

QUARTERLY Q2 2023

NEWSLETTER

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Q2 NEW
NETWORK MEMBERS

MEMBERS
NEWS

THE
MULTI-BILLION-DOLLAR
PAPER JAM:

UNLOCKING TRADE BY
DIGITALIZING DOCUMENTATION



PHOTOS OF
5th ANNUAL
CONFERENCE
2023

April 25-28
Khao Iak, Thailand

RICHARD'S MESSAGE

Richard Overton
CEO of G7 Logistics Networks



Dear G7N Conference Delegates and G7N Members,

To all of you, I am filled with gratitude, excitement, and much love, and thank you so much for your support and trust in allowing us to get the conference done! Your unwavering support and remarkable enthusiasm have been nothing short of awe-inspiring. With immense appreciation, I extend my warmest regards to each and every one of you for making the G7N 5th Conference an outstanding success!

Looking back, we have come a long way since our humble beginnings. What started with an idea to redefine networking in the freight forwarding industry to develop partnerships and real connections between members who became friends... It's a testament to the dedication, hard work, and unwavering commitment that have defined these partnerships. Over these years, we have not only achieved remarkable milestones but have also built a bond that transcends business.

Celebrating 7 years of G7N and marking our 5th Annual Conference, this event holds a special place in our journey. The past few months have seen relentless efforts from my team, collaborating tirelessly with hotels, suppliers, and partners. The remarkable feat of running consecutive 'Back to Back' events spanning over two weeks has left an indelible mark on all of us — both physically and mentally. Yet, it was absolute determination, enthusiasm, and sheer grit that fueled us forward.

I believe that it was all worth it and I would and probably will do it again and again! (So, watch out ... you never know what's going to happen next at G7N !!)

When we reflect on experiences, a spectrum of sentiments emerges, combining positivity with candid insights.

The number of personal messages with positivity has left us humbled beyond words. The sheer volume of personal positive messages received has simply humbled all of us at G7N. I can only describe this conference as a magical and fulfilling experience for everyone that took part and everyone indeed played a part in its success.

I extend my heartfelt gratitude not only to you but also to the dedicated management and staff of the hotels, our suppliers, and the production teams — each one plays a major role. Often concealed behind the scenes, the mass collaboration, meticulous planning, and unwavering dedication are the unsung heroes of such events. Their commitment aligns with ours, and I am truly humbled and honored to say: "Well done, everyone, and thank you once again!"

We also want to thank all our sponsors, who place trust in us, and the exceptional team that leads us into the next chapter of our network community's evolution. Indeed, we've developed a vibrant community and nurtured a distinct culture — one that is set to flourish further. We stand united with our chosen partners, aiming to implement collaborative solutions under our group's umbrella.

G7N, true to its essence, unites cultures in the realm of logistics. What G7N has done is try to embrace all cultures in the logistics world and bring together a balanced and neutral approach to allowing people to see things in a more fun and potentially meaningful way" In other words ...Just Live ...Love ...Logistics ...without being boring! One Life, One Journey, One Destiny.

Sincerely,
Richard



5th ANNUAL CONFERENCE 2023

▶▶ April 25-28
Khao Iak, Thailand



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the G7N team on 



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5th ANNUAL CONFERENCE 2023

April 25-28
Khao Lak, Thailand



Smart Freight Forwarders
Growing Their Business





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REGISTRATION



SOBEL
NETWORK SHIPPING CO., INC.

Welcome Cocktail

G7 HEAVEN



G7 HEAVEN POOL PARTY



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PLENARY SESSION





AWARDS SESSION



 **CLICK TO VIEW**





1:1 MEETINGS



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GALA DINNER



Members News



Regency Freight Services critical shipment of goods from the UK to China

Our G7N Critical member, Regency Freight Services was assigned the task of collecting and repacking an urgent shipment of the below items in an image, which are suitable for air travel to Guangzhou, China for a fellow agent.

This item was packed and delivered to the airline for export within 48 hours.

Cargo Details: 1 @ 337/kg – 428 × 69 × 54cm

Regency Freight can help you with your time-critical air freight shipments from the UK.

Well done Regency Freight team.



Members News



Tower Crane Shipment of 13*40 HQ Containers Departing from Tianjin to Mersin

Our G7N Member, CSC Transport Limited has done a shipment of tower cranes to embark on a journey from Tianjin to Mersin. The cargo, consisting of 13*40HQ containers, was scheduled to be loaded on April 4th, 2023, with an estimated time of departure (ETD) of April 8th, 2023.

The shipment, organized under the terms of Free on Board (FOB), highlights the continued growth and demand for tower cranes in the construction sector. The FOB arrangement signifies that the seller is responsible for the cargo until it is loaded onto the vessel at the port of Tianjin. From there, the buyer assumes responsibility for the shipment.



As construction activities continue to accelerate worldwide, the successful transportation of tower cranes from Tianjin to Mersin underscores the vital role of logistics in facilitating the growth of infrastructure projects.

Well done CSC Transport Limited Team.

Members News



educational tool. Kids will learn about different parts of the logistics industry in a fun and engaging way, all while following along with their favourite heroes. Not only that but there are many important lessons about teamwork and friendship.

Meet the Diverse Characters of Transport City and Learn About the World

Join the Transport Heroes on Exciting Adventures Around the World: A book series by 2HM Logistics

The characters in Transport Heroes are diverse, representing various types of transportation. From Casper, the aeroplane, to Blaise, the truck, and Rose, the ship, each hero has their own unique skills and abilities. Even the drones, M.A.D., and the forklifts, Fork and Dork, play an important role in the team's success.

