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Editor's NOTES

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Automated cargo handling arrives – probably

The recent launch by Speedcargo and Güdel of a robotic automated material handling solution for air freight, capable of handling cargo of varying sizes and weights, seems like a significant moment in the development of air cargo handling technology, promising to automate significant operations from acceptance to build-up. Due to the non-standard nature of most shipments, robotic automation has so far seen little success in air freight, beyond automated storage and retrieval systems (ASRS), and solutions for integrator parcel shipments and certain specific customers with regular-sized boxes.

Speedcargo has been working since 2015 on an automated pallet build-up and break-down solution that can handle cargo of varying sizes and weights, including odd-shaped cargo, and its partnership with materials handling specialist Güdel appears to offer a meaningful solution. In the Technology and Handling Update on page 48, senior technology and air freight specialists discuss the sector's progress in digitalisation and whether it is now ready to move to the next stage – to physical automation rather than just information automation – based on a panel discussion at this year's Air Cargo Europe event.

The participants agreed that air freight has made significant progress in the last five years in various aspects of the digitalisation journey, such as booking, capacity optimisation, and process

optimisation – and information flows more generally – whereas physical automation has first required a combination of breakthroughs in artificial intelligence, plus wider adoption of digitalisation in the industry more generally.

The discussions highlight something common to many digitalisation and tech projects: on the technical level, the technology is available and tested; the challenge is “to make sure all the stakeholders are on the table and have the right mindset and work at the right speed”. This involves getting the buy-in from staff throughout an organisation, convincing them of the benefits of the technology and that it does not threaten their jobs.

Another closely linked element is the importance of timing. Speedcargo's Suraj Nair notes that a process of education or “knowledge transfer” needs to be done before you can bring in the stakeholders – including “evangelising” about how useful a technology has been in other sectors. Nair says this understanding about the value and feasibility of robotic physical automation is not quite there yet in air cargo, but there appears to have been a significant rise this year of interest and more-concrete signs of wanting to bring in automation, or at least exploring it via small pilot projects.

Indeed, Speedcargo hopes to have some real-world examples of next-generation robotic automation of air cargo handling up and running in the next 12 months, probably. So, this looks like being an interesting area to watch. Probably.

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Navigating another new paradigm

Forwarders and cargo-owners are yet to see a full return to ‘normal’ conditions following the Covid pandemic, with customers more wary of potential disruptions and keener to talk about resilience, partnership, and contingency planning, according to European logistics multinational Geodis

Freight forwarding and logistics firms and their cargo-owner customers are yet to see a full return to ‘normal’ conditions following the Covid pandemic, with customers more wary about potential disruptions and keener to engage in conversations about resilience, partnership and contingency planning, according to specialists at European freight and logistics multinational Geodis.

And although freight pricing and capacity has eased massively since the extreme disruptions and capacity shortages of the core pandemic months, there has remained a mismatch this year between many customers’ expectations on pricing and what is currently available, particularly for air freight and freighter capacity, says Johann Peter Reimer, director for air freight at Geodis Freight Forwarding.

For example, Geodis has been in talks about getting more own-controlled

capacity, to support some of its customers’ specific needs. “But the costs of full freighters are still pretty high,” he notes, not just for the aircraft but also higher “fuel costs, staffing costs, airport handling costs, and inflation in a lot of areas around the world”.

On the ocean freight side, pricing has fallen dramatically compared with the unprecedented levels lines were demanding in 2021 and early 2022, “making ocean freight more attractive

again to certain customers that were using air freight on that trade. So we see a small shift from air freight customers on the Far East westbound trade. At the same time, for us and our customer base, we see steady organic growth. We have a very diversified customer base, and a lot of our customers are in verticals with strong demand.”

Highly competitive market

But it is a highly competitive and uncertain market that sometimes requires a degree of risk-taking to win business. For example, some customers have been tendering since mid-2023 for 6- or 12-month contacts in 2024. “So, we’re trying to look into the future – which the last three years have shown is not always possible!” Reimer says. “It’s positively challenging.

But the backing of a single financially strong shareholder, SNCF, “puts us in a position to take quick decisions when demand is there and solutions are needed”. That may mean decisions to access capacity, or to agree pricing with customers. “It’s mainly to bring the right solution to the customer at the right pricing,” he notes.

M&A brings opportunities

This ownership stability also brings benefits in a changing competitive landscape among major international freight forwarders.

Further mergers, such as “our main Danish competitor being very aggressive, in acquiring additional businesses”, and a “potential German merger on the horizon”, plus Ceva buying Bolloré, “reduces the number of potential logistics service providers (LSPs) in the market, to a certain customer base,” Reimer notes.

“Customers are looking to diversify their risk – not putting all their eggs in one basket. This is opening up new opportunities for us, with customers that were not always talking to Geodis in the past. And there is new and additional demand that we didn’t cater to the past.”

This includes Geodis meeting the needs of customers seeking access to freighter capacity, which is why the company is looking at expanding its own-controlled freighter network at a time when overall



Johann Peter Reimer

demand is down and there is more capacity coming into the market, at least on the belly cargo side.

Certain customers may need capacity “in areas where there’s not a lot of competition; for example, to the US West Coast, there are not many freighters being operated. So, there’s a customer demand, someone saying: ‘Wouldn’t that be an opportunity for you as well?’” Reimer explains.

Return to seasonality

Another factor is a return “to a more regular summer-winter schedule scenario”, including high levels of summer passenger air capacity. “The belly capacity won’t be there in that size during the winter schedule. So I think we’re going back to

the regular seasonality. And we want to be flexible with our plane and where we put our own capacity, and have that control.”

Something else keeping Reimer and his colleagues busy is “talking with customers about their future strategy of sourcing – for example, nearshoring and how they’re going to change their supply chains.” Key to these conversations is to come up with solutions before any actual change happens, and to present customers with options. Reimer says a lot of trust has been built up with existing customers that means these decisions are certainly not all based on price.

“There’s a good understanding from experienced procurement people that low cost – or extremely low cost – comes at a

Pharma dynamics

An intensifying of partnerships has also been taking place on the pharma logistics side of the business, although that was always there to some extent. Stefan Winckelmann, director for Pharma & Health Care at Geodis, says: “The ABC (AirBridgeCargo) grounding took a lot of capacity out of the market, especially to Asia, and ABC was a pharma premium carrier. So that really hit the market. But you always find ways around things – this is what we as forwarders do, with the pharmaceutical companies and the carriers and the ground handlers and the container providers. We design different ways that the pharmaceutical goods will be delivered in the right time, in the right place, but also in the right condition.”

This was a key reason Geodis recently acquired trans-o-flex – “a specialist in delivering the last mile” operating a leading European network for temperature-controlled pharmaceutical goods and express premium delivery, with a particularly strong network in Germany and Austria.

“So, we have an end-to-end capability, and that is really a game changer for us,” Winckelmann says.

Because product integrity is so crucial to their business,

“pharmaceutical companies are quite traditional”, Winckelmann notes. “To change a lane or a provider takes them three to six months. Quality is mandatory. So, we invested heavily in the education of our people. We trained 1,500 people, in operations, in sales, in finance, and management; we invested in the infrastructure of having CEIV certification in 24 branches in the world. This is a huge investment and a prerequisite to deal with pharmaceutical companies.”

Changing pharma markets

He adds: “Having said that, Pharma is always a solution-designed supply chain.”

And there has been a change in the pharma business in recent years, “from well known, traditional, chemically synthesised medication, into biotech-produced medication that has much more temperature sensitivity; they need to be shipped cooled or ambient.”

Pharmaceutical companies, together with the freight forwarder, “need to mitigate the risk of sending something from A to B. So, we do lane-by-lane route risk assessments with our customers, and that is very demanding. We’ve got thick books with the SOPs, so that everybody knows exactly what to do, who to call when there’s an exception.

“But Pharma is still one of the most innovative industries. So, the design will keep on going. Covid was there; and now we see different trends. So, we have to be flexible, redesigning supply chains” ■

certain risk. And I think the sensitivity of the customer base for diversifying risk has been increased massively, through the Covid pandemic situation.”

Partnership perspective

During the most difficult phases of the pandemic, Geodis not only chartered its own aircraft, “but our own container vessels as well. There was a lot of support

from our side, putting solutions into place for our customers, that they obviously appreciated.

“That increased the sense (among customers) that ‘we need to look at certain things more from a partnership perspective’, rather than squeezing out the last penny,” Reimer observes.

That has changed the dynamics of working with some customers.



The preparation in the RFQ phase is much more intense. And during the awarding process, there’s a lot more comparing quality of the offered services, rather than just looking at numbers

Johann Peter Reimer

More solution design in RFQs

“I think there’s a lot more discussion and solution design going on around an RFQ, rather than just benchmarking the market, and then maybe changing because ‘I saw something cheaper’, and then showing the board ‘I made a saving on logistics of €1m,’” he explains.

“The preparation in the RFQ phase is much more intense; there’s much more talks



going on before RFQs. And then during the awarding process, there's a lot more comparing quality of the offered services, rather than just looking at numbers."

Redesigning supply chains

Much has been said in the last four or five years about customers wanting to redesign their supply chains, for example regionalising or nearshoring sourcing and supply of products, as a result of international logistics disruptions and global geopolitical tensions – notably between China and the US. Some recent statistics indicates a significant drop in Chinese freight traffic to the US, but to Europe it looks more stable.

Reimer agrees that China traffic to Europe is more stable, although he notes that "we're seeing a certain shift from China towards the Indian subcontinent. Obviously, this is to mitigate geopolitical risk, the China-Taiwan situation, and so on. India could be a good place to produce, but the raw materials for the production is mainly still coming from

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Trans-o-flex adds to Geodis' end-to-end capabilities in Europe

China. So, I'm not sure if that's 100% a solid solution. But India is, from our perspective, going very strong. And nearshoring into Europe, we see customers considering that, but we don't see huge shifts yet."

Entrenched sourcing patterns

Reimer adds: "Obviously, with the situation in Europe right now, inflation and salaries, it comes at a high cost." By nearshoring or decentralising production, companies may also lose production synergies or advantages of being close to certain markets. For example, with a major global electronics company producing 95% of its products in China, "if you want to put part of it into Europe, part into the US, part into Brazil, you're losing the synergies of having everything under one roof. So, I think it's extremely difficult for customers to make the right calls on that," Reimer says.

"They're playing with a lot of scenarios."

Restructuring supply chains also comes with costs, complexity, and the challenge of change. "Bureaucracy as well," Reimer notes. "You know, within Europe, how difficult it is to get all the necessary licenses to build a new production plant for, say, lithium batteries. So it's going to be extremely interesting."

Modelling geopolitical scenarios

Nevertheless, customers are asking their

freight forwarding and logistics partners to model potential geopolitical scenarios and the logistics and supply chain implications of those – such as a China-Taiwan conflict. "And we will do that anyway, even without customers asking us for it, because we need to be able to react and have something in the drawer... in case," Reimer says.

The experience of Covid forced companies to prepare for other potentially disruptive scenarios, although crises are seldom the same. Reimer believes China invading Taiwan "would be a completely different animal", with potential sanctions towards China and other ramifications "that would have a massive impact on the industry" and how it currently operates.

"We're thinking about scenarios like that, and how we could react," Reimer notes. Part of the task involves "getting a sense of what customers are seeing, what they are asked by their boards to look for in the market".

Challenges are on a different scale

Reimer reflects: "It has always been an interesting and never boring industry. But the challenges we are sometimes looking at in the last few years and forthcoming years are on a different scale, I would say."

And customers expect forwarders to handle these kinds of major disruptions, as they did in response to the pandemic and the war in Ukraine, but also expect or hope

they will get consultancy services about other potential future disruptions – such as cyber attacks, other wars, or a recession, says Stefan Winckelmann, director for Pharma & Health Care at Geodis.

He says the pharma industry is highly fragmented and therefore very vulnerable to these disruptions. "So, this is now part in the yearly talks we have with our customers. They very often ask me: 'What do you see? Is there something on the horizon? And then they want to mitigate that.' This means planning for lots of different scenarios; and not just Plan A, B and C, "but B1, B2, B3".

