MAY 2025

MARKET UPDATE

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UK TRADE TARIFFS UPDATE

Breakthrough US-UK Trade Deal confirmed

In a significant development for international trade relations, US President Donald Trump and UK Prime Minister Sir Keir Starmer have announced a groundbreaking trade agreement between the United States and the United Kingdom. The deal, finalised after months of negotiations, marks a pivotal moment in bilateral relations following the UK's exit from the European Union.

Key sectors benefiting from the deal include technology, finance, and agriculture, with provisions aimed at boosting trade volumes and fostering economic growth on both sides of the Atlantic.

Below is our summary of the key take aways from the trade deal:

Steel & Aluminium Relief

The US has lifted 25% tariffs on UK steel and aluminium. Under the plan, the UK will "promptly" begin work to meet the United States' requirements for securing supply chains of steel and aluminium products.

Automotive Industry Boost

UK car exports to the US (up to 100,000 vehicles) will now face a 10% tariff — down from 27.5%. Spare arts get special trade treatment too as part of the deal.

Agricultural Access

Both the US and UK's agriculture sectors will gain new access to one another's markets under the deal.

- UK beef enters the US tariff-free for the first time (13,000-tonne quota)
- US farmers will gain new access to the UK market, with British tariffs on beef—previously as high as 125% in some cases—reduced to zero for a quota of 13,000 tonnes.
- UK will remove tariffs on 1.4 billion litres of ethanol

Pharma, Digital & Security Cooperation

Ongoing negotiations aim to deliver preferential terms on pharmaceuticals, and ambitious frameworks for digital trade and investment security.

UK Government cuts tariffs on everyday items and summer essentials

The ongoing tariff trade war between the United States and China has escalated significantly, introducing new complexities for global trade and supply chains.

In a collaborative effort with industry leaders, the UK government has announced a temporary suspension of

"President Donald Trump and UK Prime Minister Sir Keir Starmer have announced a groundbreaking trade agreement between the United States and the United Kingdom."

UK TRADE TARIFFS UPDATE

import tariffs on 89 everyday products.

There are significant cuts in prices for everyday items and summer essentials, including pasta, fruit juices, spices, plastics and gardening supplies.

Effective immediately, taxes on a wide range of products have been reduced to zero until July 2027. This move is expected to lower costs for families preparing for summer activities and holidays, easing financial burdens amid rising living costs.

The government emphasised the importance of supporting households and businesses during these challenging times. By reducing prices on essential summer goods, they aim to make seasonal products more affordable and accessible to all.

You can find the full list of commodity codes benefiting from the suspension, here.

India-UK Free Trade Agreement Signed, ushering in a new era of bilateral growth

In a major milestone for international trade, India and the United Kingdom have signed a comprehensive Free Trade Agreement (FTA), marking a transformative moment in their economic and diplomatic relationship. This landmark agreement is set to deepen commercial ties and foster innovation, creating new pathways for collaboration across key industries.

The agreement eliminates or significantly reduces tariffs on over 90% of goods traded between the two nations. For Indian exporters, this means 99% of products – including textiles, garments, leather, footwear, pharmaceuticals, engineering goods, auto components, and marine products – will enjoy duty-free access to the UK market. This is expected to enhance India's export competitiveness and boost outbound trade by 25%, with overall bilateral trade projected to grow by 38% by 2040.

On the import front, India will cut tariffs on 92% of goods from the UK. Key beneficiaries include whisky and gin (with duties halved immediately and gradually reduced further), cars (including electric vehicles), cosmetics, advanced machinery, medical devices, and select food and drink items. These reductions will make UK goods more affordable for Indian consumers and create new opportunities for industrial cooperation.

The FTA is anticipated to double bilateral trade to $120 billion by 2030 and stimulate job creation and economic growth in both countries. Strategic sectors in India stand to gain from increased foreign investment, technology transfer, and access to high-

"The FTA is anticipated to double bilateral trade to $120 billion by 2030 and stimulate job creation and economic growth in both countries."

UK TRADE TARIFFS UPDATE

value goods and services. Certain sensitive domestic sectors – such as sugar, milled rice, pork, chicken, and eggs – have been excluded from the agreement to protect local interests.

Indian exports gaining duty-free access to the UK:

- Textiles and garments
- Leather and footwear
- Processed and ready-to-eat foods
- Gems and jewellery
- Pharmaceuticals
- Engineering goods and auto parts
- Minerals, chemicals, plastics, rubber, wood, paper, glass, ceramics, base metals, machinery, arms/ammunition, furniture, sports goods, animal products, marine products (like frozen shrimp)

UK exports to India with reduced tariffs:

- Whisky and gin (tariffs cut from 150% to 75% immediately, then to 40% over 10 years)
- Cars (tariffs drop from over 100% to 10% under quotas, including electric and hybrid vehicles)
- Cosmetics and toiletries (soaps, creams, perfumes, etc.)
- Food and drink (chocolate, biscuits, soft drinks, non-alcoholic beer)
- Medical devices, advanced machinery, auto parts, aerospace components, lamb, salmon

“Certain sensitive domestic sectors – such as sugar, milled rice, pork, chicken, and eggs – have been excluded from the agreement to protect local interests.”

OCEAN FREIGHT UPDATE

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KEY HEADLINES

- May is likely to see a complex mixture of stability and disruption to the Asia Europe and Transpacific trade lanes.
- Recent shifts in global container shipping alliances are beginning to positively influence schedule reliability.
- Ex ISC ocean freight rates are expected to stay elevated through May and into June 2025.

OCEAN FREIGHT GLOBAL MARKET OVERVIEW

May is likely to see a complex mixture of stability and disruption to the Asia Europe and Transpacific trade lanes.

