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Bitter disputes break out as rates continue to soar

'STRATOSPHERIC' freight rates are causing an increasingly bitter marketplace, with shippers and carriers set against one another.

Shippers are being increasingly vocal about the issues they are facing – although many also fear retribution from the carriers for speaking out against 'the imbalance of power'.

"Shippers can't negotiate transactions on a level playing field, the deck is stacked against small and medium-sized shippers. It's not a genuine negotiation, it's a 'take it or leave it' situation," explained Lori Fellmer, shipper and vice chair of the National Industrial Transportation League (NITL).

But they are increasingly speaking out. The Federal Maritime Commission has heard from agricultural exporters and the US chemical industry, as well

as a formal complaint against two carriers, alleging collusion and an abuse of their dominant position.

Fellmer said shippers "need to speak up and highlight the situations that they find themselves in". However, she acknowledged this would "take time and energy and would raise other concerns about retribution. No-one wants to make enemies of the carriers."

Fellmer said the alliance structure was to blame in part, an opinion backed by a new report by MDS Transmodal and the Global Shippers Forum (GSF).

Mike Garratt, chairman of MDS Transmodal, said: "This high level

of consolidation has the benefit of enabling lines to adjust capacity allocation in line with changing demand, but, combined with the resulting very high levels of

utilisation, have allowed freight rates to remain at historically unprecedented levels and imply that some potential freight may be being suppressed."

GSF director James Hookham said shippers faced a "meltdown" of the container shipping market – "rates in the stratosphere, slots up for auction and service performance in the trash".

He added: "What none of the industry metrics show are the huge numbers of shipments not

being moved – boxes left on the quay, stacked in the terminal or stockpiled in export warehouses awaiting a slot."

The review adds that, amid carriers' soaring profits, operating costs per container have "barely changed" over the past 18 months, with carriers "earning more than twice per container than at the start of the pandemic".

However, shipping lines fought back against the accusations of profiteering.

Liner lobby group Shipping Australia claimed there had been a "massive surge" in the costs of operating a ship. It said:

"Chartering costs have surged by up to 773 per cent since late May 2020, and marine fuel costs have near tripled from US\$155.50 a tonne in April 2020, to \$435.50 a tonne.

Continued on page 3



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Automotive LSPs fear for their 'very existence'

AUTOMOTIVE logistics players have urged manufacturers to support them with better supply chain visibility and forecasting, and an end to performance penalties. Claiming that their "very existence" is under threat, the Association of European Vehicle Logistics (ECG) said: "The industry has never been so unpredictable, and planning has become impossible with supply chain visibility in vehicle manufacturing almost non-existent in the lower tiers. A consequence is an

almost total absence of meaningful volume forecasts to logistics operators." It added that the microchip shortage is "causing an even more disastrous crisis", with company reserves eroded, with the sector losing some €4.5bn in turnover since the start of the pandemic. ECG called for the automotive industry to support their logistics suppliers, suggesting several measures including the suspension of bonus malus (rewards - or penalties) performance

measures, postponing tenders until there is more market stability, sharing production schedules in real-time and reviewing lead times and shipping frequencies. Wolfgang Göbel, ECG president, said: "The finished vehicle industry is seeing huge variations in volumes at very short notice, making capacity planning almost impossible. The problems are not so much in the logistics chains, but mainly in the production lead times and also a bit in the classic bullwhip effect."



WOLFGANG GÖBEL
European Vehicle Logistics

Operating costs are high and increasing

continued from page 1

"Do not be deceived by propaganda; the costs of operating a ship are high, and they are increasing."

It added that Covid had created a demand squeeze.

"If demand spikes while supply adapts slowly, prices will inexorably rise. This is basic economics."

It added that shipping lines had increased the supply of vessels, with previously idled fleet put back to work and "non-specialist multipurpose ships, and even capesize bulkers, hired to carry containers". And "ocean shipping has invested in massive orders for new ships and new containers", it added.

The group also sought to blame container ports, claiming the extra supply was being wasted by terminal congestion and poor port performance.