Agility and resilience planning

Reimer adds: "What is essential is staying very agile, so we are able to react quickly; that we are resilient in our setup. So, for Europe, for example, we're using several gateways; we are not putting everything into one airport. And let's say the airport needs to shut down, we adapt. We are very easily able to send everybody home, keep operations going. This is what Covid taught us as well."

Flat hierarchies within the organisation "allows us to be very quick in the decision-making process and supporting customers. When the Russia-Ukraine war started, from day one we had a daily update call with the global CEO, global product heads, all major country product heads, on where do we put our plane, and

how do we cope with demand the next day, and so on... Everybody was involved; there was a lot of information being exchanged, a lot of communication going on. And this really enables us to be there for our customers.”

Those sorts of daily conversations took place during various phases of the Covid pandemic, and then during the the first 10 weeks of the Ukraine war. “Then we toned it down, when things were running more stably again. That exchange was extremely valuable.”

A cost of doing business

This kind of resilience planning with customers is now just part of the cost of doing business. “We’re not charging extra, but we’re getting paid by our customers through the trust they put into us,” says Reimer. “This is a changing way of doing business in a changing environment. It’s a necessity that we are happily offering to Geodis customers.”

And the reward is winning or retaining the business, conversations are more



Warehousing investments are part of a global ‘asset right’ rather than ‘asset light’ strategy

open and partnership-based, and the relationships are ‘more sticky’ than they might otherwise be, which brings a commercial benefit. “Expanding business, growing together with customers, is one of the huge benefits,” Reimer says.

Winckelmann says he was once

asked by a big pharmaceutical company if he could spend a day talking with the company’s C-level management, ‘because you have much more in-depth information than the consulting companies’, and being asked ‘how much do you charge for that’?



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To be agile and resilient, Geodis uses several European gateways

“We don’t charge for it. But it was interesting to get the question,” he notes.

Appreciating supply chains

It’s an indication of how much value some companies now place on that kind of knowledge and advice – and good supply chains. “I think pre-Covid, supply chain was a maybe not-so-much-liked necessity,” says Reimer. “During Covid, the value of proper supply chains came out extremely.”

Companies that had their supply chains in order, and the right partners, thrived, while others struggled. And that mentality lives on, especially because customers can see the risks of major disruption recurring due to the geopolitical volatility.

‘Asset right’ strategy

On the air freight operations side, priorities for Geodis include “not looking only at operational quality and cost control, but sustainability is becoming more and more important as well”, Reimer says. “We are working on global

projects, and quality topics on a local level with suppliers, with air freight carriers, trucking companies.

“We are investing in our own warehousing structure, and in a global ‘asset right’ strategy rather than ‘asset light’. And we try to have a good bottom-up process as well, to see what is locally needed in the market and what can we achieve locally. And then best-practice sharing with that.”

E-commerce logistics opportunities

A common recent challenge for logistics and air freight companies has been how to manage and maximise the obvious opportunities presented by e-commerce logistics – and to what extent that needs to be treated differently operationally, especially in the air freight environment.

“It is a different approach than, say, pharma,” Reimer says. “And the acquisition of trans-o-flex in Germany, the acquisition of ‘Need It Now Delivers’ (a logistics, trucking and express company in the US), our own product ‘MyParcel’ (a B2C

cross-border small-parcel shipping service from the USA to 26 European continental countries, the UK and Canada), and the development of that, is helping us in the e-commerce vertical market.”

Reimer adds: “The e-commerce vertical market will stay strong and continue to come with its own challenges of time sensitivity, and so on. It’s something that we’re monitoring, (and) where we are investing into increasing our footprint, increasing our product portfolio.”

Whether that e-commerce logistics offering includes B2C delivery depends on the market.

“Countries like the US, or now in Germany as well with trans-o-flex, where we can easily offer B2C through our own network, we do that,” Reimer says. “There is no urgent need for us to develop B2C in every country around the world. There is very stiff competition, and we are more focusing on the vertical markets like healthcare and pharma, and where we really bring a different sort of solution to the table.” ■

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Cargo connections and community collaborations

Demand for increased visibility from customers and compliance authorities is accelerating the expansion of airport cargo community systems and projects, and changing the way cargo is handled at airports, reports Megan Ramsay

Once considered a cost, digitalisation is increasingly a core part of ensuring success in business today, including throughout the air freight sector, accelerated by technology developments and the demand for increased visibility from customers and compliance authorities. And going digital in a collaborative way, sharing more and more

data, is seen as vital to improving many aspects of the supply chain, especially for connecting its often-fragmented air logistics players. As a result, cargo community systems (CCS) are being deployed at more and more airports to facilitate communications between the various air cargo stakeholders and synchronise or streamline the movement of shipments – although the models, tools, scale, and functions continue to evolve. According to Jean Verheyen,

CEO of collaborative data-sharing and solutions specialist Nallian, air freight firms increasingly now want tools that work on cross-company processes. “They have mostly optimised their internal processes already so they are looking to improve handovers in the supply chain. They need access in real time to information either in pull or push mode, all aligned and avoiding duplication in different channels.”

Delays at handover points undermine

air freight's unique advantage – its speed – and have a real impact on, for instance, the shelf life of perishables. Better data sharing enables a more proactive approach that improves the flow of goods of all kinds.

Customs and security functions

CCS were originally created to act as 'single window' platforms to allow essential import-export data-exchange and communications between companies and Customs authorities. Although CCS have evolved to be far more multi-functional, thanks to the development of cloud-based technology and apps, they continue to support participants' efforts to comply with increasingly complex Customs and security requirements – such as the EU's advance cargo information system ICS2 – and help improve security in the supply chain.

"For a shipment coming from China into the EU, a lot of detail is required (producer, purchaser, consignee...) and it can be difficult for a forwarder to get



Amar More
Kale



Felix Toepsch
ACCF

that information from a shipper," explains Jean-François Bouilhaguet, CEO at CIN (Cargo Information Network) France.

"The responsibility is on the airline to get data from the point of origin and transfer that information to ICS2 (in Frankfurt). It then goes to Customs in France; then Air France in China is given the OK to load."

In the past, this process would have been completed while the cargo was en route to Europe; but now, freight can only

be loaded once approved – as has been the case on US routes for some time.

"Shipper information is provided to the airline, then to ICS2, Customs, and via the CCS to the French forwarder," Bouilhaguet explains. "The CCS has a single secure connection with Customs, which allows the same quality of data to be shared with smaller players and larger companies."

Other benefits of a CCS include the ability to steer a fluctuating workforce

Fraport is part of a consortium working to configure and test One Record's compatibility with the airport's needs





Menzies adopted Nallian's Truck Visit Management solution at LAX, with Griley soon following

more easily using uniform tools and systems, thus reducing errors and improving efficiency. More and more companies perceive these benefits, and the level of cooperation within airport communities is increasing.

Felix Toepsch, Air Cargo Community Frankfurt (ACCF) executive director, notes: "Data sharing and transparency are essential for fluent and efficient processes." His colleague Max Philipp Conrady, VP for cargo development at Frankfurt airport operator Fraport, says that for the past two years the gateway has been mainly focused on the import flow, bringing more and more cargo handling agents and forwarders onto the system in line with ICS2.

"We have added extra functions for e-commerce and we are taking our first steps into analysing data," he says. Fraport is also discussing sharing data about perishables with local authorities to enable them to complete checks without visiting cargo handling agents.

Other CCS providers have been busy, too. Dnata is moving over to Kale Logistics Solutions' system in Dubai, and the technology is being implemented at Cochin in Kerala, India. Other locations in the country that use Kale's system include Bengaluru and Hyderabad.

Last year, Kale signed an agreement with Dagang Net Technologies to

introduce its CCS platform at Kuala Lumpur International Airport, connecting airport stakeholders on a digital platform for the first time in Malaysia. The platform is to be integrated with other community systems such as the National Single Window and Port Community Systems, Kale said in November. Kale already has CCS systems in various stages of maturity and complexity at multiple airports around the world.

Nallian's Cargo Cloud, meanwhile, has been selected by Athens International Airport, which initially implemented the system's Truck Visit Management application from July 2023. Handler

Menzies Aviation also recently adopted Nallian's Truck Visit Management solution at Los Angeles International Airport, with such success that Griley Air Freight soon followed suit there.

Different models

Explaining the airport authority's role in many CCS, Conrady says: "The airport or airport authority is neutral – a facilitator, owner of the marketplace and the key account for the regulatory authorities, who prefer not to interact with each individual stakeholder but rather with one representative. So, the airport selects and fosters the CCS; it's more or less pushed

Fraport's community is working on a 'common pre-check' truck management project



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Athens International Airport has introduced Nallian's Truck Visit Management module in the first step of its adoption of Cargo Cloud



into this role.”

But it is a misconception that a CCS needs the whole community to move as one. At Brussels, the community grew over time by working on the project and building trust. “People saw the benefits, and the system was scaled up to a larger application for the broader community,” Nallian director of marketing Joke Aerts says. And at Athens, the implementation of Truck Visit Management is just the first step in a phased switch to Nallian’s Cargo Cloud – a common progression pattern for Nallian’s users.

Nallian says CCS initiatives used to be dominated by the airport authority or operator, but there has been a shift: there is more demand from individual players – typically handlers, which face the biggest bottlenecks – that want to solve issues on a smaller scale through cross-company alignment with the forwarders and trucking companies they work with directly, instead of waiting for an airport-driven approach.

“This changes the definition of CCS,” Aerts notes. “For us, CCS means the moment different players start to work together,

Something is better than nothing, but the ideal is a single window for all

Amar More

whether full-scale or only part of the hub.”

Not everyone agrees this is the best way forward, however. Amar More, CEO at Kale, says: “Something is better than nothing, but the ideal is a single window for all. The last thing we want to do is have four or five portals. That’s inefficient – you might have to train people on several systems and processes, for example. Even if each entity starts on a different path, the airport will have to make the effort to integrate them into one window and link it with the Customs system.”

Conrady agrees that gains in efficiency and reliability are only truly possible when the whole supply chain collaborates using a common platform – or at least, common standards.

For us, CCS means the moment different players start to work together, whether full-scale or only part of the hub

Joke Aerts

Some believe IATA’s One Record data exchange standards could open the way for a global CCS – although opinions on the likelihood of this, or the need for it, vary.

Going global?

Toepsch observes: “No single CCS is best for every location” because every airport has different infrastructure, procedures, demands and regulations. For example, Cargonaut is tailor made for a large, complex airport like Amsterdam, while fair@link fits best for Frankfurt Airport as it was developed in Frankfurt together with the community.

Conrady believes the coming years will be decisive for IATA's One Record initiative. "We have seen different standards emerging in the past, and different levels of standards being used at the same time, so we hope One Record will develop a new base platform to get rid of the large portfolio of standards out there."

He adds: "We are working – together with Fraunhofer and Lufthansa Cargo and others – on a federal-funded research programme to configure One Record, make it open source, and test its compatibility with our needs."

For now, Toepsch believes it is still possible to have smaller networks within an airport community, but as demand increases, there will be no way around standardisation; One Record is just a matter of time. But he concedes: "It's very challenging to have standards, whether across Europe or globally, but we should aim for standards at a local level rather than individual systems."

A single data lake can provide reliable, consistent time stamps, for example, rather than potentially conflicting data from various sources. And if or when different CCS start to link up, One Record could really come into its own.

Today, information is input via messages to feed a CCS. Tomorrow, this process will become more efficient through the use of the One Record API, Verheyen believes. At that point: "Classic CCS tools, which are just messaging hubs, will become obsolete – but the value of a CCS now is process alignment, which adds value."

When authorities impose regulations and standardisation, all stakeholders have to follow. "It's not very democratic but at least it is successful," says Bouilhaguet. "Standardisation gives a clear specification for CCS developers. The planning and timeline are also imposed, which accelerates development."

But the reality is that each state, concerned about data security and privacy, wants to manage its own solution; plus, each airport has different local rules and regulations and specific infrastructure. Bouilhaguet goes further, questioning the likelihood of the US and China ever working together on such an initiative.



Jean Verheyen
Nallian



Joke Aerts
Nallian

He continues: "Who will manage the system? It's built on unique data held in

one place – and we already have that: an AWB is unique and very detailed. A global

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CCS would be very difficult to manage across 200 countries, with the potential for system outages... Countries should develop their own standards at their level and then share data. There's also the volume of data to consider: one AWB could relate to 2,000 parcels. It's easier to manage that locally.

