



UFL

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China remains key to US recovery

Welcome to the twentieth edition of 'Service Without Boundaries', the UFL Group's customer newsletter.

We were interested to read a recent report that concluded that exposure to China's growing economy is becoming increasingly important for American manufacturers; especially as domestic demand for many products remains stagnant.

Even better, the report suggested that export opportunities that have existed in consumer goods and in machinery and equipment in recent years are not forecast to dissipate anytime soon.

According to the US International Trade Commission and IBISWorld estimates, US exports to China grew at an average annual rate of 12.2 percent between 2008 and 2013, reaching USD124.2 billion.

“The Chinese market is one of the largest in the world, and it's going to be even bigger as they continue to grow,” says Omar Khedr, an industry research analyst at IBISWorld, a global business intelligence company.

“That's going to present a huge opportunity for US manufacturers, especially in the high technology sector as well as sectors that have strong barriers to entry,” he adds.

Domestic demand in China has grown so much, in fact, that IBISWorld has developed a list of US industries that are expected to perform particularly well exporting products to China in this new phase in US manufacturing.

All of which is very welcome news to UFL given our significant presence in both China and the USA; and the array of cost effective air and oceanfreight services that we offer in the transpacific trade.

Once again our newsletter is packed with news about developments within the UFL organisation, as well as information on some of the key issues affecting the movement of freight around the global. Enjoy the read.



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LATEST NEWS

Latin American presence strengthened

We have strengthened our presence in Latin America by confirming the appointment of Rex Cargo as our exclusive partner in a number of Central America countries.

■ [Read more](#)

UFL on the double in the UK

A couple of unusual project shipments were recently handled by our subsidiary in the UK.

■ [Read more](#)

Tracosa delivers for Mobile World Congress

In Spain, the U-Freight Group's long standing partner has handled almost the entire import and re-export operations for the Mobile World Congress, which was held in Barcelona at the end of February.

■ [Read more](#)

UFL Swedish partner gains trusted trader status

Conroute Air & Sea, the exclusive Swedish partner of the U-Freight Group (UFL), has been certified by the Swedish Customs authority as an Authorised Economic Operator (AEO-F) in the Combined Customs Simplifications/Security and Safety certificate categories, the highest of the three possible levels of AEO certification.

■ [Read more](#)

UFL names general manager for Thailand

Thawatchai Kunadilokrit is our new general manager in Thailand, with overall responsibility for all the company's sales and operations in the country.

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TRADE SECTOR FOCUS

Life in the fast lane with UFL

The UFL Group provides a range of supply chain solutions to the global automotive industry to help manufacturers and suppliers implement leaner, more efficient supply chains that support new model development and shorter product life cycles.

■ [Read more](#)

NOTA BENE

Drewry says mega ship global cascade is damaging North-South trade

The latest report by London's Drewry Maritime Research suggests that the container shipping industry is stuck in a "vicious cycle" as freight rates remain volatile, and although the new breed of super-sized ships may produce lower slot costs, supply and demand dynamics are still out of kilter.

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Air freight markets continue recovery

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Asean nations urged to sort out customs and trade rules

According to a report on the Reuters website, the Association of Southeast Asian Nations (ASEAN) member states has been urged to accelerate the creation of common Customs procedures and harmonise its trade rules to significantly lift trade within the region of 600 million people.

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TAPA EMEA calls for greater collaboration

The Transported Asset Protection Association (TAPA) is calling for greater collaboration with law enforcement agencies in Europe to combat mounting cargo crime after its 2013 annual report revealed a 66% increase in incidents recorded by the Association and average losses per crime of EUR235,000.

■ **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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Latin American presence strengthened

[← Back to Index](#)

We have strengthened our presence in Latin America by confirming the appointment of Rex Cargo as our exclusive partner in a number of Central America countries.

Rex Cargo has offices in El Salvador, Guatemala, Honduras, Nicaragua, Panama and Costa Rica; and has service and sales agreements in place with all major air transportation companies and offers specialised handling and preparation of cargo in terminals located throughout the region in compliance with BASC safety standards.

It also provides international logistics solutions by land and ocean, 24 hours breakbulk customs clearance, door-to-door delivery, container haulage and local trucking, as well as warehousing and distribution.

The company is a dynamic freight forwarding business, which has been rated as one of Central America's top five air cargo companies.

UFL continues to enhance the range of scheduled ocean, airfreight and sea-air services it offers, connecting China and other Asian countries, as well as North America and Europe, with the growing markets of South America, most of which are witnessing increased domestic demand for finished goods from the world's major manufacturing areas.

