipper we will be able to move past the fragmented, traditional way of working towards one where all parties are in direct contact with one another.

What are the biggest challenges facing the air cargo industry and how can the industry gear up to face them?
The biggest challenge for me is that airlines do not fully understand what shippers want. This is a problem because you have so many types of shippers with different products. For example, in the pharmaceutical industry there is a lot of legislation and requirements in terms of how to ship products, such as temperature control regulations. We need to find innovative ways of sharing data more efficiently in this respect.

Your role with Tosoh is multimodal – how does airfreight compare with the other modes? Are there lessons we could learn?
Airfreight is very complex compared with other modes of transport. Unfortunately there is a distinct lack of visibility. Compared with other transport modes there is a high risk of products being damaged or missing pieces in a consignment. In the ocean freight industry shippers load containers themselves – that way you reduce the risk of damage or them getting lost. Maybe we can learn from this. We should also think more about air shipments being delivered right to distribution centers.

Do you feel the air cargo industry is frightened of change?
Yes, this is because organizations are afraid to take a risk and potentially lose profit. The role of freight forwarders is very important, but the current model is very much focused on consolidating shipments. This means you can add days to lead time as you have to wait for other shipments to arrive. Industry needs to work together to find ways to increase visibility, yet do this in a way that mitigates risk so that organizations can continue to make a profit.

Describe a typical day for you at Tosoh.
A lot of time is spent reporting and analyzing inventory, tracking shipment times, looking at different transport modes, and ensuring that our customer commitments are always being met. We also have a lot of continuous improvement programs and I also spend time managing teams in various regions around the globe. I also continuously focus on how we could improve shipment lead times and supply chain visibility for our customers. I also work on global projects and one of these is global tendering for one of our customers in the US.

What are the most interesting aspects of your role? And the most frustrating?
I enjoy physical distribution and trade compliance. Another great aspect is creating a team and setting up a great network, especially when dealing with projects on a global level. I do not enjoy when I lose control, such as a lack of information or a lack of visibility. My role is about satisfying our customers, and when I receive a phone call saying a shipment has not arrived, I find that incredibly frustrating.

Disruptive technology from 3D printing to smart warehouses is forcing the industry to make changes. What are your predictions for the next big trends and how will they affect the supply chain?
I think there are opportunities in the supply chain for 3D printing, particularly when it comes to raw materials. As a global company, I can imagine it will affect shipment volumes, and we could actually see shipment sizes decrease, but also we will see an increase in frequency.

Lars J.T. Droog – Chair of TIACA’s new Shippers’ Advisory Committee
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