

SUPPLY CHAIN

Sustainability

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Air Cargo Industry Biggest Challenge:

OFF AIRPORT INFRASTRUCTURE

The Bipartisan Infrastructure Law provides \$15 billion for airport-related runways, safety and sustainability projects, as well as terminal, air cargo and roadway endeavors. Philadelphia International Airport, for example, plans to expand air cargo facilities and capabilities utilizing some of this funding. From the extraordinary need to transport pharmaceuticals, medical equipment, and personal protective equipment to support the fight against COVID-19, to the increase in online shopping across the globe, air cargo demand is higher than ever. According to the International Air Transport Association, 2021's overall air cargo volume rose by 18.7% year-on-year. The increase in air cargo demand is not expected to diminish and, at most airports, there is a limited footprint for on-airport expansion.





The air cargo industry has become a key element in the e-commerce boom because it offers the benefits of speed and reliability. While airports are investing in on-airport cargo facilities, there needs to be a holistic discussion to include the land and facilities directly outside the airport. Many airports restrict the air cargo on-airport user base to only include air carriers and their handlers, which has pushed almost all the non-carrier air cargo support businesses to locations adjacent to airports.

Freight forwarders, import brokers, third-party logistics providers and trucking companies make up what I like to identify as Airfreight Industry Essential Partners (AIEP). These AIEP entities are critical to the nonintegrated air cargo industry as they are responsible for all the airfreight handling activity that occurs outside the airport. As the infrastructure needs of the air cargo industry are discussed, the space on airport must be considered in conjunction with what makes up the airfreight supply chain. The many facilities off airport that are homes to airfreight partners must also be assessed.

Many of the facilities just outside the airport perimeter are even older than most of the aged facilities on airport and are inefficient and functionally obsolete. These older vintage warehouses and roadway systems are not equipped to efficiently manage today's cargo handling requirement, no less than what we anticipate in the near future. While airport sustainability initiatives are focused on efficient, economic and environmentally friendly planning strategies, the partnering business community just off airport will have difficulty achieving similar sustainable objectives.

Another challenge a city or municipality hosting AIEP facilities must address is trying to improve access and efficiency on a roadway system that can't be widened or modified because of the existing infrastructure. It is important to note that sometimes within these perimeter facilities, communities are negatively influenced by the air cargo activity happening within them. For example:

- Many of the older vintage facilities require tractor trailer trucks to back inside the building, while the cab on the truck sticks out into the street.
- Trucks drive through residential streets to access the facilities.
- There is limited employee parking, which hinders homeowners living in the adjacent community to even park in front of their own homes.

Gateway airports are the most challenged. They face land constraints because there is no room on airport for AIEPs to operate. The off-airport real estate is disjointed, owned by a variety of different landlords each holding a stake in one or more warehouses that may not even be next to one another. Some of these facilities are also land constrained because neighboring facilities restrict any room for growth and, in many cases, these airfreight support buildings have migrated further away from the airport because of the need for newer, efficient and economically viable space.

It is important to note that many of these facilities are more restrictive than some of the older vintage on-airport properties. For example:

- Clear height, facility depth and truck courts are even worse and hamper the warehouse's capabilities, limiting the amount of cargo that can be handled within the facility.
- These older warehouses are not environmentally friendly, especially since truck emissions, major air pollutants, are heightened where roadway access, truck cueing and narrow truck court/docks require additional time, since trucks idle while waiting to maneuver into and out of these warehouses.
- Off-airport existing roadway movement restrictions negatively influence warehouse accessibility, which ultimately impacts any operational efficiency one would seek to achieve

and directly impacts any environmental sustainability objectives the city, state or local community wants to achieve.

Despite these challenges faced by off-airport logistics facilities, some secondary airports can offer adjacent locations that have the capacity to provide a proximal solution for businesses that fall under the AEIP designation.

Ontario Airport

Plans are underway at a significantly developable site located just outside Ontario Airport in California that will enable millions of square feet of new warehouse development and create a logistics community. This ancillary businesses directly linked to the transportation of goods will benefit from new warehouses designed around present and future logistics handling, including those businesses that make up the AIEP. This

type of logistics community would represent both optimally located and functionally relevant final mile logistics distribution accommodations absent from most major gateways. We refer to these newer and more efficient near airport logistics designed warehouses as HFT (High Flow Through) facilities requiring a cross dock operation.

Airports have to continuously move in a positive direction to meet sustainability goals within the timeframe they have planned. Municipalities, real estate owners and the businesses just outside the airport that support the air cargo industry, must begin planning collaboratively to redesign the off-airport logistics support network. Working to redesign the network is critical for success and to provide easier, efficient, and sustainable transportation of cargo so that both on- and off-airport cargo activity is synchronized to

provide seamless and sustainable movement across the supply chain. Whether its earmarking available airport adjacent land or land that becomes available as a direct result of airport redevelopment, the air cargo business needs a place to grow and prosper.

While airports are encouraged and, in many municipalities mandated to follow sustainable guidelines, we cannot ignore that the off-airport business community plays an equally important role in the efficient and sustainable handling and transportation of air cargo. The supply chain is only as strong as its weakest link and, right now, that weak link is just outside most gateway airports. Cities, states and other municipalities need to assess their airfreight support network and work strategically to ensure that all the efforts on airport aren't negatively influenced by restrictions off airport. ✈️



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