

CAAS

CARGO AIRPORTS & AIRLINE SERVICES

Digital transformation

Better products and plummeting IT costs

Cool chain: Pharma facilities

Investment continues in infrastructure and processes

Regional report: Middle East

Rising competition amid complex geopolitical tensions

Hactl CEO Wilson Kwong (Part 2)

Productivity enhancement and continuous improvement

Outlook 2020 report

Cautious optimism in a volatile environment

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Editor's Notes

Unknown Territory

As several of the respondents in this issue's Outlook 2020 report (page 40) observe, there have been signs that business confidence and air freight demand could pick up in 2020, encouraged by the partial easing of the trade tensions between the US and China that had weakened business confidence and economic growth last year.

Weak growth in global trade in 2019 of just 0.9% and slowing GDP growth in manufacturing-intensive economies contributed to falling export orders, causing air freight tonnages to drop last year by around 4%, FTKs by just over 3%, average yields by around 7%, and overall global air freight revenues by close to 12%, according to estimates from IATA and WorldACD.

The Phase 1 US-China trade agreement raised hopes of a more stable economic environment this year, which was presumably one of the intentions of the White House in the run-up to this year's US presidential elections. But forecasts are a tricky thing, as the arrival of the coronavirus demonstrates. Its ultimate impact on China and the global economy are as yet unknown, but it has already led to the extension of the lunar new year slowdown, the cancellation of air and ocean services, and disruption to supply chains.

The eventual recovery of Chinese manufacturing will most likely bring a boost to air freight. But in the long run, despite the latest uneasy trade truce between the US and China, there are indications that the US now views trade policy as a tool of national security that it will use to try to limit the strength of a country it perceives as a competitive threat,

with implications for international supply chains.

Beyond the global economy, air freight stakeholders remain relatively positive in this issue of CAAS – not just for continuing growth sectors such as pharma, perishables and e-commerce, but also in the potential of new technology to increase efficiency, productivity and service levels.

As some of the discussions in the Digital Transformation (page 4) and Outlook 2020 articles highlight, the improving products and falling costs of IT, along with affordable and secure opportunities to share data in the cloud, mean there are no real barriers to finally accelerating progress with the digital transformation of the air freight sector and digital sharing of data – if air freight players and IT providers can do a better job of demonstrating the benefits. And there are several ideas about how to achieve that in this magazine.



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Amid the complex geopolitical tensions, rising competition for transshipment traffic – including among cargo handlers – is increasing, as more capacity and state-of-the-art cargo facilities are built at airports around the region

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Consistent growth in pharmaceuticals demand has encouraged stakeholders throughout the air freight chain to continue investing in dedicated infrastructure and processes – and, increasingly, their certification

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Despite increasing volatility and complexity, air freight industry stakeholders have been cautiously optimistic about an improving market environment this year – at least until the Coronavirus outbreak introduced a new area of uncertainty

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Continuous improvement, boosted by the Hong Kong cargo handler's dedicated 'performance enhancement' team, has helped its SuperTerminal 1 facility remain one of the most technically sophisticated in the world

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Digital Transformation

The improving products and falling costs of IT, along with affordable and secure opportunities to share data in the cloud, mean there are no real barriers to finally making progress with far more rapid and greater levels of digitalisation and digital sharing of data – if air freight players and IT providers can do a better job of demonstrating the benefits, reports *Will Waters*

It is widely accepted that the air freight sector has been slow to embrace e-freight, and even where it has, its adoption has been only partial. At September's Air Cargo Handling Logistics (ACHL) conference in Paris, the majority of respondents to an informal poll highlighted a 'Fragmented approach' or 'Legacy and a lack of information' as the main reasons why, with just 10% putting it down to 'Lack of incentives' or 'Cost of implementing'.

Conference chairman and former IATA head of cargo Des Vertannes said the event as a whole had highlighted how digitalisation of the industry was the key to accelerating the progress the sector needs to see. And the technology and consultancy companies whose executives made up the ACHL's Digital Transformation panel were also crucial – "although they don't hold all the keys, because that is for the entire industry to drive".

Nevertheless, those panellists all agreed that the sector is finally making progress.

Fragmented approach

Outlining the present state of the sector, Gautam Mandal, head of products at Cargoflash Infotech, agreed that the fragmented approach "is one of the big reasons why we're not having implementation globally. Secondly, not all stakeholders have the same level of infrastructure or buying power when it comes to technology. From my own experience, I have seen many handlers and even airlines that are still working using Excel or similar databases. To expect them to have e-freight implemented, therefore, is a longshot.

"I have even still seen the typewriter working in some offices, in many of the regions. So, that is one of the reasons e-freight has not been too successful."

Another difficulty is around "what we have been doing as an industry to get these things rolling out", although this is turning a corner, he said, noting: "We had started out with traditional carrier messaging, and more recently with XML. But now, the One Record

programme by IATA – which I think is a fantastic initiative – is a jump from traditional messaging into absolute data exchange using web APIs.

"That is something that I feel is going to take the industry towards complete e-freight – where we are not only exchanging the milestones and AWB information, but we can exchange everything, including the GHA contract, KPIs, SLAs, trade documents, etc. – so that can bring e-freight forward."

Alex Labonne, chief technology officer at Hermes Logistics Technology, also believes the sector is finally making good progress. "I think it is actually changing right now. In the past, cost of entry of technology was quite high, and the commoditised approach was found to be a risk in terms of data safety."

He says a fresh approach from IATA has also been positive. "Two years ago, in my first (IATA) Cargo Symposium, I heard people talking about XML, and that set me back a bit. But I think it really is changing, hopefully. There are still some typewriters and old systems, but the cost of entry is going down every day, and data security is more accepted – that the cloud is more secure."

Lipstick on a pig

Adriana Diener-Veinott, global lead for freight and logistics services at management

“
I have still seen the typewriter working in some offices, in many of the regions. That is one of the reasons e-freight has not been too successful
”

GAUTAM MANDAL

consultant and technology specialist Accenture, agrees things are changing. "But the reality is it is a bit like putting lipstick on a pig," she added. "Those old legacy systems are still there. Yes, we put webpages and modern systems on top of them, Java applications, and everything looks great. But at the end, we're still collecting all the information because we don't know what is going to break. There is a fear that if we apply this, we don't know what is going to happen, because the people that built the application are no longer in the organisation."

She continued: "So, progress is happening, but there is still a lot that needs to be reconciled behind the scenes. That means it is costly: you still have parallel systems operating. Even in large organisations that spend millions on transformation, we still have a lot of legacy going on."

Amar More, CEO of Kale Logistics, observed that the first air cargo shipment flew with just one document, whereas today a shipment is "accompanied by 30 kinds of document, 124 copies, and 200 signatures. And most of the data in these documents is the same".

He added: "This is because the legacy has built up over a period of time. But over the last four or five years, the winds of change are blowing, and now there is a focus to not only remove documentation, but also to look at the overall value to end users; where people are not just measuring e-air waybill percentages, but also conditions at the airport, etc. With a new generation, digital communities and data and logistics corridors are being built. So, as an industry, we have woken up and we're moving forward."

Arnaud Lambert, CEO of CHAMP Cargosystems, said the industry "is clearly late in digitalisation", adding: "There has been a change from the past, but we also need to start to actually address the right problems. We still have a combination of legacy and new systems – which we don't need to oppose, but invest more in digital systems where there is a business case and where it adds value."

He said other sectors – including travel agencies and even the banking system – still have a lot of what are basically ‘green screen’ systems behind them, “but they have completely revisited the whole customer and security and service side around it, embracing digitalisation.

“So, we don’t need to oppose the old systems, but invest where it makes sense from a customer perspective and adds value to the supply chain. It is changing, but we need also to look at adapting what we have already started to do.”

From observing the airlines, ground handlers and freight forwarders that CHAMP serves and connects, he says the primary data exchange method today – 95% – is Cargo-IMP, which has been decommissioned by IATA. Cargo-XML is at 2.5%; and CargoJSON – launched by CHAMP just a year previously – at 2.5%.

“So, when I hear about Cargo-XML, we need to go behind press releases and walk the talk. It is not about advertising we are Cargo-XML compliant and then only having one shipment that works; but embracing the standards – not spending another five years redefining standards, and basically 20 years to implement it,” Lambert noted.

“We need to first implement what is already there – first from a standards point of view and then from an industry point of view, and then look at how other industries have defined and implemented those methodologies.”

He agrees that One Record is a promising new approach, noting: “I’m hopeful that because it is



Mandal: One Record is a fantastic initiative

open, it is collaborative, it is linked to the community, that it could be embraced differently. But let’s not get into the state of thinking the grass is greener in the future. We are here now, and it starts today. So, it (digitalisation) is accelerating, but we are late.”

Pinch points

Independent air freight consultant Chris Notter observed: “Over the years, I have had to call suppliers in to do a review – where the IT systems that people have spent a lot of money on are not being used properly on the ground. You may say that is the responsibility of the buyer of the system, but surely it makes sense that the pinch points in those places are being done the way they should be?”

Accenture’s Diener-Veinott sympathised: “Every time we look at changing systems, we need to start the conversation talking about what are the pain points. If we’re not solving a pain point, it is not going to get adopted. The best way is to gather a lot of people in the organisation – operations, customer service, pricing – because there are pain points everywhere. We need to fix them all, but we can’t tackle all of them at the same time. So, we need to put in a priority, and where the priority is going to go will be where the most immediate return on that investment will occur.

“What we are seeing is a lot of cargo carriers focusing on their commercial side – because that’s

Background history

Introducing some background history, Vertannes highlighted that there was an attempt many years ago, driven by IATA, to do for the air cargo sector what had happened for the passenger airline business, where carriers work on three platforms that allowed them to seamlessly go from B2B to B2C. “Two companies were invited (to pitch), when it came to the last round. It took three or four years of debate until all airlines agreed after pitching from those companies that they would make a decision. When it came to a decision date, 48 carriers convened in Geneva to endorse the winner to make this a standard platform for air cargo. At that point, 50-60% said ‘no’, because after four-and-a-half years of debate, the corporate CEOs said ‘we will not write off our corporate legacy system and the book value of that system’. And that’s what prevented us from going forward.”

As a consequence, “we remain a fragmented industry, a B2B industry”, Vertannes noted.

where the money is: pricing systems; booking systems; and operations tend to come later. There are pain points in all the areas, but people put the money where the return comes first.

Kale’s More says Notter’s observation is a “perfect

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articulation of what is happening on the ground”, adding: “We have all been guilty of not looking at the end user and his ability to absorb the technology. A study showed that of the applications that are developed, only 30-35% are used. What has been happening over the last two or three years is a lot of focus on user-interface and user-interaction. We just focus on those 30% of applications that are used and making sure that the guy in Mumbai who is loading and has no education, he can also use that system on his Android phone.”

He continued: “I accept that as IT providers, there has been too much thinking among ourselves and not enough thinking of the end user. But that is changing, and that is good news.”

Industry comparisons

Looking at comparisons with other industries, CargoFlash’s Mandal said one key differentiator was “the open-mindedness to embrace new technology, to experiment – and, most importantly, to take a risk; and that comes from the leadership. Each time you bring in automation, there’s a 50% chance that you will fail. But the management needs to support the leaders to say that ‘it doesn’t matter if you fail, we will support you’. That is one key factor for a successful implementation.”

CHAMP’s Lambert noted: “We use technology



Arnaud Lambert, Amar More, and Adriana Diener-Veinott

that is available in other industries. We don’t invent the technology; we do certain core development; we partner with other providers and we bring it together to make it meaningful to this industry.

“In the past, people who worked on the ground floor were there for many years. Today, there is a turnaround of around 40%; so, knowledge management and usability play a role.”

To Lambert, connectivity and collaboration are now key, whereas in the past, air freight companies have been focusing on optimising their internal processes – “the airlines on their process, the ground handlers on theirs, forwarders their processes. The lesson from the integrators and the new entrants is that the focus and value is on the cross-processes. That is a mindset that we really need to change to move forward.



Delegates at the ACHL conference blamed slow progress on a ‘fragmented approach’

If you bring new people into the organisation, there is not an issue with data sharing for a common purpose

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Mandal: Openness to taking risks is a key differentiator



“If you bring new people into the organisation, there is not an issue with data sharing for a common purpose. What other industries have done by working on their cross-processes, this industry needs to do.”

Customisation trend

Accenture’s Diener-Veinott noted: “What we’re finding is a trend towards customised

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solutions for customised products. If you take any organisation, you will find they won’t even have a standard process in all the geographies. That is one of the problems: we are trying to standardise across companies and we don’t even have standardisation within companies.

“So, the reason we see this need for customised solutions is because the people in Asia will say ‘our colleagues in China are so different’. Then the people in Latin America will say ‘we have all these extra regulations and have to do things differently’. And then if you try to find a common solution for everybody, that is really difficult.

“So, we’re now seeing some sectors of industry reverting back to old legacy systems that work, custom-built to new technology – and on top of that, what technology guys call ‘micro-services’, which is a way of preserving the legacies and starting to bolt on little things and plugging in through APIs and other technologies that extend the capability and the life of the legacy system. And that is what we’re seeing today as a major trend, across all parties of the logistics industry.”

Benefits of deployment

Vertannes said everybody wants to reduce

cost, to do more for less, in order to survive, often meaning reducing the number of people required. He asked technology companies to highlight examples where the benefits of deployment of digitalisation have been measured, preferably in financial terms.

Labonne said this is possible, adding: “We wouldn’t start developing a product if we didn’t think there was a clear advantage – something that we can measure financially, directly. For example, if you look at all the applications going around about booking and check-in – you can wait two hours here with your truck, or you can go in directly with your shipment.”