Our G7N Member, 2hm Logistics is introducing Transport Heroes, a new children's book series that will take kids on an exciting journey around the world. In Transport City, a hub for all types of transportation, a group of unique characters work together to solve any problem that comes their way. With their trusty control tower, Victor, coordinating their missions, the Transport Heroes are always ready for anything.

Fun and Educational Stories for Kids Age 4-12

Transport Heroes is not just an entertaining story, it's also an



You can use the link below to download the book,

<https://drive.google.com/file/d/1laDOQKd77kcBqPRet>

Amazing, great work and initiative by the 2hm logistics team.

Members News



Regency Freight's Swift Response Ensures Timely Collection and Delivery for Urgent AOG Shipment to Jeddah

In an impressive display of efficiency, Our G7N Critical member Regency Freight has swiftly organized the collection and delivery of a time-sensitive Aircraft on Ground (AOG) shipment within a narrow two-hour timeframe. The objective? To transport the urgent cargo to London Heathrow Airport (LHR) for an On-Board Courier (OBC) flight to Jeddah.

Regency Freight seamlessly coordinated the entire operation, ensuring the AOG collection was promptly transported. Additionally, the company expertly handled the necessary export customs procedures, alleviating the burden of navigating regulatory requirements.

Thanks to their prompt intervention, the AOG shipment was successfully prepared for its crucial journey to

LHR. Regency Freight's collaborative approach and resourcefulness played a vital role in facilitating the on-time delivery, and meeting the OBC flight schedule bound for Jeddah.



Regency Freight's commitment to delivering exceptional logistics services once again proved its reliability as a trusted partner for time-critical shipments.

Members News



Seamless Shipping of Oversized Carpet Rolls: Melbourne to Hamburg!

Our G7N Member, Freight-Worlds' warehouse is proud to undertake the transportation of oversized carpet rolls from Melbourne to Hamburg. Their team has developed a specialized pallet to overcome the unique challenge of handling these large items. With their reliable and efficient shipping services, you can trust them to ensure your valuable cargo's safe and secure transportation. Experience a seamless shipping experience by contacting them today!

Trust Freight-World Warehouse to handle your project cargo needs with utmost professionalism and care. From designing a custom pallet for oversized carpet rolls to coordinating the logistics from Melbourne to



Hamburg, their experienced team can provide a tailored solution that guarantees the timely delivery of your shipment.

Members News



BRX Cargo handles two project cargo shipments to Latin America

In May, our G7N Member, BRX Cargo successfully executed two Project Cargoes bound for Latin America. The company's dedicated team played a crucial role in overseeing the entire operation, ensuring the cargo was handled with utmost care and efficiency. Prior to the commencement of the operations, in late April, BRX Cargo representatives closely supervised the receipt of the cargo at the facility and facilitated its seamless transfer to the designated port of shipment. During this process, the shipping line's representatives collaborated with the BRX Cargo team, providing valuable insights into their operational procedures. They emphasized the meticulousness and attention given to every detail while handling and transporting the cargo. This partnership highlighted BRX Cargo's commitment to delivering exceptional service to its



customers across various transportation modes. Arnaldo Spinelli, the company's general director, expressed confidence in their ability to meet customer expectations, stating, "BRX Cargo has established strong alliances with top-tier partners, enabling us to offer agile and meticulous service to our customers. This project exemplifies our commitment to excellence." Well done BRX Cargo Team.

Members News



network have placed in Woodland. Their ability to foster meaningful connections, build strong relationships, and deliver exceptional services has solidified their position as a prominent player in the industry.

Woodland's success is a cause for celebration within their organisation and a source of inspiration and pride for the entire G7N and X2 community. Their achievements exemplify the power of collaboration, dedication, and a shared vision for growth and success.

Congratulations, Woodland Group for more than 100 partnership agreements within G7N and X2 Networks!

We are thrilled to announce a remarkable achievement by one of our exceptional members. Today, we proudly celebrate Woodland's monumental success in signing its 100th Commercial Agreement within the G7N and X2 networks. This significant milestone is a testament to their dedication, hard work, and remarkable progress over the past 20 months.

Woodland has always been an integral part of our network, but it was through Suresh Daddar's (Global Network Development Manager) unwavering commitment along with Kevin Stevens' (CEO) and Jason Shuttleworth's (Sales Director) active involvement that we witnessed an extraordinary transformation. Within a relatively short span of time, Woodland has surpassed expectations and taken charge of the network's development. Their incredible accomplishments speak volumes about their professionalism, expertise, and relentless pursuit of excellence.

Signing over 100 commercial agreements is an outstanding feat. It demonstrates the trust and confidence that partners within the G7N and X2

We extend our heartfelt congratulations to Woodland on this momentous occasion. Your unwavering commitment to excellence and your relentless pursuit of success have set a shining example for others to follow. Your achievements

inspire us all and serve as a testament to the tremendous potential within our network.



As we celebrate Woodland's 100th Commercial Agreement, let us take a moment to acknowledge the collective efforts and support from our entire G7N and X2 community. It is through collaboration, trust, and shared aspirations that such remarkable milestones are achieved. We are grateful to have such remarkable members like Woodland, whose achievements strengthen and enrich our network.

Here's to Woodland's incredible journey and the many more successes that lie ahead. May your future endeavours continue to bring prosperity, growth, and fulfilment. Once again, congratulations on this incredible achievement, and thank you for being an invaluable part of the G7N and X2 family.

Members News



Massive Shipment of E-Cigarettes Departed Shenzhen for Johannesburg, South Africa by CSC Transport

In a major international trade development, a substantial cargo of electronic cigarettes, complete with batteries and liquid, has been shipped from Shenzhen, China to Johannesburg, South Africa by our G7N Member, CSC Transport. The shipment comprises an impressive 30 pallets, with a gross weight of 12,356 kilograms and a voluminous measurement of 52.464 cubic meters.

