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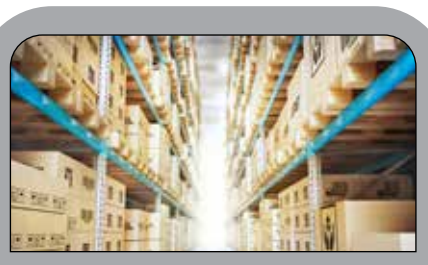

Severe delays facing major hubs

Heavy congestion at airports sees shippers waiting in vain for cargo

AIR freight is facing severe delays as congestion has hit several major hubs across the US and Europe.

As the US re-opened its borders to passengers from Europe, Canada and Mexico, airlines piled on more capacity – but shippers are facing waits of up to two weeks to recover some cargo.

Air cargo executives cited problems across major hubs in Europe, including Amsterdam, London, Brussels, Frankfurt and Liege, as well as in the US, notably JFK.

"It's crazy out there right now," said one cargo handler.

"There are different situations at different airports. But there has been a huge upturn in freighters, and passenger freighters, which has caused congestion.

"In the US, there is a dearth of warehouse capacity, and labour in some markets. It's a bit of a bunfight for staff."

Heathrow was said to be "in turmoil", according to one forwarder. "But so is Melbourne. So is Baku. So is Chennai."

He said things would get worse before getting better: "It's a major trauma to air freight, and now it is at a point where it is difficult to recover."

He added that freight at Heathrow was piling up in remote warehouses – "it's a mess, and the customers don't like it".

"How do you explain to a customer that we have managed to get their freight here at rates in excess of $10 per kilo, only for it to be delayed on arrival by between two and five days?"

> "it's a mess, and the customers don't like it"

JFK is also under pressure, with forwarders reporting delays of up to two weeks for some cargo.

"We are truly struggling with the air product in JFK especially," said one US freight forwarder.

"There is huge congestion that JFK airport is experiencing, while the airlines are not able to push the handlers.

"There is weeks and weeks of backlog, and cargo on the tarmac in JFK terminals for weeks.

"I have worked for a major freight forwarder for 28 years, and have never seen this as bad as it is in JFK.

"The rerouting of cargo is a challenge," he added, "for we have to add additional cost for onwarding to the customer, as well as explain why this needs to happen."

The forwarder added that he currently had missing shipments.

"We have even sent individuals over to try and assist to look for cargo.

"This is affecting the holiday seasons, and consumers are paying $15-$25 dollars a kilo for air freight into the US."

Los Angeles is also affected, although Chicago O'Hare (ORD), which has been plagued by congestion this year, has resolved its problems.

One airport noted knock-on effects from flight delays in China, which had caused scheduling challenges for some airports, while a US source noted that new security rules from July 1, which require all freighter cargo to be screened, had reduced the amount of space available.

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'Greedy' airlines rip up contracts

FORWARDERS and their customers are facing significant air freight rate increases out of China, following some airlines' attempts to break contracts with master co-loaders.

The master co-loaders have claimed that airlines are reneging on year-round or seasonal BSA agreements based on ULD allotment or individual flight numbers.

"But airlines are cancelling their scheduled flights and coming back with another flight number instead," explained Christos Spyrou, founder of Neutral Air Partner, an association representing master co-loaders, consolidators and neutral air freight agents.

"The airline is then covered for breaking its agreement. Forwarders are still looking for a solution, so have to book with the 'new flight' – but instead of it costing $5 per kg, it's now $15.

"This is happening often, and some carriers can get away with it by promoting the 'new flight' as an ad-hoc charter.

"The other thing they are doing is delaying flights. Rates are changing on a weekly basis, so some carriers will cancel a freighter flight on a weekend and put it on instead on a Tuesday – then put the price up to what rates would be that week.

"This is not just normal price rises because of demand – this is carriers increasing their prices in a sneaky way."

The master co-loaders preferred not to name individual airlines for fear of reprisals, but some indicated that it was a common problem among Middle Eastern and Asian carriers.

One of the problems is that the decisions are being made in head offices, not by local cargo managers who have the relationship with the master co-loaders.

