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MARKET UPDATE
UK & International
MARCH 2023

SNAPSHOT

OCEAN:

Maersk are now pursuing legal action valued at US\$43M on the owner, charterer, and ship manager for Ever Given's Suez incident back in 2021. [\[read more\]](#)

China's pacey reopening is a positive development and brings much needed stability back to the supply chain. [\[read more\]](#)

AIR:

Heading into March we have not seen a slight bounce back in air freight volumes post Chinese New Year. [\[read more\]](#)

IATA has predicted a 4.3% decline in air cargo volumes this year to 57.7m tonnes and yields are expected to decline by around 22%. [\[read more\]](#)

WAREHOUSING & TRANSPORT:

The pressure to meet sustainability standards and become net zero by 2050 continues to be a challenge for the sector. [\[read more\]](#)

The implementation of technology and data opportunities has become one of the key priority areas of focus in a newly formed government plan for the UK Freight Transport Sector. [\[read more\]](#)

EUROPEAN TRANSPORT:

French unions have called for a mass walkout across the country on Tuesday, March 7. [\[read more\]](#)

Update on the effects of the tragic earthquakes in Turkey. [\[read more\]](#)

ENVIRONMENTAL COMPLIANCE:

Are you qualified for Phase 3 for the Energy Savings Opportunity Schemes? [\[read more\]](#)



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GLOBAL MARKET OVERVIEW

- Maersk sues 'Evergreen!' Maersk are now pursuing legal action valued at US\$43M on the owner, charterer, and ship manager for Ever Given's Suez incident back in 2021. Taiwan based Evergreen has rejected the claim.
- On the 1st of January 2023, The International Maritime Organisation (IMO) introduced stricter regulations for energy efficiency and emissions reductions as part of its decarbonisation plan to reduce shipping emissions by 40% by 2023 and 70% by 2050.
- Australia and New Zealand are experiencing one of the few increases worldwide in export and import volumes. It has been reported that export volumes increased by 5.3% and imports rose by 4.9% in July - September compared to a year ago. This exception can be attributed to these economies remaining out of a recession.



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GLOBAL MARKET OVERVIEW...CONTINUED

- Another big announcement from Maersk revolves around their intention to unify all group brands into the single identity, Maersk name. Staying with Maersk. Maersk recorded its “best financial result in its history” last year, showing a net profit of \$29.3bn – but its outlook has been scaled back substantially for this year, predicting an ebit of \$2bn to \$5bn.
- Russia’s war in Ukraine is expected to weigh on long-term energy demand and accelerate the world’s shift to renewables and low-carbon power as countries boost domestic energy supplies, oil and gas giant BP has said in a new report.
- MSC is continuing to buy second-hand containerships and does not appear to have lost its appetite for ordering newbuilds, as it prepares for life outside the 2M.
- Going in the right direction: The 14 leading carriers improved their schedule reliability in 2022, shows new report. But pre-pandemic levels are still far away.
- Contract rates appear to be trending towards spot rates. According to Xeneta, there is a “fundamental shift” in the ocean freight market which has already significantly narrowed the spread between spot and contract rates. Spot markets continue their weekly decline, which has seen export rates from China to

Europe and the US slump between 80% and 90% from levels of a year ago.



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GLOBAL MARKET OVERVIEW...CONTINUED

- The latest on bunker fuels; The sellers have regained control of the market following several failed attempts from the speculative buyers to push prices through technical pivot levels. At the time of going to press, crude oil hovers at around US\$82.30 per barrel.
- In late February, a new report from the International Energy Agency stated that the global oil and gas industry would have to invest only 3 percent of the income it earned in 2022, \$100 billion, to reduce its methane emissions by 75 percent.
- Good news on port delays with congestion levels at US west coast and Europe ports almost back to pre-pandemic levels and while US east coast ports remain congested, delays are easing.
- According to Drewry. The reefer trade is proving resilient in the downturn, unlike dry cargo container rates, and although reefer freight rates have fallen, they have not collapsed.
- MSC is to scrap a containership for the first time in nearly four years, as demolitions in the sector continue to rise amid the lacklustre freight market. Other liner operators that have sold ships for recycling this year include Maersk, Evergreen, Straits Orient and Shreyas, as well as Wan Hai, which has scrapped 10 elderly vessels.