Our sea-air operation offers regular direct consolidation services from Asian ports across the Pacific to US West Coast ports before transfer to airfreight services to the key gateways into the countries of South and Central America. Services over the US East Coast travel via Miami, the world's gateway into South America.

UFL's other partners in Latin America include Lynx Cargo International in Argentina; Yamaneco Yacon Carga Aerea in Brazil; Sosertrans in Chile; Mexico Air Cargo Systems in Mexico; Inter America Group in Paraguay; Beagle Shipping in Peru and SAF Sea Air Forwarders in Uruguay..

[← Back to Index](#)



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UFL on the double in the UK

[← Back to Index](#)

A couple of unusual project shipments were recently handled by our subsidiary in the UK.

The first was an aircraft fuselage, which is being sent to Xingang in China, to be converted in to an aircraft simulator.

The shipment was loaded at RAF St Athan in Wales, then taken to port and loaded on a flat rack container.



The second consignment involved various items, the main one comprising of a reel of electrical cable which weighed 5.5 tonnes, which was collected on a flatbed vehicle then loaded in a container at the port, before sailing for Rio de Janeiro.



[← Back to Index](#)



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Tracosa delivers for Mobile World Congress

[← Back to Index](#)

In Spain, the U-Freight Group's long standing partners has handled almost the entire import and re-export operations for the Mobile World Congress, which was held in Barcelona at the end of February.

The world's largest exhibition for the mobile telecommunications industry saw 85,000 participants who were attending to see what is next in mobile technology from over 1,800 companies worldwide.

Tracosa managed around 800 customs and transport operations, both air and sea, imported and re-exported booth materials, catalogues, product samples and so forth.

[← Back to Index](#)



UFL

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[← Back to Index](#)

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Conroute Air & Sea's accreditation follows that of U-Freight Holland in 2012, as well as UFL's Spanish (Tracosa) and German (Alpha Trans Luft- und Seefrachtspeidition) partners in the same year.

Conroute Air & Sea 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.

Simon Wong, CEO of UFL says: "For UFL, supply chain security remains a number one priority, both for our own subsidiaries and for our exclusive partner network around the world.

"Authorised economic operators in the EU, such as our Dutch subsidiary, and Swedish, Spanish and German partners, will receive benefits when trading internationally."

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

In adopting the AEO regime, the EU is aligning with similar measures introduced by other countries, including the USA and Japan. The scheme provides legitimate businesses with a quality mark, which will demonstrate that their internal controls, staff training and procedures are effective and compliant.

In the USA, U-Freight America has recently had its U.S. Customs-Trade Partnership Against Terrorism (C-TPAT) status revalidated after an extensive revalidation visit by U.S. Customs and Border Protection (CBP) staff to U-Freight Limited in Hong Kong.



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U-Freight America's revalidation of C-TPAT came ten years after it was first certified and seven years after it was validated in 2006, the same year UFL's oceanfreight forwarding division, U-Ocean USA, was certified.

[← Back to Index](#)



UFL

UFL names general manager for Thailand

[← Back to Index](#)

Thawatchai Kunadilokrit is our new general manager in Thailand, with overall responsibility for all the company's sales and operations in the country.

This appointment marks the return of Kunadilokrit to U-Freight Thailand, where he had previously worked since 1992, before taking a sabbatical a few years ago.

UFL continues to expand its logistics network across Southeast Asia, and has opened many new facilities in Thailand, China, Japan, Malaysia, Singapore, South Korea and the Philippines over the last ten years.

All the developments in Asia represent a considerable investment for U-Freight and are a clear indication of our commitment to offer Asian shippers a wide range of competitive freight and logistics services.

[← Back to Index](#)



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Life in the fast lane with UFL

[← Back to Index](#)

The UFL Group provides a range of supply chain solutions to the global automotive industry to help manufacturers and suppliers implement leaner, more efficient supply chains that support new model development and shorter product life cycles.

Our services include managing the logistics of inbound services and delivering production line components, inventory services including inventory financing and procurement, configuration and preparation of sub-assembly facilities, as well as the physical movement of assemblies within production plants.

In addition, the group is also able to offer intercontinental freight management services and after-market operations, including supplying spare parts to dealer networks and after-sales operations.

UFL's pace setting IT services also benefit companies in the automotive sector, which are able to use the group's computerised inventory management tools to help optimise JIT operations.

