INSIDE

Comment:
New Secretary General Vladimir Zubkov on improving supply chain communication

Technology:
A world waking up to blockchain

Freighters:
Despite short-term turbulence, long-term prospects remain good

One to one:
Kester Meijer on the art of smart cargo compliance

STRONG DEMAND FOR HEATHROW’S NEW RUNWAY
JOIN TIACA

Building Blocks for Innovation.
Opening doors for new business opportunities.

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

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

- Wong Chee Meng, SATS

Benefit from TIACA membership today!

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

Visit www.tiaca.org for details

Apply for membership online at www.tiaca.org
CONTENTS

05 Vladimir Zubkov
Vladimir Zubkov discusses how to improve communication across the supply chain.

06 Blockchain
Blockchain has already been used for some trade transactions, bringing potential savings and efficiencies, writes Alex Lennane.

10 New members
Spotlight on TIACA’s new corporate, forwarder and affiliate members.

11 View from the Board
Steven Polmans, Head of Cargo at BAC, argues for a strong TIACA to cooperate and maximize its effectiveness.

12 TIACA News
Regulators pledge closer links with air cargo leaders.

14 Freighter outlook
While both Boeing and Airbus expect a volatile market over the next few years, they are optimistic about the long-term outlook, writes Ian Putzger.

17 Guest Column
Harry van der Plas, of Total Touch Cargo Ltd and Triple FFF, gives some insights into the perishable cargo market.

19 Heathrow
UK government approval for the third Heathrow runway has come at a time of increasing uncertainty about the outlook for world trade, writes Robert Platt.

22 One to One
Kester Meijer, Director Operational Integrity, Compliance & Safety – ISCM at KLM, speaks about stepping up to the challenges of digitalization.

ACF 2016: a resounding success

The recent TIACA Air Cargo Forum (ACF) in Paris shows once again how important such events are in bringing all elements of our industry together under one roof. The value lies not only in the key interactions between industry members, but also with the information shared at the various panels and workshop sessions. We need to keep this strong momentum moving forward.

Without a doubt, the ACF 2016 provided one of the strongest education platforms ever, with all of the sessions being well attended and received. The addition of several shipper-focused tracks, as well as having two shipper pavilions to help facilitate meetings, also proved to be extremely valuable. TIACA’s new CargoLinX segment enabled the completion of over 650 one-to-one meetings over two days, and was conveniently located immediately adjacent to the exhibit floor, enabling efficient use of attendee’s and delegate’s valuable time. We will continue to do this, as well as bringing in other new ideas, as we look forward to ACF 2018 in Toronto, Canada.

For ACF 2018 itself, we have already announced our partnership with the new Multimodal Americas event at the same venue, bringing to the floor an even wider range of new exhibitors and participants. This will further strengthen the importance of the ACF, and we intend to further expand with other key industry and regulatory groups.

Our industry faces many challenges in the years ahead. Issues concerning trade regulation, environmental concerns, automation, and efficiency, and the evolving structure of global commerce, are just a few. Add to that the ever-increasing pressure for additional regulations in the security arena, especially as the nature of shippers themselves changes, and there can only be an increase in complexity.

With all of this ahead of us, it is absolutely essential that we seek new solutions and ideas. We can only do that by working together as a global air cargo community, and TIACA’s ongoing goal is to continue to lead the charge in that area. Our Board of Directors’ selection of such a respected industry leader as Vladimir Zubkov is a strong endorsement of this goal, and I know he will do exceedingly well in this role.

As this will be the last TIACA Times issue to which I contribute a message prior to my retirement at year-end, I wish to once again voice my pleasure about the tremendous experience it has been to work with such fine, dedicated industry professionals for the past 36 years. I have been fortunate to have been part of such a dynamic industry, and hope that our paths will continue to cross!

Doug Brittin
TIACA Secretary General
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.

With you all the way.

Find a solution that works for you at aacargo.com
Improving communication across the entire supply chain

Vladimir Zubkov is TIACA’s new Secretary General, replacing Doug Brittin. Zubkov has more than 40 years’ experience in the air transport industry, including senior roles with the International Civil Aviation Organization (ICAO), and, most recently, as Vice President of the Volga-Dnepr Group of Companies. Here he shares some of his thoughts on the need for stronger collaboration across the air cargo supply chain.

The recent Leaders, Executive, and Design Summit (LEADS) roundtable discussion during the 2016 Air Cargo Forum (ACF) in Paris, France, brought together a wide cross-section of industry and regulators. This included industry leaders from very diverse geographical regions, representatives from the International Civil Aviation Organization (ICAO) and the World Customs Organization (WCO), as well as shippers, and TIACA Board members.

To those of you who did not attend, it might be interesting to learn about the unanimity from all in the meeting in calling for stronger collaboration and visibility across the global air cargo community. This was remarkably in tune with the views of several more formally organized sessions at the ACF itself.

Customer satisfaction

All of this notion comes under the umbrella of working together. Every member of the cargo supply chain makes a contribution, either to the success (or lack of) in delivering shipments fast, safely, securely, and economically. There are many relevant organizations both globally and regionally. If we work in harmony, customer satisfaction and success are guaranteed. If we pull in different directions, customers will find a way to reprove us.

I look forward to bringing the combination of my commercial experience and my comprehension of the complexity of uniform implementation of regulations, to TIACA. I believe our main objective is that there must be compatibility in procedures and regulations throughout air cargo supply chains. We know it is our goal; however, we do not seem to have the mechanisms which connect the regulators closely enough to the people working in the field.

