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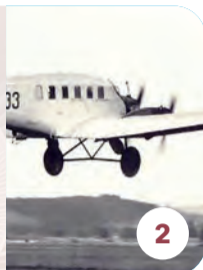
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No. 1,284 17 June 2024

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### Did You Know?

IN the early 1900s, many brave and intrepid young pilots were determined to succeed and make civil aviation a reality. With no navigation systems and little proper ...



### Voice Of The Industry

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Janis Balkens is a Latvian national with over 20 years of experience in leadership, operational and commercial roles in aviation. He has worked ...



**A**viation, whether cargo or passenger, will remain a fundamental mode of transport. However, air travel inherently contributes to pollution. While sustainability encompasses much more than just pollution, it's undeniable that this is the core focus for many in their environmental strategy.

So, what can be done to mitigate emissions? The key lies in making conscious decisions about when and how airfreight is utilised. Consumers drive the demand for airfreight through their habits. As long as there's a need for rapid transportation, airfreight will remain relevant and strong. However, industry actors can focus on optimising assets to reduce inefficiencies.

For instance, rather than flying half-empty aircraft, there could be a willingness to wait for additional demand to fill planes entirely. While this may sacrifice some efficiency in the short term, it could lead to a more sustainable approach overall.

#### The right balance

There's a delicate equilibrium between pricing, cost, and environmental impact. To minimise the carbon footprint of airfreight, it's essential to carefully consider when and how flights are operated while also balancing the economic realities of the industry.

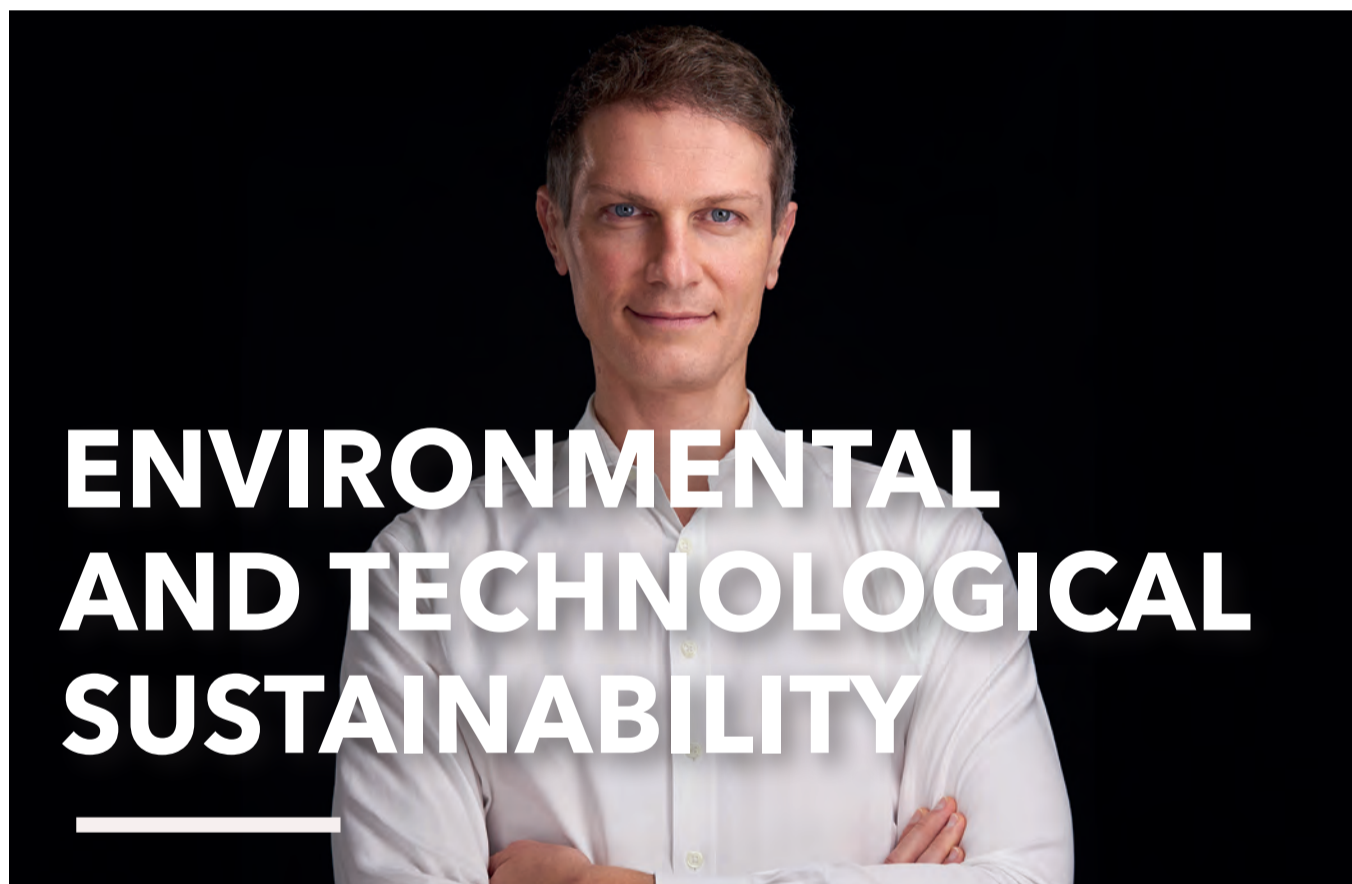
"It has become critical for those in the airfreight industry to adapt to new digital tools. These enable companies to demonstrate their commitment to sustainability and innovation, having a positive impact on the environment and ensuring a strong future for the industry," Cedric Millet, President of CargoTech, said.

