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The European Commission estimates the value of the logistics industry at €5.4 trillion or 13.8 percent of global GDP. On average, it says, logistics accounts for 10-15 percent of the final cost of a finished product.

However the real value is far higher: without logistics modern societies will collapse much faster than via climate change.

In its latest report, the UN Intergovernmental Panel on Climate Change warns that hundreds of millions of people living in low-lying regions of Asia will be affected by coastal flooding and land loss as global temperatures increase, ice caps melt and sea levels rise. A subsequent loss in food production and greater vulnerability to disease means these urban areas are likely flashpoints for future conflict.

“The risks of catastrophic consequences increase every day as more greenhouse gas pollution is pumped into the atmosphere,” says Bob Ward, policy director at the Grantham Research Institute on Climate Change in the UK.

However if the world’s logistics industry acted in concert, global warming could be reduced quite quickly. The message to politicians would be simple: “Reduce carbon emissions or you don’t get food, water, clothing, air conditioning, heating, cell phones and, as some flooded residents in the south and west of England recently discovered, your lavatories will back up.”

A bit like the Philippines last November.

Simon Keeble
Editor
Interface, the world’s largest designer and maker of modular carpet tile, implements sustainable programmes in every thread of its business. Ever since this Atlanta-based $1-billion a year company’s founder, the late Ray Anderson, made sustainability the key vision in 1994, Interface has been closing the loop on inefficient, costly and unsustainable ways of marketing, making, selling and transporting carpet.
Anderson’s epiphany and push for sustainability came after he received what he called a “spear to the chest.” His inspiration came from The Ecology of Commerce, by Paul Hawken, which states that business should inspire a more sustainable model that respects, and even mimics, the natural world. Anderson, CEO of carpet maker Interface, took the message to heart and asked his staff to tally up the resources used by Interface and its suppliers. The results were staggering: 1.2 billion pounds of raw material were extracted from the earth to produce the roughly $800 million worth of carpeting Interface sold in 1995.

Anderson challenged the company to become “the first company that, by its deeds, shows the entire world what sustainability is in all of its dimensions: people, process, product, place and profits.” Interface has been doing this ever since.

“I think the term industrial ecology got started with the idea that today’s waste is tomorrow’s food,” remarks Tim Riordan, Interface vice president, Supply Chain. “That became our map for severing ties with non-renewable resources.”

The company’s commitment to sustainability has been transformational and spans all aspects of the business – materials sourcing, plant locations, transportation providers and routings, and reverse logistics.

Interface has manufacturing plants on four continents, sales in more than 110 countries, and 3,500 employees globally. The company expanded around the world primarily to be closer to customers and metropolitan areas. “That way Interface brings hundreds of thousands of people through our plants to see how it manufacturers carpet and builds sustainability into its processes,” Riordan says.

With operations in the United States (Georgia), China, Australia, Thailand, Ireland, and the Netherlands, Interface is also the only company that manufacturers carpet globally. The North America market accounts for half of Interface’s business; Europe, 25 percent and Asia Pacific, 25 percent.

Interface believes that sustainability is only part of the corporate mainstream if one talks about the easy things: dematerialisation, recycled content, using green energy when that’s possible.
I think the term industrial ecology got started with the idea that today’s waste is tomorrow’s food.

Cost-neutral, and using fewer toxic materials. But to get to the next level takes courage and risk and a lot less mainstream: redefining commerce, getting off oil, closed loop recycling, and creating social benefits and jobs outside the company.

Calculating the company’s carbon footprint is central to all business decisions. With nylon yarn being the primary component used in Interface carpets and representing 50 percent of Interface’s carbon footprint, it’s critical that Interface considers from what companies it sources its yarn.

“When we look at our footprint, 75 percent is incurred before the material even hits the company’s dock door,” Riordan says. “Consequently, at the simplest level, we look at how to use less nylon-based material.”

Replacing virgin, petro-chemically derived fibres with recycled fibres and bio-based fibres is one of the biggest challenges Interface faces since the transition to such fibres is complex and costly. Consequently, the company has been working closely with its nylon suppliers to come up with sustainable programs that benefit everyone. Two of those programs are ReEntry® and Cool Blue™.

In 2007, Interface became the first carpet manufacturer to implement a process for the “clean separation” of carpet fibre from backing, allowing for a maximum amount of post-consumer material to be recycled into new products with minimal contamination. Through a process called ReEntry® 2.0, clean, post-consumer Nylon 6,6 fibre is returned to Interface’s fibre supplier where it, in combination with some virgin materials, is recycled into new Nylon 6,6 for use in new carpet fibre.

At the same time, the backing material is ground, chopped, crumbled and transformed into new backing using a technology Interface developed called Cool Blue™. Plastics that cannot be used for Interface processes or products are distributed to other industry suppliers for re-use in their material streams.

“Those suppliers are also looking for other sources to defeat the food chain,” Riordan adds. “It’s not exclusively carpet that is coming back into carpet. There’s countless innovation around all of this.”

Interface’s innovative new “Net-Works” initiative found a viable waste stream to feed the company’s ambitious post-consumer nylon recycling process with discarded fishing nets, the world’s largest and cleanest source of post-consumer nylon. Working to gather the nets with 26 poor Philippines coastal villages where marine life and reefs are endangered, this initiative
partners with ZSL (Zoological Society of London) Living Conservation to identify communities and set up operations. The nets are becoming part of the yarn in Interface carpet tile, including a new product line, Net Effect, with 81 percent total recycled content.

“One of our suppliers realised that old fishing nets were unbelievable sources for recycled nylon 6, the fibre that is commonly used to make carpets for homes,” explains Riordan. “The paradox is fishing is one of the main sources of income and a mainstay for the villages’ economy. When they get done with the nets, they throw them on the beach or in the water, which impacts the fishing they are trying to thrive on.”

One supplier, Italy-headquartered Aquafil, has developed technology that allows 100 percent recycling of nylon 6. The company operates as the biggest supplier of synthetic fibres and polymers in the world.

“Historically nylon-based yarn is tied to the petroleum food chain,” explains Riordan. “Interface found that by working with its suppliers to come up with different technologies, we could use less yarn, and therefore impact on our carbon footprint.”

By offering Supplier Summits – conversations with key suppliers to introduce them to Interface mission and sustainability goals, Interface is also able to collaborate closely with its core strategic suppliers to address their own environmental impacts and, specifically, the impacts of the products they supply to Interface. “We are finding that once everyone starts thinking about the reverse food chain, the more recycled material will be used by our suppliers,” he says. That minimizes how traditional feed stocks impact our prices.

Transportation is a key element in the sustainability equation. A SmartWay charter partner, Interface works with carriers and forwarders to determine the most cost effective, environmentally friendly mode to move freight.

