MARKET UPDATE

OCTOBER 2022

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OUTLOOK & HEADLINES

- **MARKET:** Golden Week began the first week of October and continued through to 07/10/22.
- **MARKET:** The agricultural sector could see $332 billion in losses by 2050.
- **MARKET:** Increased expenses and inflation are starting to have a visible impact on the market.
- **OCEAN:** Carriers saw their operating margins fall in the second quarter of 2022.
- **AIR:** Strong cargo demand that helped airlines stay afloat during the pandemic has dropped off.
- **AIR:** In the face of softer demand, the airfreight market is driven by supply rather than demand issues.

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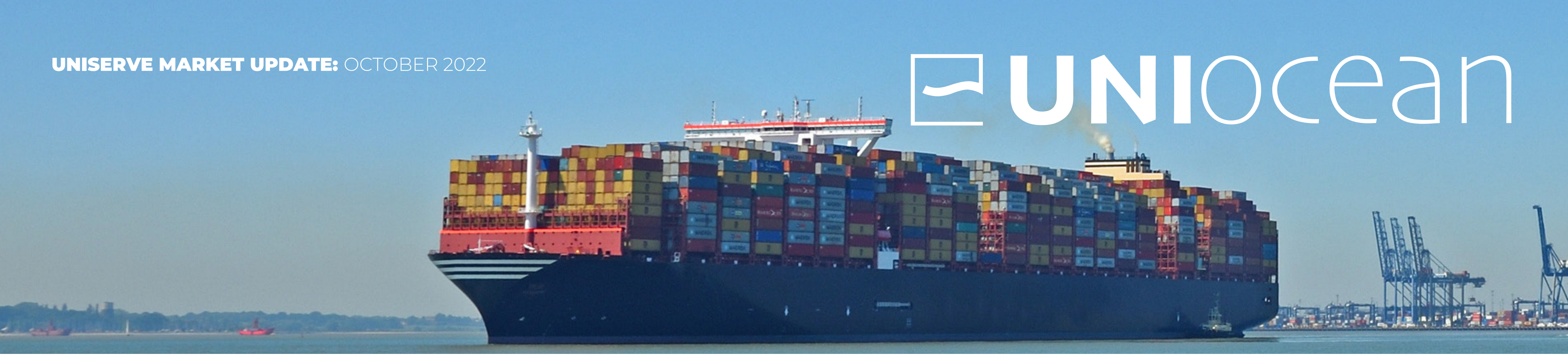
OUTLOOK & HEADLINES (CONTINUED)

- **OCEAN:** Liverpool and Felixstowe docker strikes continue to cause disruptions to the nation's trade flows.
- **AIR:** Southeast Asia demand remains soft with rates either maintaining at similar levels or decreasing.
- **OCEAN:** China's exports grew 18% compared with a year ago. Imports rose 2.3 % compared with a recent 1 % gain.
- **AIR:** Air cargo volumes out of Hong Kong are being affected by regulations around the transport of e-cigarettes.

SUBJECT QUICKLINKS

OCEAN FREIGHT | AIR FREIGHT | WAREHOUSE & DISTRIBUTION | EUROPEAN ROADFREIGHT | ENVIRONMENTAL COMPLIANCE



OCEAN FREIGHT GLOBAL MARKET OVERVIEW

> Increased expenses and inflation are starting to have a visible impact on the market.

SEA FREIGHT GLOBAL MARKET OVERVIEW

- China sees the upcoming Golden Week in October, which began the first week of the month and continues for the following three weeks. Golden Week usually means less labour force in both ports and terminals in China, as employees participate in the holiday week.
- We are seeing that increased expenses and inflation are starting to have a visible impact on the market, not only because it creates uncertainty but certainly also some pressure on consumption across many of the trade lanes that we operate within.
- Worsening droughts, storms, and torrential rain in some of the world's largest economies could cause $5.6 trillion in losses to the global economy by 2050, according to a new report by engineering and environmental consultancy firm GHD. The agricultural sector, vulnerable to both drought and extreme rainfall, could see $332 billion in losses by 2050, with other sectors such as retail, banking and energy also facing major challenges.
- A study including 1,450 decision makers from several big companies shows that these to a large extent have adjusted their supply chains in the wake of the Covid-19 pandemic. More than 60% have built up large inventories and expanded the number of suppliers to minimise risk in the transportation part, →

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OCEAN FREIGHT GLOBAL MARKET OVERVIEW

SEA FREIGHT GLOBAL MARKET OVERVIEW CONTINUED

which has been struck hard for the last couple of years.

- Brent currently below 90 USD for the first time since beginning of February this year.
- Seven out of the ten biggest carriers saw their operating margins fall in the second quarter of 2022 after lines were hit by a combination of tumbling spot rates, rising costs and weaker demand. On average, the industry reported an operating margin of 56.3% for the quarter, down from 57.4% in the first three months of the year.
- The geopolitical situation continues to put pressure on expenses, particularly bunker, vessel chartering and port handling costs.
- The container vessel charter market continues to see very little fixing activity. This is, in part, due to a continued shortage of ships. However, demand is also becoming an issue with most major carriers holding back from securing further ships, especially the prompter units, against a backdrop of falling cargo demand.
- Most liner shipping companies are now recognising that whilst 2022 will be a record year, choppy waters are expected from 2023 onward, due to a combination of weaker cargo demand and massive new-building capacity influx.
- The extraordinarily high profits of major container shipping companies' over the past two years have been taxed so low that the situation won't be tenable going forward, says Hapag-Lloyd Chief Executive Rolf Habben Jansen. Quoted as saying he 'fully understands' policymakers in a range of countries who have sought a revision of →

