



MARKET UPDATE

UK & International

FEBRUARY 2024



UNISERVE MARKET UPDATE

JANUARY 2024

SNAPSHOT

OCEAN:

- Ex ISC pricing & space for Ocean Freight remains a challenge due to the ongoing Red Sea Situation with schedules stable now.
- Whilst the Red Sea crisis shows no signs of letting up, weak demand in the market means rates for the Asia – Europe trade lane have reached their Pre-Lunar New Year peak.
- Hapag Lloyd and Maersk Line have announced a new operational agreement set to come into effect from February 2025, named the Gemini Cooperation. [[read more](#)]

AIR:

- With Lunar New Year on the horizon an expected downturn in demand is expected to soften the market across the Far East in the second half of February.
- Ex ISC we are seeing an uptick in large Air Freight movements due to the Red-Sea Crisis. [[read more](#)]

WAREHOUSING & TRANSPORT:

- Felixstowe Mega DC Expo [[read more](#)]

EUROPEAN TRANSPORT:

- Road across Europe
- Truck and bus CO2 levels
- Border waiting times [[read more](#)]

ENVIRONMENTAL COMPLIANCE:

- Science Based targets Initiative update to the SME route [[read more](#)]

ONE WORLD:

- Embracing Cradle-to-Cradle: A Shift Towards a Circular Economy. [[read more](#)]

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OCEAN FREIGHT GLOBAL MARKET OVERVIEW

GLOBAL MARKET OVERVIEW

- Whilst the Red Sea crisis shows no signs of letting up, weak demand in the market means rates for the Asia – Europe trade lane have reached their Pre-Lunar New Year peak. With all major carriers now diverting their vessels around the Cape of Good Hope and transit times Ex Far East to Europe averaging an additional 10-14 days, the demand up to Lunar New Year has been strong with vessels coming out at capacity.
- Hapag Lloyd and Maersk Line have announced a new operational agreement set to come into effect from February 2025, named the Gemini Cooperation. The partnership which will comprise of around 290 vessels with a combined capacity of 3.4 million containers (TEU) will see Maersk control 60 percent and Hapag-Lloyd 40 percent of the partnership. The cooperation will cover 7 trades: Asia / North Europe, Asia / Mediterranean, Middle East – India / Europe, Asia / Middle East, Asia / US East Coast, Asia / US West Coast and Transatlantic and comprise of 26 mainline services with the ambitious target of delivering a schedule reliability of above 90% once the network is fully phased in. It remains to be seen how the other mainstream carriers will react to this, especially with the sale of South Korean carrier HMM on the horizon in early 2024.
- Container carriers are shifting away from

owned tonnage vessels with a newbuild ordering spree in the past few years that has seen a significant increase in the amount of direct liner owned vessels. Currently about 80% of the orderbook is liner company owned which is a significant increase in comparison to historically liner companies owing around 55% of ordered tonnage. This swing displays that liner companies, have focused investment on newbuilds over the past few years, reducing exposure to the charter market. The impact this is likely to have on the market is still unknown especially with overall demand so low but the increased orderbook of newbuilds is certainly going to change the landscape through 2024 and beyond.

- Expected Trans-Atlantic surcharges have been delayed as weak demand and overcapacity forces carriers hand. Carriers in the trans-Atlantic are delaying Red Sea-linked surcharges and rate increases aimed at covering equipment repositioning and rising vessel costs, an indication unfortunate, for them, supply-demand situation that continues to grip the westbound trade lane. Carriers including Hapag Lloyd, CMA and MSC have all announced plans to delay the expected surcharges on Trans-Atlantic trade until at least the start of February as it continues to monitor the knock of effect of the Red

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OCEAN FREIGHT GLOBAL MARKET OVERVIEW

GLOBAL MARKET OVERVIEW

Sea disruption, a clear sign of the ongoing impact the crisis is having on global trade.

INDIAN SUBCONTINENT

- Ex ISC pricing & space for Ocean Freight remains a challenge due to the ongoing Red Sea Situation with schedules stable now.
- Ex India grapes exports are going in full swing which is creating more space crunch on the vessels. Two-week advance planning is required to move the shipments. Currently, we do not see any equipment shortages. CMA & MSC has announced Peak Season Surcharge (PSS) ex- India to USA East Coast / USA Gulf

Coast / San Juan, Puerto Rico effective 12th Feb,2024 and same could follow for UK/Europe.

- Ex Bangladesh we are seeing shortage of equipment and rates are changing frequently.
- Ex Sri-Lanka space is limited & pricing is increasing rapidly.