Rate levels across both corridors have remained largely flat, with limited momentum for any significant increases. Cargo volumes and surplus vessel capacity continue to shape market dynamics, with carriers responding by tightening available space. On the Asia to Europe route, more vessels are in operation, but carriers have intensified the use of blank sailings in an effort to mitigate overcapacity. These measures have helped balance supply with weak demand, although rate levels remain under pressure. European port operations have faced significant disruption, with strikes and congestion affecting key hubs. Antwerp saw more than 100 ships delayed at the height of disruption, while Bremerhaven, Felixstowe, and Rotterdam also struggled due to the complex phasing in and out of new alliance schedules. Delays from Antwerp have caused a ripple effect across Northern Europe, further impacting service reliability. On the Transpacific lane, volumes between China and the U.S. have slumped due to the ongoing tariff dispute. Carriers have responded by diverting ships toward more stable lanes, such as Asia Middle East, where cargo flows and rates have been more resilient. However, the core Transpacific market has continued to suffer. Widespread blank sailings have been one of the only tools available to prevent a total collapse in pricing. The rising number of these blank sailings appears to have at least limited the weekly losses to single-digit declines. Globally, there are signs of potential relief for ocean freight as discussions around a possible ceasefire between the U.S. and Houthi rebels emerge. If successful, such an agreement could pave the way for safer commercial passage through the Red Sea critical shipping artery that has seen heightened disruption in recent months.

Recent shifts in global container shipping alliances are beginning to positively influence schedule reliability.

Whilst the sector remains in transition, with full implementation of new routes, schedules and feeder systems not expected to be fully rolled out until July, the early signs are positive. The newly formed Gemini Cooperation between Maersk and Hapag-Lloyd has launched with a focus on enhancing reliability on key east-west trade routes. By investing in terminals and port operations and adopting a strategy of more feeder routes into hub ports with fewer port calls for larger vessels, Gemini aims

"Widespread blank sailings have been one of the only tools available to prevent a total collapse in pricing."

Steve Ireland,
Director of Surface Freight Operations
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OCEAN FREIGHT GLOBAL MARKET OVERVIEW

to achieve 90% reliability and is currently operating at a schedule reliability rate of between 85% and 90%, significantly above the global average. MSC, now operating independently after the end of the 2M alliance, is achieving around 75% reliability on east-west trade routes. Meanwhile, the Premier Alliance comprising HMM, ONE, and Yang Ming has reported lower reliability levels of 51% to 53% on similar routes. As a comparison for most of 2024, the sector averaged just 53% reliability. Analysts suggest that a full assessment of these alliance transitions will be possible by summer 2025, as carriers settle into new patterns. Furthermore, a potential safe return to the Red Sea route could significantly improve schedule reliability with shorter transit times required.

The United States announces it will suspend airstrikes against Yemen's Houthi rebels.

The United States has announced it will suspend airstrikes against Yemen's Houthi rebels, following the group's pledge to halt attacks on commercial shipping in the Red Sea and surrounding waters. This development could ease some pressure on a key global trade corridor that has faced ongoing disruption since March due to Houthi missile and drone attacks.

However, the situation remains fragile. On the same day as the U.S. announcement, Israel launched a fresh round of airstrikes targeting Houthi positions, reportedly disabling Sanaa's international airport. The strikes were in retaliation for a recent Houthi missile attack on Israel's main airport. The dual military developments highlight the continued volatility in the region.

Swiss based Mediterranean Shipping Company MSC has become the first global container carrier to operate a fleet of 900 vessels.

This milestone was marked by the delivery of the 16K TEU containership MSC Germany. MSC's fleet now comprises 609 owned vessels and 291 chartered ships with a total capacity having now reached approximately 6.47 million TEU, well ahead of their nearest competitor Maersk. This looks set to further expand MSC's fleet to 1000 ships in the coming years, with another 132 vessels currently on firm order.

The U.S Government is set to introduce a series of escalating port fees on Chinese built ships from October 2025.

The move will be aimed at challenging China's dominance in global shipbuilding

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OCEAN FREIGHT GLOBAL MARKET OVERVIEW

and supporting its own maritime industry. Vessels constructed in China will face charges starting at $50 per ton, rising to $140 by 2028. Operators of these ships will also be subject to additional fees, either based on tonnage or per container rates, which will also increase over time. Foreign built car carriers arriving at U.S ports will be charged $150 per vehicle, though companies that commit to ordering U.S built ships may be exempt. LNG carriers are expected to be included under the new fee structure, but specific details are yet to be confirmed. Exemptions may apply for smaller ships, specialist vessels, and those involved in U.S government maritime programmes. While the policy is intended to reduce U.S dependence on Chinese shipbuilding, it has raised concerns within the global shipping industry over possible trade disruption and increased costs for importers and consumers.

INDIAN SUBCONTINENT

- Given ongoing capacity management, early peak season, and persistent rerouting, ocean freight rates from India, Bangladesh, Sri Lanka, Pakistan, and the Middle East are expected to stay elevated through May and into June 2025.
- Despite moderate overall demand growth (projected at 3–4% for 2025), Asia-Europe lanes—including India to UK—are seeing increased rate volatility due to port congestion, new vessel deployments, and shifting trade patterns.
- Capacity Adjustments: The Ocean Alliance announced blank sailings starting mid-April, while Premier Alliance reduced capacity as of Week 19 (early May 5th).
- Rotterdam Congestion: Ongoing port congestion may lead to rolling issues and transshipment delays, requiring early space booking.

“Ocean freight rates from India, Bangladesh, Sri Lanka, Pakistan, and the Middle East are expected to stay elevated through May and into June 2025.”

Shruti Jain,
Senior Regional Global Manager
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AIR FREIGHT UPDATE

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KEY HEADLINES

- Air freight rates ex-Far East are expected to continue facing pressure through May amid growing uncertainty in the market.
- May 2nd sees the U.S officially end the de minimis exemption for imports from China and Hong Kong, a move set to significantly impact the Air Freight sector.
- Ex ISC we see continued volatility as rates are expected to remain elevated due to limited airport capacity and geopolitical disruptions.

