



MARKET UPDATE

UK & International

SEPTEMBER 2023

SNAPSHOT

OCEAN:

The ambitious August GRI's from carriers have not been successful with rates on the Far East to North Europe trade lane continuing to fall as we head into September. Over in the US it appears that a similar pattern will follow with a planned GRI on the Trans-Pacific route set to be implemented for 1st September. [\[read more\]](#).

For ISC, more increases in spot ocean rates could be seen in Sept 2023 in the short term, but carriers are pointing to rates softening in the medium term due to the rising overcapacity across the global container shipping sector. [\[read more\]](#)

AIR:

Ex ISC, India & Pakistan market is quite stable with Bangladesh & Sri-Lanka seeing an increase in demand. [\[read more\]](#)

Rate levels have increased slightly in some of the Far East markets as we move into September, China being most affected at this stage. [\[read more\]](#)

WAREHOUSING & TRANSPORT:

The start of a massive solar panel installation project at our 750,000 sq ft Felixstowe Mega Distribution Centre (FMDC), sees Uniserve embark on another significant phase of its sustainability journey. [\[read more\]](#)

It is evident that the UK's road transport is the UK's largest contributor to greenhouse gas emissions, with 91% of those emissions originating from road transportation. [\[read more\]](#)

EUROPEAN TRANSPORT:

Gotthard rail tunnel, world's longest, is now partially closed after Swiss derailment. [\[read more\]](#)

CUSTOMS INSIGHTS:

A new phased approach for businesses moving export declarations to the Customs Declaration Service (CDS) has been **announced** by HM Revenue and Customs (HMRC).

OCEAN FREIGHT GLOBAL MARKET OVERVIEW

GLOBAL MARKET OVERVIEW

- The ambitious August GRI's from carriers have not been successful with rates on the Far East to North Europe trade lane continuing to fall as we head into September. Rates to all major UK / EU ports which had nearly doubled at the start of August had held firm for the first half of the month however since then they've continued to slide due to the lack of demand with all key market indicators showing a return close to previous Q3 rate levels. With Golden Week on the horizon more blank sailings are likely to be implemented as carriers try to keep a handle on the market.
- Over in the US it appears that a similar pattern will follow with a planned GRI on the Trans-Pacific route set to be introduced on the 1st September. Following on from previous months increases, the planned GRI has been met with some scepticism that the increase can be maintained for the whole of September, especially considering the current Trans-Pacific peak season hasn't hit the heights it was expected to. There is no change on the Trans-Atlantic trade lane either with rates continuing to follow previous months trends with additional capacity added over this year outweighing demand.
- The Panama Canal "drought" is not causing much disruption to US manufacturers or consumers at this stage, but the problem is not likely to go away anytime soon. With the restrictions on vessels transiting through now extended for at least the next 10 months it leaves many wondering how much of a longer term impact this will have on global trade as vessels look for alternative routings to avoid delays. The Panama Canal Authority announced the extension of restrictions recently as a result of an extended dry season which has led to significant number of vessels waiting to transit through the canal. Reports indicating anywhere from a total of 120 to 150 vessels waiting to transit, x as of the end of August. It remains to be seen what impact this will have on the industry moving into Q4.



OCEAN FREIGHT GLOBAL MARKET OVERVIEW

GLOBAL MARKET OVERVIEW

- The sale of Hyundai Merchant Marine has moved a step closer with four parties submitting official bids for acquisition of the Korean based carrier. Preliminary bidding has taken place with Hapag Lloyd the only other shipping line to have submitted a bid. Other bids, backed by private investment, include that of Harim Group an agricultural food specialist, Dongwon Group a fishing and logistics group and LX Group an electronic design and development company. It's thought a final decision on the sale of the carrier is set to be announced by the end of 2023 latest.
- In the Philippines the European Union has pledged an approximate 466 million euros to help efforts to reduce plastic wastes and switch to renewable energy. One of the possible projects under this EU initiative would be the development of new sanitary landfills and alternative means of waste treatment, such as co-processing of waste in cement plants and waste-to-energy.



