MARKET UPDATE

JULY 2022

uniserve
your global business

WINNERS OF THE UKWA EXCELLENCE AWARD 2022

OUTLOOK & HEADLINES

- **MARKET:** After two months of strict lockdown, the authorities in Shanghai have declared the city's recent coronavirus outbreak under control.
- **MARKET:** A strong the third quarter is expected for the summer peak.
- **MARKET:** Ukraine war: Russia becomes China's biggest oil supplier, imports of Russian oil rose by 55% from a year earlier to a record level in May, displacing Saudi Arabia as China's biggest provider.
- **OCEAN:** Demand is picking up, but congestion is still having a widespread impact on capacity deployed on the Far East routes.
- **AIR:** The air freight market is still largely driven by capacity issues and not so much by demand.
- **AIR:** Hong Kong Government is beginning to ease quarantine restrictions.

OUTLOOK & HEADLINES (CONTINUED)

- **OCEAN:** Despite fleet expansions and capacity increases, a normalisation in seafreight rates could be as far away as 2025.
- **AIR:** Sanctions imposed on Russian aircraft fleets are further squeezing air cargo capacity in an already constrained market.
- **OCEAN:** Container liner operators are continuing to mop up second-hand ships from non-operating owners.
- **AIR:** Whilst the Hong Kong Government are easing quarantine restrictions, strict quarantine rules remain in play.

SUBJECT QUICKLINKS

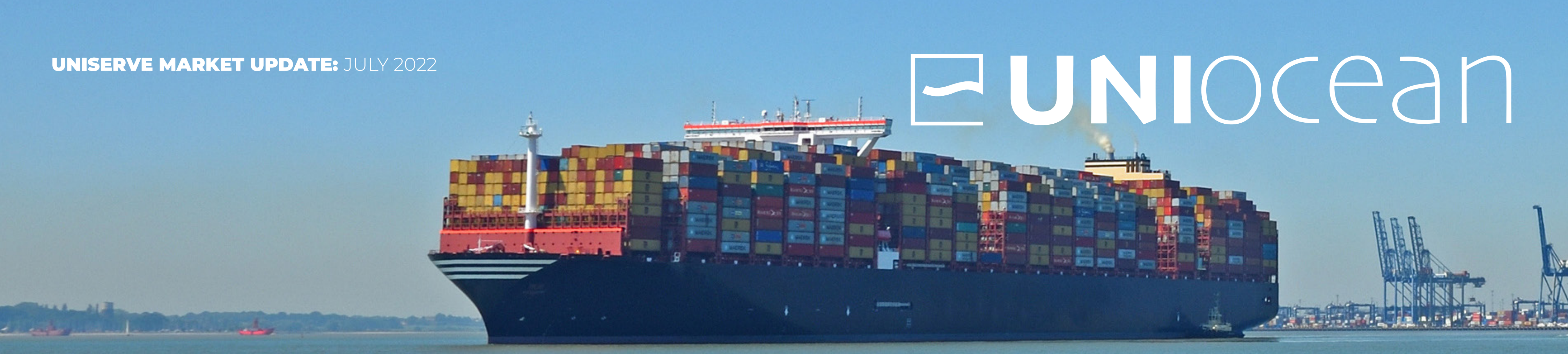
OCEAN FREIGHT

AIR FREIGHT

WAREHOUSE & DISTRIBUTION

EUROPEAN ROADFREIGHT

ENVIRONMENTAL COMPLIANCE



OCEAN FREIGHT MARKET OVERVIEW

Demand is picking up, but congestion is still having a widespread impact on capacity deployed on the Far East routes.

KEY TOPICS

- Shanghai is slowly opening following a lockdown of almost 2 months. The third quarter is expected to be strong with a summer peak. However, there are many uncertainties on a macro level such as the ongoing Ukraine war, high inflation across Europe, and lower consumer confidence.
- With regards to capacity and equipment concerns, overall space is starting to fill up again. Serious congestion in European ports is causing sailings to return to Asia late, resulting in additional delays, blank sailings and a potential lack of empty containers right where they are needed. The geopolitical landscape we are all operating in currently remains one of the most challenging environments most of us have encountered in our adult lifetimes. It's often difficult to know where to begin. The war in Ukraine, Sri Lanka's economic woes, rising inflation, utilities, fuel, groceries and general cost of living increases coupled with rising interest rates, China's ongoing 'dynamic covid-zero lockdown strategies, and consumer spending in the West finally shifting from goods to services have us all, at times, scratching our heads for what's going to happen next. Our conclusion..... Expect the unexpected, learn from it and be prepared.
- With the high-profile reporting of the Shanghai and other major Chinese city lockdowns coming to an end, we are predicting a

