



UFL

ISSUE 39 – MARCH 2019

Welcome to the latest edition of Service without Boundaries, the quarterly newsletter of the U-Freight Group; our first of what promises to be a very busy year for us, following a year that was very exciting, both for UFL as we celebrated our 50th anniversary, as was the international logistics and transportation busy in general.

Like several companies, U-Freight continues to reach beyond traditional strategies and approaches to take our logistics and transportation capabilities to new levels.

Ecommerce continues to grow at record levels and there doesn't appear to be the slowdown that many were predicting.

There continues to be considerable global trade instability and our focus continues to be to determine what strategies we need to put in place to mitigate the brewing trade wars and Brexit uncertainty.

Market hype has also been at an all-time high, making it harder to identify the best opportunities for technology investments.

The question now for U-Freight is what will drive 2019 strategies and investments so that we can meet the market challenges and provide the greatest returns.

The macro trends of ecommerce, global trade destabilisation and the over-the-road transportation capacity shortage in many countries will continue to shape 2019 just as they in 2018. Along with our customers, we realise that we must act differently to survive or thrive and will more aggressively adopt new logistics and transportation technology solutions.



UFL

It has been 25 years since the impact of technology was so prominent in the transformation of logistics and transportation - remember that U-Freight was the first company to offer online track and trace via the internet - and we will continue to look at how we can use innovative logistics and transportation technology to further improve our performance in 2019.

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 2019, as well as early best wishes for the Chinese New Year.

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



UFL



LATEST NEWS ABOUT U-FREIGHT

[BRINGING POWER TO THE PEOPLE OF CHAD](#)

Our Dutch subsidiary, U-Freight Holland, has successfully handled the multimodal shipment of electricity power cables from Europe to Africa.

■ [Read more](#)

[U-FREIGHT RELOCATES IN YANTAI](#)

Our Yantai branch, which is home to one of U-Freight's subsidiaries in China - Dalian China Express International Transportation, has relocated to a new location in the Chinese city.

■ [Read more](#)

[AUSTRALIAN PARTNER COMMITS TO INTERMODAL TERMINAL](#)

In Australia, our partner, the Seaway Group has signed an agreement with InterLinkSQ to build and operate a new intermodal terminal on InterLinkSQ's 200-hectare site in Toowoomba.

■ [Read more](#)

[PERSONAL EFFECTS SHIPPED](#)

U-Freight Malaysia recently worked with our partner in India, Sahil Freight to handle a shipment of personal effects for 50 Malaysian students studying in Bangalore, India, who are returning back to their homes in Malaysia after completing a Medical degree at Bangalore University.

■ [Read more](#)

[INCREASE IN DEMAND FOR AIRFREIGHT SLOWS](#)

With our strong involvement in expedited air freight services, U-Freight was interested to read the full-year 2018 data for global air freight markets released by the International Air Transport Association (IATA).

■ [Read more](#)



UFL

U-FREIGHT UK GETS READY FOR BREXIT

According to reports in the UK media, prolonged uncertainty over the terms and conditions of Brexit is beginning to hamper UK companies in their efforts to renew customer contracts that are European in scope and also in tendering for new ones.

■ **Read more**

TIME TO INVEST IN THE USA'S ROADS AND BRIDGES

In the USA, where we have a significant presence through our subsidiary company, U-Freight America, we note that President Trump, in his recent State of the Union address said investing in the nation's roads and bridges "is a necessity."

■ **Read more**



UFL

TRADE SECTOR FOCUS

TOTAL LOGISTICS SOLUTIONS FOR WINE SHIPMENTS

Old World or New World, as a product, wine is perishable and the U-Freight Group's expertise in handling perishable traffic guarantees that when a connoisseur enjoys a fine vintage or a bottle is opened at a barbeque, there is a good chance that its safe delivery has been guaranteed by UFL.

■ [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



UFL



BRINGING POWER TO THE PEOPLE OF CHAD

[← Back to Index](#)

Our Dutch subsidiary, U-Freight Holland, has successfully handled the multimodal shipment of electricity power cables from Europe to Africa.

The 16 rolls of transmission cables were required urgently in Chad, where the country's power utility, National Electricity Company (SNE) is rehabilitating generating assets to help improve supply.

U-Freight Holland was contracted by Dutch transport group, Van der Vlist on behalf of its client SwitchGear Company, to expedite the shipment from Paris-Vatry airport direct to N'Djamena International airport, after they had been trucked from Greece on four separate vehicles.

