Global

Turning to tech could help supply chain face future disruption

COVID-19 will fast track a completely different ecosystem of transport, dramatically accelerating the industries' investment into freight tech companies, autonomous vehicles and cargo drones, expert Paul Cuatrecasas has explained.

While companies have already been investing in these areas in recent years, the disruption could lead to autonomous vehicles and cargo drones transporting a larger share of freight in the near future as businesses look to localise supply chains.

Cuatrecasas, CEO of investment banking firm Aquaa Partners and author of *Go Tech or Go Extinct*, added: "It's where we were going a year ago, but we're just going to go there a lot faster because we're going to have greater investment and attention in these sectors."

In the aftermath of the disruption, he expects a rise in goods being 3D printed nearby to the market while food (cultured meat and fish) will be grown in labs instead of being shipped.

This will lead to further use of drones and the industry will see a trickle-down effect from consumer drones like those used by Amazon and Waymo to more cargo drone companies emerging.

E-commerce's share of total commerce is expected to rise from 14% to 60% in 2030 which will drive the development of cargo drones further.

Some companies are already in the early stage of development and have launched test flights such as California-based company Natilus' planned test later in 2020.

Its test flight will consist of a 30 ft prototype with a 60 m long wingspan carrying 700 pounds of cargo between Los Angeles and Hawaii.

Though Cuatrecasas does not believe that drones will replace shipping in its entirety, with the share of goods handled by ships going down to 50% compared to today's approximately 90%.

He said: "It'll continue but it's going to be disrupted and this COVID-19 shock is like a shot in the arm to technology companies which will now see greater interest, probably in the next six months or a year because the financial markets are crashing and will continue to be under great distress this year."

Even a 10% or 20% reduction over time could be a hit to the shipping industry, which is already suffering from a cash flow and profit perspective – as seen with Maersk – and has been under pressure for many years.

The most effective way for shipping to adjust to this new era, according to Cuatrecasas, is to find the right technology companies that fit and to not just partner with them but to make a significant investment in them or a joint-venture or acquisition.

"The challenge these companies have doing it in-house is they really don't know how to do something that different than what they've done before," he explained.

"Unless there's an external catalyst, which is the acquisition or investment in the right company, you don't have the large organisation changing in the way that it needs to change."

Additionally, there will be a greater investment into autonomous transport which has already been prevalent in the industry over the past few years – especially automation.

Cuatrecasas said: "There has been investment into autonomous shipping and autonomous ships both from a start-up and established company perspective and the Royal Navy is also partnering with tech accelerators for autonomous shipping.

"We're certainly going to see more on that and not just because it doesn't involve humans and because it's cheaper or more efficient, the nature of autonomous activities is one that can solve many problems and frankly deal with resilience." ●

Paul Cuatrecasas

Ports & Terminals

Egypt

PSCCHC signs agreement to operate, market and manage dry port near Cairo

Port Said Container and Cargo Handling Company (PSCCHC) has signed an agreement with International Group for Logistics Services for the operation, marketing and management of a dry port in the city of 10th of Ramadan.

PSCCHC, in the framework of the A.R.E plan to expand construction of dry ports and logistics areas due to their economic importance, aims to maximise the port potentials and capabilities and optimise its location between industrial cities.

The agreement, signed between the chairman and CEO of PSCCHC and Mohamed Fouda, chairman of International Group for Logistics Services, was finalised after several mutual negotiations and discussions.

PSCCHC also owns the first dry port established in Arab Republic of Egypt, which has served exporters and investors for more than 20 years. ●

The chairman and CEO of PSCCHC signed the agreement with Mohamed Fouda