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# **MARKET UPDATE**

## **UK & International**

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**MAY 2023**

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## SNAPSHOT

### OCEAN:

Carrier capacity management success signals more rate hikes. [\[read more\]](#)

Major carriers still on the hunt for tonnage to boost market share. [\[read more\]](#)

### AIR:

IAG Cargo to benefit from China service restart. [\[read more\]](#)

China's first cargo-focused airport launches international flights. [\[read more\]](#)

### WAREHOUSING & TRANSPORT:

Logistics Manager's Sustainable Supply Chain Conference will be taking place on the 10th of May 2023 in London and will showcase the various strategies that businesses can deploy to meet their ESG goals. [\[read more\]](#)

UKWA is joining forces with partners St Modwen Logistics and Savills to launch 'The Big Industrial & Logistics Skills Survey 2023'. [\[read more\]](#)

### EUROPEAN TRANSPORT:

The way Spain is facing the driver's shortage. [\[read more\]](#)

Catalonia in Spain seeks to extend the restrictions on trucks on the AP-7 to every day of the week. [\[read more\]](#)

### ENVIRONMENTAL COMPLIANCE:

From 1st April 2023 the UK Plastic Packaging Tax Rate will increase to £210.82 per tonne. [\[read more\]](#)





## OCEAN FREIGHT GLOBAL MARKET OVERVIEW

### GLOBAL MARKET OVERVIEW

- Carrier capacity management success signals more rate hikes. Container spot rates from Asia to North Europe are on the increase again with some carriers holding off quoting for May shipments ahead of anticipated general rate increases (GRIs). Drewry's WCI North Europe component continued to rise in recent weeks with carriers not yet willing to showing their hands for May shipments, as they gauge the market response to the current rate hikes.
- Major carriers still on the hunt for tonnage to boost market share.
- Led by MSC and CMA CGM, ocean carriers are again scouring the charter and sales and purchase markets for tonnage to boost capacity and increase their market share. With demand prospects improving, especially for the second half of the year, and freight indices showing weekly gains, some carriers are using the huge cash reserves accumulated over the past two years to bolster their networks and gain a commercial advantage over more conservative lines.
- Shippers brace for freight rate and BAF increase onslaught. This mean a definite end to rock-bottom freight rates could very well be in sight, as carriers take advantage of tight capacity

management to launch rate restoration programs across their networks with carriers preparing to unleash a barrage of GRIs this spring in order to shore-up freight rates ahead of the peak season. Hapag-Lloyd has led the charge with a shock \$1,000 per 40ft increase on shipments from Asia to the US from 1 May and although other trade lanes are not expected to follow suit to the same extent it's definitely one to watch.



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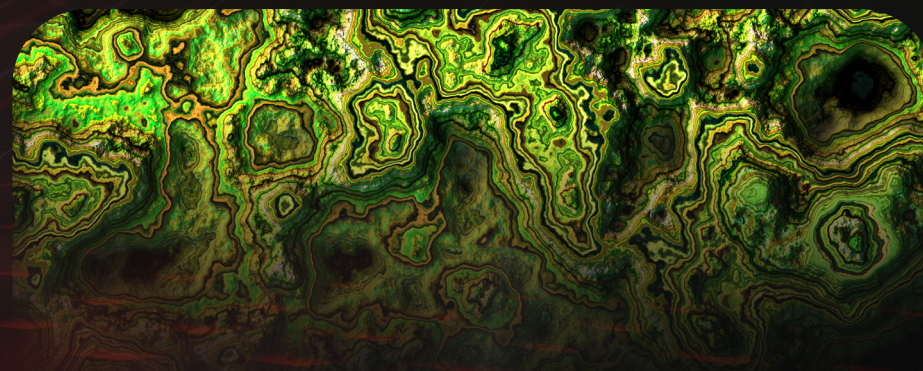
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## OCEAN FREIGHT GLOBAL MARKET OVERVIEW

