V/2018

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BARIG Air Cargo & Logistics Committee pushes for intensified digitalization and better processes

Led by BARIG Secretary General Michael Hoppe and Ivan Santoro, Regional Operations & Ground Handling Director EMEA at Air Bridge Cargo Airlines, the <u>BARIG Air Cargo &</u> <u>Logistics Committee</u> met on the 20th September 2018 at Frankfurt Airport Center to discuss the topic "Optimization of processes in logistics and at the air cargo interface". Apart from many members, further guests of the meeting were the Association of Air Cargo Handlers in Germany (VACAD), the German Association for Freight Forwarding and Logistics (DSLV), the Freight Forwarding and Logistics Association of the States of Hesse and Rhineland-Palatinate (SLV) as well as Fraport. Focal points of discussion were digitalization and optimization of procedures of the handling chain and reducing bureau-cracy, meaning reduced paperwork, leaner structures and complete data. Furthermore, processes were outlined and initial common guidelines are in preparation. The aim is to identify and exploit potentials of increased efficiency, thereby improve the cost base and ultimately accelerate and enhance the efficiency of air cargo handling at the interface road-airport-aircraft. This strategy also incorporates novel integration options from FAIR@Link.



The BARIG Air Cargo & Logistics Committee continues to push ahead with digitization.

BARIG and the Air Cargo Community Frankfurt

The executive board of the Air Cargo Community Frankfurt (ACCF) came together in Cargo City South at Frankfurt airport on the 7th November 2018 to define the objectives for the upcoming year. Michael Hoppe has been <u>active in the board</u> since ACCF's founding in 2014 and represents airline interests of both pure cargo airlines and those that handle freight and passengers. This intensive cooperation in the field of operation with numerous internal and external interfaces was now reinforced for the year 2019.

Hoppe makes clear that BARIG and its member airlines demand further substantial improvements at the air traffic location Frankfurt since costs in the Rhine-Main area are still very high compared to nearby alternative airports in the Netherlands, Belgium, the Czech Republic and Hungary. Due to infrastructural bottlenecks and recurring delays some carriers would apparently already contemplate alternative options. Examples given are Liège (Belgium) and Leipzig. Both airports have developed into important bases for cargo carriers and have recently even announced additional upgrades.

There is general consensus that the infrastructure in Frankfurt needs substantial improvements, especially since the construction of the new Terminal 3 is expected to lead to further infrastructural bottlenecks at Cargo City South.

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Dear BARIG members, dear BARIG partners,



Air cargo connects markets worldwide and is indispensable for multiple production and supply chains. To facilitate a positive development of logistics and cargo processes in Germany, the digitalization of air cargo logistics must be further promoted. This inevitably includes an increased harmonization, deregulation and reducing bureaucracy of processes. BARIG drives these topics forward in the BARIG Air Cargo & Logistics Committee as well as with the Air Cargo Community Frankfurt and representatives of all areas of the air cargo process chain. Initial success is recorded in Frankfurt for example with the implementation of the FAIR@Link airport apron guidance system or the digital declaration of hazardous goods. However, to adequately manage capacity bottlenecks, the lack of qualified personnel and competitive disadvantages due to lower operating costs in other countries, more courage for digitalization and innovation is still required.

Yours faithfully,

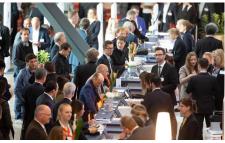
Michael Hoppe BARIG Secretary General



Cargo City South at Frankfurt Airport (Photo: Fraport AG/ Stefan Rebscher)

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Over 3,500 participants at the German Logistics Congress (Photo: BVL/Kai Bublitz)

BARIG attended the German Logistics Conference in Berlin

The logistics industry has developed into the third largest economic sector in Germany. From the 17th to the 19th October 2018, its players met at the 35th German Logistics Conference (DLK) of the German Logistics Association, which took place in Berlin under the headline "Digital meets Real". The conference demonstrated that digitalization can create impressive tools to solve problems in logistics, including robotic applications and the usage of autonomous systems. Furthermore, a close cooperation of companies is becoming indispensable in our era of globalization, division of labor and demographic change.



Superheroes at the 35th German Logistics Congress (Photo: BVL/Kai Bublitz)

BARIG supports national image campaign "Logistics heroes"

The DLK further offered an ideal presentation opportunity for the newly launched initiative "Economic drivers" with its image campaign <u>"Logistics heroes</u>", which is supported by BARIG. On posters, advertisements, internet sites and social media channels logistics heroes, meaning friendly employees from various parts of the logistics sector, present their professionality, motivation and daily performance through clear statements and facts. The campaign is scheduled to start in the second half of 2019 and is targeted at potential new logistics heroes as well as the general public in order to draw attention to this commonly underestimated economic sector. Since both the member airlines from the fields of air cargo, passenger and charter as well as the BARIG Business Partners are major components of the logistics chain in Germany and worldwide, BARIG is engaged in this campaign and is now one of 40 supporters. Among these are companies such as BMW. Siemens and Airbus as well as associations and media partners.