"In terms of environmental sustainability, CargoTech has developed solutions that aim to improve visibility and ease job execution. For instance, CargoAi allows airlines to distribute their capacity and pricing while providing customers with options ranked not just by price and delivery time but also by CO2 emissions.

"Skypallet by Wiremind optimises pallet building and space utilisation. By maximising efficiency, with fewer aircraft needed to carry the same amount of cargo, CO2 emissions are reduced, not only improving utilisation and profitability but also minimising environmental impact."

#### More than your carbon footprint

Sustainability is a crucial element for the airfreight industry, not just in the traditional approach of cutting carbon footprints but through using



digitalisation and innovation efforts to make jobs within the industry more appealing and interesting, especially for new entrants to protect the industry's future.

With the cargo industry having historically been very manual, to ensure sustainability in terms of attracting and retaining employees, it's essential to eliminate old, low-value, manual tasks. Young people who have grown up in a digital reality are unlikely to be attracted to roles that are still highly manual.

"Many kids today spend more time on their iPhones or iPads than interacting with their parents," Millet posed.

"To engage these digital natives, we must provide digital solutions and innovations that make our industry attractive and engaging.

"Take, for example, capacity management. Previously, employees would process emails and phone calls to take bookings. Today, with digital solutions, these tasks are handled electronically. The same employees who once managed bookings manually can now focus on optimising capacity, transforming their roles and making them more appealing.

"This shift is not only about improving job satisfaction but also about making the industry more attractive compared to other sectors."

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# PREVENTING DISEASE IN ANIMAL TRANSPORTATION



BY Anastasiya SIMSEK

FROM conservation and rewilding projects to food production and pet movements, the animal transportation sector plays a vital role. However, the movement of animals also poses significant challenges to their health and welfare.

In a recent presentation at the 50th Animal Transportation Association conference, Jenny Hutchinson, Head of the World Animal Health Information and Analysis Department at the World Organisation

for Animal Health (WOAH), shed light on how to prevent the risk of that disease from impacting animal transport.

"Transport is an integral part of animals' lives, whether they're being transported for food production, research, or recreational purposes," Hutchinson noted. "However, it comes with its challenges."

## WOAH's role

With 183 member countries, WOAH sets global standards and guidelines aimed at preventing the spread of animal diseases and safeguarding international trade.

The organisation's Terrestrial Animal Health Code outlines principles and regulations for transporting animals by sea, land, and air. These standards, developed through extensive consultation with experts and member states, aim to ensure welfare and mitigate the risks of disease transmission.

Hutchinson didn't explicitly list the diseases impacting animal transport. However, she did mention examples that have historically spread through animal transport, such as avian influenza.

Avian influenza, commonly known as bird flu, is a contagious viral infection that primarily affects birds. It can spread rapidly among poultry flocks through direct contact with infected birds or their droppings. The disease can also be transmitted indirectly through contaminated equipment, vehicles, or personnel involved in the transport of birds.

Drawing on her background as an Australian veterinarian, Hutchinson highlighted: "Animals, especially cattle and sheep, can be transported thousands of kilometres, facing welfare issues along the way."

Did You Know?

## FIRST EVER NIGHT FLIGHT

BY Michael SALES

IN the early 1900s, many brave and intrepid young pilots were determined to succeed and make civil aviation a reality. With no navigation systems and little maintenance, flying was mostly by instinct, and, sadly, many crashed the fragile machines.

During the years that followed the First World War, rapid progress followed. Aviation's progress took some major strides when the first ever recorded commercial night flight took place, flying from Belgrade to Bucharest, a distance of 448 kilometres (279 miles) in October 1923.

The flight in a three-engined Caudron C-61 bis bi-plane lasted five hours and ten minutes and carried eight passengers and two crew members. The aircraft itself

carried lights, but beacons were erected along the route. In 1923, six C-61s were bought by Compagnie Franco-Roumaine de Navigation Aérienne, to run between Bucharest and Belgrade.

In 1926, the newly formed German Lufthansa company transported around 1000 tonnes of airfreight, as well as some 6000 passengers. Then, on 1st May 1926, Lufthansa established its first ever night

flight between Berlin and Königsberg, a distance of 528km (328miles). Pilots used illuminated markings on the ground and beacons on masts and tall buildings for navigation. The Junkers G-24 was a German three-engine, all-metal, low-wing monoplane passenger aircraft.

These initial flights were extremely hazardous with few aids such as artificial horizon or instruments.



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Annual subscription rates: Print issue: £150 • € 180 • US\$195

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Digital issue: Free-of-charge



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## GREEN SPOTLIGHT

BY Edward HARDY

THREE powerful forces are driving the move towards sustainability in the logistics sector: financial incentives, government regulations, and customer influence - all interlinked.

Carbon taxes and government regulations highlight the clear benefits of choosing low-carbon supply chains. By directly reducing emissions or by working with suppliers/carriers that are committed

to doing so, organisations can significantly cut costs under new taxation frameworks like the European Union Emissions Trading System and Carbon Border Adjustment Mechanism, turning sustainable processes into a financial advantage.

Equally compelling is the role of customer demand. The growing desire for sustainable products pushes companies to scrutinise every aspect of their supply chain. The immense spending power of consumers can shape and steer corporate sustainability strategies and force government action, proving that the voice of the customer is a formidable force for positive change.

For companies eager to decarbonise, starting with 'quick wins' is a smart strategy. Embracing initiatives that deliver a swift return on investment or boost efficiency can make a real impact. Installing solar panels and modifying vehicle fleets to enhance aerodynamic efficiency, as well as adopting advanced driver training to teach economic and environmentally aware driving —and thereby reducing fuel consumption—are prime examples.

Additionally, making the most of available resources, such as shifting transport modes and adopting drop-in alternative fuels that don't require vehicle modifications and are sustainably sourced, can drive immediate and meaningful progress. These steps not only cut emissions but also showcase a commitment to sustainability that resonates with stakeholders and inspires further action.

