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The CPN Bulletin

India's logistics strategy to boost business



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AIR CARGO: SOME INTERESTING FACTS

FIRST AIR CARGO FLIGHT: 1910. A Wright Model B aircraft was flown 65 miles to deliver 200 pounds of silk from Dayton to Columbus, USA.

CRAZIEST AIR CARGO MARKET ENTRY: DHL Express's air courier service took off when founder, Larry Hillblom, saw a niche for courier delivery. To make ocean shipping faster, Hillblom flew ocean bill of lading from San Francisco to Honolulu in advance of the ship's landing, speeding up paperwork and saving time.

LARGEST AIR CARGO PLANE: Antonov 225. It takes off with a maximum weight of 640 tons and is the longest airplane ever created with a wingspan of 290 feet

LONGEST SCHEDULED AIR CARGO ROUTE: Dubai to Panama City. In February 2016, Emirates started regular 13,821 km service between Dubai, UAE and Panama City. Flight time is 17 hours 35 minutes traveling westbound. It's primarily a passenger flight, but the plane can carry up to 16 tons (15 tonnes) of cargo.

HEAVIEST LOAD DELIVERY: 418,834 pounds. A gas power station generator transported by an An 225, weighing 190 tonnes.

HIGHEST ALTITUDE DELIVERY: 250 MILES. Two private companies are contracted by NASA to deliver cargo to the International Space Station. The journey takes 5 days loaded with 3.5 tonnes of food, clothing, computer gear, and other supplies.

FIRST FAA APPROVED DRONE DELIVERY: July 2015. Flirtey, an Australian UAC (unmanned aerial vehicle) delivered supplies from an airfield to a medical clinic in Virginia.

BUSIEST AIR CARGO AIRPORT: HONG KONG. Topping the list in 2014 with 4.8 million tons, Memphis International Airport is the second.

OPPORTUNITIES for independent forwarders are likely to increase in India in the coming years as the government begins to introduce its pro-logistics policies. While India's budget, announced in February, saw the greater focus on agriculture, rather than business, as was expected, it still showed that the government is keen to boost logistics infrastructure as part of its efforts to make of India a global manufacturing centre.

Speaking to the Indian publication Mid-Day, Brijesh Lohia, who is Managing Director of the GlobalOcean Group, said: *"Just the fact that the Finance Minister used the word warehouse' more than 10 times, indicates the Union Government focus on warehousing and logistics."*

All sectors of logistics received some fillip. Chennai in southern India will build the country's first rail auto hub, to help move vehicles from factories to consumers, in a move welcomed by car makers. Investment into roads and expressways to help develop India's industrial corridor was also announced, while some 160 regional or unused airports will receive funding. While there was no specific timeframe given for the politically challenging Goods and Services Tax, it is expected to start in the coming year, while 24x7 customs clearance at ports and airports is also being driven forward. The Indian Customs Single Window Project will be implemented at major ports and airports from the beginning of the next financial year, while cargo release times will be cut and some exporters and importers will be allowed to defer Customs duty payments.

A political attempt to appease unhappy farmers led to the Finance Minister offering support to cool chain logistics, in both warehousing and distribution. E-commerce distribution was not forgotten either, said Lohia, noting *"the move to set up logistics support to e-commerce players by providing designated pick-up centres at identified stations. It would offer supply chain and e-commerce industries an alternative to the expensive air cargo that they now rely on for delivery"*. Speaking at Air Cargo India last February, **Renu Singh Parmar**, Senior Adviser for **India's Ministry of Civil Aviation**, said that some 20,000 jobs would be created in air cargo alone by 2035. She also said that dwell times would be cut to 48 hours within a year, and the government would endeavour to reduce logistics costs - currently about 13-14 per cent of GDP - to a figure closer to that of developed countries, about 7-8 per cent. While all the delegates at the event agreed that India has a great deal of potential, there is still much work to be done. Cutting red tape, further investment in infrastructure and greater use of technology would all help Indian trade.

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"Just the fact that the Finance Minister used the word 'warehouse' more than 10 times, indicates the Union Government focus on warehousing and logistics."

