



UFL

ISSUE 35 - JANUARY 2018

AIRFREIGHT GROWTH SUPPORTS SENSE OF CONFIDENCE

Welcome to the latest edition of Service without Boundaries, the quarterly newsletter of the U-Freight Group, our first of 2018.

2017 ended with IATA predicting another year of “solid” growth in 2018 in the airfreight arena and that has certainly been our experience in the first month of the new year at our global network of logistics hubs and broad portfolio of expedited air freight logistics services.

As discussed in the second article below, we believe that much of the growth has and will be the result of the boom in cross-border e-commerce activities across the planet and the logistics activities that underpin this.

U-Freight was quick to see the potential of e-commerce and the measures that we are taking by investing in infrastructure, technology and specialist services to serve e-commerce are already paying off via increased volumes in many of the airfreight trade lanes that we serve.

Although IATA cautioned that growth is expected to slow and there are potential challenges ahead, the buoyancy that is seen leaves us with a sense of confidence about a year in which we will celebrate our 50th anniversary since our establishment in 1968.

I hope that you find the contents of our latest newsletter of interest and use and send you my belated best wishes for a happy, healthy and prosperous 2018.

If you wish to follow up any of the items below for more information, please get in touch.



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LATEST NEWS ABOUT U-FREIGHT

[U-FREIGHT WELCOMES LUXOR RESOLUTION](#)

With our considerable involvement in e-commerce logistics, we welcome the recently signed Luxor Resolution on cross-border e-commerce and believe it will help shape this rapidly evolving sector of global trade.

■ [Read more](#)

[U-FREIGHT SAYS E-COMMERCE IS DRIVING AIR CARGO GROWTH](#)

The most recent air cargo demand statistics revealed by the International Air Transport Association (IATA) mirror much of its own experience of late.

■ [Read more](#)

[U-FREIGHT RESTRUCTURES US WEST COAST PRESENCE](#)

On the west coast of the USA, U-Freight America is consolidating its presence in the greater Los Angeles area at a wholly-owned logistics hub in the City of Industry.

■ [Read more](#)

[MORE TRUSTED TRADER STATUS FOR NETWORK](#)

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[U-FREIGHT PARTNER GROWS IN POLAND](#)

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CHINA'S WASTE IMPORT CHANGES IMPACTING FREIGHT SECTOR

New Chinese restrictions on imported waste, introduced since January 1, 2018, are set to have significant implications for the international freight transport, logistics and supply chain sectors – particularly for backhaul east-west intercontinental container shipping trades, although the changes are also likely to lead to rising costs to supply chains from higher packaging costs.

■ **[Read more](#)**

GREATER CARGO SECURITY IN FOCUS

We welcome the news that safety aspects regarding the way in which cargo is packed and transported in unit loads across the global supply chain continue to be the focus of opportunities for improvement.

■ **[Read more](#)**

30TH ANNIVERSARY OF THE HARMONIZED SYSTEM

2018 will not just see the U-Freight Group celebrate its 50th anniversary, it will all mark the 30th Anniversary of the Harmonized System (HS), which allows a world of many languages to speak with one.

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TRADE SECTOR FOCUS

VALUE ADDED SERVICES

Although cargo shipment remains our core business, we offer a number of support operations that enable you to exercise greater control over your supply chain.

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NOTA BENE

■ [Read more](#)

Anyone who has any questions about the items contained in this newsletter should get in touch with your local UFL office. Please visit our website on a regular basis for more items of breaking news.

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U-FREIGHT WELCOMES LUXOR RESOLUTION

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With our considerable involvement in e-commerce logistics, we welcome the recently signed Luxor Resolution on cross-border e-commerce and believe it will help shape this rapidly evolving sector of global trade.

The Luxor Resolution, which has been adopted by the WCO Policy Commission, outlines the guiding principles for cross-border e-commerce addressing eight critical aspects, notably Advance Electronic Data and Risk Management; Facilitation and Simplification; Safety and Security; Revenue Collection; Measurement and Analysis; Partnerships; Public Awareness, Outreach and Capacity Building; and Legislative Frameworks.