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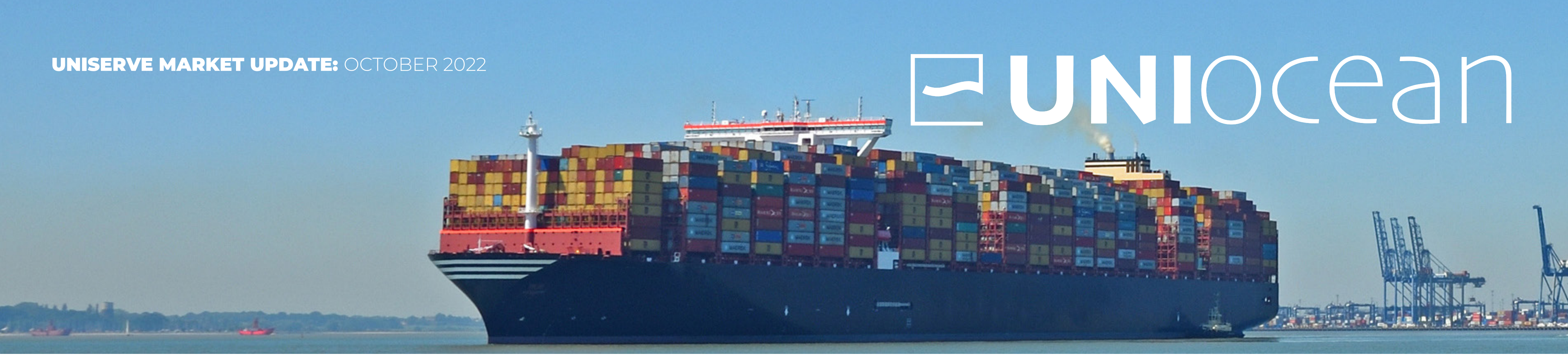

OCEAN FREIGHT MARKET REGIONAL REVIEW & CARRIER OUTLOOK

SEA FREIGHT GLOBAL MARKET OVERVIEW CONTINUED

the favorable taxation scheme for carriers via the so-called tonnage tax.

- An increasing number of new container vessels will be delivered next year, resulting in supply exceeding demand. In 2025, capacity will be 30% higher than prior to the pandemic, adding pressure on freight rates. A high number of privately owned carriers poses a problem to discipline, according to Barclays.
- It's the high season on the container market, with heavy goods traffic coming from China, meaning empty containers are piling up at major ports in the US and Europe. Container vessels are full, and so the empty boxes are stranded at ports instead of being transported back to China, writes xChange in a comment on the current situation.
- MSC is under severe pressure from the Federal Maritime Commission in a complaint case. The presiding judge denies a motion for a time extension in a case where a transport customer accuses MSC of manipulating the container market. If MSC fails to present documents, the carrier risks a default judgement.
- Late September saw two of the UK's largest ports bracing for overlapping dockworker strikes at Liverpool and Felixstowe, threatening more disruptions to the nation's trade flows as union members hardened pay demands in the face of surging inflation.
- All eyes turned to Washington amid the realisation that a rail strike disrupting the already fragile US supply chain six weeks before crucial midterm elections would not be helpful to the White House and

Overlapping dockworker strikes at Liverpool and Felixstowe, threatens more disruption to the nation's trade flows.

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OCEAN FREIGHT MARKET REGIONAL REVIEW & CARRIER OUTLOOK

SEA FREIGHT GLOBAL MARKET OVERVIEW CONTINUED

Congressional Democrats. the strike was averted at the 11th hour, with an amicable pay deal being struck.

- Carriers and their customers say they will not rush into contract negotiations this fall as they did last year, but rather wait for the volatility in the trans-Pacific to dissipate and the direction of the US economy to become clearer.
- The value of China's imports and exports with Southeast Asian countries rose more than 10 percent in H1 to $435 billion to make the ASEAN region China's biggest trading partner.
- This year will mark the peak of container shipping profitability, with carriers entering an unavoidable downturn in the markets, according to global bank HSBC.
- Demand for rate benchmarking tools grew during the pandemic's wild pricing swings in ocean shipping, which has helped fuel a new $80 million investment in Oslo-based software provider Xeneta.
- After the prolonged container spot rates decline, the transatlantic trade has supplanted the transpacific trade as the most lucrative corridor for shipping lines.
- The prices for transporting containers across the Pacific Ocean to the US west coast have "collapsed" since the record-high levels seen earlier this year, says Xeneta's chief analyst. One route in particular has seen crashing rates.
- Chinese ports are heavily present on the top-20 list over the world's largest container ports, according to a half-year ranking by Alphaliner. Shanghai is still biggest, but Singapore's second place is under pressure.

Carriers and their customers will not rush into contract negotiations this fall until US economy becomes clearer.