OCEAN FREIGHT GLOBAL MARKET OVERVIEW

GLOBAL MARKET OVERVIEW...CONTINUED

INDIAN SUBCONTINENT

HOT TOPICS

For ISC, more increases in spot ocean rates could be seen in September 2023 in the short term, but carriers are pointing to rates softening in the medium term due to the rising overcapacity across the global container shipping sector.

Upcoming Golden Week in China in the beginning of October will have an impact on the shipping activity which will have an influence on ocean freight rate for a short period. Shippers might also face challenges on space and equipment availability ahead of Diwali holiday in November 2023.

Blank Sailings have become a normal trend in the shipping industry. See highlights below for major services:

- Indian Ocean Service (IOS)- MV Copiapo V3335W will omit Karachi, Pakistan. Imports will be discharged in Jebel Ali, UAE for further connection to their final port of delivery.
- Indian Ocean Service 3 (IO3)-MV CSCL Neptune V076W will omit Abu Dhabi, UAE. Imports will be discharged in Jebel Ali, UAE for further connection to their final port of delivery.
- Southeast India - Europe Express (IEX)-MV George Washington Bridge V022W will omit Krishnapatnam, India. Imports will be discharged in Colombo, Sri Lanka, for further connection to their final port of delivery.



AIR FREIGHT MARKET OVERVIEW & REGIONAL REVIEW

AIR FREIGHT SUMMARY

- As we move out of the summer, market expectations are that we will see an upturn in air freight demand as we approach year end. Although sea freight demand is softer than we might expect at this time of year, importers seem to be looking to air freight to help meet short term changes in demand which are hard to predict and plan for with any confidence currently.
- Golden week in China (29th September to 6th October) is expected to impact capacity and rates towards the end of September as factories and importers push to despatch orders prior to the holiday.
- We have seen a slight strengthening in demand from China and Hong Kong as we head into September. A buoyant e-commerce demand and the start of a few new product launches in the Hi-Tech industry have nudged rates upwards. As we head towards Golden Week in China the expectation is that rates will creep higher
- Volume Ex Vietnam has seen some increase on Intra- Asia trade however this is a result of the upcoming holiday period at the start of September than any emerging trend.
- Other origins in Southeast Asia remain stable, but a slight improvement in demand is expected throughout the month.
- US demand is expected to continue to increase over the coming month with peak-season and the continuing e-commerce sector providing a boost to the market.



AIR FREIGHT MARKET OVERVIEW & REGIONAL REVIEW

AIR FREIGHT SUMMARY...CONTINUED

- UK Customs are to adopt a phased approach to the switch to the new Customs Declaration System (CDS) but are urging exporters to start to prepare as far in advance as possible to avoid delays. The new system which exporters will now be required to use instead of CHIEF, will firstly be rolled out to high volume exporters by 30th November. Following that all other exporters have now been given an extended period to transit across, with a deadline of 30th March being set. HMRC have confirmed this is as a result of industry feedback it received on the back of the Imports switch last October.
- Etihad Cargo is expanding its footprint in China as it rolls out additional flights and increases capacity as the carrier looks to add more depth to its current Asian network. Etihad has added new weekly Boeing 777 freighter services to Ezhou Airport in Hubei province to its network, becoming the first international carrier to operate flights to China's first professional cargo airport. In total, the carrier now operates 10 freighter flights a week to mainland China. In addition to the freighter flights to Ezhou and Guangzhou, the carrier also offers eight weekly freighter flights to Shanghai.
- Positive news for Hong Kong as volumes continue to grow at Hong Kong International Airport. July saw the airport register year-on-year growth for a second month in a row. The airport saw its cargo volumes increase by 3.8% year on year in July to 361,000 tonnes, with export providing the largest contribution

to the increase. This is in stark contrast to the previous seven months of the year in which cargo volume declined by 4.2% year on year. By no means an indicator of a significant shift but definitely a positive for one of the world's largest Air Freight hub.