SmartWay is the U.S. Environmental Protection Agency (EPA) programme that was created to establish an industry standard and a benchmark for carbon emissions measurement and to assist SmartWay partners with reduction efforts that result in great fleet efficiency, fuel reduction, and cost savings.

Currently Interface emphasizes the use of intermodal freight, which emits two-thirds less carbon than traditional over-the-road transport. “Although intermodal takes longer than truck transport, we’ve found it costs one-third less,” he adds. “We don’t often have...”
the luxury of selecting a slower mode because of the time compression we have in our manufacturing.

To better leverage intermodal lanes across country requires adjusting all aspects of the supply chain. The goal is to work with suppliers to be transparent so that customers do not notice shipments are going at a slower mode. “We engage suppliers in the ‘faster, better, greener, cheaper’ transportation conversation, which is much easier to force a conversation about sustainability internally than just focusing on moving product ‘faster, better and cheaper,’” he says. “They might bring tools to the table that have not surfaced before.”

One example is carpet samples. By working with UPS, Interface now offers a reverse logistics scheme whereby potential Interface customers are provided return labels with their carpet samples. This makes it easy for customers to return the samples, thereby preventing tens of thousands of samples from heading to the landfill. Interface, in turn, recycles the samples, which reduces its material costs.

“It’s a win on multiple levels,” Riordan says.

One step further, Interface engineers have worked out a system whereby more samples are being sent digitally. “This means that even less real product needs to be made, and we save further on our carbon footprint by using less transportation,” he says.

Interface has engaged UPS to figure out other ways to improve its outbound shipments and transit times so that product does not have to move overnight, but by two-day ground service.

“UPS is the largest purchaser of rail freight,” he says. “If you can figure out where UPS is moving its freight over the rail, you’ll know there’s probably a good opportunity to piggy back off of those lanes and routes that move things quickly.”

In some ways, alternative transportation schemes are the simplest thing to figure out. “Now that we are getting our lead times dramatically reduced, transport times are something we can consider,” Riordan remarks.
Sustainability strategy advisor **Lavery Pennell** says the adoption of a new manufacturing model in Europe could produce €100 billion in additional corporate profits, create 168,000 new jobs and reduce CO2 emissions by 1.2 billion tons a year - or 14.6 percent of the region’s total.

The so-called New Manufacturing Revolution (NMR) – already adopted by Unilever, the Body Shop, Patagonia, Ecover and Interface – is based on creating shared value with suppliers and customers and capturing all internal value. Lavery Pennell says these companies have begun this process by implementing supply chain collaboration, energy efficiency, process waste reduction, packaging optimisation, circular resource use and transport efficiency.

The new model involves three stages including improving non-labour resource efficiency; reinvesting some of the efficiency savings in sustainable inputs such as materials and renewable energy; and developing innovative new products and capturing market share growth.

Carpet tile producer Interface says its European operations have reduced energy and yarn usage per unit of production by 40 percent and 12 percent respectively since 1996; switched to 100 percent renewable energy for its Netherlands-based Scherpenzeel site; and replaced 43 percent of its raw materials with bio-based or recycled alternatives.

The result is an annual cost reduction of €7.6 million, a cut in greenhouse gas emissions by 35,500 tons and enabled the company to remain the world’s leading manufacturer of carpet tile in a highly competitive industry.

Rob Boogaard, current CEO of Interface Europe, says all European manufacturers should adopt a similar model: “The ‘new industrial model’ demonstrates that there is a better way and we have the evidence to prove it.”

Lavery Pennell says 11 percent of the expected new profits and 20 percent of the additional jobs and greenhouse gas reductions can be achieved if just the top 20 European manufacturers applied NMR to their global operations.

According to Cambridge University’s Institute for Manufacturing, one of the architects of NMR, when revolutions occur, the economic benefits to the early adopters are disproportionate: “Profits increase, new industry leaders emerge with strong competitive positions that can last for decades and host countries’ jobs, economies and exports all benefit. This next manufacturing revolution will also bring societal and environmental benefits which are a consequence of addressing today’s opportunities; the ‘green economy’ is an integral part of the next manufacturing revolution that will also, for some sub-sectors, bridge the cost difference between producing onshore and outsourcing to other nations with lower labour costs.”
For all the good it brought us, our economic model is in need of new direction. The global population will continue to grow, the middle class is set to top five billion by 2030, and many emerging nations will look for increased prosperity. This is putting enormous stress on our environment and our resources, which are becoming more difficult to extract. Our myopic focus on producing and consuming as cheaply as possible has created a linear economy in which objects are briefly used and then discarded as waste.

Alternatives exist, however, and we only need to look to nature to be inspired. Just consider the resilience and longevity of forests: ecosystems in which the seasons are perfectly harmonised with the lifecycle of all species. Waste does not exist in nature, because ecosystems reuse everything that grows in a never-ending cycle of efficiency and purpose.

Our intellectual take on this concept is called the circular economy, an economic system in which no materials are lost. Products are designed and built so that they are part of a value network where reuse and refurbishment on product, component and material level assures continuous (re-)exploitation of resources. This requires a fundamental redesign of business and our end-to-end value chains. Instead of selling products, we should retain ownership and sell their use as a service, allowing us to optimise the use of resources. Once we sell the benefits of the products instead of the products themselves, we begin to design for longevity, multiple re-use, and eventual recycling.

This requires a new generation of materials as well as innovative development and production processes. In addition, we need to define new business models and redefine the concept of legal ownership and use, public tendering rules, and financing strategies. And we need adaptive logistics and a leadership culture that embraces and rewards the circular economy.

Apart from strong moral arguments, the transition to a circular economy will be driven by the promise of over $1tn in business opportunities, as estimated by the Ellen MacArthur Foundation. This includes material savings, increased productivity and new jobs, and possibly new product and business categories. All in all, the circular economy will lead us towards a future in which nine billion people in 2050 can live well and sustainably.

Society needs to play an active role, too. We need to shift from optimising on lowest initial cost towards maximising the total value and total cost of ownership, while at the same time taking the health and wellbeing of people into account.

Governments should change their tendering processes and implement requirements for circularity that can drive demand for new solutions. Customers and consumers should change their consumption patterns and move from owning to using products. And since the circular economy is inherently systemic, it can only succeed if all stakeholders co-design, co-create and co-own.

Philips is committed to the circular economy and is applying its principles throughout the organisation. We are redesigning our products and looking at ways to capture their residual value. We are shifting from transactions to relationships via service and solution business models. And we are changing our culture to focus on the long-term and to co-operate closely with our customers and suppliers. It is not easy to change, but we feel called upon to assume leadership and inspire others.