"In Hong Kong, it's a bit more regulated," explained Spyrou. "Cathay Pacific will send out proper notices, but many of the airlines are trying to avoid proper communications, even notice of flight cancellations. Airlines in Europe wouldn't do that, they have specific announcements and open books."

> "But airlines are cancelling their scheduled flights and coming back with another flight number instead"

He said that master co-loaders were increasingly angry.

"Consolidators in China have invested so much money in the BSAs with the airlines – some business owners have used their houses as collateral, as their deposits with carriers can reach millions of dollars, and they have to gamble with pre-booked 'dead-freight' capacity from 2,000 to 5,000 tons all year round. They will often lose money in the low season and try to make up in the peak – it's a lot of cargo and a lot of money."

Meanwhile, volumes out of Shanghai have fallen, according to Clive Data Services, which showed a 16 per cent drop, week-on-week, in the week up to November 10. China's aviation authority has refused all passenger-freighter, and charter applications in Pudong for the duration of the International Import Expo, said one local forwarder.

He added that he has seen soaring rates, with an overnight hike of $1.50 to $2 per kg to European hubs, $12/kg to North America and up to $16/kg to Latin America and Africa.

Airlines are also offloading booked-freight for higher rates, with one airline charging $19/kg out of Shanghai, leaving cheaper-rate freight behind.

Forwarders Maersk contracts ended

INDEPENDENT forwarders have confirmed that they have seen their Maersk contracts ended, and not renewed, following the shipping line's decision to cut out some freight forwarders.

From November 1, Maersk said it would give priority to those customers that will take its door-to-door or integrated services, a move which the market has widely regarded as cutting out freight forwarders.

One forwarder told Voice of the Independent: "Maersk cancelled our contract on October 28, and will not renew. And it has done that to a whole load of freight providers."

Smaller and mid-size forwarders are expected to be the worst affected by the decision, which could be challenged by forwarder association Clecat.

Clecat director general Nicolette van der Jagt said that shipping lines were already denying services to forwarders in some ways, which seemed a form of discrimination.

"The [ocean] alliances' market share is very large; it is a concentrated market now [and] they have market power," she said.

"I wonder to what extent this is an abuse of their dominant position? We will look at it and see if we can challenge this with the European Commission."

Maersk has made clear over past years that it wants to be a logistics provider, rather than a pure transportation company. Forwarders have accused it of insisting they use carrier haulage as one of the conditions for its accepting cargo, which Clecat also claimed could be abuse of a dominant position.

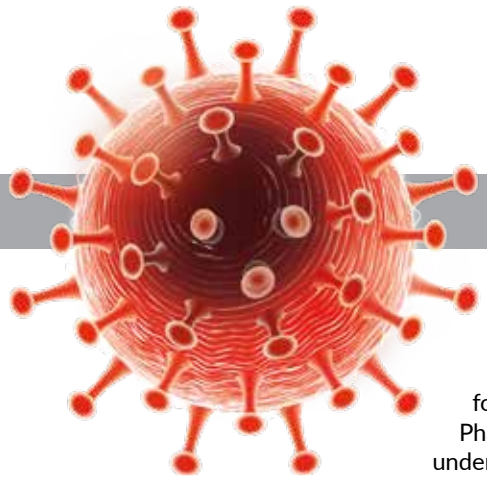
It's not just freight forwarding that is tempting the carrier. On the day it announced a net profit of $5.5bn for the third quarter – more than its best-ever annual result - it also announced the purchase of air freight forwarding specialist Senator International for $644m, as well as aircraft. It will lease three 767-300Fs next year, and is buying two 777Fs for delivery in 2024.

The aircraft will go into its Star Air fleet, which has traditionally flown on behalf of express operators.

Maersk said it expected to carry about one third of its air freight on its own services, with the remainder of the capacity sourced from other carriers.

"The lines are cash-rich at the moment; they have seen what's going on and want a piece of it," said one airline executive.

"It'll be interesting to see how it plays out. They seem to have it all covered now."



