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Welcome to the latest edition of *Service without Boundaries*, the quarterly newsletter of the U-Freight Group; our last before we celebrate our 50th anniversary in September.

Sometime soon, Transport intelligence (Ti) is to publish its Global Freight Forwarding 2018 report and, ahead of its release, it has highlighted several threats and opportunities that are emerging.

The industry – including both traditional forwarders and what Ti calls “tech-enabled start-ups” – is seeking to transform itself in response to those threats and opportunities, there is no doubt about that. But there is a great deal of variation in terms of how businesses are planning to implement change, enhance customer experiences and drive both efficiency and quality at scale.

Ti notes the entry of numerous spot market platforms, online freight booking marketplaces and online forwarders into the market between 2013 and 2016, causing some in the industry to express concern over the viability of the traditional forwarding model in a digital age.

However, while some traditional forwarders may have been left behind, the Ti report suggests that the upsurge in online forwarders and platforms has been “a key driver of innovation in customer service and experience, and in the wider movement to embrace new technologies as they mature and start to create value”.

At the same time, of course, freight forwarding in itself has remained basically unchanged. It is still a process of buying space and securing volumes, of ensuring goods reach their destination on time and in a good condition, and of building trust and lasting customer relationships, Ti outlines.

Many established forwarders are transforming themselves from within, leveraging new technologies as start-ups innovate in the face of changing customer demands.

Technology is certainly vital to the success of a freight forwarder in today’s market – but with customers expecting an ever greater quality of service enabled by that technology, a focus on what Ti calls “customer centricity” is equally essential.

Here at U-Freight, our state-of-the-art, award-winning systems architecture – developed in-house – supports all of our varied services, from air and ocean freight forwarding to logistics management and consulting, while at the same time providing the customer with unrivalled shipment visibility.



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While continuing to seek service enhancements and wider market penetration, our current focus is on developing and managing specialised services to meet customers' more complex distribution and logistics requirements.



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LATEST NEWS ABOUT U-FREIGHT

[U-FREIGHT GEARS UP FOR HALF-CENTURY MILESTONE](#)

Preparations are well underway for the U-Freight Group's annual sales conference in September – and a golden jubilee celebration of 50 years in business.

■ [Read more](#)

[U-FREIGHT WELCOMES WCO PUBLICATION OF GLOBAL STANDARDS ON E-COMMERCE](#)

With our considerable involvement in e-commerce logistics, U-Freight has welcomed the recent publication by the World Customs Organization (WCO) of guiding principles for cross-border e-commerce aimed at developing common standards and tools for customs clearance and data harmonisation, while facilitating legitimate e-commerce flows.

■ [Read more](#)

[CONROUTE HANDLES URGENT ENGINE SHIPMENT](#)

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TRADE SECTOR FOCUS

[USA: ADVANCE AIR CARGO SCREENING IS NOW MANDATORY](#)

U-Freight Group, as a provider of a range of expedited air freight logistics services, notes that the US Air Cargo Advance Screening (ACAS) programme came into effect on 12 June.

■ [Read more](#)

[IATA PREDICTS SLOWER AIRFREIGHT AS A RESULT OF PROTECTIONISM](#)

Also in the airfreight arena, U-Freight notes that the International Air Transport Association (IATA) predicted a likely slowdown ahead for airfreight traffic, as traffic in freight tonne kilometers (FTKs) rose by a slower 4 percent, year-over-year, during the three months ended April.

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[WAREHOUSING AND STORAGE SOLUTIONS](#)

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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 GEARS UP FOR HALF-CENTURY MILESTONE

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Preparations are well underway for the U-Freight Group's annual sales conference in September – and a golden jubilee celebration of 50 years in business.

Since 1968, U-Freight has developed a network of subsidiary companies and exclusive agents. Able to offer the full range of air and seafreight services, the group is one of the world's leading independent providers of international freight forwarding and logistics 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.

That longevity stems from our ongoing focus on yield and customer service, rather than volume and



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sales revenue. Plus, we have remained nimble in our decision making, and swift in our response to changing market conditions. Our flat management structure is another factor in our continuing success.

Having reached the significant milestone of half a century, we are entering our sixth decade 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.

Looking further ahead to the next 50 years, we intend to remain a medium-sized player on the international forwarding scene, offering our customers a personal service backed up by a global perspective.

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U-FREIGHT WELCOMES WCO PUBLICATION OF GLOBAL

STANDARDS ON E-COMMERCE

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With our considerable involvement in e-commerce logistics, U-Freight has welcomed the recent publication by the World Customs Organization (WCO) of guiding principles for cross-border e-commerce aimed at developing common standards and tools for customs clearance and data harmonisation, while facilitating legitimate e-commerce flows.

The Framework of Standards on Cross-Border E-Commerce – as adopted at the end of June 2018 by the WCO Council, the organisation’s highest decision-making body, together with a resolution aimed at ensuring its harmonised and effective implementation – was published recently.

Building upon the key principles laid down in the Luxor Resolution adopted in December 2017, the Framework of Standards sets out baseline global standards on cross-border e-commerce and U-Freight believes it will help shape this rapidly evolving sector of global trade.

