Welcome

6 October 2020

AirPharma
AirPharma Webinar

Host: Andrea GRUBER
Head, Special Cargo
IATA

Industry’s readiness and preparedness to manage globally a temperature-controlled supply chain - How to meet the upcoming demand in vaccines, health, and humanitarian supplies
Microphones have been muted

Please submit your questions through the Question box and send to Everyone

The webinar is being recorded and will be made available afterwards, including the PPT slides.
Participants are cautioned that any discussion regarding matters such as fares, charges, division or sharing of traffic or revenues, or concerning any other competitively sensitive topics outside the scope of the agenda is strictly prohibited.

As a result, questions pertaining to individual policies or commercial decisions and/or being subject to bilateral commercial discussions between airlines and their suppliers or customers will not be answered.
Agenda

- Welcome and Introduction
- State of the Industry
- Manufacturers Perspective & Expectations
- Challenges in the health and humanitarian supply chain
- Panel Discussion
- Questions & Answers
- Wrap up

Biographies are available on the IATA Website
State of the Industry

Glyn HUGHES
Global Head of Cargo
IATA
State of the Air Cargo Industry

Glyn Hughes
Global Head, Cargo
Demand for air cargo much more robust than air travel

July cargo tonne km flown down -13.5% yoy vs -79.8% for global RPKs

Source: IATA Economics using data from IATA Statistics
Cargo recovery varies across major trade lanes
Nth Pacific market (segment-basis) +3.7% yoy, Nth Atlantic -30.3%

Growth in cargo tonne km by major trade lane

% change year-on-year

2016 2017 2018 2019 2020

Source: IATA Economics using data from IATA Statistics
A challenge is the severe shortage of air cargo capacity. Freighter utilization high and widebody passenger aircraft slow to return.

Source: IATA Economics using data from Ascend and Boeing
Export orders have rebounded sharply
Pointing to a strong recovery in air cargo volumes

Source: IATA Economics using data from IATA Statistics and Markit
The next challenge... vaccinating the world

Providing a single dose of the vaccine to 7.8 billion people would fill 8,000 747 cargo aircraft

Collaboration among all stakeholders is the key ingredient !!!
Manufacturer’s Perspective & Expectations

Luis ROMAN
Global Vice President, Deliver
The Janssen Pharmaceutical Companies of J&J
IATA Discussion
Perspective and Expectations

Luis Roman
Global Vice President Deliver - Janssen
Johnson & Johnson

Our Purpose
We blend Science and Ingenuity to profoundly change the trajectory of health for humanity.

Our People
132,000 employees who serve more than 1 billion patients each day

Strong Global Position in 3 Key Segments
- Consumer Health
- Pharmaceuticals
- Medical Devices

~1,400 Global Transport Lanes
~800 Inter-regional Air Lanes
60+ countries import/export
80% Cargo on passenger aircrafts
100K Annual shipments
13 global logistics providers
COVID Reflections

Crisis “Onset” and Some Continuing Challenges

- **“Overnight” cancellations** from airlines impacted cargo in-transit – bonded shipments stuck at transship locations

- **Rapid response approach** was required to manage freight with a spiral effect of airline cancellations, port and customs closures and J&J facility closures

- Time to establish **alternate cargo solutions** resulted in major delays in some key corridors

- **“Force Majeure”** declarations by airfreight forwarders, although contested and not accepted by J&J, were presented as the basis for forwarders’ indicating inability to ship at contract price, resulting in introduction of uncontrolled price increases

- **Freight prioritization** was performed based on airline-freight forwarder-shipper relationships – No standardized approach

- Industry **shortage** of specialized handling equipment

- Shipments of life savings drugs to **remote countries**

- Complex documentation and processing associated with PPE donations and shipments were resource intensive especially for the **dangerous goods shipments**
COVID Reflections
Industry Advancements to Address Challenges based on Lessons Learned

- **Continued availability** of “freighters” and “passenger freighters” until passenger aircraft capacity stabilizes

- Visibility into **latest market conditions and trends** – routes, solutions, capacity and delay information available to all shippers

- **Pricing regulations** and controls to prevent irrational increases

- Standardized approach to validating shippers for **freight prioritization** – life savings drugs, PPE donations to humanitarian agencies etc.

- **Peer groups for shippers** to share best practices and efficiencies to the extent permitted under relevant laws and regulations

- Tackle **vaccine capacity requirements** innovatively – Combined charters, leverage capacity based on flows, fair pricing

- For destinations that require new and alternate routings, establishing industry wide **security considerations**
Call to Action

Leverage the lessons learned from the crisis and tackle the new challenges associated with vaccine requirements and delivery as a combined humanitarian venture across the globe

“WHAT”

- Capacity
- Temperature Control Solutions
- Integrated network solutions

“HOW”

- Develop combined solutions and leverage capacity where feasible to meet the global demands for vaccine shipments – Combined Charters, Flow Optimization based on origin and destination
- Review temperature control solutions for vaccines as an industry wide need versus a peer to peer competition to the extent permitted under relevant laws and regulations
- Explore opportunities for a unified consortium of shippers, providers and IATA to maintain governance and controls for fair shipping costs and reliable, secure and visible shipping process from origin to destination
Q & A
Manufacturer’s Perspective & Expectations

Victor SOH
Director, Global Distribution & Logistics Strategy Lead
MSD
COVID-19 VACCINES LOGISTICS CHALLENGES

Sep 2020
Victor Soh
COVID-19 VACCINES Logistics Challenges

1. **Global Transportation**: Competing for limited and volatile air and road freight capacity for cold chain products

2. **Thermal Protection Systems**: A range of thermal protection systems is needed to cater for all temperature requirements.