But it has been more challenging to demonstrate the value of data exchange, business intelligence and machine learning, “because people can’t always see that these tools will actually help them make the biggest decisions; they can’t always see the value of sharing – it is not directly financial. We’re getting there, because now it’s more widespread, people can see that by exchanging the data better, by having more eventful data, there are lots of collateral advantages to that. Putting those in numbers, we are getting there. But in the end, we don’t have to because the costs are so low now. This is why I am now very positive because we are able to create these products with very low entry costs, sometimes with zero entry costs: don’t use it, don’t pay anything.”

He continued: “I come from consulting, where we had to show value for everything; where are no client will do anything unless there is a return on investment. For the cargo industry, there is a lot of low-hanging fruit, and when I started in cargo two years ago, I thought ‘this is for the taking’,” although he acknowledged: “It is taking a little bit longer than expected.”

CargoFlash’s Mandal noted an example of “one airline client and how we helped them increase revenues with technology.

“We created a platform which enabled them to become a virtual integrator. We set up a complete e-commerce platform from first mile to last mile, without a single investment apart from the technology investment. The system enabled them to have multiple vendors. I can’t go into details, but what I can divulge is the growth they have achieved was 1,800% in 26 months, in the number of air waybills – and with the same limited capacity. This meant a

Cargo community systems are a game changer

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AMAR MORE



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direct revenue increase, because the traditional cargo volumes became small packets, where the revenue per kilo was exponentially higher. So that is what technology can do if we look at partnership – and not just look at the vendor-and-principal relationship.”

Cargo community systems

One recent area of progress in digitalisation has been through the proliferation of airport cargo community systems, seen by many as a way of reducing air freight’s fragmented approach by connecting companies together.

More said Kale had been deeply involved in developing these for ports and airports, highlighting that these are “not just centred around airports”, but “also connecting exporter to freight forwarder, and freight forwarder to transporter, customs broker, ground handlers, airlines, and then destination communities.

“And the benefits are very obvious. We have received two awards from the United Nations for cargo community systems – one on the maritime side and one on the air cargo side.

For example, before creating a digital community of 1,800 freight forwarders and 40+ airlines at Mumbai airport, the airport had nine cargo counters – “and that was reduced to just one, for one-time shippers or contingency measures”.

More continued: “Before having an integrated platform, a freight forwarder came with cargo, stops the truck, goes to the handling company, hands over documentation, and by that time another truck comes, and it builds up congestion. With this digital platform, information is sent to the handler’s system, and it knows how many trucks are expected, what cargo it is bringing, and these are real benefits.”

These days, the airport’s relatively small cargo warehouse handles around 1 million tonnes of cargo per year and close to 1,000 trucks a day. “Increasing the throughput of the facility is what happens,” he added. “So, cargo community systems are essentially a game changer. Similarly, on the maritime side, there is so much opportunity to reduce documentation, because the same data is repeated six or seven times.”

CHAMP’s Lambert said no two airport cargo communities are the same, but “that does not mean they can’t use the same data, potentially the same platform – and connected platforms”.

He continued: “The focus on communities is about creating the value of collaboration at the local level, versus on the worldwide level or a specific network level. So, to me it’s a very good step. Suddenly, what



Labonne: We are opening the doors now



Vertannes: Air freight remains fragmented

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In the past, cost of entry of technology was quite high... but the cost is going down every day; and data security is more accepted – that the cloud is more secure

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ALEX LABONNE

you have is a traditional chain between the typical customer or the top 10 suppliers, you cross those different customers into one specific node, and you try to optimise that node to the specific requirements.”

Question of leadership

One delegate questioned how many airlines today allow its cargo handlers to move all shipments without any documentation, noting: “Today, we have the ability to take out costs; they still have not exercised that ability to do so. There is a lack of leadership.” Another questioned whether any new legislation is likely to force implementation to speed up.

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Lambert responded: “Fast and legislation don’t normally go together... but the moment they start to impose something, of course things move faster. You don’t have a choice. But I’m more concerned that we move when we start to see a real threat; and I believe we are starting to see a real threat from customer expectation, from customer experience. We need to continue to accelerate further and to go from proof of concept into wide adoption. And that will need to be together – suppliers in collaboration with each other.”

More commented: “Regulators always take technology adoption to the next level. We developed a community system and thought ‘what a fantastic thing we have developed’. But the adoption was very low.” Then new European regulations came in forcing customers to send shipment data electronically to carriers, “because that is the only way to get submitted to European customs – the largest trading partner of India. In 15 days, adoption of the system increased 16 times.”

He continued: “There are three ways of getting



Left to right: Arnaud Lambert, CHAMP Cargosystems; Amar More, Kale Logistics; Adriana Diener-Veinott, Accenture; Alex Labonne, Hermes Logistics Technology; Gautam Mandal, Cargoflash Infotech

things done: carrot, stick, and carrot and stick. And the stick comes from the regulators. We are a segregated or fragmented industry, and if you have to explain all the benefits, it’s a big task. To me, regulation definitely help things move faster.”

Stan Wright, president and CEO of

consultancy Strategic Aviation Solutions International, said he is a fan of the cargo community and also of the virtual integrator concept, but that a lot of companies, for example, trucking companies and freight forwarders in both sea freight and air freight, remain reluctant to share data – especially with proprietary systems or a single carrier. He



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asked why tech companies aren't "spending more time as an industry getting that comfort level so that they will be willing to adopt, and removing that pain point"?

Accenture's Diener-Veinott responded: "This is something I have been investing time in. Sharing data today with traditional technologies can mean somebody has a view of the entire picture. This is fuelling the lack of trust: I'm trusting that somebody has some database with everything that everybody contributed – which is why we have been looking at technology like blockchain.

Blockchain's potential

"The concept of blockchain is distributed databases – which means you can build a community system solution or platform where there is no central database that has everybody's data or the entire picture. And on top of that, blockchain gives you encryption and other bells of whistles. But a distributed ledger or distributed database, you can still bring it all together for the parties that are involved in that particular transaction; they can see the information they need to see, but

nobody has the complete picture for all the transaction.

"That is something we have tested on the maritime side of the industry and something that has proven to be giving people that comfort level. There are still some other issues to overcome, but from a technology point of view, that is the experimentation that has to happen. The lack of trust is due to the fact that somebody will have that whole picture and somebody will want to monetise that."

Wright responded: "We all know about blockchain, but the little freight forwarder or trucking company and small airline, they don't know anything about this."

Diener-Veinott responded: "They don't need to know."

Wright disagreed: "They do need to, because they won't sign on to a cargo community system because they want to keep their information proprietary, because they are afraid that other people get their hands on it. "We don't do a good enough job – you don't

do a good enough job – promoting that. I think you as an (IT) industry are looking after your own interests too much and not looking after the interests of this industry as a whole."

Lambert noted: "For me, it is not about blockchain, and it is not a technical discussion, because we have enough technology to be able to trust and secure information. We have a role to play there, I agree.

"Today, if you look at the actors, even if it is their core partner, they just don't want to exchange information between the airline and the forwarder and the forwarder and the ground handler. And if you compare this industry with other industries, or the difference with younger generations, we have an issue there.

"It needs a mindset change – to the fact that I have more to gain by sharing my data than to lose. I don't mean every single bit of data; just on the operational side. People hold the entire logistics chain hostage for a few bits of data that they want to keep, to keep their options open. For example, freight forwarders keep

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their data until the last minute, so they can change the airline at the last minute. But they actually prevent the rest of the logistics chain being efficient.

“When do they change their mind in the last 24 hours? For less than 5% of shipments. So, they hold the entire logistics chain hostage from a data point of view to be efficient, including up to the shipper, for just an exception.

“So, let’s share everything and manage the exception, versus blocking the entire logistics chain from an information point of view.

A blocker to the business

Labonne from Hermes acknowledged that the IT sector had at times be “a blocker to the business, been charging millions for years. But it is changing now”, partly because there are some disrupters coming in. “Now it is very different: we are opening the doors now; using digital technology in the cloud, raising digital technology. Now people are so set in their ways, and perhaps that is our fault in the past, it meant send all of your data. Now, we just change an event.”

He continued: “Now, we have an open door; but people don’t want to walk through them still. I understand that in the past, IT was responsible for that; but things have changed. We have adapted; we are ready; we have got the tech; we have a few customers walking through the doors now. But sharing, people still don’t want to do it.”

Mandal from Cargoflash said technology organisations were now also much more open for collaboration, adding: “If I have a solution, or if someone else has a solution that is unique,

there is no need for the industry to reinvent the wheel. We collaborate; collaboration is the new word in our industry. Unless we collaborate, we cannot do good things within the industry. If a solution is available, we’ll collaborate and provide a solution to their clients so that customers can also benefit from that proprietary solution.”

More commented: “When we launched the community system, we went to people and said: ‘here’s the infrastructure; start using it’. The same questions popped up: ‘why should I?’ ‘How secure is my data?’ So, I asked them back: ‘how secure is your data today? If your runner goes to the airport, your documents could easily be handed to your competitors and you would not even know. Here, if a data breach happens, you will at least know’.”

He continued: “Another question is: ‘how secure is your data in your facility? It is only protected by the limitation of your IT manager’s skill, whereas if it is in the cloud, where there are seven layers of security, it is that much more secure’. When you start explaining this, people do come on – because they know that the data is not safe on paper. So, yes, we need to do a better job of explaining these things – and tools like blockchain, there are practical use cases.”

Cost of change

Lambert added: “In the past, the cost of change on the digital side was on the IT side. In the future – and I have two examples from RFPs that went out this year – it is about the cost of the change management; the change of the mentality and changing the process as a result of new

technology”.

That becomes a problem if people want to change everything in one go. “No, you need to change and focus on what makes sense, and usually focus first on the customer experience, on what can improve the margin, and lastly usually go to operations. But that is where the biggest costs are: the costs of change, not of IT.”

He concluded: “Hopefully we (technology firms) can improve and be a better partner in the future. The change mentality is a difficult one to have; but hopefully with younger people being attracted to the industry, it could be easier in the future.”

Céline Hourcade, now a project manager for TIACA but who until September was IATA’s head of cargo innovation, questioned



Hourcade: Stakeholders can just brief IT experts about their needs

whether everyone in air freight needed to know what ‘Cargo-IMP’ and ‘Cargo-XML’ and ‘blockchain’ mean, adding: “When we are using a smartphone, we don’t know all the protocols behind it. For a user, it is not necessary to know the technical details like that. I’m just wondering whether we have the right approach in this industry, by always trying to know and having very deep IT discussions.

“We have people in this industry where IT is their job and expertise, and we need to give them the freedom and room to deliver what is best, and for each stakeholder to just say: those are my needs, and deal with the technology part, instead of having those constant discussions about IT elements.”

Sara van Gelder, cargo digital development manager at Brussels Airport Company, commented: “I fully agree; and I also don’t think it is the job of the technology companies to push forward towards the change. They need to facilitate and make sure that the change is possible in a secure way, but it for is all of us – handlers, freight forwarders, airlines – when you are interacting with your customers and doing the business, you need to create added value for the partners you work with, and say: ‘if you give me data, the technology is there, but I can give you in return a more efficient process, a more-qualitative process’; and if we all start doing this in our own inner circles, then we could move forward. That is the reason we’re not moving forward today.”

Alex Driesen, co-entrepreneur from IT and



data-sharing specialist Nallian, commented: “I think that as a technology company, and collectively, we have been doing a bad marketing job. We have been stressing this concept of data sharing, but is not about data sharing; it is about the applications.

“Take the example of an iPhone: if the first time using an iPhone it asks you ‘what is your location?’ you will not give it. But then you install an application like Waze or some satellite navigation system and it asks you your location, and then obviously you give it – because otherwise, what’s the point of using

a satellite navigation system?

“So, collectively as an industry we should be focusing much more on these process improvements and specific applications, and the data sharing will come automatically.”

Vertannes was surprised to discover that although the freight sector has associations representing various other parts of the business, there is nothing like this for air freight’s IT sector.

Kale’s More commented: “No, not yet. But at TIACA, we are creating a technology cluster.”

Connecting cargo communities

Alex Driesen, from IT and data-sharing specialist Nallian, says that connecting different cargo communities to one another is easier than some people may believe. Allowing the different parties in the community to communicate with each other and share data already requires the community’s platform provider to be able to translate the various communication formats that each participant uses. Connecting with different communities would mean doing that again, albeit at a

different level – or “on the side”.

He says it is useful to have messaging standards, but there is no great need to switch from Cargo-IMP to XML, or any new version. “Of course, if you are going to start afresh, then it makes sense to use the latest version,” he says. “But if you have something that still works, then there is no need to change it. There are ways to translate and work with that.”

Raising the bar

Propelled by continuing growth in the sector, air freight's pharma logistics operators keep honing their capabilities with dedicated facilities, improved visibility and tighter collaboration, reports Ian Putzger

Continuing growth in the pharmaceuticals sector – and its carriage by air – has encouraged air freight carriers, airports, handlers and other logistics operators to invest in, expand and enhance their capabilities with dedicated facilities, improved visibility and greater collaboration – and, increasingly, obtaining certification for their processes and infrastructure.

At major gateways around the world and at airports located close to big pharma manufacturing clusters, cargo handlers are adding or boosting infrastructure to handle pharma shipments. Swissport inaugurated a dedicated pharma terminal last year at Brussels airport, close to one such major pharma cluster, and is working on a cross-dock facility in co-operation with Basel airport – in the heart another European pharma manufacturing hub – that will allow seamless loading of active temperature control ULDs. It will come onstream in early 2021 at the latest, says Hendrik Leyssens, Swissport's vice-president for global cargo operations.

Worldwide Flight Services (WFS) opened dedicated pharma facilities in Copenhagen and Paris in September. And earlier last year it unveiled a GDP-compliant pharma terminal at New York's JFK airport in partnership with Swiss World Cargo for the airline's exclusive use.