Initiating from its original location in Shenzhen, China, the e-cigarettes embarked on their journey to reach the African continent on May 24th, 2023. With an estimated time of departure (ETD) of May 24th, 2023, this shipment is anticipated to make its way to the city's Oliver R. Tambo International Airport (JNB), which serves as a vital hub for air freight in the region.

Well-managed shipment by CSC Transport.



Members News



Woodland Group Achieves Gold EcoVadis Rating, Recognized for Sustainable Business Practices

Our G7N Logistics Networks Member, Woodland Group, a leading company dedicated to sustainable business practices, has proudly announced their attainment of a Gold EcoVadis rating, placing them in the top 5% of assessed companies worldwide. This prestigious recognition highlights Woodland Group’s unwavering commitment to environmental and social responsibility, as well as its positive impact on stakeholders and the wider global community.

The EcoVadis rating system rigorously evaluates companies on various sustainability criteria, including environmental impact, labor practices, ethics, and sustainable procurement. Woodland Group’s Gold rating signifies their exceptional dedication to sustainable practices and adherence to global standards of environmental and social responsibility.



Sam Warren, Sustainability Manager at Woodland Group, expressed delight at the commendation, stating that this achievement is a testament to their collective efforts and commitment to building a more sustainable future for all.

With their continued dedication to sustainability, Woodland Group aims to lead the way in creating a more sustainable and socially responsible future.

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into the next

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**contact the team
and submit your content!**

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New Members G7 Network Q2 2023



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Germany, Stuttgart

<https://www.one-flow.de/>



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Airland
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Altia Solutions Inc
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<https://www.airlandlogistics.com/>



zipoworld

Zipaworld Innovation Pvt Ltd
India, Noida

<https://zipaworld.com/>



One Circle Logistics **OCL**

OCL Korea (One Circle Logistics co., Ltd)
South Korea, Seoul

<http://www.oclogis.com/>



Adapt and overcome in the year ahead

The automotive industry has been hit by a series of disruptions, from pandemic to war, so what is the outlook for automotive supply chains in 2023? Andrew Austin, group operations director at Priority Freight, says OEMs need the services of a complete end-to-end logistics provider

Any single global event is enough to threaten the fragile automotive supply chain, which relies on the just-in-time (JIT) model to function most efficiently. Yet the industry has endured and survived more than its fair share of challenges in recent years. First, Brexit brought new regulations, practices and driver shortages. Then Covid-19 caused closures, lockdowns and scarcity of supply, and created a ripple effect across worldwide logistics.

As Europe began to live with the 'new normal' it was rocked by the Ukraine conflict, which created a wiring loom crisis so great it is now overtaking the semiconductor crisis as the automotive industry's most problematic supply chain issue. In addition, the no-fly zone over Russia has meant that the route previously used as a shortcut between the industry's two biggest automotive continents – Europe and

Asia – is no longer viable, requiring a painfully long and costly detour.

Rising tension between China and Taiwan introduces new concerns for automotive supply chain stability, mainly because of Taiwan's global dominance over the production of semiconductor chips. In reaction to the 2021 chip shortage, many OEMs investigated the viability of producing their own chips, but very few, if any, have moved away from reliance on the Asian markets for supply. There is much debate about nearshoring and its potential impact on automotive logistics. Even if manufacturers follow this path, it certainly would not be a suitable solution for all components. At Priority Freight, we are confident that demand for various logistical solutions will likely remain stable.

So, what will the future look like for automotive supply chains? Will we see a return to pre-pandemic patterns and methods of working, or is the industry evolving in a new or improved direction in a bid to survive recent (and future) global challenges?

Air: Charter, craft and cargo

Air charter has proven itself as a vital tool for time-critical logistics over the past few years. As belly capacity is still slow to return to its pre-pandemic rate, we have observed that companies continue to favour chartering aircraft over the use of air cargo. Supply chains have changed dramatically, and Priority Freight has had to adapt by creating innovative solutions and turning to other (sometimes multiple) modes.

We saw an initial increase in the number of air charters organised as a result of Brexit and the pandemic, and while we expected volumes to ease back over recent months, they have actually increased further. These customers tend to be in the automotive manufacturing sector, where disruption to the supply chain could result in costly delays and potential downtime. Without the use of air charter, it would take days for parts to reach their desired location rather than the hours that are required for time-critical deliveries.

Despite new players entering the market, there remains a lack of suitable aircraft for the dedicated air charter market. The limited availability of certain types of aircraft continues to be an issue for the industry as the demand for capacity continues to outstrip supply. This is especially the case with the larger airframes designed for oversized cargo. This, coupled with the European Union Aviation Safety Agency (EASA) ending the Cargo-In-Cabin

agreement in July last year, is pushing commercial rates up even higher. In air charter, more than any other area of the logistics industry, there is a constant balancing act between urgency and cost. Given the continued external time pressures, the financial implications of air charter are often outweighed by the cost of stopping production.

Flying ahead of the curve

OEMs who are currently ahead of the curve are those employing the services of a complete end-to-end provider, such as Priority Freight, for their logistical movements. We provide greater scope for flexibility, access to a wider choice of solutions and alleviate the administrative burden associated with complex, cross-border shipments.

Changes because of Brexit and the vast shipping container crisis

that started last year have also impacted the way goods are handled, as well as creating an inevitable backlog of products. However, some positives have also emerged from this situation. At Priority Freight, we have welcomed the acceleration of digital processes that were created out of necessity during the pandemic but have now become standard practice. We've also noticed a change in the way companies approach shipments, with more choosing to secure longer-term contracts for air charter rather than responding ad hoc. This kind of forward planning can reduce uncertainty around availability and make costs more manageable for our clients.

