Strategic Priorities for Post Pandemic Supply Chains
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Dear Readers,

It is the time when we are all trying to squeeze out the best business results before the year-end and also are in deep preparation for the year ahead. But we seem to be in an ever-decreasing circle of changes and challenges to stay ahead. For many, 2023 was a good year with successful outcomes despite the numerous variables on the way. In 2024 the outlook may be one of similar supply chain challenges, not least provoked by geopolitical crisis and nature’s call to action, coupled with persistent inflation amidst geopolitical pressures across several of the major economies.

The digital transformation in supply chain programs across many organisations has seen many success stories. But we continue to face new challenges of complexities and a myriad of variables that they face along the way. The speed of transformation experienced by large organisations is met by constraints in capabilities to prioritise goals and execute with adequate resources. The speed of technology changes is challenging the capabilities in the adoption of current programs.

What continues to catch our eye are the ongoing megatrends which impact our supply chain. Artificial Intelligence – the emerging megatrend pushing efficiencies at a rapid rate will turbocharge the digital economy. Net Zero – will drive a lot of investment but will offer challenges alongside opportunities. Politics – Suez Canal, Russia/ Ukraine, cybersecurity pressures, changes in political leaderships with half the world’s population heading to the polling booths in 2024.

It looks like what comes around, goes around – we see that resilience is probably the most critical challenge we need to address in our supply chains. Learning from the past is great, but not enough and we need to continuously reiterate what we are doing and how we think about the future.

The theme for our December-January LogiSYM edition, is **Outlook 2024: The year in summary and what our experts say we can look forward to in the coming year**. It is opportune, that contributors’ articles to this edition, give us deeper insights into the 2024 outlook, illustrating for us the critical elements on which we need to act and how we approach supply chain challenges.

We need to reflect on the fundamentals of how we can shape our organisations, to combine resilience, innovation and a customer-centric culture, to grow and sustain our business purpose and visions for the future – we should make 2024 another successful year for our business.

Always happy to hear your views and welcome comments on our content and your feedback would be most appreciated – we look forward to receiving your feedback at info@lscms.org

Wishing our Readers a very warm season greetings and a good 2024 in achieving your dreams!

Meanwhile, take care and stay safe!

Joe Lombardo
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LogiSYM Magazine
LogiSYM 2024
ASIA PACIFIC

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We entered 2023 with a lot of negative opinions on how the year would turn out. Thankfully many of the doom and gloom predictions were not accurate. Yes, there has been a market correction and challenges ensued however as any seasoned Logistician would know, dealing with issues and challenges are simply par for the course. The standing joke with some of us in the LSCMS Shippers Council is that "if everything worked well and perfectly, we'd be out of a job".

As we approach 2024, I am inclined to take a half glass full approach to how the world of supply chain will look.

In the US for example, the Federal Reserve's efforts to counter inflationary pressures and engineer an economic soft landing for the US economy appears to be working. Also, supply chains globally continue to correct themselves as we recover from the trauma of COVID and Russia's invasion of Ukraine.

According to the JOC, US retailers are becoming more ambitious in their ordering for early 2024 thanks to steady end-of-year holiday sales that include a strong Black Friday performance. On a year-over-year basis, US imports from Asia have been rising since April, with volumes in November up 10.8% over the year-earlier period, according to PIERS.

There are significant geopolitical tensions and conflicts but many relationships are excellent and there are also signs that some of the rifts are healing. The world's two leading economies, China and the United States, are in conflict on several fronts however neither superpower wants global instability. China has economic problems - and some say this is one of the reasons for their increased willingness to refine their approach on the world stage. The bilateral talks between the Chinese leader Xi Jinping and US President Joe Biden in November 2023 were hailed as constructive and productive, and the two leaders agreed to continue the dialogue.

India, the world's third largest economy is expected to surpass growth targets and its Prime Minister, enjoys widespread support at home.

On the sustainability front, some 100,000 delegates, participants and visitors joined COP28, the United Nations (UN) Climate Change Conference in Dubai. Scientific reports show that we are heading towards a +3 degree world, which is hardly the future we would like to create. Luckily, more and more are taking the fight towards decarbonization more seriously.