"A supply equivalent to the global fleet of the world's biggest ships is being effectively squandered by vessels being forced to waste time in port congestion queues," it said. "Shipping Australia urges shippers to direct their lobbying efforts to where it is truly needed - at port congestion and poor performance."

Is the biggest ship race over?

Comment by Mike Wackett
MEDIA attention is focusing on the arrival in North Europe of Evergreen's 23,992 teu Ever Ace, which has stolen the crown to become the world's largest containership - with 28 teu more capacity than the incumbent HMM Algericas. The 23,964 teu HMM ULCV had held the title since August last year having usurped the 23,756 teu MSC Gulsun, which in turn took the honour away from the 21,413 teu OOCL Hong Kong.

Even media-shy carriers are happy to talk about operating the world's largest containership - it's free advertising and a big ego trip for top executives. However, there is little to see that is any different from the many other ULCVs currently deployed on Asia-Europe. They are all more or less 400 metres long - the evolution in recent years to maximise the intake has been to extend the width; the Ever Ace's beam is 61.5 metres, while the OOCL Hong Kong is 58.8m.



MIKE WACKETT
Sea Freight Consultant, FICS

market, and were swallowed up in a frenzied bout of consolidation. Carriers only had one agenda: the bigger the ship, the cheaper the unit costs. However, there was little or no consultation on how the ports and infrastructure would cope with the big hike in container exchanges. But now freight rates are higher, and carriers in better health, the needle has moved again. Notably, orders this year are for the more versatile 13,000 - 16,000 teu vessels, which can be deployed on a number of different trades.

One can just imagine the discussions at the shipyards when ocean carriers confirm their newbuild ULCV letters of intent. "Here are the final drawings," says the yard, "the ship will have a nominal capacity of 23,500 teu." "That's too small," says the carrier executive, "it's got to be bigger to be the world's largest containership. Squeeze in some more capacity, otherwise our PR campaign will be ruined!"

These ships are not known as the "fat ladies" for nothing - and compared with previous generations, they are rather uninspiring. From the bridge, a modern ULCV resembles a gigantic container park - which of course it is. This ego-fuelled race has led to the capacity of liner vessels trebling in the past two decades. Pre-pandemic, carriers that did not keep raising their ships' capacity were unable to compete in a highly competitive freight

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Focus ON

'Work together': charter brokers advise

CHARTER brokers are facing uphill struggles which mimic those experienced by the SME forwarder market. Covid-induced delays, absent capacity – across air, rail, road, and sea – and further Covid outbreaks leading to shutdowns in markets vital for the peak season rush, notably China.

"The world might be coming out of a pandemic, but global supply chains



ROBERT JUBB
Air Partner

continue to worsen and so do the delays," UK head of freight at Air Partner, Robert Jubb, tells Voice of the Independent (VOTI). This point is picked up and repeated by most brokers. Aviocharter's head of charters and projects, Igor Mantrov, notes that in some instances the delays in China – largely in Shanghai but not unique to it – are forcing some carriers to make changes.

"Some operators are cancelling flights from Shanghai and other Chinese airports altogether and switching to Hong Kong where the operation seems to be running normally for the time being," Mantrov tells VOTI. "This has been going on since about the middle of August, and no one knows how long it will last. The longer it lasts, the more backlog it will create,

meaning an increase in charter rates."

And rates are at all-time highs. Jubb, Mantrov and group operations director at Priority Freight, Andrew Austin, are under no illusion. Finding capacity may be a "tricky process" for anyone at the moment but it is always the SMEs that will feel the pinch more than the larger multinationals, "by sheer weight of wallet".

"There are always pockets of capacity on the market, but this capacity is quite expensive," says Mantrov. "Larger freight forwarders secured long-term charter capacity and a lot of them did so last year in anticipation of the shortages that we are seeing today, some even started operating their own aircraft to have more flexibility.