AIR FREIGHT GLOBAL MARKET OVERVIEW

Air freight rates ex-Far East are expected to continue facing pressure through May amid growing uncertainty in the market.

The ongoing challenges in the market stem from a variety of factors including low sea freight rates, which continue to suppress air cargo demand as shippers opt for more cost-effective ocean options. This has limited any significant shift towards air transport, keeping volumes relatively steady across many trade lanes. In addition, the recent China Labour Day holidays have led to a slowdown in air freight activity, with post-holiday volumes falling short of expectations. This softening demand is causing carriers to review capacity allocation in the short term. The expiration of the U.S. de minimis exemption has created significant disruptions for the air freight sector too. E-commerce air traffic to the U.S. is set to reduce significantly in May, and airlines have been forced to significantly cut freighter capacity. This shift has resulted in on average 19 fewer freighter aircraft operating into the U.S. every day, as cargo carriers scramble to find new markets for their fleet. E-commerce, which had previously helped sustain the air cargo market in recent years, is now facing significant challenges, with shifts in regulation compounding the sector's uncertainty. This is compounded by uncertainty around U.S. trade policy, which continues to affect global supply chains. As air freight continues to contend with these hurdles, the outlook for the remainder of May is cautious, with the market closely watching evolving trade policies and geopolitical developments.

May 2nd sees the U.S officially end the de minimis exemption for imports from China and Hong Kong, a move set to significantly impact the Air Freight sector.

The exemption previously allowed goods valued under $800 to enter duty-free, supporting the rapid growth of low-cost e-commerce shipments from platforms like Shein and Temu. Now, these shipments are subject to tariffs of 120% to 145% and must undergo full customs clearance, adding both cost and delay. As a result, air cargo volumes on the China to U.S lane are projected to drop significantly, with some early signs showing a 50% decline in e-commerce traffic year-on-year. Industry forecasts suggest the air cargo sector could lose over $22 billion in revenue, prompting some airlines to cut capacity or reroute freighter services. U.S Customs has also introduced more stringent documentation requirements, increasing

"Air cargo volumes on the China to U.S lane are projected to drop significantly, with some early signs showing a 50% decline in e-commerce traffic year-on-year."

Leighton Bonnett,
Director of Airfreight
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AIR FREIGHT GLOBAL MARKET OVERVIEW

the administrative workload for carriers and importers. While the rule currently applies only to China and Hong Kong, U.S officials have hinted at potential future expansions to other countries. In the meantime, companies like Temu are already adjusting operations, exploring alternatives to direct shipments from China. The change marks a shift in U.S trade policy that is likely to ripple through global supply chains in the months ahead.

United Parcel Service (UPS) has announced plans to cut 20,000 jobs and close 73 facilities as part of a significant operational restructuring.

This decision follows a 50% reduction in shipping volume from Amazon, its largest customer, and is influenced by the impact of U.S tariffs on global trade. UPS aims to reduce costs by $3.5 billion in 2025 through these measures. The company has stated its intention to adhere to its contractual obligations with the Teamsters union, which represents over 75% of its U.S workforce. UPS's CEO highlighted the unprecedented potential impacts on trade due to current economic policies.

Emirates and Qatar expand their fleet with key additions.

Emirates SkyCargo has expanded its freighter fleet with the addition of two new Boeing 777F aircraft. The new wide-body freighters will boost service on key routes and support the launch of new destinations, including Tokyo Narita and Copenhagen, driven by rising demand in Asia and Northern Europe. Meanwhile Qatar Airways Cargo has partnered with Mammoth Freighters to convert a total of five Boeing 777-200LR passenger aircraft into freighters, marking a significant expansion of its cargo capabilities. This agreement coincides with Mammoth's successful initial test flight of its 777-200LRMF prototype freighter, a key milestone in its passenger-to-freighter conversion programme.

"UPS has announced plans to cut 20,000 jobs and close 73 facilities as part of a significant operational restructuring."

Myles McGeown,
Regional General Manager
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AIR FREIGHT GLOBAL MARKET OVERVIEW

INDIAN SUBCONTINENT

- Ex ISC we see continued volatility as rates are expected to remain elevated due to limited airport capacity and geopolitical disruptions.
- India Airports/ Infrastructure Update:
  - Noida International Airport: Phase 1 of the Noida International Airport (NIAL) remains on track for an April 2025 launch (already operational post-April). Located 74 km from Delhi, it will serve 12 million passengers annually initially, with international routes to Singapore, Dubai, and Zurich.
  - Chennai Expansion: A $345 million renovation (including a new cargo terminal) is ongoing.
  - Navi Mumbai Airport: Construction of the first phase (25 million annual capacity) is expected to begin in 2025, with completion by 2035.
  - Delhi-Mumbai Expressway: Slated for 2025 completion, this 1,334 km expressway will enhance logistics connectivity between major air cargo hubs.
- Bangladesh's Civil Aviation Authority (CAAB) opened Sylhet Airport for cargo operations on April 27, 2025, with a 70-tonne inaugural flight to Spain. Chattogram Airport will follow, though it currently handles negligible cargo volumes.

"Rates are expected to remain elevated due to limited airport capacity and geopolitical disruptions."

