



UFL

ISSUE 36 - APRIL 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 second of 2018.

The first few months have seen more speculation whether small to medium sized freight and logistics enterprises (SMEs) can survive in this era of mega multinational forwarding companies and so-called digital disruptors.

There's this idea that if SME forwarders do not adapt, they will die – but you just need to look back at the sector's history, it has always adapted.

We keep hearing the usual propaganda from companies on how their presence in the sector will lead to the death of traditional forwarders.

Often it is software providers 'preaching' about systems that will kill forwarders, without recognising that forwarders are already using them.

The freight sector might have a reputation as technology laggards, but SME forwarders like U-Freight are incredibly adaptive and we have many examples of how we are developing systems comparable with those of digital disruptors.

U-Freight has its own in-house software development company - ICIL - with a large number of IT staff – and is making big efforts to embed ourselves in our customers' entire supply chains.

The rise of e-commerce has brought significant change to the forwarding business and more is on the way – although I think it will be slower than anticipated – and U-Freight is seriously looking at how to compete and capitalise on the opportunities.

Later this year, the U-Freight Group will celebrate its fiftieth anniversary. My message to those who predict the demise of the SME forwarder is that U-Freight has every intention of being around for many years to come!

I hope that you find the contents of our latest newsletter of interest and would be delighted to provide further information on any of the items below.



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LATEST NEWS ABOUT U-FREIGHT

[U-FREIGHT ALL SET FOR HALF CENTURY](#)

Preparations are well underway for the U-Freight Group's annual sales conference in September which will also mark the company's 50th anniversary.

■ [Read more](#)

[U-FREIGHT ON THE MOVE IN XIAMEN](#)

The U-Freight Group's Xiamen office has relocated to a new office location in the Fujian Free Trade Zone to allow easier access for customers and staff; and houses two of the company's brands, Dalian China Express and U-Ocean (Shanghai).

■ [Read more](#)

[U-FREIGHT NAMES NEW GENERAL MANAGER FOR UK OPERATIONS](#)

As part of a strengthening of its team in the UK, the U-Freight Group has promoted Daniel Ludlow to General Manager of U-Freight UK, its subsidiary in the United Kingdom.

■ [Read more](#)

[CELEBRATIONS IN SWEDEN](#)

In Sweden, U-Freight's long-standing partner, the Conroute Group is set to celebrate its 30th anniversary later this year - a great milestone of which the company is very proud.

■ [Read more](#)

[AIR FREIGHT DEMAND UP](#)

With our wide-ranging portfolio of expedited air freight logistics services, the U-Freight Group notes that the International Air Transport Association (IATA) has released results showing that demand, measured in freight tonne kilometres (FTKs), increased by 6.8% in February 2018, compared with the year-earlier period.

■ [Read more](#)



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DREWRY REPORTS SLOW AND STEADY RECOVERY FOR CONTAINER SHIPPING

The U-Freight Group (UFL) – with our strong portfolio of oceanfreight forwarding services – notes that the maritime research and consultancy services provider, Drewry, has reported that the outlook for the container shipping market in 2018 and 2019 is a combination of healthy demand growth outpacing the growth of the fleet; resulting in a better supply-demand balance and slightly higher freight rates and profits for carriers.

■ **Read more**

U-FREIGHT NOTES TAPA'S RECORD ADOPTION LEVEL OF SECURITY STANDARDS

As a long-standing supporter of the Transport Asset Protection Association (TAPA), the U-Freight Group (UFL) notes the record uptake level of its supply chain security standards across the Europe, Middle East and Africa (EMEA) region as a direct consequence of the rising threat of cargo crime.

■ **Read more**

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With several of our offices providing animal transport services – the U-Freight Group (UFL) welcomes the news that the International Air Transport Association (IATA) has launched a new standardised global certification program to improve the safety and welfare of animals being transported by air.

■ **Read more**



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TRADE SECTOR FOCUS

[UFL PLUGGED INTO ELECTRONIC SHIPPING](#)

UFL provides solutions to some of the most complex supply chain requirements of any industry.

- [Read more](#)

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.

www.ufreight.com



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U-FREIGHT ALL SET FOR HALF CENTURY

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Preparations are well underway for the U-Freight Group's annual sales conference in September which will also mark the company's 50th anniversary.