BARIG with the supporters of the campaign "Logistics heroes". (Photo: Christoph Müller/BM Productions)

Immediate efforts for a Single European Sky needed

All parties involved agree that the **Single** European Sky (SES) must be realized in order to create more capacities in European air space. In this regard, Michael Hoppe, BARIG Secretary General, demands that projects such as the Functional Airspace Blocks (FABs), which are to replace the national airspace areas, and the Single European Sky ATM Research (SESAR) programs for the harmonization and integration of European air traffic management must be consistently pursued. The slow progress that has been made so far is no longer acceptable, states Michael Hoppe and in this context additionally refers to the closing statement of the aviation summit in Hamburg on 5th October 2018. In face of the increasing number of passengers and flights in and over Europe, the air traffic system must be urgently developed. Holistic

International Airline Association in Germany

BARIG Board of Airline Representatives

concepts designed with foresight are required and national borders must be overcome to further ensure safety and a better usage of air space.



Air traffic control in Frankfurt (Photo: Fraport AG)

With <u>SES</u>, flight procedures can be optimized. This could increase capacity and reduce fuel consumption and CO₂ emissions as well as noise pollution per flight. A standardized and international flight management allows for more efficiency and lower overall costs. However, the integration of individual tasks has failed so far due to national egoisms and regulations. Some European member countries refuse a replacement of their national air space by a FAB. For this reason, different technical systems are currently implemented in air traffic control, thereby making European air traffic management inefficient and expensive.

BARIG, the German Aviation Association (BDL), German Air Traffic Control (DFS) and the German Airports Association (ADV) already work on this topic together in a future-oriented manner, but politics must also take action. German politics must force and intensify their initiatives on an European level, meaning towards the European Commission and the European parliament, to dismantle the scattered organization of air traffic control in Europe and to overcome the differently handled civil-military integration.



Photo: Munich Airpor

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"Learning from past mistakes" published in



Roger Hailey, editor of Air Cargo News & Freighters World Air, interviewed Michael Hoppe on the situation at Frankfurt airport and published the discussion in the October edition of Air Cargo News.

What is your message to airlines, freight forwarders and shippers who are already planning for peak season congestion at Frankfurt, i.e. moving their cargo elsewhere? Are their preparations justified?



Hoppe: We expect the cargo volume to be similar or even slightly higher than in 2017 with a solid peak season starting this fall. Shortterm congestion can never be ruled out completely, but it is also possible at all other

comparably sized European locations. In Frankfurt we have learnt from previous mistakes. The reasons for bottlenecks which occurred last autumn and winter were analyzed and measures have been taken to better stabilize cargo operations during peaks. Frankfurt is a powerful location and a reliable partner for air cargo and logistics companies. New systems are currently being tested and will be implemented soon.

General handling agents, for example, are focusing on the improvement of individual processes (i.e. regarding warehouses or IT). Furthermore, the air cargo community has developed ideas and taken action to achieve enhanced efficiency of processes.

In Frankfurt for example, the BARIG Air Cargo & Logistics Committee, in cooperation with the associations VACAD, DSLV and SLV, managed to bring representatives from airlines and airports as well as high-ranking logistics representatives together around one table. This created awareness that all parties must work on solutions hand in hand and that a high level of quality in import, export and transit must remain a mutual goal. Only in this way can the performance of Frankfurt and Germany in general be maintained.

In addition, politicians must be adequately involved and should contribute by establishing suitable framework conditions for efficient processes; the keywords in this context are administration and digitalization. Moreover, the measures taken must not be thwarted by restrictions on operating hours.



Car loading at Frankfurt Airport (Photo: Fraport AG/ Andreas Meinhardt)

What has been done to prepare for the 2018 peak and to avoid a repeat of last year's cargo delays during that period?

Hoppe: In close cooperation with all parties involved, an extensive cause analysis was performed and deficits were tackled together. Bottlenecks in process chains were revealed and digitalization projects were further promoted. The defined measures are expected to lead to significant short- and medium-term improvements.

The crucial points for rapid success were identified and solutions for early implementation were found. In Frankfurt, more parking spaces were created and more efficient ramp assignments for handling were introduced. Furthermore, due to optimizations in infrastructure and more available truck docks, we believe that overall Frankfurt is better positioned than in 2017. In addition, last year was affected by strikes, which presented an exceptional situation and were also largely responsible for deficits and backlogs in warehouses. Can you summarize what you want to see from the air cargo community in Frankfurt to achieve those ends?

Hoppe: The close communication between the community's system partners must be continued. For example, another meeting of the BARIG Air Cargo & Logistics Committee recently has been held to discuss the most recent developments in air cargo and logistics processes and to prepare accordingly for future growth.

At this point, BARIG counts on the joint spirit of the industry, authorities and other interfaces to foster and further enhance efficient co-operation. Being responsible for the airlines as executive board member of the Air Cargo Community, the further development of processes and quality at Frankfurt Airport is of particular interest to me.

All the partners along the air cargo and logistics process chain as well as politicians must accept responsibility and join forces to secure Frankfurt's position as the leading air cargo location in Europe. Shifts of freight business to other airports in Europe must be avoided. The time has come for a novel master plan for Germany. BARIG and its over 100 member airlines, especially at Frankfurt, are ready to fulfill this task.



Photo: Fraport AG

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Publisher: BARIG e.V. Responsible: Michael Hoppe Frankfurt Airport Center (FAC) 1 Hugo-Eckener-Ring, 60549 Frankfurt Phone +49 69 23 72 88 barig@barig.aero / www.barig.aero Editorial: Claasen Communication GmbH, Michael Hoppe

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