



# **MARKET UPDATE**

## **UK & International**

### **AUGUST 2023**

## SNAPSHOT

### OCEAN:

The traditional peak season on Trans-Pacific is fast approaching. The common thinking is that lines will create a macro peak through a blank sailing programme, rather than a massive increase in output from the Far East and increased purchasing from the US. [\[read more\]](#)

Blank sailings in ISC through July have caused a slight surge in demand which will coincide with GRIs for August 2023. [\[read more\]](#)

### AIR:

The second quarter of 2023 ended with improved volumes compared to the first quarter. Air cargo demand remains soft for general cargo due to this time of year being traditionally the slack season. This is expected to continue into the next month, prior to the anticipated improvement towards the end of third quarter. The good news is that there are no capacity issues. [\[read more\]](#)

India, Pakistan, and Sri-Lanka have stable movement of cargo and no increases expected on pricing for August 2023 but the Bangladesh market is volatile. [\[read more\]](#)

### WAREHOUSING & TRANSPORT:

Artificial intelligence (AI) has come a long way in recent years, and one of the most exciting developments in this field is the rise of the new AI chatbot, ChatGPT. But what role can it play in the logistics industry? [\[read more\]](#)

13% of carbon emissions in the supply chain come from the warehouse. Therefore, Environmental and Social Governance (ESG) should be at the top of all business agendas in the warehouse and logistics sector. [\[read more\]](#)

### EUROPEAN TRANSPORT:

Reformed [HGV levy](#) come into effect 1st August 2023. Plus the heatwave continues to affect Europe. [\[read more\]](#)

### ENVIRONMENTAL COMPLIANCE:

Following their recent rebrand from Comply Direct to Beyondly, the company continues to evolve, strengthening the board with a new commercial director position. [\[read more\]](#)

### CUSTOMS INSIGHTS:

A change to [import excise rates](#) takes effect.



## OCEAN FREIGHT GLOBAL MARKET OVERVIEW

### GLOBAL MARKET OVERVIEW

#### NORTH AMERICA

- Like the rest of the west, there's been a shift in consumer spending from goods to services. That, combined with some economic trepidation has meant weaker retail figures. Labour disputes within the industry are getting resolved bit by bit.
- We have heard reports of low stock/empty shelves. These are not a result of supply chain issues, rather they are a result of purchasing hesitancy amongst company buying teams. So, there is money in the US, and people are prepared to spend, but sometimes what they want to buy simply isn't available...An interesting phenomenon.
- Inflation in the USA seems to be under control at 2.97%. That's a great achievement that further adds to consumer confidence.
- With the traditional peak season on the Trans-Pacific fast approaching freight rates continue to climb, up at around 12% per week as we head into August. The common thinking suggests lines will create a macro peak through a blank sailing programme, rather than a massive increase in output from the Far East and increased purchasing from the US. With reports of low stock and empty shelves there is definitely some optimism that a change in consumer spending is not too far away.

#### EUROPE

- A significant move by Ocean Carriers in August will see the implementation of a GRI on the Far East to North Europe trade lane. Freight rates on the route are expected to double and although the news was met with some scepticism when announced in early July, carriers have pressed ahead with the rate increase. It remains to be seen how long they will be able to hold out for, especially with demand so low and no annual peak season rush however it's clear for August that the GRI will remain in place.
- With over half a million teu added to its fleet since January, and an orderbook of 1.5m teu, MSC is ramping up its standalone network in Europe ahead of the demise of the 2M Alliance. Following the reinstatement of its Asia-North Europe Swan service last month, which it operates outside the 2M's five-loop alliance, MSC has decided to add the key cargo volume ports of Busan and Bremerhaven to the service, thus increasing the competition with the alliance vessels. MSC received some 125,000 teu of newbuild vessels last month, including two of 24,000 teu and it is difficult to see how MSC will be able to deploy all the new tonnage to alliance routes, which suggests the carrier may need to launch more standalone services across its global network to utilise the newbuild tonnage. Nevertheless, despite generally slow demand globally, MSC has been extremely proactive in recent weeks in upgrading its service network.