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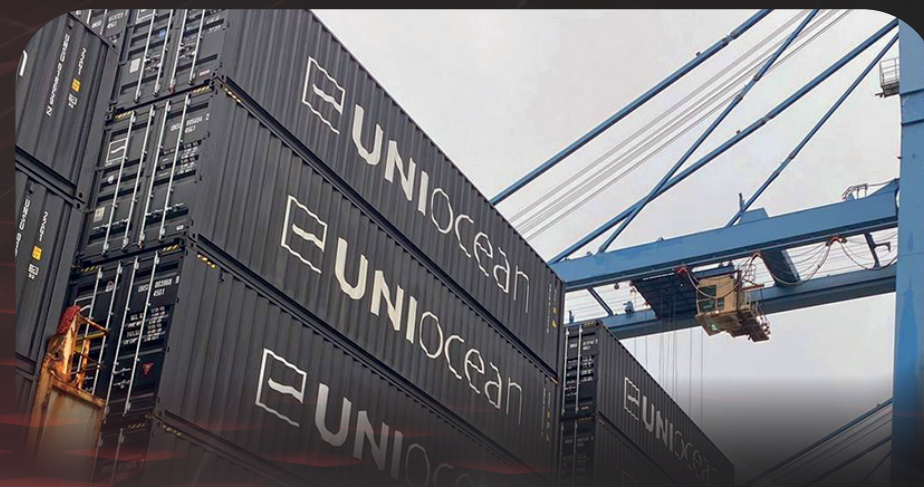
OCEAN FREIGHT GLOBAL MARKET OVERVIEW

GLOBAL MARKET OVERVIEW...CONTINUED

FAR EAST & SOUTH EAST ASIA

- China's pacey reopening is a positive development and brings much needed stability back to the supply chain.
- Marine fuel sales in Singapore hit a two-month high in January as more vessels called at the world's largest hub, taking advantage of lower prices. This was because they anticipated not being able to purchase bunkers at ports in China due to seasonal closures over the Chinese New Year holidays during the second half of January.
- Taiwanese intra-Asia carrier TS Lines has closed its service to Vancouver, and sold three containerships as it refocuses resources on its core intra-Asia services.
- Throughout 2022, several ports moved about on the list of China's biggest ports while the total number of handled containers went up by nearly 5 percent, with Shanghai still the largest.
- Hong Kong Financial Secretary Paul Chan has announced that Hong Kong's, as a prominent international maritime centre, were committed to raising the industry's competitiveness. "In order to further promote the development of Hong Kong as

an international maritime centre, the Transport and Logistics Bureau will set up a task force with the aim of putting forward, in collaboration with the Hong Kong Maritime and Port Board and representatives of the high end maritime services industry, an action plan on the following strategies by the end of this year," he said. These strategies include enhancing sectors such as ship finance, marine insurance, maritime arbitration and ship management, where Hong Kong has traditionally been strong but has come under increasing competition from Singapore and other locations.



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GLOBAL MARKET OVERVIEW...CONTINUED

INDIA SUBCONTINENT

- Ocean freight demand on most trades from ISC continues to decline or remain flat, with shipping rates following the same pattern.
- Space will remain open in March, 2023, whilst booking intake is gradually improving volumes for the next few weeks are still at a low level. Rates are still under pressure due to demand/supply imbalance.
- While congestion, space options and rate levels have improved for shippers, the need for flexibility remains as blank sailings and service adjustments continue to impact route options, costs, and lead times.
- Still seeing around 15% blank sailing average in weeks 8/9/10 to adjust for the decrease in demand. Expect the carriers will have more blank sailings into early March.
- Mediterranean Shipping Company (MSC) has announced increased freight rates across ports in Europe from India & Pakistan. The rates will be effective from 1 March until 31 March.