"From our experience the 'preighter' aircraft is

somewhat restrictive as some airlines would only allow certain type of cargo to be carried, such as PPE, with restrictions on the carton weight and size. Initially 'preighters' were approved for urgent PPE transportation due to lack of capacity, but then some airlines got approval to load general cargo inside the cabin. Loading and unloading cargo to/from the cabin is time consuming and eats into crew duty, which some airlines can't afford because of the tight schedules they are on. As such they only allow lower deck loading – which only makes financial sense in some instances. Either way, as capacity reduces, price goes up and larger freight forwarders are able to offer better payment terms which means we sometimes miss out on the deal."

Of course, no one was prepared for the pandemic, not least the aviation sector, with Mantrov noting that "last year was something no one has really seen in the industry before". His

company, used to chartering AN124s to move heavy and outsized cargo, found itself using those very same Antonovs as well as Ilyushins to move PPE.

"This year we are still moving test kits using 'preighter' flights," Mantrov continues. "Our strong partnerships with the airlines we work with on regular basis helped us secure critical capacity for our clients when the pandemic started. With the new clients and operators, it was tricky at the start, but once they got to know us better, consecutive operations went very smoothly."

Air Partner still finds itself moving PPE, test kits and items tied to the vaccine roll-out, but capacity demand for Covid-related shipments is certainly down on where it was last year. Austin says that from what he can see, "no single vertical is dominating", while

Jubb points to growing demand from retailers who would not typically turn to air charter.

"We expect to be busier than ever as enquiries increase for the charter of toys as well as high-value items such as designer clothes, games consoles, mobile phones and laptops," he explains.

"We are maintaining our strong existing relationships whilst exploring new markets for our freight services. We have additionally been able to carry out freight services for the automotive and energy industries. It is also encouraging to see demand increasing for Aircraft on Ground (AOG) services as scheduled flights resume after a quiet period during the pandemic."

It is for this reason that Priority's Austin warns that as bad as the capacity shortage is now, there are forecasts suggesting it will worsen further still. This, he says, is down to a combination of factors, not least the severe cut in

passenger services

- "all major airlines are flying less commercially than they did in 2019" - but he is also factoring the widely reported disruptions in the ocean shipping sector that have left ports severely congested.

"Added to all this, we have increasing demand due to both online shopping increments and proximity to Christmas, less than four months away," Austin continues. "Then there are supply chains beginning to heal; capacity not being fully met even with 'preighters' and other potential solutions (re-routing of aircraft onto high demand routes); nothing is meeting the demand."

However, brokers' true worth stems from their relationships, and this is where SMEs can get ahead of their multinational competitors during a time of heightened capacity constraint. Jubb says with 60

years' experience, Air Partner has "well-developed" industry relationships, and it is continuing to make the most of these to use the preighter model that bound into overdrive last year. "But due to increasing demand we are starting to see limited availability in the market," he adds. The solution then?

"Working together" is the advice when it comes to how smaller forwarders can avoid these kinks, blockages, and all-round collapse of supply chains. All three, Austin, Jubb and Mantrov urge customers to keep in touch. For Mantrov, his company's focus has often been on SMEs that are "highly specialised" in what they move and as such are feeling the capacity constraints more acutely than forwarders who focus more on general cargo. Even so, Mantrov says brokers and forwarders will have a better chance of identifying different options that are optimal both in terms of price and speed by working together.

"As in all tempestuous times, there is increased customer and supplier dialogue, on a higher frequency, which often leads to a greater intensity of communication," says Austin. "We are staying very close to our customers and responding to increasing levels of enquiries as those customers face both a lack of offered solutions due to increasing demand in an already strained market – this is often driven by customers seeking to find either any solution to their needs or trying to assess whether the rates being offered are in fact universal.

"Hesitation on their part can lead to a valid solution being offered to others by the suppliers, which obviously can cause stress."