## OCEAN FREIGHT GLOBAL MARKET OVERVIEW

### GLOBAL MARKET OVERVIEW

- The ongoing strike action at ports across Canada's west coast has caused severe disruption to industry as well as carrier services which have been forced to divert throughout July with concern mounting that failure to reach an agreement would result in government interference with "back to work" legislation being muted. After a compromise solution was rejected by officials on 22nd July concern was mounting that failure to reach a deal swiftly would open the door to another work stoppage at two of Canada's top three ocean gateways however there is growing belief now that the latest agreement will be accepted by ILWU members.
- The new initiative is seen as a far more conclusive campaign to reduce ship emissions than anything agreed at the IMO this month. The new measures force passenger ships and container vessels to plug into shore power, running their systems on grid electricity, ensuring they will not emit exhaust gases while alongside.





## OCEAN FREIGHT GLOBAL MARKET OVERVIEW

### GLOBAL MARKET OVERVIEW...CONTINUED

#### INDIAN SUBCONTINENT

##### HOT TOPICS

- The outlook for shipping remains mixed across ISC. Cargo growth is weak, but capacity is currently the most important factor to watch. Blank sailings in ISC through July have caused a slight surge in demand which will coincide with GRIs for August 2023.
- Ex India Market conditions are volatile concerning rates and volumes.
- Ex Pakistan empty equipment is tight due to reduced imports, except in Karachi, where equipment is available.
- Carriers have mostly announced rate increases from ISC to North & South Europe.
- Mundra Port in Gujarat, India's largest commercial port, has been impacted by a recent cyclone, resulting in significant delays. Carriers have had to constantly shuffle gate cutoff or cargo carting windows for vessels in recent weeks, making shipment planning increasingly onerous for exporters and freight forwarders.



## OCEAN FREIGHT GLOBAL MARKET OVERVIEW

### GLOBAL MARKET OVERVIEW...CONTINUED

#### INDIAN SUBCONTINENT

##### UPDATE

- Hyundai Merchant Marine (HMM) recently announced that it will start a lane that will cover service from Asia to India and the Mediterranean Sea region in early August as demand is growing in this region. The first sailing will depart from Busan on August 6th. The carrier will implement their own string of ships of between 8,000 and 11,000 TEUs. A roundtrip on this new Far East-India-Med (FIM) service will be 84 days. India has shown great promise as a growing market. Their 7% annual growth has gathered interest from many carriers and investors as it is currently the highest in the world. In comparison, volume on Asia-North Europe rose only 2.4% in April to 882,000 TEUs.
- The new strategy, dubbed the "2023 IMO GHG Strategy" has been approved after all 175 member states of the IMO came to a unanimous agreement on the new rules. Included in the new plan is a new target: get carbon emissions from shipping vessels to net zero "close to 2050."

Here's what's in the new IMO agreement:

- Promotion of clean and low-carbon fuel alternatives over traditional fuel sources.
- By 2030, the shipping industry has a target to achieve 5% to 10% of energy from non-fossil fuel sources.
- Carbon dioxide (CO2) emissions will be reduced by a minimum of 40% by 2030 (compared to 2008 levels)
- Annually, CO2 emissions would be reduced 20 to 30% by 2030.
- By 2040, CO2 emissions would be reduced by 70% to 80% yearly.





## AIR FREIGHT MARKET OVERVIEW & REGIONAL REVIEW

### AIR FREIGHT SUMMARY

- Business Outlook Reports published this month indicate that confidence for the coming 12 months remains higher in the UK than the majority of other Global markets. However, most continue to reference persistent inflation, high interest rates and strong labour market as the key economic challenges for that period.
- We have seen some recovery of volumes ex China through July, with some specific projects and influences in other regions. Overall, the market remains hard to predict with airlines doing their best to maintain yields and reacting quickly if the opportunity to increase rates appears, Bangladesh being a current example of where this is happening.
- Markets continues to remain stable across the Far East with both the US and Europe markets still not showing signs of improvement. Rates continue to follow previous month's figures with only slight variations on specific routings predominately Ex China. Space continues to remain open across the board although there has been a recent spike in volume Ex Vietnam to the USA, which is expected to continue with the Trans-Pacific peak season approaching.
- Cathay Pacific is grappling with flat demand and a steep increase in cargo capacity, but cargo volumes continued to pick up as capacity recovered from last year's lows. The airline carried 111,210 tonnes of cargo in June 2023, an increase of 6.4%