Shruti Jain,
Senior Regional Global Manager
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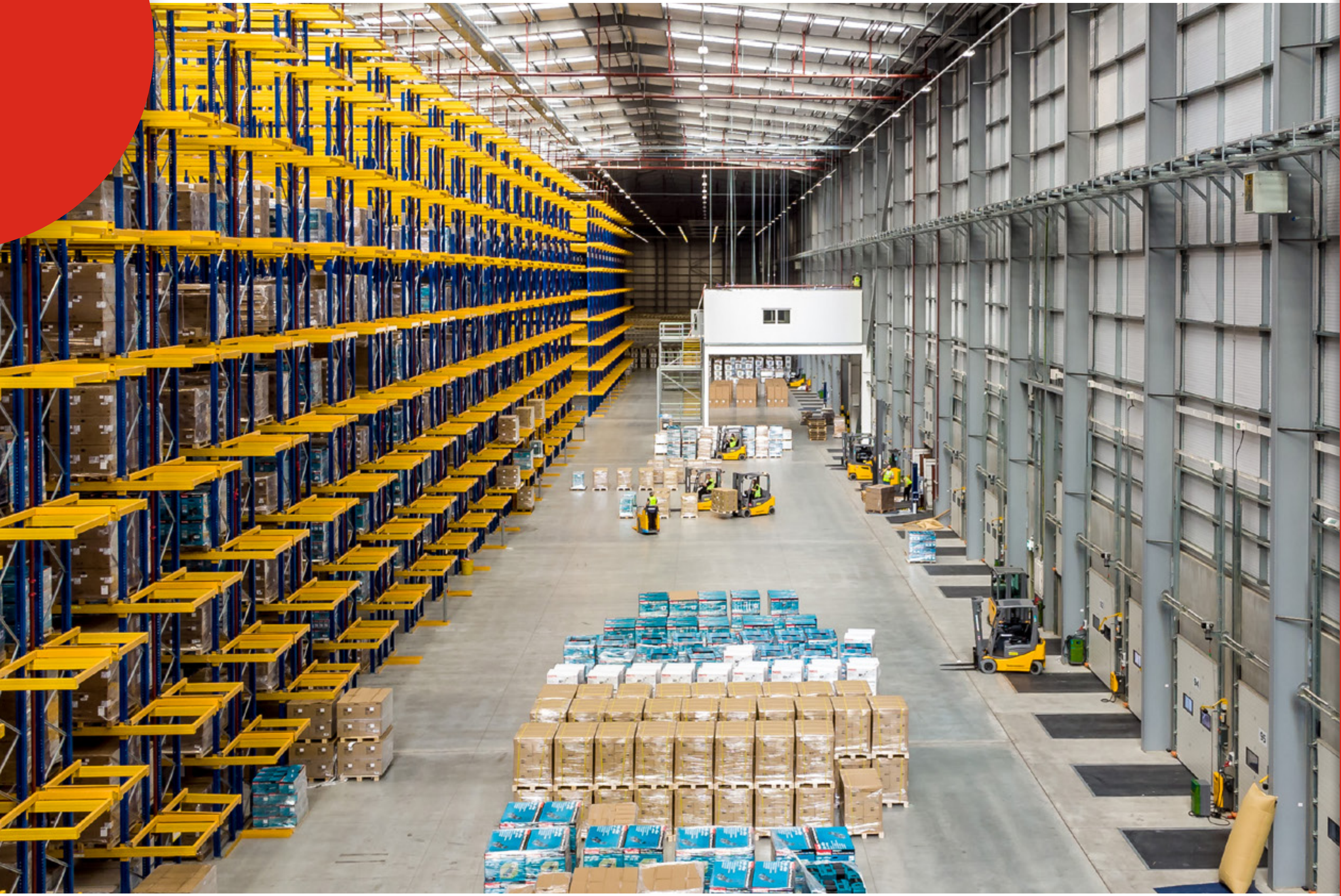
WAREHOUSING & TRANSPORT UPDATE



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KEY HEADLINES

- The new Dartford Crossing promises to deliver significant benefits to freight operators, supply chain networks, and delivery services.
- With improved reliability, reduced congestion, and greater regional connectivity, logistics firms stand to gain from more efficient operations, cost savings, and enhanced customer satisfaction.

WAREHOUSING & TRANSPORT MARKET OVERVIEW

New Dartford Crossing Approval Set to Revolutionise Logistics Efficiency in Southeast England

The recent approval of the new Dartford Crossing marks a pivotal milestone for the logistics industry in the UK, particularly for companies operating in and around the Southeast such as Uniserve who have DCs in Tilbury and Felixstowe. Designed to alleviate congestion and modernise transport infrastructure, the new crossing promises to deliver significant benefits to freight operators, supply chain networks, and delivery services.

For decades, the current Dartford Crossing has been plagued by heavy traffic, frequent delays, and a bottleneck effect that has frustrated logistics operators and commuters alike. The new crossing, part of the Lower Thames Crossing project, aims to resolve this with an additional 14-mile route that includes a 2.6-mile tunnel beneath the River Thames.

This infrastructure upgrade will provide an alternative to the existing crossing, significantly reducing congestion and improving travel times for HGVs and delivery fleets. Transport for the South East has projected that the new crossing could divert up to 13 million vehicles annually from the current route.

Unpredictable delays caused by bottlenecks at the Dartford Crossing often leads to late deliveries, increased fuel consumption, and rising operational costs. By offering a more reliable alternative route, the new crossing will help logistics companies stick to delivery schedules, streamline routing, and reduce the need for costly contingency planning.

This increase in reliability is especially beneficial for time-sensitive cargo, such as perishables and medical supplies, which rely on precise timing and minimal delays.

The new crossing will also enhance connectivity between key economic zones. With better access to the M25, M2, and A2 corridors, logistics companies will find it easier to move goods between London, the Midlands, and the Channel ports of Dover and Folkestone. This is particularly vital for firms involved in import-export operations, as improved transit routes will support quicker customs clearance and port turnarounds.

“The new crossing will help logistics companies stick to delivery schedules, streamline routing, and reduce the need for costly contingency planning.”

David Barry,
Director of Warehouse & Transport
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WAREHOUSING & TRANSPORT MARKET OVERVIEW

According to National Highways, the crossing is expected to support 22,000 jobs during construction and boost the local economy by as much as £8 billion. For logistics firms, this economic activity will generate increased demand for distribution services, warehousing, and last-mile delivery – especially in emerging business parks along the new corridor.

While logistics companies are under increasing pressure to reduce their carbon footprint, the new crossing can assist by minimising idling time and stop-start traffic. Smoother traffic flow translates to lower emissions per journey, which aligns with the UK's broader goals of achieving net-zero emissions by 2050.