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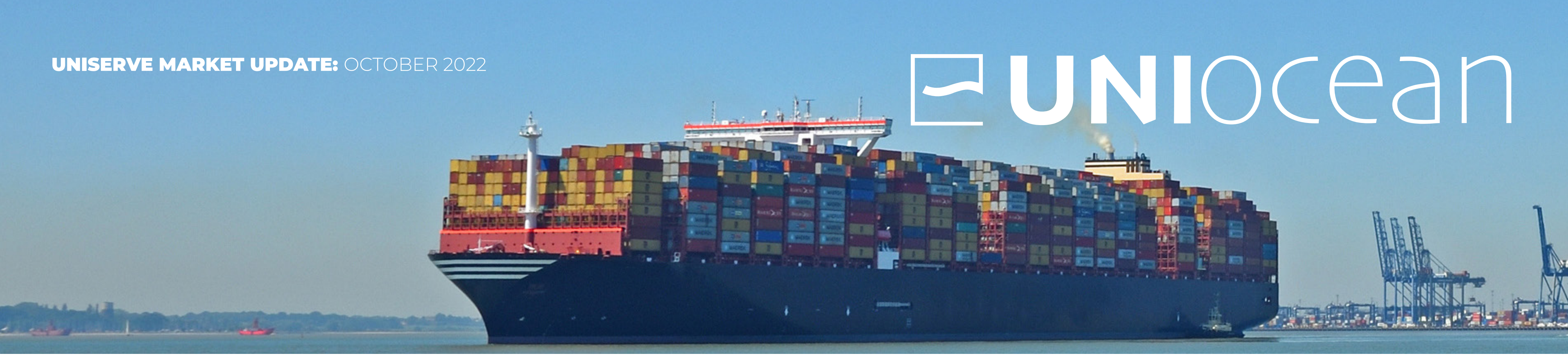

OCEAN FREIGHT MARKET REGIONAL REVIEW & CARRIER OUTLOOK

FAR EAST & ASIA KEY OBSERVATIONS

- Australia - Congestion continues to pose a challenge. The industry is continuing to see delays and congestion. Container de-hire facilities are at full capacity, as transport companies struggle to keep up with demand due to COVID-related staff shortages.
- Container ships are increasingly arriving according to plan, with Evergreen representing the biggest leap forward on the list of container carriers' schedule reliability. In July, 44.3% of Evergreen's vessels called at port on time, only surpassed by Maersk's reliability of 48%. In the Taiwanese liner company's case, it's a drastic improvement compared to the corresponding period last year, when only 16.1% arrived as planned.
- The historic earnings seen at Maersk, Hapag-Lloyd and other container carriers could end soon, according to a new, ill-boding analysis by major British bank HSBC. Although box carriers this year are set to beat last year's record earnings as a consequence of sky-high freight rates on a container market, which, however, has started to slow down with falling volumes and flattening demand, the reality might soon get completely different.
- Shipper association U Shippers Group has filed a complaint over Maersk to the US Federal Maritime Commission. The shippers claim that Maersk has violated a contract, costing them USD 180m in losses.
- CMA CGM grew significantly in revenue and profit in the second quarter and has invested close to its entire consolidated profit in more growth, according to the financial report.
- Dockworkers at the port of Liverpool →

Complaint filed against Maersk to the US Federal Maritime Commission.

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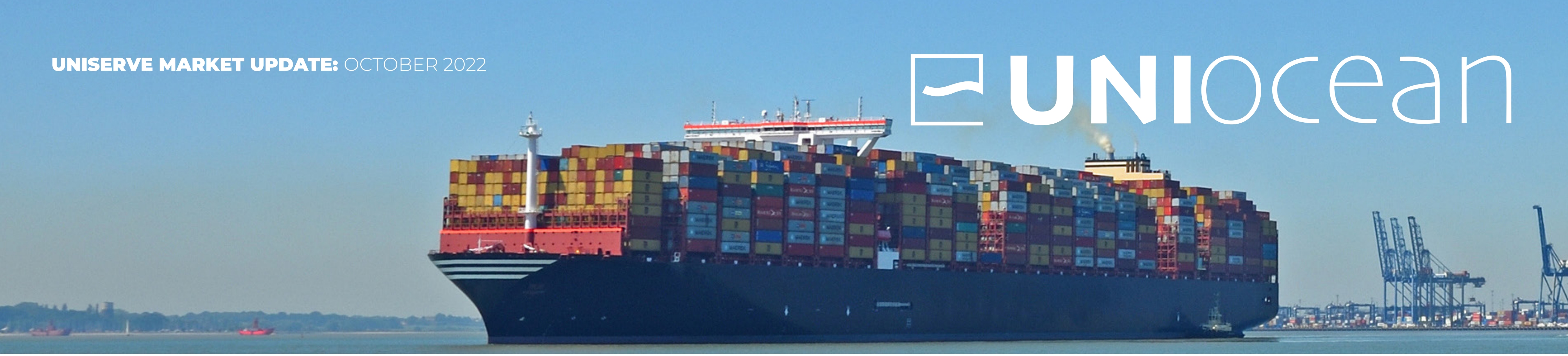
OCEAN FREIGHT MARKET REGIONAL REVIEW & CARRIER OUTLOOK

FAR EAST & SE ASIA KEY OBSERVATIONS CONTINUED

- walked out on 19th September for two weeks of industrial action after rejecting the management's proposals over the latest contract renewal. Port owner Peel Group had upped its offer from 7% to 8.3%, but with inflation now above 12% and forecast to reach 18% within the year, Liverpool's 560 port operatives and maintenance engineers claim it is effectively a pay cut.
- Early September saw Typhoon Hinnamor force the ports of Shanghai, Ningbo, and Busan to close for between 24-48 hours, further disrupting shipping schedules from Asia.
- Investments might reach the combined sum of USD 28bn per year approaching 2050 if the shipping industry is to carry out the planned green energy transition. The amount to be invested in infrastructure will be much higher, shows DNV report. DNV also report that many projects aiming to supply the shipping industry with alternative and green fuels are underway, but there are also many obstacles on the road getting there.
- Since March 2020, EMC has taken delivery of more than 305,000 teu in new tonnage, including 8 x 24,000 teu Aclass ships and 8 x 12,000 teu F-class ships, plus additional intra-Asia tonnage. Overall, its fleet grew 5.2% in the first half of 2022.
- Mid-September saw Typhoon Muifa make landfall in the Shanghai-Ningbo area, just over a week after another storm forced the ports to close, delaying services for ocean carriers.
- Alliance partners Maersk and MSC are calling off multiple voyages from China to Europe, indicating that the carriers forecast lower demand for container freight in the coming time, writes Alphaliner in its latest update. 'The voyages are blanked to match capacity with the expected weaker demand,' according to the analyst firm.
- Chinese Cosco plans to greatly expand its fleet ahead of 2025 for nearly USD 5bn, reports Japanese media. Many of the planned