### GLOBAL MARKET OVERVIEW...CONTINUED

- CMA CGM orders 16 new alternative fuel mega-ships. CMA CGM is set to expand the world's fleet of alternative fuel container ships after signing a deal for 16 vessels valued at more than \$3 billion. The order for 12 x 15,000-TEU ships capable of running on methanol fuel as well as traditional bunkers and 4 x 23,000-TEU dual-fuel liquefied natural gas (LNG) ships costs a reported \$3.05 billion. By 2027, CMA CGM said it will have 24 vessel that can be powered by methanol, and by 2027, its fleet able to sail via LNG will number 81. In other news CMA CGM look likely to continue their foray into the 3PL sector as talk to takeover Bollore Logistics have gathered pace in recent weeks.
- Singapore, Los Angeles, and Long Beach Agree to "Green Corridor." The ports of Singapore, Los Angeles, and Long Beach became the latest to join the growing list of port authorities committing to the formation of green corridors in the support of the UN initiative in the efforts to achieve global decarbonization. Under the terms of the agreement, the three ports committed to facilitating the supply and adoption of low and zero-emission fuels and exploring the necessary infrastructure and regulations for bunkering with the agreement seen as a tool to accelerate the decarbonization of the maritime industry.
- EU Parliament Finalises Emissions Trading Rules for Shipping. The European Parliament has given its final stamp of approval to a package of climate measures at the heart of its "Fit for 55" emissions scheme, which aims to cut the bloc's overall greenhouse gas footprint by 55 percent by 2030. The legislation brings shipping into the EU's Emissions Trading System (ETS) for the first time, pulling vessel emissions into the European carbon market with a phase-in period beginning next year. Crucially, the package will allocate 20 million ETS allowances to supporting the decarbonization of shipping, a key demand from the industry.



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## OCEAN FREIGHT GLOBAL MARKET OVERVIEW

### GLOBAL MARKET OVERVIEW...CONTINUED

#### INDIA SUBCONTINENT

- Space is available and schedules are reliable out of India/Sri Lanka/Bangladesh. High inflation has slowed demand for exports. Despite this, services are stable, with no blank sailings or issues with equipment shortages, or imminent rate increases.
- As more vessels and carriers have entered the market, there is plenty of supply with shipping lines looking for extra cargo to fill the additional capacity. This situation is expected to last beyond Q2 2023.
- Capacity has opened due to softer demand and ocean carriers deploying new services or adding additional capacity to existing service rotations. This has put pressure on rates as supply exceeds demand.
- Environmental regulation compliance resulting from IMO 2023 has led to vessels not returning to pre-Covid speeds, effectively removing ~8% capacity from the market.
- DP world announced the launch of double-stack train services from Mundra port to Ahmedabad inland terminal in Gujrat. The double stack train service will further boost the connectivity between the two points and significantly lower the overall logistics cost for cargo movement on the route even with fewer rakes, owing to the lower haulage rates and lesser or zero port ground rent resulting from the faster evacuation of containers from the port. The train was flagged off from Mundra in early April with a full payload.
- Bangladesh has given access to India to transport goods to its own territory including the north-eastern states via Chattogram and Mongla seaports. As per the transit orders, Indian goods can be transported through four entry points with 16 transit routes-Chattogram and Akhaura in Bangladesh and Agartala in India; Mongla and Akhaura in Bangladesh to Agartala in India; Tamabil in Sylhet and Dauki's in India Meghalaya; Sheola in Sylhet and Sutarkandi in Assam; Bibirbazar in Cumilla and Srimantapur in Tripura. As per the deal, India will have to pay a transshipment fee of Tk 30 per tonne, Security Charge of TK 100 per tonne, document-processing fee of TK 30 (per chalan), escort charge of TK 50 per ton.



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## AIR FREIGHT MARKET OVERVIEW & REGIONAL REVIEW

### AIR FREIGHT SUMMARY

- As we move in to Q2 the air freight market continues to see overall volume down on a year ago. Certain market sectors like Healthcare and e-commerce are holding up, but on-going pressures on disposable income and market confidence are continuing to dampen demand.

#### China & Hong Kong

- Passenger flights to/from China are continuing to increase and rates into China are softening. Export rates from China are seeing some short-term reductions, more so to the US, although the longer-term contract rates and market view for 2023 remain positive from the carrier's perspective. E-commerce volumes are cited as the main current driver to demand.

#### Southeast Asia

- As rates out of most countries in the region are close to pre-COVID levels, the market seems to have settled. Intra-Asia volumes have reduced as demand for raw material movements has slowed in line with overall manufacturing.





