



MARKET UPDATE

UK & International

APRIL 2023

SNAPSHOT

OCEAN:

HMM has unveiled plans to invest more than \$11.3 billion as part of a growth strategy. [\[read more\]](#)

The looming break-up of the 2M Alliance, between MSC and Maersk, could be the catalyst for another round of 'alliance musical chairs'. [\[read more\]](#)

AIR:

Cathay Pacific are committed to ensuring all aircraft will be back in operation by the end of next year. [\[read more\]](#)

Air freight rates have fallen globally since the gradual re-opening of travel. [\[read more\]](#)

WAREHOUSING & TRANSPORT:

Energy Bill Relief Scheme (EBRS), which was introduced last September, will not be extended next month. [\[read more\]](#)

Logistics UK urges the government to consider the impacts of above-inflation energy prices on the sector [\[read more\]](#)

EUROPEAN TRANSPORT:

New Excise Duty Rates to be applied from 1st August 2023. [\[read more\]](#)

Alcohol duty freeze will end on 1 August. [\[read more\]](#)

ENVIRONMENTAL COMPLIANCE:

A Beyondly, formerly known as Comply Direct, launched on Monday 27 March [\[read more\]](#)



OCEAN FREIGHT GLOBAL MARKET OVERVIEW

GLOBAL MARKET OVERVIEW

- HMM's \$11.3 billion investment will include expanding its container ship fleet capacity from 820,000 twenty-foot equivalent units to 1.2 million TEUs by 2026. The Seoul, South Korea-headquartered ocean carrier said it plans to diversify its business portfolio to enable it to take a "leap forward to be a global top-rated shipping and logistics company."
- According to speculation at the S&P Global TPM conference in Long Beach and despite the 2025 divorce prompting carriers in the THE and Ocean alliances to close ranks and reiterate the longevity of their vessel-sharing agreements (VSAs), the highly-respected analyst and CEO of Vespucci Maritime, Lars Jensen, put the cat among the pigeons during a jam-packed final day session predicting that the Ocean Alliance grouping of CMA CGM, Cosco and Evergreen could also be broken up, due to their differing aspirations and political ambitions.
- Last month saw no less than 9 senior representatives from Uniserve and a number of group companies attend the annual TPM conference in Los Angeles, the industry's leading conference with 5,000 attendees from all over the globe.



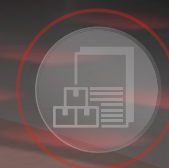
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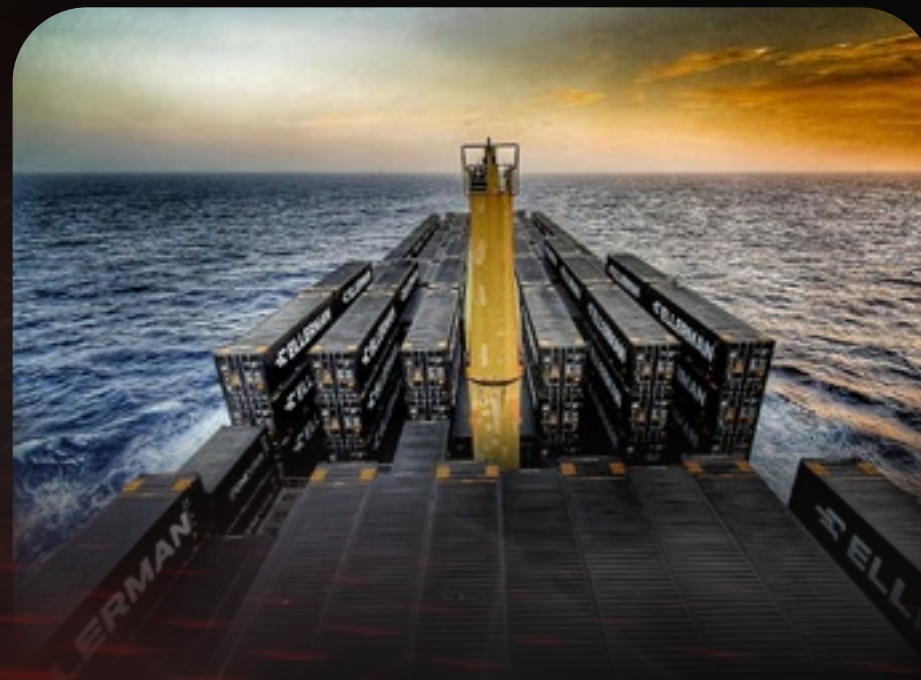


