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MARKET UPDATE

UK & International

JULY 2024



UNISERVE MARKET UPDATE

JULY 2024

SNAPSHOT

OCEAN:

- Freight rates on the Asia-Europe trade lane are continuing to rise as we head into Q3 with demand, lack of equipment and high vessel utilisation all contributing factors.
- Capacity is constrained due to blank sailings and increased demand from Indian Subcontinent (ISC) countries. [[read more](#)]

AIR:

- The air freight market remains steady on the Far East to the UK and Europe trade lane looking ahead to Q3.
- Increased demand for Air-Freight services across ISC due to sea-port congestion at Singapore & Durban. [[read more](#)]

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- Uniserve takes part in Dragon Boat Race for Brave Futures.
- Uniserve Transport secures trial for major furniture retailer. [[read more](#)]

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ONE WORLD:

- The State of Circular Materials: Are we on course? [[read more](#)]

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GLOBAL MARKET OVERVIEW



Freight rates on the Asia-Europe trade lane are continuing to rise as we head into Q3 with demand, lack of equipment and high vessel utilisation all contributing factors.

Singapore's container port is experiencing its worst congestion since the COVID-19 pandemic, primarily due to prolonged vessel re-routing to avoid Red Sea attacks. This disruption has created bottlenecks not only in Singapore but also at other major Asian and European ports. Cosco has issued a warning to customers in Germany, Belgium and The Netherlands of the pending introduction of a 50 EUR congestion charge to main ports, Hamburg, Bremerhaven, Wilhelmshaven, Rotterdam and Antwerp. The increased transit times have subsequently created a shortfall in equipment in some China main ports as a result. In response to the peak summer season demand, several carriers including CMA CGM and MSC are deploying additional capacity on major routes from China to Europe. However, most available vessels are already fully utilized, with chartering costs continuing to rise, and CMA and Maersk paying up between \$100K USD to \$150K USD per day. This combination of increased demand, port congestion, and higher chartering costs is driving the surge in freight rates on the Asia-Europe trade lane, with forecasts suggesting it will not let up right the way through Q3 and peak season.

According to reports from Alphaliner less than one percent of the global container fleet is currently idle, with a total of just 77 container vessels not currently in operation.

This is the lowest level of idle ships since early 2022. On average, idle tonnage in the first six months stands at 210K TEU, a small fraction of the 29.6 million TEU total fleet. The report highlights that no vessels over 18,000 TEU were commercially inactive, and only two vessels over 12,500 TEU currently inactive.

MSC launches a new service starting July to connect Asia with the UK and Europe.

The service aims to increase MSC's coverage from Asia to the UK and the Northwest Continent, providing customers with a more efficient and comprehensive transport network. The new loop includes access to the port of Vung Tau, creating a direct service to Liverpool as well as MSC hubs in Rotterdam, Antwerp, and Hamburg. This new route will also facilitate connections to Scandinavia and Baltic destinations. The first sailing for the Britannia service will be the MSC DENISSE X on 1 July. MSC's new direct service to Liverpool will complement its existing direct services to London and Felixstowe.

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Ellerman City Liners have two offerings on their Asia-Europe service in July calling the Chinese ports of Ningbo and Dachan Bay to Tilbury in the UK.

As demand increases and space restrictions apply with main line carriers there is a gap in the market for Ellerman's. Boasting reliable transit times, ensuring efficient cargo movement, Ellerman City Liners promises proactive customer service to ensure a smooth shipping experience. The service will expand on the current offering beyond the initial ports of call in China and the UK, offering connections to major European destinations including Cadiz, Bilbao, Setubal, Aveiro, Rotterdam, Teesport, and Gdynia.

The EU has announced tariffs of up to 38% on Chinese electric vehicles as trade war looms.

The EU has informed Beijing of its plan to

impose tariffs of up to 38% on Chinese electric vehicle imports. This move could trigger more

than €2 billion (£1.7 billion) in duties annually and potentially spark a trade war with China. These tariffs, set to be applied provisionally starting next month, comply with World Trade Organization rules, allowing China four weeks to contest the EU's evidence justifying the levies. The new tariffs will be in addition to the existing 10% levy on cars imported into the EU, resulting in total tariffs of up to 48% on Chinese-made electric vehicles.