Swiss WorldCargo has entered the new decade with significant developments on the ground to strengthen its pharmaceuticals capabilities. In the Americas it has also opened its Cancun station for pharma exports. So far, it has handled only inbound pharma shipments.

Taj Mahal for pharma

In Mumbai, a new facility that is bringing a four-fold increase in temperature-controlled space is due to open during the first quarter. Local staff refer to the building as the 'Taj Mahal for pharma', reports Andres Perez, Swiss WorldCargo's head of business development.

These investments are fuelled by continuing growth in pharma and healthcare traffic – unlike the general cargo sector. Airports, handlers, airlines and forwarders report gains in this segment in the past year.

"In the general market, 2019 has been a difficult year for all of us," remarks Perez.



Pineda: A cargo community system will enhance efficiency



Perez: The shipper decides, we enable



Cole: Shippers are embracing hybrid sensors

“Pharma is less dependent on the general economic situation. We were able to slightly grow in the pharma field.”

Slowing growth

Nevertheless, the growth momentum in pharma traffic has slowed down, reports Nathan De Valck, head of cargo product and network development at Brussels Airport Company and chairman of the Pharma.Aero industry collaboration initiative. “In past years, we had tremendous growth,” he notes. “It’s gone down; it’s not 20%, 30% any more, but it’s still growing.”

The outlook remains positive. According to pharma market research published by the Business Research Company, the global pharmaceuticals market will grow by around 25% from its level in 2017 to reach \$1.17 trillion in 2021.

“Looking ahead, we remain optimistic on the growth of Singapore’s air pharma trade,” remarks Lim Chiang Kat, managing director for air hub development at Singapore Changi Airport, another leading player within Pharma. Aero. “Pharma will remain as a major global air freight growth driver with the growing and

ageing population as well as the rising middle class.”

He added that pharma research organisation IQVIA has forecast industry sales to grow 4-6% annually between 2019 and 2023 to surpass US\$1.5 trillion.

“Forwarders are consolidating pharma business; airlines tell us that a big share of their volumes will come from high-value pharma and stakeholders keep investing in

additional pharma facilities. This will continue,” says De Valck.

Several of the recent additions to the facility landscape have been dedicated pharma terminals, such as in Brussels, Paris, Vienna and Copenhagen.

Separation of facilities

Shippers increasingly call for separation of pharmaceuticals from other perishables, notes Perez. In former times they were put together



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in the same facility, in the same fridge, but this is no longer accepted, he pointed out. “In Swissport’s new facility in Brussels they use forklifts with white wheels for pharmaceuticals, forklifts with black wheels for perishables,” he adds.

Dedicated terminals offer a number of advantages, such as temperature-controlled loading docks. In regular cargo buildings the cold storage area is often in the back, so freight brought to the airport spends some time in uncontrolled conditions. Moreover, truckers delivering to a pure pharma terminal do not have to wait in line behind drivers bringing in general cargo.

The separation is not feasible in all markets. “It depends on the scope of the operation and the size of the market,” says Leyssens. An investment of the scope of Swissport’s recent new facility in Brussels requires a significant market size or a share of the business, he explains.

Availability of space is another factor. “We don’t really have the land right now to accommodate a dedicated pharma facility,” says Emir Pineda, manager, aviation trade and logistics in the marketing division of the Miami-Dade Aviation Department, which manages Miami International Airport.

Leyssens stressed that in locations where a dedicated facility is not viable, there is still scope for measures that go in this direction, such as setting up dedicated lanes or storage areas. Swissport operates its current facility in Basel as though everything coming through the building were pharmaceuticals.

Eliminating temperature excursions
To a large extent, temperature excursions have been traced back to the ramp, notably in locations prone to severe climate conditions. Swissport has invested in a temperature-controlled minivan in certain locations to move loose pharma shipments. This reduces exposure to outside temperature to the transfer between the vehicle and the aircraft, according to Leyssens.

Brussels was the first airport to deploy special pharma transport vehicles with



active temperature control airside. Having acquired four units in 2016, it added five more two years later.

“We see in corridors where pharma dollies are used, deviations are almost gone,” observes De Valck. While the vehicles used at Brussels are very effective, they are not a silver bullet, he adds. “They are not for every shipment. There is a cost aspect,” he says.

Cool chain technology

Cool chain technology keeps moving forward. Last summer Swiss approved CSafe’s RAP container for its fleet of widebody planes. Perez says that the carrier has to make a business case for every new container to assess its viability.

Meanwhile CSafe has launched a passive packing solution called ‘AcuTemp Plus’ which features high-performance Vacuum Insulated Panels and single temperature phase change material. According to the provider, this represents a new generation of passive packaging technology to address the requirements for shipping pharmaceuticals, clinical trials and cell and gene therapies.

“Over the last two years we’ve seen a lot of

De Valck: the growth momentum in pharma traffic has slowed down

“
Airlines tell us that a big share of their volumes will come from high-value pharma and stakeholders keep investing in additional pharma facilities. This will continue

”
NATHAN DE VALCK

activity in the passive field,” remarked Perez. He anticipates a knock-on effect from this on the improvement of active solutions. “I believe active container providers will have to do a lot of development to stay competitive with all the developments in passive solutions,” he reflects.

Shipment visibility

A lot of activity is geared towards improving shipment visibility, allowing customers a better grip on the whereabouts of their cargo as well as its ambient conditions. “Shippers are embracing hybrid sensors like Bluetooth,” observes Patricia Cole, global head of DHL Temperature Management Solutions, adding that costs have come down considerably, which is fuelling competition among technology providers and helping a broad adoption among customers.

“For us, every shipment has some tag or sensor. Everybody – from manufacturers to warehouse operators and 3PLs – is trying to use data from IoT devices,” she remarks.

Leyssens thinks the time is not right for handlers to invest in tracking sensors themselves, citing a broad variety of

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I strongly believe CEIV is going to be the industry standard. If you don't have CEIV, you're going to lose business

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ANDRES PEREZ

technologies jockeying for position and the absence of a unifying standard. “There are too many different devices out there,” he comments.

“It's either shippers, forwarders or container providers who are putting in temperature readers. Airlines and handling agents are not

heavily involved in that yet. It's probably a question of time,” he continues.

Perez sees the shippers in the driving seat. “If we put something in, it's not certified by the shipper. The shipper decides, we enable,” he says. He expects IoT monitoring to build up traction, but doubts that it can gain full traction in 2020.

This does not mean that air freight providers are stuck in limbo with regard to data-flow capabilities. Brussels has blazed a trail with the establishment of its open data-sharing platform ‘BRUcloud’, which includes a pharma dashboard for users.

Community systems

Over in Miami Pineda is looking to move in a similar direction. “We're in the beginning stages of trying to develop a cargo community system. I believe this will enhance our airport by making it more efficient in the processing of cargo,” he says, adding that this should lead to a reduction in temperature deviations.

Changi airport, which established the Pharma@Changi initiative in late 2017 to allow

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members to exchange information, assess trends and technologies and implement pilot projects, has played a leading role more recently in the efforts of the Pharma.Aero alliance to advance digitisation. This is paving the way for a variety of data from different IT systems to be accepted and displayed on a single dashboard. The idea behind this is to enable a coherent and uniform stream of data at shipment level from door to door via the platform.

In the second phase of this project, which was recently concluded, a prototype 'Global Pharma Tracker' was developed and tested with live data on the Singapore-Brussels sector. According to Lim, a white paper summarising the key findings of the project will be published in the coming months.

"As next steps, Pharma.Aero and (technology developer) Nallian will be launching an early adopter programme," he adds.

The pool of Pharma.Aero members will likely grow as more operators are going for CEIV accreditation, which is the basis for Pharma.Aero participation. A number of operators and airport communities, such as Dallas/Fort Worth and Edmonton, are going for the CEIV badge. "CEIV positions you ahead of the game in terms of transportation," remarks Pineda.

On Perez's radar, certification is going to be a must have. "I strongly believe CEIV is not just an added value, it is going to be the industry standard. If you don't have CEIV, you're going to lose business," he predicts. Already shippers are asking for it. "It does come up in RFPs," says Cole.

The proliferation of CEIV certifications and Pharma.Aero participants opens the door to more pharma corridors, something Swissport is looking to further develop. "We are in several conversations," reveals Leyssens.

"CEIV corridors are high on our agenda," says Pineda. Plans for such a corridor involving Miami, Brussels and Amerijet have not materialised, as the carrier decided to deploy its capacity elsewhere, but eventually this corridor will be established, Pineda says.

Meanwhile his department has been working with several airports in Latin America that have CEIV accreditation or are in the application process.

Clustering of pharmaceuticals production

According to De Valck, the rise of corridors is partly propelled by the clustering of pharmaceuticals production and shipping. "This brings a need for corridors and transparency of what is possible," he says.

He does not think, however, that traffic will end up being concentrated in a few high-volume corridors. "It's not going to be a small number of corridors. There will always be others, but this does raise the bar," he reflects.

Cole sees the concept in the early stage of its adoption. "We're not seeing frequent enquiries

in RFPs about pharma corridors. It's more futuristic at this point," she remarks.

Collaboration efforts

In any case, efforts in the industry to collaborate on pharma traffic have been gathering momentum. Swiss is working closely with handlers and ULD providers. "Customers want to see a seamless operation," says Perez.

Naturally this extends to the truckers that provide the transport to and from the airport. With truckers that cover local pick-up and delivery, "it is absolutely important that it is done in a temperature-controlled way and that handlers and forwarders check it", stresses De Valck.

For the longer distances associated with road feeder services, the use of temperature-controlled trucks is a requirement of the CEIV programme, he notes. Again, checking is important, as the trucker selection is done by the airline.

"Not every airline is CEIV certified. It is up the shipper and forwarder to check," he says.



Montevideo expansion

One airport in Latin America that has been very active in developing its pharma capabilities is Uruguay's Montevideo Free Airport (MVD), where work began last October on the second phase of its Pharma Hub, which will add 1,200 sqm of dedicated space. According to the airport authority, its growth in pharma traffic has exceeded expectations, prompting the start of the second phase, which is expected to be ready in August. MVD, which is CEIV and GDP certified and is a founding

member of Pharma.Aero, says its existing pharma hub is used by a number of global pharma players "for cross docking operations to the large regional markets such as Brazil and Argentina, for late customisation and conditioning activities, as well as for their managed access distribution to South America". Factors positioning MVD as a trusted partner for regional pharma distribution include the reduction of clearance times to large markets, the safer, traceable entry to complex markets, the possibility to perform conditioning activities from a tax-free zone, and the agile customs procedures, the airport says.



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Continuous improvement

In the second part of a two-part interview, Hactl CEO Wilson Kwong explains, among other things, how the Hong Kong cargo handler's dedicated 'performance enhancement' team has helped its SuperTerminal 1 facility remain one of the highest-capacity and technically sophisticated in the world



A lot of the traffic that goes through Hong Kong is delivered as pre-built units, which are already handled mechanically at Hactl



Kwong: Cainiao development is a massive endorsement of the airport and everything it represents

“
The PE team is like an innovation lab, whose job is to look for ways of doing things smarter”

”
WILSON KWONG

Despite the political challenges of recent months, Hong Kong International Airport remains the world's busiest international cargo airport – handling around 4.8 million tonnes of cargo in 2019 – and continues to offer a compelling set of advantages to its cargo customers and carriers.

Key among these is the impressive capacity and efficiency of its cargo handlers, exemplified by its largest handling independent, Hong Kong Air Cargo Terminals Ltd (Hactl). Although its main handling facility was built more than 20 years ago, continuous improvements mean it remains one of the highest-capacity and most technically sophisticated air freight facilities in the world.

Among the cargo handler's 2,400 staff, Hactl CEO Wilson Kwong gives particular praise to a small number of individuals whose mission

is to improve the efficiency of the terminal's operations.

“We're quite blessed in Hactl,” explains Kwong. “We have a dedicated team of colleagues, grouped under what we call PE – performance enhancement – where their sole purpose is to look at our existing processes, and to make recommendations, either on modifying the current processes or our infrastructure.” That's something Hactl has been doing for several years.

PE team

Kwong describes the PE team as “like an innovation lab – a team of seven people, with a senior manager, whose job is, basically, to look for problems – to go out and talk to the people in the facility, talk to the customers, walk around the facility, look for bottlenecks, look for ways of doing things smarter. They've

come up with a whole host of different projects which go through a proof of concept and then eventually go through design and then implementation.”

One example of this, three or four years ago, was the switch to mobile computing throughout the whole of the facility.

“So, instead of people going to what were then fixed computer units with displays for information, all the information and instructions were issued on their mobile devices,” Kwong says. “You then have the tug driver logging what they just collected from the aircraft’s side, which goes into the system and then he would get information back; he’d get instructions about where to take that cargo. So, computing on the move now, rather than static computing, which is what it used to be.”

He continues: “It doesn’t sound dramatic, but it has absolutely revolutionised the whole process. It means that Hactl is much better able in dealing with the night-time peaks of freighter operations – because occasionally we

end up with 15 freighters, side by side, all being handled at the same time.”

Indeed, in November, Hactl twice broke its all-time record for the number of freighters handled in a 24-hour period, handling 104 freighters on 3 November – beating the previous record of 102 set on 5 November 2017 – and then two weeks later setting a new record of 106 aircraft.

“So, it enables you, for example, to prioritize the mail in the equipment, to deal with things in the order they need to be loaded and unloaded for flight times, and so on. It’s just a smarter way of working. And it’s even cut down emissions; it’s cut down maintenance costs on the tractors to tow the dollies; it’s cut down the towing distances involved – it has absolutely revolutionized everything.”

That – and the ‘Floor Goods Locating System’ described in Part 1 of the interview – are just two examples of the team’s many projects. “The PE team is still evaluating a lot of things, where we can optimise our resources and utilisation,” Kwong enthuses. “Ultimately, as

a cargo terminal operator, it is about getting goods in and out of the terminal as quickly, as effectively, and as safely, securely, as possible.”