"Even for passengers, there's no global ticket system," Bouilhaguet notes. "It will remain local players facilitating local cargo handovers."

Next steps

Currently, participation in a CCS is limited to a few early adopters, although the digital mindset shifted with Covid.

"We need to get this mindset embedded in the industry," Aerts says. "We need to overcome the misconception that going digital has to be big, complex, time-consuming or costly. You can start small by taking the first steps and grow from there: you don't necessarily need a whole CCS."

Verheyen points out that a CCS typically covers landside processes at an airport. "We need to extend that to take a lane-based approach and then get more predictive using data to anticipate when an issue will happen, the impact of any



Max Conrady
Fraport



Jean-François Bouilhaguet
CIN

delay on the supply chain, and so on."

Technological advances will create better visibility and predictability. Artificial intelligence and machine learning will make it possible to provide more relevant, useful information to shippers and consignees to help them manage their supply chain and costs.

Ongoing CCS developments

Among ongoing CCS developments, Fraport's community is working on a truck management project called 'common pre-check'. "We are aiming to provide one common-use truck

registration point rather than diverse ones at each handler," explains Toepsch, with development on this project starting this summer. "This will be the first project managed entirely by the community with the new team that we have at ACCF."

CIN France, meanwhile, is looking at a tracking system that will eventually include highly detailed information at each step of the logistics process, which could be fed into the CCS.

In More's opinion, the winds of change are definitely blowing, although they are stronger in some regions than in others – for instance in North America, CCS uptake is not as fast as he would like, despite "tremendous" interest. As a latecomer to the technology, though, the region will benefit from next-generation CCS, with end-to-end offerings.

At JFK, Kale started with its truck slot module for WFS last year. A proof of concept at Vancouver was successful – trucks could do three trips instead of just one in the same amount of time. And More believes that a CCS could transform Anchorage from a fuelling station to a true logistics hub.

Demand for increased visibility and better quality of service, as well as a push from ICAO on air cargo digitalisation and the implementation of trade facilitation agreements, are major factors in the rise of CCS, he feels, noting: "The way cargo is handled at airports and ports is changing; in the next 7-10 years, those who are bystanders will have a lot to lose in the end game. They will see cargo diverted elsewhere." ■

Lim Ching Kiat
Changi



Changi Airport gears up

Lim Ching Kiat, executive VP for air hub and cargo development at Changi Airport Group, feels that a CCS is key to the airport's success in tapping into Asia's long-term growth in the face of challenges such as manpower shortages, rising operating costs, increasing customer demands, and environmental pressure. Changi Airport launched the Changi Air

Cargo Community System (ACCS) in June 2020 "to serve as an open and neutral data platform of collaborative, knowledge-sharing and community-based applications".

He notes: "ACCS and its use cases aim to optimise operational efficiencies by aggregating data from all parties involved in the cargo handling process and enabling end-to-end digitisation of the air cargo value chain. In particular, we introduced the Truck Dock Slot Booking application to even out cargo lodgement and collection at our cargo handler's airfreight terminals, thereby reducing waiting time, optimising resources and providing greater insights to airport landside activities."

Changi has since completed pilot trials and is gearing up for community-wide implementation early next year. ■

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Emphasis on training rises as recruits look for career paths

The cargo labour market has rebounded from the severe shortage of job seekers two years ago, although some shortages remain and the priorities of employers and applicants have changed, reports Ian Putzger

Charting the employee numbers at Menzies Aviation in the last few years highlights what a wild ride it has been for air cargo handlers and aviation service providers, and their respective human resources departments.

At the height of the pandemic, Menzies' head count bottomed out at 18,000 active employees, down from about 32,000 before the advent of Covid. Today, Menzies Aviation employs over 40,000 people around the globe, including around 10,000 gained via its merger a year ago with National Aviation Services (NAS)

when Menzies was acquired by Agility.

This marks the company's highest employment number in its history, remarks chief people officer Juliet Thomson. Last year saw a massive focus on recruitment drives, which have raised staffing levels to 97%, she adds.

Indeed, the cargo labour market

has rebounded from the dearth of job seekers two years ago to a more balanced situation, observes Helmut Berchtold, head of the US arm of logistics recruitment specialist adi Consult.

Members of the US Airforwarders Association have also confirmed that supply and demand have been fairly balanced recently, notes Brandon Fried, the organisation's executive director. "We're not in the dire situation that we were in. This opens the door to looking more to the quality of applicants," he adds.

The labour markets in Europe and the US were particularly challenging, but have now eased, Thomson says. In other areas such as the Middle East, where Menzies expanded its presence when it joined forces with NAS, "we have not faced the same challenges", Thomson notes.

For her team, a big focus has been on bringing back employees that had been laid off; but Menzies is also exploring some new avenues to find recruits, such as the Tent Partnership for Refugees, which is made up of over 300 companies with a commitment to integrating refugees. Military veterans are also a good pool for recruitment, Thomson says.

Diversity is another factor to broaden the talent pool, as women are still a small minority in the industry, she points out.

Removing barriers

Menzies has taken steps to facilitate the application process and bring new recruits on board. For instance, applications now can be submitted from handheld devices. There are still external factors that slow down the process, though, notably the time it takes to obtain security clearance. This has been a headache for the aviation sector, Thomson says, adding that it varies from airport to airport. Some have been more successful than others.

While labour availability has improved, there are still positions that are challenging to fill. Good sales people are hard to find, reports Berchtold. "Successful people are even more highly sought," he adds.

Fried concurs. While there are sufficient responses to openings in operations and warehousing, recruitment of qualified

“
We're continuing to see a strong push for competitive wages, particularly in markets where the labour situation is tighter
”

Juliet Thomson

sales staff has remained challenging, he says, adding: "We get frequent calls from members looking for leads."

Professionals still find the job market slanted in their favour. According to this year's global 'Salaries and Careers' report of the Association for Supply Chain Management (ASCM), 76% of job seekers in the US as well as 70% of US college graduates have found employment in the industry in less than three months.

The report, which was based on input from nearly 4,000 professionals, shows a high degree of job satisfaction among respondents, with 82% expressing pride in their work and 58% reporting that they felt appreciated.

Salary inflation

It did not hurt that remuneration has been good. Nearly three quarters (74%) of European supply chain professionals had salary increases last year, with an average rise of 11%. In the US, 32% reported rises between 8% and 15%, and 16% had even higher increases.

While the balance of supply and demand has largely reverted to pre-pandemic levels, salaries remain elevated, notes Berchtold. "You can't take these [increases made in recent years] away," he says.

Thomson notes: "We're continuing to see a strong push for competitive wages, particularly in markets where the labour situation is tighter. We work with our airline customers to make sure wages are competitive."

Changing priorities

Whereas pay was the chief factor in applicants' decision whether or not

to accept a job offer when the labour shortage was at its peak, this has since given way to a more nuanced mix of priorities, observes Berchtold.

Candidates want to make sure that the working environment is right, they ask what the company is doing in terms of innovation and in regard to sustainability and corporate responsibility, remarks Thomson.

Menzies is striving to improve flexibility as well as transparency and visibility around work rosters. It has instituted a pledge from station managers to make rosters available as early as possible.

A huge focus among applicants is on career development and training.

"Especially early in their career people are more educationally focused. They look to further their career and get training. In the past you learned on the job and good luck to you," says Fried.

Career paths

Candidates who have a higher education background – many of them with a degree in logistics – view job openings in terms of a career path, he points out.

"Now we see more people come in who are college educated. They see this as a career," he says. "Today an individual walking through the door is likely better educated and probably more sophisticated, and they have knowledge how the business works."

For their part, employers also have a stronger focus on training today than before the pandemic.

"Companies are offering career paths to keep people," says Berchtold.

Digital skill sets required

It's not just about employee retention. The past few years have wrought or accelerated significant changes in the way the industry operates, which require new skill sets.

For one thing, there is the push to digitisation, which got turbo-charged during the pandemic. As the industry comes to rely more and more on the flow of data, the associated skills become essential to perform most jobs.

In May, the ASCM introduced a technology certificate course for entry- and mid-level supply chain professionals

to gain a basic understanding of emerging technologies. This covers blockchain, advanced analytics and automation, the internet of things, cyber security, demand planning technologies and 3D printing.

More training is also necessary to cope with the proliferation of compliance requirements. Douglas Kent, ASCM's executive vice-president of strategy and alliances, warns that this is bound to increase as regulations around risk management, cyber security and sustainability multiply.

Supply chain emphasis

The disruptions wrought by the pandemic taught companies the need for end-to-end supply chain visibility. Charles Edwards, vice-president of consulting and training firm Strategic Aviation Solutions International (SASI), emphasises the need for a broader understanding of supply chains beyond the horizon of individual actors.

"This industry has to stop gazing at its own navel and start benchmarking with other supply networks, other transport industries. We have to look at other industries. The marine side is so far ahead of airports," he says.

Fried observes: "Forwarding used to be a very reactive industry. We're more proactive now. This requires more awareness of what's going on; of wars, strikes, and other things that affect supply chains."

Poaching fears

In some regions the prevailing attitude to training is characterised by reluctance out of fear that employees who have gone through such programmes will be poached by rivals, notes Edwards. On the other hand, firms like Kuehne + Nagel and DB Schenker have their own training academies, he points out.

This summer, DB Schenker launched a supply chain apprenticeship programme in the US that combines practical work and school-based learning. The candidates learn on the job and spend two days a week at Harper College outside Chicago. The full-time programme lasts two years and includes full pay, health insurance and paid

Menzies employees completed an average of 54 hours of training last year and training compliance stood at 97%



Technology like 360-degree video helps make training as interactive and accessible as possible



“
Today, an individual walking through the door is likely better educated and probably more sophisticated, and they have knowledge of how the business works
 ”

Brandon Fried

vacation plus coverage of the college costs.

Lufthansa Cargo is also exploring new avenues in training. In partnership with the Kuehne Logistics University it has launched a 12-month cargo management programme for employees from the sales and handling areas. According to a company spokesperson, participants learn new skills to tackle current and future challenges.

Lufthansa Cargo's apprenticeship programme reaches its 25-year milestone this year. "It's remarkable to see how many former apprentices have chosen to stay with LCAG and further developed to expert, manager and leadership positions," the spokesperson says.

Menzies employees completed an average of 54 hours of training last year and training compliance stood at 97%, reports Thomson. For her, training has to be consistent within the organisation. Menzies has invested in technology like 360-degree video in order to make training as interactive and accessible as possible.

Fried says companies now have to offer an online training option. "Employers don't want to lose people for a lengthy period," he notes. "That's not to say there can't be in-person components." On-the-job learning remains an important element too, he adds.

Training vs education

Edwards emphasises the distinction between training and education in order to broaden the scope of what an employee can achieve.

"Forget about this repetitive training, for example how to load a ULD. Now we have robots that stuff containers,"

he says. "Rather than reproduce certain processes in an electronic format, the new generation of air cargo employees needs to understand what technology does and what benefits it brings so they can leverage it in creative ways."

Moreover, modern professionals need to be aware of innovative developments in other sectors, he adds. "If you're educated, you're able to look at things from a different perspective."

For SASI's training courses, the organisers insist that all disciplines are involved, from handling and forwarding to finance and customs brokerage.

"We want the audience to cross-fertilise, to educate each other," says SASI president and CEO Stan Wraight.

This approach is in line with the realisation that silos hamper the flow of information in and between companies in a supply chain, something that rapidly became apparent in the days of disruption that characterised the experience of the pandemic. Supply chain consultants and business managers called for the dismantling of silos in the quest for flexibility needed to respond quickly to disruptions.

According to Edwards, the concept has





Juliet Thomson
Menzies



Douglas Kent
ASCM



Helmut Berchtold
adi Consult



Brandon Fried
AfA



Charles Edwards
SASI



Stan Wraight
SASI

not made a lot of headway in the air cargo sector. “In some cases, we see a move away from silos, in others, no,” he says.

Logistics layoffs

The rapid slowdown in e-commerce at the end of the pandemic prompted the likes of Amazon and Walmart to lay off tens of thousands of workers. Carriers like FedEx have also cut their workforce numbers. Forwarders, on the other hand, have largely refrained from laying off people, notes Berchtold.