T: 01375 856060 · **E:** crmteam@ugroup.co.uk

OCEAN FREIGHT MARKET REGIONAL REVIEW & CARRIER OUTLOOK

KEY TOPICS

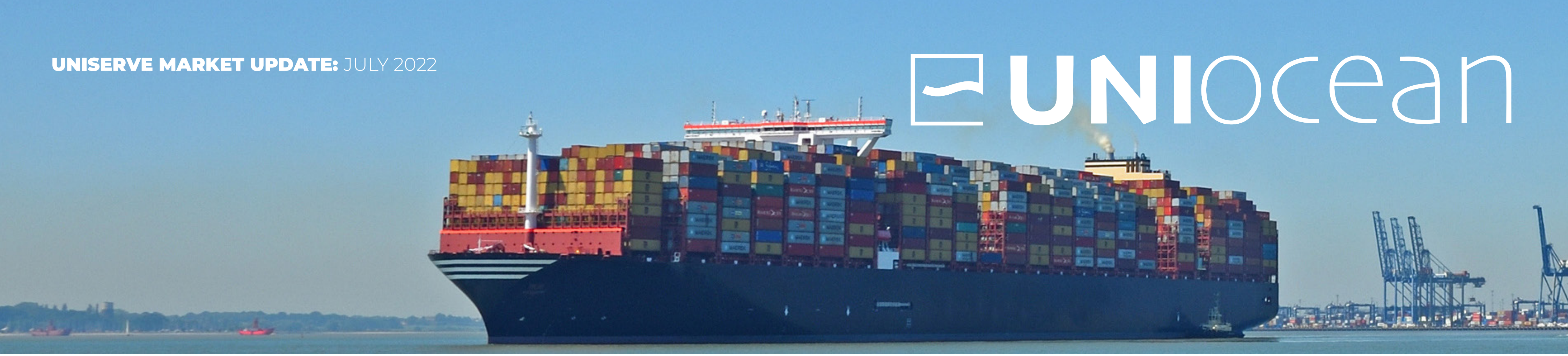
large 'demand-shock', leading to a strong and challenging peak season that will start later than previous years. Truck drivers in China continue to face restrictions including the need for negative test results, a health code or local pass depending on the location. Barge services grew as an alternative to trucking to improve the efficiency. A trend that we've witnessed for 15 years now continues to be the case; There is much talk about companies in Europe and the US considering a full or partial withdrawal of their production in Asia due to factors including supply chain uncertainties, Maersk Chief Executive Søren Skou does not recognize this narrative. "We don't see our customers moving production back to Europe. They're spreading it around in Asia," he tells the Financial Times in an interview.

- Just in time for the traditional peak season; June witnessed the start of service and congestion issues in some North West Continental ports. At Bremerhaven, congestion has reached a critical level, with vast and continuous operational disruptions across the global supply chain impacting yard density levels and waiting. Terminal operators in the port of Antwerp, which is the second-largest in Europe, appeared to avoid trouble as a national strike hit Belgium, targeting the transport sector in particular. While the airport in Brussels and parts of public transportation were paralyzed by strikes, terminal operators in Antwerp's port had beforehand chosen to reduce activities in order to lower the effect from work stoppage among port staff.

Shanghai is slowly opening following a lockdown of almost 2 months

- Inflation must be considered a global problem. There is no denying that the effects of global

T: 01375 856060 · E: crmteam@ugroup.co.uk



OCEAN FREIGHT MARKET REGIONAL REVIEW & CARRIER OUTLOOK

KEY TOPICS

inflation will probably continue for at least the next year. But there are also many indications that some of the most damaging components of the current situation (with global inflation at 8.7%) will begin to gradually subside. For the world's suppliers and other supply chain participants, there is likely some relief on the horizon.

- The carrier tactics of blank sailings have continued to be used in an effort to stabilise pricing and the supply/demand curves. Trucking operations in China are gradually recovering: Trucking capacity is continuously improving with the Ministry of Transport of the People's Republic of China's various actions. Highways are all open for trucking arrangements. Efficiency might be impacted due to local regulations to screen, monitor, and approve operations.
- We continue to predict strong export demand from Asia for the rest of the year particularly into the US and Europe. In order to mitigate the risk of liner equipment shortages as much as we possibly can, our International Sea Freight Division, UniOcean Lines has brought over 24,000 branded new containers (HQ's and 20ft GP's) into service from China to Europe and the U.K. We also have introduced a limited supply of brand new 45ft super cube containers. This helps us support all existing carrier contracts. Whilst some carriers close the door on the 3PL community, we continue to push ahead with our continued multi-carrier strategy, seeing new carriers stand shoulder to shoulder with our long-term carrier partners.
- In the US West Coast, International Longshore and Warehouse Union (ILWU) and Pacific

Trucking operations in China are gradually recovering

T: 01375 856060 · **E:** crmteam@ugroup.co.uk

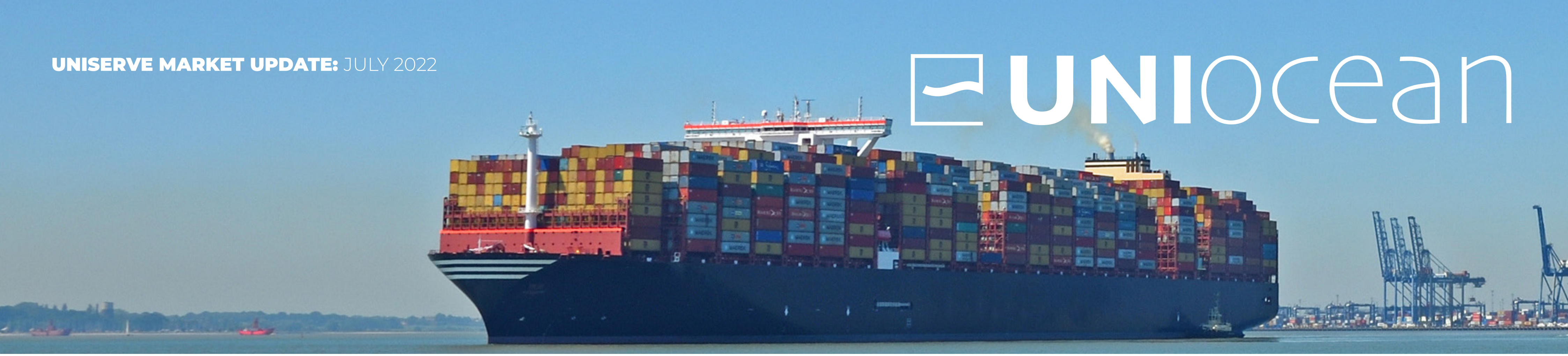
OCEAN FREIGHT MARKET REGIONAL REVIEW & CARRIER OUTLOOK

KEY TOPICS

Maritime Association (PMA) labor negotiations continue as July 1st, when existing contracts expire, rapidly approaches. Intermodal bottlenecks, chassis shortages, and high fuel prices continue to pose additional challenges despite the improved balance between supply and demand.

