

Air Freight Forum 2

Temperature-controlled Cargo Handling: Challenges and Best Practices in Handling Pharmaceutical Products

Moderator: Dirk de Rooij – Commercial Director, Seabury Consulting

Panel Speakers

Frosti Lau – General Manager, Cargo Service Delivery, Cathay Pacific Cargo

Brett Marshall – Corporate Head, Quality Assurance Zuellig Pharma Holdings Pte Ltd

Chee Hong Tan- Chief Operating Officer, Hong Kong Air Cargo Terminal Limited

The year 2017 has been “astonishing” for air cargo, Dirk de Rooij, commercial director of Seabury Consulting, told the Asian Logistics and Maritime Conference. Global air trade grew by 11 per cent during the first eight months, which de Rooij said had not happened for a long time. “The value of products transported is growing even faster than the volume.”

Meanwhile, the transportation by air of pharmaceuticals that require temperature-controlled handling is growing rapidly, although the volume of pharmaceuticals carried as general cargo has declined since 2011. This may be due to two factors: increased ocean shipping for general cargo, and additional regulations requiring more products to be refrigerated.

In the past year, seven air cargo handlers at Hong Kong International Airport have received CEIV Pharma certification (Centre of Excellence for Independent Validators in Pharmaceutical Logistics) from the International Air Transport Association (IATA). This ensures that their pharmaceutical products handling services reach the highest international standards. At the conference, representatives from Hong Kong Air Cargo Terminals (HACTL) and Cathay Pacific, two of the air cargo operators that have gained this certification, discussed their experiences and their best practices in this cargo sector with members of the pharmaceutical industry.

According to Brett Marshall, Corporate Head of Quality Assurance at Zuellig Pharma, over the past 12 months CEIV certification for pharma logistics has increased in airports worldwide, with Asia leading the way. “It is great news that HACTL and CX have both been certified this year,” he said. “One of the challenges for us as an industry has been not having a single common standard, and I think CEIV has established that, at least for the air freight industry.”

Chee Hong Tan, Chief Operating Officer of HACTL, noted that HACTL has been handling temperature-controlled cargo for a long time, but “the certification sets the standard and consistency in terms of both infrastructure and personnel training.”

The panel agreed that CEIV certification can be used to ensure quality in the pharmaceutical supply chain in the face of ever-stricter regulation. Regulators, particularly in the US and the European Union, are, said Marshall, paying much

closer attention to how the supply chain is managed. “There is greater stringency in the maintenance of the environmental temperature from the time of manufacture to the time of consumption by the patient. What we are trying to do is to make sure that there are no deviations either above the specified storage temperature or below that would affect the shelf life of the product.” He added “From a shipper’s and a distributor’s perspective we are seeing the regulations becoming more and more strict and more and more detailed; those changes will need to be reflected in CEIV on an ongoing basis.” He also suggested the industry work collaboratively to reduce the cost of compliance and keep down the cost of medicines.

There was lengthy discussion of the relative merits of Hong Kong and other places in Asia as a centre for temperature-controlled cargo handling, and specifically for pharmaceuticals. The prevailing view was that Hong Kong’s infrastructure is good and can cope with the strong growth in the volume of goods that it processes, but the next step should be to create a business and regulatory environment to encourage the growth of higher value-added services.

Marshall felt that for Hong Kong to become more than just a trans-shipment point will require support from health regulators to create conditions that are conducive to bringing products in, customizing them, and shipping them out to other markets. “One of the challenges Hong Kong faces is that the regulatory framework is quite strict, particularly in comparison to Singapore which is relatively free,” he said, noting that the pharmaceutical industry internationally is starting to move towards late-stage customization of products, and manufacturers are looking at how to locate products closer to patients in Asia before the final point of differentiation. “This offers terrific potential for those countries that can set themselves up as hubs,” he commented. “Singapore sees itself as doing that, and I think there is an opportunity there for Hong Kong as well.”

Frosti Lau, General Manager, Cargo Service Delivery for Cathay Pacific Cargo, agreed that many multinationals are considering relocating their production facilities for reasons of cost as well as to be closer to the growing markets of Asia. “There may be a shift from some of the developed countries to the Asia Pacific,” he said, and jurisdictions with effective policy frameworks and good infrastructure will benefit most.

Lau feels that Hong Kong has a competitive advantage in its connectivity with China. “In terms of intermodal trans-shipment to the Pearl River Delta, we are in a much better position than Singapore,” he said. “If we have the right policy in place, we actually have much more potential to capture.”