"Transparency and accountability are the bedrock of our journey towards net zero as a sector. While celebrating positive change is vital, we must guard against greenwashing, which undermines trust in the sustainability claims organisations make," Sam Warren, Woodland Group's Sustainability Manager and the first chair of the British International Freight Association's Sustainable Logistics Policy Group, explained.

"It is crucial to identify the best current solutions based on available resources and continually reassess them. For instance, Hydrotreated Vegetable Oil is a short-term fix for decarbonising road transport as a drop-in solution, but it potentially diverts feedstocks from sustainable aviation fuel (SAF) production. While alternatives like electric vehicles and hydrogen show promise for road freight, viable options for airfreight outside of SAF are still lacking, underscoring the importance of ensuring feedstocks for SAF long term as demand increases with time."

### Long term vision

Sustainable fuels like SAF, bioLNG (bio-Liquified Natural Gas), and hydrogen are solutions that urgently need to be scaled up. SAF, a renewable jet fuel derived from feedstocks like waste foods and oils, currently costs three to five times more than standard jet fuel but can cut emissions by up to 90 percent.

bioLNG, a biofuel used in the maritime sector, is produced by converting organic waste into biogas, which is then liquified. This biofuel can cut emissions by up to 90 percent compared to Heavy Fuel Oil. Hydrogen, when used in fuel cells, powers vessels with electricity and heat, producing only water and oxygen as by-products—making it essentially a carbon-free fuel when using green hydrogen.

To bring these sustainable fuels to the forefront, the industry must channel more funding into their development. Initiatives like the Book and Claim model of insetting can play a crucial role in bridging the gap. This model allows companies to purchase sustainable fuel to use in supply chains, earning them credits to potentially claim the resulting emission reductions (dependent on new/developing guidelines). Their investment drives the expansion of these cleaner fuels.

"The journey isn't without challenges. The limited availability of SAF and the necessity for more renewable energy and green hydrogen to achieve truly carbon-free status highlights the need for increased funding and support. While grey, blue, black, and brown hydrogen still depend on fossil fuels, pushing for green hydrogen will pave the way for a more sustainable future. By investing in these fuels now, we can make them more accessible and effective and further their ongoing development, accelerating our transition to low-carbon economies," Warren explained.

"Decarbonising the logistics industry presents numerous challenges, yet the progress is undeniable. Government subsidies for renewable fuels, ongoing customer demand, and collaborative efforts among organisations are key drivers. With an unprecedented number of green projects underway, the sustainability landscape of our industry is evolving rapidly. However, while new technologies and theories continue to emerge, it is essential to leverage existing solutions to tackle climate change head-on. By acting now and remaining vigilant, we can steer towards a greener, more sustainable future."

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As we help you serve your clients better, we don't forget our responsibilities. In an industry where compliance and security are paramount, we take every measure to ensure that cargo entrusted to us is handled with the utmost care and strictly adheres to all regulations.

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In essence, choosing Cargonet as your airfreight wholesaler means choosing to enhance your business's efficiency, flexibility, and profitability. It means being able to promise your clients a service that is superior in its reliability and reach. It means gaining a competitive edge in the marketplace.

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# Voice Of The Industry



## E-COMMERCE FACES AUSTRALIAN HURDLES

05

BY Paul ZALAI, Director Freight & Trade Alliance (FTA)

AUSTRALIA has stringent Biosecurity controls at its border to protect the island nation from potentially devastating pest and disease outbreaks, safeguarding its national economy, agriculture, fisheries and forestry industries, regional communities and unique environment.

The Australian federal government announced in the 2023-24 Federal Budget a need for "sustainable funding" to strengthen Australia's biosecurity system. This was planned to be paid for on a "shared responsibility" basis, taking total revenue from AUD \$536.2m to AUD \$804.6m by the 2024-25 financial year.

This includes the introduction of new levies on Domestic Producers and e-commerce Cargo Reporters from 1st July 2024.

### Domestic producer levy

Freight & Trade Alliance (FTA) and the Australian Peak Shippers Association (APSA) provided a detailed submission to the Rural and Regional Affairs and Transport Legislation Committee, including a three-point plan recommending the federal government:

1. Does not proceed with the complex proposed levy (referred to by the National Farmers Federation as a 'fresh food tax') costing Domestic Producers annually AU\$47.5m being 6 percent of the budgeted BPL;
2. Increase the Full Import Declarations (FID) cost recovery paid by Importers to recoup the above AU\$47.5m shortfall and additional funds to address interim remedial action to support import processing until

additional permanent resources and benefits of modernised systems are realised; and

3. Offset the increased FID cost recovery impost on importers, by introducing a Mandatory Code (as recommended by the Productivity Commission in their Review of Australia's Maritime Logistics System) to address the current incontestable Terminal Access Charge (TAC) regime, that costs importers and exporters more than AUD \$1.3 billion over the last three calendar years.

The FTA and APSA positions were supported by major producer groups and appear to have been a significant contributing factor to the federal government not progressing to vote on the Agriculture (Biosecurity Protection) Levies Bill 2024 [Provisions] and Related Bills.

While the Domestic Producer levy will not proceed on 1st July 2024, the concept remains alive with the Department of Agriculture, Fisheries and Forestry (DAFF) to progress renewed discussions with FTA, APSA and other peak industry bodies as a part of the recently established Sustainable Biosecurity Funding Advisory Panel.

### e-commerce Cargo Reporter levy

FTA has been advocating for a delay to the proposed 1st July 2024 implementation of the new cost recovery fee for biosecurity clearance of declared low value goods (valued at AUD \$1,000 or less) with many unanswered questions posed during May 2024 meetings with

representatives of the Department of Agriculture, Fisheries and Forestry (DAFF).