- Mediterranean Shipping Company (MSC) has announced the reintroduction of its Dragon service from Asia to the Mediterranean. The Dragon service was initially a joint 2M service labelled AE20 by Maersk, but it was discontinued in the early pandemic phase of 2020. MSC is relaunching the service on 15 March, which appears to be the first divergence between MSC and Maersk following the 2M break-up announcement.



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AIR FREIGHT MARKET OVERVIEW & REGIONAL REVIEW

AIR FREIGHT SUMMARY

- Heading into March we have seen a slight bounce back in air freight volumes post Chinese New Year. We might expect a little more cargo in the market as we approach end of the month, typically the end of many companies financial Year when inventory needs to be on the books. For now, capacity in most markets is still available, although the US market seems to have picked up faster than Europe. In China, with BA and Virgin Atlantic declaring intent to return to the Shanghai – UK route in the coming months, we are seeing more plans to increase the overall number of passenger flights. In the meantime, the carriers are doing their best to stabilise rate levels. Whilst the UK does appear to have narrowly avoiding a recession so far, the economic outlook here and globally is still uncertain. Despite no clear returned of a strong demand, and conflicting industry views, carriers remain buoyant on the outlook for the full year and offering long term rates reflecting this confidence.
- The Indian government approved Bangladesh's transshipment cargo to be handled at the Delhi Air Cargo complex. Since June 2020 till now, Bangladeshi shippers have had air freight access from the Kolkata air cargo complex. However, the fewer flight connections there, including for freighters, had put pressure on their ability to take advantage of this alternative trade corridor. Transshipment through Delhi Air Cargo will allow Bangladesh exporters to reach a wider reach of markets, including those in Europe, the Middle East and Asia, which may not be accessible directly from Bangladesh, mentioned stakeholders.
- Also, the Delhi air freight opening builds on a sea-rail multimodal logistics system CBEC laid out in September to permit transshipment of Bangladesh export containers from Nhava Sheva and Mundra ports by sea. Under this trans loading arrangement, laden boxes from Bangladesh are transported by barge or coastal ships to Kolkata or Haldia, and then loaded onto trains connecting Nhava Sheva or Mundra.
- Bangladesh's private power producers will need \$1 billion in foreign currency to import fuel oil and avert an energy crisis this summer, their industry association said in a letter to the central bank seen by Reuters. Analysts expect power cuts in Bangladesh to worsen this year, as a rapid decline in the value of its currency and foreign exchange reserves have limited its ability to import power generation fuels, whose prices have surged following Western sanctions on major energy exporter Russia.
- Faced with critically low foreign exchange reserves, Pakistan government has already halted most imports apart from food and pharmaceuticals but hopes to boost revenue with the broad tax hike. Pakistan is desperate to unlock the next tranche of a \$6.5 billion loan facility with the IMF but struggling to meet tough conditions set by the global financier.



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AIR FREIGHT MARKET OVERVIEW & REGIONAL REVIEW

AIR FREIGHT SUMMARY

INDIA SUBCONTINENT

- Overall, India Sub-Continent is in a lean period, we are foreseeing the situation will remain same during the 1st quarter of 2023 and expecting spike in rates from Q2,2023.
- Ocean transit times have almost normalized to pre-Covid levels while rates on the spot market are below pre-Covid. This means there's little incentive for a consignee to do an ocean-to-air conversion
- While capacity will continue to get better in 2023 as more belly services come online and with the increases in main deck availability, resulting in downward pressure on rates overall in line with reduced demand. Rates have however continued to remain above pre-Covid levels reflecting the value attributed to air cargo supply chains.
- Macro-economic concerns will dominate the impact on air cargo volumes through 2023 as central banks continue to tackle high levels of inflation. However, if the measures introduced are successful then we may see an easing of central bank rates in the second half of the year. There is considerable pent-up consumer demand, but it is unlikely to translate into increased consumer purchases until job concerns and household costs start to ease.