We often use the words ‘lobbying’ and ‘advocacy’, and I believe we need to expand these notions to the level of a country, to the level of an airport. It is one of the priorities, and I plan consultations with the heads of relevant organizations about new avenues for cooperation.

Suitable project

In fact, we already have a very suitable project for joint development with Airports Council International (ACI) and ICAO. ACI has an Airport Service Quality (ASQ) program to measure passenger satisfaction, which helps airports compete and enables them to measure themselves against other airports and identify strong and weak points. Cargo facilities do not have the equivalent, and they should. ICAO is very supportive. Now is the time to develop such a program.

The key objective concerning documentation is continued modernization. The all-embracing theme of e-commerce, with e-freight, e-AWB and other electronic elements, needs strong partnerships with those who are involved in trade and global commerce. Over the years we traditionally have not met industry targets for e-penetration. Indifference, lack of appreciation of the potential benefits and resistance by some partners seem to be the key factors.

Talking convincingly to the WTO, UNCTAD, regional development banks and relevant regional organisations should help new alliances achieve faster and more complete success in e-freight.

TIACA is the only organization to represent all segments of the global air cargo community, and together we can find solutions to the current challenges we face and build a better business for the future.

I would like to wish everyone a happy and prosperous New Year.

Vladimir Zubkov, TIACA’s new Secretary General

TIACA is the only organization to represent all segments of the global air cargo community, and together we can find solutions to the current challenges we face and build a better business for the future.
Technology is developing even faster than we had thought. In the last issue of the TIACA Times, a consultant noted the potentially bright future of blockchain technology in logistics – but said it would not be in use until 2018.

About a week later, freight forwarder Marine Transport International (MTI) announced that it was using blockchain technology for sharing information between relevant parties on container weights, now required by law. It had been working on the technology for 18 months.

Less than a month after that, the first global trade transaction using blockchain took place involving the shipment of cotton from Texas, USA, to Qingdao, China. Once the location of the cotton in transit was confirmed in the open account transaction, payment was released under a ‘smart contract’ system.

And at the end of November came the news that Walmart is trialling blockchain technology to see whether it is well-suited to identifying the source of bad food in the supply chain. It is using blockchain to track pork in China, as well as a “packaged produced items” in the US.

But first of all, what is blockchain? Originally developed for electronic payment system bitcoin, it is a digital public ledger of transactions – or shipments – that can be shared among a network of computers. It maintains a continuously growing list of records or transactions, called blocks, which are distributed but remain secure from tampering, hacking, or revision. Its first applications have been by the banks, but it lends itself well to logistics and supply chain management. Its likely adoption will mark the end of the fragmented use of electronic data interchange (EDI), replacing it with a single global system.

A world waking up to BLOCKCHAIN

Logistics and supply chain managers can make major savings and efficiencies if they adopt blockchain, according to its advocates. It is already in use for some trade transactions, reports Alex Lennane.

Technology is developing even faster than we had thought. In the last issue of the TIACA Times, a consultant noted the potentially bright future of blockchain technology in logistics – but said it would not be in use until 2018.

About a week later, freight forwarder Marine Transport International (MTI) announced that it was using blockchain technology for sharing information between relevant parties on container weights, now required by law. It had been working on the technology for 18 months.

Less than a month after that, the first global trade transaction using blockchain took place involving the shipment of cotton from Texas, USA, to Qingdao, China. Once the location of the cotton in transit was confirmed in the open account transaction, payment was released under a ‘smart contract’ system.

And at the end of November came the news that Walmart is trialling blockchain technology to see whether it is well-suited to identifying the source of bad food in the supply chain. It is using blockchain to track pork in China, as well as a “packaged produced items” in the US.
“The world is finally cottoning on,” said Jody Cleworth, MTI Chief Executive. “We can replace EDI with blockchain – EDI is not fit for purpose. I have thought that right from the beginning.”

Substantial savings

He added that the industry could garner substantial savings from its use. “EDI is sequential messages that must be paid for at each point. It is essentially an antiquated e-mail. But with blockchain there is one message that everyone can read and no one is charged for that. Everything is connected. The savings and efficiencies could be astronomical for the industry. Yes, there is a cost to adopting the technology, mainly through its use, and not through capital costs, but the benefits will far outweigh any of those initial costs.”

However, one expert who preferred not to be named, said that incumbent interests in the industry, which earn money for each message sent, would resist or ignore this new technology. “The existing companies providing messaging will be very worried. They are not in that space, and neither are their legacy systems.”

Cleworth added: “The banks are not slowing down the process of adopting and using blockchain, even though they will lose out on some transaction fees – they have done the analysis and are now embracing it.”

Take-up

While logistics IT companies are not yet in the fray others, such as IBM, are taking blockchain very seriously. In October it announced a USD200 million investment and opened a new office in Munich, Germany, to work on its IBM Blockchain product.

While so far the technology has only been used in seafreight for the exchange of information on container weights, Cleworth said air cargo is very suitable. “Airfreight has intermediaries in this industry are huge. It will not be done by the current incumbents though.

“A huge wave will hit the industry in three to five years. Tech companies that can offer this will be looking at very high valuations because of what they will bring to the industry. But if I was an incumbent offering EDI, I would develop blockchain technology straight away. If they do not transform their business model, and adopt new practices, they will struggle.”

Cleworth added: “The banks are not slowing down the process of adopting and using blockchain, even though they will lose out on some transaction fees – they have done the analysis and are now embracing it.”
How we contribute to the success of cancer research.
Recently we transported some 2°C to 8°C temperature-sensitive biotech products in special boxes from San Francisco to a Swiss laboratory where cancer drugs are prepared to improve patients' quality of life worldwide. This is just one of the many success stories we share with our customers.