Like all major transitions in human history, the shift from a linear to a circular economy will be a tumultuous one. It will feature heroes and pioneers, naysayers and obstacles, and moments of victory and doubt. If we persevere, however, we will put our economy back on a path of growth and sustainability. Perhaps 500 years from now, people will look back and say it was the circular economy revolution that ushered in a new era of wisdom and prosperity.
No slow-steaming for **Sustainability**

By any measure A.P. Moller-Maersk (APM) is big. And so is its ability to enable global trade best practice.
The Copenhagen-based group operates the world’s largest container line; produces 235,000 barrels of oil a day and delivers it via 130 ships; operates terminals in 68 countries; manages a fleet of 376 towage, salvage and emergency response vessels; operates a logistics and supply chain company in 90 countries; manufactures containers – and even explores for oil.

The result last year of all this diversified activity by 89,000 people was a net profit of US$3.77 billion on revenues of US$47.4 billion.

So it is not a huge surprise that a company based in eco-conscious Denmark but operating in 135 countries feels required to produce a Sustainability report.

Writing in the company’s 2013 oeuvre, CEO Nils Andersen sets the corporate tone by declaring: “Our investments are made with long-term objectives in mind, whether such investments relate to new ships, ports or oil exploration and production. We have the ability – and the responsibility – to do things right.”

Andersen goes on to say that since launching its first sustainability strategy in 2010, the group has made systematic progress with its integration. Aspects include more than 33,000 employees trained in anti-corruption; 2,600 suppliers committed to the group’s third-party code of conduct; and reducing CO2 emissions from container movements on its vessels by 34 percent since 2007.

The report - which provides a Master class in what is Sustainability – says 97 percent of the 25 integration measures have been completed or are under implementation, 84 percent of participants in the group’s 2013 employee engagement survey agreed that “my company is making a genuine effort to be socially and environmentally responsible,” and 69 percent believed that their manager encourages them to consider the social and environmental impacts of their decisions.

Key sustainability milestones to date include mandatory programmes to ensure compliance with minimum standards on anti-corruption and responsible procurement and global labour principles. And all of this while running a global multi-billion dollar business at a sizeable profit.

For the next four years, the group’s new sustainability strategy will be based on what Andersen describes as key challenges to unlock growth in many of the countries it operates: enabling trade, expanding education and improving energy efficiency.

According to a 2012 World Economic Forum (WEF) report, improvements in border administration, transport and communications infrastructure could see world GDP increase by US$2.6 trillion (4.7 percent) and global exports by US$1.6 trillion (14.5 percent). The WEF adds that, “transport and logistics can play a significant role in realising this potential.”

APM says China, where liner shipping connectivity has helped increase exports by 40 percent since 2004, is a case in point.

A study of APM’s impact on the Chinese economy has found that a respective increase of 40 percent exports and 25 percent imports of the total trade increase since 2004 can be attributed to liner shipping connectivity. This, it says, equates to additional trade of US$686 billion that has helped make the country a global economic superpower.

The group says one lesson to be learned from China is that investing in shipping liner connectivity can be a means for many countries to enhance economic growth: “This is highly interesting for the group because it establishes that strategies for increasing a country’s connectivity have the potential to create value and growth for both society and business.”

Acknowledging that its new sustainability strategy “addresses systemic challenges outside our operational sphere,” APM says that when industry-wide and social challenges affecting the planet are addressed, value creation can be exponential.
For the next two years, the company strategy will focus on designing and implementing relevant projects that can be scaled up across growth markets when feasible.

Last year the company asked investors, regulatory bodies, NGOs, academic experts and key opinion leaders in Asia, Africa, Brazil, Europe and North America what they expected in terms of sustainability performance. The object was to use the results in the new four-year strategy.

Not surprisingly the feedback was positive overall with the caveat that the group is “expected to raise the bar further, because of our leading position and size, particularly in container shipping and terminals.”

One (unnamed) stakeholder in Asia added: “Maersk could expedite global conversations about carbon in shipping, which are quite slow at the moment. Maersk could help drive a solution, i.e. how to assign or attribute emissions. This would have significant medium to long-term impact.”

Areas where stakeholders think APM is doing well or better than the industry average includes anti-corruption, environmental performance in container shipping, labour standards and human rights.

Given its unique logistics capabilities it isn’t surprising the group joined the World Economic Forum’s Logistics Emergency Teams (LET) in 2010. Together with Agility Logistics, TNT Express and UPS, this network of logistics experts’ most recent deployment was for the World Food Programme (WFP) in response to typhoon Haiyan that hit the Central Philippines in November last year.

The LET used five group employees for local operations in the Tacloban area while Damco, the APM logistics subsidiary, deployed a local team for one month to manage and control inventory of relief items. APM Terminals sent a health and safety expert who not only assessed the situation but also conducted a “train the trainer” workshop on health and safety management for 24 employees of UN agencies, NGOs and governmental institutions. The group also provided two container shipments and inland transport of 300 metric tonnes of emergency shelter kits, the use of two forklifts, 50 dry containers and one cooling container for storage of relief and medical items.

John Myraunet, Logistics Cluster coordinator for the WFP said at the time: “The logistics emergency teams were very quick to respond and have been a tremendous help for the humanitarian community in the Philippines.”

Meanwhile Maersk employees donated over US$256,000 to the relief effort which was then doubled by the group and then tripled by the A.P. Moller Relief Foundation and given to the International Red Cross in support of its relief work in the Philippines.

So is all this focus on people, planet, profit and process good for business? Reading some of the sustainability report data, APM clearly thinks so.

According to the company’s latest employee survey, 80 percent think APM treats people equally with respect to gender, race, nationality, religion and “other differences”, 82 percent say they are treated with respect and 88 percent think the company is committed to their safety.

For Maersk Tankers, thanks to slow-steaming and retrofitting, it has reduced CO2 emissions by 19.7 percent since 2010 and is now close to meeting its 20 percent reduction target by 2020. In 2013, this helped the fleet save 133,000 tonnes of fuel oil and 414,000 tonnes of CO2. Without this the fuel bill would have been an extra US$81.1 million.

According to APM, corruption adds 10 percent to the cost of doing business globally and the group has implemented a zero-tolerance policy. However there’s apparently a subtle difference between systemic corruption and a box of cigarettes. Maersk Line describes the latter as “facilitation payments” and admits they continue to be a challenge for the company.
“Contrary to what the term may suggest, facilitation payments are not paid to skip the queue or obtain any undue advantage. Rather, they are small payments of cash, cigarettes or soft drinks demanded by low-level public officials for them to perform duties that they are obliged to perform as part of their jobs – duties that they otherwise simply refuse to perform. In many parts of the world this practice is widespread, the most challenging regions being Asia, Africa and South America.”