Stress has not been unique to forwarders. Brokers too have come under the pandemic's cosh. As Austin notes "we have had to adapt". For Priority though, the "glass is always half full" and Austin and the team have come to consider the adaptations forced upon them in a time of urgency as something of a blessing in disguise. He notes: "Many of those adaptations are helpful, as new processes have had to be introduced." Similarly, Jubb has been

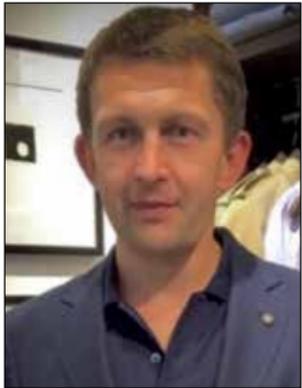
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"The world might be coming out of a pandemic, but global supply chains continue to worsen and so do the delays"

Air Charter Use SME forwarders



IGOR MANTROV
Aviocharter

pleased with how Air Partner has come out of the shake-up.

"The pandemic led to Air Partner providing expanded and smooth freight operations in the major trade lanes between Asia-US and Asia-Europe in the process of meeting unprecedented demand for PPE and other pharmaceutical products," he

says. "This rising demand, coupled with the capacity issues and delays to sea freight that we are currently witnessing, has necessitated the need for increased air freight capacity.

"Freight capacity itself is not likely to return to pre-pandemic levels for a substantial amount of time – perhaps up to five years.

Carriers that can offer substantial cargo-only solutions are enjoying amplified rates and this is likely to continue.

"It is highly likely that a significant number of

businesses that have utilised air cargo services to ensure speed and stability will

continue to remain air charter customers in the long term. The charter sector is unlikely to return to the status quo as expanded global networks and new local connections have created a more nimble and resilient industry."

Perhaps the most optimistic of the trio is Mantrov, who says the work done over the present length of the pandemic has been "win, win, win" for Aviocharter.

"During the last 18

"Freight capacity itself is not likely to return to pre-pandemic levels for a substantial amount of time"



months we have created partnerships with both new clients and airline partners, transporting PPE at the start, and now a variety of different cargo," he continues.

"Our approach is still the same, to provide highly personal service to every client, forge strong partnerships with airline partners and create a win-win-win situation with everyone we work with.

"In my opinion there will always be opportunities in the air charter sector, and we look forward to capitalising on those opportunities in the future. We are also creating strategic partnerships with agents to represent Aviocharter in different

countries, as local presence plays an important part in developing stronger relations with both clients and airlines."

Austin too says Priority is seeing more requests from new clients. These clients want providers that will give them that consistent level of service, and are able to identify "workable solutions".

But for the broker, much of the focus remains on two things. Firstly, its existing customers. "We're focused on providing them the surety they expect", but there is also a consideration of what comes next and how the industry rebuilds in the post-pandemic era.

"The wider logistics sector has shown itself to be a

significant part of any economic recovery post-pandemic," says Austin.

"It is too early to say how the charter sector will look and operate going forward, as the focus is on recovery, not wholly on restructuring for a strategic future currently.

"There are great endeavours underway to allow us to be 'getting back to how things were' but it will be well into 2022 before we recognise this on a consistent basis and, even then, although the forces will be strong for recapturing the past, it is likely that some form of evolution will take place given the lessons, many of them painful, of the last 18 months or so."



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Ng Jen Ny, CEO
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Spotlight ON

When recruiting, diversify your staff

SEVERE labour shortages in various sectors, plus growth in logistics and demand for high-quality applicants, has put pressure on companies seeking to recruit. But this is also an opportunity for companies, particularly in the SME sector, to take on a more diverse staff, and support new ways of thinking to bolster growth.

However, many SMEs struggle with diversity when recruiting staff, according to Sadiya Khan, a former global air cargo executive who has moved into professional coaching – and it's often down to the recruitment process, she says. But there are solutions.

"It all starts with the job description. If you're clear about what you're looking for, it will be easier to find. But know that the words that you choose to represent

your role will define how wide you cast your net.

"Defining what the job is, and thinking more broadly about the type of person that would be able to fulfil these requirements is key to being able to attract all types of people."

Khan says there are three things to consider when recruiting.

"First, is it really crucial that the person has years of logistics experience? Of course, experience can equal credibility sometimes. But it doesn't have to. Sometimes less experience can mean more curiosity, which can lead to breaking through old unhelpful processes.