- As always, our focus remains on securing coverage, equipment and reliable capacity solutions. Be that liner, charter, and our own equipment. For time-sensitive goods that need to be moved quickly, our air freight service is another transport alternative that may be able to assist you. Please do reach out to your Uniserve representative if you feel we can assist your business further.
- Updating UK exports, container transport is functioning well, availability is good and the trading environment is currently positive. By trade lane..... On the Far East, space and equipment are currently fine. Pricing is being further challenged by an increase in fuel surcharges. On South-East Asia, there is a one-week wait for booking confirmations, and again pricing is slightly soft, but bolstered by increases in fuel surcharges. Onto Australia / New Zealand, where demand and pricing is high due to current peak seasonality. Having said that, the space and equipment situation is good. On the Middle East trade, space is OK and rates are holding on the high side. Heading across the Atlantic, the challenges of high rates, space and equipment strains remain in play. On South America, again rates remain high, and we see that there are significant variations from each carrier in terms of space and equipment. →

For time-sensitive goods that need to be moved quickly, our air freight service is another transport alternative that may be able to assist you



OCEAN FREIGHT MARKET REGIONAL REVIEW & CARRIER OUTLOOK

KEY TOPICS

- The marked surge in bunker prices following Russia's invasion of Ukraine has so far cost container lines USD 2.5bn, according to Sea-Intelligence. If ship fuel prices stay at their current high level, the annual added costs for container lines could exceed USD 10bn and possibly reach as much as USD 12.8bn. According to Sea-Intelligence, the elevated bunker prices seen since the war broke out in Ukraine on Feb. 24 have so far cost carriers USD 2.5bn, and should the trend persist, the added expenses might amount to double digits in the billions of dollars annually.
- The ports of Los Angeles and Long Beach have for months now been postponing a heralded dwell fee on containers. Now, they do so again. Due to container bottlenecks on the US west coast, the ports in Los Angeles and Long Beach announced an incoming dwell fee on containers as early as October last year. Since then, however, the implementation has been postponed on several occasions.

Japanese-owned container shipping line ONE has signed an order for ten box vessels set for delivery in 2025.

- More than half of container vessels are still arriving late, but there are signs that carriers have improved an otherwise miserable schedule reliability, according to Sea-Intelligence. The main part of ships still reach their port destination later than planned, however, there are signs of betterment regarding container carriers' schedule reliability.
- Japanese-owned container shipping line ONE has signed an order for ten box vessels set for delivery in 2025. The carrier has struck an agreement with the two yards Hyundai Heavy Industries and Nihon Shipyard, each of

T: 01375 856060 · **E:** crmteam@ugroup.co.uk

OCEAN FREIGHT MARKET CARRIER OUTLOOK

KEY TOPICS

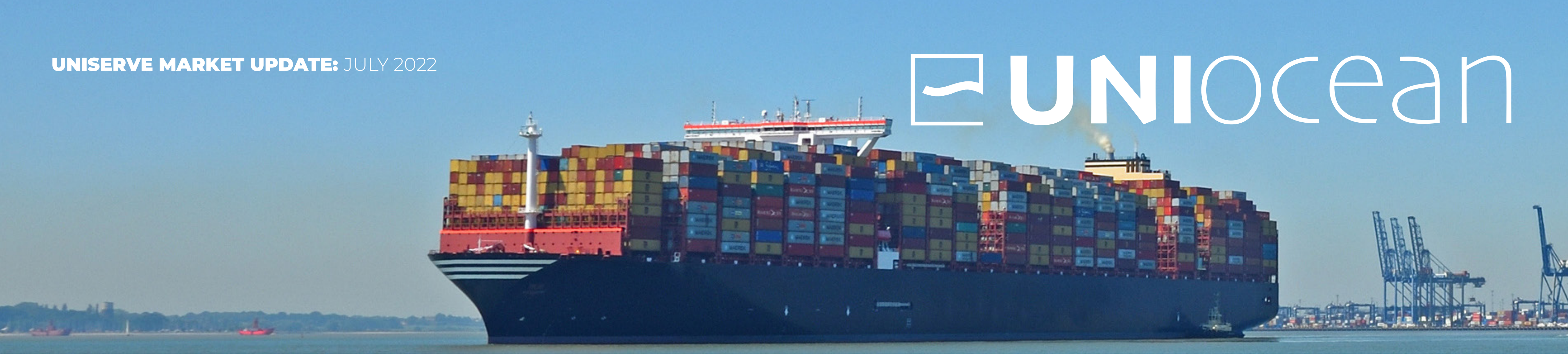
which has been tasked with constructing five ships.

- Container rates on long-term contracts rose to a hitherto unseen degree in May. The surge was no less than 30.1% compared to the month before, and in a single year, this type of rate has increased by all of 150.6%, according to fresh numbers from analyst firm Xeneta.
- US maritime authority FMC has not found evidence that container carriers have violated competition regulation and taken advantage of an extraordinary market to claim higher freight rates.
- CMA CGM has more than tripled its profit in the first quarter compared to the same period last year, according to the accounts for the first quarter of 2022. At the same time, the French shipping group is unveiling 16 new ship orders, six of which are 15,000-teu ships able to sail on methanol with dual-fuel engines, the company states in the financial announcement.

Ellerman City Liners are now able to serve Hong Kong. Feeder services connect to the mother vessels in Da Chan Bay.