“The attitude has been more like: ‘We’re still busy. Let’s see what the future brings,’” he says. “Companies are not in a panic to lay off people.”

A new report on nearshoring from ASCM points to fresh changes in labour needs and availability. The shift in sourcing to areas closer to markets, such as Mexico for US companies, entails

a rising need for professionals in land transits and trucking, whereas port and intermodal work, along with customs clearance, are expected to experience a decline in demand.

“This is going to put pressure on already-strained resources, both infrastructure and labour,” warns Kent. Already the situation is critical in some sectors, notably trucking, where the existing shortage of drivers will be exacerbated by demographics. The average age of truck drivers is high, pointing to large numbers of retirements in the years ahead, which will be challenging to replace, he says.

Volatile environment

There is broad agreement that volatility is here to stay in the post-pandemic ‘new normal’.

Fried urges people to step up training to be prepared for fresh disruptions.

“The pandemic has taught us that black swans can ride into your life very quickly,” he says. “Shippers need alternatives in these situations, and they look to their forwarders to provide them. We’re telling our members to provide training to their staff. You’ve got to be ready for anything.”

“Use this period of relative stability to make sure the knowledge level of your people is adequate. If there’s a spike in demand, you won’t have time.”

Wraight sees fresh disruption under way from the large shipping lines like CMA CGM and Maersk that have pushed into the air cargo arena.

“These guys will change the way the industry works, because of the competition with Amazon and Alibaba,” he warns, pointing to the disruption that the e-commerce giants have brought to the logistics business. ■

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Regions with significant potential



The Middle East and Africa present attractive air cargo development opportunities, with Gulf countries building on their pivotal role in global markets and North Africa emerging as the world's fastest-growing air cargo subregion this year, reports Megan Ramsay

The Middle East and Africa account for 13% and 2%, respectively, of the total global air cargo market, according to the International Air Transport Association (IATA), with both regions presenting attractive air cargo development opportunities, despite various challenges, and North Africa recording the highest growth this year among any of the world's sub-regions.

Today's air cargo markets are "unthinkable without the Middle East as its central jigsaw piece, recombining trade flows from all continents", says Dirk Goovaerts, CEO Continental Europe, Middle East and Africa, and global cargo chair, at handler Swissport.

Air freight volumes carried by Middle

East-based airlines fell 5.6%, year on year (YoY), in the first half of 2023, IATA figures indicate, although it was more or less flat in June. Figures from WorldACD indicate that volumes from the Middle East and South Asia origin region were down 4.2%, YoY, and from the Gulf subregion were down by 13%. But Dnata's SVP for UAE cargo and global cargo strategy, Guillaume Crozier, says the Middle East market is growing, especially in Dubai. "A key spearhead is Dubai's multimodal capability with its port and airport, which offers the market many options," he notes.

Dubai Cargo Village, operated by Dubai Airports, has been a key centre for air freight developments in the region, and the Dubai South development – including the Dubai World Central (DWC) airport

– has been designed to accommodate increased cargo operations and promote logistics activities.

In terms of verticals in Dubai, pharma and perishables are strong, and e-commerce volumes are up. "Although it's mainly still transshipment cargo, we're seeing more final destination imports in things like consumer goods, automotive, foods and medicines," Crozier says.

Dubai is also focusing more on increasing its own production. "In terms of exports, there are more and more products made or transformed in Dubai – such as milk, food grown on vertical farms, textiles imported from Bangladesh and made into clothing for export," Crozier observes. "Exports are unusually high for a Middle Eastern country, at 40% of total volumes."

cross-trade opportunities”.

Improved Saudi-Iran relations

Saudi Arabia has also restored its diplomatic and bilateral relations with other major players in the region like Iran, Turkey and Syria.

“Seven years after severing relations, Iran and Saudi Arabia agreed last March to restore ties and to reopen their embassies in Tehran and Riyadh. This is a major milestone that will certainly impact trade flow in the region for the better,” Mansour Alasmi notes.

Elsewhere in the region, Qatar Airways Cargo (QR Cargo) serves over 20 passenger and freighter destinations in the Middle East from its Doha hub. The carrier recently launched new freighter services to Riyadh operating Boeing 777 freighters up to four times a week, and to Dubai twice a week. QR Cargo also flies to 21 destinations in the Americas and recently increased its Chicago freighter flights from 10 weekly to 11 weekly in addition to a daily passenger service.

The airline also serves over 40 European destinations and over 50 in Africa. Having launched its Kigali (Rwanda) hub in March with twice-weekly B777F services, QR Cargo has since added a

weekly service from Doha to Kigali via Istanbul as well as intra-Africa services between Kigali and Lagos (three times per week), Kigali and Kano (once a week) and Kigali and Johannesburg (twice a week), all operated by an Airbus A310. In July, RwandAir (now part-owned by Qatar) started the first ever direct flights between Kigali and Paris, operating Airbus A330s three times a week on the route.

Regional variations in Africa

As an origin region, tonnages ex-Africa were stable (-0.2%), YoY, in the first half of 2023, WorldACD analysis indicates, although there were significant differences within the continent. Central, East and Southern Africa saw outbound tonnages decline by 8%, 6%, and 4%, respectively, while North Africa was among just a handful of global air cargo origin subregions to record growth in the first half of 2023, with tonnages up 21%, YoY – by far the highest rate of growth among any of the world’s air cargo subregions during this period.

IATA analysis indicates that air cargo volumes carried by Africa-based carriers fell by 2.8%, YoY in June, and by 4.4% in the first half year. IATA highlighted that growth on the Africa to Asia trade route

Dnata is about to implement the One Cargo system from IBS Software, which will increase data touch points

The Kingdom of Saudi Arabia, meanwhile, is opening up and positioning itself as a prominent logistics hub connecting the East and West. There is strong demand on key lanes such as Dubai, Cairo and Istanbul to Saudi Arabia, and the country is working to attract global companies such as Apple, Samsung or Procter & Gamble to establish their regional hubs there.

Key developments such as Riyadh and Dammam cargo villages “exemplify the Kingdom’s commitment to stimulating import and re-export activities within its borders”, highlights Mansour Alasmi, VP of network and revenue management at carrier Saudia Cargo. “Saudia Cargo is at the forefront of this transformation,” leveraging its network “to enhance transit capabilities, amplify demand, and unlock





slowed significantly in May from 18.5% in April to 11%, “possibly due to the impact of the conflict in Sudan since mid-April”.

For instance, fresh meat exports from Sudan to Saudi Arabia have suffered from the war in Sudan – but strong demand remains on other key export lanes such as Nairobi–Saudi Arabia/Europe and Addis Ababa to Saudi Arabia where the majority of goods are perishables like flowers, fruits and vegetables, says Mansour Alasmi..

Indeed, agriculture and livestock farming industries across Africa offer high volumes of perishables exported outside the continent, mainly to the Middle East and Europe. For example, Goovaerts says Swissport in Tanzania continues to handle “record numbers” of fresh meat and fish exports to the Middle East.

Belly capacity lift for perishables

Perishable cargo traffic in the Middle East and Africa is supported by lower-cost airlines returning to the skies post-Covid. The segment looks set to retain its importance for air cargo in the coming years as food security continues to be a major challenge.

At the beginning of 2023, Swissport expanded its cargo facilities in Kenya, where

the handler now boasts a new 750 sqm interconnected cold storeroom with direct access from the perishables hub to the airside. It can hold up to 110 aircraft pallets, equivalent to a load that fits on just over three B747 freighters, Goovaerts says.

Swissport's facilities in Nairobi are IATA CEIV Fresh and IATA CEIV Pharma certified. Its sites in Accra and Algiers have undergone substantial refurbishments and obtained a Pharma Center label.

More recently, Jomo Kenyatta International Airport gained direct B757F flights to Tel Aviv, launched by Astral Aviation in June. The service reduces transit time for Kenyan perishables (which were previously routed via other hubs such as Istanbul, Addis Ababa and Dubai) bound for Israel.

The flights began at a weekly frequency, but Astral intends to double that and switch to a B767F. El Al Cargo and Challenge Airlines are feeding African cargo from their own networks to Astral's hub in Nairobi via Tel Aviv.

Challenges for South Africa

Not all African countries are enjoying such positive developments though; South Africa is a case in point. “The contracting manufacturing output within the top

industrial economies has resulted in weak exports for South Africa and ACSA in particular,” says Charles Shilowa, group executive strategy and sustainability at Airports Company South Africa (ACSA).

First-quarter trade statistics indicate a 5% increase in exports, but this follows a double-digit devaluation of the South Africa currency. “This indicates a real contraction in exports as the increase is largely influenced by a weaker currency,” Shilowa explains.

Exports of minerals, base metals, chemicals, raw skin hides/leather and vehicle components have all weakened. ACSA saw 4% contraction in outbound air cargo tonnage for the quarter.

Inbound tonnage through ACSA's airports dropped by 5%, whilst South Africa's imports (measured in trade value) increased by 22% over the same period. Maritime freight has fared better than air cargo as forwarders have been moving their consignments from air to sea.

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Saudia Cargo has successfully implemented e-AWB at its stations across Africa, including Nairobi, Addis Ababa, Kano, Mauritius and Dar es Salaam

regulations, and improved global connectivity to large parts of sub-Saharan Africa, continue to erode transshipment air cargo through ACSA's airports.

The region is still facing ongoing challenges resulting from the Covid era, too, with Africa appearing to be suffering rather more than the Middle East. The availability of qualified, skilled resources is one problem – but not the only one.

“We are also seeing handling partners across the network facing challenges in the procurement of equipment and consumables, including wood and plastics, and even gas to power forklifts,” says Thomas Schürmann, head of cargo operations and delivery at Etihad Cargo, which serves over 68 destinations worldwide from its Abu Dhabi hub.

Africa low-yield factor

The biggest challenge Menzies is seeing is reduced cargo volumes. The initial surge after Covid has fallen and, year on

year, volumes are down for both imports and exports. Airlines are favouring other routes and regions that are providing higher yields than flying into Africa.

Connectivity and the global geopolitical landscape are the biggest challenges in South Africa. The conflict between Russia and Ukraine has resulted in a disruption of supply chains that continues to impact South Africa's – and ACSA's – access to global markets.

In addition, Johannesburg's OR Tambo International Airport (ORTIA), which accounted for over 85% of ACSA's air cargo throughput prior to the pandemic, is still struggling to regain its pre-Covid connectivity.

According to Shilowa: “There is a significant part of ORTIA's capacity yet to be restored, such as direct links to Hong Kong, Brazil and Saudi Arabia. A large part of the existing international route network is also operating below pre-pandemic levels.”

The resurgence of Covid-19 in Asia is

dampening passenger demand, delaying the resumption of Cathay Pacific services between Johannesburg and Hong Kong – “a huge cargo route for ACSA and ORTIA in particular”, Shilowa says.

Investing in tomorrow

ACSA is working to restore and enhance links to key source markets. “Part of our strategy is to develop a dedicated freighter route network, by developing direct connectivity between our airports and global air cargo hubs,” Shilowa says. “In some of our target market, our plan is to develop new passenger routes, which will improve air cargo connectivity, through the belly freight capacity.”

Pre-Covid, South African Airways (SAA) had extensive local and regional freighter operations, which were discontinued due to the airline's restructuring. Suid Cargo Airlines will fill the gaps, thereby helping ACSA to return to pre-pandemic air cargo volumes,

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Charles Wyley, Menzies Aviation

We are focused on the way we train employees so that we can reduce employee turnover

Charles Wyley

Shilowa explains.

Overall, the Middle East and Africa are benefiting from increased investment, driven by higher demand and optimism in the wake of Covid – which highlighted the importance of a resilient, efficient air cargo supply chain for the global economy.

Crozier says: “The UAE government is investing massively in digitalisation and has a big roadmap for it.”

Dnata is about to implement the One Cargo system from IBS Software, which will increase data touch points and compute data. It will provide near-real-time data that the handler can share with its customers and optimise logistics flow. For instance, the appointment/dock management system can optimise slots and throughput efficiency.

“We are already semi-automated with ASRS (automated storage and retrieval system) and PCHS (pallet and container handling system) in our warehouse,” Crozier adds.

At Menzies, a new warehouse management system will be rolled out across the handler’s global cargo network.