Focus ON

Pharma flows: how the vaccin

"WE'VE had a lot of WCA Pharma GDP-certified members handling large volumes of Covid-19 vaccines," says Adam McKenna, WCA's Time Critical, Pharma Group, and Perishables Group general manager. Since the tail-end of 2020, and the launch of the first, scientists across the globe have now developed 21 vaccines to tackle the pandemic. While stats may point to more than half the global population having received their first dose, the numbers vary dramatically by country. More than 80 per cent of those living in the UAE are fully vaccinated, compared to less than 1.5 per cent in Tanzania. Getting jabs out to those who most need it is the responsibility of governments, but it is the supply chain operators who find themselves at the coal face of this movement.

"Our members from all continents have played a big part in helping patients around the world by ensuring the vaccines are handled, packed, shipped, stored, and delivered under the specific requirements set by the manufacturers," continues McKenna. "The clear understanding of patients' needs and requirements are always the focus, and all WCA Pharma Group members understand this. The network will continue to assist in clinical trials in the years ahead."

ADAM MCKENNA
WCA

Attempting to ease the strain in getting vaccines to end users, Uruguay, in partnership with Pharma.Aero, developed what it describes as an "innovative" distribution strategy based around the principles of "lean logistics". According to Pharma.Aero, the strategy reduces delivery time from port to patient to "only 10 hours", which it claims results in cutting almost a day from the supply chain process. Central to ensuring optimum performance, is a belief that the maximum performance that can be achieved by any system is predominantly determined by the constraint(s) afflicting it. As such, the country sought to continually reassess the path it was taking in order to identify systemic constraints and either remove them or, in cases where removal was not possible, realign processes to ensure that the system operates at maximum capacity allowed with the constraint. In a white paper made available by Pharma.Aero, this implies avoiding the loss of any vaccine doses and sizing the rest of the components of the distribution system (ultra-cold freezers, vaccination centres, refrigerated boxes, means of transport, etc.) with a capacity that exceeds the rate of arrival of vaccines. And this means all cogs in the machine working in unison.

Uruguay's vice minister of health, Jose Luis Satdjian says: "It is important to highlight the inter-institutional collaboration. Together with the Ministry of Health, many organisations contributed to this coordinated approach… as well as many actors in the private sector. This was pivotal in reducing inefficiencies, margin of error and lead times.

"The flexibility of the design also enabled us to adapt our policies: for example, swiftly implement pregnant-women prioritisation, the creation of new vaccination centres throughout the entire Uruguayan territory as well as the implementation of mobile vaccination centres, that reached each remote town and underprivileged neighbourhoods in an organised and agile fashion."

Commenting on the success of the strategy, a Pharma.Aero spokesperson notes that despite Uruguay being the last South American country to kick-start the Covid-19 vaccination campaign, it vaccinated more than 70 per cent of its population in less than six months.

> "Our members from all continents have played a big part in helping patients around the world"

"Which makes this strategy a successful case study in the industry," the spokesperson adds.

Vaccines may represent the forward line in combating the pandemic, but they are not alone. Indeed, prior to Covid vaccines coming into existence, health providers had been using a range of measures to both reduce the pressures on health services and cut the number of lives lost to the virus. Amidst the health impacts of coronavirus, problems within global supply chains have been brought to the fore and these too are now affecting this ongoing battle.

But according to the US Food and Drugs Administration (FDA), more than 100 medications are in short supply as a result of supply chain disruption. Among these is Tocilizumab, a drug used in the treatment of Covid-19. The FDA has recognised the difficulties being experienced up and down supply chains and the impact this is having more broadly on pharmaceutical logistics. A spokesperson says the agency is "committed" to working with its partners, in logistics and manufacturing, to mitigate these shortages. One pharma industry executive claims governments need to address this collectively, and with business, or face the situation not only being prolonged but potentially worsening.