In response, implementation of this new fee has been deferred and will now commence on 1st October 2024 with the intent to provide sufficient time for DAFF to engage with the industry to address outstanding concerns in administering the arrangements.

It is important to note that June 2024 discussions (involving FTA and other representative groups) examining issues relating to the proposed e-commerce Cargo Reporter levy have led to a call for a broader review on alternative collection methodologies to cast a wider net on all low value imports and to ensure a level playing field between logistics providers and postal services.

Putting this into context, low value consignments entering Australia via the postal system require the same level of reporting as those items imported as cargo via freight forwarders and express couriers. This forces labour-intensive processes requiring physical intervention by DAFF officers at the border with existing cost recovery arrangements, costing Australia Post AUD \$15.4m per annum in cost recovery fees.

It is understood that Australia Post handles approximately 144 million parcels per year, translating to a cost recovery fee of AUD \$0.10 per item; considerably lower than the AUD \$0.36 per declaration proposed via the cargo stream.

Watch this space as the next few months will see the e-commerce sector engage with the Australian federal government, seeking a level playing field in terms of the quantum of Biosecurity Protection Levy payable by the sector.

# ANTONOV AIRLINES: A SOARING UKRAINIAN TITAN



06 BY Anastasiya SIMSEK

IN an exclusive interview with Air Cargo Week, Ruslan Bykovets, Executive Director of ANTONOV Airlines, the esteemed Ukrainian cargo carrier, has shared insights into its remarkable resilience and adaptability amidst unprecedented global challenges.

From the Covid-19 pandemic to the ongoing conflict in Ukraine, ANTONOV Airlines has consistently demonstrated its ability to maintain a strong presence in the aviation industry while navigating the complexities of war.

## Resilience at its core

Over its 35 years of operation, the airline has established a reputation as a reliable carrier, holding a leading position in the cargo charter transportation sector.

Even with the onset of the Covid-19 pandemic in 2020, ANTONOV Airlines showed remarkable flexibility and dedication; using its specialist experience and high professionalism to ensure the successful transportation of unique oversized and heavy cargo.

"We deployed all our aircraft in the fleet to meet the demands of the air transport market, continuing to operate in an intensive mode around the world," Bykovets stated, pointing to the technical capabilities of the AN-124-100 aircraft and experienced, customer-oriented team at ANTONOV Airlines.

## Adapting amid conflict

The Russian invasion of Ukraine in 2022 introduced challenges many in the logistics industry, including those at ANTONOV, had never faced before.

When the conflict reached Hostomel Airport, ANTONOV Airlines had to act quickly.

"The first missile strikes on the territory of Ukraine took place even before the beginning of the working day, so most of the workers did not come to the airfield," Bykovets shared.

"Those who were already at workplaces were moved to shelters and evacuated from the territory at the first opportunity. Some airline employees were at Leipzig/Halle airport on a scheduled business trip and supported operational activities in the early days of the invasion."

Leipzig/Halle Airport has been a supportive partner since 2006, providing a base for ANTONOV's aircraft operating under a NATO contract.

With the full-scale invasion, the airport authority promptly offered its infrastructure, allowing ANTONOV's fleet to continue operations and maintenance from a temporary base.

"Thanks to the coordinated work of all divisions of the enterprise and the high level of responsibility and professionalism of each employee, we were able to preserve all processes, ensure the decent work of the airline and fully fulfil the terms of contracts with customers.

"The fruitful, selfless work of the staff of "ANTONOV" ensured smooth operations in an extraordinary situation.

"The speed of decision-making has also become crucial in matters of ensuring operational activity, maintenance and crisis situations. A team working as a single organism is the key to the efficient operation of the company under any conditions."

Despite the challenges, ANTONOV Airlines continues to serve a

global market.

"We continue to work in the segment of ultra-heavy and large-sized cargo air transportation," the airline explained.

The demand for transporting aerospace cargo has grown, reflecting the sector's development. As industries recover from the pandemic, chartered air transport is increasingly used for quick logistics solutions.

The airline also noted a significant increase in flights to and from North America over the past two years.

## The loss of the AN-225

The ANTONOV An-225 "Mriya," the largest aircraft in the world, was a symbol of engineering prowess and national pride for many Ukrainians.

Tragically, this magnificent aircraft was destroyed by Russian



forces on 27th February 2022, during the Battle of Hostomel and Battle of ANTONOV Airport.

"Ukrainian defenders successfully repelled the attack of the invaders and made it impossible for planes to land on the airfield. Property losses incurred by Ukraine, including the unique AN-225 aircraft, are a renewable resource. The main thing is to protect our people, and we will gradually rebuild," Bykovets stated.

With a length of 84 metres, a height of 18.2 metres, a wingspan of 88.4 metres, and a capacity of about 1000 cubic meters, "Mriya" was an unparalleled giant in the aviation industry.

The destruction of the unique AN-225 aircraft during the conflict was a significant loss for ANTONOV, Ukraine and the entire aviation industry.

An integral part of the logistics sector due to its higher cargo lift capacity, the AN-225 transported multiple record-breaking loads.

"This was more important than just completing the mission. For many of our clients, it was a matter of pride to order the charter of the world's largest aircraft; it became part of the history of any company," Bykovets said mournfully.

Various plans have been suggested to rebuild the AN-225, such as securing the funds from Russian reparations. However, plans are on hold while Ukraine's efforts are focused on winning the ongoing war.

"We are working for the victory of Ukraine and the liberation of Ukrainian lands from the Russian invaders and the return of the entire country to a peaceful life. Having achieved this goal, we will be able to fully implement the reconstruction and development plans," Bykovets declared.