Rationalised truck flows

Another thing the PE team worked on a couple of years ago was to completely rationalise truck flows around the facility. Hactl receives hundreds of trucks every day, which could sometimes lead to truck jams back out on to the airport roads. “So, they came up with a complete set of new measures and equipment, which meant that for example, trucks could be pre-booked,” Kwong notes.

These are solutions that some European airports have only just started bringing in, he notes, but which Hactl began doing three or four years ago. “So, pre-booking of the arrival of the truck, allocating a door or a dock where it can be handled. If they give enough of the right kind of information, they are allowed to proceed into the truck park through a priority lane and bypass the truck queue.” That gives them better facilities for the drivers to go and log in, and then input details of the cargo they will carry – which then marries up with what’s

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The opening last October of the Hong Kong-Macau-Zhuhai bridge brings new opportunities for Hactl and Hacis



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Ultimately, as a cargo terminal operator, it is about getting goods in and out of the terminal as quickly, as effectively, and as safely, securely, as possible

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WILSON KWONG

already pre-booked in the system.

“Again, it’s just a smarter way of working,” Kwong says. It has stopped ‘fly parking’ at the car parks, because it is now all barrier parking and arranged, admission to the car park and truck park. “There are no more queues out on to the airport roads; everything runs smoothly.”

Areas for improvement

Kwong says one of the next areas for improvement the PE team is considering is further optimising the handling of e-commerce requirements, “because that’s a growing trend. In the case of Pharma or Fresh, we have the capability of handling them. But it’s e-commerce and the expected growth which we have to prepare ourselves for.”

Highlighting the current pinch points, Kwong notes: “E-commerce basically involves a lot more bulk parcels, bulk shipments. It’s about

how you get the shipments within the terminal moving quicker. There are technologies to do that – whether it is automated vehicles or other means of transporting goods within the terminal itself – but ultimately how to handle things better and quicker.”

Another thing Hactl has been looking to optimise is the building up and the breaking down of cargo, which involves a lot of people and time. “The challenge is, will there be a pragmatic, automated, robotic solution which will help us do that?” Kwong questions. “That’s something we’ve been looking at for quite some time.”

Other airlines have tried this out and couldn’t make it work. “It’s an exciting challenge,” acknowledges Kwong.

Integrator model

The automation models used by the integrators are of interest, but air freight is “a

bit different. You don’t get the same uniformity of shipments within air freight.”

Nevertheless, a lot of the traffic that goes through Hong Kong is delivered as pre-built units, which are already handled mechanically at Hactl. “They go into the system straight up into the racking. Then they’re pulled out for the flight,” Kwong notes.

However, a lot of the e-commerce traffic leaves China as individual mail packets.

“Because it contains electronics goods, that introduces challenges in terms of scanning and so on,” Kwong notes. “And this is one of the reasons why Hactl (Hactl’s logistics and road freight subsidiary) has got proactively involved in that part of market, and worked with postal authorities to come up with a viable solution. The Hactl facility is handling around 3,000 mailbags in a day, putting them in containers.

“They arrive as mailbags already with all the little packages in, so there’s no requirements to actually sort the packages or anything like that. They’re already sorted by the mail system. It’s a matter of containerising that traffic and getting it out. But that’s a fantastic boost for the Hactl customer carriers because, off the back of this Hactl business, they’re getting a traffic bonus that wasn’t there before.”

Cainiao development

The growth potential of e-commerce traffic at Hong Kong and other airports is underlined by new planned development at Hong Kong led by Cainiao, the logistics subsidiary of China’s Alibaba.

“We are very positive about that development,” says Kwong. “It’s not just a Cainiao development on its own; they’re partnering with CNAC – China National Aviation Corporation; our Hactl shareholder – and YTO Express, which is a Hactl customer. That development, which is two blocks away from Hactl, will be built in 2023, and once up and running it’s expected to bring in an additional 1.7 million tonnes of cargo throughput.”

He continues: “It is not a cargo terminal (with ramp-side access), so these 1.7 million tonnes of cargo will have to go via one of the cargo terminals. So, it’s an opportunity for us, as Hactl



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or as Hactl, to see how we can facilitate those goods, provided that they are going on to our customer airlines; how the built-up units, which we anticipate will be done at the facility, can be processed through our terminal as quickly as possible. The Cainiao development will comprise a lot of e-commerce products, as well as other high-value cargo, which could include, pharmaceuticals. So, we are in regular dialogue with the Cainiao development team to look at opportunities available – even though there's still some time away."

He is confident that the airport and its handling agents have the capacity for this extra traffic – especially with the airport's three-runway system expected to be fully operational by 2024.

"The third runway will be complete in 2022, but the airport authority has plans to then shut down the existing two runways, consecutively, for repairs. So, the three runways will be fully operational together in 2024," Kwong explains.

"So, if you look at the timing, Cainiao opens in 2023, the three runways system opens in 2024. So, we're quite excited about the development opportunities going forward in Hong Kong.

Kwong says it is "a massive endorsement of the airport and everything the airport represents" that Cainiao has decided to put this operation – one of only a handful worldwide – in Hong Kong, adding: "As usual, it's the Hong Kong package: the location,

the number of carriers that serve it, the frequencies, the choice, the handling facilities, the modern customs facilities; everything stacks up for Hong Kong, and that's why they've chosen it."

And the third runway is thought to have been a factor in Cainiao choosing Hong Kong, where there is pent up demand from freighter operators who have wanted to serve Hong, because of the current constraints on extra flights.

"At the moment, Hong Kong is pretty congested, as an airport, with 68 movements per hour," acknowledges Kwong. "Once the third runway fully operates, it can take the system to 102 flight movements per hour. With

that, it can handle additional freighters and other flights, which at the moment the two-runway system cannot handle."

He says the airport authority has done everything it can within the constraints at the moment to use the air space and to use the slot availability to the optimum.

"But I think it's fair to say that it's got to the point now where there is no more elasticity left. That's why we're really supportive of the three-runway system."

Plans for that third runway are now fully agreed. "Construction is happening. The area is being reclaimed now as we speak," says Kwong.



E-commerce basically is about how you get the shipments within the terminal moving quicker

”
WILSON KWONG

Politics aside

The recent high-profile political demonstrations in Hong Kong have reportedly led to some limited loss of freight volumes to airports such as PVG. But Kwong is optimistic there will be no long-term impact on Hong Kong's reputation as a place to conduct and locate air freight business. Longer term, Hong Kong continues to present very strong advantages as an air cargo hub, notably "its strategic location, its infrastructure, the scale of its global connections, the choice of carriers and frequencies, main-deck options, and modern customs procedures", he highlights. "Hong Kong's success in recent years is a clear indication of how we are regarded on a local, regional and global basis by the logistics community."

Kwong concludes: "With ever-improving road connections to the Greater Bay area and the whole of mainland China, plus the extra slot capacity that will be released when our third runway opens, Hong Kong's offering will become even stronger in the future. I feel all of those factors more than outweigh any short-term problems or concerns."

SuperTerminal 1

Built in 1998, Hactl's SuperTerminal 1 is still one of the largest and most technically sophisticated air cargo handling terminals in the world. With an initial investment of US\$1 billion, its capacity of 3.5 million tonnes per annum is supported by two main mechanical systems: the 3,500-bay, multi-level container storage system is served by 40 fully automated driverless ATVs (automated transfer vehicles or container cranes), which receive commands from the CCS Logistics Control System – which determines which station they should park ULDs in, and then remembers this for retrieval. This is complemented by a 10,000-bay automated box (stillage) storage and retrieval system for loose cargo.

The terminal features 395,000 sqm of floor, 466 pallet workstations, and 313

truck docks, with specialist facilities for livestock, perishables, valuables – including a dedicated zone for handling nine armoured vehicles simultaneously – hazardous and radioactive cargo. Staffed by around 2,400 employees, security features include over 1,000 CCTV cameras, card-controlled access, and various personnel-free cargo storage zones.




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Heating up

Amid complex geopolitical tensions, competition for transshipment traffic – including among cargo handlers – is increasing in the Middle East as more capacity and state-of-the-art cargo facilities are built at airports around the region. Meanwhile, cargo handlers are seeking and introducing solutions to streamline operations on the ground and connect with the region's often low-tech forwarding players, reports Yvonne Mulder

Both the 40th summit of the Gulf Cooperation Council (GCC) and the region's most recent football tournament have raised hopes that the blockade of Qatar might be easing. And with the long-awaited market listing of Saudi Aramco finally taking place, there are indications that the need to stimulate economic growth is taking precedence over some political tensions in the Middle East.

Against expectations, the Qatari emir sent his Prime Minister to attend the GCC summit in Riyadh in December and the Saudi King responded by greeting him personally when he arrived. All GCC nations sent teams to participate in the Arabian Gulf Cup in Qatar's capital Doha in November, despite threatening boycotts, with the Saudi national team crossing the border on a direct charter flight from Riyadh to Doha, effectively breaking the blockade.

Of course, there are still many areas of concern for potential investors in the region, including the recent and longer-term confrontations between the US and Iran, US sanctions on the Islamic Republic, suspected Iranian attacks on Saudi oil facilities last year, political unrest in Iraq, Lebanon and elsewhere, and the on-going crises in Syria and Yemen.

Nevertheless, many of those involved in business in the Middle East are positive about the future.

Gerold Tumulka, CEO at Swissport for KSA

and Oman, says both the Kingdom of Saudi Arabia and Oman have big plans. "KSA has Vision 2030 and Oman has project 2040. Both figure heavily as tourism destinations and Saudi wants to become a logistics hub. They realise that air transport is a key enabler so we have seen an upturn in infrastructure such as warehousing, airport renovations and taxiways."

Saudi opening to competition

The cargo capacity at King Khalid International Airport is currently around 500,000 tonnes, but Riyadh Airports Company is planning to double this through "the construction of advanced buildings and the development of existing facilities".

It is also seeking to "increase the efficiency of air freight transport through multiple air freight service providers, which will create a competitive environment that will contribute to developing and upgrading services and products provided to customers".

Tumulka says the strategy is already underway. "The policy of the Saudi Government is very clearly to stimulate competition. All the activities were nationalised until three years ago, with Saudi Ground Services as the monopoly. Then SATS (from Singapore) won the contract in Dammam for cargo, then it won in Riyadh – although this has not started yet – and the Jeddah contract is expected to be up for bids in 2020."





Swissport has a cargo ramp licence for those three airports. “We arrived at the end of 2015 and operations started June 2016,” Tumulka says. “We handle bi-load cargo as well as full freighter and can handle up to a 747. We have a full range of handling capabilities on the ramp including special cargoes.”

Tumulka explains that when Swissport arrived in KSA, the first target was to establish a profitable operation. “We have done that, so we are now looking to have more stations in the region and to expand our product portfolio, as opportunities arise. We are not limiting ourselves. We do lounges, aprons, cargo, security. We are looking to introduce ourselves to new markets and become an inclusive provider.”

Unlike in many regions, business has remained good over the past year. “There has been significant growth in the Middle East in 2019 and we expect further growth in 2020,” he notes. “We have not experienced a slump in demand as they have in Europe and other regions. The downturn here is never as dramatic as other continents.”

Transshipment markets

Tumulka attributes some of this to the fact that much of the volume through Saudi airports is transshipment cargo. “If we see one country or destination weaken then it will be replaced by another string,” Tumulka explains. “Our geographical position means it all balances out.”

But there is strong and growing competition in the region. “There is a transshipment battle between, for example, Dubai and Qatar,” he notes. “And the new airport in Istanbul is adding new capacity and others too are expanding. But we expect demand to continue to grow and greater competition might have more effect on yield than on volumes.”

Qatar Airways says the expansion of Hamad International Airport (HIA) is a vital part of the future success of the group – and a strong sign that Qatar’s economy is robust, as well as acting as a further economic stimulus providing opportunities for local and international contractors. Expansion plans include the construction of a new cargo terminal that will increase capacity to an estimated 3.2 million tonnes per year. The state-of-the-art terminal is due to be completed by 2023, and will be a multi-level facility with 85,000 sqm building footprint

providing approximately 323,000 sqm of gross floor area.

Dubai plans revised

In Dubai, work continues on the Dubai World Central (DWC) airport, though the design has been altered after Emirates decided last year to cut its order for new double-deck A380s – opting instead for “flexible widebody aircraft”, ordering 40 A330-900 and 30 A350-900 aircraft.

For Dnata, the change means that the original

forecast of 14 million tonnes through DWC by 2025 is “now likely to be reviewed, as there will be a little less [cargo] because of the smaller aircraft”, says Bernd Struck, senior vice president for UAE cargo and DWC airline services.

But the overall vision for DWC has not changed. “We will integrate our terminal into a landscape where everyone involved in logistics is all together: freight forwarders, integrators and others associated with logistics,” he says. “It will be Emirates handling their own cargo



Tumulka: Expects demand to continue to grow

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Dnata handled 727,000 tonnes of cargo at the two airports, Dubai International (DXB) and Dubai World Central (DWC), in 2018-19, although it is now facing a slight downturn.

“We have to deal with a weakening market – mainly on east-west routes and sea-air connectivity, but maybe not as much as you see in other places round the world,” says Struck. “The main reason is the situation between China and the US and the related fallout. We can feel a market weakness in Hong Kong which is also affecting us, and regional issues in the Middle East also affect us in terms of volumes. We are about 7% below last year.”

He echoes Tumulka’s thoughts about increasing competition in the region. “We are not just accepting this reduction in cargo in Dubai. We have to fight for our business, so our sales guys are out there trying to win business from other markets in the region. We are improving our offering and have, for instance, gained CEIV Pharma for both airports.”