We recognise that the “exponential growth” of e-commerce and the increased role of consumers in individual transactions pose several challenges to governments and businesses alike, whether in terms of trade facilitation, safety/security or the collection of duties and taxes.

At U-Freight, in our development of e-commerce logistics solutions, we are continually trying to address the key issues stemming from increasing volumes of mainly business-to-consumer (B2C) e-commerce shipments and the time sensitivity thereof.

Examples of those efforts include investment in the company’s warehouse facilities. UFL has been qualified by China Customs and CIQ (China Inspection and Quarantine) as a licensed Cross-border E-Commerce Enterprise and as a Cross-Border E-Commerce Logistics Service Provider.

WCO said the new Framework of Standards “contains 15 standards that are concise, progressive and



focused on the e-commerce environment, with a view to providing pragmatic, fair, and innovative solutions whilst taking into account the diverse expectations and concerns of Customs administrations and stakeholders”.

These standards pertain to the legal framework for advance electronic data; use of international standards for advance electronic data; risk management for facilitation and control; use of non-intrusive inspection technologies and data analytics; simplified clearance procedures; expanding the concept of Authorised Economic Operator to cross-border e-commerce; and models of revenue collection.

They also cover de minimis; prevention of fraud and illicit trade; inter-agency cooperation and information sharing; public-private partnerships; international cooperation; communication, public awareness and outreach; mechanism of measurement; and exploring technological developments and innovation.

The core essence of the framework is the exchange of advance electronic data for effective risk management and enhanced facilitation of growing volumes of cross-border small and low-value business-to-consumer and consumer-to-consumer shipments, and the adoption of simplified procedures with respect to clearance, revenue collection and return, among other things, in close partnership with e-commerce stakeholders.

It also encourages the use of non-intrusive inspection equipment, data analytics and other cutting-edge technologies to support safe, secure, and sustainable cross-border e-commerce.

The framework is intended for customs administrations wishing to develop legislative and operational frameworks for cross-border e-commerce.

It will be equally useful for those seeking to enhance their existing frameworks in order to effectively meet the requirements of new and evolving business models, said WCO.



Administrations are expected to implement these standards in close cooperation with other relevant government agencies and e-commerce stakeholders, in accordance with their national priorities, capacity, human and financial resources, and internal procedures.

Going forward, the framework will be further enriched with technical specifications and guidelines for its timely, effective, and harmonious implementation.

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CONROUTE HANDLES URGENT ENGINE SHIPMENT

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In Sweden, U-Freight's long-standing partner, the Conroute Group has handled the urgent shipment of an engine for an aircraft on ground (AOG) situation in Stockholm's Arlanda airport.

Conroute initially handled the trucking of the engine from Bridgend in South Wales to Birmingham airport.

There the engine, which had dimensions of 5.74 m x 2.57 m x 2.65 m and weighed 6.14 tonnes, was flown on an Antonov AN12 aircraft with especial care being taken during the loading and unloading operations.

The engine, which had been supplied by Willis Asset Management, was destined for a Novair Airbus A321.

Conroute Air & Sea is one of Sweden's foremost independent logistics companies and the long-time exclusive Swedish agent of the worldwide U-Freight Group (UFL).

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USA: ADVANCE AIR CARGO SCREENING

IS NOW MANDATORY

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U-Freight Group, as a provider of a range of expedited air freight logistics services, notes that the US Air Cargo Advance Screening (ACAS) programme came into effect on 12 June.

Previously a voluntary process in which many airlines participated, it is now mandatory for carriers to submit specified pre-arrival air cargo data regarding international shipments to US Customs and Border Protection (CBP) before loading them onto aircraft bound for (or transiting) the US.

CBP noted that the idea of advance screening originated in October 2010, when counter-terrorism forces disrupted an attempt by al-Qaeda in Yemen to conceal explosive devices in a shipment of printer cartridges onboard US-bound aircraft.

“Five days after the attempted attack, US Customs and Border Protection and the Transportation Security Administration began meeting with industry partners to better understand business practices and to collectively develop a mechanism to collect cargo data as soon as possible in the supply chain,” CBP outlined.

Having operated as a pilot programme for seven years, ACAS is now a requirement. Mandatory data includes shipper name and address, consignee name and address, a non-generic description of the cargo, the quantity (based on the smallest external packing unit) and weight of the cargo, and its air waybill number.

The inbound air carrier must file the ACAS data if no other eligible party elects to do so. CBP is allowing parties other than the inbound air carrier to file because in some cases, these other parties will have access to accurate ACAS data sooner, helping to target suspect shipments as early as possible with minimal disruption to the supply chain.

ACAS data should be transmitted prior to consolidation and loading the cargo onto an aircraft and



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violations of the requirement are subject to liquidated damages claims.

According to CBP, advantages of the programme include efficiencies gained from automating identification of high-risk cargo for enhanced screening and a reduction in paperwork related to cargo screening requirements.

CBP said: “The United States sees ACAS as a model for the international community to effectively enhance air cargo security, and will continue to work with the World Customs Organization and the International Civil Aviation Organization” to harmonise air cargo security standards globally.