We care for your cargo. swissworldcargo.com

EXPAND YOUR HORIZON
Receive training from seasoned air cargo industry professionals.

Air Cargo Professional Development Workshop
This course is 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, GS/GSSAs, ground handlers, airports, logistics service providers)
- CAAs, and anyone interested in learning more about the industry.

For more information, visit www.tiaca.org

Air Cargo Profesional Development
An educational program by TIACA & SASI
the same potential as seafreight – possibly more, in fact, because of the need for higher security and safety.”

At the moment, consultants are working with MTI to work out what cost savings can be made in the industry, much of which will come about through increased efficiencies.

“You could be a shipping line with 500 pending connection requests for verified gross mass (VGM). If you were using blockchain that would be zero,” explained Cleworth.

MTI has signed up a major UK shipper, Cylelink, and is working to create a “macro system”. Essentially, said Cleworth, it is the applications that will create the best value, rather than blockchain itself, which is just the technology backbone.

“DAPP – a decentralized app – will be the real space that becomes interesting. We need to establish workflows using blockchain technology, end-to-end, with enablement through apps.

**Broad spectrum**

“Ultimately, we enable a new version of EDI that will interact with the broadest spectrum of people and engage anyone who adopts the blockchain to do so. It is an end-to-end logistics platform. We could end up in a world with multiple blockchains, but it will still come down to the application or software system and interface that you use with the blockchain technology.

“Smart technology will be the backbone that will enable the general populace to use it. Blockchain is a programmable process and will mean nothing without the app.”

One of the first possible uses of blockchain in air cargo could be via Ericsson’s “cargo data backbone”. At TIACA’s ‘Air Cargo Forum in Paris in October, executive Robert Mellin confirmed that Ericsson was working with Panalpina and Lufthansa, and using CargoQ quality data for the project, which goes far beyond the limited digitization offered by e-freight.

Ericsson is developing technology to “create an open and neutral ecosystem for the players in the supply chain to collaborate”. It aims to open up all transport documentation on the backbone, making messaging a thing of the past. The backbone essentially means there is no manual entry of data on to the ‘open’ platform, which companies across the supply chain can access, pulling out data they require. Currently, according to Ericsson, in a typical air cargo transaction, 17 documents are sent 36 times in 18 different steps. This would reduce to 17 documents exchanged once in 15 steps.

“This will digitize the whole supply chain,” said Mellin. “Stakeholders are not communicating in an efficient way. The backbone will not be quite as efficient as the integrators, but very close.”

He confirmed that Ericsson and its partners are considering blockchain as the underlying technology – but it was too early to tell whether it was the solution.

Mellin agreed that cost savings from ending messaging would be significant, and estimated that the industry spends USD200 million a year on it, while IATA identified cost savings of some USD2 billion in digitizing freight data. Mellin also agreed that incumbents had little incentive to make changes to the status quo.

**Airfreight suitability**

Whether Mellin’s backbone will use blockchain or not, essentially the same idea is there – and airfreight is particularly well-suited to the technology.

It is unhackable and safe, it allows the many intermediaries in the air cargo chain, from handlers to Customs, from shippers to carriers, to communicate safely, cheaply and effectively.

“There could be many different options offering blockchain in the future,” said Cleworth. “But the key is that to do business efficiently and safely with anyone using it is, that they can all connect.

“Blockchain has the ability to empower our industry into a true digital age, and to drive efficiencies and margins that have been left untapped for many years.”
New Corporate Members

Global Air Cargo Service Egypt (GACS EGYPT) – provides freight forwarding services worldwide via air, sea, and road. The Cairo, Egypt-based firm also provides warehousing services, international mail deliveries, and customized and specialized shipping solutions. More at www.tristarcargo.com

Vienna International Airport – Austria’s biggest airport and serves as the hub for Austrian Airlines and Niki. It is capable of handling wide-body aircraft such as the Airbus A380 and the Boeing 747. The airport features a dense network of European destinations as well as long-haul flights to Asia, North America, and Africa. More at www.viennaairport.com

WiseTech Global – developer of cloud-based software solutions for the global logistics industry. Its flagship product, CargoWise One, provides the world’s most integrated and comprehensive end-to-end logistics solution and forms an integral link in the global supply chain. More at www.wisetechglobal.com

New Forwarder Members

BTY Logistics International Nigeria – Established in Lagos in 2007, the world class freight forwarder and air cargo handler is a member of WCA, FIATA, and the Council for the Regulation of Freight Forwarding in Nigeria, and is certified by the Nigerian Civil Aviation Authority as an agent to airlines. More info at www.btylogisticsng.com

Tron Global (Private) Ltd – A Pakistan-based company specializing in air and sea freight as well as Customs clearance. More info at www.tron.pk

CMTL Group Ltd – The Tanzania-based forwarder specializes in Customs clearance, storage, air, sea and road freight, and document archive. More info at www.cmlt.co.tz

CTC Logistics SRL – A freight forwarder founded in 2012 operating in all Dominican ports and airport, serving Customs clearance, IOR services, deliveries, forwarding, and also operating as a receiving agent. More info at www.gotrans.com.do

UTEC Sp. Z O.O. – Established in Poland in 2014 as a part of UTEC Group– freight forwarding companies focused on the Asian, American and European markets. As a new generation hi-technology company, it is focused on highly efficient solutions. More info at www.utec-group.pl/

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

Taking further.

When it comes to air freight, our global network delivers.

With a growing network providing direct cargo service to over 150 cities and over 450 worldwide through interline partnerships and a vast trucking network, Air Canada Cargo offers countless possibilities for shipping freight quickly around the globe.