He says the biggest markets are Europe, Asia and regional, though Dubai is focusing on new markets as well. “We are targeting traffic from Africa and looking for more business from there,” says Struck. “The market is actually quite likely to grow. We have increased our holding in Bolloré Logistics UAE, which is very active in Africa, so that is helping us quite a bit.”

Struck says four years ago, Dnata developed a strategic plan and “we are now getting closer to the delivery of those projects”.

One Cargo tool

This includes the new One Cargo tool, a first for ground handlers, which digitalises customers’ booking process and service, with the aim of ensuring a seamless experience at delivery bays.

“Freight forwarders can book through an appointment system so that when they drop their freight off there is no delay – but real-time acceptance, and it immediately goes into build-up and onto the plane in a very well-communicated way, where every action is monitored.

“For imports, they interface with the materials handling system so that they really do not have to queue anymore. They go straight to the dock and load cargo when the truck gets there. It went live for imports in December 2019 and for exports it will be 2020.”



“

The system gives us the opportunity to allocate resources better – we have improved by 25% the capacity usage of the warehouses

”

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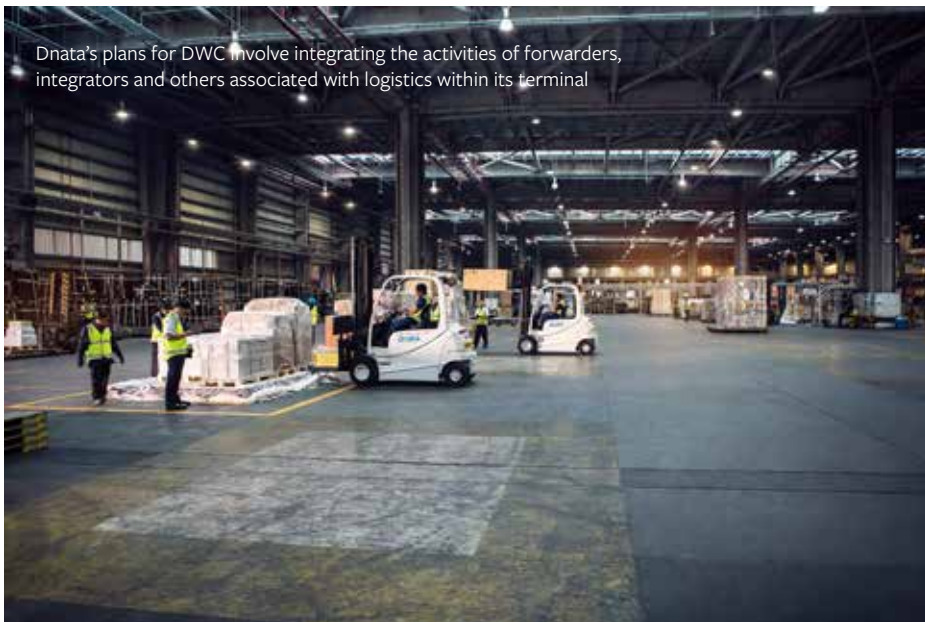
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Dnata's plans for DWC involve integrating the activities of forwarders, integrators and others associated with logistics within its terminal



“
Greater competition might have more effect on yield than on volumes”

GEROLD TUMULKA

He explains it works “a bit like an integrator where everything interfaces, though ours is much more complicated as we have 125 airlines in Dubai. We have developed software and systems that allows them to talk to us.

“The system gives us all the opportunity to allocate resources better. We can use our storage facility much more efficiently – we have improved by 25% the capacity usage of the warehouses because we do not have to store so much.”

Etihad upgrade

Abu Dhabi Airports and Etihad Cargo have also announced plans for a major upgrade to Etihad's air cargo terminal facilities on the Southside airport perimeter, due for completion in the third quarter of 2020.

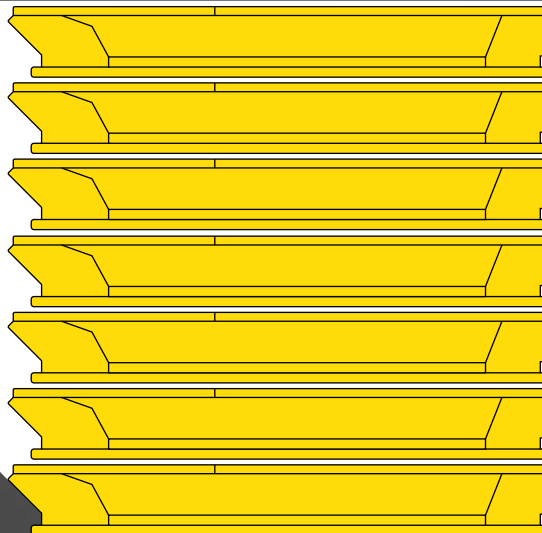
The scope includes the enhancement of road feeder service loading docks with levellers, insulation and floor works for faster and more efficient loading, with stricter temperature controls. There will also be increased storage space and additional build-up and breakdown zones to improve production workflow, and upgraded cool chain facilities for both its fresh and pharma handling and storage operations.

A more ambitious project is planned for the East Midfield section of the airport – “the creation of one the world's most advanced and automated air cargo terminals,” Etihad says. The facility will be designed to handle incremental UAE import and export demand, boost Etihad's growing cargo network flows, as well as cater for the “significant rise” in e-commerce and express mail and cargo operations.

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“
Blue-collar labour is rather cheap, so the incentive to automate is not so high. But we expect it to expand its reach in the new cargo village
 ”

GEROLD TUMULKA

Bryan Thompson, chief executive of Abu Dhabi Airports, says: “Geographically, Abu Dhabi is situated at the heart of the east to west trade routes. We are putting in place the right foundations and frameworks for our future cargo activity, which in a few years will re-shape this industry for the Emirate of Abu Dhabi. Abu Dhabi is the future’s cargo hub for the region and the world.”

Turkish alternative

The airport community in Turkey also sees itself in the role of main cargo hub in the Middle East and has ambitious plans to make the 175,000sqm facility at the new Istanbul Airport “the smartest cargo terminal in the world”.

Nevertheless, Turhan Özen, chief cargo officer at Turkish Airlines, believes the installation of automated systems can be difficult to justify because of the complex requirements of the air freight industry, noting: “We are handling millions of different SKUs. We have our safety and security and quality standards and regulations. We have a huge need for flexibility, in terms of speed and flexing the volume.”

But he points out that other developments, such as wearable technology, smart gloves and



Dubai's community system has more than 2,000 users, making it the largest in the world

glasses, as well as artificial intelligence, can also make a huge difference in increasing efficiency and speed in a cargo hub.

Struck says Dnata sees the future as about “recognising various products to make them streamlined and more effective. We are working with customers on their requirements.”

He gives as an example Dnata’s Cargoflex offering, a pickup and delivery service it operates between Dubai Airport Free Zone, Dubai Cargo Village and Dubai World Central cargo terminals – consolidating loads and offering freight forwarders a one-stop shop for the transport of shipments to and from the terminals. “We pick up cargo and bring it to the terminal – which reduces traffic there and makes it easier for shippers,” he notes. “Customers do not need to come to us – we go to them. They like it.”

“

Greater competition might have more effect on yield than on volumes”

”

GEROLD TUMULKA

He says this works well because the forwarding market in Dubai is rather fragmented, with a relatively low level of digitisation. “We have 450 ‘Mom and Pop’ shops with just a telephone line and a computer,” he explains. “They have no storage, so we provide that and do the processes to forward or receive freight. We are closer to our final customers through the community system.”

This Dubai community system, Calogi, launched in 2008, has more than 2,000 users, making it by far the largest in the world, according to Struck.

Slow digitisation

Swissport’s Tumulka admits that “right now, the level of digitisation and automation [in the region] is not on a par with main airports round the world – partly because ‘blue-collar’ labour is rather cheap, so the incentive to automate is not so high. But obviously we expect it to expand its reach in the new cargo village.”

He says Swissport would like to bring its range of systems and tools to bear in all areas, as has already been done in ramp services and safety. “We are looking at operating cargo facilities or even working as owner operator. We operate at 307 airports in 48 countries on six continents so we have a lot of expertise and experience.”

With all this investment, it seems competition among Middle Eastern airports to be the region’s mega transshipment hub will continue. No doubt political tensions in the region will also continue but, for at least some of the time, the focus will be on commercial and economic links with the rest of the world, with the Expo in Dubai – which opens in October – and the G20 summit taking place in Riyadh in November.

Whether the Qatar blockade is actually lifted and how other political situations develop remain to be seen; but the ambitions of the airports in the region, especially in terms of attracting transshipment traffic, continue to grow.



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Outlook 2020 Report

As it has every year since 2012, CAAS invited a select group of air freight industry stakeholders to give their views about the year ahead – whether about the market, developments and innovations, or their own business plans.

Predicting the year ahead is tough under most circumstances, but even more so than usual this year, following a difficult 2019, a continuing but unpredictable trade conflict between the US and China that has threatened to spread to other markets, and renewed and heightened

tensions in the Middle East. And then just as the magazine was going to press, the seriousness of the new Coronavirus began to emerge – including as a threat to China's economy this year, to international supply chains, and to global GDP growth.

As ever, our thanks go to those who have been willing to stick their necks out and make predictions and forecasts for the year. All of the contributions were written before the seriousness of the new Coronavirus was known.

2020 vision

IATA's head of cargo Glyn Hughes has 'fresh hope' for a new year and decade – that increased investment in technology and innovation, growth in special cargo, and the continued expansion of cross-border e-commerce will meet a better global trade environment

2019 was a very challenging year for the air cargo industry, with 12 consecutive months of contracting volumes, increased number of dangerous goods incidents arising from non-compliant shipments, and a challenging global business environment.

On the positive side, we did see an increased amount of investment in technology and innovation, a growth in special cargo, and the continued expansion of cross-border e-commerce.

Therefore, as we enter 2020, we do so with fresh hope. The signing of the US-China Phase 1 trade deal should see a calming of tensions between the two global economic superpowers, with commitments on both sides which should be beneficial to global trade. Although heavily focused on agriculture it will hopefully pave the way for a renewed spirit of partnership-based trade.

In addition, cross border e-commerce continues to provide growth prospects, as the global market place is becoming increasingly more accessible to the next generation of connected consumer.

We also anticipate further growth in the area of specialised supply chains, covering pharmaceuticals, fresh and perishable commodities.

In order to achieve success in any of these

areas, the industry needs to continue down the path of technological innovation. During the past year, we were very encouraged by the increased level of investment in technology by all supply chain partners.

Significantly more so than in recent years, the climate is right; the desire and willingness are there now; we just need the partners to plug in, connect, and exchange the vital information which is critical for the industry to move forward with high-quality solutions.

Air cargo transports 35% of global trade by value, worth around US\$6 trillion of goods each year, so it's imperative to embrace the latest technology whilst moving these goods around the globe. These investments, together with a renewed focus on innovation, should start to bring rewards in terms of industry efficiencies and enhanced customer service.

Sustainability challenge

Another area expected to play an increasing role during the upcoming year is sustainability. Therefore, we expect the industry to place a higher focus on 'People, Planet and Performance' as we all seek to reduce our environmental impact, enhance opportunities for all within the industry, and create an efficient and robust industry best positioned to serve the evolving high demands of the customer.

Supply chain safety will always remain the



"During the past year, we were very encouraged by the increased level of investment in technology by all supply chain partners"

Glyn Hughes
Global head of cargo, IATA

industry's top priority, and we expect this to continue as we collectively seek to eradicate non-compliant dangerous goods shipments. IATA launched a DG incident alert programme during the end of 2019, and this has already started to demonstrate great results.

Anticipated growth for air cargo during 2020 is moderate, around 2%, as the challenges continue regarding the international trading environment. But if we collectively embrace the opportunities and successfully address the challenges, then this figure could be exceeded.

It's also important that the industry has a great vision for the future – most pertinent considering this year is 2020!



“Collaboration and partnerships between technology providers in air cargo will strengthen and begin to form a network of service providers”

Moritz Claussen
Founder and managing director at cargo.one

Accelerating transformation

Online bookings via third-party platforms will grow exponentially in 2020 to more than 10% of all air freight bookings in Europe, believes cargo.one founder Moritz Claussen, opening up new opportunities for collaboration, efficiency and connectivity – including between the system providers that serve the air freight sector

2019 marked the beginning of a transformational process for the air cargo industry – mainly driven by digitalization. Anyone not paying attention was caught off guard by Softbank’s \$1bn investment into Flexport. And even people that followed the space were surprised by the sheer size of that bet. A bet significant enough to not only put Flexport very much on the map, but also to allow the company to drive more cash into their user-friendly product than any of the largest global forwarders ever could.

Another strong indicator was the rise of digital bookings. Air France KLM announced that it processed north of 20% of their bookings online, and with cargo.one the online distribution market was democratized, enabling any cargo carrier to serve customers in a more customer-centric and efficient way.

At cargo.one, we believe that this trend will only continue in the new decade and accelerate at a rate never seen before. It is difficult for the human brain to comprehend exponential growth, and as such we are often unable to imagine the next big thing

and its impact. One thing is clear, however: demand for user-friendly, easy-to-use and efficient products will continue to rise, leaving players that resist change and development behind. It is no longer a question of whether fundamental change will happen in the air cargo industry, but rather how fast it will ripple through the industry and who it will leave behind.

We have identified a couple of trends that we believe will shape the air cargo industry in 2020:

The penetration of online booking platforms

Firstly, the share of online bookings will grow exponentially. We expect that by the end of 2020, online platforms will be processing more than 10% of all air freight bookings in Europe. This development will be driven by a large group of airlines – the early majority – joining digital platforms. Many airlines were convinced by the successes of early marketplace adopters in 2019 and many more are upgrading to more connected core systems and introducing their own online distribution channels. Airlines will

be looking to bolster the ROI on these projects by using the same technologies to connect to an already relevant and growing marketplace segment, while at the same time significantly driving customer satisfaction in doing so.