Since 1968, U-Freight has developed into one of the world's leading independent providers of international freight forwarding and logistics services.

Having developed a network of subsidiary companies and exclusive agents, the company is able to offer the full range of air and seafreight services and is in an especially strong position to serve the needs of shippers moving goods to, from and between China, Japan and the ASEAN countries.

We attribute our longevity to our ongoing focus on yield and customer service, not volume and sales revenue.

Being niche and focused over the last 50 years has allowed us to be nimble in decision making; swift to react to changing market conditions and quick in the implementation of appropriate responses.

This has also been helped by the fact that we have a very flat management hierarchy. By not chasing cargo volumes for their own sake, we have been able to commit to the provision of high quality customer services.

In cricketing parlance, reaching a half century is something to be celebrated.

At U-Freight, as we are about to enter our sixth decade, we are determined to demonstrate that the local expertise provided by our own offices and exclusive agents added to the international reach of the company's service network, makes an unbeatable combination enabling us to deliver service without boundaries.



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As we look at reaching a century we intend to remain a medium-sized player on the international forwarding scene, offering customers personal service with the backup of a global perspective.

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U-FREIGHT ON THE MOVE IN XIAMEN

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The U-Freight Group's Xiamen office has relocated to a new office location in the Fujian Free Trade Zone to allow easier access for customers and staff; and houses two of the company's brands, Dalian China Express and U-Ocean (Shanghai).

With China entered its second phase of its economic and industrial development, U-Freight is anxious to maintain the same breadth and range of services that have been available throughout China to our clients in Xiamen.

The city, with a population nearing four million, is a key coastal manufacturing and business centre. Its deep-water port is among the top 18 container ports in the world with the city enjoying major hinterland connections in Fujian province and the neighbouring provinces of Guangdong, Jiangxi and Zhejiang as well as Shenzhen and Hong Kong.

Xiamen has a diverse and well-developed economy with major activities such as fishing, shipbuilding, food processing, tanning, textiles, machine tool manufacturing, chemical industries, telecommunications and financial services.

Contact details for the new office are: D407, No.97 Xiangyu Road, Fujian Free Trade Zone (Xiamen Area).

The telephone number for Dalian China Express in Xiamen is: +86 592 5733385

For U-OCEAN (Shanghai), the telephone number is +86 592 5733381

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U-FREIGHT NAMES NEW GENERAL MANAGER

FOR UK OPERATIONS

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As part of a strengthening of its team in the UK, the U-Freight Group has promoted Daniel Ludlow to General Manager of U-Freight UK, its subsidiary in the United Kingdom.

Ludlow started his career in the freight industry as a trainee export clerk with U-Freight UK in 2006, then worked in the freight forwarder's import department, before becoming export supervisor.

Rapid career progression resulted from his commitment and dedication, and he was named operations manager in 2014.

With Ludlow's promotion, Luke Shea is promoted to operations manager (designate) from his current role as export supervisor.

The company has also recruited two new members of staff for its trainee programme, who will both receive both internal and external training including dangerous goods handling, air cargo security and customs procedures.

U-Freight UK managing director, Greg Easterbrook comments: "Over the last 12 years, Daniel has shown clear evidence of his operational, commercial and personnel management capabilities.

"I am confident that in his new role as General Manager he will take U-Freight UK forward in an industry that is facing challenging times with Brexit around the corner and competition from digital disruptors getting stronger."

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CELEBRATIONS IN SWEDEN

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In Sweden, U-Freight's long-standing partner, the Conroute Group is set to celebrate its 30th anniversary later this year - a great milestone of which the company is very proud.

A family-owned business, Conroute was established in 1988 with a vision to be a customer-oriented logistics partner in the international transport market.

By road, the company covers most of Europe and, by air or sea, around a hundred countries worldwide.

Conroute also provides door-to-door services for groupage, part loads or full loads, but also time-specific deliveries or special transports.

Since April 1, 2018, Conroute has been a full IATA agent, having been an associate member for many years.

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AIR FREIGHT DEMAND UP

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With our wide-ranging portfolio of expedited air freight logistics services, the U-Freight Group notes that the International Air Transport Association (IATA) has released results showing that demand, measured in freight tonne kilometres (FTKs), increased by 6.8% in February 2018, compared with the year-earlier period.