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AIR FREIGHT MARKET OVERVIEW & REGIONAL REVIEW

AIR FREIGHT SUMMARY

Air freight demand in China and Hong Kong has gradually risen as we approach Lunar New Year on 10th February. Some factories are reporting earlier closure and a later return to work as order volumes are down. Rates will stay high as volumes are moved over the next one to two weeks, we are then seeing a slight softening on the short terms spot market. Typically, that is short lived as volume build again post holidays.

Over the past 10 days there has been a considerable increase in volume of airfreight moving from Bangladesh and India which has resulted in delays in uplift of cargo, along with increases to freight rates. The driver behind this situation is an increase of movements switched from ocean to air freight due to the situation in the Red Sea and resulting longer transits and disruption. Having taken a while to materialise it is now putting real pressure on the market.

Carriers set schedules for the first part of the year based on forecast volumes, with many moving freighters to other markets where demand and rates were expected to be more favourable. This leaves an increased demand to be met by scheduled passenger flights which cannot soak up the unexpected volume that has arisen. Over the last few days carriers have started to withdraw agreed rates, favouring a more dynamic approach to pricing almost shipment by shipment.

Inevitably, all the above has resulted in

increases to freight rates which are likely to persist for several weeks. With pressure coming off transshipment hubs as the Lunar New Year starts to impact volumes from that region, rates may stabilise. We will monitor the situation leading in to late February and March.

Sea Air Routings are becoming ever more popular on the back of the Red Sea crisis as shippers look at alternative cost and time effective solutions. With transit times Ex Far East into Europe averaging around 16-21 days it is around 40% faster than Sea Freight with increased transit times due to the diversion around the Cape of Good Hope and pricing is up to 40% cheaper than current Air Freight pricing due to the pre Lunar New Year peak with Dubai seen as the most popular Trans-shipment hub.

INDIAN SUBCONTINENT

- Ex ISC we are seeing an uptick in large Air Freight movements due to the Red-Sea Crisis.
- Ex India airlines are looking at substantial rate increases and validity on the rates is short term. Due to increased demand carriers are providing express option to secure space.
- Ex Bangladesh space situation is getting critical, and airlines are asking for advance bookings. Most of the airlines have no immediate space availability from hubs.

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AIR FREIGHT MARKET OVERVIEW & REGIONAL REVIEW

AIR FREIGHT SUMMARY

- Ex Pakistan the business volume is gradually increasing. Space is available with the carriers.
- Ex Sri-Lanka Airfreight rates are currently stable, although we expect there will be an increase in demand in the coming weeks, driven in part by Sea-Air volumes transhipping from Bangladesh.

Africa continues to show it's growing potential as cargo carriers report of a strong 2023 with plenty of untapped resources in their 2024 forecast. Africa has predominantly served as an import market, particularly from the Far East into the continent. However, there has been a dynamic shift with growing markets adapting to changing demands. Each country undergoes a regular transformation in the products it specialises in leading to great opportunity and whilst other regions faltered throughout 2023 carriers enjoyed a strong showing across the continent. When it comes to cargo destinations within Africa, South Africa is by far the strongest. Kenya stands out as a close second for imports, with Nigeria not far behind. Market preferences evolve and Morocco is a noteworthy example, embracing farming and developing into a hub for organic produce. This shift is reflective of global trends, with perishable items like apricots finding their way into markets, such as the UAE. All in all it's clear

that Africa remains a market with immense potential.

Turkish Cargo is launching three new pharma products, TK Pharma Standard, TK Pharma Extra and TK Pharma Advanced with the aim of providing flexible solutions for pharmaceutical and medical consignments. With its dedicated storage facilities at 4 different temperature ranges at Istanbul Airport, Turkish Cargo provides the opportunity to maintain pharmaceuticals and medical products at optimal conditions. Turkish Cargo also provides temperature controlled build up and break down and automated ULD storage for pharmaceutical and healthcare shipments in TCC. This move has led Turkish Airlines to achieve a market share of 7 percent in the global air transportation of pharmaceuticals and medical products.

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WAREHOUSING & TRANSPORT UPDATE

UNISERVE CELEBRATES SUCCESS: SECURES TRANSPORT CONTRACT WITH LARGE HORTICULTURAL COMPANY WAREHOUSING

Uniserve, has secured a significant transport contract with a major Horticultural business. This strategic partnership marks a milestone for both companies and promises to bring enhanced efficiency and innovation to the transportation of these products.



The collaboration highlights Uniserve's proficiency in delivering reliable and tailored logistics solutions. A major player in the agricultural and horticultural sector, recognised Uniserve's expertise as the perfect match for their transportation needs.

The transport contract is a testament to Uniserve's commitment to providing end-to-end supply chain solutions. With a global presence and a reputation for excellence, Uniserve is well-positioned to meet the unique challenges of transporting this diverse range of agricultural products.