compared with June 2022. The month's cargo revenue tonne kms (RFTKs) increased 16.3% year on year. However, the cargo load factor decreased by 6.7 percentage points to 61.7%, while capacity, measured in available cargo tonne kilometres (AFTKs), increased by 29% year on year. Chief customer and commercial officer Lavinia Lau commented: "For cargo, the summer season is typically a slower period. As expected, overall demand in June remained flat, although e-commerce remains the bright spot and has helped maintain volumes."



## AIR FREIGHT MARKET OVERVIEW & REGIONAL REVIEW

### AIR FREIGHT SUMMARY...CONTINUED

- New UK based Freightier Operator ONE Air welcomes its inaugural flight Ex China to the UK as it continues its expansion. The inaugural commercial flight carrying 100 tonnes landed at Heathrow from Jinan Shadong. The second freighter is expected to be added before the end of the year. One Air anticipates regular demand for flights from the UK to Europe, the Middle East, and Asia regions, with services to China and the US to follow.
- Hong Kong Air Cargo (HKC) has opened a new Greater Bay Area Office (GBA Office) in Shenzhen to expand its business in the region. chairman and president of HKC, ZHANG Youqiang, said: "The opening of our GBA Office in Shenzhen is a strategic move for HKC's growth and expansion. As a Hong Kong-based air cargo carrier, we are dedicated to serving the GBA market and enhancing Hong Kong's connectivity with the mainland and the world." Establishing the GBA Office is in line with the outline of 14th Five-Year Plan, which aims to promote the high-quality development of the Guangdong-Hong Kong-Macao Greater Bay Area and strengthen Hong Kong's position as an international aviation hub.

### INDIAN SUBCONTINENT

- Airlines are hoping if key economies can avoid serious recessions – demand will recover to more typical levels and seasonality will return in 2023 as inventories normalize.
- India, Pakistan, and Sri-Lanka have stable movement of cargo and no increases expected on pricing for Aug, 2023.





## AIR FREIGHT MARKET OVERVIEW & REGIONAL REVIEW

### AIR FREIGHT SUMMARY...CONTINUED

#### INDIAN SUBCONTINENT

- Ex Pakistan Virgin Atlantic has stopped operations and British Airways has reduced weekly frequency. Space situation is still normal, and the mango movement will be completed by mid-Aug,2023.
- Ex Bangladesh market is volatile, and the rates are increasing constantly. Most of the carriers had taken off their freighters from Dhaka barring QR owing to the soft market. But there has been an increased demand for seasonal fruits and perishables which are preferred by airlines. Upcoming general election in January may be contributing to this surge in demand, as political activities have commenced, and customers wish to receive their goods before it escalates.
- Tata Group's revamped Air India is looking at a three-fold increase in cargo handling capacity over the next five years. That push signals aggressive market share and network enhancement competition among cargo airlines serving the emerging region. Air India estimates its belly capacity will reach 2m tonnes when more aircraft have joined its fleet. The carrier has some 470 aircraft on order from Airbus and Boeing, with deliveries mostly scheduled to begin in 2025. Air India is negotiating a deal to acquire five freighters, most likely from Airbus, with sources close to Tata hinting at a freighter announcement shortly. The carrier – in the midst of a massive makeover – believes the capacity expansion will boost India's export trade, propelled by made-in-India manufacturing prospects and growing trade diversification.
- During the first five months of 2023, Bangladesh's leather apparel and accessories exports reached a noteworthy \$174.328 million. Interestingly, India has become a more significant market than the United States, a shift from the usual trend. India and the US comprised 22.30 per cent and 19.75 per cent of these exports, respectively. However, in 2022, the US and India were the first and second largest markets for Bangladesh's total leather exports, which amounted to \$474.555 million.
- After a free trade deal last year, India and the UAE are looking to further consolidate economic ties, as bilateral shipments show signs of an acceleration. Both countries in July,2023 agreed to start transacting exports/imports in their own currencies, the rupee and dirham, instead of dollar payments generally done through the SWIFT network. The framework will also seek to streamline payment services in both countries through linking their instant payment platforms, local payment card systems and financial messaging systems.