Adjusting figures to accommodate for the potential Lunar New Year distortions by combining growth in January 2018 and February 2018, demand increased by 7.7%. This was the strongest start to a year since 2015.

Freight capacity measured in available freight tonne kilometres (AFTKs) rose by 5.6% year-on-year (YoY) in February 2018.

The ongoing positive momentum in freight growth into 2018 indicates that demand drivers for air cargo remain supportive, with all regions reported an increase in demand in February 2018.

IATA has reported that nonetheless, there are signs indicating that the best of the upturn for air freight has passed.

"With 6.8% growth recorded in February, demand for air cargo continues to be strong. The positive outlook for the rest of 2018, however, faces some potentially strong headwinds, including escalation of protectionist measures into a full-blown trade war. Prosperity grows when borders are open to people and to trade, and we are all held back when they are not," said IATA's Director General and CEO, Alexandre de Juniac.

For more information about U-Freight's international expedited airfreight logistics services, contact your local office.

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DREWRY REPORTS SLOW AND STEADY RECOVERY

FOR CONTAINER SHIPPING

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The U-Freight Group (UFL) – with our strong portfolio of oceanfreight forwarding services – notes that the maritime research and consultancy services provider, Drewry, has reported that the outlook for the container shipping market in 2018 and 2019 is a combination of healthy demand growth outpacing the growth of the fleet; resulting in a better supply-demand balance and slightly higher freight rates and profits for carriers.

Simon Heaney, senior manager of container research, and editor of the Container Forecaster, said in the latest edition of the publication: “Carriers are unlikely to see the strong demand growth rates of early 2017 for the foreseeable future. The good news is that while port handling growth may have peaked, carriers can still expect more than adequate volumes for at least the next two years.”

Subtle changes to the order book, mainly in the form of delivery deferrals, have softened this year’s new capacity burden and had a positive effect on Drewry’s supply demand equations for both 2018 and 2019.

Heaney continued: “The top-heavy delivery schedule for 2018 with the majority of ULCVs being delivered in the first quarter has depressed our supply-demand index, but the balance will improve as the year progresses.

“Unfortunately for carriers, this will not come soon enough to erase the negative sentiment for annual contracts, hence why we only anticipate a small uplift in average freight rates for the year.

Renewed newbuild contracting activity is not yet at the level that risks worsening the



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supply-demand balance. Drewry is optimistic that new investment in containerships will be appropriate to the demand needs.

Since Drewry's forecasts were finalised before the escalation in trade hostility between the USA and China, Heaney noted: "A trade war is not yet inevitable, but given the lack of details, quantifying the risk to container shipping is very difficult. In a worse-case scenario we believe as much as one percent of the world's loaded container traffic could be exposed, and were the situation to become real we would clearly have to revise our demand forecasts downwards."

For further information about U-Freight's comprehensive oceanfreight service portfolio, contact your local office now.

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U-FREIGHT NOTES TAPA'S RECORD ADOPTION LEVEL OF

SECURITY STANDARDS

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As a long-standing supporter of the Transport Asset Protection Association (TAPA), the U-Freight Group (UFL) notes the record uptake level of its supply chain security standards across the Europe, Middle East and Africa (EMEA) region as a direct consequence of the rising threat of cargo crime.

TAPA's Incident Information Service released data showing a 10.3 percent rise in recorded cargo crimes in the region in 2017 – 2,880 incidents with a total loss exceeding EUR105 million.

TAPA recorded a 16.6 percent increase in the number of Facility Security Requirements (FSR) certifications, and a 41.5 percent growth in companies with Trucking Security Requirements (TSR) certifications. At the end of 2017, there were 645 FSR locations in the EMEA region and 126 companies meeting the TSR security standards.

TAPA EMEA's Standards Lead, Mark Gruentjes, said: "The number of TAPA FSR and TSR certifications in the EMEA region is now higher than at any time in our 20-year history.

"More companies are recognising the value of operating TAPA-approved facilities and trucking services to combat crime. The increase in uptake is also due to more manufacturers requiring their logistics service providers to meet the requirements of TAPA Security Standards."

Another factor contributing towards the increase is TAPA's 'STEP UP, STAND OUT' campaign, which was launched two years ago. Since the programme's start, FSR certifications have increased by 46.6 percent and TSR certifications by 85.3 percent.