- A new additional call was announced by Ellerman City Liner's. Commencing early July, Ellerman's are now able to serve Hong Kong. Feeder services connect to the mother vessels in Da Chan Bay. Contact your CRM Manager for further information and click on this press release link: https://uniserve.co.uk/ellerman-add-hong-kong-west-bound-route-to-their-ever-growing-list-of-sea-freight-services/
- Taiwanese container line Evergreen had the highest operating margin in the first quarter, according to an analysis of operations in ten of the world's largest container carriers

T: 01375 856060 · **E:** crmteam@ugroup.co.uk



OCEAN FREIGHT MARKET REGIONAL REVIEW & CARRIER OUTLOOK

KEY TOPICS

conducted by analyst firm Alphaliner. Evergreen, which is the sixth biggest of the ten carriers part of the analysis, came out of Q1 with an operating margin of 68.6% and thus achieved an operating result of 68.6 cents for every revenue dollar.

- Demand in the global container market is cooling, and the OECD's new downgraded growth forecast confirms that the growth rate of the economy is declining. "Demand in container shipping is also declining this year. We have known that for a long time. However, geopolitics and oil prices have reinforced this trend, "writes Peter Sand, chief analyst at Xeneta in a comment to ShippingWatch.
- Global demand on the container market dived more than 4% in April, and volumes across the world are now just slightly above the level of April 2019, show new numbers from Container Trade Statistics.
- Following the Shanghai reopening, volumes are picking up again but recovery has not translated into a big surge thus far. The third quarter is the traditional peak so volumes are expected to be stronger. Overall space is starting to fill up again. Congestion in European ports is causing sailings to return to Asia late, resulting in additional delays and some blank sailings.

The OECD's new downgraded growth forecast confirms that the growth rate of the economy is declining

- The Ocean Shipping Reform Act has officially passed through the Congress, and will be sent to President Biden to sign the bill into law. The bill would broaden the scope of the Federal Maritime Commission's (FMC) powers to promote U.S. exports and encourage reciprocal trade. This act represents the largest overhaul of shipping regulations since 1998.
- Empty container boxes crucial for Asia's exporters are getting stuck in the port of Rotterdam as a growing backlog of undelivered goods at

OCEAN FREIGHT MARKET CARRIER OUTLOOK

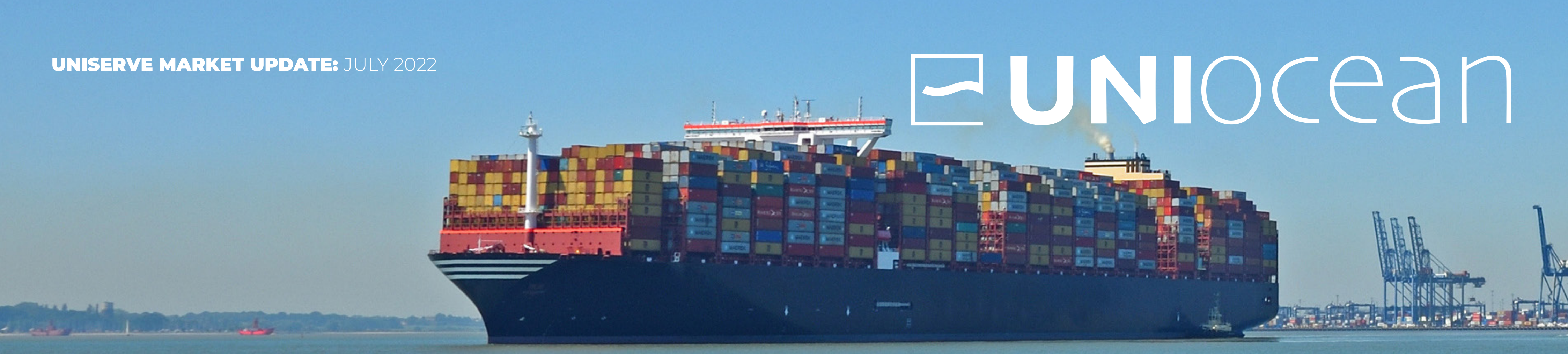
KEY TOPICS

Europe's export hub forces ocean carriers to prioritize shipments of filled boxes.

- Speculation about SM Line's potential acquisition of its larger South Korean rival, HMM, intensified after the carrier and its affiliates purchased more HMM shares, raising the group's stake more than five-fold, to 5.52%.
- Here's a couple of stories related to the environment. The European Parliament has reached a new agreement on how the shipping industry may be incorporated in the EU's Emissions Trading System. According to ECSA, the decision arrives at a "make-or-break" moment for the industry. And this might not be coming a moment too soon. The number of containers lost by carriers at sea due to, for example, harsh weather conditions has quadrupled in the past two years, to an average of 3,113, according to a new report by the World Shipping Council (WSC).

India Subcontinent

- Post China's reopening, volumes are picking up again, but recovery has not translated into a big surge till now.
- Average container freight rates for trades out of ISC were low in June, 2022 vs May, 2022.
- Rates were extended for the last two weeks of June with some carriers doing the same for the first two weeks of July. Space is available at Freight All Kinds (FAK) rate levels.
- Demand is still soft, but whether the rates will continue to decrease remains unknown. Some carriers in the market have already filed for a general rate increase, effective in early July, 2022.
- MSC announced hefty rate hikes on its India-North America network. GRI of USD 1000 per cntr from 4th July, 2022, followed by PSS of USD 1000 per cntr from 15th July & USD 2000 per cntr from 1st Aug, 2022.
- Q3 is the traditional peak so volumes are expected to be stronger across ISC.
- Vessel schedule ex Pakistan is still not stable with blank sailings every other week - →