AIR FREIGHT MARKET OVERVIEW & REGIONAL REVIEW

AIR FREIGHT SUMMARY...CONTINUED

INDIAN SUBCONTINENT

HOT TOPICS

- Ex India space situation across is stable and there are currently no major rate increases being predicted for September 2023.
- Ex Bangladesh demand for air freight is currently moderate, and this trend is anticipated to persist in the upcoming weeks. Recently, a significant number of buyers have been transporting large volumes of cargo from the Bangladesh RMG market via air. Consequently, the market has shifted from a reasonable demand curve to a high demand curve. Airspace availability has become somewhat limited for many carriers. Furthermore, rates in the US and EU regions increased last week and have now stabilized at a higher point. At the DAC airport, all standard scanners are operating efficiently. There's no congestion, and all other operational activities are proceeding as usual.
- Ex Pakistan market is normal, and rates are stable in the market. We're expecting slight reduction in rates as mango season is almost closing so ample space will be available with the carriers.
- Ex Sri-Lanka we have seen an uptick in the demand and subsequently the rates due to increased pressure on Sea-Air movement for Bangladesh originating cargo. This trend will continue for 3-4 weeks.

GENERAL UPDATE

- Prince Mohammed bin Salman bin Abdulaziz Al Saud, Crown Prince, Prime Minister and Chairman of the Supreme Committee for Transport and Logistics Services launched the [master plan for logistics centres](#), which aims to further develop the infrastructure of the logistics sector in the Kingdom, diversify the local economy, and strengthen the position of the Kingdom as a leading investment destination and global logistics hub. The Master Logistics Centres Plan outlines 59 centres, spread across the key strategic regions of Saudi Arabia, with a total area exceeding 100 million square metres. These include 12 logistics centres for the Riyadh region, 12 for the Makkah region, 17 for the Eastern Province, and 18 across the remaining regions of the Kingdom. The ongoing work is focused on 21 centres, with the goal of completing all centres by 2030.
- UK & GCC FTA-The GCC was equivalent to the UK's 7th largest export market and total trade was worth £61.3 billion in 2022. An FTA will be a substantial economic opportunity and a significant moment in the UK-GCC relationship. [Government analysis](#) shows that, in the long run, a deal with the GCC is expected to increase trade by at least 16%. The fifth round of negotiations is expected to be hosted by the GCC later this year.



WAREHOUSING & TRANSPORT UPDATE

KEY TOPICS - SUSTAINABILITY - SOLAR PANELS AT FMDC

- In June 2019, the UK government legislated a net zero emissions target by 2050.
- Evidence shows that 13% of carbon emissions in logistics come from warehousing buildings. ESG – short for Environmental, Social and Governance - should therefore be a central focus for all business leaders in the logistics sector.
- In order to meet our sustainability objectives, Uniserve integrates ESG measures into every facet of our company's operations.
- The start of a massive solar panel installation project at our 750,000 sq ft Felixstowe Mega Distribution Centre (FMDC), sees Uniserve embark on another significant phase of its sustainability journey.
- The project is scheduled to be finished by the end of 2023 after installation got under way in June. An impressive peak output of 2.5 MW of clean, renewable energy will be produced by the project, which will include the placement of 5,500 solar panels throughout FMDC's expansive rooftop.
- This £2 million pound investment into sustainability demonstrates how Uniserve is constantly striving to reduce its carbon footprint.
- As a result of this solar panels installation project, FMDC is projected to save a staggering 507,927 kg of CO2 each year, equivalent to the weight of 42 London Buses.
- Keep track on the installation project by viewing the time lapse footage on our website: uniserve.co.uk/solar-panel-installation/



WAREHOUSING & TRANSPORT UPDATE

KEY TOPICS - SEPTEMBER SUSTAINABILITY SPECIAL

WAREHOUSE - SUSTAINABILITY

- The need to concentrate on warehousing is now more important than ever as sustainability becomes a top concern for business leaders.
- Every facet of warehouse operations needs a sustainability makeover, including energy consumption, waste management, transportation emissions, packaging materials, and space utilisation. For example, how warehouses dispose of consumables should be a crucial part of sustainability audits.
- 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, our Northampton DC currently uses Amenities Environmental Services to manage waste solutions.
- Located on the Brackmills Industrial Estate, less than a mile from our Northampton DC, Amenities Environmental Services has extensive experience operating as recycling and waste reprocessing solutions for businesses.
- Their recycling and waste management solutions are designed to minimise costs while maximising levels of recycling and, therefore minimising waste to landfill.