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In a bid to continue minimising cargo losses from the supply chain, TAPA EMEA will – later this year – initiate a new Parking Security Requirements (PSR) security standard to help build a network of secure parking places for trucks. This comes after 89.9 percent of recorded losses in 2017 occurred when trucks stopped at unsecured parking locations.

As several of the U-Freight Group's (UFL) major logistics hubs in Asia have already achieved TAPA security accreditation, we are pleased to see more businesses adopt the necessary certifications to help maintain secure freight forwarding facilities. We wrote about our ongoing commitment to TAPA in our previous newsletter, and are positive that the significant uptake in further security measures will help to protect our customers' assets at each stage of the transportation process.

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IATA LAUNCHES CEIV LIVE ANIMALS PROGRAM

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With several of our offices providing animal transport services – the U-Freight Group (UFL) welcomes the news that the International Air Transport Association (IATA) has launched a new standardised global certification program to improve the safety and welfare of animals being transported by air.

The Center of Excellence for Independent Validators for Live Animal Logistics (CEIV Live Animals) gives stakeholders across the air cargo supply chain the assurance that any CEIV Live Animals certified companies are operating to the highest standards in the movement of animals.

CEIV Live Animals is based on IATA's Live Animals Regulations (LAR) – the worldwide standard for transporting animals by air. The program is expected to increase the level of competency, operations, quality management, and professionalism in this field, as well as reinforce training and compliance across the supply chain.

IATA's senior vice president of airport, passenger, cargo, and security, Nick Careen, added: "Just as CEIV Pharma helped to provide quality standards for temperature-sensitive healthcare shipments, the new program extends that expertise to the field of transporting and handling of animals."

Several U-Freight offices and partners around the world are actively involved in animal moves, including EFL International Distribution, which launched its 'Pets on Board' division, www.pets-on-board.ie in 2012, to provide safe and secure pet transport solutions.

For more information on our ability to transport animals – or our more general air freight logistics services – please contact your local office.

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UFL PLUGGED INTO ELECTRONIC SHIPPING

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UFL provides solutions to some of the most complex supply chain requirements of any industry.

In a sector characterised by high value components, rapid obsolescence and product complexity, UFL has responded to the needs of IT and electronic goods manufacturers by developing a range of value-added services that reduce cycle times and improve performance.

Our technology solutions are built around core services including inbound logistics to production facilities including vendor hubs; turnkey production of hardware and software kits; integrated warehousing and transportation; delivery and installation, including reverse logistics; and, aftermarket parts distribution and services.

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Nota Bene

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A Drewry survey of shipowners finds concerns over compliance and a general resignation in having to switch to more expensive low-sulphur fuel to meet the IMO's proposed 2020 bunker regulation. Decisions over whether to install scrubbers, switch to LNG-propelled ships, or simply bear the extra cost of using more expensive, compliant fuel will be preoccupying all shipowners in light of the International Maritime Organization's (IMO) proposed new bunker rules that will place a 0.5% sulphur cap on fuel in 2020.

The outlook for the container shipping market in 2018 and 2019 is a combination of healthy demand growth that will outpace the fleet; resulting in a better supply-demand balance and slightly higher freight rates and profits for carriers, according to the latest edition of the Container Fore-caster published by global shipping consultancy Drewry.

Smaller ships are making appearances in the Asia-North Europe trade. Cheap charter rates mean that classic Panamax ships can make a profit in this trade populated with mega-ships. As of this month (April) there have been three weekly Asia-North Europe services using ships of around 5,000 teu that were previously thought to have been banished from the trade in the era of the Ultra Large Container Vessel (ULCV).

The WCO Working Group on ECommerce (WGEC) met recently for the third time bringing together more than 150 delegates from Customs administrations, other government agencies, the private sector, other international organisations, e-vendors/platforms, express service providers, postal operators, freight forwarders, Customs brokers and academia to mainly discuss and develop a 'Framework of Standards on Cross-Border E-Commerce'. This Framework of Standards is expected to be a comprehensive instrument for assisting WCO Members in developing E Commerce strategic and operational frameworks. It will be equally useful for customs authorities



who are seeking to enhance existing frameworks in order to effectively meet the requirements of new and evolving business models. Going forward, the Framework will be supported by an implementation strategy and action plan, as well as a robust capacity building mechanism to ensure its harmonised and expeditious implementation, based on national and regional needs and imperatives.