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OCEAN FREIGHT GLOBAL MARKET OVERVIEW

GLOBAL MARKET OVERVIEW...CONTINUED

- Following that, last week saw 3 senior representatives from Uniserve attend the EAA Network AGM in Dubai. Around 90 participants attended in total, representing 43 countries. The conference was a success, thanks to the active, positive spirit and energy that the attendees brought in during the intensive 4 days of the event. Whilst markets are down, spirits are high. Companies within the network continue to expand and create boundless opportunities. Uniserve will be active in pursuit of bringing new markets, new opportunities, and new solutions to our clients.
- The Freightos Baltic Exchange (FBX) transatlantic head haul component lost another 5%, to bring its average rate down to \$3,894 per 40ft, as an aggressive capacity injection by carriers exerted downward pressure on rates. Indeed, with anecdotal reports of ships sailing from North Europe only 60% full, it can only be a matter of weeks before rates on the trade lane fall back to the average \$2,000 level normally seen on the route. The challenge for carriers will then be to stabilise rates at that level. Elsewhere, contract rate negotiations on the transpacific are in limbo, as BCOs and carriers appear reluctant to commit to new deals until the outlook is clearer.



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OCEAN FREIGHT GLOBAL MARKET OVERVIEW

GLOBAL MARKET OVERVIEW...CONTINUED

- After successive weeks of blanking its AET/Shogun Asia-North Europe loop, the 2M Alliance has finally confirmed that the service is to be suspended. It is the first alliance service on the tradeline to be officially culled and is likely to be followed by the removal of more in the weeks to come as ocean carriers try to mitigate the impact of significantly reduced demand.
- ESG - Shippers are concerned that maritime discussions on decarbonisation are shaping up to result in “the mother of all BAFs” for shippers, as carriers will seek to pass on the costs of using sustainable fuels. The International Maritime Organization (IMO) is set to meet in July and is widely expected to increase its ambition of a 50% reduction in carbon emissions by 2050 to 100%, and will also discuss market-based measures, such as a carbon levy.
- Shipping, forwarding and environmental groups have welcomed the world’s first law requiring ships to use sustainable fuel. Following agreement by the European Parliament and Council, the FuelEU Maritime law will force shipping to use green fuels from 2025, with a review of the legislation due in 2028. “FuelEU Maritime will help decarbonise the maritime transport sector by setting maximum limits on the yearly greenhouse gas intensity of the energy used by a ship,” said the EC. In addition,

the regulation will require containerships to use onshore power, or an zero-emission alternative, while at a berth to protect local communities.



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OCEAN FREIGHT GLOBAL MARKET OVERVIEW

GLOBAL MARKET OVERVIEW...CONTINUED

INDIA SUBCONTINENT

- In general, Asia/ISC remains the most likely candidate to lead global economic growth in 2023, and China's reopening looks to help mitigate some of the economic damages throughout Asia. Meanwhile, ocean freight rates are back to pre-pandemic levels, and port congestion continues to improve.
- Short-term rates will be the lowest seen in years and it will be extremely tempting to take advantage of rates at these levels. We may not see a full peak season this year, but we expect a better third and fourth quarter in terms of volumes compared to 2022.
- Inflation worries are here to stay for the foreseeable future and a recession (soft landing or not) ahead.
- Regardless of overall economic indicators, importers overall will be under a great dilemma to replenish diminishing inventories or wait for a better economic environment. While volatility remains likely throughout 2023, general forecasts are looking slightly less pessimistic than previously feared.
- India's perishables trade via ocean connections is facing challenges. Container terminals at Nhava Sheva (JNPT) have temporarily suspended temperature-controlled cargo movements because of severe reefer plug shortages.
- PSA Mumbai at the port is set to implement a 7.5% hike in service rates from 1 April, making ship calls costlier for carriers and bringing a predictable additional burden for exporters/importers. The carriers serving Indian trades have already been voicing concerns over high terminal charges, because of regulated tariff systems at government-owned major gateways.