Maersk Line says refusing to hand over cigarettes can risk delay or detention of a vessel at immense cost - or worse: jail for the crew. So the approach seems to be resistance where possible without endangering the ship or personnel - as one captain reported:

“Today we transited a narrow waterway. Only one of the three necessary pilots sent by the port authority signed the required documents. The second one threatened to leave the vessel if I did not give him cigarettes. He stayed and did his job, though, after we refused his demand. The third pilot refused to do his job. First, he brought the ship out of steering by giving orders to steer hard back and forth between starboard and port to ‘prove’ that the vessel was not trimmed correctly. He then told me ‘No Marlboro, no pilot!’”

According to Maersk the pilot lived up to this promise and for half the passage the captain had to pilot the ship himself. Meanwhile, the pilot was busy outside the bridge talking on the phone, reading newspapers and taking pictures with his tablet despite the crew’s request to not go outside with electronic equipment.

“Before he left the vessel, he asked us to increase the speed up to 10 knots and as soon as this happened, he wanted us to immediately slow down so he could disembark to the pilot vessel. I told him that this was not safe but he didn’t listen. Slowing down the ship caused us to lose steering and approach shallow waters. When he left the bridge immediately increased the speed and steering was gained back. All of this happened because I refused to give him cigarettes,” the captain declared.

According to the United Nations, corruption adds 25 percent to the cost of procurement in developing countries. But as Maersk Line notes, “this is not a stamp of approval of facilitation payments. It is recognition of the reality facing our employees in many places.”

But not in Denmark. The country is the least corrupt country on the planet according Transparency International’s 2013 Corruption Perceptions Index. So it looks like A.P. Moller-Maersk is trying to spread the Sustainability word from Copenhagen. After all, it’s clearly good for business.
The return of the Silk Road
According to Huang Xinchu, Communist party chief of the western China city of Chengdu, the opening of a regular rail link to Lodz, Poland last April redrew the map of shipping cargo between Asia and Europe.

YHF Intermodal Logistics has worked with Lodz-based Hatrans in the past 12 months to organise 23 trains averaging 41 TEUs each to carry IT products, auto parts, home appliances, clothes and shoes to Europe.

Conservative estimates predict that by 2025 around ten percent of China’s population will be middle class. Based on the current demographic that would total 135 million people – or more than one-and-a-half times the population of Germany.

As a result, a new eastbound service that can carry European luxury products is poised to take the same southern route in reverse with a change of gauge on the border with Russia and between Kazakhstan and China.

None of this is new to Daniel Wieland - head of the DB Schenker Logistics’ business unit responsible for designing and managing solutions for its rail customers. Wieland knows something about air cargo angst. Prior to taking up his current position he worked for Lufthansa as manager, Corporate Strategy.

Although DB Schenker moved containers to Asia on the trans-Siberian railway, or “northern route” as far back as the 1970s, it wasn’t until the company began developing a block train solution with a launch customer from the electronic industry that the “faster than ocean, cheaper than air” rail option took off. Later the company began a block train solution for BMW.

Now DB Schenker is running rail shipments of CKD, or completely-knocked-down, kits for BMW from its new US$33 million Leipzig logistics centre in Germany to the car manufacturer’s joint venture assembly plant in Shenyang, northeastern China. It takes over 20 days on average to supply the plant with parts for 15 versions of the BMW 3 and 5 Series sold in China. “One thing to bear in mind: putting a container in an open rail system is difficult to calculate in terms of reliability and delivery times,” explains Wieland. “Historically, the only way to ensure reliability has been for a customer to use regular block trains from the rail operators involved. Our track record suggests that we can offer reliable ETAs when using dedicated block trains. On the other hand it can take anything from 22-38 days in an open network; you can’t get a guarantee.”

He also points out that it is important to compare accurately the door-to-door pricing between modes. If a manufacturer happens to have a factory next to the port of Shanghai and a distribution centre in Hamburg or Rotterdam, then ocean port-to-port pricing is particularly attractive. However, when factoring inland pick-up and delivery with longer distances to ports, the door-to-door price via rail – which is on average 50 percent higher than ocean – becomes very competitive, he argues.

A case in point is Chengdu – 24 hours by truck from Shanghai. Huang is reported as saying he wants to make the city the top destination in western China for foreign companies and the government has earmarked US$8.9 billion to build a second airport to handle an estimated 36 new flights to Europe, North America and Australia by...
They say the best way to predict the future is to invent it. So, on a regular basis our teams take time off to work on new solutions, unorthodox approaches, and imaginative concepts that will help our clients stay ahead of the game. It is yet another way we care for your cargo.
The EU Council and European Commission (EC) have agreed to continue its “stop-the-clock” on including aviation in the EU Emissions Trading Scheme (ETS) until 2016. However, the European Parliament Environment Committee has rejected the plan. A full vote on the measure is expected in April. If the EU Parliament votes against the proposal, it will provoke a trade retaliation by China, the U.S. and the UK. The UK Civil Aviation Authority (CAA) has removed price controls on cargo services at London’s Stansted airport from April 01, 2014.

Agility Logistics reported revenue of KD1.375 billion (US$4.88 billion) in 2013, down three percent from the previous year. Net profit was up 37 percent over 2012 to KD46.2 million (US$164 million). Commenting on the results, company CEO Tarek Sultan said: “We will continue to grow along two main fronts. One, by improving performance in the core Global Integrated Logistics (GIL) business through technology-driven transformation, ongoing focus on global accounts and field sales, and maintaining financial discipline. Two, by growing the individual companies within our infrastructure portfolio, expanding their geographic reach, and diversifying their customer base. Our diversified business model allows us to hedge risk and take advantage of niche market segments in emerging markets, while making steady progress in improving our underlying business.”

Two leading corporate responsibility business associations, AIAG and CSR Europe - facilitator of the European Automotive Working Group on Supply Chain Sustainability - say 14 global automakers have reached agreement on a set of standards outlining expectations for suppliers on key responsibility issues including human rights, environment, working conditions and business ethics.

A recent report by the Ellen MacArthur Foundation, supported by McKinsey, focused on applying circular principles to the fast-moving consumer goods sector (FMCG). It estimates business can save US$700 billion if they rethink their linear approaches.
What are the most important components of a circular economy?
The concept could not be simpler. It is to run an economy (or a company) like a forest—that is, a living, growing entity that does not waste anything. To eliminate waste from our industrial system, we have to reuse all durable goods—from materials (aluminum) to components (transistors) to products (mobile phones). Consumable goods, too, such as clothing and food, can be produced and used with much less waste. Consumables can be cascaded to different, subsequent uses. For example, brewers can convert spent grains into an animal-feed supplement. This wheel of use and regeneration is propelled by renewable energy.