- Amenities Environmental Services collects and eliminates all waste materials. The status of non-compliant products will be tracked on Uniserve's WMS, providing visibility to our customers.

TRANSPORT - SUSTAINABILITY

- It is evident that the UK's road transport is the UK's largest contributor to greenhouse gas emissions, with 91% of those emissions originating from road transportation.
- According to a study by the Transport and Environment organisation, the average emissions of an electric car in the UK are approximately 58% lower than the average petrol car.
- To increase the sustainability of all our transport operations, Uniserve have commissioned a review of our carbon output.
- For example, Uniserve have banned fuel-only vehicles from its company car fleet and promotes employees to choose all-electric vehicles over hybrids.
- The use of electric vehicles allows Uniserve to become involved in innovative transport developments that are addressing environmental issues.



UNIEUROPE OVERVIEW

EUROPEAN TRANSPORT

Gotthard rail tunnel, world's longest, is now partially closed after Swiss derailment.

On 10th August, sixteen cars derailed inside Gotthard Base Tunnel in the southern Ticino region in Switzerland. The accident caused the temporary closure of both tunnels. No one was injured in the derailment, but the damage was considerable: most of the 16 carriages that came off the tracks are still stuck in the tunnel. The train was carrying a significant amount of wine, which partly flooded the tracks.

Switzerland's Gotthard Base Tunnel is the world's longest (and deepest) railway tunnel. Opened in 2016 after 17 years of construction, it consists of two 57.1km single-track tunnels for freight trains and passenger trains. The tunnel is a crucial thoroughfare for goods and cargo, particularly between Germany to the north and Italy to the south. In 2022, more than two-thirds of rail freight traffic through the Alps passed through the tunnel, according to the Swiss government.

The accident involved a train of 30 freight wagons that had been assembled in Italy, and had been checked on arrival in Chiasso, where SBB Cargo took over the train, and re-assembled the wagons into a new train. From Wednesday 23rd August, freight

traffic can use the undamaged east tunnel. The partially re-opened for around 100 freight trains a day (the route can handle up to 260 freight trains and 65 passenger trains a day, travelling at up to 250km/h).

SBB plans that both bores of the tunnel will open for a limited rail service at the beginning of next year. An investigation is being led by the Swiss authorities. SBB said that in total, around 8km (4.9 miles) of track and 20,000 concrete sleepers needed to be replaced.

Uniserve continues to provide intermodal services from Italy with minimal disruption due to our diversified routing strategy that includes multiple trans alpine crossing routes. Please contact UniEuropecommercial@ugroup.co.uk for more information and options to avoid congestion and delays with Italian rail cargo.



UNIEUROPE OVERVIEW

EUROPEAN TRANSPORT

European Road Freight Rates Decline: Q2 2023 Marks

European road freight rates are experiencing a decline, with Q2 2023 seeing spot rates falling below contract rates for the first time in six years. This decline is attributed to reduced road freight demand due to high consumer prices and slow wage growth. The contract market has experienced smaller rate falls compared to the spot market due to elevated costs. Despite a slight easing of driver shortages in 2023, the shortage still impacts rates. The outlook suggests further demand reduction and capacity increase, leading to potential rate drops in the spot market.



UK TRANSPORT OVERVIEW

UK TRANSPORT

- August volumes for Container Transport have increased slightly month on month as we start to see the Christmas volumes arriving in the UK. However, forecasts are suggesting that this slight increase in volume is not going to be maintained for the rest of the year.
- Capacity in all sectors of the Transport industry remains high with many companies struggling to find consistent weekly volumes.
- August has seen Diesel prices on the rise again with average prices now 12 pence per litre higher than at the beginning of July.
- James Kemball Container Transport continue to work hard in the market have and have been successful in picking up new business with two new clients over recent weeks.



ENVIRONMENTAL COMPLIANCE AND CONSULTANCY

BEYONDLY

Main EPR Regulations deferred until 2025 and consultation launched!