The approval of the new Dartford Crossing is not just a win for infrastructure – it's a transformative development for the logistics sector. With improved reliability, reduced congestion, and greater regional connectivity, logistics firms stand to gain from more efficient operations, cost savings, and enhanced customer satisfaction. As construction progresses, stakeholders across the supply chain should prepare to integrate the new route into their strategic planning for long-term growth.

"The approval of the new Dartford Crossing is not just a win for infrastructure – it's a transformative development for the logistics sector."

David Barry,
Director of Warehouse & Transport
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EUROPEAN TRANSPORT UPDATE

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KEY HEADLINES

- Germany's new coalition agreement to focus on investment, technology neutrality, and infrastructure.
- The record-breaking tunnel between Denmark and Germany is currently under construction.

EUROPEAN TRANSPORT MARKET OVERVIEW

Germany's Coalition Agreement

Germany have agreed a new coalition agreement, that avoids strict regulatory mandates and instead focuses on investment, technology neutrality, and infrastructure, such as reviewing CO_2 standards for heavy-duty vehicles, expanding charging networks, and supporting zero-emission trucks through toll exemptions.

However, according to the IRU they claim that there is a lack of explicit support for clean fuels, warning this omission could leave long-haul and heavy-duty operators without viable options in the near term. The IRU stresses that a successful decarbonisation strategy must include all clean solutions, both zero-emission vehicles and renewable fuels, to ensure a fair and effective transition for the entire sector. The IRU also urges that funding and support remain accessible to small and medium-sized enterprises.

The Record-Breaking Tunnel Between Denmark and Germany

The Fehmarnbelt tunnel, currently under construction beneath the Baltic Sea, will be the world's longest pre-fabricated immersed road and rail tunnel at 18km, linking Denmark's Rødbyhavn to Germany's Puttgarden and reducing ferry travel from 45 minutes to about 10 minutes by car or truck and halving train travel times between Copenhagen and Hamburg to around 7 minutes.

The tunnel includes two rail tubes, two road tubes each with two lanes, and a service tunnel. The €7.4 billion project, mostly funded by Denmark, aims to open in 2029 and is designed to handle over 100 trains and 12,000 vehicles daily, significantly boosting regional economic growth and supporting EU goals for greener, more efficient transport by shifting freight from trucks to electric trains and reducing CO2 emissions.

"A successful decarbonisation strategy must include all clean solutions - both zero-emission vehicles and renewable fuels - to ensure a fair and effective transition for the entire sector."

Lauren Liddell,
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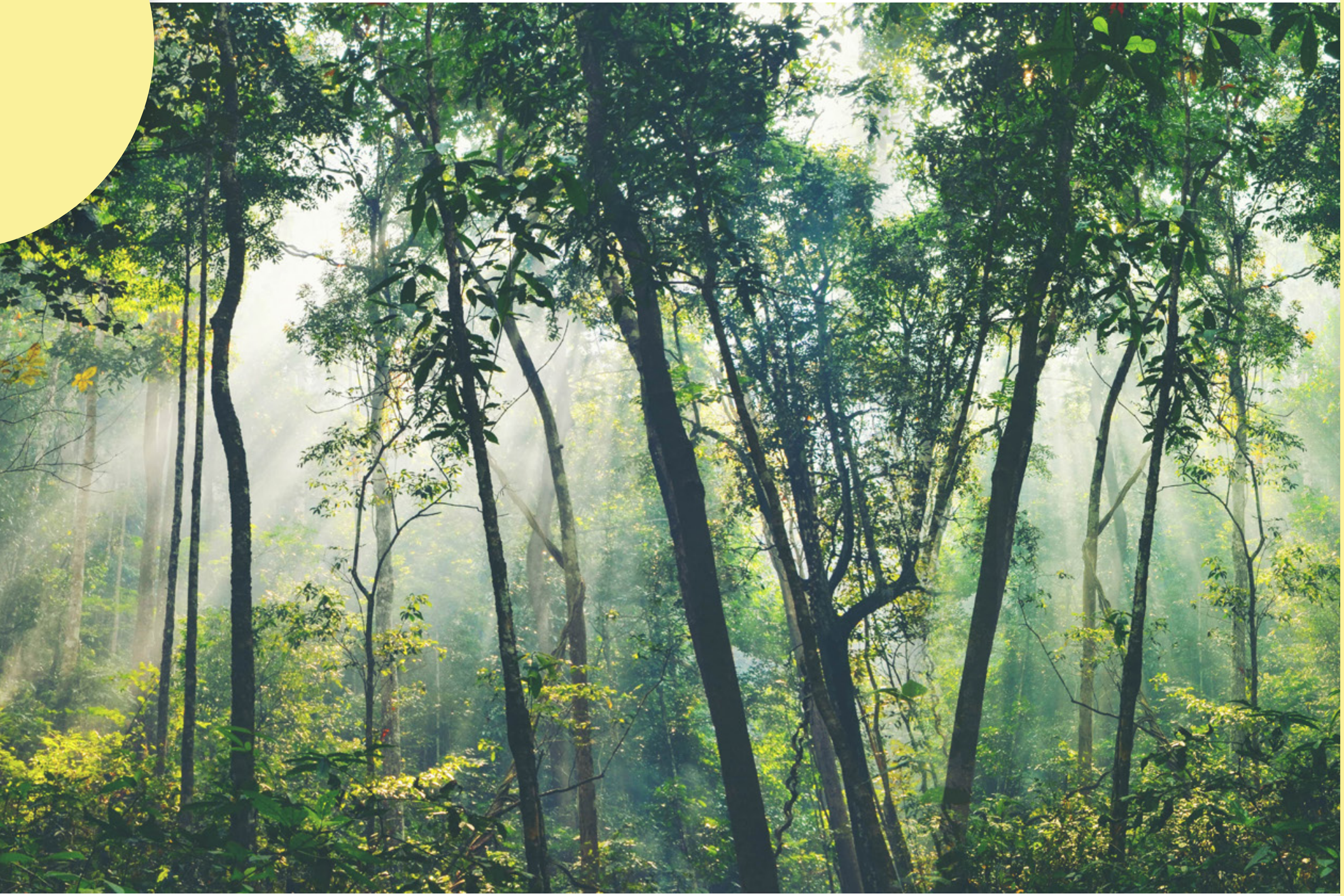
ENVIRONMENTAL COMPLIANCE UPDATE



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KEY HEADLINES

- RAM introduces a significant step change in data intensity, requiring producers to capture substantially more granular packaging information.
- Beyondly remains strongly supportive of RAM in principle, and recognises its key role in driving better design and recyclability outcomes over time.