Impact of social media on the transport and logistic industry *

More than one billion people use social networks today, forging a new era in business opportunity and engagement, creating two-way communication that enables customer feedback and response in real time. As the transportation and logistics sector grows, it is essential to work strategically to leverage technology and media to drive efficiencies and connect with core audiences, partners, and clients. The bridge between social media and the transportation and logistics sector is natural: both depend on mobile technology to function.

Social media is simply another form of **marketing** – a tool that should be used as an extension of your plan to support your goals and objectives. A variety of ways exist to utilize social media for increasing your marketing efforts' effectiveness, but companies should handle social media efforts thoughtfully and implement them strategically. Simply setting up a company **Facebook** page will achieve little to no results – *it's all about the work you put into it*. When deciding which platforms you will use and who will be involved, you must understand how your current client and employee base is engaging on social media. Do your carriers regularly use **Facebook**? Are your clients on **Twitter**?

You also need to determine who you want to market to, why you want to market or engage with them, how you will market to each set of people, and which tools you will use to reach them. These decisions aren't made overnight; it is a complex process, as is any facet of a solid marketing plan.

Facebook and **Twitter** are great ways to connect, but the key to achieving results with these outlets is creating content that inspires and connects your audience to you and your brand, and engaging with your audience regularly. The top search engine after **Google** is **YouTube**. Video is one of the best ways to connect to your customers and prospects. People in the transportation and logistics industry buy from people, and video is as close as you can get to **face-to-face** without physically being present. Video is a great way for potential clients to understand your services and business model to continually engage current clients. It's also a great way to build trust and communicate your strategy to potential carriers and partners.

Not only does social media provide a platform to engage with your core audiences, but it also provides an opportunity for employees to engage and deliver on your brand promise inside and outside of the company. In the transportation and logistics sector, your audience is on social media, and you and your employees should be, too.

Social media is not only a place to represent your brand and position yourself as an expert in transportation and logistics in front of your carriers and clients, but it is an outlet to connect with the community, further enhancing your reputation. Find a local cause to connect with, and get your team involved. This will allow you to reap the rewards of increased loyalty and brand recognition while making a difference in the community.

You have **one chance** to make a first impression, and you'll want to do it right, by branding yourself properly on social media networks, providing insightful content, and engaging thoroughly and appropriately.



* Bobby Harris, CEO from Blue Logistics in *Inbound Logistics*, 2016. Article extracted for this bulletin. See complete article at: <http://www.inboundlogistics.com/cms/article/using-social-media-to-your-advantage-in-transportation-and-logistics/>

GROWTH in the economies of the **Least Developed Countries (LDCs)** will continue to exceed the global average, with an expected acceleration from 5.3 per cent in 2014 to 5.9 per cent in 2016. Major drivers for this performance will be an anticipated improving external environment, which helps underpin growth through trade and financial flows; continued strong investment in infrastructure and natural resource projects; and, in some cases, the reconstruction after conflicts or natural disasters.

Despite this positive headline performance, meaningful economic and social development remains a challenge for many LDCs, given a number of factors like the often low starting point for growth; institutional shortfalls; exposure to numerous risks, public health crises (Ebola, Zika) adverse weather patterns, and lack of basic services and infrastructure

Within a wide range of performances, the highest growth rate among LDCs in 2015-2016 is forecast for the **Democratic Republic of the Congo**. Major factors are a mining sector that is strengthening from investment in new capacities, infrastructure investment, and higher agricultural output due in part to better access to inputs. Similar dynamics are also playing out in **Ethiopia**, where the agricultural sector will underpin growth by 7.5 per cent, while in **Tanzania**, natural resource investment, notably in the gas sector, will lead to an economic expansion by 7.2 per cent. In **Bangladesh**, the economy will continue its multi-year streak of solid growth of more than 6 per cent in 2016, driven by strong external demand for textile products and robust domestic demand.

