

# NEWSLETTER

December 2022



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## Logistics plays including SF Express, Cainiao aim for skies with air cargo



Chinese logistics companies are beefing up efforts to invest in the air cargo segment and expand their global footprint as part of broader push to build logistics networks across the globe, improve delivery efficiency and ensure the stability and smooth operation of supply chains, experts said.

Ezhou Huahu Airport in Hubei province, which is backed by Chinese logistics service provider SF Express, recently launched its first all-cargo air route linking Ezhou with Shenzhen, Guangdong province.

As the first dedicated air freight airport in Asia and the fourth of its kind in the world, Ezhou Huahu Airport is expected to open over 50 domestic routes and 10 international cargo routes by 2025, with cargo throughput reaching 2.45 million metric tons.

Wang Wei, chairman of SF Express, said the company will speed up the construction of Ezhou Huahu Airport and aims to build a world-class international air cargo hub.

The airport will open another all-cargo route from Ezhou to Shanghai soon, and is scheduled to add international routes connecting with Osaka, Japan and Frankfurt, Germany within this year. SF Express' freight transit center located at the airport is expected to begin operations in the second half of 2023.

Other logistics firms have invested heavily in providing air cargo services and building global logistics infrastructure. JD Logistics, an arm of Chinese e-commerce platform JD, has received approval from aviation authorities to put its self-owned air cargo fleet into operation.

The company said it will first develop domestic air cargo to cover major cities nationwide and accelerate its layout in international air cargo markets likes North America, Europe, the Middle East, Southeast Asia, Japan and South Korea by the end of 2025.

JD Logistics is stepping up efforts in the construction of logistics infrastructure globally. It has launched self-operated overseas warehouses in the United States, Germany, the Netherlands, France, the United Kingdom, Southeast Asia, the Middle East and Australia.

Yang Daqing, deputy director of research at the China Federation of Logistics and Purchasing, said currently, air cargo only occupies a relatively small portion of China's comprehensive transport system, which cannot meet consumers' fast-growing demand for high-tech products as well as cold chain logistics services covering the transport of fresh commodities and medicines.

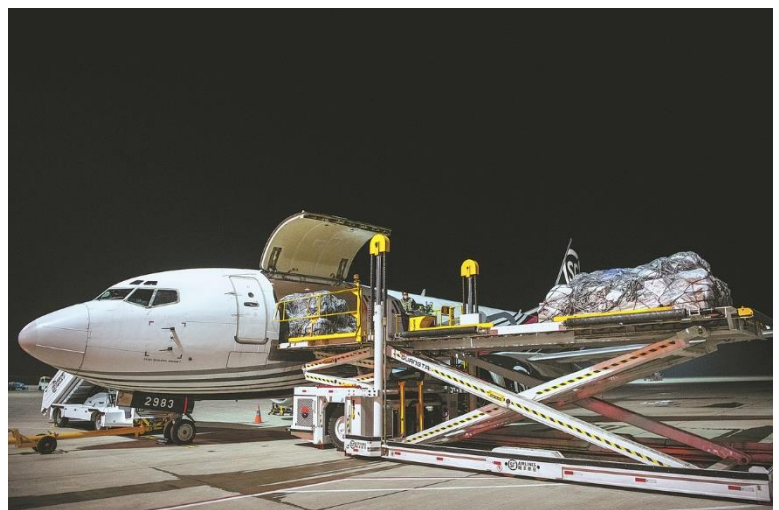
Developing international air freight business will help enterprises boost long-haul freight capacity, establish overseas logistics networks and further improve cross-border delivery efficiency, Yang said.

Cainiao Network, the logistics arm of Alibaba Group, has set up six smart logistics hubs around the world, operates more than 3 million square meters of cross-border logistics warehouses and has over 240 chartered flights for trunk logistics every month.

To reinforce its global logistics network, Cainiao has expanded the number of its overseas distribution centers to 12, with a focus on last mile deliveries and smart lockers to optimize and localize its services in destination countries.

