

SPEAKER INTERVIEW:

Daniel Carrera President, Europe, UPS

Daniel Carrera was appointed President of UPS Europe in March 2021. Based in Brussels, he leads more than 49,000 employees and is responsible for all UPS' business and operations in nearly 60 countries and territories across Europe, accounting for about half of the company's international revenue.

Mr Carrera joined UPS in 2005 through the acquisition of freight forwarder Menlo Worldwide, where he was the Director of Global Accounts for Europe, Middle East and Africa. At UPS, his first responsibility was to integrate the sales functions between Menlo and UPS Supply Chain Solutions.

Q How have supply chains been affected by recent events?

A Global supply chain challenges have persisted into 2022, driven by continuing strength in consumer demand for goods and the explosive growth in ecommerce. Companies like UPS are adding capacity, but there are reasons to believe these imbalances will remain through the year.

These challenges have led companies to re-evaluate their inventory management practices – with a continued trend since 2020 of moving from just-in-time to just-in-case. This will impact how and from where companies source their goods and resources. The result of these impacts makes it clear that we must accelerate automation, improve transparency across the supply chain, invest in essential infrastructure and ensure that trade remains safe and seamless.

What we're seeing is multi-dimensional migration to new supply chain models that reflect the lessons of COVID and other factors as well. Shortening supply chains, looking towards intra-regional opportunities, and alternative sourcing all present more benefits than previously, and are creating opportunities to reconstruct supply chains rather than abandon what we have now. The de-consolidation of these traditional manufacturing hubs will impact how global trade flows in the future.

Q What are the key opportunities that companies must seize in the next three years?

A Companies from all sectors will be held to a higher and higher standard when it comes to sustainability. There is also an opportunity for companies to differentiate themselves by committing to decarbonisation within their own operations and through their partners – including third-party logistics support. UPS has a long history of developing, deploying and promoting the use of alternative fuels

and advanced technology to operate more sustainably. We utilize technology-based, behaviour-based and engineering-based approaches to address our environmental footprint, and we operate a growing 'rolling laboratory' of alternative fuel vehicles – more than 12,000 globally.

We recognize that in order to operate sustainably and in an environmentally friendly way, we must delink the growth in package delivery from the growth of our carbon emissions. That is why we have committed to achieve a 50% reduction in carbon intensity per package, with milestones along the roadmap to help us get there. It's not only the right thing to do, but it's what our customers want.

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Beyond sustainability, the benefits of global trade area still there for the taking and not just for large businesses. Small and medium-sized businesses (SMBs) – which represent some 99% of businesses in Europe - are the foundation of many economies regionally. Expanding across borders will be a huge opportunity to build growth and resilience in the face of uncertainty like what they endured during the pandemic. It's likewise an opportunity for the transport and logistics industry to support them in that endeavour.

Q What are the key trends to be aware of?

A The need for technology-driven and temperature-controlled supply chains will

only grow. Some 80% of pharma products in Europe now require temperature-controlled transportation. Biologics, new cell and gene therapies and others are among the complex and sensitive treatments in our industry, and we are planning on a best-in-class level of performance. With major dedicated health care facilities across Europe, UPS and UPS Healthcare is investing heavily in infrastructure and capabilities to serve the healthcare sector and other sectors that require maximum visibility, reliability and control.

Within our own healthcare operation, we have seen how quickly we scale to accommodate specific needs in this growing sector. Our decades-long investment allowed us to help governments rise to the public health challenge of COVID by delivering 1.5 billion vaccines in over 110 countries, with 99.9% on-time delivery.

Q What steps can the industry take to become more efficient?

A Despite the challenge of COVID and other constraints, global trade and global value chains have held up remarkably well. Businesses of all sizes can maximise the value of their supply chains and minimise risk through the choice of their partners.

Currently, there is a heavy reliance on manual labour to keep supply chains running. By upskilling workforce and automating labour-intensive activities when possible, supply chains will be better positioned to support escalating shipping needs. In the UPS network, for example, recent investments mean that almost 90% of packages flow through an automated facility.

Moreover, improving end-to-end transparency and visibility is critical, particularly for ocean and air freight, which remains paper intensive. To enhance customer experiences and accelerate movements and eventually deploy block chain technology, digitalization can build trust in processes.

You can hear from Daniel Carrera and other fantastic thought-leaders in the manufacturing and logistics industry at **Transformation agenda: from instability to opportunity for manufacturing and supply chains.**

On 7th July at Grosvenor House, London, the forum will analyse supply chain disruptions, increasing sanctions, geopolitical tensions, inflation, labour shortages and sky-high fuel costs. Join manufacturing and logistics business leaders to discuss the opportunities and challenges of today.

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