MARKET UPDATE
UK & International
SEPTEMBER 2024

SNAPSHOT

OCEAN:

- As we head into September there is a general softening of the market on the Asia – Europe trade lane with blank sailings expected to negate the impact.
- Over in the US, Transpacific rate wars on the West Coast and industrial action on the East Coast are a very real possibility.
- Ex ISC Space situations continue to be tight. Bookings are released on selective basis. [read more]

AIR:

- As we head into September, the Air Freight market is seeing steady rate increases and tightening space across the Far East, with the peak season nearing.
- Ex India the demand is stable and space available with pre booking. Ex BD there is backlog and space crisis. [read more]

WAREHOUSING & TRANSPORT:

- Uniserve opens Transport Hub in Northampton.
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- Austria becomes latest country to go paperless with e-CMR.
- Channel Tunnel shuttle Entry/Exit System.
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- Extended Producer Responsibility for Packaging (pEPR) Draft Regulations published. [read more]

ONE WORLD:

- No-code Technology: How to Super Charge Your Supply Chain. [read more]

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OCEAN FREIGHT GLOBAL MARKET OVERVIEW

GLOBAL MARKET OVERVIEW

As we head into September there is a general softening of the market on the Asia – Europe trade lane with blank sailings expected to negate the impact.

Carriers are targeting implementing a fresh series of blank sailings in September, with freight rates on the gradual decline. These planned blank sailings are aimed at stabilising the market and maintaining freight rates at their current level, to manage the soft market conditions and maintain a balance with Golden Week on the horizon in early October. While space availability and equipment issues are showing signs of improvement, and port congestion is beginning to ease, particularly in Singapore, challenges remain at other key transshipment hubs. Although congestion appears to be easing the issues still remain in the Red Sea with vessels still being rerouted around the Cape of Good Hope.

Over in the US, Transpacific rate wars on the West Coast and industrial action on the East Coast are a very real possibility.

A rates war is intensifying on the Asia-US West Coast route as new carriers enter the market with lower rates, forcing established operators to reduce their prices to retain customers. Notable newcomers like TS Lines and Hede (Hong Kong) International Shipping are increasing competition by launching new services and adding capacity. TS Lines recently introduced the AWC2 service, connecting several Asian ports to Long Beach, while Hede has expanded its China-US West Coast service with additional vessels. Meanwhile over on the East Coast vessel utilisation on Asia-US East Coast routings are decreasing as shippers look to avoid potential disruptions from impeding industrial action. Spot rates on the East Coast are less relevant for now, as Asian exporters have missed the window to avoid potential strikes schedule for 1st October. Consequently, Asia-US West Coast terminals might face capacity pressures and rising rates unless the ongoing contract negotiations result in a breakthrough.

Ellerman City Liners continue to offer sailings on their Asia-Europe service with two services in September calling the Chinese ports of Ningbo and Dachan Bay to Casablanca in Morocco and 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.

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Two bits of news from MSC as it continues to increase it's orderbook of container ships as well as targeting the North of the UK with it's new Britannia service calling Liverpool.

MSC is significantly expanding its fleet with new orders for containerships, including a total of 36,000 teu in new builds. The company has ordered six 19,000 teu LNG dual-fuelled ships and eight 11,500 teu LNG dual-fuelled ships, with deliveries expected between 2027 and 2028. These orders complement recent acquisitions of 12 additional 19,000 teu vessels. With these new builds, MSC's fleet capacity exceeds six million teu, surpassing its largest competitors, Maersk and CMA CGM. In addition to expanding its fleet, MSC has launched a new service named Britannia, which features a regular call at Liverpool 2 container terminal. This service, introduced with the MSC Tokyo, marks the first Far East-Europe rotation to include Liverpool as a key port. The Britannia service will use vessels up to 13,500 teu in capacity and aims to offer a more direct and sustainable route for UK distribution, reflecting MSC's strategic move to enhance its presence in the UK's northern region.