Demand for air cargo is likely to remain high as forwarders continue to meet the needs of a rapidly evolving and globally distributed automotive sector. The ongoing issues with sea freight will undoubtedly drive the continued popularity of air charter as



companies seek ways to transport goods further and faster to keep up with demand and reduce downtime.

Some speculate that rising inflation may lead to a reduction in demand for air cargo as finance departments tighten their belts, but for the automotive sector, at least, air cargo costs will always be more cost-efficient than production line stoppages. Demand for air freight from the automotive industry will be very much driven by the consumer. While the demand is there, OEMs will scale up their logistical needs, and we will respond accordingly.

Alternatives modes

In recent months, the road haulage sector has had to contend with increasing fuel prices pushed even higher by the Ukraine crisis, ultimately at a cost to the end client. Despite these multiple barriers to optimism, we are seeing a general improvement in capacity, pricing and confidence in the road haulage industry from both fleet operators and customers.



At Priority Freight, we see great value in road haulage itself and its critical role in multimodal solutions. Complete end-to-end solutions such as this keep the road haulage sector in favour and reduce reliance on less environmentally friendly solutions. However, road haulage is not always the best fit for the JIT model for obvious reasons.

So, are multimodal solutions the answer? We always propose general air freight, multimodal solutions or even on-board couriers if necessary and only ever suggest air charter when no other solution is viable given the business-critical nature of the job.

Future mobility

As the EV revolution gets into full swing, Priority Freight is embracing new challenges, such as the safe transportation of large, heavy and dangerous lithium-ion batteries. For safety reasons, they often cannot be stacked, and this, along with their density, means few can be transported at any one time. We are continually working with the air cargo and automotive industries to find ways to ensure a safe and cost-effective method of shipping these complex but vital components that will power future mobility.

Priority Freight recently moved a one-of-a-kind supercar concept which was powered by one of the more experimental power sources in development. This was a challenging but fun problem to solve and one that automotive logistics experts like us will

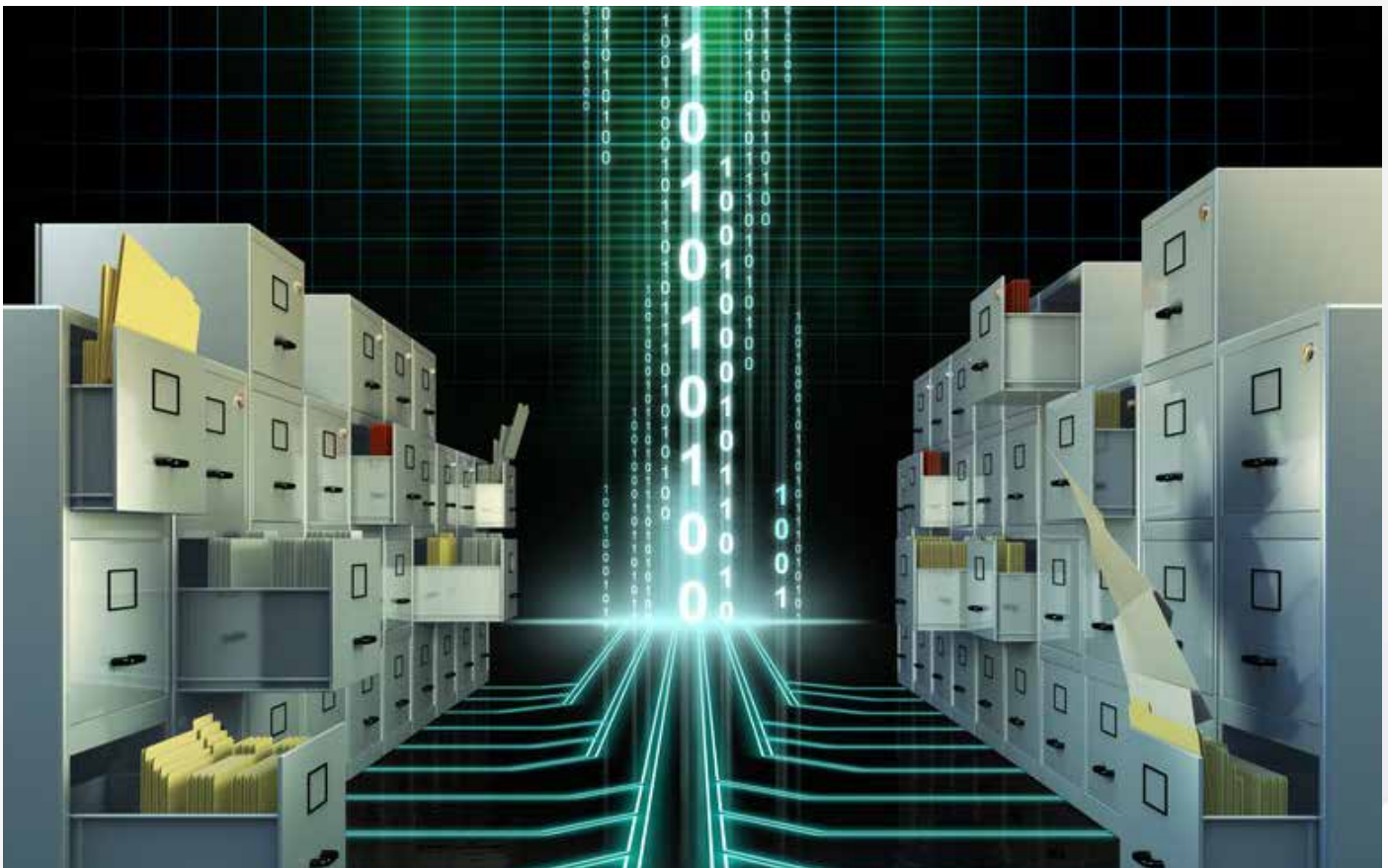
have to become adept at managing in the future as vehicles powered by alternative means become more commonplace.