## AIR FREIGHT MARKET OVERVIEW & REGIONAL REVIEW

### AIR FREIGHT SUMMARY

#### Indian Subcontinent

- Air cargo space is available into the U.S. and EU from ISC. Air freight reliability is now close to pre-pandemic levels, and space is available. There was a temporary rush due to movement of perishables by the Middle East Carriers but post EID (25th April, 2023) this has settled down.
- Bangladesh and Pakistan have resumed work post EID and the first half of May 2023 is expected to be slow from volume perspective, post this we could see a sudden rush in orders.
- Upcoming mango season to start from last week of May, 2023 mainly from West-India and Pakistan; slight price increase could be seen during this time.
- Tata Sons is evaluating plans to set up an Air India ground-handling services company that will not only meet the airline's burgeoning in-house needs, but also look at offering shared services to other carriers. Such plans may also include possibly bidding for the erstwhile state-run carrier's ground-handling entity, Air India Air Transport Services (AIASL), which has been put on the block by the government.
- RBI has approved sixty requests to open Special Rupee Vostro Accounts (SRVAs) of correspondent banks from 18 countries, including the UK, Singapore, New Zealand. The traders will soon be able to settle foreign trade in the rupee currency as several banks from different countries are opening special Vostro accounts with Indian banks.





## AIR FREIGHT MARKET OVERVIEW & REGIONAL REVIEW

### AIR FREIGHT SUMMARY...CONTINUED

#### Americas

- Volumes to and from North America have reduced. Their economy remains strong, despite some concerns over the banking system, but is not immune to the Global situation.
- Central and South America are faring better with flat volumes year on year at this point.

#### Other News

- IAG Cargo to benefit from China service restart. IAG Cargo customers will soon be able to send shipments on services between London Heathrow and Beijing and Shanghai once again. The cargo division of International Airlines Group (IAG) will be able to use the belly capacity of flights operated by IAG subsidiary British Airways to China, as the country opens up its borders. IAG Cargo customers will be able to export and import goods on a daily rotation between Heathrow Airport in London and Shanghai Pudong International Airport. Furthermore, services between London Heathrow and Beijing Daxing Airport will resume on June 3, with four flights each week. The Beijing service will be operated by a British Airways B777-200, while the Shanghai service will be operated by a B787-9.
- China's first cargo-focused airport launches international flights. China's first cargo-focused airport has launched its inaugural

international route with a Belgium-bound flight. The all-cargo aircraft, loaded with some 100 tonnes of freight, departed Ezhou Huahu Airport in Hubei Province with the route scheduled to provide two round-trip cargo flights each week between China and Europe, adding 400 tonnes of air express capacity.

- Hong Kong International is still No1 as it retains busiest cargo hub top spot. Hong Kong International Airport (HKIA) retained its position as the world's busiest cargo airport in 2022 despite the impact of Covid restrictions, according to statistics from Airports Council International.





## AIR FREIGHT MARKET OVERVIEW & REGIONAL REVIEW

### AIR FREIGHT SUMMARY...CONTINUED

- HKIA saw its cargo volumes fall by 16.4% year on year in 2022 to 4.2m tonnes as restrictions on crew hampered operations, particularly at combination carrier Cathay Pacific, which uses Hong Kong as its home hub.
- The restrictions resulted in the carrier having to massively reduce its freighter operations in the opening months of the year. However, other airports also suffered from slower demand as volumes settled down after a surge in demand in 2021.
- CMA CGM Air Cargo launches new Paris-Guangzhou air cargo route. CMA CGM Air Cargo has carried out the maiden flight for a new air cargo route between Paris, France and Guangzhou, China. The CMA CGM Air Cargo freighter flew from Paris Charles de Gaulle Airport to Guangzhou Baiyun International Airport. The route is scheduled to operate three flights per week and is expected to bring more than 20,000 tonnes of international cargo through Baiyun Airport annually