Unlocking the power of collaboration

Secondly, we will see an increasing number of partnerships and initiatives to share data freely. Collaboration and partnerships between technology providers in air cargo will strengthen and begin to form a network of service providers that are used to working with one another and thus, increase their power. We predict that this will include core system providers, revenue management providers, marketplaces, and other players. We are still a long way away from the developer-friendly and publicly well-documented environments that we see in other technology spaces, but 2020 will show technology players working together in a much-accelerated fashion.

Leveraging the core business with the help of new technology

Thirdly, airlines will begin to embrace strategic freedoms brought on by a new era

of technological enablement in air cargo. This means that airlines will take advantage of the fact that in 2020, freight forwarders will be the most well-informed they have ever been. Airlines that support their employees capable of tying together capabilities from across functions to bring the best offering in front of the customer will benefit. Especially as marketplaces are likely going to be neutral channels for distributing capacities, smart airlines will (continue to) build their marketing capabilities to spread the word about their work, advertise their brand, and educate forwarders more specifically about their products. If they haven't already done so, their sales and pricing teams will begin to find

that there are no longer technical barriers to steering complex pricing and distribution initiatives, other than the creativity of the sales and pricing team themselves. Airlines as a whole will increasingly find highly capable technology products accessible to them that will support their teams in providing forwarders a customer-centric user experience. In using those technologies, airlines will be able to better focus on their core business and to introduce and iterate new air cargo products.

System providers setting new standards of connectivity

Lastly, core system providers – such as IBS,

Accelya, or CargoSpot, for example – will start to open up their systems to third parties and become platforms, rather than technology silos. Those providers that do not follow will die in the medium term. Smart system providers will race to provide readily accessible and well-documented interfaces (APIs) for other players to connect to. How well they do this will influence the landscape of relevant core system providers quite significantly. Those that have worked to keep their systems closed and inaccessible to the outside world will fall behind, as they will not be able to keep up with technological advancements and customer requirements, leading customers to churn to the competition.

A better environment

Although the operating environment will remain challenging in 2020, Cathay Pacific Cargo is cautiously optimistic that a more benevolent macro-economic environment will help drive global trade, says James Conlin, head of global partnerships

2018 was a record year for Cathay Pacific Cargo and this set the bar very high for 2019. A combination of weaker macro-economic sentiment and geopolitical tensions weakened the air cargo market in 2019 resulting in a decline in worldwide volumes (tonnage fell by 6.1%).

While we anticipate that our operating environment will remain challenging in 2020, we are cautiously optimistic for a better performing air cargo market. Upcoming contract negotiations with our partners will yield greater clarity on the outlook for 2020, but at this moment we expect a more benevolent macro-economic environment to help drive global trade. We foresee continued momentum in particular product verticals, riding on tonnage growth observed in 2019 for Fresh Lift – our perishables solution – and Live

Animal Lift. Similarly, we expect e-commerce to continue its relentless growth in 2020, following record-breaking shopping holiday volumes in 2019 which saw a number of dedicated e-commerce charters requests.

Geographically, our expansion into South America through our interline partner networks has continued to deliver results, culminating in our very first charter to Santiago at the end of 2019. We hope to see this positive growth trend continue across our offering of offline destinations, extending our global reach and increasing choice for our partners.

2020 will see the introduction and progressive rollout of ICAO's 100% screening requirements in Hong Kong – a significant change for our customers, with certain cost implications.



“A major focus for us in 2020 is to develop our digital capabilities to position us at the forefront of a rapidly evolving market”

James Conlin
Head of Cargo Global Partnerships

We are supporting our Hong Kong export customers by introducing a Terminal Charge concession to help maintain Hong Kong's competitiveness and status as the world's leading air cargo hub.

Digital focus

Another important development in the broader air cargo industry is air cargo's digitalisation. This trend has been driven by evolving customer needs in areas such as distribution capability, bolstered by our inherent requirements for innovative and transformative digital solutions to improve our customer experience, generate internal efficiencies and reduce costs.

A major focus for us in 2020 is to develop our digital capabilities to position us at the forefront of a rapidly evolving market. We are particularly excited about the full project rollout of our blockchain-based ULD management solution, next generation, end-to-end track and trace capabilities, and an upcoming mail solution for Post Offices.





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Responding creatively

Airforwarders Association members have expressed increased positivity about 2020, says AfA executive director Brandon Fried

Creatively responding to change has always been the foundation of the freight forwarding industry, so we view today's reduced volume and world trade challenges as an opportunity. Forwarders provide solutions to complex logistical problems using a variety of transportation modes. Airforwarders Association members look forward to assisting shippers with transportation solutions adhering to all budgets and requirements. In addition to overnight shipping, many will be offering more economical deferred air cargo to retain tonnage and, in some cases, other options that may not include air freight.

Regardless of the current softening seen throughout 2019, a recent survey of Airforwarders members indicates increased positivity for 2020. This optimism comes from the e-commerce megatrend continuing its significant impact on the air cargo industry as the need for faster delivery continues to grow. Also, there is the hope – and now

some indication – of the US reaching a trade deal with China and more favorable global economic conditions prevailing the upcoming year.

We continue to see vast opportunities in cold-chain transportation, including pharmaceutical and perishable item shipping. In addition to advances in packaging to keep food and drugs fresh, the air transport sector now employs technology to monitor shipment temperature and location throughout the transport process. The speed and efficiency of air cargo is not only helping to save lives but continues to assure that fresh fruit and vegetables remain available throughout the winter, in even the coldest cities.

US forwarders remain concerned about increasing airport truck congestion, poor road infrastructure, the impending excessive governmental regulation, the new maritime low-sulphur fuel requirements, anticipated

“Our members are increasingly investing significant financial resources in technology development to provide more efficient customer experience and increased information transparency”

Brandon Fried
AfA Executive Director

changes to US export regulations, and lithium batteries shipped by companies not adhering to existing (dangerous goods) laws and manufacturing standards.

Lithium battery concerns

While those participating in the freight forwarding, airline industries, and airport operations should receive lithium battery awareness training, depending upon the commercial sector to solve the issue alone is unsustainable. Governments throughout the world must increase manufacturing oversight and enforcement so that improperly manufactured batteries are not introduced into the supply chain and never reach the airport.

Since air cargo usually begins, ends or primarily involves the use of a truck, the US highway and airport road infrastructure also concerns our industry. While there has been no progress on any significant funding legislation, we look forward to working with lawmakers in Washington in explaining how the 200,000 miles of major highways and 47,000 bridges in poor condition slow shipments and threaten our primary value proposition of speed.

But despite industry and global economic concerns, freight forwarders are seeing more customer demand for faster order processing and vendor flexibility. Both continue to be the primary deliverables within our business. As a result, our members are increasingly investing significant financial resources in technology development to provide more efficient customer experience and increased information transparency.

The United States has seen nine straight years of economic expansion since the Great Recession, and freight forwarders have benefited as a result of this prosperity. Now, as the economy begins to shift, we look forward to thriving on its changes and continuing our industry success.

Another 'VUCA' year

In an increasingly volatile and complex world, the only thing certain about the future is that it is uncertain, says Alex Driesen, co-entrepreneur at IT and data-sharing specialist Nallian

The only thing certain about the future is that it is uncertain.

For some time, we have been living in an increasingly 'VUCA' world: a world which is Volatile, Uncertain, Complex, and Ambiguous. Multiple changes are not only happening at the same time, but also often swinging – which results in unpredictable, non-linear outcomes. Trade wars; geopolitical tensions in general; technology hype (remember how blockchain was going to solve world peace and famine?); changing attitudes on climate change; and the energy transition are just a few examples.

2020 is not going to be any better. What does this mean for businesses? Where should our

improvement initiatives be focused?

In a predictable world, focus can be on improving internal strength; focus on doing more of what we already do, and better; focus on robustness. In a VUCA world, that doesn't fly. Such a world asks not only for continuous corporate renewal, but also for continuous reconfiguring of the overall value system, across company borders.

Antifragility

Whereas in the past it was logical to design for resilience and robustness, today we need to design for 'antifragility'. Antifragility, as Nicolas Taleb defines it, means structures that get stronger when put under stress. Which brings



"Often based on sharing data and on collaborative applications, collaboration and communities are becoming the new normal"

Alex Driesen
Co-entrepreneur at Nallian

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us to networked, fluid, open, adaptive value systems instead of siloed fortresses.

And that is what we see happening in air freight too. We see businesses adapt. In the past, businesses in air freight have been focused primarily on optimising internally, within their own four walls. Today, we see an increased awareness and focus on building the networked processes – not rigidly, but in easily reconfigurable, antifragile ways. We see that with

thought-leading airports, but also increasingly with airlines, handlers and even some enlightened forwarders. Often based on sharing data and on collaborative applications, collaboration and communities are becoming the new normal.

In a VUCA world, it is the only logical response. Is it mandatory? As a wise man from Lufthansa Cargo once said: “Nope, it is not mandatory. But then, survival isn’t either.”

Transformation journey

TIACA’s key challenges for 2020 will be to deliver an ambitious sustainability agenda, help drive improvements in safety, sustainability, digitisation and quality, contribute to making air cargo attractive for the younger generation, and listen more closely to the association’s members, says Steven Polmans, chairman of TIACA and director of cargo and logistics at Brussels Airport Company

The air cargo industry faces a lot of challenges: the issue of rogue lithium battery shipments that could endanger aircraft; the trade tensions and the slowing economic growth affecting air cargo volumes; eagerness to accelerate the digital transformation of the industry and realities that make air cargo a relatively slow industry to adopt new technologies; the exponential customer demands for more visibility, reliability and convenience; the risks of not being attractive enough to get and retain the talents we need to transform this industry for good; the pressure from the general public, customers, regulators and employees themselves to reduce our environmental footprint.

TIACA is in a unique position to represent and unite air cargo players towards common goals and work with industry partners – both in private and public sectors – in the areas of safety, security, trade facilitation, digital transformation and sustainability.

The world is changing; our industry is evolving; and so should TIACA. With vice-chair Sanjeev Gadhia, the board, and the TIACA team, we embarked on a transformation journey to modernise the organisation. The objective is to ensure TIACA remains relevant, attractive, financially healthy and strong enough to take up the challenges requested and needed by

our members in the long term.

Sustainability, partnership, talents, value

In 2020, TIACA’s key words will be Sustainability, Partnership, Talents, Value. We want to deliver our ambitious Sustainability agenda through our newly formed Sustainability Working Group. Expect to see a vision paper on air cargo sustainability with industry goals, an industry survey, the second Air Cargo Sustainability Award and hopefully a global commitment towards a sustainable air cargo industry signed by all relevant players. We want to strengthen relations with other industry associations and regulators to drive concrete improvements in the areas of safety, sustainability, digitisation and quality.



We want to contribute to making air cargo attractive for the younger generation and offer training and development programmes.

We want to be closer to our members, listening to them and having them contributing actively in the strategy of their Association. This is why we are launching an annual Member survey until the end of January.

And 2020 will be also the year of our first Air Cargo Forum organised with Messe Munchen. We are working hard to make this event the great show and business platform for all to learn, network, strengthen existing relationships, and open new opportunities.

“We want to contribute to making air cargo attractive for the younger generation and offer training and development programmes”

Steven Polmans

Chairman of TIACA and director of cargo and logistics at Brussels Airport

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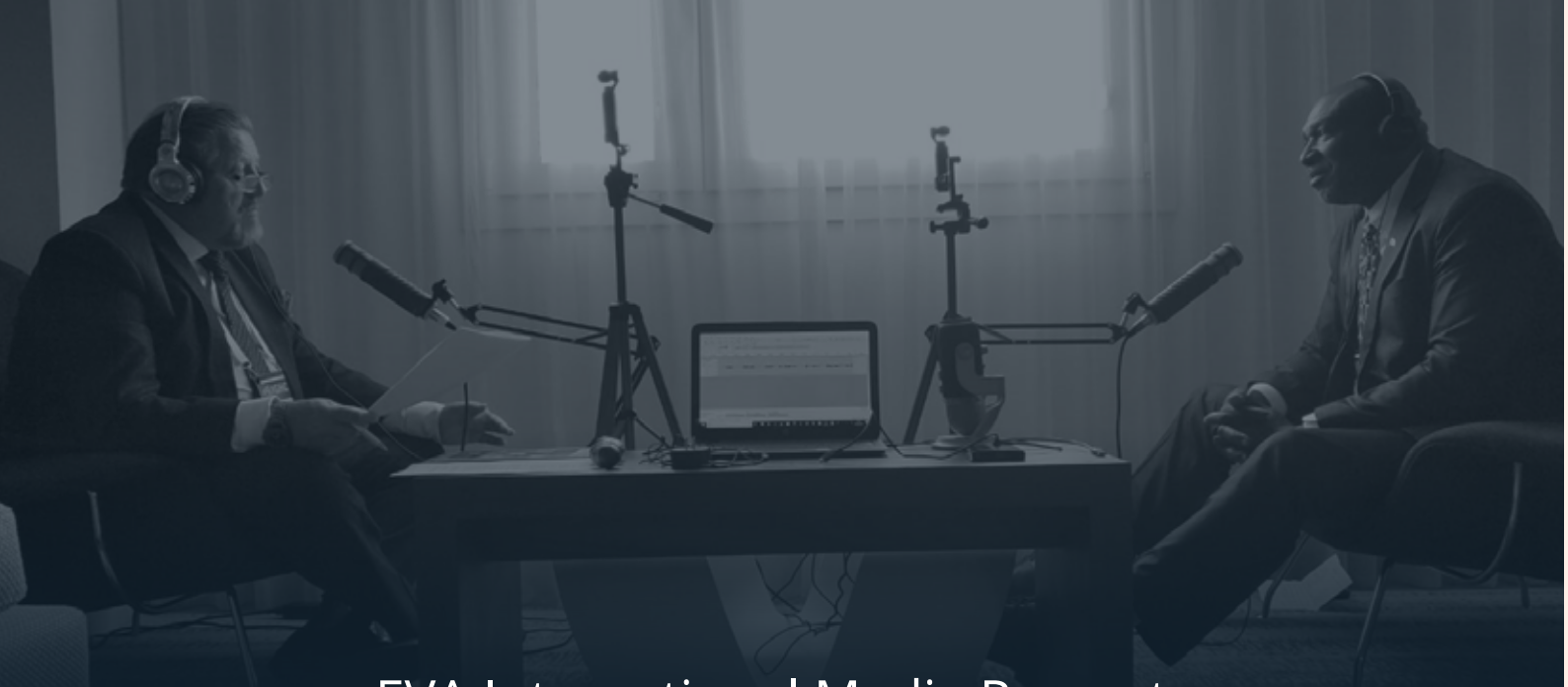