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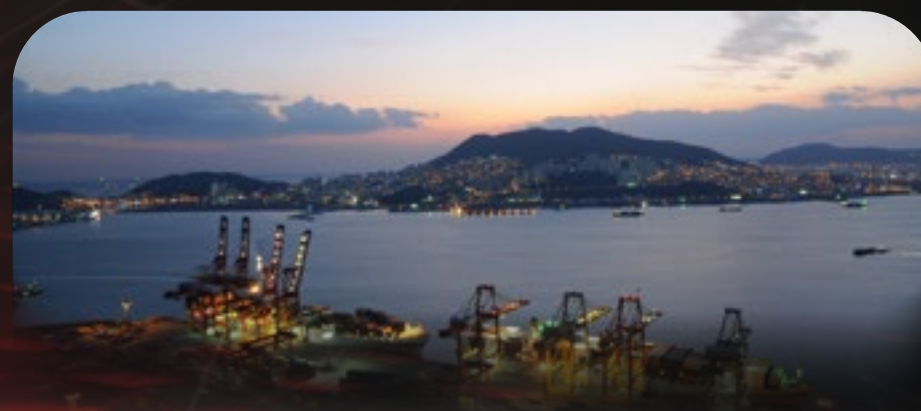
GLOBAL MARKET OVERVIEW...CONTINUED

INDIA SUBCONTINENT

- Maersk introduces the new IMEA region, which will take the place of the current regions of West and Central Asia and The African region. This new region will encompass the core geographies of the Indian subcontinent, the Middle East, and Africa, including important markets such as India, Pakistan, UAE, Saudi Arabia, South Africa, Kenya, Ivory Coast, Cameroon, Nigeria, Senegal, and Ghana, and more
- DP World, has launched a new Rail Linked Container Freight Station in Hazira, Gujrat with handling capacity of up to 36,000 containers annually.
- Bangladesh has started exporting fruits using reefer containers for the first time in the country's history. Earlier, only potatoes were exported by seaways packed into containers. Usually, vegetables and fruits like mango are exported by air.
- Amid tremendous economic and social challenges in Sri Lanka, the International Monetary Fund (IMF) approved a nearly \$3 billion bailout program for the country over four years to help salvage the country's bankrupt economy. IMF on Monday

(March 20) announced that the executive board has approved the bailout program. According to IMF, about \$333 million will be disbursed immediately.

- Pakistan is committed to align its official and informal foreign exchange market rates, the International Monetary Fund's resident representative said on Monday, days after the cash-strapped country's currency plunged dramatically as it works to revive its stalled bailout programme. A permanent power surcharge on consumers is also among measures planned by Pakistani authorities to address energy sector debt, IMF's Esther Perez Ruiz told Reuters in an emailed response.



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AIR FREIGHT MARKET OVERVIEW & REGIONAL REVIEW

AIR FREIGHT SUMMARY

- Cathay Pacific's CEO Ronald Lam has declared there is "light at the end of the tunnel" and has committed to ensure all aircraft will be back in operation by Q4 2024. Cathay still has 67 inactive aircraft, according to CH Aviation's database, of which 11 are under maintenance. The others, which include nine A330-300s and 22 777s, are stored in Hong Kong, Alice Springs, Ciudad Real and Xiamen. Furthermore, last month Cathay Pacific... now branded Cathay Cargo, confirmed they carried nearly 60% more freight than at the same time a year earlier, when its capacity was significantly cut owing to quarantine measures.
- However, with a few exceptions, rates have not returned to pre-COVID levels yet. The Chinese economy was the last to open up, at the start of 2023. As numbers traveling start to increase we are seeing more passenger flights return. Both British Airways and Virgin Atlantic are scheduled to commence flights between London and Shanghai in the next two months. These are smaller aircraft than they operated on the route pre- COVID and this, coupled with an increase of around 3 hours flying time to avoid Russian and Ukrainian airspace requiring increased fuel, limit the cargo capacity per flight. Other European carriers returning services have similar challenges, with passengers and their baggage taking priority.
- So whilst demand from China is down, a return of manufacturing and challenges on the return of capacity are combining to influence carriers decisions to keep contract rates higher.