"Second: can the work be done from home? Covid has shown us this is possible in many scenarios. You could gain access to an excellent candidate in another town.

"Third: does the job have to be strictly 9am-5pm? Key performance indicators (KPIs) help to tell whether a person is contributing. As long as you've got these covered, perhaps it's less about time and more about output."

One of the weaknesses in company recruitment is the tendency to cut and paste the last job description, but Khan explains that spending time on getting the detail right, can save valuable time further down the line.

"If you're using an agency, spend time with the recruiting agent to really describe what type of person would be great at this job, so they can get into your head and fully understand what would work."

She recommends asking yourself: 'Why do I need these requirements?' 'What

does it add?' 'Is it crucial to success in this position?'

"This will enable smaller forwarders to attract and create a solid candidate pool, from which to pick the best of the bunch."

She says that a strong requirement in new appointments is "the appetite to learn, grow and contribute".

"Organisations can sometimes weight experience heavily through the hiring process. But would you rather work with someone motivated or demotivated? If you've found a motivated and experienced person that fits your now awesome job description, hire them now! But if you're having to pick between a luke-warm experienced person, and a ready-to-rock-and-roll, but less experienced person, it might

pay off to give them a chance. Of course, people need to be given experience to get it."

Large corporations tend to snap up ambitious graduates, so the profiles of candidates available to smaller companies may be different, she warns.

"Perhaps people applying are more local - those looking for a role alongside their family life. Being open to supporting a good work-life balance

may well attract some brilliantly productive family-oriented candidates. Smaller forwarders would therefore benefit from being open-minded and broad in

perspective with regard to their new appointments."

One of the issues that many companies struggle with is having the confidence to choose someone not in their own image.

Khan recommends that key to overcoming this is managers understanding why diversity may be better for a company.

"Diversity can bring new ideas. When you see and interact with different people, you see the world through a wider lens. You can be exposed to thinking that you may never have come up with on your own. You can do a lot on your own, but you can do even more together.

"There's a famous saying: 'do the same thing, get the same result.' So, if you want a different result, do something different. And that difference comes from employing and harnessing the power of different minds in a respectful and effective

way.

"Companies that come up with new ideas will be the ones that survive. Having an array of thinking and diversity in an organisation means you're more likely to represent varied market views, whilst also gaining access to cross-cultural relationship-building.

"A diverse workforce and the richness of views this brings is fundamental to being able to service

demand across geographies, as the marketplace becomes increasingly complex."

Once recruiters have understood that, then the "process of diversity in hiring becomes

much easier. When we believe something is correct, we are more aware, alert and motivated to achieve it."

Khan adds that company recruiters should ask themselves 'what alternative perspective could this person bring to the table?'