ENVIRONMENTAL COMPLIANCE MARKET OVERVIEW

From Principle to Practice: The benefits and challenges of RAM implementation

2025 brings a new packaging data reporting requirement, under the packaging Extended Producer Responsibility (pEPR), for large producers placing household packaging or packaging that commonly ending up in public bins on the market: the recyclability assessment obligation.

The Recyclability Assessment Methodology (RAM) is the tool provided by PackUK (the pEPR scheme administrator) for producers to use, to meet this recyclability assessment obligation. The output of RAM will be used to modulate the pEPR disposal fees, a new fee under pEPR applicable to household packaging and packaging that commonly ends up in public bins. This disposal fee covers the cost of local authority collection and sorting of packaging waste, which previously under the old Producer Responsibility regulations was not accounted for. The RAM and corresponding modulated disposal fee are central to the pEPR reform, incentivising improved packaging choice and design through a focus on recyclability, initially with long term ambitions to focus on a range of environmental considerations.

During the RAM's development, Defra welcomed stakeholder engagement, with several drafts shared before Christmas 2024, encouraging industry feedback and comments. Combining these insights, PackUK published the first version of RAM on the 23rd December 2024 for producers to utilise when completing their October 1st packaging submission. V1.1 of RAM is set to be widely released by end of April 2025 with some further clarifications, however, remains largely the same.

Working closely with our packaging members and partners, Beyondly has identified several key challenges and practicalities set to impact deliverability of the existing RAM methodology. In comparison to previous packaging data requirements, RAM introduces a significant step change in data intensity, requiring producers to capture substantially more granular packaging information.

Across packaging materials, the data points vary greatly, with in-depth considerations of material formats and sub-materials, packaging design inclusive of; size, colour and density, as well as information on additives, adhesives, fillers, agents, lamination, inks or vanishes. For producers who previously collated packaging waste

"The RAM and corresponding modulated disposal fee are central to the pEPR reform, incentivising improved packaging choice and design through a focus on recyclability."

Emily Baker,
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ENVIRONMENTAL COMPLIANCE MARKET OVERVIEW

reports based upon the packaging activity and main material type, this can be an overwhelming jump.

This data is gathered from across the supply chain, demanding increased transparency and often met with hurdles such as language barriers and data inaccuracy. Collating this level of data from multiple, often hundreds of suppliers, this could be challenging. For many producers, this means building or upgrading systems and processes to ensure accurate packaging data capture. However, under the pressure of the compliance deadline time, it raises concerns over business readiness. Alongside these practicalities, a lack of visibility on the true financial impact of modulation has also limited the ability to plan and budget effectively, with some producers flagging concerns around achieving compliance under RAM.

Beyondly's Packaging Compliance Manager Faye Perry acknowledges these challenges in a recent statement:

“Beyondly anticipates significant challenges with the deliverability of RAM through a substantial increase in the number of data points for which packaging data will need to be captured from within the supply chain. However, Beyondly remains strongly supportive of RAM in principle, and recognises its key role in driving better design and recyclability outcomes over time. Whilst the team is ready to support producers gather the required data under RAM to ensure confident packaging compliance, Beyondly welcome further collaboration with PackUK, compliance schemes and producers across industry to discuss data challenges, to support in influencing development of further solutions which work to the long-term interests of all stakeholders.”

Visit the Beyondly website to read more and stay updated on all packaging EPR related policy developments.

“Beyondly anticipates significant challenges with the deliverability of RAM through a substantial increase in the number of data points.”