Indeed, in September, a coalition of transport associations issued a stark warning to world leaders that global supply chains were "close to collapse" and that governments had repeatedly failed to heed warnings over the severity of the situation. The IRU noted that "global supply chains are beginning to buckle as two years' worth of strain on transport workers takes its toll", and called on world leaders to, firstly, prioritise the vaccination of transport workers if they wanted to reduce the strain being experienced up and down the logistics chains. International Transport Workers Federation (ITF) secretary general, Stephen Cotton, says "these workers" kept supply chains moving "despite the neglect of world leaders", with other members of the coalition (the International Chamber of Shipping and the International Air Transport Association) stressing that many workers had been left stranded as a result of poor vaccine planning policy. An IRU spokesperson tells VOTI that while exact figures on those stranded were "difficult to calculate" the estimate was around "400,000 globally", going on to urge the World Health Organisation to raise the issue with the UN. The WCA is itself well aware of the difficulties. McKenna recognises that the global supply chain remains "under immense pressure" and with "so many factors" contributing to it, that it remains hard for many operators to get a handle on. But he also believes that the Network sits well-positioned to help its members in addressing the issues.

"Whilst we have a lot of WCA Pharma Group members successfully handling and helping deliver vaccines to aid the global pandemic, we have a high number of members who have focused on their regular business," McKenna continues. "From healthcare, clinical trials, testing kits, they continue to help their clients. It is important that WCA Pharma Group members assist and help the world to heal. This [ongoing supply chain disruption] will not define the network, members will continue to grow and develop with assistance from the WCA and the tools made available to them."

ALLAN CHRISTENSEN
QCS - Quick Cargo Service

Those not involved with the vaccine, and therefore not given the same level of prioritisation, continue to bear the brunt of capacity bottlenecks as WCA Pharma Network member Quick Cargo Services' (QCS) Allan Christensen tells VOTI.

"Of course, we also had to deal with capacity bottlenecks, in particular because the passenger flights were very limited or not even possible". Even so, he believes the partnerships that the company has fostered have helped mitigate some of the worst effects of the supply chain crisis.

"Thanks to our close partnerships – we are a business partner of Lufthansa Cargo, for instance, and also through charters – we were always able to offer our customers a solution," says Christensen. "The positive side was that we were always able to offer our customers a good and efficient solution. All in all, air freight was more appreciated and more perceived by society during this time. At the end of the day, air freight has contributed to saving lives."

Given the level of investment involved and the money swirling around the industry – according to Statista, the pharma sector generated revenues

Pharmaceutical Logistics

ne flew

exceeding US$1.27 trillion worldwide in 2020 – it seems clear that every effort will be expended in addressing the problems. For its part, QCS sees digitisation as key to reducing kinks within the supply chain. Christensen notes that "even before the pandemic" his company had been investing substantial sums in furthering its digitisation process and he seems fairly pleased with the progress so far made.

"For example, we have now been working with electronic files for over five years," he continues. "We were one of the first carriers to commit to electronic AWB with Lufthansa and IATA. The early switch to e-files has brought us nothing but advantages: employees' workplaces have become much freer, tidier, and more flexible. Follow-ups on old issues can be done in the system. Without all this, we would not have been able to send over 50 per cent of the workforce to home offices without any problems during the last pandemic year. This allowed us new opportunities. For example, we were able to use our employees in Leipzig or Hanover for dispatch in Berlin or Frankfurt, and thus make cross-location vacation and parental leave replacements during bottleneck periods."

QCS's focus on visibility likely puts it ahead of many of its competitors in the pharma supply chain. According to reports, "visibility is lacking" across this multi-trillion dollar sector, while 3PLs are boasting full, real-time visibility over their pharmaceutical shipments, the same cannot be said for shippers, with just 70 per cent of respondents to a survey conducted by Tive claiming they had comparable capabilities. The lack of uptake represents an on-running issue, at least within the air freight sector, which has spent the better part of a decade claiming it would be fully digitised within a timeframe that consistently gets extended as companies continue to meet targets. Speaking to Healthline, Dr Gwen Nichols said the pandemic had shone a light on the failings of supply chains, and the fragility of them.

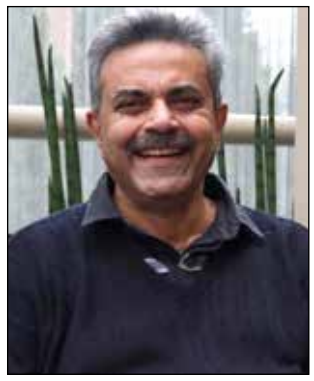
> "At the end of the day, air freight has contributed to saving lives"

"Hopefully, some of what we've learned about the fragility of the supply chain during Covid will help us think creatively about ensuring that people don't lose the chance at access to the agents they need," said Nichols. "We need to be proactive on this rather than the current reactive situation we often find ourselves in."