If the logic of the circular economy is so compelling, why aren’t more companies doing it already?
It’s true that relatively few companies are systematic about taking advantage of this opportunity. Since the early days of the Industrial Revolution, the market has rewarded scale and labor productivity more than resource productivity because natural resources have been abundant and relatively inexpensive. Moreover, companies have economic and legal incentives to sell products with built-in obsolescence.

The Ellen MacArthur Foundation report, Towards the Circular Economy: Opportunities for the Consumer Goods Sector, argues that “over time, the market is likely to systematically reward companies with an edge in circular business practices and hence dramatically lower resource requirements.” Why would this be the case?
Never in the last 110 years have resource prices been higher, more volatile, and more correlated than in the last 10 years. (There are some exceptions, such as gas.) And the pressure on key resources is not likely to diminish. With world population on course to hit 9 billion people by 2050, from about 7.1 billion now, resource scarcity is likely to stay. Market forces often reward those who successfully optimize around a bottleneck resource such as water in northern China or rare-earth minerals in Europe. Circular business design is the ultimate way to optimise resources—by keeping them intact across life cycles.

Have any consumer-products companies begun to make this shift?
Patagonia is trying to move from being a producer and seller of apparel toward being a lifetime partner for outdoor experience. This stretches from its “don’t buy this jacket” campaign (the company collects old jackets and brings textiles or fibers back into use) to its Common Threads Partnership, where it organizes a secondary market for used Patagonia clothing that might otherwise be thrown away or go unused. Other apparel retailers have stepped up their efforts too, with H&M recently announcing a global used-clothing collection program and Marks and Spencer expanding the number of clothing items it makes from wool and cashmere recovered through its own collection program. Other companies collect food waste for anaerobic digestion or refurbish their products (like photocopiers) to lengthen their lifetime. Procter & Gamble finds uses for its production waste in other industries.

Can the Internet and other forms of IT promote the circular economy?
The Internet is a crucial enabler, largely because it offers markets where products find a second life. It can also create transparency over materials used and their end-of-life requirements or over material flows that must be linked to potential downstream uses. The US office-furniture company Steelcase, for example, has tagged some of its chairs with information on the materials contained and the best end-of-life options. By doing so, Steelcase has taken out the guesswork for waste operators and disassemblers. More broadly, IT can help to identify materials through radio-frequency identification or other means and is essential to the development of new, less wasteful, batch-of-one manufacturing concepts such as 3-D printing.

What are your favorite examples of circularity in action?
Desso, a Dutch carpet and artificial-turf company, and Steelcase are much talked about and impressive because they are on a complete transformation journey, tackling product design, business models, and (reverse) logistics. However, the resource-productivity reserves some companies are building can show the way: those created by Michelin selling kilometers, not tires; by Rolls-Royce selling “power by the hour” (an airplane-engine performance and repair service on a fixed-cost-per-flying-hour basis), not equipment; and by Vodafone offering connectivity, not a mobile phone. Each of these companies is
selling a service rather than a physical product and has generated customer value by doing so. Michelin’s customers no longer need to keep track of tire conditions and replacement schedules, Rolls-Royce’s flight-operator customers only pay for engines that are performing, and Vodafone can now afford to provide its customers with the latest fashion in cell phones and smartphones. At the manufacturing level, a growing number of companies have started to operate in symbiosis, exchanging flows of (waste) materials and by-products, used water, and waste energy. Examples include the collocated companies and industries on Singapore’s Jurong Island or in Rotterdam harbour.

Will moving toward a circular economy require changes in consumer behaviour? Are those happening? Patagonia is trying to move from being a producer and seller of apparel toward being a lifetime partner for outdoor experience. This stretches from its “don’t buy this jacket” campaign (the company collects old jackets and brings textiles or fibers back into use) to its Common Threads Partnership, where it organizes a secondary market for used Patagonia clothing that might otherwise be thrown away or go unused. Other apparel retailers have stepped up their efforts too, with H&M recently announcing a global used-clothing collection program and Marks and Spencer expanding the number of clothing items it makes from wool and cashmere recovered through its own collection program. Other companies collect food waste for anaerobic digestion or refurbish their products (like photocopiers) to lengthen their lifetime. Procter & Gamble finds uses for its production waste in other industries.

Does a company that decides to go in this direction require new staff positions or new kinds of managers? It’s unlikely that there will be a “Chief Circularity Officer.” CE is very much a business-driven and business-enhancing concept, not a regulatory or other type of constriction, and therefore needs to sit with the businesses and functions. Circular activities can, and will need to, grow from different parts of the company. We have seen the circularity agenda driven by strategy directors, CFOs, marketing executives, and COOs—enlightened executives who think beyond the 20th-century way of fulfilling customers’ needs, are in a position to dare the status quo and execute on bold visions, and are willing to be the anchor that helps move every other department in the same direction. What is critical for success is for companies to develop cross-functional collaborations that link design, marketing, manufacturing, and recovery. Also, new expertise might be required, for example in materials science, logistics, and customer relationship management.

Author Martin Stuchtey is a director in McKinsey’s Munich office and a global leader in McKinsey’s Sustainability & Resource Productivity Practice.
Boeing has launched an initiative with South African Airways and the Roundtable on Sustainable Biomaterials (RSB) to expand opportunities for smallhold farmers in Southern Africa to grow crops that produce sustainable fuels.

Boeing and RSB will work with Southern African stakeholders to create pilot programmes to build knowledge and skills among groups of farmers who want to certify their crops as sustainable. Over the long term, as Southern Africa gains capacity in this area, more farmers will be positioned to tap into demand for biofuel feedstocks certified to provide socio-economic value to communities without adverse impact to food supplies, fresh water or land use. When produced sustainably, aviation biofuel emits 50 to 80 percent lower carbon emissions through its lifecycle (compared to petroleum fuel) because biofuel feedstocks absorb carbon dioxide during their growth cycle.

### Integrated subsea infrastructure services provider N-Sea Offshore has appointed GAC Shipping UK as its ship agent for vessels supporting its operations for the oil and gas and renewable energy industries in the North Sea.

Under the agreement, GAC will provide a package of support services for vessels chartered by N-Sea calling at UK ports. GAC's overall approach to delivering quality ship agency services, strong code of ethics, focus on compliance, experienced staff and extensive national and global coverage were all contributing factors in securing the agreement with N-Sea, according to Steve Gibson, GAC UK's general manager, Oil & Gas. A construction vessel due to call at Montrose in early April is expected to be the first to be handled under the contract.

### Yusen Logistics is now providing warehousing to Mitsubishi Electric Europe for air conditioning units in the Moscow region in addition to managing the stock and distribution of spare parts.

The two companies have been working together in Russia since 2011. After the first delivery of over 2,000 units to its facility in the Povolzhsky region, Yusen has been processing an average 300 units a month for both the inbound and outbound spare parts business. Deliveries are being made throughout Russia, as well as to Belarus and Kazakhstan.