According to the Global Climate Action Portal more than 170 announcements were made at COP28, including pledges and declarations, publications and reports, initiatives, and updates: double as much as at COP27. Under the Green Shipping Challenge alone, countries, ports, and companies made over 50 announcements. Certainly a step or rather steps in the right direction.

Around digitalisation, there has been much concern around Artificial Intelligence (AI) and how it is 'out of control' and a threat to humanity. There is some justification to this however, AI is boosting productivity across many industries and supply chains and promises to deliver hugely beneficial innovations. These positive applications of AI will gain momentum in 2024. Addressing and resolving these issues will take time but I believe we have more to gain than to lose.

Coiincidentally the areas of supply chain agility and adaptation, sustainability and digitalisation are the areas of focus for the Society and in turn LogiSYM and CargoNOW in 2024. My optimism that we can overcome the challenges in 2024 and emerge stronger may prove overly optimistic or simply be undone by events in 2024, that are as yet unforeseen or unexpected. Only time will tell.

Raymon Krishnan, FALA, FCILT, CLP
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Cumulative disruptions have exposed the profound interdependencies and inherent vulnerabilities in today’s very complex, global supply chains. The three colossal ‘Black Swan’ events of recent years – COVID-19, the Suez Canal closure and the ongoing crisis in Ukraine – are being supplemented with numerous economic challenges. Ever increasing costs in Asia, geopolitical tensions and trade tariffs are further destabilising supply chains.

**SUPPLY CHAIN STRATEGIES**

Every company must now be actively re-thinking their supply chain ecosystem, with a view to diversification and reconfiguration over the medium term, which will inevitably lead to greater simplification, regionalisation and localisation. Business leaders would do well to focus on three strategic priorities for their supply chain agenda.

1. **RESILIENCE**
   The first priority is to develop enhanced Supply Chain Resilience, where Resilience is the capacity to withstand or to recover quickly from adversity. This entails a multi-faceted approach, reviewing your geographic footprint, supplier base, logistics landscape and distribution networks. Many companies will reconfigure their supply chains to a much more regional approach, whereby production and sourcing are relocated closer to the final consumption markets, i.e. more local and less global. Regional supply chains will be shorter and more localised, enabling companies to benefit from reduced lead times, freight costs and emissions, at the same time as increasing control, responsiveness and resilience.

2. **SUSTAINABILITY**
   Everyone is now ever-more conscious of climate change and the importance of the sustainability agenda. Consumers are increasingly expressing their preferences for products with a lower-impact environmental footprint, and in many cases, are prepared to pay a modest...
premium. In addition to adopting environmental best practices and implementing ethical sourcing initiatives, the shorter supply chains resulting from reconfiguring the global flows of goods will reduce the environmental impact of international freight transport networks, whilst also reducing fuel costs and shortening lead times.

3. DIGITALIZATION
Digital disruption is impacting most industries and people. Predictions are that disruptive technologies are going to automate or displace most of us in the not-too-distant future!

The need for digitalization across the supply chain has been turbo-charged by the huge increase in IoT-enabled devices (Internet of Things) essential for the online connectivity required for working, schooling, shopping and socialising, whether from home, at the office, or on the road.

Robotics and automation solutions - now readily available on pay-per-use service model - will see widespread deployment as production is re-shored back into developed markets, thus counteracting higher labour costs.

And through the rest of this decade, supply chain performance and operational efficiencies will be further enhanced by the advent of commercially feasible and economically viable applications for 3D printing, artificial intelligence and autonomous vehicles.

CONCLUSION
These critical priorities of Resilience, Sustainability and Digitalisation apply equally to our business life, our professional life and our personal life – and will remain strategically relevant throughout the coming decade. The most important step is getting started.

The journey thereafter becomes one of Continuous Improvement – endlessly searching for, identifying and strengthening the weakest link, relentlessly implementing the “Find and Fix” approach.

The uncertain outlook ahead should remind us all that it is not the strongest that survive, nor the most intelligent, but the ones that are most adaptable to change.