## WAREHOUSING & TRANSPORT UPDATE

### KEY TOPICS

- Artificial intelligence (AI) has come a long way in recent years, and one of the most exciting developments in this field is the rise of the new AI chatbot, [ChatGPT](#).
- Netflix had to wait 3 years to hit 1 million users, whereas ChatGPT reached 100 million users just two months after launching, making it the fastest-growing platform in history. But what role can it play in the logistics industry?
- ChatGPT itself states that it can support companies in logistics and provide numerous benefits by increasing efficiency, improving warehouse management, automating processes, enhancing customer satisfaction, and reducing costs.
- It is evident that there are numerous opportunities for the logistics industry to increase efficiency with AI.
- Uniserve have a demonstrable history of investment in technology and embracing innovative solutions, working in partnership with clients to drive value through the supply chain.
- Over the last year Uniserve have been reviewing solutions which provide the capability of delivering warehouse automation. Options under consideration include robot-based goods-to-person order pick and fulfilment along with an automated hanging rail solution.
- We may expect to see more AI developments in the logistics sector in the future as new technologies and algorithms are developed.





## WAREHOUSING & TRANSPORT UPDATE

### KEY TOPICS

#### SUSTAINABILITY

- In June 2019, the UK government legislated a net zero emissions target by 2050.
- 13% of carbon emissions in the supply chain come from the warehouse. Therefore, Environmental and Social Governance (ESG) should be at the top of all business agendas in the warehouse and logistics sector.
- 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.

#### 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 which allow us to obtain real-time access to their fuel statistics.
- The state-of-the-art telematics system 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.



## UNIEUROPE OVERVIEW

### EUROPEAN TRANSPORT

- The HGV (Heavy Goods Vehicle) [levy](#), abandoned at the beginning of the Covid-19 pandemic, is to be reintroduced from 1st of August 2023. The amount charged will depend on the weight of the vehicle, including the weight of a trailer if a rigid vehicle is pulling one; its Euro emissions class and the amount of time spend in the UK.
- The HGV levy ensures all HGVs from 12 tonnes and over contribute when they use UK roads. Non-UK HGVs can use the HGV levy payment service to pay in advance for trips they will make from 1st of August onwards. For UK registered vehicles, both the HGV levy suspension and restart in August will be applied automatically by DVLA. The UK government website advice that drivers should only make a SORN (statutory off-road notification) for a vehicle subject to the HGV levy if they do not intend using the vehicle for the rest of the levy period.
- Since 1st of February 2019, less polluting lorries have paid cheaper levies. The newest lorries generate 80% less nitrogen oxide (NOx) emissions than older ones. So, lorries meeting the latest Euro VI emissions standards are now eligible for a 10% reduction in the cost of the HGV levy. Euro Class V and older vehicles must pay up to 20% more.