Last month, the company announced it had launched its first smart distribution center in Brazil, and plans to launch another nine distribution centers in the country in the next three years.

"Overseas warehouses serve as vital infrastructure that boost growth in the nation's cross-border e-commerce sector," said Zhang Zhouping, a senior analyst of business-to-business and cross-border activities at the Internet Economy Institute, adding such facilities enable quicker Customs clearance, faster delivery and lower costs.



## Westbound Logistics continues to expand in China



Westbound Logistics has opened a new office in Qingdao as part of its ongoing expansion in China.

The new facility is the company's fifth office in the country, following Shenzhen, Shanghai, Hong Kong and Ningbo.

Westbound China director Michael Lee commented: "We are very pleased to be expanding our service offering even further in mainland China. We see this as yet another positive step forward in the continued development of the group.

"Our new Qingdao office supports our ongoing mission to provide cost-effective logistics solutions to all of our customers.

"When Danny, Ryan and I set out on this journey, we shared a common vision to create a business that offered the very best in customer service and a business that supported our customers' needs. So far, we have achieved that, and the Qingdao team will be no different in their approach."

The new office is expected to complement the range of services that Westbound offers to and from China, which include LCL & FCL oceanfreight, airfreight and railfreight.

## COVID disruption delivers jobs in transport and logistics



**Laura Hill, managing director of courier service.**

"It's first and foremost a customer service industry. You approach a lot of your work from a customer-first lens, which is a skill that is really transferable," Hill says.

While the pandemic caused havoc for supply chains it also played a huge role in the growth of many transport and logistics businesses.

“During lockdown in 2021, we saw nationwide parcel volumes increase by 98% compared to pre-pandemic levels,” says Hill.

An expanded industry means an increasing number of career opportunities and new roles across operations, marketing, sales and technology.

“The transport and logistics industry is at the forefront of technological innovation, using robotics, automation and artificial intelligence,” notes Hill. “Working in the field, you can gain exposure to emerging technologies and keep your skills current in a digital economy.”

**Laura Hill's career history in media and at online marketplace Gumtree may seem an unusual background for someone leading a business in the booming transport and logistics industry. But for the managing director of courier service Sendle Australia, the experience set her up perfectly for the sector.**

While parcel deliveries are a highly visible side to the sector, waste management is something few think about unless something goes wrong. But for Hannah Stewart, operations manager at Stows Waste Management, it's an area of transport and logistics filled with interesting career opportunities.

“Despite what many may think, working in the liquid and reportable priority waste industry is exciting ... there is always something new to learn,” Stewart says. “Often very obscure jobs arise and we have the opportunity to look at waste and investigate if it has an opportunity to become a resource, and if so, how it be best utilized.





“It’s great to be able to work in an industry where innovation is encouraged.”

CEO of B dynamic Logistics, Mal Siriwardhane, agrees that COVID-19 fast-tracked the maturity of the industry.

“The accuracy of supply chain planning has become an area of significant focus,” he says. “This has opened up new supply chain planning opportunities including technology developments. The labour shortage has also created solution design and automation sector career opportunities.”

Like Hill, Siriwardhane says keeping the customer front of mind is key to most roles across the sector. His organisation aims to attract logical thinkers with a “disciplined approach to client service” and strong interpersonal skills.

“The scope of diversity and demand of the roles which across operations, compliance, commercial or management provides motivation and keeps interest for the industry at a high for many people,” he says.

While the industry is currently mostly skewed towards males, Siriwardhane is proud that his organisation is breaking the mould. In particular, a strong induction program has allowed B dynamic Logistics to attract women with no industry experience to the organisation.

“The industry globally employs 2% women. We employ 50%,” he says.

As a female in the sector, Stewart from Stows Waste Management is glad to see the gender balance shift. For her, membership of organisations like the Transport Women Australia Limited has been extremely beneficial.

“The connections and friendships that I have give me so much support and encouragement,” she says.