## WAREHOUSING & TRANSPORT UPDATE

### KEY TOPICS

#### ENVIRONMENT

- To achieve our sustainability goals, Uniserve infuses ESG metrics through all areas of our business operation.
- For example, to improve the environmental effectiveness of our warehouse operations, Uniserve ensures that all damaged pallets are either repaired for reuse or recycled.
- In addition to this, Uniserve work closely with our partner Beyondly to create positive environmental outcomes and long-term sustainability.
- Beyondly share their knowledge on Carbon and Energy, Packing Sustainability, Zero Waste to Landfill and ESG and advise businesses to become more confident about their environmental strategies.
- Logistics Manager's Sustainable Supply Chain Conference will be taking place on the 10th of May 2023 in London and will showcase the various strategies that businesses can deploy to meet their ESG goals.
- Uniserve Group have committed to Net Zero emissions by 2050 and has entered the Race to Zero.
- Uniserve's commitment to sustainability is at the heart of all our business operations. As the UK's largest privately-owned logistics business, Uniserve has a responsibility to safeguard the environment – through corporate responsible business practices and our commitment to meeting the UN Global Compact and UN Sustainable Development Goals.
- To achieve these goals, Uniserve's sustainability model focuses on the following four key areas:
  - Social Governance: Human rights risk situations / Human development and training in the workplace
  - Environmental Control: Preventing Pollution / Climate change mitigation
  - Circular product life: Sustainable resource use & recycling
  - Corporate Governance: Quality / Health & Safety at Work / Compliance
- Uniserve have a dedicated Quality and Environmental team to support Uniserve's sustainability model with the following milestone objectives for ISO 9001 & ISO 14001:
  - Air Freight & Transport Divisions Q4 2022
  - Tilbury Mega Terminal Q4 2022
  - FMDC Warehouse and Storage Facility Q2 2023
  - Container Storage Q2 2023





## WAREHOUSING & TRANSPORT UPDATE

### KEY TOPICS

#### TRANSPORT

- In a move towards sustainability and a reduction in direct carbon emissions, organisations in the logistics industry continue to review their environmental impact and consider how they can better track and report progress towards more sustainable operations.
- All of Uniserve's vehicles are fitted with Samsara in-vehicle technology providing real time track & trace.
- 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.
- Samsara Inc. has recently launched new and enhanced features which provide fleet managers with additional data-driven insights with the goal of reducing emissions.

- Overall, Samsara customers can benefit from these features alongside the existing Fuel & Energy Report, Driver Efficiency Report, Idling Events Report, Fleet Benchmarks Report etc.

#### SKILLS & LABOUR

- The logistics sector has faced many challenges over the years, with labour and skills shortage remaining at the top of the agenda.
- 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.
- UKWA is joining forces with partners St Modwen Logistics and Savills to launch 'The Big Industrial & Logistics Skills Survey 2023'. The project will consist of qualitative and quantitative research and will aim to expose the difficulties employees face within the sector and dispel prevailing myths about employment in the field.
- The survey will eventually become a White Paper and will be circulated round the media in Q4.





## UNIEUROPE OVERVIEW

### UNIDRINKS / EUROPEAN TRANSPORT

#### Spanish truck driver's shortage

- The driver's shortage is a global issue but the situation in Spain can be worse as 80% of freight is transported by road. According to Ramon Valdivia, executive vice president of IRU, more than 70% of Spanish truck drivers are over 50 years old.
- Spain has been trying to take some actions to improve this situation and attract more professionals to the sector but some of them take time to show effect. In 2020 Spain lowered the minimum driving age for truck drivers from 21 to 18 and in March of 2022 the Spanish government approved a new legislation banning the practice of drivers loading and unloading trucks over 7.5 tonnes. The government also aims to improve the infrastructure and safety in resting areas and truck parking places to offer better working conditions.
- For the short-term the CETM (Spanish Confederation of Freight Transport), together with ANFAC (Spanish Employers' Association of Car Manufacturers), are discussing with the

Spanish government to facilitate the granting of visas to foreign workers with a licence to drive trucks, mainly from Morocco and Latin America countries. The pilot programme to train and employ Moroccan truck drivers is one of the first to apply the new migration regulations of Spain and the number of truck drivers (man and women) that will benefit from this opportunity has yet to be determined. The drivers will begin their training in their country of origin and will complete it in Spain. Chosen drivers who complete the training will get a work contract for at least a year.