Businesses that cannot, or do not, adapt to the new normal of the post-pandemic world will face a very ambiguous future!

Special Offer:
Logism readers can download a complimentary copy of Mark Millar's keynote presentation ‘Strategic Priorities for post-pandemic Supply Chains’. Visit his Online Shop www.markmillar.shop – and use Promo Code LOGISYM to get your free copy.
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Dronamics, the world's first cargo drone airline with a license to operate in Europe, and Qatar Airways Cargo, the world's largest international cargo carrier, announced today an interline agreement. The partnership marks the first interline agreement between an international airline and a cargo drone airline.

The interline agreement allows the extension of the delivery networks of both partners, significantly increasing their reach as well as providing access to areas previously hard to reach by traditional air freight. Through the agreement, Dronamics can offer cargo services from any of its droneports, initially in Greece, to the wider Qatar Airways Cargo network - including destinations such as Singapore, China, including Hong Kong, and the United States (JFK). Qatar Airways Cargo is able to access remote locations that Dronamics serves, such as the Greek islands, on the Dronamics cargo drone network.

Through this network expansion, Dronamics customers can make a single booking to transport goods from a Dronamics droneport to any destination that the interline joint network covers, and vice versa. The potential for the flow of goods, from pharma to food, from e-commerce, mail and parcels to spare parts, is significant, enabling rapid and reliable shipments to and from locations not sufficiently covered by air freight.

“We’re very excited to have the world’s largest air cargo carrier as our partner for the first-of-its-kind interline agreement with our category-defining cargo drone airline. While currently less than 1% of global trade moves by air, the vast global reach of Qatar Airways Cargo and their world-leading capacity and service give us the perfect platform to massively expand...
air cargo accessibility to countless more communities worldwide, enabling same-day delivery for everyone, everywhere,” said Svilen Rangelov, Co-Founder and CEO of Dronamics.

“As a part of our VISION 2027 5-year strategy, we are committed to remaining at the forefront of our industry by embracing new disruptive technology. It is also within our DNA to support young ambitious companies like Dronamics and we are looking forward to seeing what the future holds for this exciting business. It is a significant milestone in the advancement of autonomous cargo drone transportation and we are proud to be the first international airline to offer this service.” said Elisabeth Oudkerk, SVP Cargo Sales & Network Planning at Qatar Airways Cargo.

Dronamics is expected to begin commercial operations in Greece early next year, focusing on establishing a same day service connecting Athens, the capital city, with the industrial north area of the country, as well as the islands in the south. Earlier this year, Dronamics became the first cargo drone airline to obtain IATA & ICAO designator codes, granting it recognition on par with other international airlines, and the ability to issue air waybills to enable seamless bookings with its airline partners. This interline agreement is a crucial next step in Dronamics’ plan to establish a cargo drone airline network with worldwide reach.

Dronamics is the world’s first cargo drone airline. As a leading developer and operator of large, long-range drones built specifically for cargo, its flagship Black Swan aircraft will carry up to 350 kg (770 lb) at a distance of up to 2,500 km (1,550 mi) which is estimated to be up to 80% faster, 50% cheaper and with up to 60% lower emissions than alternative modes of transport, including airfreight. Its technology enables same-day shipping over long distances for a variety of industries: from pharma to food, from e-commerce, mail and parcels, to spare parts. The company’s fast-growing team includes some of the most experienced aerospace, logistics and technology experts. Dronamics is Europe’s first licensed cargo drone airline and IATA’s first Strategic Partner for drones worldwide.

Dronamics is co-funded by the European Union under the prestigious European Innovation Council, Europe’s flagship innovation program.