For its part, Pharma.Aero has sought to ensure it is best placed to deal with the changing shape and increasing demands of global pharma chains. The group announced at the end of October that it had founded an advisory board tasked with maintaining a "360-degree view" on industry trends and innovations related to pharma and life sciences transportation. The board will be comprised of AirBridgeCargo's global healthcare director Yulia Celetaria; director of sales for EMEA in life sciences and healthcare at BDP International Simona Ravera; Milton De La Paz, who serves as Dallas Fort Worth International Airport's vice president of airline relations and cargo business development; and group chairman of Cargo Service Centre India Tushar Jani.

"Covid has resulted in a long-lasting impact to our industry," says Jani. "Pharma is the lifeline and having resilient pharma supply chains in distributing these essential medical supplies will help save lives and livelihoods.

"Looking ahead, with fast-evolving pharma research and developments, pharma supply chains will need to demonstrate higher agility and innovation to meet these changing demands. In this regard, Pharma.Aero is the right conversant platform for all stakeholders to come together and achieve the new milestones."



TUSHAR JANI
Cargo Service Centre India

Spotlight ON

Martin Drew

Many happy returns

managing director cargo & logistics, Etihad

IT'S not been a great time for smaller and mid-sized forwarders – in relation to securing air freight capacity, anyway. With rates soaring, and capacity still severely diminished, much of the space has been booked by larger multinationals, working on behalf of large corporates with deep pockets.

But the market is starting to change, explains Martin Drew, managing director for cargo and logistics at Etihad, which has traditionally courted WCA members.

"The WCA remains strong, and as we start to come out of this – and we are constantly reviewing the situation – we will have an opportunity to re-engage with the WCA and SME forwarders. We are mindful of the need to get everyone on a level playing field.

> "Cargo has been a lifeline, I hate to think what we'd have done otherwise"

"Large forwarders have the dominant position at the moment. But ultimately, we want a customer base as broad as possible, otherwise all our eggs are in one basket.

"We have tried in the past to support SMEs, and we want to support local heroes.

"Consolidation of the forwarder market puts pressure on smaller forwarders. Large forwarders are now acquiring other forwarders, so our client base has reduced as a result, although there is no noticeable difference in the number of accounts."

Drew explains that Etihad has had to review its global account strategy. "We had too many accounts and the global accounts team wanted to provide the best possible resource. We had spread ourselves too thinly.

"That has freed up some time, and now we hope to engage more with SME forwarders."

Etihad is also one of just a few airlines which is available to book space on through all the major booking platforms, and it has also developed its own booking portal.

"Our strategy is to innovate and digitise. So we are connected to all the major portals, and we've done a lot of work on our own portal. Our eAWB penetration is in the top 10 airlines. It's a core pillar for us."

Drew has spent the past five years working in the passenger department, only re-joining cargo in September last year. "To be back in cargo is great, I missed it massively," he says.

"But I've been really pleasantly surprised to see how the industry has transformed in digitisation."

He also notes the greater interest in cargo within the airline since the pandemic began.

"Cargo has been a lifeline, I hate to think what we'd have done otherwise. Cargo has always been highly valued in Etihad, but now everyone wants to be part of it."

March 24 is "engraved in our minds", he explains, as Etihad grounded its entire fleet. But within 48 hours, the carrier had started to rebuild its cargo network using passenger aircraft.

Etihad has five freighters, and also took out the seats on five 777-300ERs, which continue to operate now.

But, he admits, it's not ideal. "It's an expensive method of operating – the cost per ATK is 2.5 times that of a 777 freighter. And there are some constraints on the flights."

Along with the challenges in loading and unloading, which has led some airports to restrict the movement of passenger freighters, there are also some commodities unsuited to cabin-carrying.