### A report from global law firm Linklaters has signed the United Nations Global Compact.

Senior partner Robert Elliott said: "We are committed to making the Global Compact and its principles part of the strategy, culture and day-to-day operations of our company, and to engaging in collaborative projects which advance the broader development goals of the United Nations, particularly the Millennium Development Goals." The UN Global Compact is the world's largest corporate responsibility initiative with over 8,000 business signatories in more than 140 countries. The Compact, established in July 2000, seeks to promote responsible corporate citizenship by providing a framework for businesses to follow in response to the challenges of globalisation.

### Gatwick Airport, owned by a group of international investment funds including Global Infrastructure Partners, says it can start construction on a second runway before the end of the next UK parliament in 2020, with the first flights taking off by the end of the following one in 2025.

The owners say the new runway would provide the UK with more flights, more connections and handle 11 million more passengers by 2050 than building it at Heathrow, at a fraction of the environmental cost. Architect planner Sir Terry Farrell commented: "I have no doubt that with a second runway, Gatwick will deliver more balanced, and more widely spread, economic growth for London and the South East. Expansion at Gatwick could do for South London and the wider region what the Olympics did for East London and give a huge boost in terms of jobs, housing and regeneration." The airport management added that a commitment to start building in the next parliament "does not in any way negate the 1979 agreement. Gatwick remains committed to the legal agreement with West Sussex County Council, which prohibits the airport from constructing a new runway before 2019."

### Lufthansa Cargo reported revenues of €2.44 billion in 2013 – down 9.2 percent over the previous year. The operating profit dropped 26.7 percent in the same period to €77 million.

The airline managed its capacity well with a variable of just 0.3 percent year-on-year. Despite an attempt at a rate increase – not viewed with particular favour in its home market – revenue per tonne-kilometres flown and the overall load factor remained the same at 8.7 billion and 69.9 percent respectively. Outgoing chairman and CEO Karl Ulrich Gauss admited 2013 had been a difficult year but said 2014 should see a “significantly higher result” as a result of ambitious targets that include growing tonnage flown by five percent. The company will take delivery of one more B777 freighter in June this year to add to its fleet of three and will reduce its MD-11 freighter fleet to 14. A bilateral agreement with an airline outside the Lufthansa Group is expected to be “sealed” by mid-year.

### ExonMobil, the largest U.S. energy company, for the first time has agreed to publish a Carbon Asset Risk report on the company website describing how it assesses the risk of stranded assets from climate change.

The report will provide investors with greater transparency into how it plans for a future where market forces and climate regulation makes at least some portion of its carbon reserves unburnable. World governments agree that if catastrophic warming over 2°C is to be avoided, no more than one-third of current proven carbon reserves can be burned. These reserves, currently on the balance sheets of the 200 largest coal, oil, and gas companies are valued at $20 trillion. Yet, a recent "Unburnable Carbon" report calculates that in 2012 alone, the 200 largest publicly traded fossil fuel companies collectively spent an estimated $674 billion on finding and developing new reserves – reserves that cannot be utilized without breaking the world’s carbon budget.
As Turkey prepares for its first direct presidential election in 2014, all eyes will be on the ruling Justice and Development Party (AKP)’s choice of candidates. Despite being bruised by the Gezi Park protests in mid-2013, prime minister Recep Tayyip Erdogan is likely to realise his presidential ambitions. Campaigning will see protests recur, but at a lower intensity. Meanwhile, despite the looming threat of US ‘tapering’, the government will push on with large-scale infrastructure developments.
2013 was a year of emerging questions in Turkey. In 2014, the answers will go a long way towards determining whether the Turkey of a generation from now will have continued to modernise and liberalise, or taken an authoritarian, inward turn.

The key question is the line-up with which the governing Justice and Development Party (AKP) intends to contest the forthcoming ‘election season’. A presidential poll, probably in August 2014, will mark the first time that the presidency is directly elected, while parliamentary elections are scheduled for June 2015.

Erdogan is reaching the end of his third term in parliament, and AKP rules prohibit him from seeking a fourth. He could change these rules, but has refrained from doing so because he is intent on moving into the president’s office in 2014. While 2013 dashed his hopes that a new constitution providing for an executive presidency would be enacted in time for the election, he is very likely to win, ensuring that he remains Turkey’s pre-eminent political personality.

This prompts the question of who takes over as prime minister. A Russia-style ‘job swap’ is most likely, with president Abdullah Gül moving into Erdogan’s seat. However, tensions between the two men and their factions within the AKP increased in 2013, and Erdogan may prefer a less senior and more pliable individual. A job swap would give the impression of continuity, but the tensions between Erdogan and Gül would be likely to intensify, with clear potential for Erdogan’s abrasive personality to create sparks.

That personality, and Erdogan’s perceived authoritarian drift, were key motivating factors in the protests that drew the world’s attention to Istanbul’s Taksim Square in May and June 2013. The election campaign is likely to see

Economic strength and stability have been the major success of Erdogan’s tenure, earning him the leeway that he has enjoyed in other policy areas in recent years.
renewed protests by the young, urban, Western-facing demographic that defended Gezi Park, but these will be neither as disruptive, nor as persistent, as those in 2013.

Another question asked after Gezi was whether a political force could emerge from outside the AKP, able to challenge Erdogan and his party. This one did get an answer – a resounding no. The opposition is too fragmented, and has too little in common with the Gezi protesters, for a credible new movement to coalesce. The AKP’s strength in Anatolia ensures that concerns over its increasingly authoritarian and Islamist direction in Istanbul and other large cities in Turkey’s west are only likely to translate into significant change at the ballot box if the opposition can unite. The most credible threat to the AKP’s dominance is internal, the widening split between Erdogan and the faction of the party that follows the moderate Islamist ideology of US-based imam Fethullah Gülen, most of whom would side with Gül in any head-to-head.

Economic strength and stability have been the major success of Erdogan’s tenure, earning him the leeway that he has enjoyed in other policy areas in recent years. Although Turkey has avoided a ‘hard landing’, it remains vulnerable to internal and external shocks. In particular, the ‘tapering’ of the U.S. Federal Reserve’s bond-buying programme in 2014 would threaten significant economic headwinds, in the form of higher interest and inflation rates, and a weaker Lira.

For that reason, 2014 will see Turkey continue to make hay while the sun shines. Large-scale investment in infrastructure projects will continue, particularly in the energy sector, with construction activity at two planned nuclear power stations set to escalate, the Trans-Anatolian Gas Pipeline (TANAP) breaking ground and the oil pipeline from Iraq’s Kurdistan Region opening.