Emily Baker,
Marketing Leader
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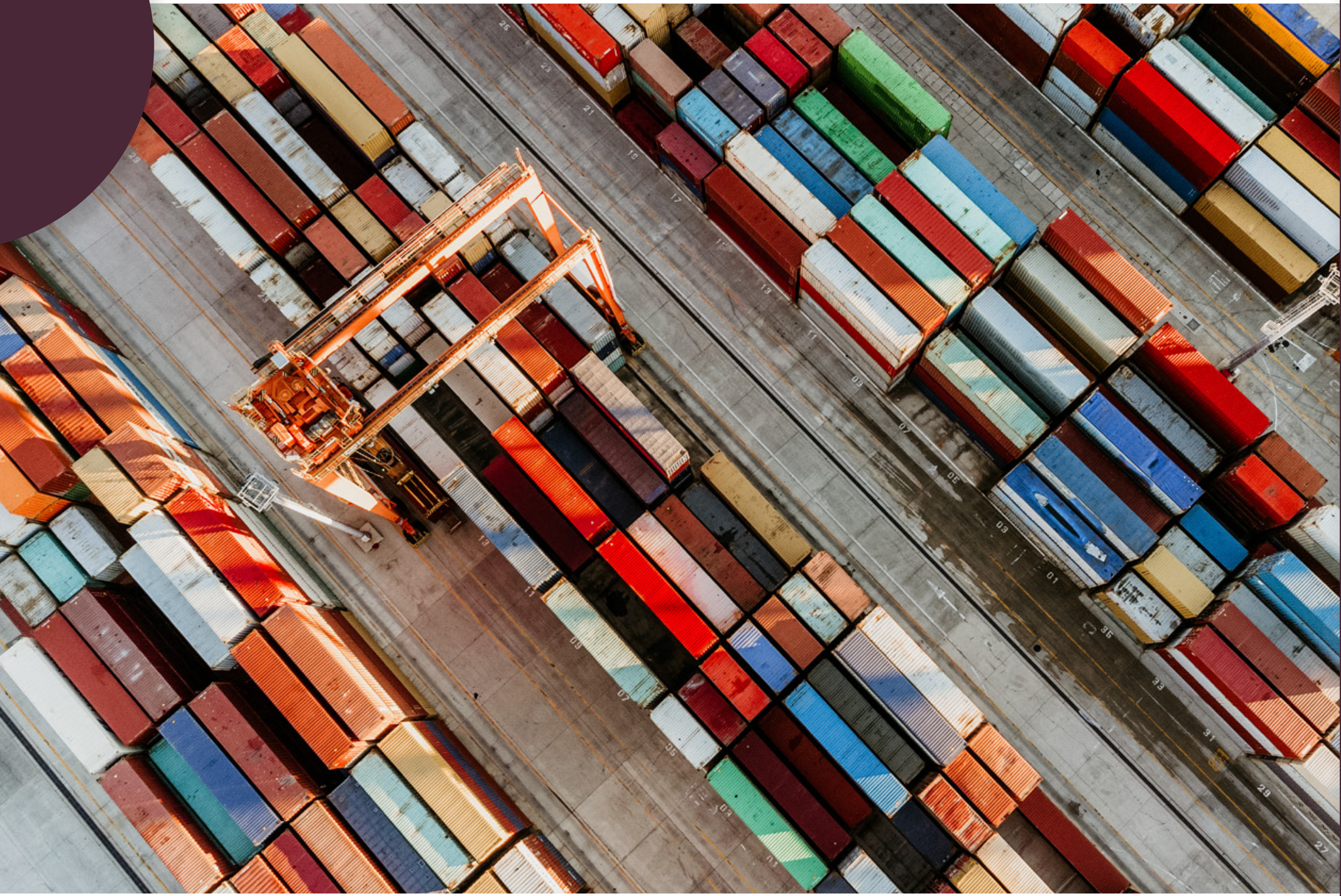
BKR CONSULTANTS UPDATE



KEY HEADLINES

- E-commerce companies face major challenges meeting varied international customs and compliance requirements.
- Regulators in the US and EU are tightening rules to manage risks from low-value, high-volume cross-border shipments.

BKR CONSULTANTS LIMITED

BKR CONSULTANTS MARKET OVERVIEW

Challenges of customs compliance for e-commerce companies

As we are all aware the widespread ability to commercially transact over the internet has been economically transformative. Greatly expanding the market-place for businesses worldwide, including for those companies supporting the tremendous resultant growth in cross-border goods movements, logistically. This rapidly evolving dimension of global commerce presents fantastic new opportunities for profitable business, for those companies that understand it and can adapt to what is required to succeed.

Part of this is about knowing what is required when a business is generating movements of consignments across international frontiers. It needs to embrace the difference between domestic and international transactions, making sure it is aware of, and complies with, those aspects of the international trade regulatory framework relevant to its operations.

The extraordinary growth in the volume of - typically relatively low value - internet e-commerce platform generated, time sensitive, shipments to private individuals has challenged international trade norms, forcing them to evolve, and has intensified the tension in the interplay between states' need to regulate, control and protect, and the desire of businesses and markets to be able to operate freely, to swiftly serve customers wherever they are.

The Main Trade Challenges for E-commerce Companies

- **Customs Requirements and Border Formalities**

For e-commerce companies seeking to meet the demand of large numbers of customers in a number of different countries, dealing with customs requirements, and 'getting it right' consistently over time is perhaps the most challenging of all the issues faced. Whilst many principles and general rules will be in common, each country / jurisdiction tends to operate to its own version of these in relation to customs and the admissibility of products to their market. Even where there is a level of commonality, for example, the European Union's Single Market, or the World Trade Organisation's (WTO) legal instruments, such as the Customs Valuation Agreement, interpretation and/or procedural implementation of the rules can still differ from place to place.

"This rapidly evolving dimension of global commerce presents fantastic new opportunities for profitable business."

Toby Spink,
Director at BKR Consultants Limited
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BKR CONSULTANTS MARKET OVERVIEW

- **Joined-up Operations**

To avoid costly consignment delay, dissatisfied customers, and legal fines / penalties it is critical that the relevant business units of e-commerce companies selling internationally are joined-up operationally, and are across-the-detail of customs and international trade compliance. In a business sector where timely delivery is so important, investment in the building of the capacity to confidently trade compliantly across borders can pay dividends in the contribution it can make to problem free customer experiences, enhanced company reputation and perception, and the generation of repeat orders. In this regard, it should always be remembered that remote direct to end consumer (D2C) sales involve delivery to private individuals with little or no familiarity with customs formalities.

- **Supply-chain Vulnerability**

International supply-chains are vulnerable to changes in the international trade environment and rarely more so than today. So, company expertise needs to be developed internally, or through working with good quality business partners, for example advisers, customs brokers, freight forwarders, and local market fulfilment companies, to enable the company to know and properly understand its markets and to keep abreast of developments, in terms of their official procedural and customs requirements. Not to mention any opportunities to trade more cost-effectively, for example, by using free trade agreements where possible, and/or useful customs regimes, such as de minimis duty relief, among others. Also, a horizon scanning, intelligence gathering capability needs to be in place within the business to pick up on potential issues (e.g. tariff changes) before they happen, anticipate possible impacts, to mitigate and respond in a timely manner and to adapt to the changes afoot. It seems that developing such supply-chain resilience and agility has never been more important than in today's volatile international trade context.