INDIAN SUBCONTINENT

- Ex ISC Space situations continue to be tight. Bookings are released on selective basis. SPOT allocations are available for next 2-3 weeks.
- MSC, ONE, OOCL, YML, COSCO & HMM are providing space based on advance booking; MAERSK & CMA CGM are offering space based on spot rate; HAPAG space is tight
- Nhava-Sheva Terminal is having serious congestion issues due to volume and persistent vessel schedules. Container truckers are taking excessively longer than usual to gate in & gate out containers. Congestion is especially concerning at APM TERMINAL (GTI) in Nhava-Sheva port.
- Ex BD MSC has announced a new direct service from Chittagong to Felixstowe from the 1st week of September with a 28-day transit time from sailing date.
- Chittagong Port- The situation is slightly better as the Dhaka-Chittagong Highway is operational now but very busy at the moment. Equipment is still a challenge but with advance planning containers are being allocated by the carriers. Congestion at the port is also easing out but at a slow pace so we are still not seeing smooth operations.

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AIR FREIGHT MARKET OVERVIEW & REGIONAL REVIEW

AIR FREIGHT SUMMARY

As we head into September, the Air Freight market is seeing steady rate increases and tightening space across the Far East, with the peak season nearing.

This is particularly evident in key sectors, including e-commerce exports from China, where demand continues to drive the market. Shippers are closely monitoring these developments, with Sea Freight demand likely to also play a significant role in determining the extent of the Air Freight sector's growth over the coming month. But overall forecasts look promising, with the sector gearing up for a significant peak season as the year draws to a close. Market trends indicate that strong demand for airfreight, driven by increased consumer spending and holiday-related shipping, is expected to result in a robust end-of-year performance. Airlines and logistics providers are preparing for a surge in volumes, with particular focus on optimising capacity and ensuring efficient operations to meet the anticipated demand.

South East Asia is also being impacted by e-comm from China as volumes are moved ex China to meet departures from Thailand and other neighbouring countries. This is in addition to the steady growth in manufacturing as it migrates from China. Cambodia and Myanmar are also taking market share from Bangladesh, were recent unrest and infrastructure issues are encouraging buyers to spread risk.

INDIAN SUBCONTINENT

- Ex India the demand is stable and space available with pre booking. Increased flow of Land-Air shipments originating from Bangladesh into DEL/BLR/CCU.
- Ex BD there is backlog and space crisis, rates are changing frequently. Air Cargo Village is completely packed with shipments due to huge congestion. Customs operation is smooth.
- Ex SR local export volumes have significantly increased & also increased traffic for Sea/Air due to BD space crisis.
- Ex PK space is available, and market is stable.

Some investment news from Saudi Arabia as their PIF fund opens talks with aircraft manufacturers for a new cargo airline.

Some investment news from Saudi Arabia as their PIF fund opens talks with aircraft manufacturers for a new cargo airline. Saudi Arabia's sovereign wealth fund, the Public Investment Fund (PIF), is reportedly exploring the possibility of launching a new cargo airline in partnership with aircraft manufacturers Boeing and Airbus. Discussions are underway for the acquisition of Boeing 777 and Airbus A350 freighters. This new carrier is expected to support both the state-owned flag carrier, Saudia, and the newly established Riyadh Air.

AIR FREIGHT MARKET OVERVIEW & REGIONAL REVIEW

AIR FREIGHT SUMMARY

However, it's important to note that these talks are still in the early stages, and there is no certainty that the project will move forward. Saudi Arabia aims to follow the lead of other Gulf states such as Abu Dhabi, Dubai, and Qatar in establishing itself as a key global logistics hub, particularly in airfreight. Developing an all-cargo carrier would contribute to the country's efforts to diversify its economy away from oil dependency and enhance its aviation sector. Riyadh Air, initiated by the PIF, seeks to compete with regional giants like Etihad and Emirates, which have built significant freighter capacity and extensive bellyhold networks. Meanwhile, Saudia is shifting its focus to the religious pilgrimage sector, but its current cargo operations will be integrated into the new venture.

Foreign airlines are adjusting to a sudden new U.S. rule that tightens air cargo security measures.

The rule, effective immediately, requires more stringent inspections of air cargo entering the U.S., leading to concerns over potential delays and disruptions in supply chains. Airlines and industry groups are responding to the changes, seeking clarity and looking for ways to comply without severely impacting operations. The new regulation reflects heightened security concerns, but its abrupt implementation has caught many carriers off guard.

Some news from Airlines in the industry.

Firstly Lufthansa Cargo and CMA CGM Air Cargo are both bolstering their fleets with new Boeing 777 freighters. Lufthansa Cargo recently added its 18th B777F, enhancing its long-haul capacity, while CMA CGM Air Cargo introduced its third B777-200 freighter to launch a new transpacific route between Hong Kong and Chicago. CMA CGM plans to further expand its fleet with two more B777-200Fs by 2025. Meanwhile, Cathay Pacific is conducting a fleet-wide inspection of its Airbus A350 aircraft following engine trouble that caused a flight diversion. The inspection, focused on potential issues with the Rolls-Royce Trent XWB engines, is expected to cause delays and schedule disruptions.