With time of the essence, and limited cost-effective air charter options available, U-Freight Holland worked with an air charter broker to secure dedicated space on board an Astral Aviation Boeing 747-400 freighter.

After undertaking all Customs clearance and freight facilitation operations, the 16 reels, which each weighed five tonnes and collectively amounted to around 16 km of cable, were carefully loaded at Paris-Vatry under the watchful eye of the company's loadmasters, before the dedicated charter aircraft took off for N'Djamena International Airport.

Dedicated air charters can be extremely expensive and offers from some airlines had to be rejected. U-Freight Holland found a good partner in Astral Aviation, which offered an option that was much more reasonable and cost-effective.

When a client calls on the U-Freight Group to deliver heavy or over-dimensional cargoes, it knows that it can rely upon us to provide the logistics support to expedite delivery to the project site - whether that is a set of cable reels, or an entire power generation facility.

[← Back to Index](#)



UFL



U-FREIGHT RELOCATES IN YANTAI

[← Back to Index](#)

Our Yantai branch, which is home to one of U-Freight's subsidiaries in China - Dalian China Express International Transportation, has relocated to a new location in the Chinese city.

The port city, with a population of nearly seven million, is the largest fishing seaport located in China's north-eastern Shandong province. In addition to its seaport, which is one of China's major harbours, Yantai has extensive rail and highway connections as well as an international airport.

Currently, Yantai is the second largest industrial city in Shandong, next to Qingdao. Its main industries produce textiles, food, machinery and wine.

Contact details for the new office are:

Dalian China Express International Transportation Ltd
Room 1103, Huaxin International Building, No. 28,
Changjiang Road,
ETDZ Yantai 264006, China.

The additional telephone number for Dalian China Express in Yantai is:
+86 0535 3975315

The previous phone number and email address remain unchanged: yntstaff@ufreight.com

From our new Yantai office, we offer the full range of the company's freight forwarding and logistics services.

[← Back to Index](#)



UFL



AUSTRALIAN PARTNER COMMITS TO INTERMODAL

TERMINAL

[← Back to Index](#)

In Australia, our partner, the Seaway Group has signed an agreement with InterLinkSQ to build and operate a new intermodal terminal on InterLinkSQ's 200-hectare site in Toowoomba.

The site is strategically located 13 km west of Toowoomba in a prime location to capitalise on current freight requirements, as well as the Inland Rail when it begins.

The multi-million-dollar project will create an open access, intermodal terminal linking container freight customers in Toowoomba and the surrounding regions directly to the Port of Brisbane via rail.

Seaway's CEO, Craig McElvaney explained, Seaway is no stranger to regional rail: "We are very excited about joining with InterLinkSQ and bringing this project to life. Seaway knows regional rail through our intermodal business in Merbein, Victoria (Mildura). Through that site we facilitate the movement of over 15,000 containers per annum by rail from the Sunraysia region to ports all around the world. The commodities are similar to Toowoomba, with fresh produce, grains, pulses, cotton and wine all featuring regularly. We will bring our knowledge and expertise of regional rail and logistics to Toowoomba and provide solutions for customers in the Darling Downs and other areas of Western Queensland. This is a long term project for our company and we believe in the success of the region".

Final planning on the new site will be concluded shortly, with construction starting early 2019. It is expected that the site will be operational in 12-18 months, at which point it will operate a daily shuttle service to the Port of Brisbane.



UFL



Once up and running, Seaway is planning to move over 20,000 teu by rail to the Port of Brisbane, saving up to 10,000 truck movements per annum.

[← Back to Index](#)



UFL

PERSONAL EFFECTS SHIPPED

[← Back to Index](#)

U-Freight Malaysia recently worked with our partner in India, Sahil Freight to handle a shipment of personal effects for 50 Malaysian students studying in Bangalore, India, who are returning back to their homes in Malaysia after completing a Medical degree at Bangalore University.

Sahil Freight arranged the collection of the personal effects from the individual residences of the students, transported them to the port of export, customs cleared and consolidated them into a 40 ft container and shipped them to Port Kelang.

U-Freight Malaysia handled reception of the container at Port Kelang, customs clearance OOF each consignment and delivery to the homes of each student in Malaysia safely and on time.

Handling personal effects is not an easy task, as there are always errors in declaration by the consignee, which need to be addressed in order to avoid any problems with custom clearance procedures in India.

[← Back to Index](#)



INCREASE IN DEMAND FOR AIRFREIGHT SLOWS

[← Back to Index](#)

With our strong involvement in expedited air freight services, U-Freight was interested to read the full-year 2018 data for global air freight markets released by the International Air Transport Association (IATA).