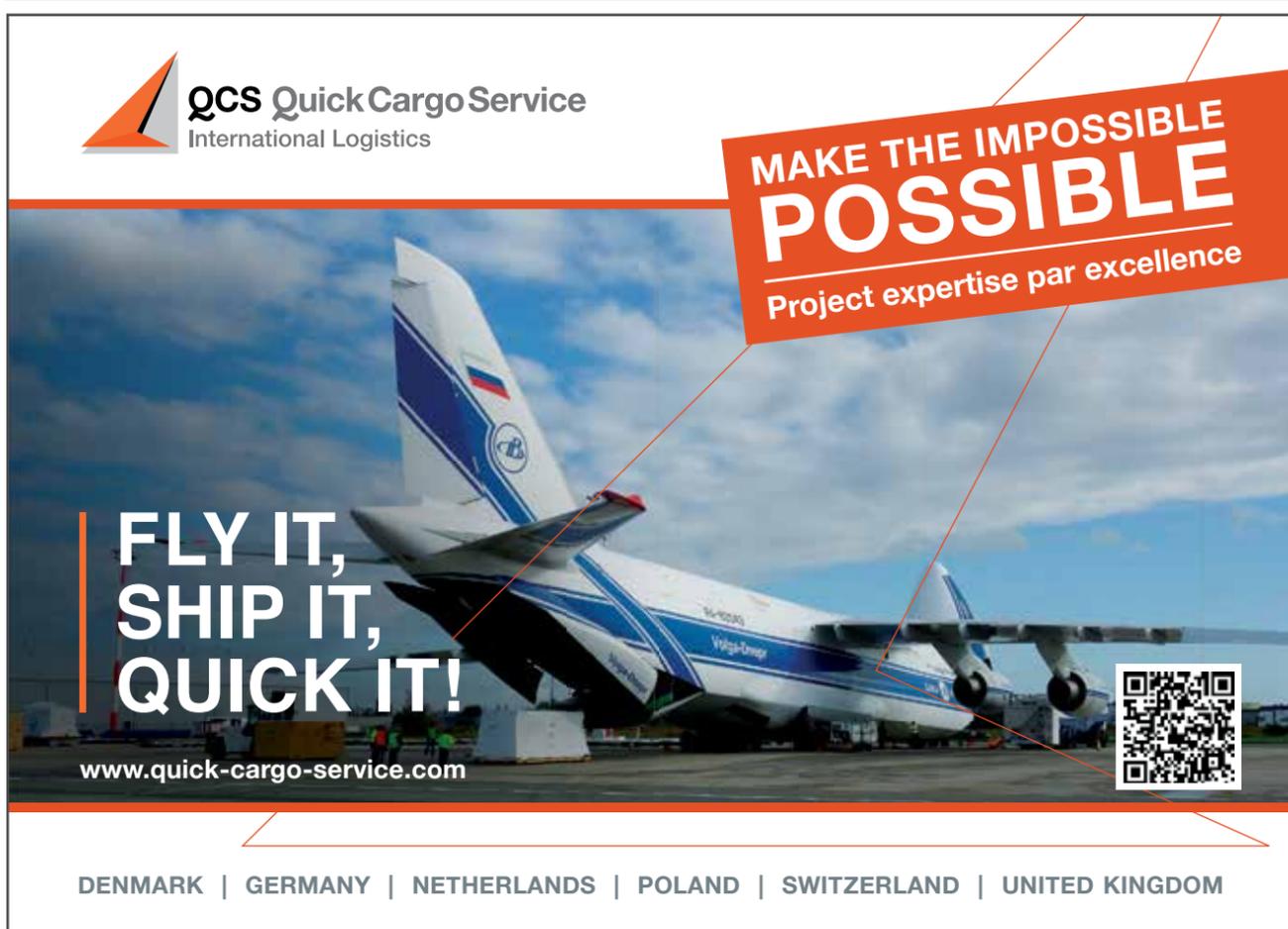
"And has the candidate said something you've never thought of before?"

"If you have a difference of opinion in a productive and healthy manner - then perhaps your candidate is bringing fresh ideas - ideas that you may never have thought of.

"Candidates don't always have to agree with you to be fit for the role. But it's the way they disagree and what else they could bring to the organisation that is important." But she warns: "Note that there's a difference between someone creating a stir, and someone creating a mess."

Khan points out that 'yes' people just give you more of the same. But someone who

"If you're clear about what you're looking for, it will be easier to find"



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Recruitment



SADIYA KHAN
business coach

asks 'why' a lot, can often lead to ground-breaking change.

"In some organisations new ideas might be met with - 'oh right, that's never going to work. Do you even know our customer base?' But wait. Just because it's always been done that way, doesn't mean it's right. So, by managers looking out for those who challenge, ask and query in an effective and collaborative way, they can be sure that they are not just hiring a shadow."

Another way of recruiting new thinkers is by looking to other industries, or even other parts of the wide-ranging logistics industry.

"I fully believe in transferable skills. You can do a lot with the right attitude, mentorship and support."

"The logistics industry encompasses many modes of transport and pieces of the supply chain. Once people have had a taste of viewing the world through the capacity and volume

lens, then jumping to another part of the supply chain, I believe, should be embraced.

"Employers often like candidates with experience because it can help to hit the ground running. Candidates feel safe because they already know the acronyms. But fresh eyes from another industry may well bring a perspective that you would never otherwise have had access to. And there are fundamental universal skills that can cross-fertilise industries."