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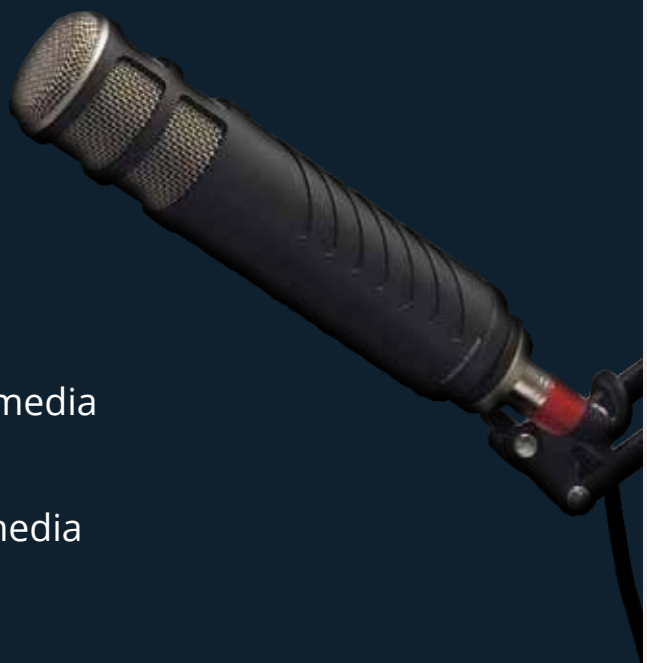


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Positive outlook

The tough market conditions last year were an opportunity to review Emirates' core offering to customers, says Nabil Sultan, senior vice president for cargo, who expects a modest recovery for the air cargo industry in 2020

At the start of a new decade, Emirates SkyCargo is geared up to facilitate global trade and cargo movement in 2020 and beyond through a combination of innovative product development and investment in 'fit-for-purpose' infrastructure.

The global air cargo industry witnessed what was a very challenging year in 2019. Economic uncertainty, tensions in global trade and unrest in key markets negatively impacted cargo volumes. However, the tough market conditions were an opportunity for us to review our core offering to our customers and ensure that we remained market leaders with our specialised product offering, superior capabilities and infrastructure as well as our agility in responding to customer demand.

The outlook for 2020 is more positive with the air cargo industry set to post a modest recovery thanks to improved economic activity and trade growth. With our commitment to 'deliver as promised' backed by a global network covering over 155 destinations centred in Dubai, our modern fleet of all wide-body aircraft and our state-of-the-art EmiratesSkyCentral terminals, Emirates SkyCargo is well positioned to support trade and economic growth in line with the Dubai Silk Road Project. With Expo 2020 Dubai also set to kick off in October 2020, we will see a surge in movement of goods to and from Dubai and we are working with our partners to provide specialised air freight services for this once in a lifetime event.



"With Expo 2020 Dubai also set to kick off in October 2020, we will see a surge in movement of goods to and from Dubai"

Nabil Sultan
Senior vice president for Cargo at Emirates

Air cargo evolution

In 2020, we can afford less and need to do more, says Cargo iQ executive director Ariaen Zimmerman



"Our industry needs to have standards in place for cooperation between companies across the supply chain so we can align quickly and reliably"

Ariaen Zimmerman
Executive Director at Cargo iQ

As we head into the new decade, the air cargo industry is facing a challenging time, driven by many factors that are outside of its control,

such as global trade and political uncertainty.

We have to be responsible and – as always – must adapt to the reality of our ever-changing market requirements. In 'up cycles' this means making sure that we have the right amount of relevant capacity at the right place to meet demand, and in 'down cycles' this often means the same.

These cycles are our life, have a huge impact, and the way we deal with them sets successful companies aside from the rest. The underlying advantage of the air cargo industry stays the same: we are a system of specialised companies that are all working together to deliver an expensive, complicated product in the most efficient, economical way possible.

To be ready for this and future cycles means we need to be flexible and ready to grow or reduce our worldwide presence quickly with reliable products. For that, our industry needs to have standards in place for cooperation between our various specialised companies across the supply chain, so that we can align quickly and reliably.

Embracing opportunities

It also means we need to embrace the opportunities that digitalisation offers, so we can be even more efficient and effective as an industry. We must have products with demonstrable delivery that our customers are willing to pay for, that address their various wants and needs.

As we start 2020 and move into the new decade, Cargo iQ will continue to address these challenges. We will be more reliably measuring all the shipments of our members and allow for monitoring the progress of all of them. We will extend our successful pilot initiative for small and medium enterprise (SME) forwarders that was launched last year, into an SME service.

We will also work with IATA's ONE Record to make sure we can digitalise the different products of our industry in a meaningful way, as well as offer their planning and control solutions, for instance for time-defined versus flight-specific products. And last but not least, we will offer an open standard for true end-to-end planning and control for shipment care.

Getting ready for an ever-changing future will remain our core responsibility as an industry, and Cargo iQ will be at the forefront of the evolution of air cargo.

Cautious optimism amid persistent headwinds

Lim Ching Kiat, managing director for air hub development at Changi Airport Group, is hopeful of a moderate recovery of the semiconductor sector this year and continuing growth in key air cargo segments such as cross-border e-commerce and pharmaceuticals

2019 ended on a low note for the air freight industry, with the air freight volume performance in 2019 expected to be the worst since the global financial crisis, according to IATA. This is amid a challenging environment with ongoing trade protectionism, the EU and China economic slowdown, and cyclical downturn of the semiconductor industry. Changi Airport's air freight throughput also suffered from these developments; in the first 11 months of 2019, our cargo throughput declined by 6.8%.

Looking ahead for 2020, we remain cautious as persistent headwinds like trade protectionism are creating uncertainties for global trade.



On the other hand, there is some optimism in the moderate recovery of the semiconductor sector, with ongoing developments in 5G telecommunications and artificial intelligence (AI) fields. In addition, we expect key cargo segments such as cross-border e-commerce and pharmaceuticals to continue to be the growth drivers of the air freight industry.

Global cross border e-commerce sales are expected to continue to grow, with Asia Pacific as the dominant market. eMarketer forecasted that retail e-commerce sales worldwide will grow to almost US \$4.9 trillion in 2021, with cross-border e-commerce expanding to about 20% of total e-commerce sales.

Based on Seabury's analysis, the pharma sector has withstood much of the softening in global trade, with modest growth in 2019. With the growing and aging population, coupled with the rising middle class, pharma research organization IQVIA has forecast industry sales to grow 4-6% annually between 2019 and 2023, with sales expected to surpass US \$1.5 trillion by 2023.

At the same time, we recognise that the air freight industry is facing fast-changing demands by shippers and consumers requiring speedier deliveries and higher transparency. Business models are also changing rapidly.

"Community collaboration has become more important than ever, especially in the area of deepening handling capabilities, increasing supply chain visibility, and improving operational efficiency"

Lim Ching Kiat

Managing director for air hub development at Changi Airport Group



Community collaboration has become more important than ever, especially in the area of deepening handling capabilities, increasing supply chain visibility, and improving operational efficiency.

Considering these, Changi Airport is taking a different approach for our air cargo development. In the coming year, we will pursue IATA CEIV standards with Pharma and Fresh status as a community. We hope to also take the Global Pharma Tracker – a common digital data-sharing platform – to the next phase with Pharma.Aero and global airport communities. In addition, Changi will be pursuing new digital projects with our community, capitalising on the latest technology and innovation.

Moving forward on sustainability

This year must be about moving forward technologically, but also environmentally, says Arnaud Lambert, CEO of CHAMP Cargosystems

2020 must be about moving forward. Not only technologically, but also socially. It is our duty to ensure a way forward for our environment and our world.

I am proud of the work undertaken by TIACA and CHAMP to set up the Sustainability Programme and Award. I would again, like to congratulate this year's winners, Wings for Aid. This is only the beginning. This partnership should be a mere starting point to a long road ahead. We are proud of our own development and hope new technologies and systems are created to lower the carbon footprint of the wider air cargo industry.

Most importantly, we all have a role to play. It is not a moment to be selfish as our future is surely at stake. Together we can make a difference so that sustainability is on the radar and becomes a priority for all the actors of the air cargo industry.

"It is not a moment to be selfish as our future is surely at stake"

Arnaud Lambert
CEO of Champ Cargosystems



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Surprising times

The main themes for 2020 are climate change, technology and uncertainty, says Jason Breakwell, commercial director at European RFS operator Wallenborn Transports



2019 certainly gave us some surprises and 2020 is also proving very difficult to read. This is a cause for concern, as aviation and air cargo are heavily impacted by macro-economics and geopolitics but also need certainty to support capital investments.

Multiple uncertainties underline the need to be nimble and also make us realise how crucial a healthy air cargo ecosystem is and how we need to focus more on collaboration, innovation and continuous improvement.

China and the US seem to be closer to resolving their trade war, but the tech war will likely escalate and weigh on global trade. We still don't know how Brexit will play out, notably in terms of the UK's future trading status and especially for services which are so crucial to the strength of the UK economy. The implementation of the EU Mobility

Package will directly affect my sector – European road freight – in the coming years, but it's still not clear what the pros and cons will be.

The air cargo industry needs to quickly demonstrate to its customers and wider communities that it has a plan to combat climate change. Major shippers who were historically big users of air cargo are switching to other modes because air cargo is unable to meet their zero-carbon ambitions. I think there is a mistaken tendency within some industries to downplay the need to address climate change because of the inability of major polluting nation states to set or respect carbon reduction targets. Mounting natural climate disasters are changing both investor decisions and popular sentiment, and this could quickly put freight companies in very tricky positions.

We continue to benefit from the high speed of technological developments which are helping us to improve productivity, break down barriers and discover new opportunities. I expect more and more start-ups will cross over to the logistics sector in 2020 and as well as improving transparency and agility, this will make our industry younger and more diverse, reduce entry barriers, and strengthen relations between service users and providers.

“Major shippers are switching to other modes because air cargo is unable to meet their zero-carbon ambitions”

Jason Breakwell
Commercial director at Wallenborn Transports

Making technology strides in 2020

Harold Elfving, technology director of ACL Airshop

ACL Airshop continues to make a strong push for innovative technologies as we enter the new decade. The company is providing customers access to more than 60,000 ULDs across the world and is constantly investing in new products and innovative logistics technologies, to gain more efficiency and cost savings.

Recently teamed with VRR, ACL Airshop has become the launch customer for the first-ever collapsible AAY container. Weighing in at approximately 280 kg, the collapsible AAY container can be erected and collapsed by two people in just two minutes. When folded, the container is seven times smaller, and has a height of only 255mm. We are the only company in the world with this equipment right now. ACL Airshop has added 20 units to its global fleet of ULDs, which are now available for lease.

In order to save on logistics, we can now move the AAY container in larger quantities using

less space volume. This saves time and money for the airline and the end consumer. All AAY containers also benefit from our Bluetooth technology and FindMyULD application.

In June of last year, ACL Airshop also released another industry first: the trademarked FindMyULD mobile app. This app is specifically designed to enhance every data requirement end-to-end in air cargo transactions. From ground handlers to executives, this free mobile app allows tracking and control of assets in the palm of your hand.

E-commerce is becoming an integral part of our society, and ACL Airshop will continue making advances to excel with the rising industry trends. Our next big objective is tying our ULD Control logistics program and Bluetooth tracking systems to the air waybill itself. That is in-work with one of our airline clients and will be a big leap forward when perfected.



"The collapsible AAY container can be erected and collapsed by two people in just two minutes"

Harold Elfving
Technology director of ACL Airshop

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Timo Glade, Partner, McKinsey
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Steven Polmans, Director Cargo & Logistics, Brussels Airport
Leif Rasmussen, CEO & President, SAS Cargo
Josh Renzema, Transport Solutions Manager, Tetra Pak
Mikko Tainio, Managing Director, Finnair Cargo
Joachim von Winning, Executive Director, Air Cargo Community FRA
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Embracing digital potential

Digitisation is a great opportunity – for example, to streamline the logistics behind e-commerce, including the handling of customs processes, says Simon Linder, sales director at DAKOSY

The growing importance of e-commerce and its special requirements for logistics was an important driver of the air freight industry in the last years. In my opinion, this trend will continue in 2020. E-commerce requires highly efficient logistics processes with shipment volumes of small parcels, which in the past have been unimaginable in traditional logistics businesses, thus requiring automated processes wherever possible.

The business potential for logistics providers is huge, but also calls for new ideas and concepts, including a new thinking of customs processes. As a basis to handle this load of parcels in an efficient and highly automated manner, the logistics behind e-commerce must become even more digital in 2020. This includes, in particular, the digital handling of customs processes. In practical terms, this means that the flight manifest data (FFM) for all expected shipments must be sent consistently to customs software systems via electronic interfaces. In 2020, ground handling agents and logistics providers will be in particular demand to make their processes more efficient and transparent.