The figures showed that that demand, measured in freight tonne kilometers (FTKs) grew by 3.5% compared to 2017. This was significantly lower than the extraordinary 9.7% growth recorded in 2017.

Freight capacity, measured in available freight tonne kilometers (AFTKs), rose by 5.4% in 2018, outpacing annual growth in demand. This exerted downward pressure on the load factor but yields proved resilient.

Air cargo's performance in 2018 was sealed by a softening in demand in December. Year-on-year, December demand decreased by 0.5%. This was the worst performance since March 2016. Freight capacity, however, grew by 3.8%. This was the tenth month in a row that year-on-year capacity growth outstripped demand growth.

International e-commerce grew in 2018 which was a positive factor for the year. Yet, there was a softening of several key demand drivers, including: The restocking cycle, during which businesses rapidly built up inventories to meet demand, ended in early 2018; Global economic activity weakened; The export order books of all major exporting nations, with the exception of the USA, contracted in the second half of 2018; Consumer confidence weakened compared to very high levels at the beginning of 2018.

U-Freight notes that air cargo demand lost momentum towards the end of 2018 in the face of weakening global trade, sagging consumer confidence and geopolitical headwinds. Still, demand grew by 3.5% compared to 2017 and we are cautiously optimistic that demand will grow in the



UFL



region of 3.7% in 2019.

To attract demand in new market segments, the air cargo industry must improve its value proposition. Enabling modern processes with digitalization will help build a stronger foothold in e-commerce and the transport of time- and temperature-sensitive goods such as pharmaceuticals and perishables.

For more information on the international expedited airfreight services that we provide, contact your local office.

[← Back to Index](#)



UFL

U-FREIGHT UK GETS READY FOR BREXIT

[← Back to Index](#)

According to reports in the UK media, prolonged uncertainty over the terms and conditions of Brexit is beginning to hamper UK companies in their efforts to renew customer contracts that are European in scope and also in tendering for new ones.

With our own office in the UK, U-Freight is very conscious of the forthcoming March 29th Brexit deadline date, which is proving to create difficulties for some UK businesses as they seek the extension of EU-related contracts and pitch for new business. They have little or no visibility when it comes to calculating costs and lead times for getting goods to market as they simply don't know how the operating landscape will look less than two months from now.

There are still so many potential variables and questions on the eventual outcome that will affect international trade, including whether there will be border controls and customs clearance; restrictions on the movement of people, which would mean that the labour market may become much tighter.

There is currently also a squeeze on warehousing space in the UK, with the stockpiling and forward-loading of goods - another tangible sign of the uncertainty that Brexit has generated.

Despite the uncertainties, U-Freight UK remains upbeat on the company's own readiness for Brexit. Managing Director Greg Easterbrook says: "We have a lot business outside the UK-EU trade lane – for example, in the US and the Far East, China in particular – and are used to dealing with customs clearance procedures for so-called 'third countries'. While Brexit may bring challenges, we are a flexible organisation and will cope with any upheaval."



UFL

“The complexity that a no-deal or a hard Brexit would bring to supply chains is likely to lead to forwarders having to enlarge their portfolio of services to customers, and this could also drive new business.

“But the longer-term outlook is far less clear, with the risk of the UK's economy going into decline as a result of the country withdrawing from the EU and the knock-on effects this would have on shippers and their service providers.”

For more information on the freight and logistics services provided by U-Freight UK contact your local office.

[← Back to Index](#)



UFL



TIME TO INVEST IN THE USA'S ROADS AND BRIDGES

[← Back to Index](#)

In the USA, where we have a significant presence through our subsidiary company, U-Freight America, we note that President Trump, in his recent State of the Union address said investing in the nation's roads and bridges "is a necessity."

Whilst he offered no further details about the projected budget and scope that his administration would propose for rebuilding the nation's aged transportation infrastructure, the president made infrastructure a cornerstone of his presidential campaign.

Although some infrastructure building assistance has been made available through various Department of Transportation infrastructure grant programmes, the financial burden largely has fallen to states and local communities in recent years.

Arguments in Congress continue as to how to properly disperse billions of dollars collected for the Highway Trust Fund or raise the gasoline tax to pay for infrastructure.

Trade associations, nonetheless, praised Trump for highlighting the need for modern transportation infrastructure in his speech.