The ultimate goal of the past few turbulent years has remained the same from an automotive supply chain perspective; get the goods from origin to destination as quickly and efficiently as possible. And that is unlikely to change any time soon. It's most likely that JIT manufacturing will remain the norm, and automotive supply chains will need to rely on the timely transport of goods by air to maintain supply chain integrity. The big question most manufacturers

will ask is, what is consumer confidence likely to be over the next six to 12 months, given recent global and geopolitical developments? This will be the main driver for how OEMs plan their logistical requirements over the coming year.

Source: *automotive*logistics.media

The multi-billion-dollar paper jam: Unlocking trade by digitalizing documentation



Trade documentation is a paper-intensive and resource-consuming process. An electronic bill of lading could save \$6.5 billion in direct costs and enable \$40 billion in global trade.

Imagine you're a cargo owner in the year 1450. You hand over your goods to the ship that will carry them across the world, and are presented with a bill of lading—a piece of paper stating what you're

shipping, where it comes from, and where it's heading.

Fast forward to the year 2022: The world has changed dramatically, but the bill of lading remains relatively unchanged. Today, the bill of lading process is still reliant on the physical transfer of paper records and applies to roughly 40 percent of all containerized trade transactions.

Current trade documentation spans many documents and processes, and is a manual, time-consuming, and resource-intensive process for all stakeholders. Documentation for a single shipment can require up to 50 sheets of paper that are exchanged with up to 30 different stakeholders.

The bill of lading, issued by carriers to acknowledge receipt of cargo from the shipper, is one of the most important trade documents required for shipping. McKinsey analysis indicates that the bill of lading accounts for between 10 and 30 percent of total trade documentation costs. While the banking and aviation industries have implemented digital standards enabling automated trade systems, shipping has not matured far beyond where it was in the 1400s.

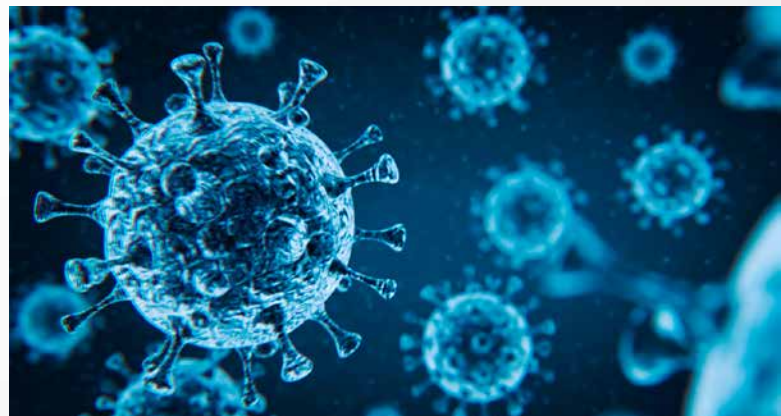
Digitalizing trade documentation is an important step that can avoid unnecessary cost, save time, and enable trade. It can also improve supply-chain resilience and help to mitigate inevitable future disruptions. Today's renewed focus on supply-chain performance and resiliency provides an opportune time for the ocean trade ecosystem to unite and embrace digitalization.

This article builds a case for digitalizing trade documentation and demonstrates how adopting an electronic bill of lading could save \$6.5 billion in direct costs and enable between \$30 billion and \$40 billion in new global trade volume. It also highlights actions that various stakeholders can take to unlock this opportunity in global ocean shipping.

Disruption is inevitable; digitalization can build supply-chain resilience

Recent global challenges made supply-chain resilience an imperative for businesses across the world. The COVID-19 crisis, post-pandemic economic effects, and geopolitical conflicts resulted in critical supply snarls all over the globe. These events, and the disruptions that followed, revealed how important, yet fragile, trade flows are for the global economy.

In today's environment, supply-chain disruption is constant and impactful. It is no longer an "if", nor is it really a "when" since it's both omnipresent and unpredictable at the same time. Research by the McKinsey Global Institute found that, on average, companies experience disruption of supply inflows lasting one to two months every 3.7 years—and shorter disruptions happen even more frequently. Furthermore, a single prolonged production-only shock could wipe out between 30 and 50 percent of one year's EBITDA for companies in most industries—an event that disrupts distribution channels as well would push the losses sharply higher for some. An event that disrupts distribution channels as well would push the losses sharply higher for some.



Considering that disruption is inevitable, increasing resilience to mitigate the effects of disruption on supply chains has become one of the major challenges of the decade. One way to improve supply-chain resiliency is for industry leaders to focus on elements that can be controlled—rather than attempting to prevent events that cannot be controlled.

For example, when the Icelandic Eyjafjallajökull volcano erupted in 2010, 100,000 flights were cancelled, affecting passengers as well as air cargo,

and thus supply chains. Cargo worth an estimated value of \$50 billion was substantially delayed in reaching destinations. Leaders could not prepare for this event and were instead measured by their ability to react. Supply chains elongated as airborne trade was rerouted around Icelandic airspace, and companies had to quickly identify and book capacity in unfamiliar trade lanes. An outcome of this event was that industry leaders learned that their ability to respond to disruption was directly tied to their ability to share information and transact with their supply-chain partners as quickly and efficiently as possible.