NEW: Dedicated freighter service to South America, Mexico, US, Frankfurt.

aircanadacargo.com

Going further.
Feels like only yesterday, but it is already quite a time since the ACF in Paris. It was good to see so many people again and hear all the initiatives being taken by so many of us. Times are still tough and are likely to be tough in the very near future. Overcapacity is still going to be there, pressure on yields will continue. But as so often in so many industries in history, difficult times create a better future.

**Stronger industry**

It will be a different way of working – maybe, or even probably, not every company will be able to change sufficiently and might not survive. But we, the air cargo industry, will still be there and will be stronger than ever. The global economy needs air cargo and we play a vital role. And yes, we are a very fragmented industry with a lot of legislation and restrictions having an effect on us. But this will not stop us.

Many of us are working hard to make a difference, not only for our individual companies, but for the industry in general. And more than ever, we do understand that cooperation and working together will be necessary. Even amongst competitors. It is the only way forward for a more efficient and more standardized process that will benefit all.

Several airports have realized the importance of cargo. Not only for their local economies, but also as additional margin to their own bottom-line. And let us not forget the importance of cargo for the long haul passenger routes.

Airport authorities do understand that they can make a difference by facilitating air cargo operations at their airport. But at the same time, they also re-raise that working together with other airports is a must in order to win this battle. Standardized key performance indicators (KPIs), community systems that can be integrated, sharing of operational solutions … are all on the table. In Europe, several airports are meeting on a regular basis to work together on how we can develop and move forward in a common way.

And why not do this on a global scale in future? For sure, it is somewhere TIACA could play an important role too.

**Common voice**

More than ever, we need a strong TIACA that can help us with all these changes in our industry. We need a common voice towards the regulators and other industry organizations such as the International Air Transport Association (IATA), the International Civil Aviation Organization (ICAO), the International Federation of Freight Forwarders Associations (FIATA), and the World Customs Organization (WCO), in order to make sure our interests and needs are taken care of.

Our interests are the interest of the entire logistical supply chain. A strong TIACA means a strong group of people representing TIACA, but also active and responsive members. So let us focus in 2017 on all the good things in our industry and what binds us rather than divides us.

We will be surprised about what we can re-raise and achieve. Cool chain and pharmaceuticals, e-commerce, drones, security, Customs, training… So many challenges we can and should tackle together.

Who knows, in 2020 we might look back at 2017 realizing it was a year with still many challenges but also a year with many changes and positive things started by many of us. And together with you, we would like to be part of that change. Because after all, air cargo is a great and exciting industry and the global economy counts on us.

---

**A STRONG TIACA can transform our future**

**Steven Polmans, Head of Cargo at Brussels Airport Company (BAC), argues that a strong TIACA can achieve much by cooperating with other industry organizations in a fragmented industry.**

Let us focus in 2017 on all the good things in our industry and what binds us rather than divides us.
Regulators and industry leaders pledge closer links

The International Civil Aviation Organization (ICAO) and the World Customs Organization (WCO) joined TIACA in show of unity at our successful Air Cargo Forum in Paris, France, this October.

Air cargo leaders and regulators from across the globe pledged to work more closely together to ensure a more efficient, safer air cargo supply chain at meetings during the three-day event.

Delegates agreed that the air cargo community must work towards a paperless environment to ensure the industry maintains and develops its competitiveness, especially in expanding e-commerce markets.

The development of advanced screening technologies was also earmarked as essential to ensure a secure and efficient air cargo network.

Doug Brittin, outgoing Secretary General of TIACA, was joined by Dr Fang Liu, Secretary General of ICAO, and Sergio Mujica, Deputy Secretary General of the WCO at the show, with all three organizations pledging to continue close cooperation in order to secure a bright future for the industry.

“We are living in a period of great transition for our industry, and collaboration among all members of the air cargo community has never been more important,” said Brittin.

“Together we can work towards a common goal to ensure that new legislation does not impact air cargo flows, as well as to find solutions to ongoing challenges such as cargo delays, restrictions on the transport of lithium batteries and the impact of Big Data on our industry.”

The Plenary session was the first of 15 practical workshops and panel discussions over the three-day event, which looked at issues including the Cargo Hub of the Future, New Manufacturing Trends such as 3D printing, and Disruptive Innovation, as well as masterclasses reporting on the latest security and Customs regulations.

ICAO and TIACA released a Joint Communiqué outlining their continued plans to work together on a series of initiatives aimed at improving the industry.

This includes the development of a new technology platform to support Pre-Loading Advance Cargo Information (PLACI) systems, as well as a new Cargo Service Quality Index for measuring cargo performance at the airport level.

The collaborative effort further builds on previous agreements between ICAO and TIACA signed at the Association’s two previous ACFs in Seoul, South Korea, and Atlanta, USA.

Hundreds of exhibitors from leading companies, including Heathrow Airport, Chapman Freeborn, Emirates SkyCargo, and Le Groupe La Poste, welcomed thousands of delegates over the three days.

LEADS think-tank looks to e-freight

TIACA chairman Sanjiv Edward hosted a meeting of representatives from a cross-section of the industry, including shippers and TIACA Board members as well as delegates from ICAO and WCO.

The think-tank, called LEADS, discussed topics including the challenge of freight adoption and how to achieve better collaboration. Participants signed a Certificate of Collaboration to demonstrate their commitment to the initiative.
Winter 2016/17

Shippers take center stage at ACF

Shippers took center stage at the Air Cargo Forum, with the Global Shippers’ Forum (GSF), and European Shippers’ Council (ESC) hosting a series of workshops.