About Qatar Airways Cargo

Qatar Airways Cargo, the world’s leading international air cargo carrier is based in Doha, State of Qatar. It serves a global network of more than 70 freighter destinations and 160 passenger destinations utilising freighters and belly-hold passenger flights. The airline’s freighter fleet includes two Boeing 747-8 freighters, two Boeing 747-400 freighters, 26 Boeing 777 freighters and one Airbus A310 freighter. It also has an extensive road feeder service (RFS) network. With considerable investments in its products, services, quality handling, infrastructure, facilities, people and procedures at each of its destinations, the cargo carrier provides high operating standards for the transportation of cargo. Qatar Airways Cargo remains committed to sustainability and giving back to communities it serves through its sustainability programme WeQare, built on the key pillars of sustainability: environment, society, economy and culture.
Over the last three years, these three fundamental assumptions unraveled: they are no longer valid. The impact varies by supply chain sector and value chain. Concurrent macro forces—material shortages, war, shifts in consumer buying patterns, logistics constraints, inflation/recession, and climate change—are reshaping today’s reality necessitating the need for a supply chain reset button. We can no longer assume that government policy is rational, variability is low or logistics are available. This reset is not an evolution. We cannot drive progress by doing more of the same. Business continuity requires a redesign: a rethinking of the basics.

REFLECTION

This morning, I was a guest speaker on a call with institutional investors. The call was a Q&A format. I was struck by the naivety of their questions. Here is a sample.

I share the questions in bold and my answers follow.

Q. We have heard that there is a focus on near-shoring, reshoring, and local manufacturing. Does this solve the problem?
When I get this question, I swallow hard. It is such a simplistic view of the world. My answer, “The decisions are not that simple. Asset relocation takes time. The availability of capacity in industries like the semiconductor industry is tight. Building a fab (manufacturing site) takes two-to-four years and requires the availability of water and trained labor.”

A chip is not a chip and a foundry is not a foundry. The proliferation of products and capabilities is exponential with over 60% of capacity in Taiwan. This small island is currently in the middle of political tensions between the US and China and represents 90% of the most sophisticated chips, such as those based on gallium nitride and gallium arsenide, which are used in the defense and aerospace sector.

According to figures published last November by the World Semiconductor Trade Statistics (WSTS), the global semiconductor market growth rose from 6.8% in 2020 to 25.6% in 2021, reaching a market size of $553 billion. This was the biggest escalation since the 31.8% increase in 2010, eleven years ago.

The increase in defense spending will increase the
shortages. While the shift from products to services will decrease consumer-centric manufacturing, the rapid escalation of defense will put unprecedented pressure on this supply chain. The automotive industries—with the poorest capabilities to plan and manage suppliers—will suffer the most. Figure A shows the projections before the newer spending for defense.

![Figure A. Shifts in the Semiconductor Market](image)

What to do? This is not a question of near-shoring or reshoring. Instead, supply chain leaders need to focus on the minimization of waste, and the alignment of signals. Prepare for a slog. The answers lie in investments in supplier development teams, the simplification of the bill of materials and product platforms, and analytics to forecast requirements based on consumption.

The question of near-shoring or reshoring is really a question for labor-intensive industries like apparel. But, even then, the relocation of capacity is not a snap of the fingers. The answer lies in network design, demand sensing, and the simplification of product platforms.

I am the most worried about the chemical sector. This industry is recovering from massive M&A and operates with lower margins than its customers. In the sector, the bullwhip impact is high, the inflationary pressures of crude oil prices immense, the variability from energy outages painful, and inventories relatively low. The cash-to-cash impact for debt-laden chemical companies with 2% growth and 4% margins offers little room for error. All value chains are dependent in some shape or form on the chemical industry. The focus for upstream partners making 10-12% margin (household products) or 22% margins (pharmaceutical) needs to be on business continuity. Now is the time to focus on being a good trading partner. Traditional processes push cost and waste back onto trading partners at four and five levels back in the supply chain. These are our weakest links.

**Q.** If ERP system input includes lead time, why is there such bloat and a problem with inventory restatements? Should we expect a fire sale?

My answer is simply, “Too many people overstated the capabilities of ERP. Yes, lead times are a factor in ERP, but few companies keep them updated.”

Most have the same values in the system as when it was installed. And, yes, lead time increases are a factor and increase safety stock, but the greater issue is variability. For example, when I used to ship ice cream by reefer container to China from the west coast, the time on the ship was 12-18 days. Today, the lead times are up 20-
30%, but the variability of unloading increased 40-50%. ERP and APS technologies do not do a good job of managing in the face of variability.