U-Freight America says that for too many years, federal freight infrastructure investment has lagged while the US population and national economy grew. This financial burden cannot be shouldered by states, localities and the private sector alone. There needs to be a commitment to driving an investment plan at the federal level.



We have long argued for a freight-focused multimodal competitive grant programme that uses “objective, performance-based merit criteria to select high-priority goods movement projects.

According to industry sources, the USA’s freight system moves 55 million tons of goods a day, valued at more than USD49 billion, and freight movement across all modes is expected to increase 42 percent by 2040.

As a major provider of international oceanfreight consolidation service, the U-Freight Group is concerned by reports that major container lines are telling shippers they won’t sign service contracts that don’t account for their higher costs from the low-sulphur global mandate.

We don’t think that the carriers will know the true cost until the fourth quarter of 2019 when carriers will begin actually using low-sulphur fuel to run their ships.

The uncertainty is adding another layer of complexity to the annual service contract negotiating cycle on the trans Pacific import trade with talks kicking into high gear ahead of the new contract year taking effect on May 1 for many import shippers.

It is estimated that the International Maritime Organization’s (IMO’s) low-sulphur fuel mandate that takes effect on January 1, 2020, is likely to add about USD150-200 per teu to trans Pacific carriers’ costs, according to an analysis by the Coalition for Responsible Transportation (CRT), an industry group that represents beneficial cargo owners (BCOs), ports, ocean carriers, and logistics providers.

However, given the volatility in fuel prices, there are a range of estimates of the cost of low-sulphur fuel for late 2019 as well as the differential between low and high sulphur fuel, in other words, the additional cost carriers will be forced to pay.



UFL

Industry sources suggest that a failure by carriers to recoup the added cost of the IMO mandate, with additional annual costs perhaps as high as USD15 billion, depending on where fuel prices go, will likely result in carriers slashing capacity to get rates up, leading some to see the potential for another 2010-calibre capacity squeeze when supply chains were severely disrupted. That is considered the biggest risk to the supply chain from the IMO mandate.

For more information on the international oceanfreight services provided by U-Freight America contact your local office.

[← Back to Index](#)



UFL



TOTAL LOGISTICS SOLUTIONS FOR WINE SHIPMENTS

[← Back to Index](#)

Old World or New World, as a product, wine is perishable and the U-Freight Group's expertise in handling perishable traffic guarantees that when a connoisseur enjoys a fine vintage or a bottle is opened at a barbeque, there is a good chance that its safe delivery has been guaranteed by UFL.

While the Group handles wine shipments throughout our network, special investments have been made to support the growing wine business in China. One of UFL Logistics' facilities in Hong Kong has been officially approved by the Hong Kong Quality Assurance Agency (HKQAA) for the provision of commercial wine storage.

HKQAA has partnered with the industry to develop the HKQAA Wine Storage Management Systems Certification Scheme for wine storage companies and wine retailers.

The certification means that UFL Logistics (HK) Limited is officially able to provide commercial wine storage services within the company's warehouse at Kwai Chung.

[← Back to Index](#)



NOTA BENE

[← Back to Index](#)

At the beginning of February, the World Container Index assessed by Drewry, a composite of container freight rates on eight major routes to and from the USA, Europe and Asia was down 3.2 percent to USD1,664.24 per 40ft container.

A Lloyd's Loading List round table discussion has heard that standardisation and collaboration lie behind changes necessary for better customer experience in logistics. Participants concluded that customers of freight forwarders, 3PLs, 4PLs, and the wider logistics community are changing in the way they do business. Their time horizons are shortening at an alarming pace, they demand immediate answers, and they have little patience to wait for solutions to their problems. It's not up to the industry to hold back the tide of change, but to run with it.

Mexican shipper and transportation providers are scrambling to expand their warehousing and distribution centre footprints, as reflected by a near doubling of industrial space leased over the last four years that contributed to a market characterised in 2018 by low vacancy rates and high rental costs. Mexico's national vacancy rate fell to 4.4 percent at the end of 2018, down from 4.9 percent a year earlier, as the average rent for space ticked up to USD4.95 per sq ft, from USD4.77 in 2017, industrial real estate developer CBRE said.

A recent IMO meeting has discussed how to overcome contractual and operational barriers to implement Just-in-Time (JIT) operations, which can cut the time ships spend idling outside ports and reduce emissions. The roundtable identified that for ports be able to provide incoming ships with a reliable berth arrival time, firstly a reliable departure time of the ship at berth needs to be achieved – which involves collaboration of many stakeholders. The terminal and other service providers currently share very few updates about completion times.

[← Back to Index](#)