Although the COVID-19 pandemic was first and foremost a humanitarian crisis, the supply-chain disruption it caused has many similarities to the Eyjafjallajökull example. Over the past two and a half years, thousands of containers with missing or incorrect documentation lingered in ports as flights transporting the physical trade documents for these containers were canceled. Without verified documentation, the marine terminal operators and customs authorities could not release the cargo, which exacerbated congestion. This situation resulted in lost sales and higher working capital costs for shippers—and eventually to total loss of value, in the case of seasonal merchandise missing its delivery date. These complications may have been avoided through transparent and accessible digital documentation. And some disruption could have been avoided if physical offices had been quick to adopt remote working processes for trade documentation.

The trade financing market was also affected during the pandemic. Rejected applications for trade credit insurance increased by 60 percent, forcing governments to utilize their export credit agencies to fill financing gaps left by the private market. The Export-Import Bank of the United States (EXIM), one of the largest providers of short-term government export support, reported a 112 percent increase in working capital guarantees and a 12 percent increase in short-term export credit insurance during the 2020 fiscal year.

During this period, greater levels of digitalization could have helped government export credit agencies to accelerate communication with trade insurance applicants. The faster and more efficient exchange of documents may have allowed government institutions to fill the trade finance gaps left by the private market much earlier.

It's time to reshape outdated global trade standards

These recent events have made it apparent that information sharing, collaboration, and greater visibility can build resilience to disruption. Digitalization plays a key role in building resilience as it enables the flow of information. However, 30 years after the “go-live” of the internet, and 25 years after purely digital cross-border ecommerce processes were established, trade documentation processes are still largely manual.

For example, many bills of lading are still reliant on the physical transfer of paper records—and the documentation process alone can take six hours, or more, across all stakeholders. Furthermore, other important trade documents, like letters of credit and customs declarations, require the paper-based bill of lading as a prerequisite for their creation and issuance.

The original bill of lading still requires many stakeholders to print, stamp, and sign various paper copies before physically transporting them from origin to destination as air express shipments (Exhibit 1). This non-digital process is costly, takes time to execute, and is highly susceptible to errors.

While other industries have captured the impact of digitalized documentation, shipping is only beginning to make progress

The banking industry represents a reasonable comparison for shipping: It is an industry that depends upon documentation and data exchange between various stakeholders, and requires that transmission of this data maintains its accuracy and confidentiality. The banking industry has successfully digitalized many documentation processes by establishing SWIFT, an information exchange system using universally valid, and fixed standards for secure transactions.

Shipping carriers have historically focused more on the physical utilization of assets (ships), rather than on the efficient exchange of information between stakeholders. The small margins and low returns on capital within the industry may have prevented carriers from thinking beyond containers and contribution margin.

Digitalization of the bill of lading has been slow and difficult to date, as various stakeholders are involved in the process, all of whom have different interests, needs, and systems—and must be approached individually. In addition, many other documents are connected to the bill of lading process via a multitude of interfaces, so that individual digitalization initiatives may have been dismissed as unattractive due the limited impact that a single stakeholder can make on its own. The bill of lading also requires acceptance of regulators globally and may seem too big to address by a single private entity. Furthermore, the bill of lading is a

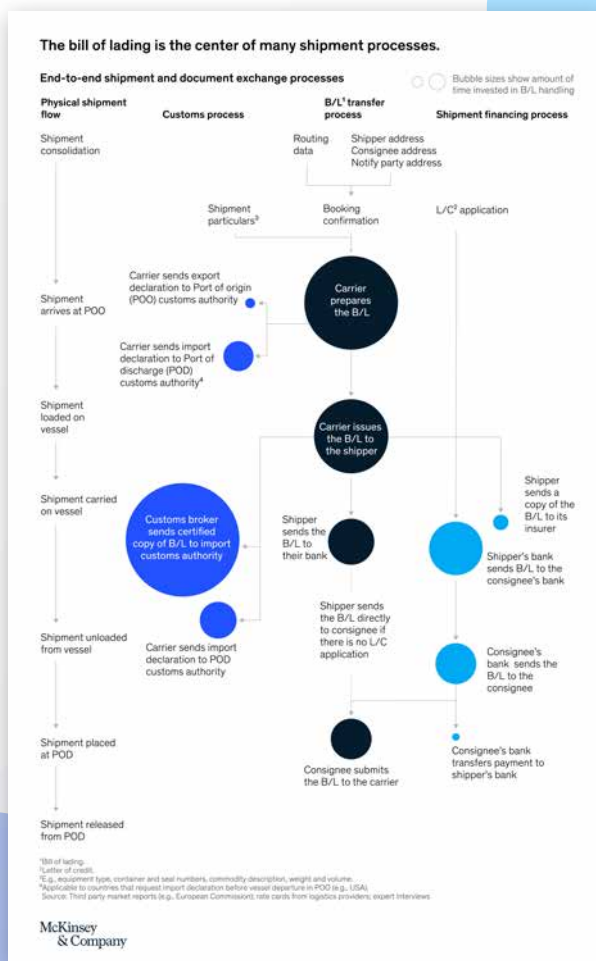
document of title and therefore requires the highest possible security standards, over and above e-mail or electronic data interchange (EDI) standards, and this creates additional concerns for all parties involved. The shipping industry has started to work on common standards for digital documents as the banking industry has done.

During the COVID-19 pandemic, paper-based processes may have added to the stresses that impacted global supply chains. However, the recent attention paid to ocean supply chains has spurred progress, and the container shipping industry is now working to resolve digitalization roadblocks. The shipping ecosystem has experienced increased consolidation and record-high profitability, enabling carriers to invest in ambitious digital agendas. Carriers seeking to get

closer to their customers have made digital interfaces a strategic priority for growth.