Too few companies (less than 5%) have a clear inventory strategy that evaluates the form and function of inventory based on both lead times and variability. Today, we have an additional factor with inflation to add to the mix of issues, that changes the requirements for the “buy plan in procurement.” Companies that tightly tether to enterprise transactional data will never buy the right stuff. Instead, the focus needs to be on the use of outside-in signals and building bi-directional orchestration capabilities. For this definition see my last post, Companies Chained to Traditional Processes Will Experience the Whip.

Q. The port of Los Angeles shows a slowdown. Are the port issues over?

Here my answer was a bit controversial. My forecast is a lumpy road to 2023 and port-related supply chain disruptions for at least a year. My reasoning? The China COVID disruption impact is ongoing creating container and chassis imbalances. In addition, the warehouses are full and containers are being used for overflow storage. Containers sit on chassis. As a result, loading in east coast ports and rail is converting to “break bulk” which is less efficient and more prone to damage/theft. The summer port labor negotiations in southern California ports typically reduce the terminal output by 40-50%. The impact is projected to impact the unloading in July.

The cycle is just beginning. Labor negotiations—assuming no strikes—will conclude in time for the winter holidays.

What can be done? Focus on right-sizing inventories. Free containers and chassis for the pool. Use network design technologies—Coupa, Logility, Optilogic, and OMP to design flows based on both lead times and variability. Feed these assumptions into other applications driving supply chain decisions.

Q. What are companies doing that is working?

Industry leaders invest in analytics to better use outside-in signals. The focus is on building supplier development teams and working together—cross-functionally—to reduce complexity.
CONCLUSION

The answers are not simple. I am hoping that this blog helps companies understand that historically, we have been having the wrong discussions.

The fight now is for business continuity. As inflation increases working capital demands and companies realize that the elongation of payables is no longer an option in the face of tight supply, there is more and more pressure on cash-to-cash cycles. Companies in the chemical and semiconductor sectors are the most vulnerable. For many companies, as they live through supply chain case studies—their actions writing stories that they don’t necessarily want to be a part of—supply chain complexity will be better understood. Supply chain excellence happens when leaders manage complex non-linear flows. For many, this will be an ongoing learning process.

We need to change discussions to drive a reset in behavior. The core issue is business continuity and order reliability. Traditional processes can make each of these worse. We must unlearn to rethink practices to manage supply chains holistically. The days of financial supply chain reengineering are over. Instead, the focus needs to be on supply chain design, flow trade-offs, and the management of variability.

These are my thoughts. I welcome yours.
Cainiao Strengthens Supply Chain Capabilities with Tailored Cost Saving Offerings for FMCG Goods

Cainiao partnered with FMCG brand Bestore to manage the full chain export needs of its food products to ensure compliance to local laws and regulations.

[09 November 2023] – Cainiao Group, ("Cainiao"), the logistics arm of Alibaba Group Holding Limited, today unveiled tailored offerings to strengthen supply chain capabilities for the fast-moving consumer goods (FMCG) sector. To provide greater optimization and cost savings for unique order dispatches, the new offerings consist of a goods labelling service and a consolidated B2B inventory and supplier management service. Leading Chinese FMCG brand Bestore has been announced as the first partner to adopt Cainiao’s offering in their global supply chain operations.

Labeling and packaging FMCG goods pose a unique set of challenges for brands exporting globally, due to the requirements for compliance with local laws and regulations, and the need to meet expectations and preferences of local consumers. Companies need to keep abreast of requirements like mandatory packaging information that include ingredients, allergens, nutritional facts, country of origin, expiration date, warnings, instructions, and more, which may further complicate the export process. To help brands navigate the complexities of local laws and regulations, Cainiao will provide its partners with end-to-end support for the labelling of FMCG goods, from designing, production, to distribution of labels. Additionally, with the service operating in mainland China, Cainiao will reduce overall consolidation and value-added services costs by ten per cent, enabling partners to pass the cost savings on to their customers.