**Strength and resilience**

In order to create continuous operational activity, ANTONOV Airlines has introduced a rotating system of employees between its Kyiv home and a temporary base at Leipzig/Halle Airport.

"The biggest concern since 2022 is guaranteeing safe working conditions for our staff in Ukraine because constant shelling from Russia creates a constant threat to the lives of Ukrainians," Bykovets revealed.

"That is why reliable shelters and safety rules of activity were created as a matter of priority because human life is the greatest value.

"We continue to provide round-the-clock services for our customers and keep in touch with our partners 24/7/365.

"The swift decision-making and teamwork of ANTONOV's staff were crucial in preserving the airline's operations and fulfilling contractual obligations with customers."

Employees without whom the full-fledged operation of the airline is impossible, such as members of the flight crew, representatives of the technical service and other critical units, are not subject to being deployed on the front.

"The entire people of Ukraine mobilised for the sake of preserving the integrity and freedom of our country. Among the employees of "ANTONOV" are also defenders of our state, serving in the ranks of the Armed Forces of Ukraine," Bykovets said proudly.

"ANTONOV belongs to the state of Ukraine and works in its interests. Therefore, ensuring the uninterrupted operation of the airline is a strategic decision."

**Technology and collaboration**

ANTONOV Airlines recently launched a new website, reflecting its forward-looking approach. The airline has development plans that include fleet modernisation and strengthening. Partnerships and collaborations play a crucial role in this strategy.

"Combining efforts gives better results," Bykovets explained, underscoring the importance of cooperation, with technology key to the future of operations.

"We are modernising our planes and constantly improving the customer service system."

Digitalisation is a critical direction in this process, and ANTONOV is working with specialists to introduce effective solutions.

As ANTONOV Airlines continues to navigate through global challenges and conflict, its resilience, adaptability, and commitment to excellence remain unwavering.

"We work on the international market. Therefore, in order to maintain our high positions, we constantly improve the customer service system, studying and implementing the latest requirements and standards," Bykovets outlined.

"We are modernising our planes. Without it, further development is simply impossible. Undoubtedly, digitalisation is one of the key directions in this process, and we are fruitfully cooperating with specialists in this field to introduce modern and effective solutions in the work of our Airline".





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# BRINGING CREDIBILITY TO THE LOGISTIC INDUSTRY'S GREEN GOALS

BY Edward HARDY



08

**“To mitigate this risk and ensure meaningful emissions reductions, we advocate for a value-chain approach”**

In a bid to make logistics more environmentally friendly, DHL is promoting its 'Book and Claim' strategy, providing a pathway for individuals and businesses alike to contribute to sustainable practices within the industry.

Whether shipping a single parcel or a larger pallet, any participant can engage in the market for sustainable fuels, leveraging emissions reductions toward their sustainability objectives.

While their goods may not physically utilise sustainable fuels during transportation, their involvement in the market signals demand and can effectively incentivise suppliers worldwide to ramp up production.

This is crucial for the industry as it strives to accelerate the availability of sustainable fuels to meet the growing demands of the transportation sector and align with global climate targets.

By 2026, advocates of "book and claim" seek to establish it as a credible industry standard, driving accelerated decarbonisation efforts.

DHL sees this approach as holding the key to achieving environmental targets and supporting broader greenhouse gas reduction goals, marking a significant step forward in the fight against climate change within the logistics industry.

"The concept of "book and claim" is straightforward: "book" refers to accurately recording decarbonisation activities and linking them with accounting systems to ensure transparent documentation of emissions reductions," Yin Zou, Executive Vice President Corporate Development at DHL Group, explained.

"Meanwhile, "claim" involves using this documentation to credit users who invest in and utilise these reductions. This process not only ensures transparency but also guards against greenwashing.

"The urgency for such a strategy is evident as the logistics industry is a significant contributor to carbon emissions.

"However, a key hurdle in implementing "Book and Claim" is the lack of a standardised market-based accounting system for auditing these activities. Customers seek assurance that their investments in green products are credible and verifiable.

"Currently, the absence of a clear framework within the Greenhouse Gas Protocol exacerbates this challenge, resulting in a "chicken and egg" scenario.

"To address this, industry players are collaborating with NGOs, customers, and auditors to pilot and develop a standardised approach for the sector."

## Making green initiatives more affordable

In the aviation industry, sustainable aviation fuel (SAF), made from renewable materials, such as used cooking oil, is notably pricey due to limited feedstock availability.

However, ongoing technological advancements and efforts from various companies aim to address these challenges, seeking to make SAF production more economically viable. It's anticipated that costs may gradually decrease after 2027 as these technologies mature.

Amidst this landscape, there's a notable shift in industrial behaviour, with some advocating for separate transfer of environmental benefits from SAF to Scope 1 users like airlines and Scope 3 users like consumer goods companies. While well-intentioned, this approach carries risks, as unused Scope 1

emissions could render Scope 3 credits essentially worthless.

"To mitigate this risk and ensure meaningful emissions reductions, we advocate for a value-chain approach," Yin explained.

"In this model, airlines like ours purchase and use SAF directly, accounting for Scope 1 emissions. Customers then benefit from Scope 3 reductions when utilising our services, creating a tangible value proposition.

"This approach ensures that emissions reductions are genuine and meaningful rather than speculative.

"Recent developments, such as a deal from a major US technology company focusing solely on Scope 3 emissions, highlight the growing interest in emissions reduction initiatives.

"However, it's crucial to maintain the integrity of the value chain to prevent potential misuse of emission credits. Standardisation in this regard is paramount, ensuring transparency and accountability in the industry."

## Forward momentum

There are several driving forces behind the motivation for decarbonisation efforts. Firstly, from a personal perspective, many small and medium enterprises (SMEs) are increasingly aware of changing trends and an increased willingness to pay extra and take action to contribute to saving the Earth.