“This new system will make us more

While each load plan takes approximately 30 minutes to prepare manually, we will reduce this to one minute through automation

Thomas Schürmann

responsive in meeting industry changes such as One Record, a new standard for data sharing, along with the further rollout of PLACI (Preloading Advance Cargo Information) globally,” outlines Charles Wyley, executive vice president Middle East, Africa and Asia at handler Menzies Aviation.

“It will enhance business intelligence and provide us with a more detailed and insightful understanding of our network performance than ever before. We are focused on the rollout and the way we train employees to sustain this new system so that we can reduce employee turnover and open new stations in a more efficient and effective manner than has previously been possible,” he says.

The system will also allow customers to self-serve more effectively, for instance when booking slots. Other innovations at Menzies include using robotics to support warehouse inventory management.

Automation moves

To mitigate potential risks of labour shortages, especially in warehouses, Etihad Cargo is driving automation as part of its ongoing digitalisation journey. One development is the carrier’s deployment of AI-powered processes in areas such as load planning.

Schürmann says: “While each load plan takes approximately 30 minutes to prepare manually, we will reduce this to one minute through automation, making the entire process more efficient in terms of capacity and time spent.”

Etihad Cargo is also using robotic process automation (RPA) to automate

manual labour processes.

Schürmann adds: “We’re developing a state-of-the-art digital solution – Sales Cockpit – to optimise the customer experience. This first-of-its-kind sales optimisation tool will analyse data and, using sophisticated custom-built algorithms, automatically generate recommendations on how we can add further value to our customers and help them achieve their cargo business objectives.”

QR Cargo launched its customer portal, Digital Lounge, in October 2022 and relaunched its website last year.

“In 2023, we have been taking this journey forward by adding features beyond booking such as allotment dashboard for customers, auto stock replenishment, credit card payment with more focused enhancements tied in with clear operational strategies to complete the journey of cargo till its final destination. More digital solutions and new products are being developed under the Next Generation strategy,” says Qatar Airways’ senior VP for cargo sales and network planning, Liesbeth Oudkerk.

Across the Middle East and Africa, e-AWB has been widely adopted. Saudia Cargo has achieved a 90% e-AWB compliance rate, Alasmi says, and the carrier has successfully implemented e-AWB at African stations including Nairobi, Addis Ababa, Kano, Mauritius and Dar es Salaam.

Further potential

With the Middle East now well established as a key link in global supply chains, Abu Dhabi also has big plans for growth. It has positioned itself as a manufacturing, pharmaceutical and life sciences, logistics and express hub, both for the region and internationally, with plans to launch a state-of-the-art general warehouse in the future.

“Recent developments have included the launch of a state-of-the-art cool chain facility at Abu Dhabi Airport,” says Schürmann. Established in partnership with Etihad Airport Services Cargo and Abu Dhabi Airports, the new pharma facility will double Etihad Cargo’s cool chain capacity, enabling the airline to carry and



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Commendable progress in cargo infrastructure



Mansour Alasmi, Saudia Cargo

Digitalisation initiatives in the MENAT (Middle East, North Africa and Turkey) and Africa regions “have been making remarkable progress, revolutionising the air cargo industry”, highlights Saudia Cargo’s Mansour Alasmi.

“In the MENAT region, e-AWB implementation has been widely adopted. Currently, we have achieved an impressive 90% e-AWB compliance rate, reflecting our commitment to embracing digital advancements. Nonetheless, we continue to strive for more digital improvements.

“In Africa, Saudia Cargo has successfully implemented e-AWB at our current online stations, including NBO, ADD, KAN, MRU, and DAR. We are actively working on additional initiatives, seeking innovative solutions that elevate our operational capabilities.”

He says in the MENAT region, there are no current issues in terms of airport congestion or strains on cargo handling due to staffing challenges or any other factors, and the same is broadly true in Africa. But there are some longer-term challenges with

cargo infrastructure and processes.

“In MENAT, the key countries and cities with adequate infrastructure, including DXB, IST, CAI, DOH, BAH, KWI, MCT, AMM, TUN, CMN, have made significant strides in developing and expanding their cargo infrastructure over the past several years. KSA is also another key country that boasts existing infrastructure with remarkable expansion in recent times. While these key countries have made commendable progress, some longer-term challenges with cargo infrastructure and processes still exist in certain regions. Addressing these challenges requires continued collaboration between the public and private sectors, strategic investments in infrastructure, and process optimisation. Regular reviews and adjustments to existing processes are essential to ensure operational efficiency and cater to changing demands.”

Alasmi continues: “In Africa, our current online origin stations, NBO, ADD, KAN, MRU, DAR, have established adequate cargo infrastructure to support air cargo operations. Similar to other regions, continuous reviews and improvements in processes are undertaken to ensure seamless operations and enhance service levels.

“As for significant new cargo infrastructure developments, stakeholders in the MENAT region and Africa continue to explore opportunities to expand and modernise their cargo facilities. These developments aim to meet the growing demands of the air cargo industry, support the region’s economic growth, and enhance its status as a vital player in the global logistics landscape. By proactively addressing challenges, investing in modern infrastructure, and promoting process optimization, the MENAT region and Africa can further strengthen cargo capabilities, effectively meet customer needs, and position themselves as competitive players in the global air cargo market.” ■

accommodate an additional 50,000 tonnes of cool chain commodities. The pharma hub will support the growing global healthcare and life sciences demand.

Etihad Cargo is already anticipating further growth of Abu Dhabi Airport in the coming years and is working on plans for a new global cargo terminal.

Doha developments

In Doha, Qatar Airways Cargo’s existing fully automated warehouse at Hamad International Airport was built to handle 1.4 million tonnes of cargo annually; however, the carrier is handling around 2 million tonnes annually.

“To cater to our growth and future demand, we are investing in a brand new, state-of-the-art Cargo Terminal 2 with an additional capacity of 3.4 million tonnes,” Oudkerk says. “This cargo facility of the future will be a safe, smart and green facility relying heavily on technology and automation for its material handling. It will offer faster storage and retrieval and cargo processing, enabling us to offer shorter connection for the growing demand of transit cargo.”

Saudi Arabia has also expanded its infrastructure in recent times, for instance with the inauguration of a free zone at Riyadh Airport, streamlining the re-export of cargo to neighbouring countries. The emergence of sea-to-air corridors is set to enhance direct import volumes, further solidifying the Kingdom’s position as a hub of east-west connectivity, highlights Saudia Cargo’s Mansour Alasmi.

Optimism and ambition are also clear to see among Africa’s air cargo community, which is looking beyond the immediate challenges.

For instance, a new cargo precinct is planned for ORTIA. Able to accommodate 750,000 tonnes per annum, the development will include general cargo warehouses, express and specialised cargo handling facilities and freight forwarders’ warehouses.

Swissport’s Goovaerts believes that while cargo volumes have seen a slight drop this year compared to 2022, this should be seen in the context of the record-breaking volumes 2021 and 2022 brought, and any apparent slowdown or contraction in demand now is simply “an

inevitable normalisation back to the long-run growth trend”.

Preparing for growth

Menzies' Wyley sees the current downturn in volumes as cyclical and is confident of growth to come. “To prepare for this, we have expanded our cargo warehousing capacity in Bengaluru (Bangalore), Johannesburg, Cape Town, Nairobi, Monrovia and Karachi through warehouse extensions, new premises and new facilities,” he says.

Dnata's cargo presence in Africa is currently limited to Zanzibar, where it is investing in a state-of-the-art facility to improve cargo services at Zanzibar's Abeid Amani Karume International Airport. The cargo centre, which is scheduled for completion in 2025, “will comply with the highest industry standards ensuring efficient and safe handling of a broad range of cargo, including perishables, pharmaceuticals, dangerous goods, live animals, aircraft engines and vehicles”. The handler's One



Goovaerts: Interconnections between African countries and regions could be further developed

Cargo system with IBS was implemented in Zanzibar last year “and is a very good demonstration of how the Dnata network works, with bigger hubs supporting smaller ones”, the handler says.

Swissport's air cargo network in Africa takes in Algeria, Ghana, Kenya, South Africa and Tanzania; and the handler is actively looking at expanding.

“There is significant potential across the continent to build a comprehensive network of air cargo hubs; however, entering specific

“
Entering specific new markets may require the development of local aviation legal systems, removal of monopolism, and investment in existing or new infrastructure

”
Dirk Goovaerts

new markets may require the development of local aviation legal systems, removal of monopolism, and investment in the airport's existing or new infrastructure by local governments,” says Goovaerts.

He believes that while air cargo connections between Africa and other continents are well developed, interconnections between African countries and regions could be further explored and developed – providing lucrative opportunities for handlers. ■

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Tackling the air cargo congestion conundrum



Since the pandemic, air freight representatives have found it easier to get an audience with US legislators as they seek to tackle airport freight bottlenecks. But forwarders remain on a tight leash when it comes to security, Airforwarders Association executive director Brandon Fried tells Will Waters

The membership and role of the US Airforwarders Association (AFA) has evolved significantly since the association was formed in the early 1990s, and the organisation now finds itself with more than 200 member companies of widely varying sizes dedicated to moving cargo across the air freight and wider logistics supply chain. This now includes airlines, airports, trucking companies, technology providers, and

other suppliers, along with its traditional core membership of air freight forwarders or 'indirect air carriers'.

And its members come with issues from across the supply chain these days, not just related to air freight, says executive director Brandon Fried, with companies more aware of, and more affected by, challenges across the multimodal supply chain than ever before – something further underlined by the disruptions of the recent Covid pandemic.

"We focus more on air, but we are very

involved with trucking issues as well," says Fried.

New issues and concerns

He says the association's "radar screen" is "as full as it has ever been", as it seeks to support members with broader issues from geopolitics and international supply chains to domestic US and local or regional topics.

"As freight forwarders, we have to be ready for everything, and have a creative plan and set of contingencies," Fried

notes. "One thing we learned during the pandemic is that you don't not have a plan! We are battle tested now. And this is one of the reasons people come to a forwarder. Otherwise, they could just do things in-house."

He continues: "So, we have to be watching the geopolitical situation, what's going on with China and Taiwan, Ukraine. And we are seeing a shift towards regionalisation and moves away from China, with manufacturers going to Vietnam and Cambodia, and an upsurge in activity in Mexico. A lot of our members are focusing on the Mexican border now and what is going to be happening there."

With US legislation also making it harder to do business with China, members are already seeing moves by some customers to shift production of silicon chips and automotive assembly back to the US. But Fried believes it is misleading to talk about the US pulling out of China, and he does not believe

that China wants to see that happening either. "Freight forwarding companies want to trade wherever there is demand, and to keep trade moving, and need to be prepared for whatever their customers require," he adds.

Changes in regulations

But in an increasingly political environment, the association and its members are deeply affected by changes in compliance rules and regulations – particularly with regard to data and security. As international players, this obviously includes legislative and regulatory changes in other countries and jurisdictions, not just those in the US. The European Union (EU), for example, "has introduced a number of new rules that have been challenging for us and other international freight forwarding companies", Fried notes.

Part of the work of the AfA involves working with regulators to try to ensure as much alignment as possible between

the main jurisdictions. But it's not always possible to fully align the rules, as demonstrated by the advance data requirements that the EU has recently initiated, for import and export filings. Under the US Air Cargo Advance Screening (ACAS) initiative, the light is always green until there is a security concern and somebody turns it red. But the EU's perspective is more or less the reverse of this.

"Now with this European data requirement, we can't load in the US until we get a green light in Europe," says Fried.

Fried says AfA agrees and advocates that security needs to be a multi-layered process that relies on data and analysis as much as screening in the physical sense. And for air cargo security, Fried says some variation is actually positive, "because we have to keep the bad guys guessing. But as with all aspects of regulation, freight forwarders would rather avoid anything that adds unnecessary complexity. We have to have as much consistency as

Forwarders shipping to the EU can't load in the US until they get a green light in Europe



possible. We have to keep the freight moving in an expeditious manner.”

Security role of forwarders

Fried believes security is primarily something to be policed by governments, although freight forwarders have been “kind of deputised” to undertake these security functions. “It’s expensive, and we are footing the bill for this,” he notes.