This is complemented by Cainiao’s capabilities in streamlining inventory and supplier management for FMCG companies, where suppliers can route the goods to Cainiao’s warehouse for consolidation and labelling. Logistics needs for subsequent supply chain nodes such as distribution, first mile, customs clearance, and line haul shipping for exports to destination countries are aggregated, helping FMCG companies to increase shipping efficiency and reduce cost by up to 25 percent by reducing the Less than Container Load (LCL) occurrences. Cainiao is poised to launch its offerings through a partnership with Bestore, a
Founded in 2013, Cainiao Group is a smart logistics company and the logistics arm of Alibaba Group. As part of our commitment to create customer value, we have adopted a collaborative approach to logistics that aims to improve efficiency and customer experience for all players along the supply chain.

@Cainiao Network    cainiaosea@list.alibaba-inc.com
Founded in 2013, Cainiao Group ("Cainiao") is a smart logistics company and the logistics arm of Alibaba Group. As part of its commitment to create customer value, it adopts a collaborative approach to logistics that aims to improve efficiency and customer experience for all players along the supply chain. It carries forward Alibaba’s mission of making it easy to do business anywhere by aiming to deliver anywhere in China within 24 hours, and across the globe within 72 hours.

About Cainiao Group

Founded in 2013, Cainiao Group ("Cainiao") is a smart logistics company and the logistics arm of Alibaba Group. As part of its commitment to create customer value, it adopts a collaborative approach to logistics that aims to improve efficiency and customer experience for all players along the supply chain. It carries forward Alibaba’s mission of making it easy to do business anywhere by aiming to deliver anywhere in China within 24 hours, and across the globe within 72 hours.

About Bestore

Bestore (603719.SHA), founded in 2006 and headquartered in Wuhan, Hubei, is a platform-based, digital, and product research-driven enterprise that operates multiple brands, has a comprehensive channel structure, and operates efficiently under the synergy of the entire industry chain. On February 24, 2020, Bestore was officially listed on the Shanghai Stock Exchange, becoming the first company on the main board to go public with a virtual bell ringing.

Since the opening of its first store in Wuhan in 2006, Bestore has adhered to the mission of bringing delicious snacks from around the world to customers’ doorsteps. Currently, the company has a revenue of 9.44 billion yuan, with over 500 million cumulative consumer visits and 80 million omnichannel members across nearly a hundred online channels. Bestore has also opened more than 3,400 stores in 22 provinces nationwide and has received recognition such as the National Well-known Trademark, National Key E-commerce Enterprise, and National-level E-commerce Demonstration Enterprise. It is renowned among consumers as the ‘Kingdom of Snacks.’

Bestore selects premium global ingredients and with specially curated products from the source. With 190 raw materials from 32 countries and regions around the world, the company aligns its production standards with international levels. Bestore has initiated 13 technology innovation projects, developing different functional snacks for specific demographic groups such as the elderly, children, pregnant women, fitness enthusiasts, and diabetics. It follows the international trend of ‘clean labels’ with a focus on reducing oil, salt, sugar in its products. The company has established independent research and development centers and quality control centers, reconstructing its product matrix based on user-specific demands, covering 15 major categories and over 1,500 snack varieties. This effort aims to create a delicious, healthy, and diverse snack experience, leading the national high-end snack market in terminal sales for eight consecutive years.

As an integral part of Chinese culinary culture, snacks are representative of the Chinese culture and promotes Chinese cuisine worldwide. Bestore, as a leading brand in the snack industry, not only provides superior products but also strives to be an innovator of Chinese snack culture. In the future, Bestore will enable more Chinese snacks to go international.

“Globally, FMCG companies are experiencing a significant hike in costs as they cope with unabated increase in prices of several commodities. As a supply chain partner, we notice that companies are looking for ways to streamline, optimize and innovate to drive down costs and maintain price competitiveness across brands and products. With that in mind, our offerings are specially tailored for FMCG companies in order to help them better navigate complex local regulations, we well as inventory and supplier management while reaping cost savings at the same time,” said Ricky Xue, General Manager of Southeast Asia, Cainiao Group.

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2023 is soon enough to end, and the transformation to a clean logistics future moves forward. How fast or slow that is I hope to share with you in this years annual roundup!