OCEAN FREIGHT MARKET REGIONAL REVIEW & CARRIER OUTLOOK

FAR EAST & SE ASIA KEY OBSERVATIONS

- newbuilds will reportedly be capable of sailing on methanol.
- Evergreen, ONE, and HMM are much better at making profits than European competitors such as Maersk and Hapag-Lloyd, an analysis by Shipping Watch finds. Six carriers delivered a total operating profit of USD 62bn, but the high earnings could soon come to an end.
- Transit through the Suez Canal will be more expensive from the turn of the year.
- The Egyptian Suez Canal Authority (SCA), which is in charge of operations at the crucial shortcut between the Red Sea and the Mediterranean, is set to raise prices for all types of vessels by 15 percent during 2023.

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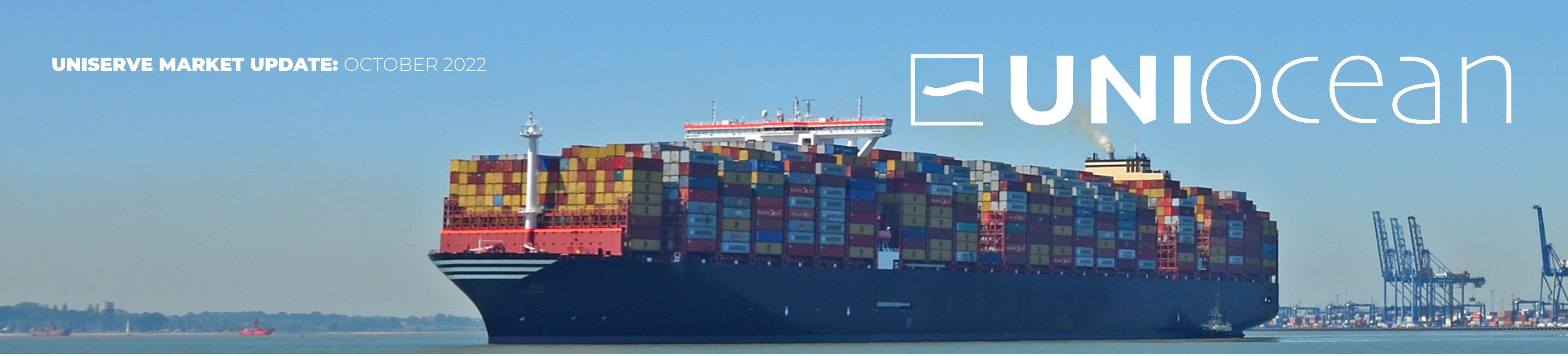
- After having sold its containers, IKEA has now also ceased chartering space on board freight ships to secure its supply chains, the global furniture group confirms

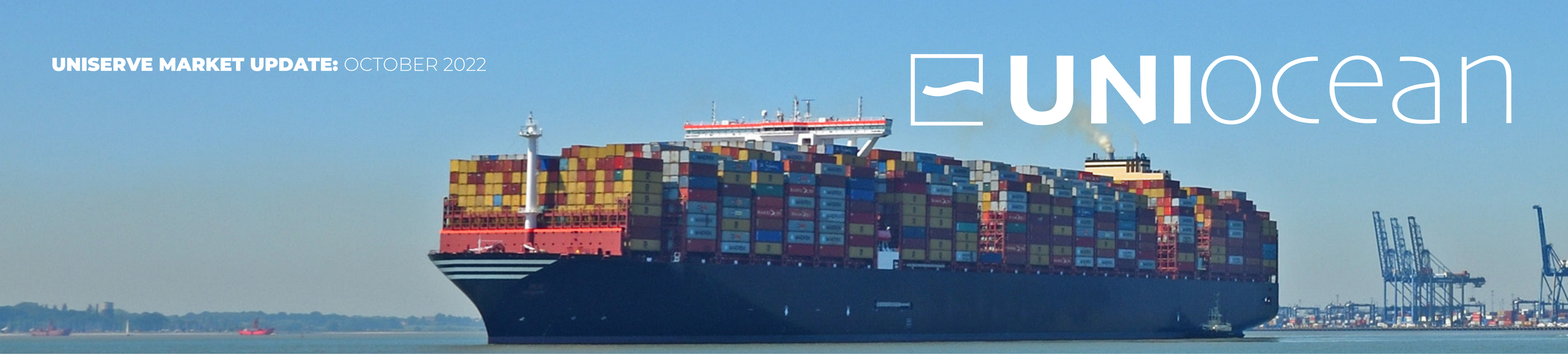


OCEAN FREIGHT MARKET REGIONAL REVIEW & CARRIER OUTLOOK

INDIA SUBCONTINENT

- Prices across ISC continue to come down. This is the peak season for the ocean freight industry and that may take the prices up slightly. Carriers want to create long-term deals, which will happen at the end of the year. They would want these prices to stay higher so that they can secure better long-term deals next year.
- In April 2023, the International Maritime Organization (IMO) 2023 regulations targeting vessel efficiency and carbon intensity will kick in. A lot of the vessels in service today would need to be taken off the market because they do not meet the carbon emission norms. This will cause a different type of demand-supply imbalance. Although, there is a new order book of ships coming into play, but the production process will take time. So, we need to see what happens.
- Soft pre-Golden Week demand indicates a lack of traditional peak season—expect capacity reductions to follow.
- Generally open space across ISC despite the impact of blank sailings and vessel delays.
- Container production under make in India programme facilitated. With cluster-based manufacturing in focus, the CONCOR will be working closely with the Ministry of Ports, Shipping & Waterways (MoPSW). In the domestic segment, CONCOR has

International Maritime Organization (IMO) regulations targeting vessel efficiency and carbon intensity will kick in April 2023.