INDIAN SUBCONTINENT

- Capacity is constrained due to blank sailings and increased demand from Indian Subcontinent (ISC) countries, as well as Southeast Asia and China. Rising demand from Southeast Asia and China has created a capacity crunch for the ISC region, since many services are shared.
- Rates continued to increase week over week. Demand remains stronger than usual, with rates expected to rise further in the first half of July.
- Liners are announcing blank sailings for July & August already, forecast is that the market space will remain critical in the coming months.
- Shippers are pushing for earlier cargo departures to avoid further freight cost increases, but shipping lines are offering premium options to get cargo loaded on the first available departure date with higher equipment priority.

- CMA and HPL have announced that they will no longer cooperate on the INDAMEX and IN2 services. Instead, they will each launch their own services, both named the INDAMEX. This increase in services will not significantly impact available capacity, most of which already existed in the market and is merely being redistributed.

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AIR FREIGHT MARKET OVERVIEW & REGIONAL REVIEW

AIR FREIGHT SUMMARY



Air freight rates from most regions do seem to have stabilised in the last few weeks. The summer period has historically seen a slowing due to fashion seasons and the vacation period. However, analysts and carriers alike remain buoyant on the outlook for air freight for the balance of this year. There is a reluctance around committing to long term rates as the ocean freight situation is still challenging and the possibility of more planned sea freight converting to air remains a real prospect.

Southeast Asia origins are seeing strong demand currently, and although partly driven by a migration of manufacturing to the region, another key driver is the ocean freight backlog in Singapore. Exports from the region are heavily reliant on transshipping to mother vessels via Singapore port and the congestion there has pushed more shippers to fall back on air solutions.

We have been making plans for a strong peak period over the last few months and would urge any customers who foresee the need for modal shifts to talk to us as soon as possible so that we can support.

The air freight market remains steady on the Far East to the UK and Europe trade lane looking ahead to Q3.

Demand is however notably stronger on the US trade lane, which is impacting capacity Ex some Southeast Asian origins,

with carriers prioritising volume Ex China. A significant portion of this demand is driven by the robust e-commerce sector, which continues to fuel high volumes of air freight. The uncertainty in the sea freight market serves as a critical indicator for air freight levels, especially as we approach Q3 and the peak season. Congestion and disruptions in sea freight are prompting shippers to look to Air Freight as a more feasible alternative, however it remains to be seen how much this boost volumes in the Air Freight sector. As we move towards the peak season, monitoring sea freight conditions will be essential in predicting Air Freight demand and capacity constraints, particularly on key trade lanes from the Far East. If Sea Freight rates continue to follow the same pattern it will force the hand of shippers who will have no choice to look at Air Freight as a viable option moving into peak season.

The difference between ocean and airfreight rates have narrowed to the lowest level since the third quarter of 2022 as container supply chains continue to face significant pressure.

Global ocean rates are now only six times lower than airfreight rates, in comparison to Air Freight pricing being typically 12-15 times more expensive than ocean freight. the current spike in ocean rates is attributed to various factors, including the ongoing Red Sea crisis, which has exacerbated already

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strained supply chains. Unseasonal capacity shortages and increased port congestion have further driven up ocean shipping volumes and rates. At present, it is not clear whether this will result in rising airfreight demand as shippers look to front-load peak season cargo to avoid the third quarter rush in an already strained market.

To meet rising demand in the US, Etihad Cargo plans to expand its air freight capacity through additional passenger flights, 30 per week to the US and seven to Canada.

Etihad Cargo will augment its weekly capacity by 250 tonnes to key destinations like New York, Chicago, Washington, Boston, and Toronto in collaboration with network airlines. Currently, Etihad Cargo operates 550 tonnes of wide-body capacity to North America, providing 445 tonnes from the US via 30

weekly flights across major gateways: New York, Chicago, Washington, and Boston. It also offers 105 tonnes from Canada via daily flights to Toronto. In response to heightened air freight demand between Eastern and Western markets, Etihad Cargo will introduce an additional 250 tonnes of weekly capacity to North American cities, including New York, Chicago, Washington, Boston, and Toronto, with connections facilitated through European gateways such as Lisbon, Barcelona, Madrid, and Rome.