"Take problem solving - if you have been in operations or customer service in the retail sector, you will have been solving issues. Hiring someone into operations in the aviation industry requires you to solve problems too. With a logical

mind and great customer service skills at your core you'll soon get up to speed in whichever industry you're moving to. Fundamentally, you're dealing with people."

"You can do a lot with the right attitude, mentorship and support"

Once employed, she explains, people then need to feel safe enough to contribute.

"It's all about the management. Creating a sharing environment where people feel secure to

crucial. If someone makes a mistake (and it will happen), if they feel safe, they will tell you about it and you can then figure out how to tidy it up together. Similarly, if someone has an idea, they share it and the business benefits and grows."

She says building individual manager and team member relationships is crucial to this trust and

communications.

"Making the team member feel heard, and adopting a questioning/coaching style, where team members become self-solvers and take responsibility for their portion, creates the psychological safety you need to enable contribution."

On the other hand, micro-managing can lead to disenfranchisement and dependency.

"The employee is then nothing more than a pair of hands, because you have by-passed their brain. In this style, ultimately the organisation is only benefiting from one person's ideas and everyone else is just carrying them out."

Khan adds that creating a team bond is also crucial to making staff feel safe in sharing their thoughts.

"When people feel listened to, and the organisation is actually living the statement 'there's no such thing as a bad idea' - then people feel welcome and the creativity will flow."

While managers are crucial to this process, they too need support.

"Often managers are not given enough (or any) support to enable an effective management style. Instead they are promoted up through the ranks and left to figure it out on their own. Sometimes they get it right, and sometimes they don't, it's a bit pot-luck. Organisations that invest in manager training and coaching give themselves the best chance of creating great teams, which lead to great organisations."

There are other ways to increase diversity, and allow ideas to cross-fertilise, without even having to hire new people. And this is one area where forwarders could have an advantage: exchange programmes with other offices elsewhere in the world.

"Employees gain from increasing their business exposure, gaining experience and views that would otherwise be inaccessible

- some things can only be learnt on the ground," explains Khan.

"Teams function better by walking in each others' shoes, while living in a different place adds to life experience, new perspectives and ideas."

She adds that it's particularly beneficial to smaller companies where there is little room for promotion. "It's a mechanism to be able to keep staff motivated and increase retention."

While she acknowledges that there would be some cost, and challenges in deciding who goes where, both employers and employees can benefit from the exchange of ideas, and new thinking, leading to new results.



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Inland ports relieve congestion

CANADIAN Tire, one of Canada's largest retailers, has taken extraordinary measures to ensure its imports reach its shelves and consumers in time. It is one of the companies that have chartered container ships to haul goods across the Pacific. To ensure smoother flows on Canadian soil, it is acquiring a 25 per cent stake in Ashcroft Terminal, an inland port some 300 km from Vancouver.

The 320-acre facility, in which global terminal operator PSA International holds a 60 per cent stake, is served by both Canadian Class I railways. Canadian Tire's containers are railed from the port of Vancouver to the facility for transloading into 53- and 60-foot containers, which then continue by rail to the retailer's distribution facilities. The empty ocean containers are loaded with agriculture exports and returned to Vancouver.

The move is a shot in the arm for Ashcroft,

Congestion charge becomes permanent on Europe waterways

CONGESTION charges are set to become a permanent fixture on Europe's inland waterways. Hapag-Lloyd has raised rates from €135 (\$160) per teu and €155 per 40ft to €140 and €170, respectively - noting the new rates remained subject to fuel, IMO, congestion and high- or low-water surcharges.

One source complained: "I'm losing track of all these changes and charges - carriers seem to do what they like. But this appears to make the congestion surcharge permanent."

In July, Hapag-Lloyd announced new surcharges, with congestion "beyond normal conditions". The latest rates news, however, caught the industry by surprise, after wait times for key inland operator Contargo had been declining in recent weeks.