OCEAN FREIGHT MARKET REGIONAL REVIEW & CARRIER OUTLOOK

KEY OBSERVATIONS

- requirement for approximately 50,000 containers in next 3 years. The meeting was an extension to this finding to craft an ecosystem that can help domestic producers to produce and make containers in India with an ultimate aim to help our trading community in the EXIM sector & help realise the vision of PM to make India a $5 trillion economy.
- An ongoing power crisis in Bangladesh – prompted by a gas shortage – is encouraging Bangladeshi industries to slowly transition to renewable energy sources such as solar power. Although Bangladesh achieved 100% access to electricity for all people in March 2022, dwindling gas reserves, alongside a jump in global prices of Liquefied Natural Gas (LNG), have forced the Bangladesh government to resort to power load-shedding. Since July 2021, the production of natural gases has drastically fallen. Against a demand of 2,252 million cubic feet of gas for power generation, only 1,035 million cubic feet of gas has been supplied to the power plants in recent months.
- Ready-made garment factories (RMGs) are not convinced the government will be able to ensure uninterrupted power supply to their establishments if the crisis prolongs.
- Some factories are trying to set up their own solar plants to avoid dependence on fossil fuel-based power. Solar installations require both heavy investment and space and thus only large factories can afford to do it at present.

Ongoing power crisis in Bangladesh prompted by a gas shortage encourages slow transition to renewable energy sources.

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AIR FREIGHT MARKET OVERVIEW & REGIONAL REVIEW

FAR EAST & SOUTH EAST ASIA

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

- Despite a slow return of capacity, demand for airfreight was slower than expected in the run up to Golden Week in China. Global economic factors are impacting.
- **Northern China**: The market is very weak due to continued low demand and the short working week. Rates have dropped to their lowest level YTD and carriers are eager for cargo.
- **Southern China:** After the long weekend cargo demand remains soft and rate levels like last week. The market continues to see 1-2 days of additional transit time regarding the Shenzhen-Hong Kong border situation.
- **Taiwan:** The market remains slack after the Mid-Autumn Festival long weekend with no signs of strong demand for the week. Carriers continue to lower rates to attract cargo.
- **SE Asia:** Demand out of Southeast Asia remains soft with rates either maintaining at similar levels or decreasing slightly from last week.
- Air cargo demand fell for the fifth month in a row in July as the industry continues to face a "multitude of disruptions", according to CLIVE Data Services. The Xeneta-owned data provider said that during July air cargo demand dropped by 9% year on year and the dynamic load factor – considering both weight and space – slipped 8 percentage points on last year to 58%. In July rates were up 11% on a year ago – and 121% of July 2019 – but CLIVE pointed out that the gap

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AIR FREIGHT MARKET OVERVIEW & REGIONAL REVIEW

KEY TOPICS

between pre-covid levels has continued to narrow. Xeneta chief airfreight officer Niall van de Wouw said that the demand declines come as the industry is hit by a multitude of disruptions outside of its control, such as the war in Ukraine and the cost-of-living crisis which is increasingly affecting household budgets.

- Current efforts by retailers to clear stock via discounting may pave the way for late-peak replenishment, in turn producing a corresponding spike in pricing later in the season. Macro factors like consumer demand, energy prices, and geopolitical developments weigh heavily on the range of outcomes.
- Comparing the overall global market with this time last year, chargeable weight in weeks 35 and 36 was down -1% compared with the equivalent period in 2021, despite a capacity increase of 7%. Volumes ex-Asia Pacific is 20% below their strong levels this time last year, with Middle East & South Asia origin tonnages 15% below last year, North America and Africa origin traffic down 5%, and ex-Europe volumes 4% below the equivalent two-week period in 2021. Capacity from all the main origin regions, except for Asia Pacific (7%), is now significantly above its levels this time last year, including double-digit percentage rises from Africa (18%), Europe (11%) and North America (10%).
- Zhengzhou Xinzheng International Airport (CGO) in China's Henan province opened its new north cargo terminal for business on 16 August. The 160,000-sqm facility will add 600,000 tonnes of freight capacity at the Chinese airport, bringing the air hub's total air cargo capacity to 1.1 million tonnes.
- Cathay Pacific has added cargo capacity and has been in close dialogue with suppliers as it prepares for what is expected to be a muted peak season. The Hong Kong-based airline said it has been adding extra passenger flights, cargo-only capacity and has ramped up freighter operations ahead of the peak.