Ultimately, overall market demand will drive rate levels, but we may not see reductions until later in Q2. Even then they may remain stable if the USA and World economies start to show any signs of increased confidence.



AIR FREIGHT MARKET OVERVIEW & REGIONAL REVIEW

AIR FREIGHT SUMMARY...CONTINUED

- South East Asian countries are starting to benefit from a shift in manufacturing away from China. Primarily driven by USA demand, avoiding imposed duty increases on China sourced products. There can be the added benefits of lower wage costs which also make the region more appealing. Large shifts in sourcing strategy take time to impact, so rates are currently back to 2019 costs in most places, however, USA demand may keep the market stable for now, rising later in the year when demand is expecting to grow.
- In summary, Q2 rates may see some slight reductions in some markets, though overall there is expected to be some stability now. The industry feeling is that rates will raise in Q3 and Q4 although there is still a lot of uncertainty in Global markets which will influence the next 6 to 12 months. This uncertainty is leading us to suggest that customer work with monthly rates for the time being, possibly moving to quarterly if levels do stabilise.
- Tokyo Narita International Airport is set for major investment with a new project to develop its air cargo logistics facilities. Commercial property company Goodman Group will partner with Tako Town, in close collaboration with Narita International Airport Corporation (NAA) to carry out the project on a 70-hectare site. The site in the Iizasa area of Tako Town, Chiba Prefecture is connected to a planned expansion of Tokyo Narita that will create a third runway, scheduled for completion in March 2029.
- ESG - The air cargo industry is seeing increasing pressure to up its environmental performance, according to air cargo group TIACA's latest sustainability report. The association's third annual survey found that 64% of respondents believe that sustainability pressure has increased compared to last year, mainly driven by customers and regulators.



AIR FREIGHT MARKET OVERVIEW & REGIONAL REVIEW

AIR FREIGHT SUMMARY...CONTINUED

INDIA SUBCONTINENT

- Global airfreight capacity oversupplied entering 2023, greatest challenge this year will be lack of demand.
- Demand is very low across origins, caused by the challenges of global inflation and a recession that is having a large impact on the air industry. Passengers are returning to pre-pandemic levels, but the freighter network may experience cancellations at some origins due to low demand. Customers are looking to cut transportation costs, leading to a majority of shipments being converted from air to ocean.
- Airlines operating out of India are now finding it more viable to carry cargo and increase their supply of freighters with dedicated infrastructure and digital platforms. Mumbai has reported a 26% increase in cargo YOY with domestic shipments. BLR has emerged as top perishable handler in the country.
- The cost of land transport in BD is expected to spike as Ramadan begins. Trucking rates have increased between 40% to 100% increase. Ramadan in Bangladesh ends on 20 April, when rates are expected to stabilize again.
- The first freighter service, a 747-8F operated by Atlas Air departed from Delhi airport on 20th March, 2023 for Inditex in Spain. Booked RMG exports from BD are up 15.5% YOY.



WAREHOUSING & TRANSPORT UPDATE

KEY TOPICS

DIGITAL TECHNOLOGY

TRANSPORT

- The EBRS provided much-needed support to businesses by capping the unit cost of gas and electricity. However, the new, less generous scheme only offers eligible businesses a discount on their energy bills rather than costs being capped. Indeed, the new Energy Bills Discount Scheme will start in April 2023 and run for a year.
- Logistics UK has urged the government to consider the impacts of above-inflation energy prices on the sector. Similarly, UKWA has requested more support for warehousing, especially for temperature-controlled facilities whose bills increase during summer months.
- Logistics specialists have raised concerns over the detrimental impact that the new scheme will have on the sector, particularly restricting its ability to transition to zero-carbon warehousing.
- The logistics sector has welcomed the Spring Budget retention of the 5ppl fuel duty cut. Fuel duty was cut by 5 pence per litre in March 2022 as a result of rising pump prices. On the 15th of March, the Chancellor announced that the cut will be retained for a further 12 months.
- The Road Haulage Association (RHA) is pleased with this announcement, considering the cuts were due to end in March 2023, with predictions of fuel duty increasing to 25 percent. The RHA had urged the government to extend this cut in order to help reduce costs and manage inflation. Whilst pump prices have fallen since their 2022 peak, they remain significantly higher than in previous years.
- To find out more about how Uniserve is working towards achieving Net Zero click [here](#).