WAREHOUSING & TRANSPORT UPDATE

WAREHOUSING

Uniserve upgrading Northampton Licences

Uniserve Northampton has recently started the process of upgrading its license to include the installation of a state-of-the-art 32m³ cool-room. This new facility is specifically designed to store chilled prescription-only medicines (POMs) at precise temperatures ranging from -40°C and upwards, ensuring optimal conditions for the preservation of sensitive pharmaceutical products.

This significant upgrade is a testament to Uniserve's commitment to maintaining the highest standards in pharmaceutical logistics. The cool-room's advanced temperature control system is crucial for storing medicines that require stringent temperature conditions to retain their efficacy and safety. By offering storage capabilities at such low temperatures, Uniserve Northampton will be able to accommodate a wider range of medicines, including those that require deep freezing, such as certain vaccines and biological products.

The installation of the 32m³ cool-room is expected to enhance Uniserve's service offerings, enabling the company to better serve the healthcare sector with reliable and compliant storage solutions. This move also reflects Uniserve's ongoing investment in infrastructure to meet the growing demand for temperature-sensitive pharmaceutical logistics.

As the pharmaceutical industry continues to advance, the ability to store and transport medicines at controlled temperatures is increasingly critical. The upgraded facility positions the company as a leader in the field, ensuring that they can meet the exacting standards required for the handling of prescription-only medicines.

TRANSPORT

Impact of the EU's Entry/Exit System (EES) on UK Road Haulage

The European Union's forthcoming Entry/Exit System (EES), set to be implemented in 2024, is poised to significantly impact the UK road haulage sector. Designed to bolster security within the Schengen Area by electronically tracking the entry and exit of non-EU nationals, the EES will introduce new challenges for UK hauliers operating in Europe.

One of the most immediate effects will be the increase in border processing times. Under the EES, every non-EU driver, including UK hauliers, will be required to undergo

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biometric checks—such as fingerprint scanning and facial recognition—each time they enter or exit the Schengen Area. These additional procedures are expected to lengthen border crossings, leading to potential delays in the delivery schedules that UK hauliers are accustomed to.

The EES will also bring about logistical and operational changes. Hauliers will need to ensure that drivers are fully prepared for the new requirements, including understanding the biometric procedures and the need for proper documentation. This could necessitate additional training and resources, placing further strain on an industry already grappling with post-Brexit regulations and a driver shortage.

Another concern is the potential for increased costs. The longer waiting times at borders could lead to higher operational expenses, including fuel consumption, wages, and potential penalties for late deliveries. Moreover, the risk of congestion at key entry points, such as Dover and Calais, might exacerbate these issues, further driving up costs for haulage companies.

For smaller hauliers, the impact of the EES could be particularly challenging. These companies often operate on thin margins, and the added burden of complying with new border controls might strain their financial viability. Some may need to reconsider their cross-border operations, potentially reducing the number of UK hauliers operating in Europe.

On the flip side, the introduction of the EES could encourage greater digitisation within the haulage industry. Companies may invest in advanced technologies to streamline customs processes and improve efficiency, which could ultimately benefit the sector in the long run. Additionally, the increased scrutiny on border crossings could help reduce illegal activities, such as smuggling, which would improve overall security.

In conclusion, while the EES aims to enhance security within the EU, it presents several challenges for the UK road haulage sector. Increased border processing times, higher operational costs, and the need for greater logistical planning are just a few of the issues that hauliers will need to navigate. However, with careful preparation and adaptation, the industry can mitigate some of these challenges and continue to thrive in the evolving landscape of international logistics.

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EUROPEAN TRANSPORT

Austria becomes latest country to go paperless with e-CMR.

Austria has recently adopted e-CMR, becoming the 37th country to implement this digital protocol for international road freight. This move establishes a legal framework for fully paperless road freight operations in the country.

The transition to digital consignment notes is expected to bring several benefits:

1. Increased efficiency and safety in goods transport across Austria and neighbouring countries.
2. Reduced handling costs.
3. Elimination of administrative and invoicing delays.
4. Fewer discrepancies at delivery sites.
5. Enhanced transparency and security throughout the logistics chain.
6. Improved shipment traceability with real-time access to pick-up and delivery information.

