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*The CPN Bulletin*

## Logistics Technology keeps Impacting the Industry

The following is an excerpt from a review published by Material Handling and Logistics, in July 10, 2017. To access the complete Freightos's report visit: <https://www.freightos.com/logistics-technology-q2-2017-roundup/>

**From Amazon to Alibaba, Uber freight to drone delivery**, logistics technology has seen its fair amount of action in 2017, described recently released **Freightos' 2017 Q2 LogTech Report** which provides unique and valuable insights into how exactly these developments are impacting the industry.



### Industry Trends

The underlying theme of ocean freight pricing in this quarter was stability, as opposed to the volatility that characterized ocean freight in 2016. Insufficient demand continues to constrain upward rate mobility, as demonstrated by the negligible pricing impact of the combined effect of Memorial Day, Dragon Boat day and congestion in Shanghai.

Following weak 2016 pricing and lower shipping volumes, logistics spend as a percentage of the US GDP dropped from 7.84% in 2015 to 7.5% in 2016. Meanwhile, US import changes from the expanded Panama Canal will gradually shift some 10% of West Coast imports to the East Coast.

### Logistics Technology Trends

During the second half of June, Amazon and Alibaba both held conferences in the United States, appealing to small and midsize businesses selling on their platform. While Alibaba was advocating sales to China as Amazon advocated cross-border importing, both are clearly pursuing an SMB focus, as Big Box retailers continue to struggle.

The quarter ended on a somber note for digitization, as a global cyber attack called **Petya** infiltrated Maersk Line's systems, leading to a freeze on new bookings of containers on Maersk ships and halting operations at APM terminals for a couple of days.

### Amazon

Amazon will dominate over half the US e-commerce market by 2021, scaling up from its 34% current market share. Its next challenge will be to export that success, expanding its 6.6% share of import sales in China by investing in US export infrastructure to service the expanding Chinese middle-class. Amazon is also expanding its private labels offerings, while signs of Amazon-controlled manufacturing draws near, like a recent patent for on-demand clothing manufacturing.

### Alibaba

Jack Ma is getting more vocal about plans to encourage global businesses to sell to the Chinese market, and, by extension, the global market. Best Logistics, an Alibaba-backed logistics company, is currently planning a \$1 billion dollar IPO in New York in hopes of riding the wave of interest in the Chinese logistics industry, which currently accounts for 25% of the \$9 trillion annual global logistics industry.

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### Logistics

Evergreen Line joined other carriers offering services through the Alibaba platform. Meanwhile, CMA CGM announced investments in five startups while offering online Asia-Europe bookings through **AgreeFreight**. Q2 was a strong quarter for visibility technology. DHL Global Forwarding launched both **Ocean View**, which offers real-time updates on maritime shipments, **DHL SupplyWatch**, an AI program for identifying supply chain disruptions, and **Saloodo**, an online trucking marketplace. **DP World** released a container visibility solution in the UK, as French startup **Traxens** unveiled a smart freight train tracking solution. In Germany, **Panalpina** launched a pilot ocean shipment management system. Finally, **CHAMP** took tracking further with voice-based air cargo tracking.

### Trucking

The quarter began with revealing the first images of a tunneling machine from The **Boring Company**, a startup Elon Musk believes can create to a network of multi-layered underground tunnels for alleviating traffic, Musk closed the quarter by tweeting that the first elevator for lowering cars into the tunnels was ready.

According to some industry observers, Uber's entrance into the freight trucking may have been off to a bumpy start, facing competition from a fairly saturated tech environment, all while engaged in a legal battle with **Google's Waymo** (which revealed its own autonomous truck).

The US trucking market continues to evolve into being more customer-oriented and technology-based. Justin Hall, the Chief Customer Officer at **YRC**, described it as "a technology company with an LTL network", helping customers compensate for shrinking logistics departments. Riding the technology bandwagon, competitor **J.B. Hunt** revealed an online trucking marketplace for carrier booking.

### Last Mile Delivery

**Darkstore**, a fulfillment startup that helps companies provide same-day delivery, raised \$1.4 million in funding. **Shipbob** raised an additional \$17.5 million to compete with Fulfilled By Amazon (FBA) for warehousing and last-mile fulfillment. **Shippit**, an Australian fulfillment company, raised \$1.6 million dollars to scale order fulfillment and tracking for retailers.

Indian **Loadshare** raised an undisclosed amount of funding for its remote delivery **SaaS** marketplace platform. The company currently handles over 10,000 shipments per day

### Drones

Robotics warehouse startup **Locus Robotics**, formed by former employees after Amazon's acquisition of **KIVA**, unveiled faster autonomous warehouse operations with robot-to-robot communication. These robots are used by major retailers and forwarders like **DHL Supply Chain**. Hot on the track for more automated warehouse operations, **RightHand Robotics** is developing robots that can pick and pack boxes.

**JD.com**, the second-largest Chinese e-commerce platform, is investing heavily in a newly-created logistics unit to optimize warehousing, transportation and delivery.

Safety issues continue to plague aerial drones. The UK reported three narrow misses between drones and airplanes near Heathrow during a three-week period last year, while registering 70 misses throughout 2016, up from 29 in 2015. The **FAA** recently barred drones from flying within 400 feet of 133 US military bases.

In London, **Hermes** will pilot parcel collection with **Starship Technologies** ground drones in Southwark, London, as **Boston Dynamics** tests a dog-shaped delivery robot. For longer deliveries, **Teleretail AG** revealed a ground delivery solution with a 50-mile range.

**Natilus'** jet-sized drone will carry up to **200,000 pounds** in cargo on international shipments, traveling at slower and more affordable speed than air freighters. Japan is currently on track to enable drone deliveries by 2020, followed by self-driving trucks by 2022.