GSF signed a Memorandum of Understanding with Cargo iQ outlining six areas for the two groups to work together towards a more efficient, quality driven and secure supply chain and exploring methods for industry and shippers to better communicate so that the needs of the customer are better met.

Ericsson and Bioforce boost Shippers’ Advisory Council

Robert Mellin, Engagement Lead Logistics at Ericsson Industry & Society, has been appointed Vice Chairman of TIACA’s Shippers’ Advisory Council (SAC).

Mellin was appointed from Council member to Vice Chair, and is joined by Bernhard Baertschi, Head of Export at Bioforce AG, the newest member of the Council, which was set up earlier this year to give shippers a stronger voice in the supply chain.

“In these rapidly changing times, the voice of the shipper will prove an invaluable contribution to the continued improvement of the air freight industry,” said Mellin.

“The Council will crucially give shippers a platform where they can better collaborate and collate with the entire air cargo community, to help create a more successful future for us all.” Mellin has over 20 years’ experience in the logistics and transport industry and held senior roles at Kuehne + Nagel, and Nokia, before joining Ericsson in 2010.

Bernhard brings over 30 years of experience in supply chain management, having worked at Swissair, Cossair, DHL Express, and Sky cell prior to joining Bioforce this year.

“Pharma is the fastest growing region of the air cargo market, and we are delighted to bring representation of this community into the new committee,” said Bernhard.

TIACA’s Shippers’ Advisory Council also includes representatives from Tosoh Corporation, Chanel Fragrances and Beauté, and Sandvik Machining Solutions.

Coyne joins ACS to back charity

Coyne Airways and Air Charter Service (ACS) announced a scheme at the ACF to back War Child, a charity which supports children affected by conflict. Family-run Coyne and ACS are donating an agreed amount per transaction on behalf of their customers. Pictured left to right are Larry Coyne, CEO, Coyne Airways and Chris Leach, Chairman ACS. Coyne is appealing to companies across the air cargo supply chain to donate to War Child in a similar way. To find out more, contact Emma Murray at emma@meantime.global

Left to right: Ariaen Zimmerman, Executive Director, Cargo IQ; Kester Meijer, Director Operational Integrity, KLM, and Vice Chairman of Cargo IQ; Chris Welsh, Secretary General of the Global Shippers’ Forum.

TIACA NEWS ROUND UP

CargoLinX facilitates over 650 business meetings

TIACA facilitated over 653 business meetings at the recent Air Cargo Forum in Paris, thanks to the new online meeting scheduler CargoLinX. The booking tool, which debuted this year, allows visitors to schedule up to thirty 25-minute meetings with 45 leading global air cargo companies, weeks in advance of the event. TIACA is planning to use CargoLinX for the 2018 ACF in Toronto, Canada, which will be co-located with the Multimodal Americas Expo.

TIACA in Washington talks

Incoming Secretary General Vladimir Zubkov (pictured) worked with outgoing Secretary General Doug Brittin in December in discussions with regulators in Washington DC. They met with representatives from the Transport Security Administration (TSA) for formal introductions as well as to discuss issues around air cargo security. Sue Presti, Senior Director of Government Affairs, TIACA, also met with the Aviation Security Advisory Committee (ASAC) and the ASAC Air Cargo Subcommittee.

Multimodal link for Toronto

The Supply Chain Americas event will be co-located with TIACA’s Executive Summit on 18 and 20 October 2017 in Miami, USA. To book your space, contact Robert.jervis@clarionevents.com. Clarion Events, owner of both the Multimodal UK Exhibition, and the Supply Chain and Logistics Summits, is also hosting its 2018 Multimodal Americas Exhibition alongside TIACA’s Air Cargo Forum (ACF) in Toronto, Canada, which will showcase leading logistics and transport companies over a three-day event, as well as a series of seminars and practical workshops.

TIACA canine proposals

TIACA has submitted fresh comments to the Transportation Security Administration (TSA) in support of increased use of canine screenings for air cargo security. The move comes after TSA issued a Request for Information (RFI) from the industry on potential use of third-party canines to screen air cargo. TIACA has been working to persuade TSA to take necessary steps to make additional canines available for air cargo screening, in particular through certification of canines trained by third parties to meet TSA standards.
Freighter market faces short-term TURBULENCE

While both Boeing and Airbus predict a volatile market for freighter aircraft over the next few years, they remain confident of strong demand in the longer term, reports Ian Putzger.

The stubborn persistence of headwinds for global trade has prompted Boeing and Airbus to trim their long-term industry forecasts from their projections produced two years ago. However, both see a return to more sustained growth over the next two decades, although they differ in their predictions on how this will play out in terms of demand for freighter aircraft.

Industry executives have been hard-pressed to make predictions more than a few months ahead, pointing to the volatility that has caused swings in demand over recent years. Their outlook has not improved with the rise of protectionism on both sides of the Atlantic, which is threatening to throw up barriers to international trade.

“I am worried about protectionism,” commented Sebastiaan Scholte, Chief Executive Officer of Jan de Rijk Logistics and Vice Chairman of TIACA, who recently chaired a session on the future outlook of the industry at the Air Cargo Forum (ACF) in Paris, France, along with representatives from Boeing, Seabury, and Airbus.

Boeing outlook

Boeing acknowledged this in its 20-year market outlook released at the Air Cargo Forum in Paris. “Beyond the current trade slowdown some longer lasting factors, such as a shift toward services trade, shortening of supply chains, and the threat of protectionism, pose risks to global trade,” the aircraft maker noted in its summary.