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AIR FREIGHT MARKET UPDATE – REGIONAL REVIEW

KEY OBSERVATIONS CONTINUED

- Cathay Pacific has continued to benefit from the easing of quarantine restrictions in Hong Kong and the return of its full freighter schedule but suffered from flat demand during the summer. The airline projected by the end of the year to be able to operate about two-thirds of our pre-pandemic cargo flight capacity.
- JD Airlines has received an air carrier certificate from the Civil Aviation Administration of China (CAAC) and hopes to expand internationally over the coming years.
- Virgin Atlantic has dropped the Hong Kong route after 30 years, ongoing operational challenges due to the war in Ukraine are one of the reasons given.
- Air cargo volumes out of Hong Kong are being affected by regulations around the transport of e-cigarettes into the special administrative

Hong Kong route dropped by Virgin Atlantic after 30 years due to ongoing operational challenges.

- Etihad Cargo will introduce an additional 30 tonnes of belly capacity via two weekly direct passenger flights to Guangzhou using a Boeing 777 starting 10 October, subject to regulatory approvals. This latest addition to the carrier's network means that Etihad will become the first international airline to operate long-haul passenger and cargo services to China's top three gateways since the start of the pandemic.

AIR FREIGHT MARKET UPDATE – REGIONAL REVIEW

INDIA SUB-CONTINENT REGIONAL REVIEW

- Demand for AF across ISC is slow with some movements expected from India Pre-Diwali on 24th Oct, 2022 and Bangladesh post EID rush after 10th Oct, 2022. Pakistan's Garment exports face a potential 35% drop due to flooding fallout.
- The Prime Minister of India unveiled the National Logistics Policy in Sept 2022 to bring about a tech-enabled approach to supply chain, as well as to improve overall efficiency. The new logistics policy has four features: Integration of Digital System (IDS); Unified Logistics Interface Platform (ULIP); Ease of Logistics (ELOG); and System Improvement Group (SIG). Under the IDS, 30 different systems of seven departments are integrated – including data from the road transport, railways, customs, aviation, and commerce departments. A Unified Logistics Interface Platform ULIP will "bring all the digital services related to the transportation sector into a single portal", the PM said. Similarly, a new digital platform Ease of Logistics Services (E-Logs) has also been started for industry associations to resolve issues by reaching out to the government.

Upfront export GST of 18% was introduced from 1st October 2022.

- With effect from 1st Oct, 2022 there will be additional upfront 18% GST payable on export freight. With the exemption not in place, there will be added pressure on the working capital and cash flow of traders, which already have been in a tightrope situation since the pandemic struck. In a much-needed respite back in 2018, the Central board of Indirect Taxes and Customs (CBIC) released a notification to exempt Service by way of transportation of goods by aircraft & vessels from India to place outside India from application of Goods & Services Tax (GST). Subsequently, with no further extension i.e., starting 1st Oct, 2022 the following transactions would be taxable under GST.

AIR FREIGHT MARKET UPDATE – REGIONAL REVIEW

INDIA SUB-CONTINENT REGIONAL REVIEW

- Ocean Export Freight billed to customers in India to be charged at the GST rate of 5%.
- Air Export Freight billed to customers in India to be charged at the GST rate of 18%.
- India's largest private airline, IndiGo, has added its first dedicated freighter – a converted A321 – to its fleet, part of plans to become a major player in the country's growing air cargo market. The freighter would be used on both domestic and international routes, said IndiGo, which has three more passenger planes currently being converted to freighters at the ST Engineering-Airbus facility in Singapore. These are expected to join IndiGo's fleet next year. The reconfigured A321s offer 24 container positions across both decks and a payload of up to 27 tonnes.
- The Ministry of Road Transport and Highways (MoRTH) made it mandatory for goods vehicles, manufactured on or after September 1, used for carrying dangerous or hazardous materials to be fitted with location tracking device.

WAREHOUSING & TRANSPORT UPDATE

KEY TOPICS

- A low level of supply persists across the warehousing market continuing to drive rent increases especially within the logistics sector. Forecasts released by Colliers indicate rental growth of 9.9 per cent in 2022 before slowing to 4.9 per cent in 2023, then settling at 3.7 per cent. Colliers predict that rents will continue to rise during the latter part of 2022 due to the record low supply of logistics units.
- Furthermore, limited space availability continues to see high demand for warehouse capacity. In research delivered by Savills show that both Brexit and the pandemic, alongside the rapid growth in e-commerce means that for every extra £1bn spent online, a further 775,000 sq. ft of warehousing is needed to meet the new demand.
- In addition, ongoing port strikes across the UK and with peak season upon us, many UK businesses are reviewing their current supply chain models with plans to move from Just-in-Time models to a Just-in-Case supply. Goods that were ordered back in spring are now on the water alongside current volumes meaning that securing warehousing space to accommodate has become a matter of urgency.
- The continued expansion of the market presents real challenges to all those involved, including strong inflationary pressures and the looming threat of recession.
- The logistics sector continues to suffer a workforce crisis with low pay, tough working conditions and a lack of foreign labour all impacting the attraction of new talent into the industry. The logistics industry holds 4% of the UK's job market however 90% of the UK population has never considered a career in the sector. The industry has seen a 100%

> **The logistics sector continues to suffer a workforce crisis.**

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WAREHOUSING & TRANSPORT UPDATE

KEY TOPICS

- increase in vacancies this year with the pandemic and Brexit have highlighting to the public just how critical the sector is in keeping the country moving.
- Research reveals that logistics is not seen as a favourable sector for employment when compared to jobs in media & internet or healthcare. Research undertaken by Randstad involving 6,000 adults found that those who are employed in logistics are the most confident in changing jobs, so retaining existing skills and knowledge becomes vitally important alongside working with campaigns such as generation logistics to attract much needed talent into the industry.
- The government announced its growth plan on 23rd September to mixed responses. The plan announced measures including changes to IR35 and National Insurance contributions which will provide much needed support to UK logistics businesses. Energy continues to be a hot topic; the announcement of the Energy Bill Relief Scheme to run for a six-month period has been welcomed with pressure for this to continue throughout 2023 and into 2024 to support logistics businesses.
- As energy costs continue to soar many businesses are concerned that the scheme will not be enough to alleviate long-term price increases.
- Over recent weeks the continuing rise in energy costs, which is forcing up the cost of living in the UK is resulting in a significant drop off in demand for the container logistics industry, a trend that is also being experienced in other transport sectors across the country. Worrying times as this is the time of year where we start the peak for Christmas.
- Withstanding that there have been some weather-related issues in the Far East delaying vessels the volume forecasts for October

Rises in energy costs continue to force up cost of living in the UK resulting in a declining demand for the container logistic industry.