OCEAN FREIGHT MARKET REGIONAL REVIEW & CARRIER OUTLOOK

KEY TOPICS

- Rate increase expected from CMA & HAPAG for UK based ports.
- MSC & OOCL may keep the same rates level.
- Carrier CMA is currently only offering rates on a spot basis for all EUROPE and UK based ports.
- Sailing disruptions expected on weekly Europe connections across ISC.
- CMA CGM has announced three sailing omissions for Indian ports in July, 2022 on its premier EPIC2 (Europe-Pakistan-India-Consortium).Service, operated jointly with Hapag-Lloyd as the Indian Ocean Service (IOS).
- The eight-vessel EPIC2/IOS has three port calls out of West India-Nhava Sheva/Jawaharlal Nehru Port, Mundra and Hazira.
- CMA CGM has announced a recovery plan for the huge vessel delays in upcoming EPIC-2 vessels-TSINGTAO EXPRESS to omit Karachi & Nhava Sheva + Hazira; KYOTO EXPRESS to omit Mundra, restrict short-leg cargo + omit Hazira; and SOFIA EXPRESS to omit Karachi & Nhava Sheva + Hazira.
- Because of such schedule disruptions, shippers would inevitably face considerable challenges planning their export shipments with any sense of certainty and could also end up being penalised for any eventual booking cancellations.
- Bangladesh unveiled the largest infrastructure project in its history on 25th June,2022. The 6.15-kilometer Padma Bridge which spans the river after which it was named connects Dhaka to the country's southern regions, slashing the distance between the capital and Bangladesh's second-largest seaport, Mongla, by 100 kilometers. Journeys that would previously have taken two to three days from the South of the country can now be completed in a few hours. The bridge cost an estimated $3.6 billion to build, all paid for with domestic funding.

AIR FREIGHT MARKET OVERVIEW & REGIONAL REVIEW

The air freight market is still largely driven by capacity issues and not so much by demand.

KEY TOPICS

- June volumes ex the Far East were down in the commercial sector, which are reflective of reduced demand from the west, with consumer spending down amongst the fear of an increased cost of living and high inflation, along with China's ongoing 'dynamic zero-Covid' city-wide lockdowns. In Northern and Central China, Covid cases continue to drop and the region has gradually allowed more businesses to reopen. Production is still recovering at pace as there are still some prevention and control requirements in place.
- Whilst international air passengers may be moving freely, freight forwarders, charter desks, air cargo operators and air cargo booking platforms are still meeting challenges caused by heightened demand, limited bellyhold capacity, congested hubs and rising costs.
- Shanghai is back in business following a Covid lockdown but additional quarantine measures have resulted in trucking restrictions and staff shortages that are further battering airfreight supply chains. Infections recorded following the formal end to lockdown in the city on June 1st has seen some areas return to Covid restrictions, temporarily restricting traffic and road access to trucks carrying airfreight in and out and around Shanghai. Covid testing requirements have also led to staff shortages. Beijing has also started mass testing again after an outbreak in

T: 01375 856060 · E: crmteam@ugroup.co.uk

AIR FREIGHT MARKET OVERVIEW & REGIONAL REVIEW

KEY TOPICS

the city. Demand continues to be strong out of China, but capacity between Asia and Europe is "volatile" and increasingly limited. Capacity is also expected to continue to fluctuate with Covid regulations in China.

- Air freight capacity continues to struggle with headwinds. Disruptions have hampered the recovery of bellyhold capacity and the war in Ukraine has decimated freighter lift and curbed payload on Asia-Europe routes. As e-commerce operators claim more freighter aircraft, lift for shippers and forwarders remains tight, keeping rates high. Additionally we are seeing flight cancellations created by permit restrictions between China and the EU and required air craft maintenance having to be conducted by some operators.
- Airline and airport executives spent the past two years trying to convince everyone it's safe to fly during a pandemic, touting reduced touch points and hospital-grade filters. Sadly, as we have seen by the high media coverage, little did they know how overwhelmed they'd be once travel came roaring back. As countries reopen borders and Covid curbs fall away, travel has sprung back with such voracity that it's resulted in an unprecedented labor crunch, made worse by the pandemic-induced layoffs of hundreds of thousands of workers, from pilots to cabin crew and ground-handling staff. Many are in no mood to come back but even if they were, scaling up at such pace is a risk for airlines and airports, with spiraling inflation and economic pressures putting a question mark over how sustainable the current demand really is.
- We are seeing positive signs on cross border trucking that this situation is constantly →

Demand continues to be strong out of China, but capacity between Asia and Europe is "volatile" and increasingly limited.

AIR FREIGHT MARKET UPDATE – REGIONAL REVIEW

KEY TOPICS

improving. With news coming from Shanghai that lockdown restrictions have already started to ease, we are anticipating a hard rebound for back orders. The inevitable strains across sea freight modes, coupled with the black-listing of rail freight services transiting Russia, lead us to conclude that we should anticipate a strong demand for air freight solutions in the coming months leading up to the more traditional peak season. A number of factors will influence this of course, ranging from consumer demand, air line capacity, additional space and manpower at origin ground handling facilities, a 100% return to trucking and drivers, suppliers being free to open, obtaining access to a strong flow of raw materials and a stable power-grid, and having the manpower needed to fulfil their order books.

- As always, our goal remains 100% committed to offering our clients fluid, multiple solutions and options when looking towards the air freight mode of transport. We continue to manage multiples, craft new carrier partnerships, and our multi-carrier strategy sees new offers

With news coming from Shanghai that lockdown restrictions have already started to ease, we are anticipating a hard rebound for back orders

pairing up with our long-term solutions.

- The market is slow but stable in Taiwan, however factories continue to face shortages of raw materials.
- Out of Korea, the market demand to the USEC and FEWB tradelanes continues to be weak, while demand to the USWC remains stable. Due to the ongoing trucking union's strike, there is some difficulty arranging pickups and deliveries to and from the ports.
- Generally in South East Asia, demand ex-Thailand is quite weak with carriers eager for cargo. Passenger capacity is expected to improve as Thailand continues to welcome back tourists. The Malaysian market continues to →

T: 01375 856060 · **E:** crmteam@ugroup.co.uk

AIR FREIGHT MARKET UPDATE – REGIONAL REVIEW

KEY TOPICS

be affected by raw material shortages. Demand and rate levels out of Vietnam are stable.