Meanwhile, coal, gas and renewable infrastructure development will move...
forward as the government seeks to prevent a projected energy shortfall from becoming a significant limiting factor on the economy. The country’s developing infrastructure – both on the drawing board and on the ground – includes the Sinop nuclear plant, the Ceyhan and Erzerum energy hubs, an hydroelectric plant, the ANAP and KRG pipelines and the Akkuyu nuclear plant.

Outside the energy sector, major projects including highways, large-scale urban mixed-use developments, a new Bosphorus bridge and Istanbul’s planned new airport, will all progress as the government seeks to remedy the infrastructure shortfalls that it increasingly recognizes have long held Turkey back.

The construction arms of the country’s major conglomerates – particularly those that have consistently demonstrated enthusiasm towards the AKP government – will be in pole position to benefit, but demand for expertise will ensure continued opportunities for international business. Domestic companies with more rocky relationships with Erdogan’s administration may find themselves out in the cold.

Turkey’s newfound economic strength has been a major factor in its increasing projection of power beyond its borders as ambitions of EU membership grow ever more distant. The conflict in Syria, the potential gradual reopening of Iran to international business and Turkey’s developing symbiotic relationship with Iraq’s Kurdistan Region will create both threats and opportunities.

However, this power abroad is likely to count for little if Turkey cannot maintain improvements to the security environment at home. The tentative progress made in the Kurdish peace process will be tested significantly in 2014, with potential for renewed terrorist action, particularly in the south-east, if these advances cannot be consolidated.

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David Lea is a Europe-based senior analyst for Control Risks.
Timing is everything. In 1990, when Aer Lingus set up a charter airline in Turkey called Pegasus with two local companies and a couple of B737-400s, little did they know that in less than a year, Iraq would invpe Kuwait and Turkey’s tourism industry would fall off the map.
No doubt this business model would have continued if Turkey hadn’t liberalised its domestic market in 2001 by lifting price controls and removing additional taxes. As a result the country’s air transport industry has significantly outperformed the gross domestic product (GDP) in the past decade.

Between 2003 and 2012 Turkey’s GDP cumulative annual growth rate (CAGR) was 4.9 percent. During the same period, domestic air travel produced a CAGR of 24 percent – nearly five times higher. Since 2003, the domestic and international passenger CAGR averaged 14.3 percent - despite a 4.8 percent drop in Turkey’s GDP in 2009 following the Great Recession.

This phenomenal growth is perhaps one reason why Esas Holding, founded in 2000 by Sevket Sabancı and his family, acquired Pegasus in 2005. Currently Esas has investments in aviation, retail, entertainment, food, healthcare and real estate sectors both within and outside of Turkey. During 2013, Esas reduced its shareholding in Pegasus from 96.5 percent to just below 63 percent – the balance is now traded on Turkey’s stock market.

Within a few months of the 2005 purchase, Sabancı had re-launched Pegasus as a low-cost scheduled airline that now providing high-frequency services from its main hub at Istanbul’s Sabiha Gökçen airport to 30 domestic and 49 international destinations in Europe, the CIS and Middle East. The airline began daily flights to Frankfurt in March followed by services to Madrid and Kuwait.

The profit before tax for 2013 was YTL154.67 million and the airline produced a net profit of YTL88.31 Citing OAG data, both in 2011 and 2012, Pegasus was the fastest growing of the 25 largest European airlines in terms of seat capacity. To cope with this growth, In 2012 Pegasus made the single largest-ever aircraft order in Turkish civil aviation history at the time of approximately US$12 billion (list price) for 100 new Airbus aircraft (of which 25 are optional).

While most of the company’s revenue is derived from passenger flying, the airline derived 14.2 percent of its 2013 income from eponymous Ancillary Services, up 47.8 percent year-on-year. Cargo traffic is consolidated under “Other Services” in the company’s annual report that represented 7.76 percent of total Pegasus revenue in 2013.

Cargo vice president Aydin Alpa, a 30-year veteran of the cargo business on both sides of the Atlantic, has a level of enthusiasm for his team’s ability to generate yield from the belly of a B737-800 that far outweighs this somewhat opaque statistic.
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Alpa, who has the pugilistic personality of someone who didn’t grow up on New York’s Upper East Side – and doesn’t regret it – began his career working as a ramp agent at JFK before joining PanAm. “I went to school during the day and then loaded cargo and bags in the evenings. If I had weekends off or holidays I can’t remember them. But it was fun.”

After university he joined handler Dynair – since sold to Swissport – as a ramp operations manager and was subsequently asked to join the cargo department of THY-Turkish Airlines: “I was still working 60-70 hours a week - it’s a habit of a lifetime that began at JFK. Turkish people who lived in the States in those days had a great attachment to the national airline. When I worked for PanAm I was very proud when I saw the first THY airplane land in New York. Later that night, I took my mother and my father to the airport to show them.” By the time Alpa was promoted to manage THY’s cargo operations at JFK he was just 24 years old.

In 1992 he returned to Turkey where he joined Berben Express, AEI’s local agent, and then became director, Turkey for Emery Worldwide. This was followed by a short break from the cargo business when he worked as an advisor to the board of Celebi Holding where he was responsible bringing the fast-food chains Arby’s and Little Caesars to Turkey. By 1997, he was back in cargo and spent the next five years as general manager of Ulusoy International Transport, part of Istanbul-based Ulusoy Holding.

Alpa returned to America in 2002 but this time he didn’t stay long. After a stint working for Eniortrans in New York, “things had changed” post-9/11 and he returned to Turkey where, after a year as a consultant, he was asked if he’d like to develop the Pegasus cargo business – recently reborn as a scheduled carrier. “That was eight years ago. Last year we carried over eight million kilos of cargo – up from 5.5 million kilos in 2012. That’s a 60 percent increase. And because it is ancillary, much of the revenue drops straight to the bottom line. We only load what makes sense from an operational viewpoint. We’re a fast turnaround operator with a 24-hour cargo operations shift at Sabiha Gökçen – which we’ve helped put on the map as a cargo hub,” he adds.

Back when he was growing up in his parent’s home in Brooklyn, New York, Alpa might have noticed the occasional PanAm B707-320C flying in and out of JFK. At that time, the aircraft’s 1,700 cu.ft of belly capacity not used for baggage would have been bulk loaded with under 70lbs shipments. Several decades later Alpa runs an operation that bulk loads similar sized freight in the 1,555 cu.ft. belly of a B737-800. So despite improvements in technology and operating costs, the process hasn’t changed much in the intervening years – apart from the pricing.
"We have a Pegasus Cargo Manual and each of our GSAs sell our capacity based on it. I carry whatever I can based on IATA guidelines for bulk loading passenger aircraft. The maximum piece weight varies by country – anything from one to 160 kgs. Obviously we can’t carry 300 kgs pieces because they won’t fit. At the moment I can’t ULD the freight so that has an impact on my offering – but judging by our performance, it’s not a bad option for forwarders," says Alpa.