- **Control**

The impact of extended distance and of the regulatory requirements to access markets internationally can serve to diminish a company's ability to control the service quality of the delivery of its product(s) to its customers abroad. The means that are available to address this depend on

"Developing supply-chain resilience and agility has never been more important than in today's volatile international trade context."

Toby Spink,
Director at BKR Consultants Limited
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BKR CONSULTANTS MARKET OVERVIEW

the quality of customs and international trade expertise the business has access to. For example, to enhance control over its international sales fulfilment it is important that it is knowledgeable of what needs to be covered in associated contracts and agreements, of using international commercial terms correctly, and of which processes, procedures and attendant documentation are relevant.

Control over route to market and to final customer can also be improved by partnering with the right companies when developing or reviewing supply-chains. Ones for example, that increase consignment(s) visibility and traceability for the company and its customers (especially in respect of the final miles), or which provide the business with reliable local 'eyes and ears' and relationships that can be tapped in key markets. The latter can be particularly important when dealing with customs and border formalities, unexpected charges, and when managing the significant proportion of returns that tend to be associated with e-commerce.

The Challenge for Regulators

Just like business, national authorities have had to adapt to this revolution in international commerce, seeking to deploy their limited public resources as efficiently as possible to regulate, control and protect. That is, looking at ways of capturing the economic benefits and tax revenues generated for society by e-commerce, whilst mitigating and minimising the risks and ills associated with non-compliance.

In the best examples the border agencies, typically led by customs, use advanced risk management techniques and systems to continuously adjust the balance they must strike between trade facilitation, regulatory enforcement and security. Nevertheless, there is a sense of their being overwhelmed by, or scarcely keeping pace with, the volume of internet e-commerce platform generated shipments entering their countries, being delivered to private individuals unused to customs formalities and the duties / taxes for which they may be liable. This is leading to new initiatives to enable the maintenance of control by national authorities, at an acceptable cost, whilst still allowing trade to flow reasonably freely.

"The regulatory requirements to access markets internationally can serve to diminish a company's ability to control the service quality of the delivery of its products."

Toby Spink,
Director at BKR Consultants Limited
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In the USA proposals are being discussed to tackle the apparent abuse of the de minimis exemption used by the many millions of low value shipments (U$800 or less) entering the USA each year generated by China founded e-commerce platforms. The concern being that the type and volume of shipments entering the U.S. claiming this exemption, violate health and safety rules, intellectual property rights, and product standards, or seek to circumvent trade rules, or anti-smuggling measures, which is said to be putting Americans at risk and undermining their local employment and businesses. Part of the proposed remedy, is for an enhanced customs entry process, based on systematically requiring more advance pre-arrival shipment data in respect of the contents, origin and final destination of such shipments en route to the USA, for risk profiling and targeting purposes.

For its part the World Customs Organisation has provided some 'tools' for the use of its member national customs administrations to address the massive growth in e-commerce over the past ten years or so. These include a number of global standards and operating principles in respect of cross-border e-commerce around obtaining advance electronic data, risk management, trade facilitation, capacity building, safety and security, and legislative frameworks, among others.

In the EU the Commission has proposed a number of actions and measures to better manage e-commerce shipments entering the single market (see here) these include: removing the duty exemption for low value parcel shipments; improving surveillance of products that pose a threat to personal safety; use of initiatives such as the digital product passport and artificial intelligence tools to monitor and supervise e-commerce platform marketplaces; environmental measures; and upholding trade policy measures to counter unfair trade practices e.g. dumping and subsidies.

The EU Commission has also proposed that online marketplaces and sellers be given deemed importer status, with the responsibility for goods compliance and for collecting the applicable import duties and taxes due, on behalf of the authorities, providing the latter with consignment data at the moment of the sale, prior to the arrival of the goods at the EU border. In similar vein, the EU Commission is also ready to explore the idea of introducing a handling fee on e-commerce items

"The concern is that shipments claiming the de minimis exemption violate safety rules, undermine local businesses, and put Americans at risk."

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imported in to the EU directly to consumers, to address the scaling costs of national customs administrations supervising the compliance of such consignments with EU rules. The fee to be incurred by the importer i.e. the online retailer or intermediary benefitting from such commerce, to pay for the customs clearance management resource needed for the huge number of individual parcels they generate.

However international e-commerce and its regulation evolves going forward, BKR is ready to support your business in helping to develop agile and pro-active strategies through which to manage risk and to embrace and profit from anticipated change in this exciting and dynamic sector.

Get in touch to find out how we can support your business in this area.

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SUPPLY CHAIN ACADEMY

KEY HEADLINES

- The Supply Chain Academy is holding an interactive Open House webinar exploring Supply Chain Best-Practices and looking at the Supply Chain Practitioner Qualification.

supply chain academy

SUPPLY CHAIN ACADEMY OVERVIEW

Sign up for the Supply Chain Academy's Open House Webinar: Supply Chain Best-Practice

If you haven't already, now's the time to register! Supply Chain Academy will host an interactive Open House webinar exploring Supply Chain Best-Practices and the opportunity to hear about the Supply Chain Practitioner Qualification – a business-led programme designed to strengthen your organisation's supply chain capability from the ground up.

What the What to Expect

Overview of Supply Chain Best Practices followed by hearing about Supply Chain Practitioner qualification.

- Overview of Supply Chain Best Practices followed by hearing about Supply Chain Practitioner qualification
- How the programme supports staff retention, operational efficiency, and future leadership
- Funding explained – including how the Apprenticeship Levy can cover the full cost
- Remote and flexible delivery – ideal for busy teams
- Open to both new apprentices and current employees

Best Practice Spotlight

We're excited to welcome Jamie Pratt, Supply Chain Expert, who will share real-world insights and best practice from delivering the programme to some of the UK's leading organisations.

Who Should Attend?

- HR & L&D professionals
- Line managers in logistics, warehousing, planning, and operations
- Business leaders looking to future-proof their teams

Sign up here.

"If you haven't already, now's the time to sign up for the Supply Chain Academy's Open House Webinar."

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