"Our 777 passenger freighter has helped us up ramp up capacity in markets like Vietnam, which is very strong right now, but also Cambodia, Bangladesh, India. There are limited markets where you can deploy them, it depends on cargo types, but they are good for garment producers in South East Asia. It then goes to Abu Dhabi, where it is offloaded and palletised."

The 10 'freighters' now form an "airline within an airline", he says.

"We are constantly engaging with customers; can we tweak the network, what commitments can we give?"

Commitments have been tough for airlines. Caught between needing to fast re-fill the coffers spent by the near-defunct passenger business, and the desire to play fair, current market conditions have made it challenging.

In common with other airlines, Etihad has been trying to get the balance right.

"Blocked space agreements (BSAs) continue to be part of our business. We've always had BSAs ex-Asia, but we are now seeing them out of Europe too, which was unheard of previously.

"It's always important to strike the right balance – how much capacity is committed, and how much goes to the spot market.

"It's about being fair. Our mix of BSAs and spot haven't deviated much from our original policy, although it depends on routes."

Right now, the passenger business is seeing some renewed demand, which is triggering network changes.

"We have been deploying passenger aircraft just for cargo, but that's more limited now, and we are having to balance passenger demand. Abu Dhabi has been very restricted, but it's more relaxed now.

"There is an opportunity for us to deploy passenger aircraft where yields are increasing – and we are exhausting all the capacity that's available to us."

Some passenger routes have been supported by cargo, others are leisure destinations that Etihad has not served before, such as Mykanos, Santorini and Zanzibar. It has also opened routes to the Seychelles and the Maldives, the latter of which "actually has very good cargo volumes".

Other routes have seen the carrier upgrade capacity to accommodate cargo demand, he says.

But Etihad's capacity has changed substantially in the past 18 months. In 2018, it operated a fleet of 70 widebodies, including A330s, A380s, 787s and 777s. It now has just 45 widebodies, primarily 787s. Its five-year plan is to bring the fleet back up to 70 widebodies, 787s and A350s. And it looks likely to invest in more freighters, says Drew.

But right now, developing the fledgling passenger business is critical. "We've started to see the return of some passenger demand, and the network has been developed based on passenger breakeven load factors.

"Seeing the bounceback of passengers is great. Airlines have been crying out for this for a long time."

Etihad has five freighters, and also took out the seats on five 777-300ERs, which continue to operate now

Insights IN

Seafreight – comment by Mike Wackett

Is it time to redesign Malcom's invention?

MIKE WACKETT
Sea Freight Consultant, FICS

THERE is an inherent defect in the intermodal sector that is a contributory cause to many serious fires on containerships: the uniformed, ubiquitous, multi-coloured container that transports the cargo.

The 70-year-old invention of a rust-resistant steel container has an Achilles heel in its timber or bamboo flooring.

The combustible floor of a container is no longer fit for purpose in today's ultra-large container vessel world, according to many insurance experts.

While crackdowns are needed on the rogue shippers that misdeclare dangerous cargoes, which is estimated to account for 5 per cent of containers loaded on board ships, and there is an urgent requirement for regulators to upgrade the woefully inadequate minimum on-board firefighting systems, the shortcomings in the CTU (cargo transport unit) appear to have been overlooked.

Insurance investigators are calling for improvements to the fire-retardant safety of the container's flooring in response to a plague of serious containership fires.

In the past five years there have been 16 devastating fires, resulting in tragic loss of life and millions of dollars in General Average claims. In many cases the blaze has rapidly spread in stacks through the collapsing floors of containers.

Moreover, there are many less serious fires and explosions on containerships that don't make the headlines, with P&I Club estimating that there is one fire involving containerised cargo every two weeks.

The combustible floor of a container is no longer fit for purpose

The brainchild of the father of containerisation, Malcom McLean, 'the box' has revolutionised transport and international trade and there are now estimated to be some 45 million of the cargo-carrying workhorses in existence.

And with shipping lines queuing up to order more equipment, to mitigate the impact of supply chain snarl-ups, that number is heading north at a fast pace.