Announcing its annual results in March, Pegasus general manager Sertaç Haybat commented: "We have continued our sustained growth in 2013, reflecting our position not just as the fastest growing airline in Turkey in recent years, but also in Europe. From 2007 to 2013 Pegasus achieved an average annual growth rate of 27 per cent for domestic flights against a sector average of 16 per cent."

This rapid expansion means the cargo department is going to need more staff. So yearly, Alpa sponsors an air logistics conference at Yeditepe University "because it is the right thing to do" and because it is also a good source for future talent as well. "Pegasus is very keen on education; I wish in my time there were more events like this by other carriers." Alpa began this process four years ago when he asked a university professor to send him his best students. He now has five staff that rotate through various parts of the cargo organisation in order to gain the necessary experience.

"This younger generation want to be pushed. And that’s fine. The more they want to learn, the more we enable it. I constantly have my staff travelling with me. I want them to have the one-to-one. Some of them do audits for us as well. They meet low- mid- higher-level managers. I want them to know them. This way they’ll learn in five years what in normal circumstance would take a decade," he explains.

He now is in a hurry to get new staff trained to cope with the introduction of the A320 fleet: "The managers and assistant managers have proved themselves in the past few years so I can let them make decisions. I’m like a cargo centre point for the airline. They have proved themselves so I don’t micro-manage everything.

"You can’t control everything. You have to be able to trust them. The more I see them doing it without me, the more it makes me happy. I want them to take over one day - then I know I have done it right."

In addition to new routes and new aircraft this year, Alpa says he’s going to start an interline programme for both regional and long-haul traffic.
For 48 year-old Aydin, the rapidly-expanding Pegasus keeps him highly motivated: “I have to love this job; it’s a people thing. Six months after the airline started I became involved. I’ve watched the baby grow; now it is a teenager. I want to make sure it becomes a well-developed adult ‘cargo wise’. That’s why I’m staying on board. As long as the chairman and the CEO are happy, I’m happy.”

“We’re looking to have selective interline relationships. But service levels have to be the same as today - I don’t want anyone’s freight sitting around anywhere.”

Aydin Alpa
Cargo Vice President

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Cargo Human Care - "don’t just think about it"

"Let’s visit a children’s home," suggested my wife many years ago while we were staying in Nairobi, the capital of Kenya. It struck a responsive chord and I readily concurred. It was a Sunday afternoon – we went unannounced with one suitcase full of kids clothing but were welcomed like old friends.

On this very first visit, the warmth and cordiality of the mothers and orphans opened my eyes. It showed me too that much more could be done. I was moved spontaneously to do something, first for the orphans and later for people, who were ill in Kenya. I managed to convince colleagues, friends and others in Germany that aid-giving is worthwhile and that together we could step in to create a better life for these people.

For me, people are always at the centre of all that we do. People in Kenya, who urgently require our help, and people in Germany, who fervently support our project financially with their personal commitment. We established the project on a firm footing in 2007 by founding the Cargo Human Care e.V. (CHC) humanitarian aid organisation. Meantime, the CHC membership base has grown to almost 500, many of whom actively lend support with their personal efforts.

As president of CHC, the project with close to 150 help initiatives at my favourite destination, Nairobi, has long since become a major and very important part of my life. On duty tours as a Lufthansa Cargo flight captain, I have had the chance of becoming socially active, and with the backing of colleagues and management, a synergy has been created which I had never thought possible and which overwhelms me, time and again.

Without the massive support of Lufthansa Cargo, it would not have been possible to get this aid project to where it is now. Free flights for doctors and aid volunteers on freighter flights operated by the company between Frankfurt and Nairobi enabled us to channel donations direct to the needy in Kenya. For management and staff, CHC optimizes the social commitment of Lufthansa Cargo – it is no accident that “Cargo” is part and parcel of the aid organisation’s name.

CHC rests on two principal pillars:

- The Mothers’ Mercy Home (MMH) for 120 orphans. It was set up with CHC donations in 2008 under the trusteeship of the Anglican Church in Kenya.
- Medical aid: At our CHC Medical Centre, which was also built in 2008, around 11 local staff and 40 doctors specialising in seven different disciplines provide free medical care to more than 6,000 patients. None of the patients could afford to see a doctor without the CHC. More than 22,000 treatments were provided in 2013.

Aside from these two major pillars, CHC has initiated an array of other new projects in recent years. Just a few examples:

- Our pediatricians treat young babies at "The Nest", a nearby home for infants.
- In the devastating drought in northern Kenya in August 2011, we took on the task of providing food supplies for more than 200 families in two small villages near Marsabit. Meantime, two schools have been built there with our support for children from the small village of Karare.

It was perhaps my meeting with John Kaheni in November 2004 that sparked the birth of Cargo Human Care. In that moment, I became inwardly convinced of the purpose of my engagement in Africa. John, then one of 84 children at the Mothers’ Mercy Home (MMH), was eleven years old and suffering from heart valvular insufficiency. His future looked bleak and the MMH could simply not afford a heart operation. “That cannot be," I said to myself and within a very short time I had mobilised two classes at school in my home town of Idstein to collect money for an operation. At the Christmas bazaar, we quickly raised the necessary €1,500 and John underwent a successful operation in January 2005. In April, I played football with him – imagine my feelings.

John Kaheni belongs to the oldest age-group at the MMH and left the Home on completion of Secondary School in November 2013, one of 18 school-leavers in a group, on which we are currently focused. It was not easy for the CHC team to develop plans for their future jobs in life and vocational education. But laying solid foundations for the future of the young people at the Home has always been one of our key objectives. Their vocational training or studies are funded by sponsorships. Mary, a social worker, has been engaged for their care. I am sure that we will be able to provide the support the orphans need in their step into independence.

If anyone asks me where we get all the energy to sustain and further our Cargo Human Care commitment, I have only one answer: "Put your idea into practice, do it, don’t just think about it …" convince and win over other people as kindred spirits to support your idea. www.cargohumancare.com

Folko (pictured above, centre) Dayen has been a Lufthansa Cargo MD-11F training captain and test pilot for post-heavy maintenance flights on the aircraft type since 2000. He was appointed fleet chief in 2007 and has been the deputy Flight Operations Leader at Lufthansa Cargo and thus head of the 400 pilots flying the MD-11F since then. He began his flight engineer training at Lufthansa’s technical college in Hamburg in 1978. After obtaining his pilot’s license in 1988 he began flying Boeing 727s 737s and 747s as a co-pilot for Lufthansa before becoming a B747 captain at Lufthansa Cargo in 1997 and re-training for the MD-11F in 1998.
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