FAR EAST & SOUTH EAST ASIA

- Lufthansa Cargo is adding more freighter flights to China. All long-haul destinations will be served from the international hub in Frankfurt by a total of 16 Boeing B777F aircraft.
- CMA CGM AIR CARGO is stepping up its commercial development with the introduction of scheduled services to Shanghai using its Airbus A330-200F. The French cargo airline will fly the widebody freighter to Shanghai Pudong International Airport (PVG) from its hub at Paris Charles de Gaulle Airport (CDG) four times a week, equivalent to 240 tonnes of weekly capacity.



WAREHOUSING & TRANSPORT UPDATE

KEY TOPICS

DIGITAL TECHNOLOGY

TRANSPORT

- The implementation of technology and data opportunities has become one of the key priority areas of focus in a newly formed government plan for the UK Freight Transport Sector.
- A recent report published by The Parliamentary of Science and Technology (POST) highlights the importance of employing digital technologies to support transport management. Digital technologies have the potential to improve the stability, visibility and speed of supply chains, as well as reducing costs and carbon emissions.
- Thanks to our use of Samsara technology, Uniserve's vehicle status can be shared with customers allowing them to track route progress and receive automatic updates.
- The state-of-the-art telematics system also allows Uniserve's fleet administrators to view historical fuel levels, giving insight into their vehicles' filling schedule. With this data, Uniserve can easily monitor compliance performance across all fleets. Furthermore, administrators can set up an alert to monitor vehicle DEF (Diesel Exhaust Fluid) levels and get notified when levels fall below a defined threshold, over a defined amount of time. These alerts allow us to proactively refill to minimise both fuel and environmental costs.



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KEY TOPICS

TECHNOLOGY...CONTINUED

WAREHOUSE

- Digital technology is also important for improving operational warehouse performance. This will be the key focus of UKWA's National Conference taking place between the 7th and 8th of March in Stratford-upon-Avon.
- With more convoluted value-added services (VAS), the need to manage more SKUs, and the increased demand for B2C orders, operational efficiency is essential.
- Uniserve have been reviewing solutions which embrace innovative technology and automation. We are keen to continue investment in key technologies to increase productivities and efficiencies for our customers.
- The AMR solution, which includes robot-based goods-to-person order pick and fulfilment along with an automated hanging rail solution, would improve accuracy and increase efficiency of warehouse operations by 2 to 3 times.



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KEY TOPICS

ENVIRONMENT

- The pressure to meet sustainability standards and become net zero by 2050 continues to be a challenge for the sector.
- For a process with traditionally high emissions, achieving net-zero in logistics will prove to be a complex task.
- However, Uniserve's dedication to sustainability is central to all our business operations and the Group is already making significant developments.
- Our Felixstowe Mega DC is due to have solar panels fitted later this year aiming to reduce energy consumption, increase sustainability and reduce costs.
- A research report conducted by the UK Warehousing Association (UKWA) has revealed the benefits for the UK warehousing and logistics industry of implementing solar systems on warehouse rooftops.



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UNIEUROPE OVERVIEW

EUROPEAN TRANSPORT

EUROPEAN ROAD HAULAGE CAPACITY

- Based on how carriers are utilising their fleets, according to Transporeon, the capacity index for the European Road Transport in January 2023 is up 4.1% compared to (December 2022) and 20% year-on-year.
- The outlook for 2023 on road freight shows that freight rates will stay strong, and the rise of toll road charges, the increase in living costs and driver wages will probably cause freight rates to remain elevated. However, a fall in diesel cost should cause rates to contract.
- Forecasts for 2023 reflect the general weakening of demand, weaker consumer confidence and high inflation across the entire European continent. As a result, demand pressure for road freight services from consumers and producers is falling. Nonetheless, we expect stagnation instead of the demand crash feared in 2022.

NEW INTRA EUROPEAN RAIL FREIGHT ROUTES

- Building on the momentum of a post-pandemic shift to rail freight, in the past month, several new freight services across Europe have begun, including new links between France and Germany.
- French multimodal operator Delta Rail said it would add a new container service to link Chalon-sur-Saone and Duisburg at the end of February, intended to offer competition to overland routes linking the Rhine with French ports, including Le Havre and Marseilles.



