Interview: Matthias Suhr – Director, EuroAirport, Switzerland



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Matthias Suhr, director of EuroAirport near Basel discusses the merits of operating in a bi-national environment, how the airport has acquired the latest industry accreditation, and how the pharmaceutical industry is changing the very nature of cargo and freight services.

EuroAirport are in the process of establishing a new terminal. Why don't you start by telling us about your priorities since your appointment and recent company developments?

In terms of cargo, we have three key pillars to our business: Passenger transport, cargo transfer and industry transport. In many ways, the last two are quite niche markets. The industry side of things is conducted through JD Aviation and AMAC and this aspect of the business mainly focuses on maintenance and fitting. Basel Airport is not actually one of the biggest hubs but it still carries 7.3 million passengers and 101,000 tonnes of cargo a year. However, the maintenance and fitting industry is considerably larger and one cannot discount the internationalism of the airport that we have. We are not just a Swiss airport. We have very easy connections to both France and Germany. Despite large firms often being situated in Basel, we realise that their location preference is a transnational decision.

The cargo terminal is very exciting and has been built simply to be ready to meet our client's needs. We conduct a lot of cargo business with EasyJet but we are always paying special attention

to the pharmaceutical industry because 70 percent of all cargo is pharmaceuticals. Given the pharmaceutical industry requires temperature controls; we have a 21,000 square metre terminal with seven modules (each 3,000 metres) which is nearly at full capacity. This is not bad but we still have some space in the cargo terminal to fill. All those modules are focussed on different industries and its running very well. When you compare our figures with Zurich, they transfer about 400,000 tonnes but remember we operate in niche markets. Currently, we have seven destinations per week from five companies mainly operating in the Far-East or Middle East. We work with huge companies like Qatar, Korean Air, Emirates, and Iberia have just come in to replace a lost client. We also have ABC cargo from Russia who transport pharmaceuticals from Chicago via Amsterdam to either Moscow or Shanghai. We've always had Emirates and Korean Air among our client base but in the sense of just cargo our operations with Qatar are very new.

In terms of freight services you have to make an important distinction between truck cargo, which has seen an 11% decline in business but a trend which has been countered by a rapid rise in aviation opportunities. Then we have the express freight services which tend to revolve around small package transportation usually aligned with companies like Amazon and eBay. The express services also involve pharmaceuticals to a large extent because we are seeing a shift towards express services with pharmaceuticals that do not require temperature control.

This airport has become synonymous with its cargo services in the region but often pharmaceutical firms have preferred to use the belly freight of passenger airliners due to the frequency of those flights. Have you noticed any movements away from this trend?

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I think there will be a shift towards express freight because if pharmaceutical firms do not require temperature controls for certain deliveries we have excellent connections for those services. The constraints are also very heavy with full cargo. Of course, we are specialised in pharmaceutical services because we have Novartis and Roche as clients. The region has also always been a cluster for logistics as the city of Basel has always had all the different domains of transport. Basel has an economic history influenced by trains, aviation and shipping. We are very focused on logistics and as an airport our immediate transportation options. The beautiful new cargo building is a good indication of how we are looking to develop in the next few years. We have a temperature controlled environment between 15 and 25c and I think the future rests on being able to offer stable conditions between 2 and 8c. That is something we are missing. We are experiencing a 12% growth in supply chain operations (compared to the already globally high average of 9%) so there

is also room for development but it will require investment from our board of directors so we will have to analyse these opportunities carefully. The reason we have to be careful is simply because we're not that big.

Therefore, we cannot invest a lot of money in new infrastructure. We do have some problems naturally as we used to have much more flights (12 a week compared to the current seven). There is a long way to go to have the same quantity of operations we had before with Swiss Air. But we're not doing too badly and currently we are very happy with how the business is going. The shift to express freight services, which many airlines are actively pursuing, allows us to utilise our asset. Our opening times are very favourable as our airport is open from five AM; before other airports with similar capacities. This is also very important and beneficial for the full cargo aspects of our business.