Transparency is also extremely important in another area of air freight: the handling of dangerous goods. The dispatch of dangerous goods is highly complex, which is why it is standardised in the Dangerous Goods Declaration (DGD). In order to bring the DGD into the digital age, a transparent, digital standard is required that provides an update on the current processes. The eDGD, short for Electronic Dangerous Goods Declaration, is the digital successor to the standard DGD of the International Air Transport Association (IATA). eDGD can thus streamline the processes in the air cargo supply chain and simplify the

transport of dangerous goods for all parties involved.

With our digital shipper portal INFr8, we give the market the opportunity to address the issue of eDGD. Following the positive response in 2019, I hope that eDGD will continue to be a major topic for shippers in 2020.

Digitisation is not a trend. It is here to stay and a great opportunity – we should have understood this in 2020. Especially in an internationally operating industry such as air freight, digital solutions can save costs and enable faster processes. These will remain the driving forces in 2020. The development and spreading of digital standards are important steps towards a more transparent supply chain. The ONE Record initiative from IATA that DAKOSY will support with different pilot projects in 2020 is, in this context, leading the industry into the right direction. Companies that position themselves here at an early stage can help to bring the air freight industry into the digital age.

“Digitisation is not a trend. It is here to stay and a great opportunity”

Simon Linder
Sales director at DAKOSY



Adapting to the ‘productisation’ of air freight

Cooperation is the way forward, as cargo community clouds develop from local platforms to international networks, says Steven Verhasselt, VP commercial at Liege Airport



For 2020, we don't see big changes in the trends of the second half of 2019. The market conditions did not really change yet; uncertainty concerning Brexit and the trade war(s) are still there. Still, 2020 should bring clarity in these and other issues. So, we do have an optimistic outlook.

For the market, the industry will need to adapt to the ‘productisation’ of air freight. The general cargo is, of course, still there, but it is being repackaged as a new product that comes with its own requirements. LGG is working hard to make sure the products flying freighters want to be in Liege. Investments in real estate, digitalisation – and, more importantly so, in staff and training – are key. That should help to make sure that we

can keep meeting the requirements of our customers, old and new.

Cooperation is the way forward; the tools are there, as cargo community clouds are developing from local platforms to international networks. We are very much looking forward to see the development of the digital government initiatives (Belgian Customs BeCargo, Belgian Food and Drug Administration).

Flexibility will remain key, and thanks to giving full priority to freighter operations, we will be able to adapt to ever-changing market conditions. The LGG Cargo community is looking forward to 2020.



“The industry will need to adapt to the ‘productisation’ of air freight”

Steven Verhasselt
VP commercial at Liege Airport

Standardising the business

Menzies is focusing this year on better training, innovative technology, and deeper relationships with its customers, as carriers seek higher-yielding products and regional or global solutions, says cargo EVP Robert Fordree

The challenges associated with cargo volumes in 2019 have been well documented. Menzies Aviation's approach has been to continue to engage with our key customers, growing closer and deeper relationships that allow us to understand their specific expectations of today as well as tomorrow. With this close working relationship we can invest in handling solutions safe in the knowledge that we are aligned to our customers' requirements.

We have continued with our vision to standardise our global cargo business and have signed a long-term agreement with Hermes Logistics Technologies for our next-generation operating system that will commence rollout this year. We see technology and innovation as fundamental to support the evolution of the traditional air freight model and in conjunction with Hermes, our facilities are increasingly evaluating and testing automated solutions, whilst ensuring they maintain a level of flexibility supporting all customers and product requirements.

Global training programmes

We have also implemented new global training programmes, the first in conjunction with ULD Care and aimed at ensuring appropriate and safe handling of ULDs across our network. The second is a new 'Introduction to Air Cargo programme' aimed at both new entrants to the industry as well as a refresher for existing employees. These training courses further support our drive for standardised service delivery throughout our network.

We are also focusing on leadership training programmes for our cargo teams in order to deliver better productivity, improved employee retention and ensuring our supervisors and



managers of the future are equipped for the job.

Across the market, we are seeing carriers increasingly seeking regional or global solutions from handlers. We are able to support this with our global network and are also putting in place innovative and creative solutions for network expansion. Many of these carriers are also focusing on product development and through our engagement with these customers, the expectation is that they will continue to develop their higher-yielding products, particularly time- and temperature-sensitive, although this may be much more related to particular origins and destinations as opposed to across entire networks.

"We see technology and innovation as fundamental to support the evolution of the traditional air freight model"

Robert Fordree
Cargo EVP at Menzies

A revised cargo approach

Continuing to operate under slot-restricted conditions this year, Amsterdam Airport Schiphol is focusing on its processes – including digitalisation and optimisation initiatives for reducing paper, encouraging collaboration, and improving data sharing and transparency, says Maaïke van der Windt, director for aviation marketing, cargo and customer experience

“As digitisation and data become increasingly important, we are also aiming to take more control and ownership of Cargonaut”

Maaïke van der Windt

Director for aviation marketing, cargo and customer experience at Schiphol Airport

As we enter 2020, we are feeling optimistic about the year ahead at Amsterdam Airport Schiphol.

Over the last two years, we have been operating under slot-restricted conditions, which has affected full freighter movements and led to a rethink of how we conduct our business. This has also resulted in a revised cargo approach for 2020.

Our main focuses in 2020 are to protect full freighters and an increased focus on sustainability, to ensure the future of cargo at Amsterdam Airport Schiphol – and also to maintain and grow our existing cargo network, and there are several ways in which we are approaching this.

We are seeking a structural solution to allocate a fixed number of slots to maintain full freighter flights and we are utilising maximum capacity on planes, ensuring they are as full as possible.

Smart Cargo

We are also continuing to transform Amsterdam Airport Schiphol into the smartest cargo hub in Europe through the Smart Cargo Mainport Programme (SCMP) – such as digitisation to become more sustainable and future ready.

Projects such as ‘Automated Nomination’ and



'Landside Pickup & Delivery' are part of SCMP digitalisation and optimisation initiatives for reducing paper, encouraging collaboration, and improving data sharing and transparency.

Another focus in 2020 will see us work with partners on ongoing projects – such as the Ideal Flowerbox, which is a concept from the Holland Flower Alliance to reduce wastage and optimise capacity in the flower supply chain through the use of a standardised box and pallet. Pilot results already show a promising average extra load of 15% of flowers when using the same aircraft capacity.

For the period after 2020, we intend to reach a new agreement to enable moderate

sustainable growth in balance with the environment and the local community.

Sustainability is fundamental

Sustainability is fundamental for the future success of Amsterdam Airport Schiphol and with the revision of the SCMP, plus the support of our partners, we are confident we can reach our goal of becoming the smartest and most sustainable cargo hub in Europe.

Finally, as digitisation and data become increasingly more important, we are also aiming to take more control and ownership of Cargonaut to ensure our ambition will be fully supported.

A major challenge for us in 2020 is to improve data sharing within the Schiphol cargo community, which is also project within SCMP.

In 2020, the main trade lane that we are looking to grow cargo volumes to and from is China. Vertical-wise, Africa (such as Kenya) will be the main target lane for the movement of flowers; and we are also looking to grow pharmaceutical traffic to and from global markets.

By working together and taking a proactive approach to a challenging situation, we are looking forward to 2020 as we continue to implement our revised cargo approach.

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Opportunities in a lacklustre market

Targeting both infrastructure and processes, the air freight sector has to make further efforts to raise its efficiency, says Patrik Tschirch, CEO of LUG aircargo handling

In close collaboration with our airline customers, as well as selected forwarding agents and shippers, we are developing additional services that will hopefully bear fruit in 2020 or the year after. However, I don't think 2020 is going to be an easy year. Despite IATA forecasting growth, I fear 2020 will remain lacklustre.

The economic outlook for Germany and globally is not buoyant, and this has put the brakes on air freight growth. German exports have been in decline more or less throughout 2019 and are expected to decline further in 2020. Experts predict growth of German GDP of 0.5% in 2019 and 1.1% in 2020. But the estimate for the coming year might be overambitious. Looking at air freight only, IATA is not very optimistic either.

For LUG, effective January 15 we are happy

to serve a new customer in Frankfurt: Delta Cargo. We have had Delta Cargo in our customer portfolio in Munich for more than five years; all this time, we worked hard to win over the airline for the Frankfurt station too. Delta is expected to increase our annual throughput in Frankfurt considerably.

E-commerce boom

E-commerce will continue to boom. I don't think it will peak in the next few years yet. Cross-border e-commerce, B2B, B2C, and C2C continue to drive sales and has a positive effect on air freight.

The pharmaceutical sector is still strong. The US economy is in good condition. The Chinese and Indian economies are still growing, even though at a much slower pace. The air cargo handling sector profits from these trends. Thus, I am very confident that our long-term

prospects are good. But in the short term, the sluggish export growth in Germany are worrying.

Trade wars and tariffs

Trade wars and tariffs will not rob me of my sleep. But we have to work harder to remain viable. Targeting both infrastructure and processes, we have to make further efforts to raise our efficiency. We are firmly committed to digitalisation. We are not only part of the FAIR@Link air cargo platform in Frankfurt, but also in Hamburg. We are looking at all new tools from AI to robots, self-drive forklifts, and sensors to track digitalised ULDs. There are ever-stricter safety and security regulations by governments and industry organisations. The demand for speed, quality, transparency, and cost reduction continues to challenge the handling sector.

Competition remains tough in Germany. The success of an air cargo handler depends on many factors. First the shipper has to decide whether the products are to be sent by air or sea and if by air with what airline. Secondly, we need to have a service contract with the appropriate airline so that we can profit from the shipper's orders. There is considerable competition for these contracts among the different handlers at any airport. Finally, in our case, the freight needs to be routed via Frankfurt, Munich or Hamburg.

"The demand for speed, quality, transparency, and cost reduction continues to challenge the handling sector"

Patrik Tschirch
CEO of LUG aircargo Handling



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Cooling demand rising

Reliable and specialised temperature-controlled solutions for air cargo will continue to increase in importance as the need for healthcare logistics goes on growing, says Andreas Seitz, MD of container specialist DoKaSch

In general, we are quite optimistic about our development in 2020. While air cargo in general is clearly struggling due to weak economic development and trade wars, the demand for pharma logistics is rising continuously. In turn, highly reliable and specialised cooling solutions for air cargo will become even more important than they are now. That is why we expect further growth in 2020 and are not worried by the current trends in air freight.

2019 has been an overall successful year for DoKaSch Temperature Solutions and it provides a solid foundation for our development in 2020. The approval of our Opticooler RAP for five euro-pallets by the Federal Aviation Administration in the USA was an especially important step, which allows us to start cooperating with the big US airlines and Air Canada. Talks with several carriers have already begun and we expect positive results soon. Overall, this will further improve our already strong position on the important US market and provide our clients with even more transport options. We also expect the Opticooler RKN for one euro-pallet to be approved by the FAA during the course of 2020. Since the pharma market in the US is the most important in the world, our strong presence there is highly beneficial for our clients and an important factor for our positive development.

Another field we are looking at is India. The country has an important pharma market and still offers unused potential. That is why it is relevant for further expansions and we will explore our options there.

All things considered, 2020 is most likely to bring positive developments for DoKaSch and will provide many opportunities for expanding our operations around the world.



“Highly reliable and specialised cooling solutions for air cargo will become even more important”

Andreas Seitz
MD of DoKaSch

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A year of further transformation

Focus areas for 2020 will include digitalisation, compliance and sustainable development, says Adrien Thominet, CEO of ECS Group

For ECS Group, 2019 was dedicated to transformation – at every level, extending to both business and organisation: the transformation of our service offering with the development of our Total Cargo Management (TCM) offer; digital transformation, to strengthen the quality of services offered to our clients and to improve performance – the creation of in-house business intelligence and track and trace tools, in particular; organisational transformation, to enhance business development – backed by the recruitment of our top-grade chief commercial officer, Robert Van de Weg, clearly marking a new stage in our group; network transformation, with the opening of an office in Portugal and the acquisition of Wexco in Australia and New Zealand.

The major orientations that we will develop in 2020 are a continuation of the transformation efforts made in 2019.

First, in terms of digitalisation, we will continue to develop our digital tools and work on new solutions to cut the process costs of the airlines we represent. These solutions already exist within the framework of TCM contracts (messaging solutions, fuel cost management, etc.). We are also working on the design of webportal solutions for e-booking as well as e-quotes solutions, again with the aim of simplifying and facilitating the exchange of information to improve efficiency and performance. As a key aspect of a transformation to become more efficient, more productive and more agile, we are also planning to implement system integration in 2020.

Compliance and sustainable development

2020 will also give us the opportunity to continue our compliance and sustainable development actions. Integrity is a baseline value that already prompted us to establish in

2018 a code of ethics and good professional conduct, combined with training for all our employees, giving everybody the opportunity to assimilate the established rules. Also, by complying with the flourishing international regulations in this area (Foreign Corrupt Practices Act, UK Bribery Act, the so-called ‘Sapin II’ Act, etc.), which we welcome, we will continue to pursue our proactive policy in the group.

We will also continue our efforts in terms of sustainable development, which began with the adoption of our group’s sustainable development charter, aimed especially at reducing our carbon footprint.

In 2020, ECS Group will, of course, continue its external growth policy worldwide, with special focus being put on acquisitions in America, Europe and Asia. Developing our network to offer ever more connections and opportunities to our customers has always been and will continue to be a priority for us.

Finally, at head office, thanks to the transformations we have carried out, we have a totally solid, sustainable and agile structure that will enable us to carry out all these projects in 2020, to boost our commercial dynamics – the DNA behind our group.

“We are working on the design of webportal solutions for e-booking as well as e-quotes solutions, to improve efficiency and performance”

Adrien Thominet
CEO of ECS Group



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