WAREHOUSING & TRANSPORT UPDATE

KEY TOPICS

TECHNOLOGY...CONTINUED

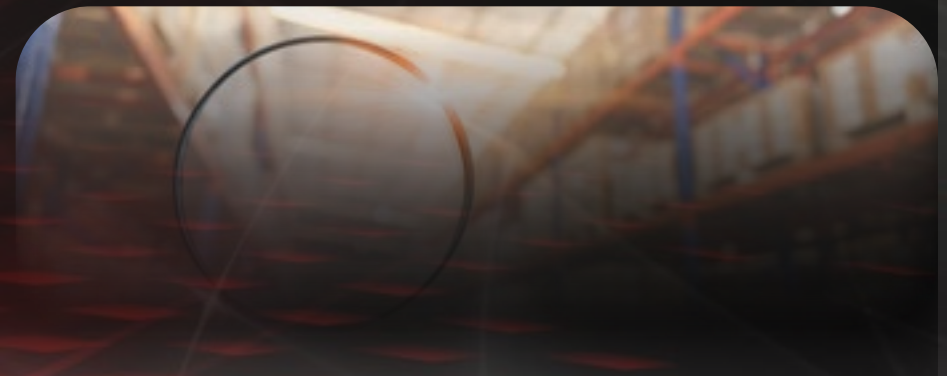
WAREHOUSE

- An analysis of new ONS data by Indeed Flex has revealed the serious labour shortages within the warehousing and logistics sector. Indeed, the data shows how demand for UK warehouse workers has increased by 43% compared with pre-pandemic levels – with the number of online job adverts for staff in the South East almost doubling. During the pandemic many people joined the logistics sector due to warehousing staff being classified as essential workers. Yet, when normal life resumed, and covid-19 restrictions eased people left the sector and returned to their previous jobs. It is evident that the pressures resulting from the global pandemic, Brexit and the ongoing war in Ukraine, as well as rising inflation, will continue to provide a challenging landscape for the logistics and warehousing industry.
- In this year's Spring Budget on the 15th of March, the Chancellor announced measures to encourage over 50s to return to the workforce through Skills Bootcamps and Sector-Based Work Academy Programmes. Some of the programmes offered are available for those who are new to driving. Additionally, there are courses available to upgrade one's licence to transport petrol, hazardous goods or tow heavier trailers. The Chief Executive of Logistics UK, David Wells, claims these programmes are

encouraging and welcomed by the sector.

- Uniserve is committed to supporting its employees career journeys via its dedicated Supply Chain Academy, which offers a vast range of courses enabling its employees to develop and increase their skill sets and supply chain knowledge base. Uniserve also offers a variety of career options that exist across the many divisions, companies, functions and locations within the group & is an ambitious, expanding business building its presence in existing markets and moving into new ones. This is great news for its employees because it means the already enormous scope for progressing and/or diversifying careers is growing all the time.

To find out more about our Supply Chain Academy and how it could help you or your employees career development, please visit our website [Supply Chain Academy](#).