One of the key factors that influenced the decision to choose Uniserve was the company's ability to align with their values of sustainability and responsible business practices.

Uniserve's extensive network and state-of-the-art logistics capabilities will contribute to optimising the transportation process

in the agricultural industry, ensuring that their products reach markets efficiently and on time.

The partnership also underlines the importance of strong collaborations in the ever-evolving landscape of logistics and transportation. Uniserve's expertise in navigating complex supply chain challenges positions the partnership for continued success and growth in the competitive agricultural market.

As Uniserve embark on this new venture, there is a shared enthusiasm for the possibilities that lie ahead. This signifies

not only a business partnership but also a commitment to excellence, sustainability, and the seamless movement of goods across the supply chain.

FELIXSTOWE MEGA DC EXPO

Uniserve is set to host the Felixstowe Mega DC Expo on the 27th of February. With a focus on innovation, sustainability, and collaboration, the Expo is a testament to Uniserve's commitment to shaping the future of logistics.

This highly anticipated event aims to bring together local dignitaries, industry bodies, and stakeholders to witness and explore our 750,000 sqft ambient and freezer storage facility, powered by solar energy!

The Felixstowe Mega DC Expo promises to be a platform for showcasing cutting-edge solutions and advancements.

Attendees can expect to see the latest advancements in areas such as:

- Automated picking systems and robotic processes
- Sustainability initiatives

We are really excited to be welcoming Clare Bottle the Chief Executive of UKWA as part of their 80 year celebrations. Clares role is crucial in representing the interests of the warehousing and logistics industry in the United Kingdom.

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EUROPEAN TRANSPORT



Farmers and Truckers Across Europe Protest

The World Road Transport Organisation (IRU) has urged EU member states to address the “threat to free movement”. Since January 25th, 2024, **farmers and truckers across Europe have been staging protests** in the form of roadblocks and rolling blockades. In France, these actions have escalated in response to farmers’ frustration with supermarket initiatives aimed at pushing down prices.

Furthermore, German farmers and truckers have united in a collective protest opposing environmental legislation. “Roadblocks and disruptions risk causing knock-on delays in the delivery of goods, affecting supply chains for manufacturing and threatening the availability of food, medicine and other essentials.”

EU Truck and Bus CO₂ Targets

Europe’s co-negotiators on 18th January 2024 reached a provisional political **agreement on CO₂ emission standards** for heavy-duty vehicles (HDVs).

The European Parliament and Council have agreed to maintain the targets to reduce emissions proposed by the Commission for trucks and coaches which include 45% emission reduction target for manufacturers by 2030, which will increase to 65% as of 2035, before further escalating to 90% in 2040.

The IRU EU Advocacy Director Raluca Marian has expressed their concerns by commenting that “there are no signs, in the short and medium term, that infrastructure for such extreme zero-emission HDV targets will be ready for large scale deployment in urban areas and on major EU road networks”.

IRU Urges EU to Address Border Waiting Times

The **road transport sector expresses apprehension** regarding the adverse effects of the additional border control measures, implemented by Bulgaria and Romania; in their efforts to combat irregular migration during the process of joining the Schengen area.

Within the European Union, trucks have historically encountered prolonged waiting times at Romania’s borders with Hungary and Bulgaria. The average waiting period per crossing was approximately six hours, with instances of delays escalating to 72 hours. These extended wait times pose a challenge to the efficient movement of goods and trade, raising concerns about the disproportionate impact on the road transport industry. “IRU calls on the European Commission to step in and recommend that Member States implement Green Lane corridors for trucks within the EU.”

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UK TRANSPORT

The Issues in the Red Sea continue to dominate the news for the UK Container Transport Industry with many ship arrivals being delayed and diverted resulting in very low volumes all through the month of January.

Forecasts for February are suggesting that there will be little change with the volumes arriving in the UK which is worrying news for a Haulage industry that is currently experiencing real difficult trading times

as seen by the number of high profile companies that have ceased trading in recent months

Capacity in all sectors of the Transport industry remains high with many companies struggling to find consistent weekly volumes.

James Kemball remain active in the market place and continue to strive for new business.

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ENVIRONMENTAL COMPLIANCE AND CONSULTANCY

BEYONDLY

Reforming the WEEE compliance system: a consultation and call for evidence published by Defra

On the 28th December 2023, Defra published and opened a consultation and a call for

evidence on the reform of The Waste Electrical and Electronic Equipment Regulations 2013.

The government are looking to reform these Regulations to increase levels of separately collected WEEE for re-use and recycling, and to ensure that producers and distributors of electrical and electronic products finance the full net cost of collection and proper treatment of products that end up as waste. It is also intended to reform the Regulations to incorporate Circular Economy principles by incentivising design of EEE products to have a lower environmental impact and to last longer in use.