Secondly, regulatory measures are becoming stricter, which is a positive development. Collaborative efforts between governments and businesses mean that decarbonisation is no longer an option but a necessity. The penalties for non-compliance are increasing, making it imperative for companies to engage in decarbonisation efforts to remain compliant and responsible.

Lastly, there is a "front-runner effect" at play. They actively target customers who have signed up for initiatives like the Science-Based Targets Initiative. By working closely with these customers to decarbonise their supply chains, DHL has observed a ripple effect across sectors as leading companies set an example for others to follow. This spillover effect encourages broader industry engagement in decarbonisation efforts.

"Taking proactive steps towards decarbonisation is essential, especially considering the potential consequences of inaction. By leveraging personal motivations, responding to regulatory pressures, and capitalising on the influence of industry leaders, companies like DHL can drive meaningful change towards a more sustainable future," Yin stated.

"In today's evolving society, particularly with shifting demographics and the emergence of new generations, the emphasis solely on profit becomes a less convincing argument for big corporations. There's a growing recognition of the responsibility that comes with corporate stature.

"Fortunately, we've experienced the benefits of aligning our operations with a broader purpose. Our success isn't solely measured by financial gains but also by our positive impact on society and the environment.

"While some companies may adopt a "wait and see" approach, we believe that such behaviour is not only irresponsible but also shortsighted. As market leaders, it's incumbent upon us to take decisive action rather than passively observe the changing landscape.

"By doing so, we not only ensure the long-term sustainability of our business but also contribute positively to the well-being of society and the planet."

# BALANCING GROWTH AND SUSTAINABILITY

BY Edward HARDY



In the post-Covid era, cargo operators face the dual challenge of recovery while confronting societal pressures to become more sustainable. Asia Airfreight Terminal (AAT) is committed to addressing these challenges head-on, believing that more environmentally-friendly practices and growth are not mutually exclusive but can complement each other effectively.

"One of the key challenges AAT faces in its pursuit of sustainability in the air cargo industry is balancing environmental goals with operational demands," Mike Chew, AAT's Chief Executive Officer, stated.

"As a cargo terminal operator, we need to ensure efficient and timely handling of goods while minimising our environmental impact. This requires careful planning and optimisation of processes, equipment, and resources to achieve a sustainable balance.

"We are proud to state that AAT has made commendable progress in addressing this challenge, remaining steadfast on the right track.

"At AAT, we believe in integrating environmentally-friendly measures into our operations to minimise our carbon footprint, prioritising several key strategies to balance growth and greener operations."

## Investment and advancement

AAT has been working to utilise advanced energy-efficient vehicles such as by converting 95 percent of our work vehicles to electric power. The recent launch of Autonomous Electric Tractors (AETs) represents yet another example of their eco-friendly initiatives that substantially reduce carbon emissions while automating processes to enhance efficiency and effectiveness.

"The investment in autonomous vehicles aligns with our approach to sustainability and innovation. Firstly, as vehicles are electric-powered, it reduces carbon emissions and contributes to a greener environment, which aligns with our commitment to reducing carbon footprint and promoting sustainable operations," Chew explained.

"Secondly, it aligns with our approach to process innovation. Operational resilience is critical in the fast-paced world of air cargo logistics, especially during peak seasons and manpower shortage currently faced by the industry."

The facility has been developing smart infrastructure to facilitate the transition to cleaner energy sources including, a new electric vehicle ("EV") charging station for staff and tenants at the terminals.

Alongside this, they have been implementing energy-saving measures in the development of their facilities. An example to note is the launch of AAT COOLPORT, Hong Kong's first on-airport cold chain centre with a completely temperature-controlled environment covering the entire handling process. It reflects their sustainable approach by incorporating non-ozone depleting refrigerants, double doors, speed doors and thermal insulation panels to optimise energy efficiency.

As well as this, AAT has been exploring renewable energy sources, including the implementation of solar-powered LED lights for outdoor areas around AAT premises.

"We regularly monitor and report on our energy consumption and greenhouse gas emissions to identify areas for improvement and track progress toward our sustainability goals," he continued.

"AAT has installed smart meters to track the electricity consumption of equipment. The meters enabled the team to identify hotspots of high energy consumption systems so that they can focus upgrading efforts and allow

quicker response to any unusual activity (trips, faults, etc.)."

## Key component

AAT's commitment to sustainability seeks to go beyond regulatory compliance and customer demands. "We see sustainability as a fundamental responsibility and a key driver of our long-term success," Chew asserted.

"While customer demands and regulations play a role, our dedication to sustainability goes beyond compliance. We actively collaborate with industry bodies and initiatives to set sustainability goals and share knowledge."

AAT has set up a dedicated Sustainability Committee within the company, which oversees the implementation and monitoring of sustainability strategies.

"This committee is comprised of management across all divisions, the inclusive approach ensures that sustainability is considered from multiple perspectives and that our strategies and actions align with our values," Chew explained.

"The committee's purpose is to manage, implement, and monitor our sustainability strategy, targets, performance, action plans, and reporting. This approach ensures that sustainability is integrated throughout our organisation and reflects our commitment to making it a core value at AAT."

## Trending operations

Looking ahead, AAT foresees several future trends and innovations shaping the sustainability landscape of its operations.

First, they anticipate continued advancements in electric and autonomous technologies. This includes the adoption of electric-powered ground support equipment, advanced robotics, and further integration of automation to streamline processes and reduce environmental impact.

Additionally, they foresee a greater emphasis on harnessing renewable energy within operations. This may involve the installation of solar panels and the exploration of other renewable energy options to power facilities, reducing dependency on traditional energy sources and further reducing carbon footprint.