Singapore Airlines has chosen Worldwide Flight Services (WFS) to handle cargo for its new route from Singapore Changi Airport to London Gatwick.

The service will commence this month, operating five times a week with Airbus A350-900 aircraft. Additionally, Singapore Airlines has renewed its contracts with WFS for another three years, covering cargo handling in France, Belgium, and the rest of the UK. This renewal also includes road feeder services for flights at Heathrow and Manchester.

INDIAN SUBCONTINENT

- Increased demand for Air-Freight services across ISC due to sea-port congestion at Singapore & Durban. Space for European & USA sectors are going full & facing backlog.
- All Airlines are selling the freight at Premium price only with validity for 3 days. All rates are offered based on the flight dates and space available.
- Carrier SV has started accepting the cargo now which was stopped last month due to Hajj Movement.
- Ex India carrier Air India is expected to start their new service to BLR - LGW from 2nd Week of August, will be operated on Day 1,3,4,5,7. This will be a direct service with A350 Aircraft.
- Ex Pakistan there has been an increase in the exports of perishables due to the summer season. Mango export is a major contributor to this. Hence, space is tight with airlines, which has led to an increase in air freight.
- Ex Bangladesh airlines are offering space 2-3 days after the cargo handover date. After the Eid vacation, the industries will reopen. We anticipate the freight will increase in the coming weeks.

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WAREHOUSING & TRANSPORT UPDATE

WAREHOUSING

Uniserve takes part in Dragon Boat Race for Brave Futures

Uniserve, recently participated in the Ipswich Dragon Boat Race, a lively and competitive event held on the River Orwell. The team from Uniserve's Felixstowe office joined the race with a noble cause in mind: to raise funds for Brave Futures, a charity dedicated to supporting children and young people who have experienced trauma and abuse.

The Ipswich Dragon Boat Race is an annual event that brings together local businesses, community groups, and residents for a day of fun, excitement, and fundraising. This year, the event was held to support Brave Futures, a charity that offers crucial services such as counselling, therapy, and advocacy to young people in need.

Uniserve Felixstowe demonstrated their strong commitment to community involvement and social responsibility by participating in the race. The team competed with enthusiasm and determination. Their

participation was not just about winning the race but also about making a meaningful contribution to Brave Futures.

Race day was filled with energy and excitement as teams paddled their dragon boats down the River Orwell. The Uniserve team showcased their teamwork and competitive spirit, navigating the racecourse to the beat of the drum. Spectators enjoyed a festive atmosphere with music, food stalls, and family-friendly activities, all while supporting a great cause.

The primary goal of Uniserve's participation was to raise funds for Brave Futures. Through sponsorships, donations, and various fundraising activities, Uniserve Felixstowe successfully garnered significant support for the charity. The funds raised will aid Brave Futures in providing essential services and support to children and young people who have experienced trauma and abuse.

TRANSPORT

Uniserve Transport secures trail for major furniture retailer

Uniserve, has secured a significant contract to conduct trial deliveries for a renowned furniture manufacturer.

This trial will see Uniserve delivering

products from our Doncaster site, to four of the manufacturers prominent retail stores.

The collaboration between Uniserve and the well-known company, who are a leading name in the industry, began with a mutual goal of enhancing delivery efficiency and customer satisfaction. The company sought Uniserve's expertise to optimise their delivery processes and ensure that products reach stores promptly and in perfect condition.

The trial deliveries will involve a strategically chosen route covering four key stores.

Uniserve will utilise a fleet of advanced vehicles equipped with real-time tracking systems, ensuring precise monitoring and timely deliveries throughout the trial.

Uniserve's commitment to operational excellence will be at the forefront of this trial. Each delivery will be meticulously planned and executed to ensure that furniture items arrive at their destinations in perfect condition. Uniserve's cutting-edge logistics software will facilitate seamless coordination between the Doncaster distribution centre and the retail outlets, minimising delays and optimising efficiency.

The securing of the trial deliveries, highlights Uniserve's expertise and reliability in the logistics sector.

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EUROPEAN TRANSPORT

IKEA to use Scania electric trucks for transport in Portugal.