Since 2021 as the Green Corridor contributor, I’ve focused my roundup on the same basic categories. This year I’ll be highlighting as usual where our green transition is gaining ground, and where it seems to be dragging.

**AIR AND OCEAN**

Maersk made its first methanol fueled trip to Singapore this year with no doubt a lot more to follow. This voyage demonstrates that the transition from the traditional bunkers engine has started. On top of that, the testing and standards for using ammonia as an alternative fuel is well under way in Singapore. Other alternative fuels are also being stocked as well as tested in real operational vessels.

The number of alternative and dual-fuel propelled container ship orders out numbers the traditional ICE only engines for new ship orders. This is big money and infrastructure is working to accompany the change. Key ports like Rotterdam, Hamburg, Singapore, Hong Kong and Los Angeles will be the key ports to be ready for fueling the first truly green lanes.

Additionally the large owners get it! In a joint declaration at cop28 a joint statement by Maersk, CMA-CGM, MSC, Hapag-Lloyd, and Wallenius Wilhelmsen Lines have pressed the IMO for more aggressive action.

Aeronautics engineering innovation is sadly only paddling forward in comparison to the ship building industry. There is no replacement for the fuel burning jet engine and all of the emission reduction emphasis is entirely pinned on increasing the use of SAF. Airlines have began to fuel with SAF blended fuels, but the industry is really waiting for production to catch up, and it is slow to do so.

My 2024 predictions for these modes is that ocean shipping transformation will continue. Furthermore the other decarbonising ship refitting projects will start making a reduction in global emissions in the sector. The jury is still out regarding what sort of mixture of fuels will be powering the fleets of tomorrow. That likely doesn't matter though, because supply of the various fuels to replace fossil fuels will take many decades of investment to get near even 50% of the fuel used today.

Air transport emissions reduction goals sadly will be hampered by insufficient supplies of SAF. Additionally, with high costs for SAF, it will be necessary to demand increased blending minimums in order to keep an even playing field for the various competing airlines. The EU has started to work on charting out a plan for that transition, but other large markets like North America and China will likely not follow them in 2024.
LAND TRANSPORTATION EVOLUTION

I was visiting family in Panyu, China recently and was absolutely amazed at the transformation that has taken place on China’s roads. The percentage of electric vehicles was so high that the roads were actually quiet! My colleagues who have visited other tier one cities in China also repeated the same message - it seems China has created the conditions required to make huge advances quicker than any other industrial nation. They've put in the right incentives for vehicle transformation as well as those needed for the charging infrastructure to support it. Now if only other nations could take a couple pages from their play book.

GREEN POWER

Moving away from a power grid fueled by fossil fuel is happening. The expansion of wind, solar and even nuclear power has expanded. That said many countries are struggling to accommodate the new sources of power into grids designed for fossil fuel power generation.

My prediction for 2024 is that mature industrial economies will start addressing not only the challenges involved with accommodating high surges of energy from solar and wind power, but also work on increased transnational and even domestic regional grid connectivity.

I also believe that nuclear energy generation will be increasingly adopted by pragmatic leaders around the globe. The need for non-carbon emitting power is just outweighing the arguments against nuclear power.

COURIER FLEETS

Final mile and first mile vehicles have made progress in terms of increasing the number of EVs that replace the ICE vans and scooters. The infrastructure for charging is still a major concern for fleet managers. The competition is helping to drive down prices for EVs but in most countries in Southeast Asia the poor access to charging facilities or battery swap facilities causes management to delay purchasing.

In one instance this year, I was told by a friend in the industry that regulators in his country were blocking sale of an EV he was interested in because they hadn’t approved that model of vehicle for sale yet. They just hadn't put together the approval process for EVs that was able to keep up with the growth of new models and makers.

My prediction for the coming year is that the regulators will get caught up. Additionally, the access to more EV vans and E-scooters in our region will increase, and that will allow for prices to come down. Infrastructure for charging will struggle to get in place fast enough though.