Nevertheless, Boeing does not expect a lasting impact from protectionism. “Globalisation cannot be reversed,” commented Tom Crabtree, Boeing Commercial Airplanes Regional Director, Airline Market Analysis, Marketing & Business Development. He added that protectionist measures have had a negligible effect on trade, whereas weak global economic momentum has been the chief reason for the industry’s recent lacklustre growth.

Cataclysmic events like 9/11 or the demise of Lehman Brothers have not had a big impact over longer periods of time on air cargo growth, agreed Oliver von Tronchin, Head of Freighter Marketing at Airbus.

According to Boeing statistics, air cargo grew 1.7% a year between 2008 and 2013, followed by a 5% spike in 2014 owing to the West Cost port issues, and 2.2% in 2015.

For the coming 20 years, Boeing predicts 4.2% annual growth, which is down from 4.7% it envisaged two years back. Clearly air cargo no longer outpaces global trade by a measure of 2:1.

Crabtree said that businesses have had little incentive to invest in the current low-interest environment, but this will have to reverse at some point because of equipment obsolescence. He added that the second half of 2016 has brought some indications of improving demand, but it is too early to identify a manifest trend there.

Much has been made of the explosive growth in e-commerce and its potential to fuel air cargo. “E-commerce is one of the strongest growth drivers,” remarked von Tronchin, adding that it has benefited the express carriers. Going forward Airbus sees significantly higher growth in the express segment than in general cargo, citing 55% growth in express traffic over the past eight years, while international general freight went up just 8%.

At this point though, 66%-70% of air cargo moves between industrial sites, Crabtree noted. It remains to be seen how much of the growth in e-commerce translates into stronger demand for airfreight and freighters, he said.

In terms of geography, the Asia Pacific-North America trade lane will be the largest and should see 4.6% annual growth, Boeing predicts. The Asia-Europe sector will be the second-largest, also growing at 4.6%, while intra-Asian traffic should see a momentum of 5.5% to take it past the transatlantic market.

To accommodate the volumes moving by air, Boeing anticipates a need for 2,370 freighters to come on stream. Overall the world jet freighter fleet will grow from 1,770 planes to 3,010, it predicts.

The strongest increase will play out in the narrowbody segment of freighters under 45 tons. Boeing projects their number to rise from 640 units in 2015 to 1,260. Medium-sized widebodies (40-80 tons) will go up from 580 to 920 units, and large widebodies over 80 tons should rise from the current 550 planes to 830.

Mid-sized cargo aircraft

The manufacturer upped its projections for mid-sized cargo aircraft to reflect the boom in express/e-commerce traffic, Crabtree said. Boeing ramped up its 767 freighter output last year, and interest in converted 767 and 757 models has been rampant.

Von Tronchin sees an increase in 767 conversions happening now but beyond 2020 the suitable feedstock will decline. He expects the Airbus A330P2F program to come on strong, which will then see a larger number of
suitable aircraft available for conversion. He is also bullish about an A321 freighter version, which he described as the successor to the 757.

Airbus is less upbeat on the outlook for freighters than Boeing, particularly in the large widebody bracket. Comparisons are skewed, as the European manufacturer uses different base numbers as well as different payload ranges for the various size categories. (The small freighter bracket it applies goes up to just 30 tons, as opposed to 45 at Boeing.)

Airbus currently counts only 1,560 freighters in service, and it projects growth of the world jet freighter fleet to 2,110 units by 2035. This is down a whopping 21.5% from its previous forecast, which anticipated a fleet of 2,687 freighters in 2034.

The reason for this is the growth of the global widebody passenger fleet. Airbus projects that the percentage of cargo traffic (in freight tonne kilometers flown) carried on freighters will drop from 48% to 38% over the next 20 years.

“Every combination carrier tells us that they use the bellies first and the freighters on top. This has changed. Ten, 15 years back the use of freighters was more independent of belly capacity,” von Tronchin commented. Airbus sees this play out chiefly in the long-range market, affecting chiefly large widebody freighters.

Boeing does not agree with this outlook, arguing that about 70% of the new belly capacity is being deployed in markets where forwarders are not active. As agents control 90% of airfreight outside the express sector, they determine gateway selection, which is driven by their business model, Crabtree said.

While he anticipates the downward pressure on yields will soften, they will remain under pressure, Crabtree said. For the long term, Boeing projects 2%-3% annual yield erosion.

This does not augur well for pure cargo airlines. Scholte sees two options for freighter operators. They can either strive to be as lean as possible through cost leadership and operational excellence, or they have to differentiate themselves through adding value. One way forward may be to align themselves with partners, possibly e-commerce providers, he reflected. “Why not have an e-fulfillment centre at an airport to distribute directly?” he asked.

Combination carriers appear less vulnerable, as cargo planes can be seen in terms of contribution to overall revenues as opposed to the freighter operation in isolation, which may be producing red figures, Scholte said.

The long-term outlook is probably most promising for the conversion specialists, who can look forward to full orderbooks. Boeing envisages demand for 550 large and 380 medium factory-built freighters, versus 1,040 smaller and 400 widebody conversion freighters.
TAKE A
LOAD OFF,
LEAVE THE LOGISTICS TO US.

From our convenient booking process at deltacargo.com to seamless tender and recovery, Delta Cargo makes things easy for you. We offer specialized containers and industry expertise in shipping everything from temperature-sensitive pharmaceuticals and perishables to cars and couture fashion. With a vast global network and clockwork operations, we'll help you ship with ease.

DELTACARGO.COM
The business of perishable cargo is often an exotic one. The fruits, flowers, and vegetables we so covet in the West are rarely suited to our colder climes.

As the owner of specialist handling and forwarding companies based in Kenya and Holland, and specializing in the transport of perishable cargo, the insight into operations in the country of origin was startling at first, and then telling.