Google's **Project Wing** completed a number of drone traffic control tests set by the **FAA** and **NASA** to help manage air traffic control.



## CPN Member offers customs clearance services with fiscal representation



**Between 70 % and 80 %** of all cargo flows handled through the port of **Antwerp** are not to/from Belgium. As a port, Antwerp is far more involved in European logistics than in Belgian Logistics.

This is the reason why, since the opening of the inner European borders in 1993, the Belgian finance authorities have opted for a rather liberal fiscal regime, when it comes to third country cargoes going or coming from other EU countries.

Trade between companies in different EU countries is facilitated by deferral VAT settlements. Belgian finance authorities have implemented the same regime for imports and exports of third party countries when if import or export customs declaration is done by a freight forwarder / customs broker with license to act as fiscal representative.

**TCL has such a license and can clear through customs all third country cargo flows going to / coming from other EU countries!!!**

*Especially for imports into the EU, this is an extremely interesting tool to promote the business.*

*After being cleared through customs, import shipments can be delivered directly to the EU buyer in any EU country!!*

*Delivery takes place as free-EU cargo!!*

*No more intermediary customs formalities and no pre-financing of VAT!!!!*

*Goods travel to their destination as free EU cargo and from a fiscal point of view the receiver receives the goods as intra EU acquisition!!*

*Buyers/importers in another EU country can declare and recuperate the VAT through their periodical VAT declaration, using the same procedure as for an intra EU acquisition and without pre-financing of the VAT (which is average 20 % throughout Europe)*

This implicates that the non EU suppliers (producers or traders) who want to serve the EU market, can do so under the same circumstances as their EU competitors:

- Delivery to EU destination without the necessity for their clients to pre-finance their local VAT
- In case of goods produced for the European market, they are stored in a bonded warehouse in Antwerp. Delivery can take place under the same fiscal regime (avoiding pre-financing of VAT) and in a lead time of 2 to 3 days, which is equally fast or even faster as what their EU competitors can offer.

The non EU producer/supplier doesn't need an office or otherwise set-up in the EU for that purpose. It can perfectly be done by working through **TCL** who will act as forwarder, warehouse provider, customs broker and fiscal representative at the same time.

**TCL** gathers 72.000 Sq m of bonded warehouses in **Antwerp** (in extension, 20.000 Sq m outside storage space), an ideal location for an **European Distribution Center (EDC)**:

- **Benefit of liberal VAT regime**
- **Deep into the European Continent/ closer to most important business locations than any other port**
- **Nevertheless in an important port, with short distance for the approach of the importing containers to the EDC**
- **Bonded Storage: no duties or taxes are due, as long as the goods stay in the warehouse.**
  - *Bonded storage is unlimited in time*
  - *Full style performant and completely personalized WMS, providing the client real time online visibility of its inventory and possibility to give order picking instructions*
- **When leaving the EDC to be delivered to final EU destination:**
  - *Short lead time*
  - *Clearance with fiscal representation = no prefinancing of VAT*
  - *Duties are identical everywhere in the EU for the same commodity with same origin.*



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## DP World, Cosco Shipping Sign Stevedoring Deal for Australia

Port operator **DP World Australia** has signed a new agreement with **COSCO SHIPPING** Lines to be their stevedore of choice on the company's major services into Australia. The contract delivers the majority of containers through DP World Australia for an extended contract period, "resulting in a stronger relationship between the companies," according to **Paul Scurrah, DP World Australia CEO and Managing Director**.

"We are incredibly pleased to be chosen as the stevedore and logistics partner of choice by **COSCO SHIPPING** lines as they continue to successfully grow their volumes between Asia, Australia and the rest of the world," **Brian Gillespie, DP World Australia Chief Commercial Officer**, said.

**COSCO SHIPPING** Lines, which has services in Australia calling at terminals in Brisbane, Sydney and Melbourne, is growing their global market share in a competitive global shipping market. "Last year, we selected **DP World Australia** as our major stevedore service for our Australian flagship A3 services," **Yong Pan, Managing Director of COSCO SHIPPING Oceania**, said. "This agreement confirms our selection of **DP World Australia** as our stevedoring and logistics partner"



## Canadian **Cargojet** wins Carrier of Choice Award

**Cargojet**, Canada's leading provider of time sensitive overnight air cargo services has once again been awarded the **Shipper's Carrier of Choice Award** by **Canadian Shipper** magazine, a leading industry publication. **Cargojet** surpassed shipper expectations as well as the industry benchmark in the total Industry Sector Average and particularly in the key areas of **On-time Performance, Customer Service, Quality of Equipment & Operations, Competitive Pricing, Leaders in Problem Solving** and **Sustainable Transportation Practices**.

**Cargojet's** total aggregate score was 163.666, which was measured against the overall 2016 benchmark of excellence of 153.086. **Cargojet** is the only Canadian Air Cargo carrier to receive this honor for the fifteenth year.

"**Cargojet** continues to exceed the expectations of our customers by delivering a premium product into the North American marketplace. Our on-time performance levels continue to exceed 98.9% and this award is a result of the dedication and loyalty of our professional team who are the driving force of **Cargojet**," said Dr. Ajay K. Virmani, President & CEO in a company press release last month.

With information from CISION



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We are always open to your comments and suggestions. Let us know what topics you would like to see discussed in our Bulletin and your impressions about this new era of communication we are initiating. By getting better communicated, the impact of our interactions will increase and be potentiated. Keep in mind the increases challenges that globalization imposes to us and, in consequence, apply this valuable formula: "**Act locally; but think Globally**" [Not a CPN member? If you are interested to receive this Bulletin, please send an email to subscribe to [cpn@cargopartnersnetwork.com](mailto:cpn@cargopartnersnetwork.com)]

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