- On 25 July 2023, DEFRA confirmed that EPR waste management fees due to be raised on obligated household and commonly placed in public bins packaging have been deferred until 2025.
- Consequently, DEFRA announced the 'Main EPR Regulations' have also been deferred, this being the only regulatory way to delay the EPR waste management fee aspect of EPR implementation. As a result, Defra have confirmed that the existing Producer Responsibility Regulations will remain in place in 2024 as a means of ensuring that the current PRN system continues to fund the recycling of packaging when it becomes waste.
- As a result of this update, the 2024 compliance year will look slightly different with producers required to:
- Comply with the Producer Responsibility Packaging Waste Regulations which have been in force to date, and which require the submission of the previous calendar year's data in the data tables format. If you are obligated under these regulations, you will be required to submit your 2023 calendar year packaging data in the data tables format in 2024 as you have done previously. This will form your PRN obligation and will be your only financial obligation in 2024.
- Comply with the 2023 EPR Packaging Data Reporting Regulations: If you are obligated under these regulations, you will be required to submit 2023 placed on market packaging data in the new EPR format. This will be as two bi-annual submissions for large organisations and one annual submission for small organisations. There will be no financial obligation associated with the submission of this 2023 packaging data.
- For some producers, this will mean that 3 data submissions are required for the 2024 compliance year.
- The Government intends to use the additional year to further engage with industry and continue to discuss the design of the EPR scheme administration and will be looking to gather feedback in their recently launched 10-week consultation, published 28 July 2023, **Draft producer responsibility obligations (packaging and packaging waste) regulations 2024**.
- [You can read more about the consultation here.](#)



ENVIRONMENTAL COMPLIANCE AND CONSULTANCY

BEYONDLY

- Whilst this update from Defra will result in additional data reporting requirements in 2024, taking a positive approach to this news, DEFRA have confirmed the decision to delay payments for EPR by a year will form part of the efforts to 'reduce inflation'.
- Emma Wilkinson, Regulatory Affairs Leader at Beyondly also comments: *"It provides producers and industry with the much-needed opportunity to budget and prepare for the EPR waste management fees that will now be introduced in 2025. We want a system that is robust, efficient, and successful at increasing recycling rates, accelerating us towards a circular economy, that will ultimately drive us towards decarbonisation. So, we encourage all stakeholders to seize this opportunity to ensure the best chance of success at implementing EPR for packaging, and Beyondly is here ready to support this collective effort."*

Emma Wilkinson, Regulatory Affairs Leader, appointed PSF chair

- Emma Wilkinson has begun her role as chair of the Packaging Scheme Forum (PSF) and is excited to drive collaboration amongst packaging schemes and collectively, influence the transition to Extended Producer Responsibility (EPR).
- The PSF was set up in 2019 and includes 45 compliance schemes who collectively represent 97% of producers registered under the Packaging Regulations in the UK. The PSF plays a fundamental role in providing an opportunity for open discussion and collaboration, between industry bodies, packaging compliance schemes and government, as we navigate the changing packaging compliance regulations. The forum holds significant expertise in regulatory affairs and is therefore ideally placed to work alongside Defra to ensure the best results for the industry.
- Emma takes on this role in advance of the main EPR regulations being deferred until 2025 and the launch of a 10-week consultation, therefore is enthusiastic to ensure the PSF takes this opportunity to support in creating a system that is robust, efficient and successful, accelerating us towards a circular economy.



ENVIRONMENTAL COMPLIANCE AND CONSULTANCY

BEYONDLY

- Emma, expressed her thoughts and enthusiasm on becoming chair of the PSF: *"Taking on the role of chair of the Packaging Scheme Forum really is a privilege, and I am excited to lead this collective effort between compliance schemes to improve packaging regulation and enforcement in the UK. By fostering collaboration and engaging key stakeholders, we will work together to lead the transition to Extended Producer Responsibility (EPR) for packaging compliance, ensuring that navigating the changing regulatory landscape is a combined approach and as easy as possible for all. I am committed to effective collaboration between compliance schemes and key stakeholders. Driving positive change towards a circular economy is key, and I'm passionate about making progress by contributing to the development of compliance systems that work for producers, schemes and ultimately the planet."*
- Beyondly endeavour to act as a producer's complete environmental solutions partner, also offering consultancy services to help business contribute to a circular economy, achieve net zero and become a business fit for the future.
- For more information on our Packaging Compliance solution, click [here](#).





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