Hapag-Lloyd has not been alone in implementing surcharges for inland movements, Maersk was the first to do so, announcing a €10 per teu fee in May.

which has so far dealt with bulk shipments and some container exports. It is not the only inland port that is attracting attention for container imports into North America.

In recent months the Utah Inland Port Authority (UIPA) has taken decisive steps to attract international cargo flows. It has signed strategic collaboration pacts with the port authorities of Oakland and Long Beach and teamed up with technology firms to build a private LTE/5G network.

Battling with a tidal wave of imports that shows no signs of abating, West Coast gateways see inland ports as one solution to alleviate the congestion on their patch.

"This agreement is vital to the port's strategic goals to diversify exports and create new partnerships that will help alleviate the unprecedented cargo surge we've experienced since last summer," commented Mario Cordero, executive director of the port of Long Beach when the deal was announced in June.

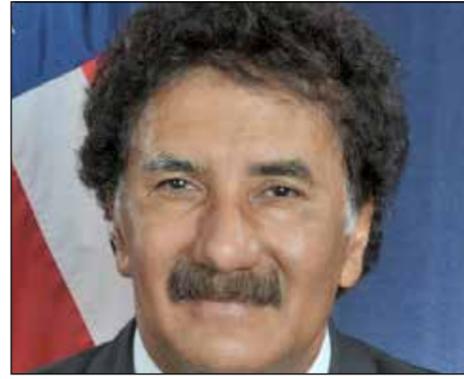
One forwarder described inland ports as a "release valve for overburdened terminals". He added that containers headed for such points are often processed faster on the docks. They are usually put straight onto chassis instead of getting stacked at the terminal.

Douglas Kent, executive vice-president of strategy and alliances at the Association of Supply Chain Management, regards the interest in the Utah facility as a perfect example of efforts to find a better way to manage container transport and a safety valve for congestion.

"An alliance could alleviate this because it creates the flow," he said.

He noted, though, that congestion is not a singular issue, so tackling one element will not bring resolution.

"Infrastructure is one half of the equation; the second is the work force. If you only address the first part, the problem is not solved," he said.



MARIO CORDERO
Port of Long Beach

Another vital element that has to be in place is the IT infrastructure to allow data flow and tracking of cargo, he added.

That's where the UIPA's plans for an LTE/5G network come in. In August it announced that it was working with Intel, Athonet, QuayChain and Wireless Industrial Group on the 'Intelligent Crossroads Network' (ICN) project, which ultimately aims to support a statewide logistics system.

"Having world-class connectivity combined with artificial intelligence solutions will enable greater operational efficiency, which is a key component to leading the transition of commercial fleets to clean energy, which serves UIPA's environmental and community objectives," commented UIPA executive director Jack Hedge.

While the ports are anxious to address the immediate congestion on their docks, their alignments with the UIPA are geared for the longer term. The agreement that Long Beach signed in June is for a four-year partnership that involves joint marketing efforts and sharing of data to improve air quality and energy efficiency as well as efforts to improve flows between the two entities.

The announcement came less than a month after the UIPA signed a similar deal with the port of Oakland. As with Long Beach, the collaboration aims to improve flows between the pair and improve energy efficiency and air quality.

Besides the congestion issue, which is expected to linger amidst projections of long-term elevated container volumes at the main West Coast gateways, Kent sees several

"This agreement is vital to the port's strategic goals"



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benefits in the use of inland ports. To begin with, land costs for warehouse development and rental are considerably lower in areas where inland ports are typically located than at or near major ports, he pointed out.

Inland ports also tend to have ample space, unlike the LA-Long Beach port complex.

The rising attention to environmental protection is adding another aspect to the inland port concept. Moving containers hundreds of miles to inland ports by rail is more sustainable than trucking, while simultaneously addressing the notorious truck driver shortage, Kent noted.

Like many foreign trade zones, inland ports have been for the most part a tool that few importers and logistics operators have utilised. The combination of congested logistics infrastructure, a shortage of truck drivers, lower costs and increasing attention to sustainable solutions could give them momentum to assume a more important role in supply chains.

Voice

of the Independent

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