These issues are fundamental to helping Customs and other government agencies, businesses, and other stakeholders in the cross-border e-commerce supply chain to understand, coordinate and better respond to the current and emerging challenges.

For some time, we have been showing our commitment to addressing the issues enshrined in the Luxor Resolution during the development of the logistics operations we deliver within the e-commerce arena.

In respect of cross-border e-commerce in China, we are qualified by China Customs and CIQ as a licensed Cross-border E-Commerce Enterprise, as well as a Cross-border E-Commerce Logistics Service Provider.

In regards to advance electronic data and risk management, we have a system that can connect e-commerce/e-shop platforms with relevant customs authorities and also deliver data transparency.

Regarding outreach and capacity building, U-Freight has committed to investing in developments at a number of our warehouses around the world to better equip them to handle the logistics associated with the ever-growing global e-commerce business.

The exponential growth of e-commerce, in particular new trade patterns including the growth in direct business-to-consumer (B2C) and even consumer to consumer (C2C) transactions and an increased role of consumers in individual transactions, is presenting several challenges to governments and businesses alike, in terms of trade facilitation, safety and security, society protection, and accurate and efficient collection of duties and taxes.



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In our development of e-commerce logistics solutions, we are continually trying to address the key issues stemming from increasing volumes of mainly B2C e-commerce shipments and the time sensitivity thereof, which pose unique challenges to all e-commerce stakeholders under the current conditions.

We agree with the opinion off the WCO secretary general, Dr Kunio Mikuriya, that the adoption of the Luxor Resolution will help establish an e-commerce framework of standards and associated operational/implementation plans, with timelines, to further support the development of cross-border e-commerce, whilst effectively addressing the challenges that arise.

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U-FREIGHT SAYS E-COMMERCE IS DRIVING AIR CARGO GROWTH

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The most recent air cargo demand statistics revealed by the International Air Transport Association (IATA) mirror much of its own experience of late.

IATA reported that air cargo demand measured in freight tonne kilometres (FTK) grew by 8.8 percent in November 2017 compared to the year-earlier period, an increase from the 5.8 percent annual growth recorded in October 2017.

Whilst the fourth quarter is traditionally a strong period in air cargo, there is no doubt that the current growth is being driven by the global boom in cross-border e-commerce.

The e-commerce industry, led by China, is a new engine of growth for the global economy, and the value of global e-commerce transactions will only rise with increasing internet penetration and recognition.

The measures that we are taking by investing in infrastructure, technology and services are already paying off via increased volumes in many of the airfreight trade lanes that we serve.

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U-FREIGHT RESTRUCTURES US WEST COAST PRESENCE

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On the west coast of the USA, U-Freight America is consolidating its presence in the greater Los Angeles area at a wholly-owned logistics hub in the City of Industry.

The facility is an 80,000 sq ft hub from which U-Freight America offers fully-integrated logistics services generated through its air and oceanfreight operations. It is located at 16000 Phoenix Drive, City of Industry, CA 91745, USA.

“The establishment of U-Freight's new consolidated logistics hub in the City of Industry gives us the perfect location from which to offer full supply chain management and logistics operations for shippers using the Group's import and export operations through Los Angeles,” states Rick Keller, chief executive of U-Freight America.

“The City of Industry logistics hub will also contain an E-commerce Fulfillment Centre (FC), in which we are investing at a lot of our facilities in Asia and North America.”

“Readers may recall that our investment in developing enhanced facilities at our EFC in USA was recently rewarded by our being named as one of the most valuable North America EFC by the China Cross Border Electronic Commerce Professional Committee.”

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MORE TRUSTED TRADER STATUS FOR NETWORK

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EFL International Distribution, U-Freight's long-standing exclusive agent in Ireland, has been awarded full Authorised Economic Operator (AEO) status, following extensive audits from Irish customs over the course of several months.

The AEO scheme is one of a series of measures being coordinated by the World Customs Organisation as part of a multi-layered approach to facilitating trade, whilst making supply chains more secure and controlled.