European airports are investing heavily in cool facilities for perishable cargoes. In December, Schiphol airport, the Netherlands, opened its Joint Inspection Centre, in association with KLM Cargo and Dutch Customs.

European airports are investing heavily in cool facilities for perishable cargoes. Just this month, Schiphol airport opened its Joint Inspection Centre, in association with KLM Cargo and Dutch Customs.
The Brand for Fashion & Lifestyle

Fashion is all about having your finger on the pulse in a fast-moving industry. That’s why we are the logistics choice for over 40 of the world’s top 100 brands. We provide customised supply chain solutions and unparalleled distribution across Greater China and the ASEAN regions, from merchandise and non-merchandise to POSM. We are here to support your business and growth in Asia.
A POSITIVE OUTLOOK despite the UK’s trade uncertainties

UK government approval for Heathrow’s third runway has been given shortly after the country’s vote for Brexit. Robert Platt takes soundings on likely future demand at Heathrow at a time of increasing uncertainty about world trade.

Upon winning the US presidential election, Donald Trump vowed to revive the US economy by ensuring greater protection for US jobs, and also promised to scrap the Trans-Pacific Partnership, which would have been the biggest multinational trade deal in years.

The forces that helped propel him to power appear to reflect a shift in international politics, evidenced by other events like the UK’s referendum vote to leave the European Union, as well as the electoral gains of anti-European Union, pro-nationalist parties on the Continent.

In October 2016, the World Trade Organization (WTO) released a report which revealed its own concerns over a “surge in protectionist measures” by the world’s leading economies. The ‘Report on G20 Trade Measures’ stated that between mid-October last year and mid-May 2016, G20 economies introduced new protectionist trade measures at the fastest pace seen since the 2008 financial crisis.

Some air cargo leaders worry that the current uncertainty in the global political arena could pose new challenges for the industry, and potentially affect free trade market policies around the world.

It has also brought huge infrastructure projects, such as the expansion at Heathrow Airport, back into the spotlight – with some experts wondering whether such investment has come at the right time.

Nick Platts, Head of Cargo at Heathrow, believes it has, pointing to the fact that the airport, operating at 98% capacity, accounts for almost 30% of UK trade value currently.

Operating at 98% capacity, Heathrow accounts for almost 30% of UK trade value currently.

– Nick Platts, Heathrow

Forecasts project a doubling in the amount of cargo tonnage processed at the airport, from the current 1.5 million tonnes to 3 million tonnes, by 2040, and Platts stated there is no reason to believe this will change, despite the current political climate.

“The value of that future export trade will depend on industry and what the market decides to move by air, but we have no reason to believe it would not remain a similar proportion to today,” Platts stated. He added that Heathrow sees ample capacity coming online to cope with that growth. “We estimate our airline partners are on average operating at cargo load factors of around 55-60% based on weight, so spare capacity exists across the airport system today. However, we recognize that some high demand routes are at capacity which is why expansion is so vital.”

Platts declined to say whether he felt the current global political climate posed any threat to the industry, but stated: “In any change, there are opportunities and challenges – it is up to us to make the most of the opportunities and mitigate the challenges.”

Platts’ sentiment was echoed by Robert van de Weg, Senior Vice President Sales and Marketing at AirBridgeCargo, which recently invested in the airport with a newly launched twice-weekly freighter service to its Moscow hub, connecting customers to its growing network in North America and Asia Pacific.

Van de Weg does fear that the ramifications of the current political climate could hinder growth in international trade, but added that at least in the short-term any uncertainty will benefit the airfreight sector.

“Whenever there is a crisis in the supply chain, the airfreight sector benefits, as it is the default transport mode for freight because everyone regards it as the safest option,” he stated.

“It is the potential longer-term effects that worry me the most, but even then I believe the effects will be minimal as we have become too interdependent on the seamless flow of trade for any long-lasting or deeply effective disruption.”

“AirBridgeCargo has experienced strong growth, which is why we have chosen to
expand at Heathrow, and we are very confident that growth in international trade will continue on its current trajectory despite the current trend towards protectionism. At worst, we will see only a slowing of the growth momentum.”

Dmitry Grishin, Chief Executive Officer of the new British cargo airline, CargoLogiAir, added that the UK must take a “strong stance” in its Brexit negotiations. “I am a strong supporter of the UK must take a “strong stance” in its Brexit negotiations. “I am a strong supporter of that the UK must take a “strong stance” in its Brexit negotiations. “I am a strong supporter of this to enhance the international competitiveness of UK aviation for customers, businesses, and the economy.

“It is especially vital to protect the current level of market access with the US, the UK’s largest single export market. There should be no limitations on flying for UK and US carriers,” he added.

The main impact from Brexit will be on exchange rates and the consequential effects on demand for products. The fall seen in the value of sterling was having the effect one might expect, said Lloyd, increasing demand for UK exports but “causing headwind for UK imports, notably from the US”.

“But with so much at stake, some experts felt that the government’s priority should shift away from the Heathrow expansion and rather look to maintaining open skies agreements with key markets as well as maintaining current infrastructure.

Conan Busby, Head of Cargo and Business Aviation, Manchester Airports Group (MAG), stated that in such times of uncertainty, the government should be looking at other strategically important airports to meet the needs of the aviation market in the short term. “Stansted (STN), Manchester (MAN), and East Midlands Airport (EMA) all have spare capacity for passenger and freight – maximizing the opportunity this presents must be key for government now, including investment in rail, reduction in APD and modernizing airspace,” he said.

With around 40 million passengers per annum worth of spare capacity at STN and MAN, prioritizing maximum use of this capacity should be central to government’s aviation policy in the short term, Busby stated.