Channel Tunnel shuttle Entry/Exit System.

Getlink has completed an €80m upgrade of its Channel Tunnel terminals at Folkestone and Coquelles in preparation for the EU Entry/Exit System (EES), set to launch in November 2024.

This is a significant development for logistics companies operating between the UK and EU. The improvements, including 7,000 m² of covered areas, 224 EES kiosks, and a redesigned layout, aim to optimise traffic flow and accommodate new border control requirements.

For logistics companies, these enhancements could help mitigate potential disruptions caused by the EES implementation. The new system's capacity to process up to 2,000 passengers or 700 vehicles per hour may help maintain efficient border crossings, which is crucial for time-sensitive freight operations. However, some industry experts remain concerned that the EES, even with these improvements, could still cause friction, disruption, and delays for UK and EU freight, potentially impacting supply chains and economies on both sides of the Channel.

Road Haulage Association (RHA) is calling for more safe and secure lorry parking.

The Road Haulage Association (RHA) is calling for more safe and secure lorry parking across the UK to combat freight crime, particularly in light of recent thefts from supermarket trucks in the South East of England. The RHA estimates a need for an additional 11,000 parking sites nationwide to deter organised crime gangs and provide drivers with greater security.

Freight crime is a significant issue, costing the UK economy around £250 million annually, with the estimated cost exceeding £420 million in 2023. The RHA is advocating for the creation of a specific freight crime offense and appropriate sentencing options to reflect the crime's severity. The association is also leading a government taskforce on roadside facilities and pushing for reform of planning rules to facilitate the development of new parking facilities. In response, the government has pledged to provide high-quality, safe, and secure facilities for lorry drivers and is working with the RHA to raise awareness and address freight crime.

UK TRANSPORT

August has seen very strong volumes arriving at all ports in the UK mainly driven by the start of Christmas goods arriving. Long Vessel turnaround times still causing issues with daily volumes.

September again is starting strongly and forecast are suggesting that the volumes will remain high through the month.

Planned changes to the VBS Booking system and charging formulas announced by Port of Felixstowe, and DPW world at Southampton and London Gateway have all been put on hold to allow further consultation with Hauliers and Shipping Lines alike.

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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BEYONDLY

Government publishes long awaited 'illustrative' disposal fee rates

The first iteration of 'illustrative' disposal fees has been published by Government on the 15th of August 2024.

What are disposal fees?

- Disposal fees will be introduced in 2025 under the Main Packaging Extended Producer Responsibility (pEPR) Regulations coming into force for 1st January 2025.
- Disposal fees will cover the cost of the collection and sorting of household packaging from UK households. This activity is carried out by local authorities and is currently funded by taxpayer money.
- Disposal fees will be charged in addition to PRN fees, as PRN fees will continue to cover the cost of the recycling and recovery of packaging waste.
- There will be a disposal fee rate for each material category: Aluminium, Fibre-based composites, Paper or board, Plastic, Steel, Wood, Other, Glass.
- Producers will be charged disposal fees each year, based on the tonnage of household packaging they place on the market.
- The first round of disposal fees to be invoiced in 2025, will be charged against packaging placed on the market in 2024

The disposal fee rates included in this publication are 'illustrative' and are in the form of a range, with a lower, intermediate, and higher rate. These rates are not the final fee rates you will be charged in 2025.

Why are they illustrative?

- Government have published 'illustrative' disposal fee rates in response to industry calls for greater clarity about the costs they are likely to incur in 2025.
- The robustness of this data and the size of the range is dependent on sufficient, high quality, producer data being submitted on time.
- Government is still waiting for all of the 2023 placed on market data to be reported by producers. This data was due to be reported by 31st of May 2024.
- Government will publish refined 'illustrative' figures in September 2024, once more data on packaging placed on the market in 2023 data has been submitted by producers.

We expect that the final fee rates that will be invoiced to producers will be published once all of the 2024 placed on market data has

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been submitted to Government, by 1st of April 2025. Government will need to review the data and are likely to notify producers of the final fee rate from May 2025 (exact timeline is still to be confirmed by Government).