EFL International Distribution will see tangible benefits of AEO accreditation, including fewer physical and documentary examinations of cargo, priority use of non-intrusive inspection techniques when examination is required, priority processing by Customs whenever security is heightened, and 'Preferred Trader' eligibility.

The accreditation was presented and became effective towards the end of 2017, and covers full customs security and safety. The AEO scheme provides our partner in Ireland with a quality mark, which will demonstrate that its internal controls, staff training, and procedures are effective and compliant.

EFL's accreditation follows that of U-Freight Holland in 2012, U-Freight's Spanish (Tracosa) and German (Alpha trans Luft- und Seefrachtspedition) partners in the same year, as well as Conroute Air & Sea, its partner in Sweden, in 2014.

In the USA, U-Freight America had its U.S. Customs-Trade Partnership Against Terrorism (C-TPAT) status revalidated in 2015, some ten years after it was first certified. UFL's oceanfreight forwarding division in the USA, U-Ocean USA, is also C-TPAT certified.

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U-FREIGHT PARTNER GROWS IN POLAND

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RGW Express, the Polish independent freight forwarder and long-term agent of the U-Freight Group (UFL), is set to increase its presence in Poland.

The company – with its offices in the Czech Republic, Hungary, and Poland – is moving to a larger facility in Warsaw, and will be fully operational from February 1, 2018.

The new facility offers warehousing space of 700 sq m, with two docks, one of which has a hydraulic ramp, and one ground level gate. Office space has increased by 100 sq m to 360 sq m.

Marcin Raczkiwicz, managing director of RGW Express says: “Our new, larger warehouses will allow us to continue expanding our services, and provide a full range of specialised logistics solutions, including developments in contract logistics, co-loading, consolidations, and de-consolidations for air, sea, and rail freight.”

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CONTAINER VOLUMES CONTINUE TO GROW

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With our strong portfolio of oceanfreight services, we are pleased to report that container volume growth continues apace with world loaded container traffic on course to break 200 million teu in 2017 for the first time ever.

That was the prediction of maritime research consultancy and recent port and trade statistics released following the publication of the report, confirm this outcome as a certainty, and suggest that there will need to be a raising of the outlook slightly for 2018.

The Drewry Global Container Port Throughput Index shows no signs of slowing down. Ignoring the monthly fluctuations, the trend was relentlessly positive in 2017, following on from a more muted growth pattern in 2016 and the most recent index figures show that growth has been widespread with all regions showing year-on-year improvement. The fastest growing regions were North America (12.6 percent), Latin America (11.1 percent), and China (10.3 percent); the slowest was Europe (4.4 percent).

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New Chinese restrictions on imported waste, introduced since January 1, 2018, are set to have significant implications for the international freight transport, logistics and supply chain sectors – particularly for backhaul east-west intercontinental container shipping trades, although the changes are also likely to lead to rising costs to supply chains from higher packaging costs.

China announced last July that from January 1, 2018, it would impose much stricter quality restrictions on imported cardboard, as well as banning the import of 24 types of waste material, including plastic and mixed paper, as part of president Xi Jin Ping's drive to clean up China, environmentally.

The new quality standards mean cardboard will only be accepted by China if the material is almost completely uncontaminated with other waste products: contamination rates must be below 0.5%, rather than the 1.5% previously applied. This means cardboard that still contains staples or is contaminated with dirt could be rejected and sent back on container ships to the countries of origin.

Countries export millions of tonnes of cardboard and other waste products to China each year for recycling, but some or all of this could be rejected under the new restrictions.

Readers should note that the changes do not amount to a total ban on imported waste products, but on the import of 24 of the dirtiest and most polluting types of waste, ranging from household plastic waste to unsorted paper, and recycled textiles to slag.

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GREATER CARGO SECURITY IN FOCUS

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We welcome the news that safety aspects regarding the way in which cargo is packed and transported in unit loads across the global supply chain continue to be the focus of opportunities for improvement.

A session of the recent Intermodal Europe Conference in Amsterdam saw four industry organisations which represent different sectors of the supply chain draw attention to the responsibilities of cargo owners and operators in providing equipment that is fit for purpose, and properly packed with cargo as set out in the CTU Code.