Chris Welsh MBE, Director of Global and European Policy at the Freight Transport Association, had lobbied extensively in favor of the third runway at Heathrow, and still feels that the project is vital to growth in the UK as a “substantial confidence builder”.

Welsh also believed that there is “little doubt” the Brexit referendum result prompted the UK government to back the UK Airports Commission in supporting a third runway at Heathrow.

“With uncertainty over the kind of trade deal that will be negotiated between the UK and EU, trade with emerging economies outside Europe is vital,” he stated.

“While regional airports will play a role, Heathrow is the UK’s main air freight hub and link with the world. Investment in new capacity at Heathrow is therefore crucial for the future prosperity of the UK.”
Can you think outside the box?

Submit your business idea for the 2nd edition of the IATA Air Cargo Innovation Awards by January 31 2017

iata.org/cargo-innovation-awards

The 3 selected finalists will present their innovative idea, solution or product at the World Cargo Symposium in Abu Dhabi from 14-16 March 2017.
Kester Meijer is Director Operational Integrity, Compliance & Safety – International Supply Chain Management (ISCM) at KLM CARGO.

Can you tell us a little about what you would like to accomplish in your new role?

There are many things I would like to achieve. However, I think most importantly I would like to achieve greater integration of all the separate topics involved with risk. As we enter the era of digitalization, it will bring new challenges and capabilities to the entire supply chain, enabling us to do more predictive risk analysis on security, Customs and the transportation of dangerous goods. A good example is the emergence of new Customs regimes including pre-loading and pre-arrival information. On paper it seems to be very straightforward, but in reality it is a very complex exchange of information between various stakeholders in the supply chain.

Another big theme is the need to simplify and standardize. We are very active in IATA groups and we believe that it is creating a standard cargo handling manual for industry that will benefit both general handling agents and carriers. Another key subject is continuous learning. Today everybody follows a web-based training or on-the-job training, and we do this once a year or even twice a year. In my knowledge center we are now developing multiple tools and even interactive applications where one can work through the warehouse and get relevant information about the process or a device that they see. Moreover, they can also provide feedback. We can also apply this to safety; if you do one of your safety observation rounds and we know there should have been a fire extinguisher in there and it is not where it should be, you can create a picture or note saying “hey where is the fire extinguisher”. An occurrence report is then submitted and the situation can be rectified.

Another important safety topic is reducing the number of lost work-days in the warehouse. Most of these occur when people fall or trip over a piece of plastic or wood. Occupational safety needs to improve and most of it stems from our own behavior. We are all adults and should aim for a clean workplace. A clean workplace is a safe workplace.

Another important aspect is collaboration between businesses and government agencies on a regional, national, and global level. Air cargo is basically all about speed of transportation; it is what our customers pay us for. On the other hand, together with the authorities, we need to protect our assets and territories. I strongly believe that we need to face this challenge together because only then will we be successful. TIACA excels in bringing the right people together and I look forward to being part of this successful group.

What is your favorite thing about working in the air cargo industry?

My most favorite things are that the cargo industry is a people business and that every day is different. It is very dynamic and we still have a lot of challenges and puzzles that we need to solve together. On one hand, it is simple to transport a cargo shipment from origin to destination, but on the other hand, if you really understand how things work, it is a pretty complex process. Most people outside our industry are completely unaware of the variety of goods that we transport. When I have time, I go down to the warehouse to talk to some of the employees who are working very hard to get everything prepared on time. I am truly very positive about safety awareness inside the company and also about the level of quality they want to achieve. We measure everything by cargo IQ and everybody in our company knows we want to deliver as promised.

Recently Dutch Customs opened Joint Inspection Center (JIC) Schiphol. How do you see that improving operations?

Actually that joint inspection center was opened by his Majesty the King Willem Alexander. The SmartGate program is a cooperative arrangement between the government – with Customs in the lead – and private sector operators such as Air Cargo Netherlands, Amsterdam Airport Schiphol, and KLM Cargo. Again this joint inspection center is all about speed and protection. KLM is well advanced in the e-airway bill program and very active in digitizing our processes. By exchanging this information with multiple governmental bodies in a one-stop shop, our customers experience how we can accelerate and simplify.

KLM Cargo also recently invested in a volume scanner that measures the mass of shipments in addition to the weight. Is this a game changer and if so, how?

This measurement really is a game changer because it is all about the export acceptance and quality of the data. With more accurate volume measurements we can optimize the build-up of the pallets, and this means less cargo will be left behind.

What would you say to a young person interested in a career in air freight?

Get in and start making noise; tell us what you see with your fresh eyes and help us to implement modern information tools. We transport the widest variety of products all over the world, ranging from fresh produce to fashion, from automotive to healthcare, and many other interesting high-tech goods. You will have a very exciting career path in front of you with many changes, challenges, and learning opportunities. It is an industry where we like to work hard and have fun together as well. Working in a multicultural environment connecting many continents and being in touch with different people, with different backgrounds, every day, is a most rewarding way to spend your working life. And you will make friends who will travel with you wherever you go, even after work.
Clarion Events, owners of both the Multimodal UK Exhibition, and the Supply Chain and Logistics Summits, will launch an Americas show in 2018, co-located with TIACA’s 29th International Air Cargo Forum & Exhibition in Toronto, Canada.

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

The three-day conference and exhibition will provide a networking opportunity for shippers, partners, suppliers, and regulators from across the globe, as well as a chance to find new supply chain solutions, explore the latest trends and source new ideas.
From native lands to the entire world

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

TURKISH CARGO | Globalize your business

www.turkishcargo.com | +90 850 333 0 777