There are two elements to this consultation process:

1. A consultation document containing formal proposals with 74 questions. Defra seek views on policy proposals in the following areas:
 - Increasing collections of waste electrical and electronic equipment from households
 - Increasing distributor collections infrastructure
 - New producer obligations for online marketplaces and fulfilment houses
 - Dealing with the environmental impacts of vaping products
 - System governance, the creation of a WEEE scheme administrator and

performance indicators

2. A call for evidence document containing less formal proposals on areas for potential reform with 71 questions. Defra seek views and evidence on the following areas of potential reform:

- Full net cost recovery
- Allocation of costs for the collection and treatment of household WEEE
- Prevention of waste and increasing re-use of unwanted electrical and electronic equipment
- Moving to a circular economy through the design of better products and business models
- Increasing collections of business WEEE
- Improving treatment standards

Both the consultation and call for evidence close at 11:45pm on 7th March 2024. Beyondly will be responding to both and will be engaging with stakeholders to understand their views, should you wish to feed Beyondly's response, please email solutions@beyond.ly

If you have any questions or are looking to join a WEEE scheme to guide you through these changes, please do not hesitate to get in touch with the Beyondly team - solutions@beyond.ly

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Embracing Cradle-to-Cradle: A Shift Towards a Circular Economy

The concept of cradle-to-cradle and the circular economy represents a fundamental shift from the traditional take-make-dispose approach that dominates many supply chain processes today. This approach advocates a model where products are designed and produced with the intention of extending their lifecycle. The European Parliament's definition of the circular economy is a model of production and consumption, which involves sharing, leasing, reusing, repairing, refurbishing and recycling existing materials and products as long as possible.

This sustainable approach considers the entire lifecycle of a product, aiming to eliminate waste and promote a more environmentally friendly and economically viable system.

In the context of developing versus emerging economies, different considerations come into play. While developed nations may have the resources and infrastructure to implement cradle-to-cradle practices more easily, emerging economies face unique challenges. Developing economies contribute significantly to global waste generation (Maalouf, 2022), with China and India alone accounting for over one-third of the total annual waste. Striking a balance between economic growth and sustainability becomes crucial, requiring

tailored approaches that consider the specific needs and capacities of each region.

Moreover, statistics from the Ellen MacArthur Foundation (2020) indicate that transitioning to a circular economy could save businesses \$1 trillion annually in materials costs by 2025. The imperative remains clear: a departure from the linear take-make-dispose model towards a circular economy is essential for the long-term health of our planet.

The shift towards a circular economy holds immense importance for businesses and the global economy. By mirroring the cycles found in nature, where waste from one process becomes the resource for another, we can create a more sustainable future. The World Business Council for Sustainable Development (WBCSD) reports that the circular economy could generate \$4.5 trillion of economic output by 2030 (WBCSD, 2018). This transition should not be seen as a burden but rather as an opportunity for innovation, efficiency, and resilience.

The Harvard Business Review suggests AI plays a pivotal role in facilitating the transition of supply chains toward a circular economy, as highlighted in the article "How AI Will Accelerate the Circular Economy". By leveraging advanced analytics and machine learning algorithms, AI enables businesses to optimise resource usage, minimise waste, and enhance overall sustainability. Through predictive analytics, AI can forecast demand

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patterns, allowing companies to streamline production and distribution processes, reducing excess inventory and minimising the environmental impact associated with overproduction.

Furthermore, embracing a circular economy model can stimulate economic growth by generating new jobs and opportunities. According to the European Environmental Agency (EEA), the circular economy has the potential to create 700,000 new jobs in the European Union alone (EEA, 2021). Moreover, by reducing reliance on finite resources, businesses can experience cost savings through cheaper material costs and a decrease in the volatility of supplies. The economic benefits are not only immediate but also contribute to long-term stability and resilience in the face of global challenges.

One World Supply Chain Technology offers a solution to facilitate the transition towards a circular economy by addressing key aspects of resource management and waste reduction. By providing valuable data insights, it enables businesses to make

informed decisions regarding material usage and product lifecycles. Collaboration between different stakeholders in the supply chain is enhanced, fostering a seamless flow of information and resources. Traceability is ensured, allowing for transparency and accountability at every stage. The World Economic Forum (WEF, 2021) notes that transparency in supply chains can lead to a 27% increase in consumer trust. Crucially, it aids in efficient carbon emission management, aligning businesses with environmental goals and contributing to a greener, more sustainable future.

Additionally, One World Supply Chain Technology future-proofs businesses by facilitating adaptability to changing government sustainability regulations and taxation policies, ensuring compliance with evolving standards. As a result, One World is a catalyst for the adoption of cradle-to-cradle principles, empowering businesses to play a proactive role in shaping a circular economy.

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