For decades the wooden flooring of the container provided a surface that was easily replaceable at depots, able to be treated with bug-resistant chemicals, and suitable for a fast turnaround, with the mandatory 'sweep outs' charged by the leasing companies becoming an industry in its own right.

The container did not as such represent a fire risk, providing there was reasonable access to the sides and the doors in the unlikely event of a fire developing in the box. In fact the box offered good protection from external forces.

The fire risk escalates when the CTU is stacked high - such as a midships deck stowage. If the fire is not contained quickly it potentially becomes a risk to other boxes in its vicinity, often due to the collapse of the floor, accelerated by the timber igniting.

Many in the industry believe that the ability of the crew to successfully fight an on-board fire was breached when ships exceeded 10,000 teu, due to restricted accessibility.

However, there is a solution to the weakness of the container, but it comes at a cost.

The flooring of newbuild containers could be specified to be fitted with a fire-resistant intumescent mesh, similar to that used in the construction industry, for an estimated cost of $1,500.

And no doubt it would also be possible to retrofit the existing fleet when boxes are idled for repair.

Given the scale of the task, fire safety improvements to the container will not happen overnight.

But each of the 45 million boxes that is upgraded will be another brick in the fire wall of container shipping safety.

With the billions of dollars of profit being garnered in the container industry there will never be a better opportunity to complete this task!

Do you have cargo on board the MV Zim Kingston?

Insurance focus by Richard Kamppari Baker, Claims Director, World Insurance

THE MV Zim Kingston suffered a large fire on 23 October 2021 when approaching the Strait of Juan de Fuca. Apparently, the vessel, on route from South Korea to Canada, suffered damage from a heavy storm, and some combustible powder from containers ignited.

Luckily the fire was eventually brought under control without any loss of life, but the exact number of containers damaged and the subsequent knock-on effects are still unknown, although more than 100 are reportedly missing.

In times of high freight charges, container shortages and international trade shortages, these types of incidents are most unwelcome. The vessel will not be going anywhere for the foreseeable future, but what does it really mean for forwarders?

The vessel will not be going anywhere for the foreseeable future

If your containers are directly involved this would mean the usual claims for damage, delay or loss. General Average has been declared, which will require Cargo Insurance Securities or cash deposits to be placed to retrieve the containers. No doubt this will place unnecessary strain on the forwarders' relationships in the absence of cargo insurance.

Furthermore, the incident will also cause considerable delays on future shipments if the Zim Kingston must be repaired and other vessels require repositioning. This is likely to cause disruption to the holiday trade and delay-related claims against forwarders.

From an insurance point of view, the biggest concern will be with the containers responsible for the fire. Whether you are the exporter from Korea or the booking agent, the carrier will hold them responsible and pursue for what they can. This will be costly especially as it seems the carrier has already identified the persons responsible.

If you have any cargo on-board this vessel, we strongly recommend you immediately notify your cargo insurers in order to assist with any General Average or damage-related matter. Your liability insurers should be notified in respect to any potential claims against you but especially if any of your containers could been responsible for the fire.

In case of any questions, please contact World Insurance at customercare@worldinsuranceagency.com for further assistance.

Warehouse woes

THE shortage of warehouse staff has been identified as one of the main reasons for the congestion in global supply chains, and it is getting worse. In July in the US alone there were a record 490,000 open positions in warehousing and transport. This figure does not include openings in warehouses of retailers and manufacturers.

The peak season inevitably exacerbates the situation. According to a survey by ARC Advisory Group, 35 per cent of warehouses have a seasonal boost of workers of more than 20 per cent. To meet this year's anticipated peak volumes, Amazon has tried to recruit 125,000 warehouse and logistics workers, UPS and retailer Target have planned for 100,000 extra staff each and Walmart for 20,000 logistics staff.

Amazon, which has boosted its workforce by 75 per cent since the start of the pandemic, has led the charge in higher wages to attract warehouse personnel, paying on average over US$18 an hour for recruits. However, with labour shortages in other industries, many blue-collar workers have turned away from warehouse employment, which is considered less safe and more taxing than many jobs at comparable pay levels.

Paying higher wages is a start to attract and keep workers. High staff turnover leads to more time spent on recruiting and training new staff, and it also lowers experience among a company's workforce, resulting in a decline in performance.