U-Freight takes safety very seriously, and acknowledges that this group has been working to improve safety through a focus on cargo integrity, specifically promoting wider use of the IMO-endorsed CTU Code for correct packing and securing of all cargo transport units.

The Code calls for effective interaction between the shipper – who is responsible for specifying requirements for the type of equipment suitable for the cargo to be carried – and the container operator, in providing units that satisfy such requirements, meet applicable safety and manufacturing standards, and are clean.

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30TH ANNIVERSARY OF THE HARMONIZED SYSTEM

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2018 will not just see the U-Freight Group celebrate its 50th anniversary, it will all mark the 30th Anniversary of the Harmonized System (HS), which allows a world of many languages to speak with one.

A multipurpose nomenclature for trade, the HS is one of the most successful instruments developed by the World Customs Organization. Its Convention has 156 Contracting Parties and the HS is used by more than 200 countries, territories and Customs or Economic Unions. It forms the basis for Customs tariffs and statistical nomenclatures around the world, and is used for around 98% of world trade.

As an international standard with global application, the HS plays a key role in facilitating world trade. The HS is used as the basis for Customs tariffs, Trade policies and quota controls, Collection of international trade statistics and data exchange, Rules of origin, Trade negotiations such as the WTO Information Technology Agreement and Free Trade Agreements, Monitoring of controlled goods, for example, chemical weapons precursors, hazardous wastes and persistent organic pollutants, ozone depleting substances and endangered species and many customs controls and procedures, including risk assessments and profiling, electronic data input and matching and compliance activities; and Economic research and analysis.

Currently the WCO is in the 6th edition of the HS and in the process of preparing the Seventh Edition of the HS (HS 2022). During the life of the HS, there have been 60 meetings of the Harmonized System Committee (HSC) where 4,144 agenda items were discussed, 10 Recommendations were produced concerning the application of the HS Convention, 2,280 classification decisions made and 871 Classification Opinions adopted to ensure the harmonization of classification.

On the occasion of the 30th anniversary, the WCO calls for the international Customs community, in partnership with the international trade community, to continue to be proactive and pursue its efforts to develop and maintain the HS, especially in terms of the application and uniform interpretation of the HS, so as to safeguard and further grow the benefits of this success.

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VALUE ADDED SERVICES

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Although cargo shipment remains our core business, we offer a number of support operations that enable you to exercise greater control over your supply chain.

Customs liaison and consultancy - we work very closely with national Customs authorities and can offer extensive advice on Customs procedures, rates of duty, as well as providing a full customs brokerage service.

Hazardous goods - legislation in many countries requires that all companies distributing goods by air, road, rail or inland waterways need to have designated safety advisors and we offer dangerous goods consultancy services to ensure that customers meet the legislative requirements.

Fiscal services - where necessary, we can provide full fiscal representation, market intelligence, and assist in product purchase and sales, including all documentation.

These are just some of the support services that we offer, enabling you to move your cargoes direct from origin through to final destination, with total peace of mind.

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Nota Bene

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The industry organisations Airforwarders Association (AfA) and The International Air Cargo Association (TIACA) are partnering up to act as joint advocates for the aviation industry with the signing of a memorandum of understanding (MoU) that formalises an alliance between the associations. According to both, the MoU is only the “first stage” of the alliance. Going forward, the associations plan to participate in each other’s events, organise joint events, exchange information on relevant industry activities and events, and continually consult and cooperate with one another on important industry topics.

It would appear that the once powerful liner conferences are coming to an end with the recent announcement that the Transpacific Stabilization Agreement (TSA) will be shutting up shop on February 8, 2018. Formed in 1989, it represented the interests of container lines on the transpacific trade, but over the years has seen its ability to influence freight rate setting on the key trade eroded.

As U.S. Customs and Border Protection prepares to roll out revised security standards for its primary industry security partnership program, known as the Customs Trade Partnership Against Terrorism (CTPAT), questions are being asked by industry representatives about how the program fits into the nation’s newly proposed Trusted Trader programme.

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