## UNIEUROPE OVERVIEW

### UNIDRINKS / EUROPEAN TRANSPORT

- Catalonia in Spain will extend the restrictions on trucks on the key arterial road the AP-7, to every day of the week. The Catalan Traffic Service (Transit) is seeking to further restrict heavy vehicle traffic on the AP-7 to decongest this road, which since 2021 has increased its traffic 26% for cars and 36% for trucks. The AP-7 is the key point of connection between the south of Spain (Algeciras) to the border with France, passing through Barcelona one of the biggest industrial zones of import and export in Spain. All goods from Barcelona exported to the UK have to go through this road.
- Limitations will apply to the AP-7 between 2023 and 2025 · New permanent restriction on heavy goods vehicles on the southern section of the AP-7 for 30 km between Calafat and Camarles (near Tarragona) HGV's can only drive in the right-hand lane every day of the week.
- Extension of the limitation to heavy goods vehicles on the Martorell-Gelida section, HGV's can only drive in the right-hand lane on Friday and Saturday and on the return journey on Sunday.
- A ban on heavy goods vehicles on the AP-7 during the month of July, both on important weekends and long weekends.
- Extension of restrictions on heavy goods vehicles on Fridays or the eve of public holidays at the exit of the metropolitan ring road, between Martorell and La Roca.
- Restrictions for heavy goods vehicles on Sundays on motorway sections where additional lanes are installed in the opposite direction, with the obligation to drive on the right and limit their speed to 80 km/h.





## UK TRANSPORT OVERVIEW

### UK TRANSPORT

- The good news is that the forecasted increase in Container volumes for April did come through to reality, giving the Container Transport Industry a much-needed boost. That said they are still well down compared to April last year. Forecast, for May is suggesting that again we will see a further small increase in volume.
- James Kemball has recently secured and gone live with a new weekly serviced route into Europe.
- The two new Renault Tractor that came into service last month which have the new Turbo Compound Engine fitted are doing extremely well on fuel with a circa 10% improvement against our existing Fleet.
- New Legislation being announced by Traffic Commissioner for UK has revealed that all new Trailers coming into service from 2025 must have fitted as standard an Electronic Brake Performance Monitoring System (EBPS)
- Prices for this equipment are yet to be known.
- James Kemball is supporting the Petition being initiated by the RHA to get better Roadside Facilities for Drivers
- Haulage Capacity is readily available across all ports in the UK and Train/Rail space is also available.





## ENVIRONMENTAL COMPLIANCE AND CONSULTANCY

### BEYONDLY

**From 1st April 2023 the UK Plastic Packaging Tax Rate will increase to £210.82 per tonne.**

- A year on from the introduction of the UK Plastic Packaging Tax (PPT), HMRC have declared the tax fee will increase from £200 to £210.82 per tonne for plastic packaging with less than 30% recycled content.
- The increase was announced as part of the Spring Budget 2023, and the rate of PPT will increase from 1st of April 2023 in line with the consumer Price Index. Producers will therefore first see the impact of price rise in tax returns during the Q1 2023/24 – July 2023.
- HMRC have confirmed that any retrospective returns or claims for tax credits for periods before 1 April 2023 will also be calculated at the rate of £200 per tonne.
- HMRC will likely continue to review guidance with support and feedback from key industry organisations and businesses, so businesses should aim to review guidance regularly. Key updates to tax guidance related to the definition and examples of Transport Packaging occurred last October and more recently

HMRC confirmed that there is no mandatory requirement to show that PPT has been paid on invoices.

- Many industry news outlets report there is still huge confusion within the supply chain over who is responsible to register and pay tax. Beyondly continue to support businesses throughout the supply chain with regards to PPT and have also found high uncertainty and misunderstanding with the legislation. At the end of September 2022, it was estimated only 2,600 business were registered with HMRC for Plastic Packaging Tax, which is significantly lower than HMRC's initial predictions of 20,000 liable businesses. With joint and several liabilities producers should be cautious to complete due diligence checks with suppliers to ensure they are not part of a supply chain where PPT is unpaid.
- **Avoid fines and allow Beyondly to fulfil your plastic tax responsibility by preparing your data for upload to the HMRC portal, enabling you to meet ongoing plastic tax requirements with ease.**
- For a non-obligatory proposal, get in touch with our team on [marketing@beyond.ly](mailto:marketing@beyond.ly) or for more information visit <https://www.beyond.ly/services/plastic-packaging-tax/>







**MULTIMODAL**

**AWARDS**

13TH JUNE 2023

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