Furthermore, data analytics and artificial intelligence will play an increasingly significant role in optimising sustainability efforts. By leveraging data-driven insights, they can identify areas for improvement, implement predictive maintenance strategies, and optimise resource allocation, ultimately enhancing efficiency and minimising environmental impact.

Lastly, collaboration and partnerships will continue to shape sustainability initiatives. As such, AAT is seeking collaborations with government bodies, industry associations, and technology providers. By participating in initiatives like the IATA Environmental Assessment Programme (IEnvA) and the Hong Kong International Airport 2050 Net Zero Carbon Pledge programme, AAT aims to develop innovative solutions and share best practices to achieve a more sustainable future.

"AAT remains committed to staying at the forefront of sustainability by embracing emerging trends and innovations. We are dedicated to continuously improving our operations, reducing environmental impact, and setting industry benchmarks for sustainable practices," Chew declared.

"Together, AAT could go above and beyond for a better future and a better community."



**"Furthermore, data analytics and artificial intelligence will play an increasingly significant role in optimising sustainability efforts."**

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## KEEPING IT COMPLIANT

BY Edward HARDY

AIR cargo companies face a myriad of compliance challenges when it comes to dealing with global supply chains, from adhering to tariffs and customs requirements to ensuring compliance with international sanctions and export controls.

The critical issue is distinguishing between goods that can be shipped and those that cannot, often within very tight timeframes, as the nature of air cargo is built on speed and reliability, with high standards of security and safety.

Some goods, such as those intended for humanitarian aid like soy foods or medical equipment, can still be shipped to sanctioned countries. However, without the ability to quickly and accurately identify these permissible goods, companies risk losing money.

Given these time constraints, compliance checks must often be completed within hours of departure, sometimes as little as four hours. This necessitates a highly efficient and precise compliance process to ensure all regulatory requirements are met without delaying shipments.

"Navigating compliance in the air cargo industry is incredibly challenging due to the immense volume of transactions these companies process," Aneta Klosek, director of financial crime compliance at LexisNexis Risk Solutions, stated.

"We're talking about thousands of transactions daily and millions annually. Each transaction involves multiple data points, including the entities involved, descriptions of goods, countries of origin, and shipment routes. This complexity is further exacerbated by recent sanctions on countries like Russia, which vary by nation.

### Struggling with sanctions

Falling foul of sanctions can be driven by a mix of factors. It can be intentional, accidental, or due to negligence. Some players within the supply chain might deliberately engage in evasion to earn extra money. Others might unintentionally become

violators by not conducting proper checks or failing to identify risky routes, thereby indirectly aiding in evasion. Even without wilful intent, they still violate sanctions.

The complexity of sanction regimes, especially in regions like Asia, with its fragmented landscape and diverse languages, adds to the challenge. Miscommunications and translations can lead to errors. Additionally, frequent changes in regulations and varying degrees of restrictiveness among regulators complicate compliance.

In some countries, regulators provide clear guidelines on whom the regulations apply to and what actions are considered violations. In others, the regulations are broad, leaving companies to interpret whether they apply to their operations.

"The cost of compliance is significant. Last year, the financial services industry in Asia alone spent US\$45 billion on compliance. Cargo handlers are required to meet similar standards despite handling far higher volumes of transactions. This escalates compliance costs substantially," Klosek highlighted.

"To put this into perspective, US\$45 billion is equivalent to the GDP of Cambodia or Nepal in the Asia region. This underscores the substantial financial burden that compliance can impose on businesses."

### Rise of speedy shipments

The emergence of e-commerce adds a significant challenge for air cargo companies that are trying to comply with these rules and regulations, as they are now, often, handling an ever-growing number of transactions.

In particular, for cargo companies, e-commerce presents an issue due to the lower quality of data they receive. Exporters are required to declare goods to customs but not directly to air cargo companies, leading to vague descriptions on air waybills, such as generic terms like "textiles." This lack of detailed information burdens air cargo companies, as they

must determine what can and cannot be shipped amidst increasing volumes.

e-commerce transactions are also more numerous and more granular compared to traditional bulk shipments like machinery or industrial equipment. Instead of pallets, they deal with many small packages, often sent as gifts or directly from businesses to consumers.

Additionally, the rise in consumer-to-consumer (C2C) and business-to-consumer (B2C)

temporarily transferred to the airline or air cargo company for the duration of the service they fulfil.

"However, it's not just the fines or penalties that air cargo companies fear the most. While these fines can be significant, the greater risk is becoming sanctioned themselves and ending up on a sanctions list. Additionally, companies may lose licenses to export certain highly lucrative goods, such as dual-use goods, which require higher safety and security standards. These goods typically offer higher margins for air cargo companies, making the potential loss of such licenses a significant business concern."

### Efficient compliance

Technology plays a crucial role in facilitating and speeding up compliance checks in the air cargo industry. Given the industry's promise of speed and reliability, air cargo companies often charge higher fees for their services. However, the tight timeframes for delivering goods mean there is a very short window to conduct all necessary checks. Manually distinguishing every single transaction to ensure compliance is virtually impossible.

Each air waybill contains multiple data points, including the entities involved, addresses, and potential changes during the shipment process. Criminals often exploit this by providing correct information initially and altering it later, assuming that early checks suffice. Therefore, it is essential to perform checks throughout the shipment lifecycle.

"Technology helps by providing a clearer view of various risks, such as functional risks, export control risks, journey risks, and sanction evasion risks at every transaction level," Klosek outlined.

"It reduces the risk of human error, offering updated and verified information that aids in making holistic decisions. Moreover, by distinguishing between compliant and non-compliant transactions, technology enables companies to explore new markets and business opportunities, such as delivering humanitarian aid to sanctioned countries."



transactions further complicates the landscape, requiring air cargo companies to handle a diverse array of small, individualised shipments.