Based on this first iteration of 'illustrative' disposal fees, clearly there will be a considerable increase in producer's packaging compliance costs, as these disposal fees will be charged in addition to PRN fees. This was expected as disposal fees will shift the funding of the collection and sorting of household packaging material from UK households carried out by local authorities, from current taxpayer funding to the producers that place this packaging on the market funding this activity from 2025 onwards.

Beyondly will be sharing a cost calculator tool which will help producers to forecast their likely disposal fees in 2025, based on this first iteration of the 'illustrative' rates. This will be available in the coming days and will be easily accessible on our website.

For further information: you can read the Government publication here:

Read more!

If you wish to speak to Beyondly, email solutions@beyondly.ly

Illustrative packaging EPR disposal fees rates for 2025/26

	Lower (per tonne)	**Intermediate** (per tonne)	**Higher** (per tonne)
Aluminium	£245	**£495**	£655
Fibre-based composites	£410	**£525**	£655
Paper or board	£185	**£260**	£350
Plastic	£355	**£515**	£610
Steel	£170	**£295**	£420
Wood	£225	**£265**	£330
Other	£225	**£265**	£330
Glass	£130	**£260**	£330

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ONE WORLD UPDATES

No-code Technology: How to Super Charge Your Supply Chain.

In an increasingly digital world, no-code technology is inevitably on the rise. Predictions from Gartner suggest that by 2026, around three-quarters of all new applications will be built using no-code technologies. This growth is due to the technology's ability to democratise software development, accelerate application delivery, and reduce costs. All these benefits are essential for businesses to thrive in the current climate.

Advancements in this technology allows both professional developers and non-technical users, often referred to as "citizen developers", to create applications using visual development environments with drag-and-drop features. This minimises the need for extensive coding knowledge. The demand for no-code development technologies is expanding rapidly, with significant growth projections, driven by the need for faster digital transformation and the increasing pressure on IT departments to deliver value quickly.

Here are just some of the areas where businesses can benefit from adopting no-code technology:

Increased Speed and Agility: Low code platforms enable faster development and deployment of applications, allowing businesses to respond quickly to market changes and customer needs. This speed is crucial for maintaining a competitive edge.

Reduced Costs: By lowering the dependency on highly skilled developers, no-code platforms help reduce development costs. This is particularly beneficial for businesses that may not have extensive IT resources.

Enhanced Collaboration: No-code tools facilitate better collaboration between technical and non-technical teams, improving communication and project efficiency.

Empowerment of Citizen Developers: Non-technical staff can develop solutions independently, reducing the burden on IT departments and accelerating innovation within the organisation.

Integration with Advanced Technologies: No-code platforms are increasingly incorporating advanced technologies such as AI, and IoT, enhancing their capabilities and opening new avenues for innovation.

The One World platform has been created with the principals of no-code technology at its core. Through this innovation we have empowered businesses to create the supply chains of the future.

Due to their complex nature, supply chains have several areas where digitalisation, and in particular no-code technology, could provide much needed efficiencies.

ONE WORLD UPDATES

Automating Processes: No-code platforms can be used to automate various supply chain processes such as inventory management, order processing, and logistics; leading to increased efficiency and reduced errors.

Real-Time Data Capture and Analysis: Platforms such as One World facilitate sophisticated data analysis and visualisation, providing real-time insights into supply chain operations. This helps businesses make informed decisions and optimise their supply chains.

Significantly Reduce Deployment Times: No-code technology enables rapid prototyping and deployment of supply chain solutions, enabling businesses to test and implement new strategies quickly. According to Statista businesses utilising no-code platforms can build solutions 56% faster than those using traditional technologies.

Improved Collaboration: By centralising information and streamlining communication among various stakeholders, no-code platforms enhance collaboration across the supply chain. This interconnectedness ensures that all parties are aligned and can make decisions based on shared, up-to-date data.

Enhanced Agility and Responsiveness: No-code technology enables businesses to swiftly develop and deploy applications that align with changing market conditions, fostering better alignment between business and technology. This agility is particularly vital in supply chains, where delays can result in significant losses. By empowering supply chain professionals to adapt workflows and processes independently, no-code platforms minimise reliance on extensive IT support, facilitating faster decision-making and ensuring that technological solutions are in sync with business needs.

The rise of no-code technology is transforming the digital landscape, offering businesses a powerful tool to enhance their supply chains through automation, real-time data analysis, rapid deployment, and improved collaboration. This technology provides broad efficiencies and allows companies to make their supply chain their competitive edge.

Learn more today at owgtm.com.