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UNIEUROPE OVERVIEW

EUROPEAN TRANSPORT

EUROPEAN ROAD HAULAGE CAPACITY

TURKEY EARTHQUAKES

- There has been no significant impact to Uniserve's road transport network in Turkey and we are relieved to report that our colleagues are safe and well.
- Uniserve is providing aid and relief logistics support from the UK to Turkey and we welcome any inquiries from suppliers of such goods.

STRIKES

- French unions have called for a mass walkout across the country on Tuesday, March 7, with workers encouraged to strike against reforms proposed by President Emmanuel Macron that would raise the legal retirement age from 62 to 64. The CGT Cheminots, SUD Rail, CFDT Cheminots and UNSA Ferroviaire unions have called for a strike on this day, with the inter-union group calling for a new day of strikes and inter-professional demonstrations. Workers on the Paris public transport network are expected to be targeted, with potential disruptions to services.

- Uniserve will be monitoring the situation closely and is committed to keeping our customers fully informed and devising solutions to help keep disruption to supply chains to a minimum.

EES

- The Entry/Exit System (EES), which would see non-EU citizens fingerprinted and photographed at borders has been delayed until the end of 2023 after already being pushed back from last year. After fingerprints and photographs are taken from the initial visit these details will have to be validated with each subsequent journey to the EU.
- The delay has been caused by contractor delays, according to the EU.



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UK TRANSPORT OVERVIEW

UK TRANSPORT

- Volumes of Containers arriving in the UK have continued to fall through February with the forecast suggesting that this trend is going to continue through March as prices for consumers continue to rise.
- The lack of consistency in volumes is causing high levels of availability in the Transport Market with many Hauliers having vehicles under-utilized on a daily basis.
- Cost for Hauliers continue to rise despite the depressed market with manufacturers indicating cost increases of circa 10% to be expected in coming months.
- Haulage Capacity is readily available across all ports in the UK and Train/Rail space is also available.



ENVIRONMENTAL COMPLIANCE AND CONSULTANCY

COMPLY DIRECT

Comply Direct is a B Corp certified, market leading environmental consultancy and compliance scheme, supporting and empowering organisations to achieve their sustainability obligations and aspirations.

Energy Savings Opportunity Schemes – Are you qualified for Phase 3?

A UK organisation is obligated to comply with ESOS phase 3* if on the qualification date (31 December 2022) it either:

- Employs 250 or more people, or
- Has an annual turnover in excess of £44m and an annual balance sheet total in excess of £38m, or
- Is an overseas company with a UK registered establishment which has 250 or more UK employees (paying income tax in the UK)

Don't meet the thresholds but want to identify areas of energy saving?

Increasingly, businesses who don't meet the above thresholds are conducting ESOS assessments voluntarily to support their carbon reduction commitments, going above and beyond to mitigate climate change. Following the ESOS scheme presents a real opportunity for businesses to improve energy and fuel efficiency, reduce carbon emissions and subsequently, reap financial benefits.

To find out more, visit our website here - <https://go.complydirect.com/esos> or request a non-obligatory proposal from our team today, on marketing@complydirect.com



ENVIRONMENTAL COMPLIANCE AND CONSULTANCY

COMPLY DIRECT...CONTINUED

Supporting Regatta comply with ESOS!

"Achieving ESOS compliance for Phase 1 with Comply Direct was simple; they made the process completely hassle-free ensuring that our internal time and resource spent on achieving compliance was kept to a minimum whilst enabling us to focus on driving forward real efficiencies in the business. Comply Direct also removed all the ESOS related jargon which was appreciated as it enabled us to easily understand the legislation and what we needed to do to become compliant, which otherwise would be quite a complex procedure to grasp.

A key factor for us when choosing a supplier for ESOS compliance was value for money and Comply Direct truly provided this. We benchmarked Comply Direct against alternative suppliers but they remained to be the most cost-effective provider with a high-quality service offering which we knew was a perfect fit with our requirements, so we have subsequently chosen to stay with Comply Direct for Phase 2 of ESOS."





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