Moving to the IATA certification, this could be a potential industry game changer and EuroAirport has already applied to be endorsed. Why do you feel this certificate is right for your business?

For an airport that focuses on pharmaceutical transport it is the minimum level of accreditation to have. We have the GDP and the CEIV certifications and we believe these approvals are things you simply must have. I don't believe it will give our company a big boost. It is a pre-requisite and as a Swiss airport in French territory it is very important. This is something that has been used by Brussels Airport in their endeavors and to continue to attract big companies like Novartis and Rush it is the minimum of what we need to do.

How do you manage EuroAirport logistically?

It is not something that troubles us at all. We're not too big and we have built strong relationships with our clients over the years. We are also bi-national with our French and Swiss connections so customs are also big clients for us and in general the communication between all these players is very good. We are constantly in contact with all our clients. We have different platforms where we have positive exchanges. I regularly visit two or three pharmaceutical associations whom I continue to work very closely with. As a small airport, we have no problems with logistics.

What are your limitations? Where do you feel EuroAirport can improve?

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Well, whilst the opening hours are good for business that does mean the whole airport is under a lot of pressure during those early hours. However, a bigger limitation is the price. Whilst one might

think from the outside the pharmaceutical industry is a particularly wealthy one, it is also very cost driven. There are a lot of other airports in Western Europe to use. Frankfurt, Paris and Milan are examples of destinations that can transport goods to their airports at a much cheaper rate. Sadly, that is something that is also important for both Novartis and Roche. We know we cannot compete on price. We have to differentiate our products and services and provide better quality. This is one area where the IATA certificate might help.

How easy is it for your competitors to move products on trucks to other airports? How do you remain ahead?

As I said, we know we cannot compete on price. Our new cargo facility is one example of how we are looking to innovate with temperature control. Another area is e-freight. Digitalization is very important when contacting all the different stakeholders on our platform. We need a common platform that we can all utilize as being proactive with new technology will be another crucial factor in the future of freight services. Honestly, despite the need for digitalization our current operations are functioning well. In Basel, knowing the customers is equally important when looking to remain ahead of your competitors. Fast logistics combined with good relationships with the relevant authorities in both Switzerland and France. These are advantages we have that Frankfurt or Milan will never have. Daily contact is very important.

We can do things very quickly. For example, the CEIV application process will be completed in a very short space of time. This would not be possible for a larger corporation. We found seven to eight different stakeholders and held three meetings and everything was ready. We started the application in 2016 and have already had the first audit and we should complete the process this year. It is the same scenario with IT platforms and the willingness of our staff. The people who work here are very pragmatic and when we encounter difficulties other companies may struggle to deal with French authorities located miles away in Paris. Our employees, armed with this multi-national knowledge, regularly solve problems from our own platform. The flexibility of Basel is a big asset to us.

Do you see yourselves as playing a role in this idea that Switzerland is a great ecosystem for pharmaceutical logistics?

We are very innovative here in Switzerland. We have a good education, political stability, and security; factors that actively help the country to thrive as a transnational outfit. Obviously, we have reacted to the performance of the pharmaceutical industry; a sector that is huge driver in the Swiss economy. We have taken advantage of this and we will continue to respond to the growing

needs of our clients.

What can we expect from EuroAirport in the next few years?

As I mentioned, we are looking at further developments in temperature control which would enable us to meet even more specific pharmaceutical requirements. We will also be looking to merge multiple IT platforms into one solid base to respond to the needs of our global audience.

On a personal level, what is motivating you in your current role?

An airport is always comparable to a small city. Especially EuroAirport as the airport is unique in having both French and Swiss influences. It is always a big challenge working in this environment. EuroAirport is essentially a small platform with great opportunities as the catchment area for talent is tremendous. So this balance is a consistent challenge and one that is very exciting for me.

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