- Cathay Pacific is staying committed to rebuilding connectivity at the Hong Kong air hub as the flagship airline welcomed the government's agreement to extend the drawdown period of the HK$7.8 billion loan facility until 8th June 2023. Airline chief Augustus Tang said the impact of the pandemic necessitated some very difficult decisions, including the restructuring in 2020 which included staff furloughs. He added that through this loan facility and recapitalisation, Cathay Pacific is coming back with a 'more efficient, more competitive and more focused business.' Meanwhile, Cathay has been adding long-haul freighter services on transpacific and European routes, with a full freighter schedule operating from June. Increased passenger flight frequencies, as well as cargo-only passenger services, will provide additional capacity as global travel opens up further. The airline is aiming to double its passenger destinations from 29 at the start of 2022 to 58 by year-end
- The International Air Transport Association (IATA) has called on governments to further support the safe carriage of lithium batteries by developing and implementing global standards for screening, fire-testing, and incident information sharing. Willie Walsh, IATA's director general, said: "Airlines, shippers, manufacturers, and governments all want to ensure the safe transport of lithium batteries by air. It's a joint responsibility. The industry is raising the bar to consistently apply existing standards and share critical information on rogue shippers.

India Subcontinent

- India once again registered a sharp single-day spike in daily COVID-19 case count as the new infections rose to 17,073 on 27th June, 2022. In terms of fatalities, the country saw 25 COVID-19 deaths. In terms of daily surge, case count registered a 45 per cent increase on 27th June, 2022.
- The market is currently soft at PAN India →

T: 01375 856060 · E: crmteam@ugroup.co.uk

AIR FREIGHT MARKET UPDATE – REGIONAL REVIEW

KEY TOPICS

level and is expected to remain the same in the month of July, 2022, outbound movement from China remains slow. Expect capacity constraints/increase in freight costs once exports from China are back to normal.

General Developments

- The International Cargo Terminal at Jaipur International Airport is now functional. The Airport has international cargo facilities to handle cold chain pharma, perishables and industrial products like machinery and brass items. The airport is being managed by Adani Group, who have also transformed the CSMIA, Mumbai.
- Bangalore International Airport Ltd (BIAL) and Worldwide Flight Services (WFS) have come together and entered a strategic partnership in order to develop, operate, manage and maintain one of the cargo terminals at Kempegowda International Airport (BLR Airport) – India's third-largest cargo gateway for international import and export cargo. The cargo terminal awarded to WFS at BLR Airport has the capacity to handle 210,000 Metric Tonnes (MT) of cargo a year. From May 2023, it will be used exclusively by WFS to handle international cargo.

As e-commerce operators claim more freighter aircraft, lift for shippers and forwarders remains tight, keeping rates high.

- SpiceJet has successfully got the RA3 (Regulated Agent Third country) and ACC3 (Air Cargo or Mail Carrier operating into the Union from a Third Country Airport) certifications. The certifications allow the airline to transport mail and cargo on its airplanes under its Air Operator Permit and also handle cargo and mail of other airlines for transporting to or via the European Union and the United Kingdom.

BANGLADESH

- Severe disruptions continue across parts

AIR FREIGHT MARKET UPDATE – REGIONAL REVIEW

KEY TOPICS

of North Eastern Bangladesh due to severe flooding as of 27th June, 2022. A total of around 7.2 million people across 17 of the country's 64 districts have been impacted by flooding since late May, 2022. The worst-hit areas have been Sylhet and Sunamganj districts in Sylhet Division. Severe weather could also trigger flight delays and cancellations at airports in affected regions.

- Eid Al Adha holidays commence on 10th & 11th July 2002 . There may be a slight spike in volumes in the days leading up to the start of the holiday, with a fall off due to limited production through that week.

PAKISTAN

- Air freight situation remains very calm. Till now the peak summer season for cargo bookings has not started, so rates are stable without any indication of increases till mid July, 2022. Furthermore, no new flights added/cancelled Ex-Pakistan to UK sector.

SRI-LANKA

- QR is having a small space crunch with off-loading due to cancellation of two freighters and the accepted cargo has been planned on their PAX flights.
- EK, TK, EY, SQ operating daily and scheduled flights.
- The market is not expected to see a boom in July, 2022, due to the current situation in the country, however, export movements are regular.
- Air rates are still the same and no increase is yet announced by any of the carriers operating ex CMB.

WAREHOUSING & DISTRIBUTION UPDATE

KEY TOPICS

Labour

- The UK Warehousing Association (UKWA) has warned of a 34 percent forklift truck driver labour shortfall following Brexit and the pandemic, which is impacting the sector more than the HGV driver shortage. In addition, the Chartered Institute of Purchasing and Supply (CIPS) has predicted that the logistics sector will face a massive 40,0000 workforce shortfall by 2026 if action is not taken to address pay and working conditions.
- With the New Generation Logistics campaign released this month and the governments Future of Freight plan, steps are being taken towards attracting new talent and skills into the sector to resolve on-going recruitment issues within the industry.