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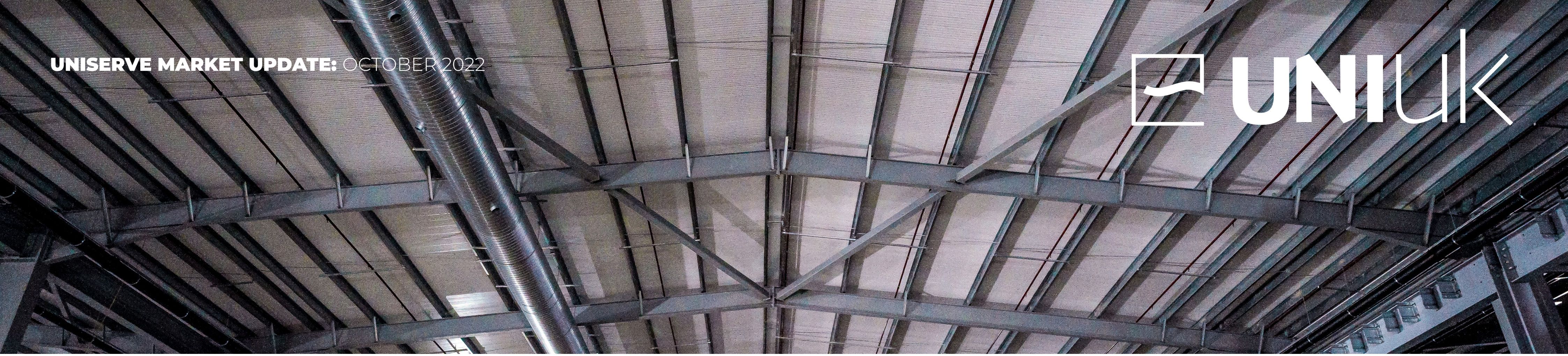

WAREHOUSING & TRANSPORT UPDATE

KEY TOPICS

- looking at containers arriving in the UK do not fill any of us with great optimism that demand is going to increase to normal peak levels.
- A second eight-day strike is now underway at the Port of Felixstowe, which is coinciding with one at the Port of Liverpool with further disruptions being planned in Liverpool during the month of October, dates to be confirmed.
- The cost of road diesel fuel whilst stabilizing is still running at an average of 26% more expensive than this time last year.
- Haulage market rates being offered at present are becoming extremely competitive with quotes being offered that are unsustainable.
- On a positive note, the container transport industry has worked extremely hard in the lead up to the two strike periods to ensure as many containers as possible were removed from the ports prior to the closures to ensure that supply chains in the UK experienced minimum disruption as possible.
- We are also seeing the driver availability market improving with more potential applicants enquiring about employment than in recent months.
- Whilst James Kemball Transport remains committed to the core ports of Felixstowe, Tilbury, and Southampton our coverage is growing and we can now offer transport services from the ports in Hull, Teesport, Liverpool, Bristol, and Scotland.
- In Tilbury we are now able to offer a specialist service using trailers with gen-sets built into them to support customers with the onward delivery of reefer containers.
- Finally, as we continue to look at “Best Practice” on all things to do with vehicle and trailer maintenance we have taken on some new trailers with EBPMS (Electronic Brake Performance Monitoring System) fitted as standard. This allows the constant monitoring of trailer brake efficiency and is recognised by the DVSA in the UK and negates the need for a second “Roller Brake Test” per year so only needing one to complete the annual MOT test.

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EUROPEAN FREIGHT TRANSPORT MARKET UPDATE

KEY TOPICS

- European road freight demand decreased through the summer of 2022 as expected, however following the European seasonal shutdowns in August, demand has been slow to recover month on month compared to the same period in 2021. Normally this would lead to softening of spot rates however haulage capacity has been severely affected by the EU mobility package earlier this year and the effects of this have significantly impacted the available haulage fleet. We estimate the impact to be a 15% reduction in capacity and a similar increase in cost. Subsequently spot rates currently remain high, and demand still outstrips supply by 10-15% across Europe. The EU-UK market follows this trend however whilst capacity has decreased on the UK-EU export trade lanes, due to the trade imbalance, export transport costs remain fairly static.
- The IRU world transport organisation is expecting the shortage of drivers in Europe to increase by around 40% in 2022. When other factors are taken into consideration, they calculate this to result in 14% of driver vacancies being unfulfilled in the next year.

OPEC to cut oil production by 2 million barrels per day in October.