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

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IATA PREDICTS SLOWER AIRFREIGHT AS A RESULT OF PROTECTIONISM

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Also in the airfreight arena, U-Freight notes that the International Air Transport Association (IATA) predicted a likely slowdown ahead for airfreight traffic, as traffic in freight tonne kilometers (FTKs) rose by a slower 4 percent, year-over-year, during the three months ended April.

In its second-quarter Cargo Chartbook, IATA said the positive air freight performance during 2017 was supported by overall strength in world trade demand that is beginning to flag.

It added that although FTKs have continued to increase year-on-year, in seasonally adjusted terms, FTKs fell quarter-on-quarter for the first time in two years, and have tracked sideways for the past six months.

IATA attributed slowing growth to weaker sentiment surrounding world trade, connected to increasing concerns over protectionist rhetoric and tariffs.

The association also reported a decline in the new export order component of the global manufacturing Purchasing Managers' Index (PMI), an indicator of economic health in the manufacturing and service sectors.

The PMI reached a 21-month low recently, which is “still consistent with rising orders,” according to IATA, but indicates that third-quarter FTK growth is likely to be even lower, at just under 2 percent.

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TRADE WARS THREATEN TO DERAIL CONTAINER REVIVAL

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In the oceanfreight environment, U-Freight notes that global shipping consultancy Drewry believes that the risk to container shipping from US-led trade wars is currently low, but potentially very damaging.

According to the latest edition of Drewry's Container Forecaster , it said it was hopeful of a peaceful resolution, but at this point in time we must accept that tariffs are going to become a reality. The only question now is: how severe will they be?

The latest edition of Container Forecaster analyses three potential scenarios for eastbound Transpacific container trade, based on the intensity of a trade war, ranging from tariffs of \$50 billion to \$450bn being applied to Chinese imports.

In the worst-case scenario, Drewry calculates that as much as 1.8 million teu, or nearly 1% of world loaded traffic could be lost to the market over a period of time. As things stand, the impact from the initial two lists of Chinese products alone would be relatively insignificant at around 200,000 teu.

Drewry research shows that revised lists announced on 15 June were heavily weighted towards industrial goods, while also being readily available from other trading partners. China only exported about 13% of the first list of products to the US last year and around 8% of products on the second list.

The current risk threat to container demand is relatively low, even when factoring in tit-for-tat measures and disputes with other trading partners, but there is clearly the potential for matters to get much darker if additional tariffs are forthcoming.



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Perhaps, the biggest risk is the unpredictability of it all and the potential confidence knock it will give to the world economy, just when it seems to be finding its feet.

The trade disputes take the gloss off the strong demand growth seen in the early months of 2018, driven by a speeding of the world economy.

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

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WAREHOUSING AND STORAGE SOLUTIONS

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The U-Freight Group (UFL) has an excellent track record for successful warehouse design, implementation and operation for both dedicated and multi-user facilities.

Warehousing services support inbound logistics, distribution and aftermarket services in a way that improves customers' inventory management, reduces total operating costs and improves cycle times.

Operating over 120,000 sq.m of multi-user warehouse space across the world, all connected to our global freight management network, UFL serves a range of customers in different industries.

Our wide range of warehousing and distribution services include:

- loading and unloading
 - pick and pack
 - storage and distribution
 - inventory management
 - purchase order management
 - claims management
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Efforts to curtail the supply chain in counterfeit goods should be part of the everyday practice of supply chain service providers, delegates at last month's TOC Container Supply Chain conference heard. Incorporating a “Know Your Customer” (KYC) principle into the Business Action to Stop Counterfeiting and Piracy (BASCAP) group of major shippers, shipping lines and freight service providers should also help government agencies such as customs authorities join the battle.

The Transported Asset Protection Association’s (TAPA) commitment to identify and encourage a network of secure parking places for trucks across Europe has taken further significant steps forward with the publication of all three levels of its Parking Security Requirements (PSR) certification programme for industry review and the signing of an MoU with SNAP Account, the cashless payment system for the haulage industry, which works with more than 3,000 transport operators.

The service provided by container shipping lines has deteriorated since 2016 and is now seen by exporters, importers and freight forwarders as more problematic, according to the second annual shipper satisfaction survey of Drewry and the European Shippers’ Council (ESC).

The outlook for container shipping over the next 25 years is extremely uncertain according to a study published by insurer TT Club and consulting firm McKinsey. The outlook for the demand side of the industry is ambiguous. A few trends point to faster growth, but other trends point to a slowdown.



In the USA, road freight capacity shortages that have been driving up rates for much of the last year are likely to increase as demand builds through the summer, further adding to inflationary costs for shippers, according to consulting firm Logistics Trends & Insights.

An international operation involving police, customs, border, environment, wildlife and forestry agencies from 92 countries against the illegal trade of wildlife and timber has seen hundreds of seizures worldwide, as well as suspects arrested. The operation targeted the people and networks behind global wildlife crime.

At the 15th SCALA Annual Supply Chain Debate, which discussed who is driving developments in supply chain and customer service, delegates concluded that it is technology providers (through innovations such as automation and robotics) rather than retailers, brand owners or logistics companies.