“Thank goodness we have got the canines. They are playing a big role.” He says the US Transportation Security Administration (TSA) has been “really cooperative” in this regard – for example, allowing the use of third-party canine security providers, albeit with TSA approval and oversight. Afa has a canine subcommittee that helps support these initiatives.

“It is a programme that is working out very well. It is fast and efficient. And we always have the piece of equipment if the dogs indicate that there is a problem with a shipment,” Fried notes. “I am glad we advocated for it.”

Infrastructure partnership

Afa works closely alongside other agencies and associations in developing, seeking, and advocating for good solutions for these kinds of industry issues – for example, meeting frequently with the National Customs Brokers and Forwarders Association of America (NCBFAA). It also works closely with the TSA – acting as a key source of information and guidance on security and other matters – and Afa has a seat on the TSA’s Aviation Security Advisory Committee (ASAC). Recent meetings have included discussions about the latest changes regarding advanced security rules for all-cargo aircraft, which are being tightened in the US to meet the standards of some international regulators, such as in Europe.

“That is creating a lot of challenges,” Fried points out.

US airport investment

But the association is “dealing with a lot of other things on the moment”. One big project is advocating for money to help

improve US airport cargo infrastructure.

“Many US airports have not had serious investment in their cargo areas in 50 years, meaning they are no longer fit for purpose in many respects,” Fried points out. For example, the now-standard 53-foot road freight semi-trailer units did not exist 50 years ago, and so these huge units often stick out when parked at air cargo facilities.

Unacceptable airport delays

The association did a survey during Covid that identified average wait times for trucks of 8-10 hours at some points during the pandemic. “Now we are still seeing 2½-hour wait times, and that is not acceptable,” Fried says. “We sell time for a living, and we can’t be waiting around that way.”

Afa and NCBFAA last year also completed a major national survey of 400 air cargo stakeholders, identifying the critical issues in airport cargo infrastructure. The challenges identified include “infrastructure investment missing; credentialling of workers – it is hard enough to find workers to apply for airport jobs; and if it takes 3 to 4 weeks to get a badge, they are not going to wait around,” Fried notes. “And there is a lack of automation... inadequate use of technology to improve airport cargo logistics” – such as appointment-booking apps for trucks.

“For example, the guy with the 53-foot trailer, all he knows is his shipment might be sitting there... He might wait 20 minutes to get a decision, holding up other traffic... and this is common,” Fried says. “There are these appointment booking systems, and we are starting to look at that.”

Recommendations to Congress

Recommendations in a corresponding white paper to Congress call for “a State- or Federal-backed ‘Air Cargo Support Fund’ to tackle the infrastructural crisis facing the US air cargo industry” and include “implementing airport community systems, encouraging better recruitment and retention through improved compensation packages, and a new industry-wide training programme”.

There were initially some hopes air cargo would benefit from the recent US Infrastructure Act and its associated



At an airport like Rockford, aircraft can get unloaded within two hours of touchdown

US\$105 billion funding package – the largest federal investment in public transit in US history. Airports received US\$25 billion in the Bill, but there was no specific allocation or requirement that funds be used for air cargo area development.

While that tranche of money may have now been allocated to passenger projects, Afa is maintaining pressure to gain funding for key cargo initiatives, talking to airports and representatives in Washington DC on both sides of the political divide.

“We are looking for \$3-5bn and we will engage the airports, which we have started to do, asking them what projects they need in the cargo area. They are coming back with those (requests), and we are going to Congress... There are 13 appropriations measures expected in this Congress, and we are hoping to attach to those, as well as to a Government Accountability Office (GAO) study on the air cargo congestion conundrum.”

Educational role

Part of the process is educating those on Capitol Hill about how air cargo works. Most will have some idea about the “closed systems” operated by the likes of UPS and FedEx, but they don’t know that half of air cargo goes on passenger



aircraft, Fried says. "And freight forwarders are the ones giving it to them, depending on ancient infrastructure that

is not sufficient to perform the task."

Fried believes there is always money available. "It is a question of where you are going to pull it from," he says. "We have had some very open meetings." And AfA now has a lobbyist in Washington working to represent its interests there.

Although freight forwarding remains pretty obscure to most people, including officials, the pandemic did raise cargo's profile publicly, which means it is easier to get a meeting with legislators than it used to be as a representative of the "expedited freight" sector, Fried confirms. AfA can then explain that air freight "is not all about the integrated carriers. And it is about factories, medical hospitals; and the need to make sure that the supply chain doesn't break down. Or the next black swan event; the next port strike, rail strike... One thing the pandemic showed us was be ready."

Fried adds: "They are hearing about it from their constituents. Going to their supermarket and seeing empty shelves taught American consumers how fragile

the supply chain is."

Airport involvement

Although metropolitan mainly passenger airports aren't necessarily helping the AfA's lobbying efforts on behalf of cargo, they are at least not standing in the way, Fried says. And so they should, with competition increasing from cargo specialist airports such as Huntsville, Rickenbacker, Rockford, San Bernardino, Lakeland Florida – "which have become a much more significant part of the air cargo landscape in the last few years, especially since the pandemic. These are serious contenders now," Fried says.

A lot of AfA members have now set up offices in some of these airports, and Fried believes they will continue to serve an important role post-pandemic, albeit not at the same level as at the height of the pandemic.

"I would say O'Hare, JFK, and other big airports, take heed," he notes, highlighting that an airport like Rockford is "500 miles from 80% of the population,

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Canines are playing a big role, thanks in part to lobbying from AfA

and your aircraft gets unloaded in two hours after touching the ground”.

AfA also has more airport members than in the past, including some of the cargo airports. “We have found that when we get close to our partners, we do better,” says Fried.

Regulatory demands set to increase

With regulatory demands set to increase over the next five years, Fried expects to see increasing focus on tackling cybersecurity issues, as well as employee background checks and more stringent minimum standards. Cybersecurity has become a major issue for all air cargo stakeholders, and most AfA members have been affected in some way by rising levels and threats of cyberattacks, and the need to report incidents.

Fried says managing interactions with TSA has now become a major part of AfA's and its members' work. “There are now 500 inspectors from the TSA focused on indirect air carriers. For a non-regulated sector, we have so much oversight now,” he notes. “TSA inspectors are visiting (members) all the time. And they do find issues; nine out of 10 times it is paperwork.”

The task may be to help work through

misunderstandings and different interpretations of the rules. “And sometimes TSA asks us: ‘How do you think we should interpret this or that?’ The TSA requirements are strict, but they are also flexible if we can come up with a simpler solution. But we (freight forwarders) are on a short leash.”

One significant development that also helps the organisation's interactions with government and legislators is that FedEx and DHL are AfA members now, because they have large freight forwarding divisions within their businesses, and actively involved in the association's committees and work. In addition to their obvious name recognition factor, these organisations have “seasoned, experienced and very knowledgeable” representatives in Washington that can be very helpful with lobbying efforts on behalf of freight forwarders, “where it works in their interest”.

E-commerce play

Other changes include the increasing role of e-commerce. “Prior to the pandemic, a lot of freight forwarders were not seen as major players, but that has changed,” Fried notes. “A lot of our members are starting to invest, for example, in specialist

e-commerce logistics capabilities. As our members are branching out, this is becoming more of a factor.”

As well as bringing opportunities, it also brings challenges and a lot of questions, especially in the security arena. This includes at the basic level “who is the shipper, and how do we deal with that for regulatory purposes?”

“We're helping TSA co-create policy and we are working with them to say: ‘this is how we see it’. These are some of the factors; tell us how you see it.”

Off-shore issues

Other issues include how companies deal, from a security perspective, with staff working offshore in other countries, because of more flexible working practices. “It doesn't mean they are any more dangerous, but it could mean they are out of TSA's jurisdiction, for example,” Fried highlights. “TSA may have one way of seeing it and we may have another; but more importantly, we are talking about it.”

Fried believes the air freight sector “has done a great job over the past 15 years” in adapting to a new security and regulatory environment – “but we must continue to meet these high expectations to avoid facing greater challenges”.

Things that could help include “better screening technology approved, such as advanced CT X-ray, as well as the wider use of canines as an efficient and effective cargo screening method” – for example, capable of screening larger configurations of cargo, something that becomes more of a challenge after the end of October when a key exemption for securing difficult-to-screen cargo expires.

“AfA members are currently working with TSA on a roadmap for security and a key part of our efforts is to map the air cargo supply chain to help the untrained and inexperienced regulatory policymakers to fully understand all the nuances of our seemingly simple but quite complicated industry,” Fried concludes. “We are pushing to better align all US cargo security programmes, and encouraging the TSA to help promote the Certified Cargo Screening Program within the shipper community.” ■

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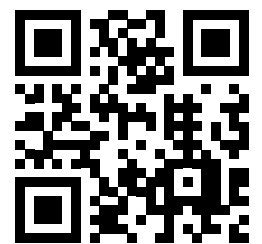
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Collaboration and the future of online cargo booking

Many companies are still restricted by legacy systems that prevent the full digitalisation of cargo booking and other management processes. Creating solutions that operators can easily integrate into their existing systems can actively facilitate digitalisation, one step at a time, says Awery's Tristan Koch

Online cargo booking platforms are crucial in ensuring that the increasingly competitive air cargo industry remains agile and can distribute and sell inventory in a more efficient and sustainable way.

As capacity continues to grow with the

return of global passenger services and an increasing number of new freighter operators coming online, the ability to quickly bring services to the market and distribute them through online platforms is critical to success. When looking for online cargo booking platforms, users need to consider which platforms provide the best user experience and market penetration.

Awery's CargoBooking is an open access online booking marketplace that allows airlines and their General Sales Agents (GSAs) to provide freight forwarders with real-time air cargo rate distribution, quotes, and bookings. One of the key benefits is that it automates the complete sales process, and consequently enhances cost savings, operational



Awery recently partnered with Hermes Logistics Technologies to co-launch h2A. Hermes CEO Yuval Baruch [left] and Awery CEO Vitaly Smilianets

efficiencies, and serves as an extra sales channel for airlines and GSSAs.

Uniquely, Awery offers this service without charges to any of the participating users, as we believe that basics such as quoting and booking should be with no cost. We don't take a fee when a booking is made, and airlines and GSSAs can also engage with forwarders over CargoBooking without the forwarder needing to register. While data analysis and advertising may be part of a future premium, paid-for service, the standard version is open access to all participants.

We believe in an air cargo digital democracy, and by offering this open-access version of our platform, we can help drive that transformation to the benefit of all players in the industry.

It is important to recognise that many companies are restricted by legacy systems

which prevent the full digitalisation of cargo booking and other management processes. For example, Awery has identified that the number of bookings being performed online is still very small compared to the actual market, indicating that the industry is still reliant on finalising orders through email or other less effective ways of communicating.

Awery's solution is its eMagic tool, included in CargoBooking, which is designed to easily integrate into operators' existing systems. eMagic includes a plug-in which analyses the content of an email to identify the key elements needed for a quote and pulls these different types of data into a single readable format, thus eliminating the need for costly and time-consuming manual inputting.

By creating a solution that is easy for operators to integrate into their existing

systems, Awery is actively facilitating the digitalisation of the industry, one step at a time.

Collaboration is key

Collaboration between tech partners is key to fully optimising air cargo management. Whilst data certainly has a value in the air cargo industry, not freely sharing operational and non-commercial data is stifling the industry's ability to reap the benefits of digitalisation. We are strong advocates of allowing free access to this information for the common good.

The aviation software developer recently partnered with Hermes Logistics Technologies (HLT) to co-launch h2A, a new innovative Software-as-a-Service (SaaS) solution for airlines. Our partnership with HLT responds to an industry need to synchronise numerous, disparate workflow processes, something that can only be achieved through true integration and digitalisation. The platform will enable greater process control and simplify operations for airlines, who can find everything they need in one place.

h2A is a comprehensive platform that manages all processes across the entire lifecycle of the airfreight shipment, from warehousing to flight management and commercial activities, as well as all HR and business processes behind the scenes. Integrated systems, such as h2A, will serve to facilitate end-to-end visibility and traceability of shipments from booking to delivery and allow different stakeholders to access and share relevant information in a centralised manner.

As legacy airlines look to reduce their reliance on multiple disparate IT solutions and new cargo operators seek a single source IT supplier, Awery believes h2A is uniquely placed to help.