Starting in late June, KLOG will begin transporting IKEA products using battery-electric Scania vehicles, from the IKEA Industry factory in Paços de Ferreira, to Porto Harbour in Leixões and various IKEA stores. Similar transitions to electric transport are also happening in southern France and Poland.

To improve efficiency, IKEA Industry will also be introducing a pick-and-drop solution, where the vehicle's trailer is left at the depot and swapped for a loaded one. This reduces downtime and avoids the transport of empty trucks. To mitigate this transition, charging solutions will be provided at the harbour by the Portuguese Port Authority of Leixões (APDL) and at the IKEA Industry factory.

Key trends defining European road freight rates.

CO2 truck tolls have now come into effect in Germany, Hungary, Austria and the Czech Republic – with the purpose of these tolls to incentivise lower emissions. These tolls have resulted in toll increase in these countries of up to 83%, causing additional financial charges for freight operations.

There has also seen an increase in operating costs for road freight due to vehicle maintenance, insurance, tyre costs and

diesel prices. Diesel prices decreased in 2023 but have risen in 2024, with the average price at the pump increasing by 3% by the end of Q1. This therefore further increases operational costs, applying pressure on freight forwarders on keeping their rates down.

Increased transshipment traffic in Barcelona.

Barcelona has been negatively affected by greater levels of congestion due to an increase in transshipment traffic and their role as a gateway for local traffic. With the growth of transshipments going to the eastern Mediterranean and traffic from Turkey to the western Mediterranean. This has resulted in severe consequences with Jordi Torrent, Barcelona Port Authority's director of strategy stating, "we are now seeing a few products leave the container market and going back to being shipping in bulk, such as low-value chemicals".

There has also been an increasing number of electric vehicles which have been imported in from China in containers which has contributed to the increasing congestion. Mr Torrent told The Loadstar: "30,000 cars arrived in Barcelona last year in containers, which is about 10,000 containers in total."

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Reduced capacity of intermodal operations expected in August

August is always a challenging month for transport operations in Italy due to seasonal shutdowns. However, this August is expected to be worse due to the many engineering works being undertaken (see details below). This will no doubt result in extended lead times.

Gotthard Base Tunnel, Switzerland

- Since the derailment in this tunnel from August 2023, replacement of 7KM of tracks has taken longer than expected; latest completion is expected Sept 2024
- Until then, only 1 tube (50%) is open for rail freight

Works Stesa - Verbania, Switzerland

- Full line closure starting on 06/06 till 09/09
- This rail path is used for trains to/from Brescia / Verona region in Italy, impact means all trains to/from these destinations must also be rerouted via Gotthard base tunnel; adding more volume into the already reduced Gotthard tunnel capacity (As indicated above)

Works Rheintailbahn (Rastatt) , Germany

- Started in April 2024 and expect to finish in September 2024. 3 out of 5 phases

have been completed, 2 more phases to go:

- Phase 4: 09/08 till 30/08; total closure for these 3 weeks
- Phase 5: 30/08 till 06/09; close of a single track during this period

Chiasso railway station, Switzerland

- Full closure 14/08 – 20/08

Iselle de Trasquera, Domodossola, Switzerland

- Full closure 09/08 – 30/08

Uniserve continues to support our customers with alternative options if needed by rail, road and sea, so if you are experiencing challenges please contact unieuropecommercial@ugroup.co.uk.

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UK TRANSPORT

The month of June saw volumes remain at a constant level although vessel delays with loading in the Far East did cause challenges with aligning Truck resource with moving vessel arriving times.

The Outlook for July does show a down turn in volume however customers are suggesting that Xmas volumes will start arriving through August.

James Kemball remain committed to meet our customer needs and so to support this have opened up a Container Transport Operation based in Leeds to support Rail Head deliveries and Northern Ports.

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ENVIRONMENTAL COMPLIANCE AND CONSULTANCY

BEYONDLY

Beyondly sponsors Net Zero week – The UK's Biggest Net Zero Conference!

The UK's biggest net zero conference is back for the fourth year, taking place W/C 8th of July. Bringing together all the stakeholders needed to reach net zero by 2050, people who matter, who make changes, who invest, who make plans, who inspire, who solve big problems, who collaborate – how will you get involved?

Beyondly are excited to be sponsoring this year's conference and will be getting involved on Monday 8th of July for the day on Business & Industry.