PACKAGING

2023 has seen no real breakthrough in eco friendly packaging innovation from the looks of things. More companies are using biodegradable packaging to replace bubble wrap, but the costs are still nowhere near as low as plastic. At the LogiSYM conference earlier this year in Singapore, I talked to a representative of a packaging solutions firm. He related to me that his only customers for biodegradable
packaging solutions tended to be European brands. The main reason for non-interest for local brands was cost and lack of demand from customers.

My prediction for 2024 is that this attitude will persist in our region unless there are disincentives for plastic packing material use. There will be progress made on phasing out plastic bags and possibly “pay to pollute” incentives for consumers to get away from plastics, but for shipping cargo and e-commerce, the packaging industry is lacking the cost competitive biodegradable sachels and fillers still needed to move goods from the factory to the consumer in a safe, secure and ecologically friendly manner. I’ll be hoping to see some innovation, but my hopes are not high.

SUMMING IT UP

The coming year of 2024 shows great promise for increased transformation – in particular in the final mile land transport sector as well as the ocean shipping sector. Investment is flowing more towards renewable energy than at anytime in history – so there is a real transition happening for grid energy to be green as long as the other investments for updating grids to support solar and wind power progresses.

Where progress is slow and possibly even stagnant is the realm of air transportation. As usual the incremental engineering gains in efficiency will be outweighed by increased overall numbers of flights. The record orders for new planes this year still supports fossil fuel burning engines. Those engines can burn SAF, but where is the supply? Hopefully by the end of 2024 there will be a “green lining” somewhere showing innovative new sources for SAF which could quickly start supporting all of the jet engines out there. I for one will be looking out for that.

So to end on a positive note, there definitely has been progress made this year for a global transition towards a de-carbonised logistics future. I would even say that it is beating some previous predictions in terms of pace. I keep 2050 in my mind as the target year for complete neutrality, but some big innovations are still needed to achieve that. I’ll keep looking for the green lining in our industry news when it comes to progress on sustainability. I hope you all do as well.

Have a great end to 2023! I wish everyone a prosperous and green start to 2024!

Timothy Foote
Director Transportation & Network APAC at Asendia and Founder of Susymbio

Tim has worked in management positions at multiple MNCs for more than 25 years, gaining expansive expertise in logistical operations. Tim continues to craft delivery solutions for many e-commerce clients at Asendia. Once a regional Head of Go Green at DHL eCommerce, Tim now works for customers to decarbonise their logistics by managing Asendia’s 100% carbon-neutral network.

To further promote a net zero future for the logistics industry, Tim created MOVE GREEN. This is a movement committed to greening the logistics industry during this time of transformation. Please join the companies making a pledge to become net zero by going to Susymbio.com for more details.
Consumers trust recommendations from third parties more than they trust a brand itself. 70% of people will trust a review from a complete stranger as opinions and recommendations are by and large more influential when they do not come from the source itself. Additionally, most marketers include company logos and testimonials as proof on materials pages to strengthen trust and influence visitor behaviour.

LogiSYM offers marketers a range of promotional options to reach your target audience, generate quality leads and increase conversion rates.

The combined magazine platforms of LogiSYM and CargoNOW offer one of the largest circulations globally and are the biggest in the Asia Pacific region. Coupled with this, LogiSYM and CargoNOW hold world-class symposiums in various parts of Asia and the Middle East and have been doing so for more than 8 years.

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In this Influencer or Platform Partnership, LogiSYM will provide significant influencer reach across the supply chain industry which include the following platforms:

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- Online articles
- Webinar sponsorships
- Content syndication
- Online advertising
- White label reports and thought leadership articles
- Industry led symposiums across the region
- eDMs
- Surveys & survey analysis
- Social media – LinkedIn, Facebook, YouTube

When working on the Influencer / Platform Partnership, partners have the opportunity to choose which options they feel will give them maximum reach and success and planning and pricing will be structured along the desired activities. Contact Harjeet@logisym.org for more information.
LOGISYM BRAND PARTNERSHIPS

Connect with the APAC Supply Chain Community

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LogiSYM Cold Chain – CeMAT 2024
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June 2024

LogiSYM Philippines 2024
18 – 19 September 2024

LogiSYM Platinum – ITAP 2024
October 2024

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