CargoBooking and h2A are helping to reduce information silos and improve collaboration between all parties involved in the value chain and are both part of the company's goal to unite the sector under one digital umbrella.

Tristan Koch is chief commercial officer at aviation software developer and IT service provider Awery ■

An 'integrated, holistic' solution for e-commerce air logistics

Lufthansa Cargo and its 'Heyworld' and 'CB Customs Broker' subsidiaries are developing their capabilities and infrastructure at Frankfurt Airport to offer full-spectrum, end-to-end solutions for e-retail shipments, reports Roger Hailey

Lufthansa Cargo has unveiled plans to offer an integrated, holistic solution for e-commerce shipments via its Frankfurt home base, already Europe's top cargo airport by tonnages, with the airline and its 'Heyworld' and 'CB Customs Broker' subsidiaries developing their capabilities and infrastructure to offer integrated, end-to-end air logistics solutions for e-retail customers.

CEO Ashwin Bhat wants Frankfurt to be a global hub for e-commerce, a sector that continues to notch up double-digit annual growth for cross-border traffic. IATA estimates that 80% of cross-border e-commerce is transported by air, and cross-border e-commerce sales are estimated to reach US\$2.1 trillion dollars in 2023, a 13% increase in a single year.

E-commerce, while not always a high-yield cargo sector, provides a solid base for carriers, especially those with a hungry fleet of freighters that need a mix of cargo to make each flight pay its way. Bhat told an air cargo audience in Munich that Lufthansa Cargo wants to extend its leadership role in the transport of care-intensive cargo, such as pharma, to the global e-commerce parcels business.

"E-commerce is all about speed, reliability and consistency," said Bhat. "We clearly experience and see e-commerce as a growth market. We want to make Frankfurt a leader in this segment by offering an integrated, holistic



solution for shipping, customs clearance and the further transport of e-commerce shipments."

The airline is using subsidiary members of the Lufthansa Group to power its Frankfurt

ambitions, notably its 'Heyworld' specialist freight forwarding unit for e-commerce shipments, and Lufthansa Cargo's customs brokerage business CB Customs Broker (CBCB), which recently

partnered with non-group member Georgi Handling to create a new e-commerce terminal in the airport's Cargo City South. Asian airlines, which often touch down in the southern part of Frankfurt airport, will have e-commerce shipments handled automatically and more quickly due to the partnership, the partners said.

CBCB has also developed an inhouse software that digitalises customs clearance processes and can process large order volumes in a shorter time than before.

In the initial phase of the new terminal development, the partners will operate within 5,000 sqm of Georgi Handling's existing Frankfurt Cargo City South facility in Building 568. In the medium term, as e-commerce volumes rise, the operation of an independent hall is planned, with tailored handling processes for e-commerce shipments. And longer term, a fully automated sorting facility will be built.

E-commerce hub

In addition to expanding its European medium-haul network to include four

A321 converted freighters by the end of this summer, Lufthansa Cargo has also increased the capacity of its e-commerce hub in Frankfurt's Cargo City Nord. Commissioned in 2019 and operated by Heyworld, the e-commerce logistics subsidiary can separate shipments automatically at the hub from traditional freight, and transport them onwards to end customers via third-party final-mile partners. Boris Hueske, joint MD of Heyworld, said the e-commerce and express specialist can manage 5,000 parcels per hour at its sort hub in Frankfurt.

The expansion of A321 freighters and faster processing at the German home base also offers the chance to speed up delivery times across the global network. For example, e-commerce shipments in Madrid will see transit times reduced from 48 hours by truck to just 2.5 hours using freighters, while some Far East services will see a four-day service cut back to less than 24 hours.

Lufthansa Cargo is also investing to keep pace with new and expected future

regulatory changes in the European Union (EU) Customs regime under Import Control System 2 (ICS2) that have implications for e-commerce and other markets. ICS2, a large-scale advance cargo information system for air freight shippers and forwarders, became mandatory in July this year as a pre-loading and pre-arrival security programme that helps identify high-risk cargo.

Bhat commented: "With ICS2, we believe there will be a level playing field where all carriers follow the same rules and regulations. But it is not enough for us to make Frankfurt attractive as a gateway for e-commerce, so we will be working with our partners in Frankfurt to make cargo handling much faster and digitally connected to the regulatory bodies." Bhat said there are ongoing discussions with the regulatory authorities in Frankfurt to explore and understand the challenges of e-commerce shipments.

Uwe Glunz, managing director of CBCB, said: "We are in the age of digitalisation and automation of customs



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Ashwin Bhat, CEO of Lufthansa Cargo and **Jürgen Georgi**, CEO of Georgi Group

clearance, but most processes are still handled manually in some parts of the world. Many customs clearance agencies still rely on hordes of people to process customer documents.”

Glunz said off-shoring manufacturing to low labour-cost countries came with a growing number of shipments from online retailers that could present a challenge in terms of digitalised customs procedures. He continued: “ICS2 will bring quite a change and opportunity for us to market our specialism in digital

clearance, hence we are set up to offer a broad range of services for all customs procedures as we develop a deep expertise within the segment. With this automation level we can handle even the largest and most complex shipments with a quality process of around 99.5%.”

Bhat was asked whether Lufthansa Cargo’s investment in freighters, hubs and software to speed up e-commerce shipments would see a return from what can be lower-yield shipments. He responded: “I have an aircraft and I

want to fill it with high-margin freight, the best cargo there is, but the reality is different. It is always about segmenting your capacity to get the best mix inside the aircraft, with both high-yield and low-yield cargo; that is the magic if you want to run a freighter or an airline profitably.

“It is about e-commerce being a nice baseload to have on an aircraft, and then on top of that we talk about pharmaceuticals, Heyworld, and automotive. Obviously, we can talk about a low-margin business, but it is still a margin.” ■

Fast but cost effective: air cargo’s elusive hybrid solution for e-commerce logistics

Boris Hueske (left) and **Nikola Todić**



Boris Hueske and Nikola Todić took over in February as joint managing directors of Heyworld, which began in 2017 as an internal e-commerce project within Lufthansa Cargo, but since 2019 has been a wholly owned subsidiary. The focus is on transport solutions for online retailers, digital marketplaces and freight forwarders, mostly using the Lufthansa group’s medium- and

long-haul network. The service is based on a modular product – offering fast and reliable connections with short transit times and customs clearance. The portfolio includes end-to-end shipment tracking and parcel-based pricing.

Heyworld aims to simplify and digitalise cross-border e-commerce logistics by orchestrating all the providers along the end-to-end air logistics supply chain, offering a one-stop-shop solution, as “a digital forwarder” – the elusive, hybrid, ‘virtual integrator’ service air cargo stakeholders have been promising for some time as a solution for e-commerce customers: “faster than mail and more price-efficient than express services”.

It is one of the first air cargo carriers to offer an end-to-end e-commerce solution, including first-mile collection, export

customs clearance, handling at origin airports, transport services, handling at destination airports, import customs clearance, distribution centre operations, last-mile deliveries via partner carriers, and returns logistics services. Heyworld’s emphasis is on logistics services for B2C shipments – something that airlines’ main cargo operations are not specialised in or adapted for, Todić says, describing it as “a completely different business”.

Ashwin Bhat, CEO of Lufthansa Cargo, notes: “Against the background of the continuing high demand for customised e-commerce and same-day offers, our goal is to align our increased freight capacities in the medium- and long-haul network even more closely with the services of Heyworld and to make them even more attractive for our customers.” ■

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Air cargo's fantastic digital transformation

With the launch this year of a breakthrough automated material handling solution for air freight, senior technology and air freight specialists discuss the sector's progress in digitalisation and whether it is now ready to move to physical automation rather than just information automation, reports Will Waters

With the launch in May by Speedcargo and Güdel of a breakthrough robotic automated material handling solution for air freight, senior technology and air freight specialists discussed the sector's

progress in digitalisation and whether it is now ready to move to the next stage – to physical automation rather than just information automation.

Zvi Schreiber, founder and CEO of freight digitalisation and marketplace operator Freightos, told delegates and panelists at this year's Air Cargo Europe conference in Munich, Germany, that in

the last five years, the air cargo sector has “gone through a fantastic transformation” on its digitalisation journey. Schreiber told the Transport Logistic 2023 exhibition and conference's ‘Future of Freight – The Digital Imperative’ panel discussion that the air cargo sector “should be very proud of what we've achieved in the last five years”.

To some extent, the progress is relative – compared with a market five years ago when Freightos found barely any freight forwarders capable of offering customers a meaningful digital booking capability. Schreiber acknowledges that “we’ve still got a long way to go in that digitalisation journey”. And according to the other panelists, progress has been faster on the digitalisation of booking and sales – and information flows more generally – compared with other aspects of air freight’s digital journey.

For those attempting to automate the rather complex physical aspects of air cargo handling, the journey has certainly not been easy, although here there is also major progress to report. In May, Singapore-based tech start-up Speedcargo Technologies, in partnership with Güdel Group, a manufacturer and provider of sophisticated automation solutions, unveiled “the world’s first fully automated robotic freight handling solution for air freight”. Expected “to change the way air freight ground handlers store and move cargo at airports around the world”, the robotic system is reportedly capable of handling cargo of varying of sizes

and weights – “from very small to very large, very light to very heavy, and from standard to odd-shaped cargo”.

Tough task for robotics

Suraj Nair, founder and CTO of Speedcargo Technologies, observed: “We come from the robotics and AI background. We started our (air cargo) journey as complete outsiders with a very precisely defined problem on automating buildup and breakdown of air cargo using robots.

“We were very quick to realise that it’s very difficult to automate this industry if they first have to digitise and optimise. It’s a very important industry, but it is not structured in terms of the cargo. The cargo comes in every size, every shape. In robotics, we call this ‘a high-mix, high-volume, high-payload problem’.”

This contrasts with “fantastic 100% or 80% robotic automation systems running in automotive, where cars are produced completely automatically; and that’s because the industry has made it a congenial environment for the robots to operate. It’s a very predictable, standardised environment.”

He says we have also all seen examples

of robots operating successfully in certain types of warehouses across the world.

“But that’s where the cargo package is designed for the robot – not the other way around. You can’t do this in air cargo, because that’s where all your high-value stuff goes; you can’t standardise the packaging,” Nair emphasises.

“So, you need to make these machines more intelligent in terms of handling exceptions, because you have more exceptions than normal cases. And that’s what we’ve been working on at Speedcargo: to develop software where proven robotic processes in other domains can be applied to air cargo.”

Nair said the software is key. “It’s the computer vision; the AI; the motion planning of the robots. That’s where the importance of making systems intelligent lies. That’s what we are trying to do, together with our partners, Güdel: automate your brownfield environments using intelligent software for robotics.”

Standardising cargo handling

For a multinational cargo handler like Menzies Aviation, standardisation or ‘Menzification’ has been a key element of the company’s attempts to improve quality and develop its digital projects and capabilities, although its position has evolved. Executive VP for cargo Robert Fordree notes: “With hindsight, having exactly the same operation in every location around the world is impossible. We have 75 locations. One of them is Fiji, where we only do documentation handling, about 10 air waybills a week,” whereas at Amsterdam “we do about 500,000 tonnes of cargo a year. Are we going to need the same ‘Menzification’ in Fiji versus Amsterdam? Absolutely not.”

He continues: “Does it make sense to invest in robotic technology in Fiji? Absolutely not. But the basis of what we do will be the same. And depending on the size of the location, we’ll introduce innovation and technology that supports that. We’ve classified our stations into ABC stations, A being the biggest, B being the middle size, and C being in smaller locations. And we’ve defined

The best facilities in the world need to be flexible enough to adapt to future changes

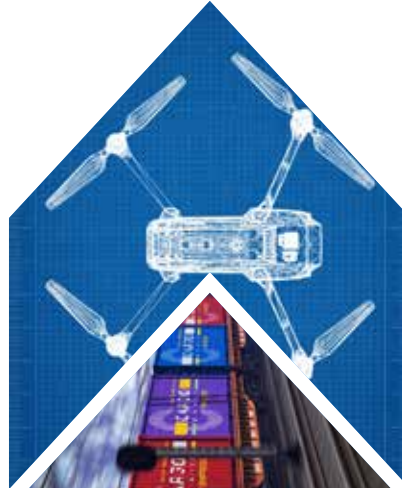


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Speedcargo and Güdel's robotic system is reportedly capable of handling cargo of a variety of sizes and weights, including odd-shaped cargo

the technology and innovation that will be required to run each. The Standard Operating System will be the same, but the technology and innovation that makes us more productive will be increased in each location as the volumes increase.”