- The cost of diesel fuel has decreased slightly in September and the saving has been general passed on by haulage industry, although the cost of AdBlue the green fuel additive has increased by 300% due to production challenges and the cost at the pumps can be double that amount. Some hauliers have now applied an AdBlue surcharge to their contract rates to mitigate the rising cost.
- OPEC Have announced in early October that they will cut oil production by 2 million barrels per day, and this will undoubtedly lead to upward pressure on fuel costs for hauliers in the near future.
- Whilst diesel fuel surcharges have reduced slightly recently rail cargo operators have

EUROPEAN FREIGHT TRANSPORT MARKET UPDATE

KEY TOPICS

introduced electricity surcharges, which have cancelled out most of the expected savings. Promisingly the EU energy ministers council has adopted a price cap for electricity to ease the price pressure on rail operations. The decision aims to "cap the market revenues for electricity generators, including intermediaries, that use inframarginal technologies to produce electricity, such as renewables, nuclear and lignite. The cap level is designed to preserve the operators' profitability and avoid hindering investments in renewable energies, underlined the ministerial council. In simple words, energy companies cannot sell electricity for more than 180 euros/MWh. The implementation of these measures will not take place until December.

- The new customs declaration system CDS went live from the 1st October 2022. It is essential that importers and shippers have registered through their government gateway and authorised Uniserve to act as a customs broker on their behalf and to use their duty deferment account where required. For more information, please contact unieuropecommercial@ugroup.co.uk.
- Recent currency fluctuations have caused further volatility in the haulage market, particularly with the non-Eurozone currencies, with the value of GBP falling from CHF1.25 in the spring to a low of CHF1.05 in October. GBP versus the Euro decreased by 10%, before rallying to around 5% lower than the average this year in the first week of October.

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

KEY TOPICS

CDS Migration

- On the 20th September 2022, HMRC announced that CHIEF (Customs Handling of Import and Export Freight) would not be switched off on the 30th September as initially planned due to CDS (Customs Declaration Service) migration not going as planned. **Anyone wanting to continue to use CHIEF must apply to HMRC for an extension.** All Uniserve clients who have applied have been granted an extension.
- Like most governmental platforms, there are strict procedures and a set up processes to follow, before you can become fully operational on the CDS system.

Inland Border Facilities

- Following a recent review of the Inland Border Facilities usage, HMRC have decided to close the IBF at Warrington and Ebbsfleet
- The **Warrington IBF site** will be **closing** to all customers from 23:59 on **13th November 2022.**
- The **Ebbsfleet IBF** will also be **closing** to all customers from 23:59 on **27th November 2022.**
- HMRC encourage everyone to start using either Sevington or Holyhead with immediate effect as both of the sites are now open and fully operational.

- 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 CHIEF to CDS Migration Guide **CLICK HERE TO DOWNLOAD.**

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COMPLY DIRECT OVERVIEW

Comply Direct, BCorp certified leading environmental consultancy and compliance scheme host climate change event at the National Oceanography Centre (NOC), research facility in Liverpool.

KEY TOPICS

- In the last 200 years, the oceans have absorbed a third of the CO2 produced by human activities and it is estimated that in 2010 alone, 8 million metric tons of plastic waste entered the marine environment. Despite the challenge of addressing carbon and plastic in our oceans seeming immense, solutions are possible to secure a living ocean for a healthy global climate.
- The event aims to educate businesses on the ocean crisis, as well as explore resource efficiency and carbon initiatives that businesses can undertake to help reduce the plastic pollution and carbon in our seas. This exclusive event is taking place on Wednesday 12th October, from 10.30-3pm and has a limited number of tickets available.
- **Click here to read more about this exclusive event, access the full agenda and register your FREE place!**
- Our very own sustainability consultant, Susanna Jackson and resource efficiency leader, Christopher Smith (AssocMCIWM), are joined by some of the best in the industry as they dive into the ocean crisis and how plastic and carbon are contributing:
- **Joanne Williams, Sea Level Research at the National Oceanography Centre**
- Joanne has worked at the National

COMPLY DIRECT OVERVIEW

KEY TOPICS

Oceanography Centre since 2008. As part of the Sea Level group at NOC, she researches sea-level, tides and surges, seeking to improve the understanding of coastal flood-risk around the world. She collaborates with the Met Office and Environment Agency on UK storm surge forecasting, ensuring that the operational surge forecasts have captured the water levels observed at tide gauges around the UK.

- **Edward Milbank, Director at CSX Carbon**
- As trustee of Barningham Estate Edward has extensive experience in the rural sector including the management of peatlands and forestry. Edward is Chairman of the CLA Forestry and Woodland committee. Since 2019 Edward has been engaged with DEFRA developing Environmental Land Management (ELM) through Test and Trials and with Natural England piloting Biodiversity Net Gain (BNG). Together with business partner, Andy Howard, Edward co-founded.
- Climate Solutions Exchange (CSX), which is developing the technical infrastructure for land managers and businesses to work together to build a trusted carbon and biodiversity market.
- **Paul Field, HSEQ Manager at Janus International Europe Ltd**

Solutions are possible to secure a living ocean for a healthy global climate.

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COMPLY DIRECT OVERVIEW

KEY TOPICS

- Paul has been with Janus International Europe Ltd for over 4 years and is a full Chartered Environmentalist (MIEMA CEnv). Paul's commitment to sustainable manufacturing and green initiatives is second to none, leading him to become finalist for the 2022 Registrant Newcomer of the Year, with the Society for the Environment (SocEnv) awards. This award shines a light on professionals who have really hit the ground running having achieved REnvP, REnvTech or CEnv registration since the start of 2021.
- This event provides a great networking opportunity for like-minded business who have environmental responsibility at the forefront of their business. In addition to this, it delivers an opportunity to learn more about the NOC and how their research is paramount to better understand the ocean in order to make a positive impact and drive change.
- For more information or any questions you have about the event, please do get in touch with our team on **solutions@complydirect.com**

uniserve

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