Generation Logistics

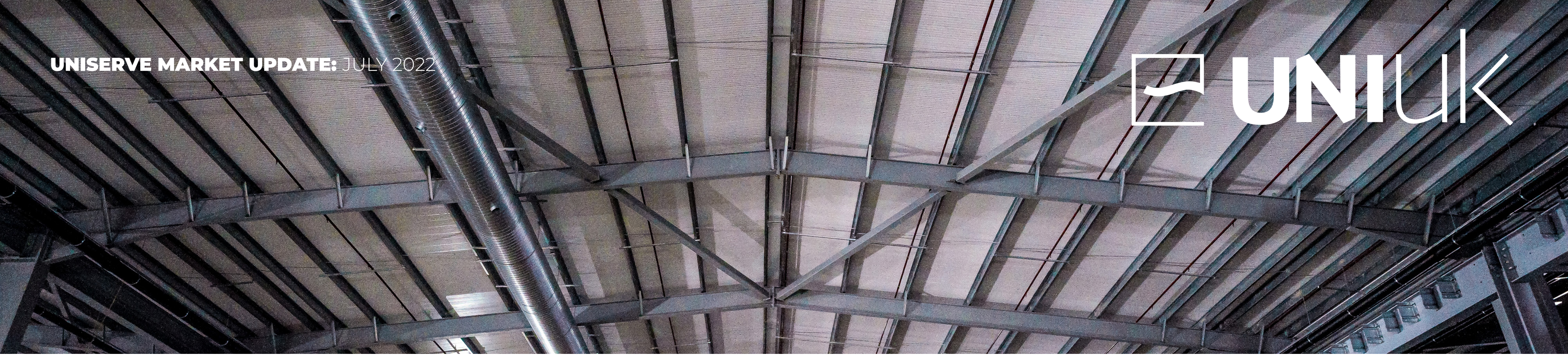
- A new government backed campaign has been released to address the logistics industry's long- term recruitment and staff retention issues. Generation Logistics brings together operational logistics organisations, government, CILT (UK), Logistics UK and sector trade bodies in a bid to raise the profile of the logistics sector whilst working to fill industry-wide vacancies and future-proof the industry.
- The aim of the campaign is to identify and attract a new generation of talent to ensure the industry attracts the workers needed both now and in the future. Backed by £345,000 in government funding the campaign will include an online resource hub, learning materials and job vacancies to make it easier for people to kickstart their career in the industry.

  The campaign was launched at this year's Multimodal event with the consumer campaign set to launch at the end of July.

Future of Freight

- The government has published its newly formed Future of Freight Plan, the first ever government plan for the UK Freight Transport sector, which sets out its long-term vision following extensive collaboration with industry and stakeholders.
- The plan is focused on many of the key challenges faced within the UK's warehousing sector and identifies five priority areas of

T: 01375 856060 · E: crmteam@ugroup.co.uk



WAREHOUSING & DISTRIBUTION UPDATE

KEY TOPICS

focus:

- The National Freight Network – Identify a National Freight Network (NFN) to remove barriers for the follow of freight. The network will be based across road, rail, maritime, aviation, inland waterway and warehouse infrastructure.
- Transition to net zero – By launching a Freight Energy Forum in collaboration with industry this will support the sector in its transition to net zero. In a bid to further decarbonise the sector, the forum will also assess the freight sector's future energy and fuel needs.
- Planning – Freight will be further embedded in planning, transport and design policy and guidance. There will be work to ensure a better understanding of how the sector can more easily approach planning applications, reducing the obstacles in creating bigger warehouses to meet customer demand, along with the introduction of additional HGV parking and improved driver facilities.
- People and skills – Promotion of the sector and careers within the Freight Industry amongst the public to encourage talent into skilled logistics jobs and secure the future of the sector.
- Data and technology – A £7 million freight innovation fund will be made available to encourage uptake of innovative technology and digitalisation.
- The government has recognised the industry's contribution to the economy, with 1.6 billion tonnes worth of goods transported in and around Britain each year and more than 2 million workers currently employed by the wider logistics sector.

Warehousing

- The 26th of June saw the celebration of World Refrigeration Day. The Cold Chain Federation has revealed that the UK cold storage capacity of the Federation's members now tops 40 million cubic metres at 40,860,853m3 or the equivalent to the bowl volume of 35 Wembley Stadiums.
- Cold storage is a critical part of both the national and global supply chains for food and pharmaceuticals, providing safe, high quality fresh and frozen products and reducing food waste.

WAREHOUSING & DISTRIBUTION UPDATE

KEY TOPICS

Transport

- With the gradual release from lockdown in China, it appears that volumes being exported to the UK continues at pace.
- Although we are seeing haulage demand reducing, as the delivery options become more limited, warehouses are near capacity, therefore making it difficult for our customers to arrange their usual deliveries.
- Operationally, our biggest challenge is dealing with the peaks and troughs that we encounter week on week.
- Occasionally, we have had consistency of work daily, which makes such a difference to the utilisation/economy of the fleet.
- We are however, seeing a number of hauliers reducing the number of Sub Contractors in their fleets, and for the first-time post COVID-19, a number of trucks are being put up for sale, although still far from readily available.
- Transport costs continue to increase as fuel prices climb to levels none of us could have imagined 6 months ago, a shift of 15 pence per litre (PPL) in just the space of two weeks, bring us very close to the £2 per litre mark.
- The Road Haulage Association (RHA) have advised that fuel is now more than 60 PPL more for both petrol & diesel than this time last year, with 50 PPL of this in the past few months since the start of the Ukraine war, they are calling on the Government for a rebate of 15 PPL to essential users to help with the cost living and the wider economy.
- The driver market has definitely eased, and agencies appear able to fill any shortfall for holiday/sickness cover.
- Whilst discussions with rail companies continue, we are exploring the potential of a ‘train share’ agreement with a short sea line. This would reduce our exposure, but give us a dedicated service from Tilbury to Manchester. Spot opportunities are currently available to various destinations.

Uniserve Wins UKWA EXCELLENCE AWARD

On 28th June it was announced at UKWA’s (United Kingdom Warehousing Association) Annual Awards Ceremony in London, that Uniserve’s FMDC (Felixstowe Mega Distribution Centre) infrastructure project had won one of its prestigious Industry Excellence Awards. Read the full story here.