Attracting fresh talent

Much has been said recently about how important digitalisation is for attracting fresh talent into air freight. Schreiber stresses that “we like mature talent and young talent; we don’t discriminate.” But he describes the situation in cargo currently as “very strange. The industry has one leg in the digital world, with a very good number of electronic bookings, but still one leg in the old world; and 80% of the pricing is static.”

He continues: “If you’re an airline, I think dynamic pricing is the number one thing you need to look at. Our platform, Webcargo, sends the airlines 35,000 queries

every day – that’s 35,000 opportunities to sell space on the airplane. And that’s all in real time. We don’t cache any data; every time a freight forwarder searches, we ask all the airlines ‘do you want to offer capacity to this freight forwarder’? And in 80% of the cases, the airline is sending us back a static rate. It’s digital; it’s real time, but behind it is an Excel sheet where some human put a fixed number.

“So, it’s a very exciting time to enter the industry and complete the transformation. We’ve got the real-time connections: when you search on WebCargo, you see results from about 40 Airlines in 30 seconds. Now the airlines need to take advantage of that; and we need talent that will help the airlines take advantage of the real-time connections and start to price in a modern way.”

Combining digital and physical infrastructure

On the operations side, one challenge for

“
In the last six months, we have seen a massive ramp up of people – who were only talking before and interested – now giving us concrete signs of bringing in automation into their ecosystem

”
Suraj Nair

airlines is how to deploy digital technology to optimise their physical infrastructure and improve cargo handling process at airports or terminals. Adnan Karaismailoğlu, SVP for cargo business development and organization at Turkish Airlines, says: “The air cargo industry has waited at specific points to make some significant changes,

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but now it's there. There will be a big change in so many things: it is not only about robotics, not only about automation; it is mainly about data."

He adds: "Any change requires a change everywhere in the processes. And in a globally competing company, you have to be aware of changes from all around the world, from different fields. The infrastructure is changing, the information system technology is changing, the generation is changing. And you have to make your preparations before you make a change, because it affects everywhere."

"And not from only a quality and operations perspective. For our business it affects the safety of people. We are transporting people in the aircraft. So, we make the changes (initially) through a digital twin. But it should also be integrated in the next steps with all other areas – not only in the operations side, safety, security. It should be integrated with capacity planning, resource planning, operations planning at the same time; otherwise, you change things, and people are not ready for these changes. You see resistance; you see problems that were not previously discussed; or you have no escape plans from that, and it becomes a problem; it comes a crisis sometimes. To avoid this, we have a digital twin; but it will be enhanced in the future with some additional features – to integrate all these different areas."

The mindset challenge

One challenge in a fragmented sector like air cargo used to be how to seamlessly integrate processes and systems across multiple companies that have different software and hardware. Nair says: "On the technical level, it's not rocket science. You have state-of-the-art interfaces – APIs – which do that." He says the real challenge "is to make sure all the stakeholders are on the table and have the right mindset and work at the right speed."

"Even a small API integration today can take around four weeks. In the best case, the actual implementation time is probably six hours; getting things integrated from a technology point of view is not a problem."



Robert Fordree
Menzies

"We've got this age-old issue of (staff) being fearful for their jobs; that 'robots will take over my work'. But the technology supports them; it doesn't replace them. That's the message we've been working to get across"

Robert Fordree

Getting everybody to agree to a data model, even when the data model is already there... to agree to use the data model is always the challenge for us."

He continues: "Therefore, we are taking small steps. In terms of the stages of our POC (proof of concept), we have been trying to push automation very, very cautiously, because we think the industry is slowly getting ready. So, we are now evangelising – because a lot of things have happened in other areas like automotive. But industry 4.0 is not yet in air freight. Probably the most advanced machine in air freight facilities is still an ASRS (automated storage and retrieval system), which is decades old. In terms of state-of-the-art technology, it is expensive, it takes a lot of space, and it is slow."

In contrast, the latest technology in automotive industries, such as gantry robots, "are much more efficient, much more sustainable and much cheaper". But a process of education or "knowledge transfer" needs to be done in the air cargo industry "before you can bring in the stakeholders, because they need to understand what they're buying. Currently, that understanding is not there, and everything becomes a risk."

Nair continues: "But in the last six months, we have seen a massive ramp up of people who were only talking before and interested – now giving us concrete signs of bringing in automation into

their ecosystem, maybe with small pilot projects. For example, we do an express line like you have in supermarkets: you have a little bit of stuff, standard stuff, you can use an express line to prove the concept and then you can scale it."

Recent progress

SpeedCargo "has seen multiple big and small players coming to discuss bringing this into their warehouses. We hope to have something running – something you can touch in terms of next-generation robotic automation, probably in the next 12 months. There are a lot of big and small players, including some very large integrators, who are interested in getting into serious robotic automation into their warehouses."

Fordree notes: "In the technology companies that we've engaged with, their software, their capability, their desire to work with us is not questioned whatsoever. The challenge is our people embracing that new technology."

"And we've got this age-old issue of (staff) being fearful for their jobs; that 'robots will take over my work'."

But a lot of the things we're doing complement what our people do. And we've got an ageing workforce; we want to bring in a new generation. We can't do what we do without people. But the technology supports them; it doesn't replace them. And that's the message we've been working with our teams to get across:



Zvi Schreiber
Freightos

It's a very exciting time to enter the industry and complete the transformation

Zvi Schreiber

We're looking to make your life simpler. But it is a difficult sell in many locations to get that message across clearly."

Matthias Vogelsanger, chief technology officer for Güdel Group, agrees that "there's a good set of common standards that makes it, on the basic level, quite simple to integrate. But to agree on the process and data models, these are the stumbling blocks. And you can boil it down to mindset; but I think it's a learning process; that we organisations have to learn to think in terms of digital connectivity, of providing the right information."

He continues: "And people are very good at dealing with vague information: you have a certain idea, and that's enough. But if you want to have it fully automatic, it has to be precise. Artificial Intelligence is an attempt to close that gap between man and machine. And I think you have promising technology in the pipeline. But it requires new thinking."

Faster digital conversion

Audience member C M Mathew, founder and CEO of freight procurement platform LogisEye, asked the panelists how they

The industry has one leg in the digital world, with a very good number of electronic bookings, but still one leg in the old world; and 80% of the pricing is static

Zvi Schreiber

are approaching the dual challenges – of "transparency issues involved in logistics procurement, and resistance among a generation in logistics procurement who are old and scared of technology" – to get faster conversion...

Schreiber responded: "I've been amazed how well the industry has transformed itself. In five years, we've gone from zero electronic bookings to a million on WebCargo. Every single day we have new freight forwarders who place bookings; and they never leave: 98% will still be booking a year later. And it's old people and it's young people. People say this industry has the wrong mindset, that it's conservative, but that's not fair. This industry has actually adopted electronic bookings amazingly well. But now they need to take advantage of it. If you've got the APIs but you're not using it to do dynamic pricing, it's like having water but no glass: you can't take advantage of it."

People are very good at dealing with vague information. But if you want it fully automatic, it has to be precise. Artificial Intelligence is an attempt to close that gap between man and machine

Matthias Vogelsanger

Airline priorities

Asked by CAAS what is preventing airlines moving from static to real-time pricing, Schreiber responded: "It's a question of prioritisation. Some of the first airlines who connected with us for an API in 2018 to 2019 are the same airlines that now give us dynamic rates – and it changes every hour, just like they do in passenger. I assume that some of the other airlines who took a bit longer to do an API, this will be the next thing. But the important thing is the data is there – to do revenue management and optimise the price on a daily basis, on an hourly basis. I think the airlines just need to get around to that as the next transformation."

Schreiber said part of the problem has been getting priority within airline IT departments that prioritise passenger over cargo – although this had improved somewhat due to the higher profile of cargo since the start of the pandemic.

Walking the talk

In his closing remarks, Speedcargo's Suraj Nair noted "there has been a lot of progress in the last five years, especially in the booking stage. We also see a lot of 'walking the talk' happening in terms of capacity optimisation, in terms of process optimisation. But we have always believed that the most neglected part of air freight handling is the warehouse. That's where the magic happens. One of the problems is also that a lot of times technology is pushed to the ground handlers; and it is bound to get pushed back."

He continued: "Our challenge is how to systematically introduce technology in pieces at the right time and the right place. Today, when I talk about robots, the biggest competition is the forklift and the forklift driver. If you go to a hub in Singapore, for example, between 9pm and 3am, you see how they operate – like F1 car drivers. The processes on the ground are quite archaic; but it's like magic happening every day, when cargo still flies, in a very unstructured way."

"So, we need to appreciate that it's very difficult to automate. And then we need to pick parts which can be automated to prove that automation could work. That

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Suraj Nair
Speedcargo

The processes on the ground are quite archaic; but it's like magic happening every day, when cargo still flies, in a very unstructured way

Suraj Nair

is the approach we are taking. And that short-term vision is to prove that in an end-to-end material handling pilot. And we will be happy to work with anybody who wants to be the first mover and then enjoy the first-mover advantage of owning this technology piece.”

In the meantime, Speedcargo in May secured its first major global airline client, Etihad Cargo, for its AI-powered solutions Amplifi, Cargo Eye, and Assemble,

No one knows how the industry and the world will look in 10 years, 15 years, 20 years. So, we need an organisation and infrastructure flexible enough to adapt to that

Adnan Karaismailoğlu

following extensive trials in Singapore over the previous 12 months.

Amplifi optimises cargo loads on each flight, dynamically calculating free and usable capacity based on booked cargo, aircraft type and cargo offer. Cargo Eye captures cargo dimensions and volume data and allows carriers to digitise cargo as it enters the carrier's ground handling stations, enabling the real-time sharing of cargo information for load planning, build-up planning and forward operations. And Assemble facilitates the digital planning and build-up of ULDs using the load plans generated by Amplifi – providing ground handling partners with step-by-step instructions for optimally built ULDs that conform to safety regulations.

Dnata in August said it has partnered with Speedcargo to deploy its Cargo Eye and Assemble solutions to deliver services to Etihad Cargo at Singapore Changi Airport (SIN), planning to subsequently roll out the service at further global stations.

Turkish Cargo's Adnan Karaismailoğlu highlighted “the importance of flexibility”, adding: “No one here knows how the industry and the world will look in 10 years, 15 years, 20 years. We will see a different world; there will be some things which are not imagined and not even considered right now” – like Chat GPT was just a few years ago. “So, we need an organisation and infrastructure flexible enough to adapt to that.”

Although he believes Turkish Cargo's SmartIST cargo terminal to be one of the best facilities in the world currently, he acknowledges it will not necessarily be the best facility in five or 10 years. “So, we designed it to be flexible enough to improve for the future changes. Otherwise, you end up with something which is best for today, but not matching the requirements for tomorrow.”

Schreiber said the air cargo sector “should be very proud of what we've achieved the last five years. Everyone has said this industry can't change; this industry is conservative. We've all together proven that's not true. We've still got a long way to go into that digitalisation journey, but it's great to see

I think conditions are right to move to the next step – to physical automation rather than just information automation

Matthias Vogelsanger

such good progress; very exciting times.”

Vogelsanger said: “I think conditions are right to move to the next step – to physical automation rather than just information automation.”

Supporting people

Menzies Aviation's Robert Fordree concluded: “Will we be a technology company in five years? No, we won't. If you try asking a robot to lift a rolled-up carpet to put it on a unit, it's very challenging. And our warehouses will have cattle being processed, dangerous goods; any number of different requirements.

If you try asking a robot to lift a rolled-up carpet to put it on a unit, it's very challenging. And our warehouses will have cattle being processed, dangerous goods; any number of different requirements

Robert Fordree

“So, we will continue to embrace technologies that help support that. We would like to be the most technologically advanced aviation services company, but investing in technology that supports our people; that doesn't replace them. Magic needs to happen. I think technology will help us to create that magic in different parts of the air cargo logistics value chain.” ■

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