Shipping is also experiencing a renewed focus on industry collaboration. Stakeholders are collaborating in a variety of collective action forums including the Getting to Zero Coalition, Mærsk Mc-Kinney Møller Center for Zero Carbon Shipping, TradeLens, and the Global Shipping Business Network. These industry bodies are accelerating the alignment required to set industry goals such as sustainability and digitalization targets

Digitalization has also been bolstered by organizations actively setting and promoting digital change. For example, the Digital Container Shipping Association (DCSA), a collaboration between several large container shipping companies, has helped the industry to establish digital standards for critical building blocks of information exchange, like electronic bills of lading and vessel schedules.



Trade digitalization is a multi-billion-dollar opportunity

The digitalization of trade documentation may be considered to be a mundane task, but the impact it could deliver would be significant. Various international bodies have estimated the effect that digitalization would have on global trade. The International Chamber of Commerce (ICC) projects that paperless trade could create \$267 billion of additional exports across G7 countries, compared to base forecasts, by 2026. And the World Trade Organization reports that implementing the Trade Facilitation Agreement (TFA) could increase global trade by between \$750 billion and \$1 trillion a year. The TFA aims to reduce the trade costs of import and export activities and accelerate the clearance of goods by setting digitalization standards such as electronic data submission between agencies and the use of digital signatures. Implementing the TFA would likely produce wide-ranging economic benefits, especially in emerging and developing countries.

The ICC notes that the use of paper-based processes places an extraordinary burden on small and medium-sized enterprises (SMEs) seeking to trade internationally—and digitalization would help close this trade finance gap.¹² According to the World Economic Forum, the current trade finance gap, or the amount of requested trade finance that is rejected, is estimated at \$1.5 trillion globally, with SMEs suffering the most.

Given this global context, the size and potential impact of the digitalization opportunity, and the importance of the bill of lading, McKinsey analyzed how an electronic bill of lading could add

value. The analysis indicates that digitalizing the bill of lading—which accounts for 10 to 30 percent of trade documentation costs—could unlock more than \$15.5 billion in direct benefit to the shipping ecosystem and up to \$40 billion in increased trade.

The analysis quantifies the expected impacts of 100 percent adoption of an electronic bill of lading on ocean carrier costs, for stakeholders in the broader shipping ecosystem, and on broader trade enablement. This quantification illustrates the substantial impact that can be generated from digitalizing a single, yet critical, component of trade documentation.



Adopting an electronic bill of lading could lead to direct cost savings for all stakeholders, amounting to \$6.5 billion a year. Carriers could realize up to \$2.1 billion in benefits such as more direct interaction with shippers, and streamlined and digitalized workloads, leading to cost savings.

New digital capabilities could also lead to new revenue stream for carriers, for example

through improved customer journeys. A further \$6.9 billion in value could be unlocked for the broader trade ecosystem. Ultimately, greater digitalization could enable \$40 billion in global trade by 2030 (Exhibit 2).

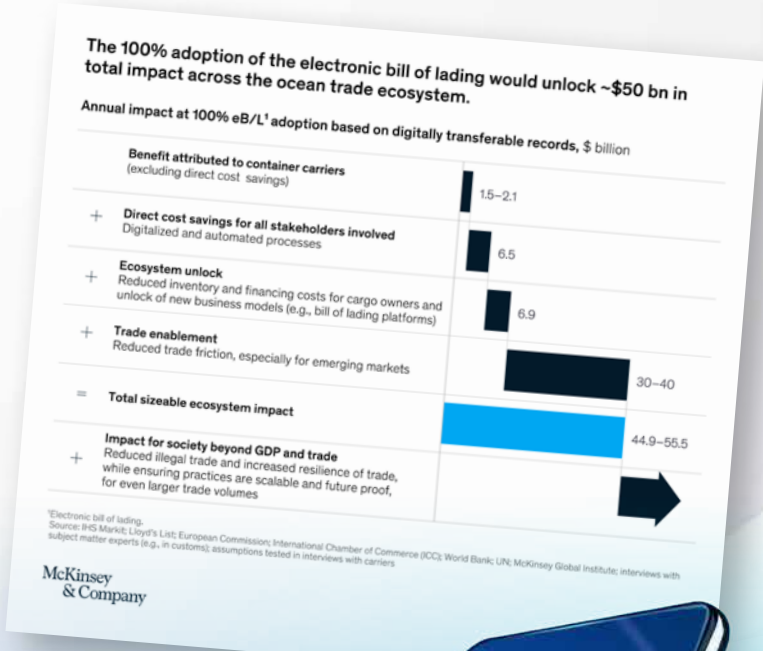


There is no better time than now to digitalize the bill of lading

Several factors indicate that the industry is ready to embark on digitalizing the bill of lading. First, digital standards for the bill of lading have been established. Data and process standards for the submission of shipping instructions and issuance of the bill of lading have already been established through DCSA, and accepted by nine container carriers that represent 70 percent of containerized trade.

Second, the required IT investment to accommodate a digital bill of lading is low. McKinsey estimates that limited investments into IT connectivity and employee training would enable this transition. These costs would be more than offset by the aforementioned cost savings.

Third, electronic bill of lading transactions already exist—and they work. Over the past 25 years several providers such as Bolero International and WAVE BL have established platforms to exchange electronic bills of lading. While around 1 percent of all bill of ladings are digital today, this adoption proves that the process has been tested and it works.



The industry is capable of making the change

Evidence from frontrunning market participants, as well as digitalization journeys of other industries, shows that ocean trade can adopt digital trade documentation in 3 to 4 years, and reach 100 percent adoption by 2030. The industry is well positioned to make this change.



For instance, the airline industry and the International Air Transport Association (IATA) scaled the electronic airwaybill for cargo shipments—a digital process that is replacing paper-based trade documentation—from



a small percentage in 2012 to more than 50 percent adoption in 2017.