FELIXSTOWE
MEGA DC
As the warehousing sector heats up, here are 100,000 reasons to stay cool.
At 100,000 sq ft, the FMDC has the largest port-centric cold store in the UK.
Contact us now while space is available.

EUROPEAN FREIGHT TRANSPORT MARKET UPDATE

KEY TOPICS

- As per Customs Insights' update below, the migration from CHIEF to CDS is taking place on 30th September. It is integral that all importers register to CDS in order to avoid delays in customs clearance and additional costs which could be incurred.
- We are experiencing a shift from road freight to multimodal services , with the rise of trailer and fuel prices, in conjunction with driver shortages, there is a limited capacity in the market. This has led to a greater requirement for multimodal services whereby the main leg is transported by rail/sea and the final mile will be delivered by road. If your looking for a more cost effective solution, please get in touch to find out more about our multimodal services.
- We are approaching the period of European summer shutdowns and therefore recommend our customers to book at least one week in advance. This is especially important for the Spanish and Italian markets.
- From July 1st , summer traffic bans have been applied in a number of European countries. Each country has differing restrictions which may impact your transit times. For more information on the restrictions for each country please don't hesitate to contact us.

IMPORTANT DATES TO REMEMBER

THE CHIEF CLOSURE IS PLANNED IN TWO STAGES:

- **30th September 2022 – Import declarations to close on CHIEF**
- **31st March 2023 – Export declarations to close on CHIEF and the National Exports System (NES)**

T: 01375 856060 · E: crmteam@ugroup.co.uk

CUSTOMS INSIGHTS: CHIEF TO CDS MIGRATION – ARE YOU READY FOR THE MOVE?

KEY TOPICS

- In 2021, HMRC announced after nearly 30 years, the closure of its Customs Handling of Import and Export Freight (CHIEF) system by 31st March 2023, as it was felt that the system was no longer fit for purpose.

The CHIEF closure is planned in two stages;

- 30th September 2022 – Import declarations to close on CHIEF
- 31st March 2023 – Export declarations to close on CHIEF and the National Exports System (NES)
- The closure of CHIEF means that you and your business will need to be up to speed with all of the changes, any new legislation coming into play and of course using the new CDS system.
- The closure will also see HMRC's Customs Declaration Service (CDS) brought into service as the UK's single customs platform.
- It is hoped that the CDS system, already in use in Northern Ireland, will be more secure, adaptable, reliable, resilient and cost effective, plus it is fully compliant with Union Customs Code (UCC).
- The governments long-term plans are that the CDS system will have the flexibility to grow in-line with their ambitious trade plans to have the world's most efficient customs system by 2025.
- Like most governmental platforms, there are strict procedures and a set up process to follow, before you can become fully operational on the CDS system.
- As your compliance experts, we are committed to making the migration from CHIEF to CDS as smooth as possible for you, which is why we have compiled the following guide CHIEF to CDS Migration Guide CLICK HERE.

T: 01375 856060 · **E:** crmteam@ugroup.co.uk

COMPLY DIRECT OVERVIEW

KEY TOPICS

Plastic Packaging Tax Update - Liability Start Date

- HMRC has recently updated the guidance relating to the Plastic Packaging Tax registration and liability start date. This is to confirm there is no fixed liability start date as this is unique to each company.
- The Plastic Packaging Tax is a measure put in place by HMRC as part of the UK's resources and waste strategy to encourage the usage of recycled material in plastic packaging in the UK.
- From 1 April 2022, plastic packaging components manufactured in and imported into the UK will be liable for a specific material tax where it does not meet a minimum recycled content of 30% by weight.
- A full overview of the plastic packaging tax, who is affected, and its purpose is available HERE.
- When registering and identifying the start liability date, all businesses should apply either the forward look test, or backward look test.

FORWARD LOOK TEST

- You must register if you expect to manufacture or import 10 tonnes or more of finished plastic packaging components within the next 30 days. This test can be applied at any time. If you expect to meet or exceed the 10-tonne threshold, you will be liable from the date you had reason to expect you would reach the threshold. You will have 30 days to register from the date you met or exceeded the threshold.

  EXAMPLE: From 1st April to 9th April, a business manufactures 2T of plastic packaging so they are not required to register or pay any tax. However, on 11th April the business receives an order and becomes aware that they will meet the 10T threshold by the 25th April. Therefore, they will be liable to register as of 11th April, paying tax on liable plastic packaging manufactured or imported from 11th April and anything before is not taxable.
- If you are not liable from the forward look

COMPLY DIRECT OVERVIEW

KEY TOPICS

test you should apply the...

BACKWARD LOOK TEST

- You must register if you've manufactured or imported 10 tonnes or more of finished plastic packaging components in the last 12 months. You should check how much finished plastic packaging components you manufactured and imported each month, over the last 12 months. If you meet the 10-tonne threshold, you will be liable from the first day of the month after the month you met the 10-tonne threshold. You will have 30 days to register from the date you met or exceeded the threshold.

  EXAMPLE: On 15th May a business looks back to 1st April 2022 and determines they have met the 10T threshold as of 1st June 2022. The tax liability date is 1st June 2022, so paying tax on liable plastic packaging manufactured or imported from 1st June and anything before is not taxable.

  If you meet 10-tonne threshold via both tests, your liability start date is 1st April 2022.

  For the full HMRC guidance – CLICK HERE.
- If you have received an email from HMRC asking you to confirm liability start date, you will need to apply the above tests to calculate your official liability start date. See HMRC guidance HERE.
- If you have further queries and need support managing your plastic tax liability, Comply Direct can help via their tailored solutions offering and you can contact their expert team on sales@complydirect.com for more information.

uniserve

your **global** business

Head Office
Upminster Court
133 Hall Lane
Upminster
Essex, RM14 1AL