## UNIEUROPE OVERVIEW

### EUROPEAN TRANSPORT

- Europe is facing sweltering temperatures and a heatwave named Cerberus is affecting many countries. The extreme weather conditions have significant impacts on transportation and logistics.
- There is an extreme heat stress in Germany and Italy due to a blocking high-pressure system, linked to climate change. This heat dome phenomenon is causing dry and stable conditions, raising temperatures above average across southern and western Europe, and is expected to expand to north-eastern Europe. Greece is bracing for more intense heat, with meteorologists warning that temperatures could climb as high as 45C.
- The rising temperatures and sinking water levels on the critical Rhine River in Europe pose significant risks for transportation, especially for energy commodities. Low water levels can restrict barge volumes and increase transportation costs. Climate change is increasing the frequency of extreme weather events in Europe, such as record-breaking heatwaves, which further emphasizes the need for climate resilience and adaptation measures in the transport and logistics sector.
- Uniserve offers Temperature-controlled transport and monitoring for both chilled and ambient goods by road or, rail and short sea. Uniserve can also provide thermal liners for trucks and individual pallets to protect them against temperature shock.
- You can contact [unieuropecommercial@ugroup.co.uk](mailto:unieuropecommercial@ugroup.co.uk) to enquire about how Uniserve can assist with your logistics needs.



## UK TRANSPORT OVERVIEW

### UK TRANSPORT

- July has seen a significant downturn in volume of Container Traffic with some Hauliers reporting circa 25% down compared to June. Forecast for August is suggesting that volumes will remain low for the month.
- Capacity in all sectors of the Transport industry is high with many companies struggling to find consistent weekly volumes.
- The Government Transport Levy to come into force on the 1st August 2023 resulting in an increase to all UK Hauliers of between £576.00 and £749.00 per annum per truck depending on Truck being Euro 5 or Euro 6 class. An increase that the industry could well do without at this time of other cost increases and pressure on rates.





## ENVIRONMENTAL COMPLIANCE AND CONSULTANCY

### BEYONDLY

#### Beyondly welcomes new Commercial Director, Oksana Rigby.

- As previously communicated, from 1 April 2023, Jessica Aldersley, previously Director of Talent, Culture and Operations, took the reins as Managing Director. This followed the departure of previous MD Sarah Foster, as she moved to pastures new after 9 very happy and fulfilling years with the business.
- Last month, Beyondly further enhanced its board to introduce a Commercial Director role, filled by Oksana Rigby, who will work closely with the Managing Director to define the commercial business strategy and ensure accelerated, sustainable organisational growth. Oksana brings multiple years of commercial experience at board level in the environmental sector.
- Oksana will shortly be contacting our customers and suppliers as relevant to make introductions and is available to support with commercial contract and/or procurement queries at any time. You can contact Oksana by email at [Oksana.r@beyond.ly](mailto:Oksana.r@beyond.ly) or by calling 07415755224.
- Oksana expressed her thoughts and enthusiasm for joining Beyondly as commercial director at a significant time of growth for the business: "I am delighted to take up the new role of commercial director at Beyondly.
- I join from a leading provider of recycling and resource recovery

*solutions, where I have worked for the past 6 years and served as Senior Commercial Manager covering the UK and Europe. Since the beginning of my career, I have worked within sustainability sector – whether it was diverting resources away from landfill and giving them a new life through recycling solutions or reusing them for production of energy as biomass fuel. I am passionate about this sector and being surrounded by like-minded people as we work to the common purpose of achieving a circular economy.*

- *I will provide strategic leadership and support to the Beyondly team, to continue evolving and striving towards our vision of creating a better, fairer, sustainable world for all."*
- You can visit our website and meet the full team [here](#).



## CUSTOMS INSIGHTS

### CUSTOMS

- As announced at Spring Budget 2023, the government will increase the duty rates under the revised duty structure for alcohol products being introduced from 1 August 2023 in line with the Retail Price Index (RPI). This includes all alcoholic products produced in, or imported into, the UK.
- The government will also increase the value of Draught Relief from 5% to 9.2% for qualifying beer and cider products and from 20% to 23% for qualifying wine, other fermented products (previously made wine) and spirits.
- All changes will take effect from 1 August 2023.
- Alcohol Duty rates have remained frozen since Autumn Budget 2020. On 19 December 2022, the government extended the current Alcohol Duty freeze by 6 months from 1 February to 1 August 2023 provide certainty to businesses.
- Although the public finances assume a RPI increase each February, in practice the government has enacted numerous cuts or freezes to alcohol duties over the past decade.







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