Taken together, despite the overall solid headline growth picture for LDCs, the underlying situation and performance of many LDCs underscore numerous pressing problems and the need to reinforce effective policy measures in this regard. First, countries with strong reliance on resource extracting industries need to further strengthen their efforts to diversify their economic structure and thus reduce their vulnerability to external shocks. This is especially relevant in the context of the decline in oil prices as well as the price of various other commodities. Effective policies in this respect, both in terms of funding and expertise, include the promotion of higher-value-added activities, the support of small and medium sized enterprises and investment in better education programmes. The international community should redouble its efforts to deliver on the commitment of financial and other types of assistance to the LDCs.

From: [United Nations Global Economic Outlook](#)

ARTICLE DIGEST: LOGISTICS AS A POLITICAL ISSUE by Michel Savy

Logistics is a major component of modern production and distribution systems and a key contributor to macroeconomic development. Comprehensive logistics costs represent almost 10% of **GNP** in developed countries, and even more in less-advanced ones. Logistics efficiency or inefficiency affects the whole production and exchange process. Logistics is an emerging industry, gathering several traditional professions into a single integrated one (i.e. logistics service provision), including its real estate and integrating post offices, henceforth competing on an open courier and freight market.

Freight transport represents the half of total logistics costs. Biggest logistics third-party providers (3PL) originate from the transport industry. Still, substantial share of logistics activities continues to be carried out inside agricultural, industrial or commercial firms (in-house, or own-account, logistics). Transport (including freight transport) traditionally receives constant attention from public authorities at all institutional levels (from local authorities to central governments and to the European Union and to international – even global – institutions such as the International Maritime Organization or the International Civil Aviation Organization). There is a minister of transport in every government in the world.

Logistics was long considered an exclusively business-oriented activity; but this is changing now, given the considerable economic role of logistics at national and international levels. Success of the **World Bank's "Logistics Performance Index (LPI)** is both a factor and a reflection of this awareness. This investigation among international professionals focuses on international trade and covers six logistics aspects: efficiency of customs procedures, transport infrastructure quality, competition in the freight market, quality of logistics services, ability to track shipments in real time, and time delivery at destination.

Several governments tend to integrate logistics into their policy concerns. This involvement depends on the role of public decision-making, regarding transport infrastructure provision, safety or environment regulation and standardization, etc. Public authorities can also be instrumental to bring together all stakeholders to establish a shared diagnosis of the existing situation, identifying potential for progress, and devising strategies aimed to upgrade the country logistics performance.

Efforts to support logistics performance through an explicit national strategy are visible in several countries and extend beyond mere freight transport policies:

- * **Germany** is a reference case, given its industrial and commercially leading position in Europe and the prominent importance given to its freight transport and logistics system, a key element of its competitiveness. Three out of six biggest global logistics providers are based in Germany (DHL, DB Schenker, and Kuehne and Nagel), and the country is number one in the World Bank's LPI ranking.

- * In **Greece**, a national strategy was established in 2013 with the support of the World Bank recommending the need to "overcome institutional hurdles" and more precisely to prepare a National Logistics Strategy and institutionalize the private-public sector results-oriented dialogue.

- * In **Italy**, a master plan joining transport and logistics was accepted in 2001 and updated in 2010, with the year 2020 as its horizon.

- * In **Netherlands**, logistics is traditionally regarded as a priority for the development of the country. Professional organizations (Nederland is Logistiek, Holland International Distribution Council, TKI Dinalog) cooperate with public authorities to support the development of logistics addressing cross-chain control collaboration, customs and trade compliance, e-commerce, ICT and information provision, international collaboration, labor market and education, service logistics, space and accessibility, supply chain finance, supply chain management, synchromodal and others.

- * The **Spanish** government adopted an elaborate national strategic document in 2013, comprising a description of the European and regulatory framework of freight and logistics in the country, including an analysis of transport and logistics supply and demand, and a long-range projection and a diagnosis of the situation.

- * The **British** approach is deliberately focused on slackening the constraints on logistics, as identified by the logistics industry and its users. Its aim is to fundamentally examine the conditions for logistics sector success, and to identify what actions government can take to address barriers to the growth of the industry.