Lighthouse examples exist of market participants in ocean trade that are striving for change. ZIM International Shipping Lines has set ambitious targets for digitalizing trade documentation. The carrier started educating customers about the



benefits of an electronic bill of lading and trained its workforce to get familiar with the new process. The effort yielded results very quickly: After one year, the carrier tripled its adoption rate of the electronic bill of lading from 3 percent to 10 percent.

Furthermore, frontrunner ports and their local governments including Singapore and Abu Dhabi have set the regulatory framework to treat digital documents just like paper-based documents. Other countries are about to follow suit, and the United Kingdom has already announced that digital trade documentation forms part of the government's legislative agenda.

A path forward: Unlocking potential through digitalization

There is an opportunity for stakeholders—including carriers, financial institutions, customs authorities, shippers, and freight forwarders—to work together to further trade digitalization efforts, and reap the benefits. Stakeholders could consider the following four actions that would facilitate industry-wide adoption of an electronic bill of lading and greater trade documentation digitalization (Exhibit 3).

1. Continue data standardization efforts

The complete end-to-end digitalization of container trade requires industry-wide standards for data structure and transmission. Stakeholders can build upon on existing standardization efforts, for instance by working with major players such as trade financiers and public authorities to contractually agree on a specific standard to make the transformation of the entire ecosystem as cost-effective and universally

- Customs authorities could accelerate digitalization that enables data receiving, for instance through a shipping application programming interface (API). They could also build road maps to enhance digital infrastructure, and prompt regulators to set guidelines that allow for digital document submission and transmission.

2. Set ambitious targets for digitalization

Various stakeholders can take action to set targets and associated KPIs:

- Carriers could activate internal change management programs to facilitate digitalization, supported by information and training campaigns. They could also form digitalization-dedicated teams to develop achievable road maps and KPIs, with actionable steps, and lead system integration projects.
- Banks and trade financing institutions could integrate the newly defined standards into existing systems and facilitate wide-spread adoption of a digital letter of credit solution.
- Shippers and freight forwarders could increase their knowledge of new ways of working through training so that a smooth transition is guaranteed. They could also set milestones including tangible sub-targets, for example a fixed date for when a central supplier should be fully connected digitally in terms of trade documentation.



3. Collaborate with partners to accelerate the digitalization journey

All stakeholders can scale up current electronic bill of lading solutions and work together to keep existing infrastructure running, as collaboratively as possible. The industry can move to finalize electronic bill of lading solutions and API integrations to jointly shift to the new era of container shipping.

4. Accelerate acceptance by incentivizing stakeholders and customers

All relevant stakeholders could accept a defined approach, and commit to implementation, ideally guided by a neutral party. They could also enhance the interoperability of the electronic bill of lading with existing systems, simplify connectivity, and reduce barriers in terms of costs and time—especially for SMEs.

The time is ripe for all stakeholders across the global ocean trade ecosystem to join forces, work collaboratively to digitalize trade documentation, and usher in a digitalized “new normal.” Doing so could future-proof the industry, and shape a more inclusive global trade system. In particular, adopting an electronic bill of lading could result in significant cost savings and boost global trade.

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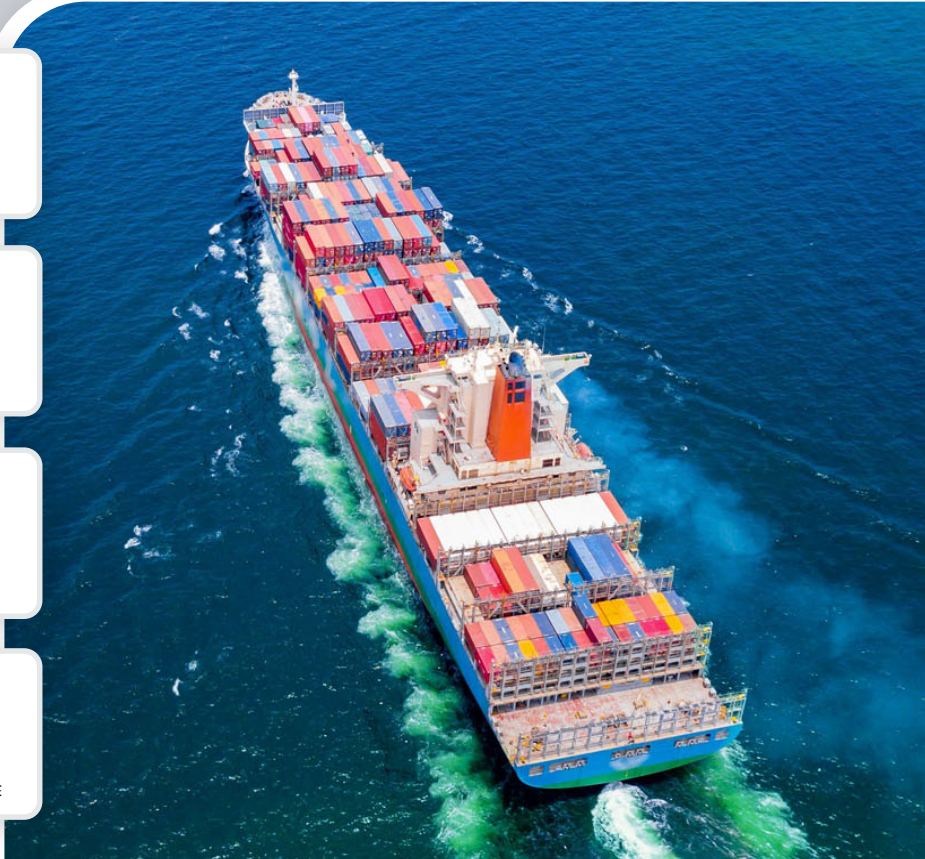


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