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WAREHOUSING & TRANSPORT UPDATE

KEY TOPICS

ENVIRONMENT

- Volumes of Containers arriving in the UK have continued to fall through March with Ports suggesting that they are working at less than 70% of capacity. Forecasts for April are suggesting that we will see a very small growth in Volume compared to March.
- The Transport press is highlighting the troubles that many Hauliers are finding themselves in as costs continue to rise but Rates continue to fall. There has been a number of reported cases of Hauliers going into administration a trend that is likely to continue.
- On a positive note James Kemball have taken delivery of two brand new Renault Tractor units one being in the Livery of our Group Customer Seafast Logistics.
- New Legislation being proposed by Transport for London to enhance the Safety Equipment required on Trucks that enter the "Direct Vision Standard" controlled area of London is again likely to add cost for the Hauliers that will end up being passed on to the Consumer.
- The Driver CPC is also currently under review with alternative programmes of training being proposed for HGV Drivers that only work in the UK compared to those that travel to Europe as the later will still come under EU Law. More details to follow.
- Haulage Capacity is readily available across all ports in the UK and Train/Rail space is also available.



UNIEUROPE OVERVIEW

UNIDRINKS / EUROPEAN TRANSPORT

DUTY RATES OVERHALL UK

- The price of a bottle of wine could increase by 44p from this summer after the chancellor opted to freeze taxes on beer but signalled punishing increases for wine and whisky.
- The duty cut will shave 11p off draught beer compared with beer sold in supermarkets.
- A blanket alcohol duty freeze will end on 1 August, meaning levies will rise in line with inflation at 10.1%. The effect on prices will be coupled with increased duty on higher strength drinks planned as part of reforms of alcohol duty unveiled in 2021.
- This will mean a 44p increase in the price of a bottle of wine with an ABV of more than 12.5%, according to the Wine & Spirits Trade Association (WSTA), while a bottle of vodka could rise by 76p and port lovers will be £1.30 out of pocket per bottle.

- UNIDRINKS offers importers and exporters specialist service for Beers Wines and Spirits. For Global Containerised shipments of cased and bulk wines and spirits or groupage and full load road haulage in Europe please contact unieuropecommercial@ugroup.co.uk
- Following a successful exhibition at PROWEIN DUSSELDORF in March, the UNIDRINKS team will be attending the LONDON WINE FAIR on May 15/16th if you wish to meet us there please let us know at unieuropecommercial@ugroup.co.uk



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 APRIL 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

BEYONDLY

Introducing Beyondly. B Corp certified environmental consultancy reveals new innovative brand.

- Beyondly, formerly known as Comply Direct, launched on Monday 27 March. Whilst the company is incredibly proud of its Comply Direct legacy and the transformative journey the business has been on since inception in 2006, the shift to Beyondly was a natural necessity.
- Beyondly empowers organisations to be confident about their environmental choices, and as a B Corp certified business, has created a brand that better captures their 'business for good' ethos and strong vision of a 'better, fairer, sustainable world for all'.
- As their circle grows, Beyondly will continue to evolve as it encourages other organisations to take the right step forward; from compliance obligations, contributing to a circular economy, and going beyond net zero.



- Jessica Aldersley, Managing Director at Beyondly, looks forward to taking the business forward as a purpose driven organisation:
- "Our business has always had the ethos to continually strive for a better way and this has undoubtedly been pivotal to our

BEYONDLY

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ENVIRONMENTAL COMPLIANCE AND CONSULTANCY

BEYONDLY...CONTINUED

- growth and evolution as a business. Through this evolution, we have gone way beyond environmental compliance to become a purpose driven organisation with a vision of a better, fairer, sustainable world for all.
- We have expanded our service offering into the consultancy arena to meet customer demand, and to help us deliver against our purpose and realise our vision, and whilst Comply Direct will always hold a very special place in our hearts, we felt it no longer represented who we are, what we can offer, and where we're heading. We're all thrilled about the rebrand which we feel encapsulates all that we are, and we are very excited about the future and the impact we can have in this world today, tomorrow, and Beyond(ly)."
- To celebrate their rebrand and as a token of thanks to all stakeholders, Beyondly has launched The Beyondly Forest - 'a thank you, with a growing global purpose'. The company has dedicated a tree to every customer, partner, supplier and team member, all contributing towards their new commitment to plant one million trees through the One Million Tree Pledge initiative.
- The future of Beyondly is exciting and their influence on the environmental sector is guaranteed to be impactful as this innovative brand makes its mark on the industry.
- Take a look at their new website here www.beyond.ly !





uniserve

your **global** business

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