3. **Customs & Regulation**: Vaccines have to be delivered to vaccination sites as rapidly as possible to conserve shelf life.

4. **Allocation**: Central agencies & NGO’s have to deal with vaccine variations resulting in divergent distribution requirements

5. **Distribution**:
   - Time pressure to expand existing and build new infrastructures, equipment and handling capabilities to cater for all temperature requirements at an unprecedented scale, without certainty of when, what and how much vaccines will be approved and available.

6. **Point of Use**: Limited short-term storage capacity to cater for all temperature requirements, especially lacking for ultra frozen.
Conclusion

1. Distribution system must be **scalable** and **sustainable** and does not disrupt existing cold chains.

2. **Fast track** and **simplify** customs and regulations to enable ease of flow.

3. **Collaborate** to jumpstart the development of multi-client storage and distribution systems that can cater to vaccines from 2-8°C to ultra low temp.

4. **Partnerships** to operate standard processes, enable economy of scale and risk sharing.
COVID-19 VACCINES LOGISTICS CHALLENGES

Q & A

Sep 2020
Victor Soh
Challenges in the health and humanitarian supply chain

Andrew JACKSON
Head of External Supply Chain Services
World Food Programme (WFP)
Challenges in the Health and Humanitarian Supply Chain
AirPharma webinar
6 October 2020
Global Presence Map 2020
A key player: WFP Aviation Service

In sudden onset emergencies, WFP Aviation can respond and position an aircraft between 48 to 72 hours thanks to a pool of aircraft available in different parts of the world to ensure a swift response.

2019 highlights

WFP Aviation
• 35,100 mt of cargo
• 90 aircraft
• 620 airdrops

UNHAS
• 404,000 passengers
• 310 destinations
• 800 organizations

On any given day, WFP manages 100 aircraft
WFP is leading a global supply chain response with unprecedented scale to support the humanitarian and health community.

**Cargo**
- 169 countries reached
- 70,700 m³ transported
- 61 organizations supported

**Passengers**
- 67 destinations
- 23,600 passengers
- 1,323 flights
- Over 360 user organizations

**Medevacs**
- 45 completed by WFP, 22 carried out by the wider system
Lessons learned: how can we achieve success together?

**Humanitarian Responsibility**
- Good corporate practice: “Nobody is safe until everybody is safe”

**Affordability**
- Affordable freight space for life-saving commodities (temperature sensitive medicines, nutritious foods and health products)

**Flexibility**
- Flexible, stand-by agreements for humanitarian partners to access aircraft over periods of time to direct supplies in an agile manner, when and where they are most needed.

**Corporate Social Responsibility**
- Sharing best practice and tech transfer, cold chain management, hub management, planning and contingency

**Effective Coordination**
- Arranging the end-to-end transportation service requirements would involve coordination between the UN and freight forwarders.

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WFP World Food Programme
How is WFP preparing for the next phase of COVID-19?

Extend WFP’s global network to mitigate supply chain shocks & enable delivery through a highly agile pull delivery system. Equipping itself with cold chain capability for temperature sensitive medicines, medical and health related commodities (including vaccines).

Offer risk mitigation, in-market flexibility and redundancy measures for countries with low or limited cold chain maturity and UN agencies who do not have capacity for cold chain storage and distribution.

Pre-positioning for the phases of immunization for COVID-19 (2021-2023) by:
1. Leveraging on enhanced WFP strategic warehousing facilities;
2. Long term support for cold chain services, nutritious and temperature sensitive medicines, medical and health related commodities (including vaccines).
Questions
AirPharma Webinar

Panel & Interactive Q&A Session

Please submit your questions through the Questions box and send to Everyone
Panel

Luis ROMAN
Global Vice President, Deliver
The Janssen Pharmaceutical Companies of J&J

Victor SOH
Director, Global Distribution & Logistics Strategy Lead
MSD

Andrew JACKSON
Head of External Supply Chain Services
World Food Programme (WFP)

Enrica CALONGHI
Director Verticals Global Head
Pharmaceutical Logistics
Air France KLM Cargo

Brice BELLIN
Healthcare & Life Science Director – Europe
Bolloré Logistics

Joachim von WINNING,
Executive Director
Air Cargo Community Frankfurt
AirPharma Wrap Up – Call To Action

Industry’s readiness and preparedness to manage globally a temperature-controlled supply chain for vaccines, health, and humanitarian supplies

• Plan - Prepare - Inform

• Sharing is Caring – Global Collaboration

• "Continuous improvement is better than delayed perfection" quote from Mark Twain
Additional Outreach & Engagement

IATA CARGO WEBINARS

Six-part Cargo Webinar Series from 6 – 13 October 14h00-15h30 CEST

Wednesday, 7 October - Cargo Claims & Loss Prevention Webinar
Thursday, 8 October - Cargo Border Management Webinar
Tuesday, 13 October - Cargo Operations Webinar
Wednesday, 14 October - Lithium Battery Webinar
Thursday, 15 October - E-Commerce Webinar

IATA WEBINAR

Industry readiness for vaccine and life science products transportation

Save your spot

Wednesday October 21st, 2:30 - 3:45PM CEST (75 min.)
Thank you

- Please visit iata.org/events for the upcoming webinars

- Please visit iata.org/cargo for all COVID-19 resources

- Contact us at cargo@iata.org