Keynote session – Monday 8th July

Our Lead Consultant in Resource Efficiency & Circularity, Chris Smith (CRWM) will take to the panel on Monday 8th July, where he will

share his expertise on achieving Net Zero, through resource efficiency – addressing the 'stuff' we consume.

A circular economy takes a whole systems approach that tackles climate change, biodiversity loss, waste, and pollution and we cannot miss the chance to accelerate climate action by considering resource efficiency, circular economy, and net zero approaches together.

Why? Because energy efficiency and switching to renewable energy will address only 55% of global emissions. To reach net zero, we also need to address the remaining 45% from the 'stuff' we consume by changing systems of production and consumption across raw materials, manufacturing, construction, and food.

Webinar – Monday 8th July at 11.30am

Hosted by two more of Beyondly's sustainability experts, Sustainability Manager & Principal Consultant, Liz Wood, alongside, Lead Consultant in Sustainability & ESG, Susanna Jackson, Beyondly will be hosting their own webinar as part of Net Zero week.

Decarbonising your business and beyond: How to excel in meeting supplier sustainability expectations

Are you receiving endless requests from customers and suppliers to fill out sustainability questionnaires and don't know where to start?

The climate crisis has led to the establishment of various initiatives to assess and improve companies' environmental performance. Pressure on business comes from investors, government, customers, employees and the general public. You are likely as a business to have experienced increasing demand to meet certain requirements or participate in initiatives such as EcoVadis and the Carbon Disclosure Project, in order to continue working with them.

There has been a 134% increase in EcoVadis assessments since 2018, and a 233% increase in reporting via the CDP in 2022 since 2015. Research suggests 91% of companies take sustainability ratings into consideration when making purchasing decisions.

In this webinar we will explore how businesses can produce a holistic ESG strategy, understand the key sustainability areas to address, and how to maximise your scores within assessments like these. This will not only provide the benefits of making completing these assessments more hassle free, but also help your business decarbonise and beyond.

[Register your free place!](#)

Net Zero Week brings all interested parties together, connecting experts with those looking for insights.

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The State of Circular Materials: Are we on course?

Are we turning the tides or just watching them rise?

The impact of over consumption can already be felt today, often impacting the poorest communities first. A single country or region cannot solve this problem alone. We all have a role to play. Especially in the EU, where our average materials consumed per capita sits at 14.8 tonnes (EEA), compared to the global average of 11.6 tonnes per capita (Material Flow). We need to make the most the raw materials we have already extracted and build circularity into our everyday lives. Safeguarding our ever-depleting natural resources for the health of our planet and its habitants. Present and future.

Traditionally, recycling household waste has been seen a simple step we can all take to make a difference. Separating our cardboard from our cans, rinsing empty yoghurt pots and testing the longevity of our 'Bag for Life.' In reality are we doing this as much as we should be and is it really making a difference?

The global push towards sustainability is facing significant challenges, particularly when it comes to circular material use. Should the responsibility for creating a more circular economy sit on the shoulders of households or should legislators and businesses be doing far more to facilitate it?

We examine the trends, the disparities across countries, and the crucial policies and technological advancements needed to increase circularity worldwide.

Global Circularity is Declining

The global circularity rate, which measures the share of recycled materials used, has shown a worrying downward trend. According to the Circle Economy's 2023 Circularity Gap Report it has decreased from 9.1% in 2018 to 8.6% in 2020, and further to just 7.2% in 2023. This decline is primarily driven by the increasing extraction and consumption of raw materials, which outpaces the use of recycled materials (Circularity Gap Report 2023). The global economy's reliance on virgin resources underscores the urgent need for more robust recycling and reuse practices to achieve sustainability goals.

Increased material extraction and consumption rates are fuelled by rapid industrialisation and economic growth,

especially in emerging economies. This trend highlights the need for an urgent shift in how resources are managed globally. Without significant improvements in recycling and reuse practices, as well as a reduction in consumption, the world will continue to see a decline in circularity, inevitably leading to increased environmental degradation and resource depletion.