- * In **France**, a National Conference on Logistics was organized in 2015 by Parliament initiative. For the first time, the government approved a strategic plan for logistics to be implemented until 2025 around six main topics: manpower competence and education, insertion of logistics in its regional and urban environment, research and innovation in logistics technology and management, infrastructure usage optimization, regulation harmonization and simplification, observation of logistics (measurement of its social, economic, environmental performances), under the governance of a steering committee.

- * **Morocco** considers logistics a key factor for its development. The minister of transport is also named Minister of Logistics, and relies on a dedicated agency (AMD: Moroccan agency for the development of logistics) in charge of implementing a national strategy that includes development of logistics parks and modernization of the sector.

- * **China** is a major case. The powerful National Development and Reform Commission, directly under the Prime Minister, stated as early as 2006 that "a good overall environment will be built up for modern logistics to develop, to reduce China's total logistics costs, and to build a complete, high quality, swift and efficient system of modern logistics services".

Each national case is specific, but some general conclusions emerge from this list. In all these examples, logistics is approached as a system, the efficiency of which requires a multi-dimensional perception and a dependence on the quality of relationships between actors, beyond their respective specializations and rationales. Public-private balanced cooperation always appears as a key issue for the success of logistics development policies, which are necessarily based on long-range objectives. Freight transport, whatever its importance and characteristics, can no longer be analyzed alone, ignoring a broader range of activities of which it often forms the core. This shift and porosity of the frontiers between traditional industries is of course a problem for statisticians and researchers; but also for public administrations (which should be the ministry of logistics?) and for professional organizations, covering both employers and employees.

Logistics shows an intense and diversified evolution that will not slow down in the coming years. Globalization of goods movements and of transport and logistics networks, outsourcing of a wider range of services to third-account providers, digitalization of logistics management, automation of warehousing and of vehicle driving, changes in manufacturing, trade, distribution and consumption patterns, search for a "green" mobility of goods, are all key components of the "new logistics". Freight transport, ever more deeply involved in an integrated logistics industry, will change considerably and will face huge growth and sustainability challenges. According to the International Transport Forum, growth in the world road and rail freight volumes to 2050 ranges from 230 % to 420 % depending on freight intensity of the future GNP growth. [...] International trade related CO₂ emissions will grow by a factor of 3.9. Indeed, logistics development is now, and will remain, a political issue.

(Read this interesting article complete at <http://www.tandfonline.com/doi/full/10.1080/01441647.2016.1182793>)

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Logistics as an art

By Halit Kaya

When saying that logistics is an art, what I mean is the harmony that the logistics sector presents under a specific coordination. It can be the processing of all the processes – from the beginning until the end of operation - loop by loop for a problem-free operation. It is the different sounds of each process as if like a musical note such as the difficulties one encounters until reaching a conclusion and all the labor performed to reach a happy end. It is the coherence of managers and managed ones from courier to the general manager.

In an opera, you may believe that the triangle musical instrument has no function, but it actually has a great importance, and playing it at an incorrect point is felt by the whole opera, and it may ruin the whole harmony. This is what logistics is also like. An order, that is nearly perfect at the start; but may turn over due to a small mistake. Logistics is a work of coordination. Logistics is a work of order. Logistics is a work of harmony. Logistics is knowing when and where each instrument will step in.

You enter the information on the invoice or bill of lading as a cartoonist who imprints on paper. You treat the product to be consigned as sensitive as a sculpture. You load the product on the container as if like weaving a carpet. You show the sensitivity of a glass master while carrying the products. You become happy when delivering the products as if like an artist finishing his artwork. Logistics presents its art as from receipt of product until its delivery. It doesn't miss any detail.

From storage to airline, land and marine transport, logistics is a loop from its value added operations to the whole logistics processes, from the courier to the general manager. It shows its effort just like an artist, it sweats its blood. It manages its accord and harmony. And when it completes its operations, stops at that point and watches its artwork.

Halit Kaya lives in Turkey and has worked 12 years in the logistics industry.
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