This can have a knock-on effect on safety. According to a report from supply chain risk monitoring firm Resilinc, supply chain disruptions caused by human error were up in the first half of this year from 2020, with a record number of factory fires, which were mostly due to gaps in regulatory and process execution and a shortage of skilled warehouse labour.

Besides offering competitive pay and benefits, logistics infrastructure development giant Prologis advises warehouse owners to keep their premises clean, well organised and safe for workers, to implement ergonomic work stations and equipment, to maintain flexible work schedules and to provide ongoing training and support.

In collaboration with the Association of Supply Chain Management (ASCM) Prologis has developed a warehousing certificate programme, which was released in October. This consists of a 20-hour online course leading to a final exam with 60 questions that participants have to answer to obtain their certificate.

The programme covers the loading and shipping processes and the common shipping documents, scheduling and tracking of shipments, returns management, the use of different performance metrics and sustainable work practices. Participants are shown how to follow an effective order fulfillment cycle and work to improve order accuracy and efficiency. They are taught to use inventory management systems and how to make appropriate decisions about the use of different types of carriers, and they have to implement a structured problem-solving process to deal with problems in warehouses and distribution centres.

> "The ongoing labour shortage is creating havoc with the supply chain and in communities across the nation"

"The ongoing labour shortage is creating havoc with the supply chain and in communities across the nation. This programme provides jobseekers a solid foundation to begin their logistics career and give them a competitive advantage in the job market," commented Steven Hussain, vice-president of workforce programmes and community relations at Prologis.

"This is a real-world curriculum designed with input from industry leaders. The programme will help logistics companies find the talent they need to continue to grow and meet the evolving demands of the modern economy."

It is ASCM's first certificate programme developed in a public/private partnership with subject matter experts.

The programme targets entry- and mid-level warehouse workers.

"Additionally we see benefit to employers who want to use this course to give their teams a common language and a unified base of warehousing education," a spokesman for ASCM said, adding that the certificate "provides a comprehensive foundation that leads to a more specialised certification".

Historically career advancement in warehouse work has come largely through tenure in the job, but the picture is changing, he remarked.

"The warehousing and distribution industry is on the cusp of a set of rapid innovations that will transform much of the work that currently occurs within the four walls of today's warehouses.

"Technological advancements, such as the internet of things, big data, machine learning and robotics are dramatically reshaping the industry. Amidst this upheaval, there will be opportunity for ambitious and committed workers that are interested in taking their careers to the next level," he stated.

The shortage of warehouse staff has accelerated operators' push for more automation. This sector is expected to see rapid growth in the coming years. One recent estimate projects the warehouse automation market to grow from $29.6 billion in 2020 to $69 billion in 2025, with the largest spend on conveyors and conveyor-based sort systems.

However, this does not eliminate the need to recruit and keep warehouse staff. "A warehouse will always need workers, no matter how automated it becomes," Prologis stressed.

If anything, the advance of technology in the warehouse calls for better training of employees – besides better remuneration and attractive working conditions.

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Turkish Cargo takes off for Macau

TURKISH Cargo has added Macau to its growing number of destinations, following the recent opening of a route to Hong Kong.

Starting in November, the carrier will introduce a 97th direct cargo route by starting flights to Macau, which is important for high-tech, ecommerce, electronics and textiles. The flight will be operated with an A330F, from Istanbul via Almaty.

The carrier also pointed to its experience in transporting medicines, particularly in the Turkish export sector. It claimed an 8 per cent market share in medical transportation, and noted its experience in nuclear medicine for cancer patients.

Turkish "gives hope to cancer patients by providing fast and safe transportation for radioactive medicine with half-life, which are produced at night by Eczacıbaşı-Monrol", it said.

Eczacıbaşı-Monrol is Turkey's first radiopharmaceutical manufacturer, exporting cancer treatments to some 50 countries.

Turkish has a 371-strong fleet, of which 24 are freighters. It aims to become one of the top three air cargo carriers in the world, and added that it is innovating in digitalisation, part of its strategy for sustainable growth.

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