Circularity Rates Vary Widely Across Countries

- **The Netherlands:** leads the EU with the highest circular material use rate at 28.5% in 2022 (Statista). The Netherlands' success can be attributed to strong governmental policies, public awareness, and a robust recycling infrastructure.
- **Finland, Luxembourg, and Romania** on the other hand all demonstrated significant reductions in their circular material use rate between 2010 and 2022. Finland had the lowest rate in 2022 with just 0.6% (EEA).
- **EU Average:** Despite the global decline the EU's average circular material use rate has increased slightly from 11.3% in 2019 (Statista) to 11.5% in 2022. However, this is still far from the EU's target to double this rate by 2030 (EEA).

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Policies Needed to Drive Circularity

Government policies play a critical role in accelerating the transition to a circular economy. Key policy measures include:

- **Mandating Material and Energy Efficiency Standards:** Ensures products are designed for durability, repairability, and recyclability, reducing waste and resource use.
- **Banning Planned Obsolescence and Destruction of Unsold Goods:** Prevents wasteful practices and encourages manufacturers to create longer-lasting products. This can significantly reduce waste and encourage a shift towards more sustainable production methods.
- **Adjusting Taxes:** Reducing taxes on circular products and services while increasing them on linear ones can economically incentivise circular practices. For example, lowering VAT on recycled goods and increasing it on single-use products can drive consumer behaviour towards more sustainable choices.

- **Setting Environmental Standards for Product Design:** Ensures products are environmentally friendly throughout their lifecycle, from production to disposal. Strict standards can push industries towards adopting greener technologies and materials.

While some regions, such as the EU, have initiated policies addressing circularity, much more comprehensive and bolder actions are required globally to reverse the current declining trend (**Circle Economy**) and make a substantial impact worldwide.

In the EU, initiatives such as the European Green Deal and the Circular Economy Action Plan are steps in the right direction. These policies focus on reducing waste, promoting recycling, and encouraging sustainable product design. However, to achieve considerable progress, these policies need to be implemented rigorously and adapted to local contexts across different member states.

The Role of Business and Technology

Businesses also have a pivotal role to play in increasing circularity, and one of the most effective ways they can do this is by integrating advanced technologies into their supply chains. By adopting digital tools and technologies such as the Internet of Things (IoT), and artificial intelligence (AI), companies can significantly

enhance their ability to track, manage, and optimise resource use throughout the product lifecycle.

- **IoT:** IoT devices can monitor and manage inventory levels, track the movement of goods, and ensure that materials are used efficiently. This real-time data can help businesses reduce waste, improve recycling rates, and optimise their logistics operations.
- **AI and Machine Learning:** AI and machine learning can analyse large datasets to identify patterns and optimise processes. For instance, predictive analytics can forecast demand and adjust production schedules to reduce waste.

Deploying one centralised system, such as One World, to solve multiple pain points compounds the impact of process efficiencies and offers the most robust structures for centralising data and stakeholder collaboration across the entire supply chain.

Even before product conception, businesses can leverage One World's technology to design products for longevity, repairability, and recyclability. By implementing digital twin technology, companies can create virtual models of their products to test and optimise their designs for circularity before they are manufactured. This approach not only reduces material use but also enhances product quality and lifespan.

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One World's Make stack supports the manufacturing process to ensure consistent traceability and quality throughout product creation. Resulting in high quality products from sustainably sourced materials. Therefore, reducing the reliance on virgin materials.

One World tracks products throughout their lifecycle and their interactions with everything in the product ecosystem. Take a t-shirt for example, we can track the water consumption required to dye the t-shirt right through to the carbon emissions used to transport that t-shirt to a retailer. This gives businesses an unparalleled view of the product's journey and impact

By incorporating One World's full end-to-end technology into their supply chains businesses can be more agile, resilient, and sustainable. It also opens up new business models and revenue streams, such as rental or subscription-based models. By embracing One World technology, businesses can drive significant improvements in circularity, and contribute to a more sustainable global economy for people, planet, and profit.

Conclusion

Despite increased awareness and some policy advancements, global circularity in material use continues to decline. The growing extraction and consumption rates present significant challenges for sustainability and resource management.

The urgency to address this issue cannot be underestimated. With the global circularity rate on a downward trajectory, immediate and coordinated action is necessary. Enhancing global circularity requires a concerted effort from governments, businesses, and consumers alike. Before it is too late.

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