# National Logistics Policy to reduce cost and time, improve efficiency across sectors: ICRA



The new policy will enable ease of doing business through technology-enabled initiatives and better integration of different modes of transport.

The National Logistics Policy (NLP), launched by the Union Government in September 2022, aims to promote the seamless movement of goods, overcome transport-related challenges, encourage digitization, and reduce logistics time and cost, and bring its percentage of GDP in line with the developed economies.

Reduced logistics costs and time, and improved efficiency across sectors will help improve India's competitiveness, both in the domestic and export markets, according to Suprio Banerjee, Vice-President & Sector Head, ICRA Limited. He said, "The Introduction of NLP is a long-term positive for the Indian logistics industry, given its overall focus on attaining better integration of different modes of transport, which in turn shall lead to faster

turnaround and higher efficiency. It is also expected to lower the cost of logistics by reducing the over-dependence on the road sector, thereby reducing congestion and ensuring better asset utilization. However, implementation challenges, are expected as multiple agencies, stakeholders, and physical entities are involved, which will require proper coordination for the successful implementation of the policy.

The implementation will also entail heavy capital investments to be policy-compliant. The benefits of the policy should also be evaluated against its compliance costs. Nonetheless, the long-term benefits of the policy will outweigh the short-term challenges."

## JD Logistics launches its second warehouse in Dubai



JD Logistics recently announced the opening of its second warehouse in Dubai, UAE. Joining the company's global logistics network, the new warehouse can provide end-to-end supply chain services that cover Asia, Africa and Europe for local and cross-border merchants, the company said in a statement.

Located in Dubai Industrial City, a 20-minute drive from the Port of Jebel Ali, this warehouse with an area of 12,000 square meters, provides logistics services ranging from concentrated transportation, sea transportation, air transportation, transition, customs clearance to warehousing, sorting, labeling,

dropshipping and more, for both bulky and small to medium-sized products, and meeting both B2C and B2B fulfilment requirements. Adopting JD Logistics' self-developed management system, the warehouse can digitally manage inbound and outbound inventory, thus precisely predicting the trends and allocating distribution resources accordingly to improve logistics efficiency.



Fordeal is an emerging cross-border e-commerce platform in the Middle East. Leveraging the self-developed warehouse management system, JD Logistics helps Fordeal build an intelligent inventory management system which can manage inventory digitally and make forecasts and plans accurately.

JD Logistics also provides an intelligent packing recommendation system to save more packaging materials. Since cooperating with JD, Fordeal's warehousing costs has been reduced by 30 %, while fulfillment accuracy reached 99.5%. Fordeal's order outbound time has also been shortened to 12 hours from 24 hours.

"JD Logistics provides us with customized services and a special team to handle inventory," said Yun Qing, head of Fordeal warehousing in Dubai. "It is amazing that with the help of JD Logistics, our warehousing efficiency doubled and costs decreased by 30%."

At the same time, cross-border merchants can choose to stock their goods in this local warehouse that is nearer to their customers. For example, sales of some Chinese cross-border merchants increased by 3 times, as the local warehousing service greatly speeds up of delivery time.

Chinese merchants can also choose to deliver goods to one of JD's warehouses in China, and JD Logistics will help handle the rest of the work including international transportation, transition, customs clearance, warehousing, last-mile delivery and more.

Siyuan Yue, head of JD Logistics Dubai Warehouse said that, "Powered by digital capabilities, JD's warehouse in Dubai provides clients with integrated logistics solutions, optimizing the international transportation routes greatly."

JD Logistics' first warehouse was launched in 2020 in Dubai's Jebel Ali Free Zone (JAFZA), the largest free trade zone in the region offering logistics services spanning GCC (Gulf Cooperation Council) countries and reaching to continent Africa. As a leading integrated supply chain service supplier, JD Logistics operates over 1,400 warehouses in China, in addition to approximately 90 bonded warehouses, international direct mail warehouses and overseas warehouses globally.





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