"Based on certain regulations, particularly from the EU perspective, the requirements from regulators can be very specific," Klosek explained.

"They state that those who transport the goods and are involved in the transaction are held accountable for ensuring compliance with sanctions. Legally, ownership of the goods is

# 60 Seconds With ...



**JANIS BALKENS**  
Chief Operating Officer of Unilode

BY Anastasiya SIMSEK

Janis Balkens is a Latvian national with over 20 years of experience in leadership, operational and commercial roles in aviation. He has worked extensively with airports, airlines, ground handlers and logistics companies, and most recently, he held the position of Regional Chief Executive Officer for New and Emerging Markets at dnata.

Janis holds an MBA in Aviation from the Danube University Krems and completed executive management programmes at the London Business School and INSEAD.

Janis joined Unilode in October 2023 as Chief Operating Officer.

**How did you get into airfreight/logistics?**

My dad worked at customs at the airport in the early 90's and I took a Summer job there when I was 15. Since then I always wanted to come back, and I started with airBaltic in 1996.

**What quote has most resonated with you?**

Treat others how you would like to be treated.

**What's the best piece of advice you've ever received?**

Don't lie.

**What is the most adventurous thing you have ever done?**

I can't disclose it...

**If you could have dinner with any three people, living or dead, who would it be and why?**

Michael Jordan, my sports idol, Robert de Niro, to see if he's fun or boring, and my Godfather John, who passed away during Covid, and I did not have a chance to see him for a few last years.

**What's something we wouldn't know about you from your CV?**

I was a DJ.

**What hobby have you always wanted to try but never got around to?**

Flying a plane.

**If you have not pursued a career in airfreight, what other field would you have liked to go into?**

Minister of Foreign Affairs.

**If you could have any superpower, what would it be?**

Prevent people from getting sick.

**What's your proudest moment and your biggest regret?**

Proudest - My three daughters, no doubt. Regret - I wasn't there for them enough.

**If there was a movie made about your life, who would you like to see play the lead role?**

Brad Pitt, because it would be so cool.

**Looking back over your career, what would your message be to someone considering a career in logistics?**

It's a fascinating industry that allows you to move around the world and be professional anywhere, as your skills are applicable everywhere. It's addictive and makes the world feel small. It's still one of the industries where you can start at the bottom and become CEO.

**How do you motivate your team?**

Be present, be clear on the purpose, their role in it and their goal!

**What is the one item you can't travel without?**

Passport.

**Who is your role model?**

Arnold Schwarzenegger (he literally beat the odds).

**What would your autobiography be called?**

The Globetrotter from unknown place.

**Cats or dogs?**

Cats.

**Early riser or night owl?**

Night owl, still.

**What's the best and worst purchase you've ever made?**

Best - First house at the age of 21. Worst - A car that I did not need.

**If you could only eat one meal for the rest of your life, what would it be?**

Pasta.

**What's your most used emoji?**

Thumbs up!

# View From The Maindeck

## FREIGHTER CONVERSIONS FUEL GROWTH IN OPERATIONS

BY Ajinkya GURAV



**F**reighter conversions have emerged as a critical strategy for airlines and operators seeking to optimise their fleets, enhance capacity, and meet the dynamic demands of global trade. With new programmes, expanded lines, and a growing roster of customers, freighter conversions are experiencing a surge in popularity, driving innovation and reshaping the industry.

### New programmes

Boeing and Airbus, titans of the aerospace industry, have been at the forefront of developing cutting-edge conversion programmes to meet the rising demand for freighter aircraft. These programmes cater to a diverse array of customers, including airlines, cargo operators, and leasing companies, offering tailored solutions to suit their unique needs. The allure of freighter conversions lies in their ability to transform passenger aircraft into efficient cargo carriers, providing cost-effective alternatives to purchasing new freighter planes.

The latest developments in freighter conversion programmes highlight a trend towards increased efficiency, payload capacity, and range. Boeing's 777X freighter and 767 freighter conversion programmes have garnered significant attention, promising

operators enhanced capabilities to navigate the complexities of air cargo transportation. Airbus, meanwhile, continues to innovate with its A350 freighter programme, leveraging advanced aerodynamics and fuel-efficient engines to deliver optimal performance in the air cargo arena.

### Chinese conversion sites

China's ascent as a global economic powerhouse has propelled it to the forefront of the air cargo market. In response to the growing demand for freighter conversions in the region, China has established conversion sites at its Maintenance, Repair, and Overhaul (MRO) facilities. These strategically located sites boast state-of-the-art infrastructure and a skilled workforce, providing operators with convenient access to top-tier conversion services. The move underscores China's commitment to becoming a hub for air cargo operations and reinforces its position as a key player in the global aviation industry.

Zach Young, Director of Sales & Marketing, Precision Aircraft Solutions and 321 Precision Conversions, stated that "the move not only enhances China's position as a hub for air cargo operations but

also expands the reach of conversion services to operators across the region."

### Addressing challenges

While freighter conversions offer a plethora of benefits, they also present challenges in terms of cost, staffing, and certification. The substantial investment required for conversion programs, coupled with ongoing operational expenses, can pose financial hurdles for operators. Moreover, ensuring an adequate supply of skilled labour and obtaining necessary certifications remain ongoing priorities for conversion providers. Efforts are underway to streamline processes, optimise resources, and collaborate with regulatory authorities to address these challenges and foster a conducive environment for conversion operations.

Freighter conversions represent a pivotal strategy in the arsenal of air cargo operators, enabling them to adapt to changing market dynamics and capitalise on emerging opportunities. With new programmes, expanded lines, and a growing customer base, freighter conversions are poised to continue their role in revolutionising the air cargo industry, driving growth, innovation, and efficiency.

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