[← Back to Index](#)



Drewry says mega ship global cascade is damaging North-South trade

[← Back to Index](#)

The latest report by London's Drewry Maritime Research suggests that the container shipping industry is stuck in a "vicious cycle" as freight rates remain volatile, and although the new breed of super-sized ships may produce lower slot costs, supply and demand dynamics are still out of kilter.

The conclusions drawn in its first quarter Container Forecaster report highlights that the industry remains in an extended down cycle. This is being accentuated and extended by the constant delivery of new ships.

The global cascade is now hurting the balance of the north/south trades.

"Some of these trade routes have also not lived up to expectations in terms of cargo flows and the sharp influx of many new ships of at least 8,000 teu has resulted in significant declines in spot freight rates, particularly on the Asia to East Coast South America trade.

"On the one hand, bigger ships may be delivering carriers the lower unit costs they seek, but the supply/demand imbalance coupled with the desire by most operators to protect their market share is a toxic mix for overall profitability.

"This is why all focus is now on reducing costs and Maersk Line remains the best in class," it said.

It forecasts 5.7 % global supply growth for 2014, followed by 6.7 % next year, with the emphasis on the delivery of 115 more ultra large container vessels (ULCV) and a large number of ships in the 8,000-10,000 teu category.

For this year it anticipates global demand growth of 4 %, "but we do not see any real opportunity for the industry to recover and draw breath until 2016, and this is still dependent on what happens with the orderbook", the analysts concluded.

"Although scrapping rates are at record levels, the delivery profile in the next 24 months will continue to cause damage and carriers will have little, if any, long-term success with their constant general rate increase initiatives.



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“On the contracting side, we also hear anecdotally that many contracts in the core east-west trades have been signed at the same level as in 2013 or in many cases, significantly lower,” said Drewry analysts.

Said container research chief Neil Dekker: “Two major fights will continue for the carriers this year – to win contract and spot business. The larger battle will be waged in the spot market arena, which suggests that rate volatility will continue for the time being.”

[← Back to Index](#)



Air freight markets continue recovery

[← Back to Index](#)

The International Air Transport Association (IATA) released data for global airfreight markets in February showing a 2.9% increase in demand compared to February 2013.

The first two months of 2014 have seen an overall 3.6% improvement in demand over the previous year. This continues the strengthening in cargo markets, which began in the second half of 2013.

The vast majority of the growth in cargo was realised by airlines in the Middle East and Europe who recorded 11.9% and 5.5% growth respectively compared to the previous February.

“Cargo has had a positive start to the year. There is good cause for measured optimism for the cargo industry’s prospects in 2014. The 3.6% growth in demand recorded over the first two months of this year is a significant step up from the 1.4% growth in demand over the whole of 2013,” said Tony Tyler, IATA’s Director General and CEO.

“There are, however, some serious trends which are not in the industry’s favour.

Companies continue to ‘on-shore’ their manufacturing supply chains. The world’s top 20 economies implemented some 23% more protectionist measures last year than in 2009. These factors are a major part of the reason why we are not seeing trade growth of 5-6%, which we would expect to see at the current level of domestic production. Currently trade and domestic production growth is running at about the same level. The World Trade Organization’s agreement in Bali late last year gives hope for invigorated world trade. It is important that governments keep their commitments,” said Tyler.

[← Back to Index](#)



Asean nations urged to sort out customs and trade rules

[← Back to Index](#)

According to a report on the Reuters website, the Association of Southeast Asian Nations (ASEAN) member states has been urged to accelerate the creation of common Customs procedures and harmonise its trade rules to significantly lift trade within the region of 600 million people.

Reuters quotes Philippines Finance Secretary Cesar Purisima, Southeast Asia as arguing that that ASEAN is unlikely to achieve its aim of integrating its ten economies by 2015, but it has the potential to become a trading hub for Asia if it creates an economic community.

Reuters reports Mr Purisima as saying that between 2010 and 2012, intra-ASEAN trade has grown 18 per cent, far outstripping the growth in global commerce.

The U-Freight Group (UFL) has a strong presence in most of the countries within the ASEAN community and welcomes the organisation's aim to eliminate non-tariff barriers and remove obstacles to labour flows in the region.

We note the value of investment being made by the world community in the ten countries, which comprise ASEAN.

[← Back to Index](#)



TAPA EMEA calls for greater collaboration

[← Back to Index](#)

The Transported Asset Protection Association (TAPA) is calling for greater collaboration with law enforcement agencies in Europe to combat mounting cargo crime after its 2013 annual report revealed a 66% increase in incidents recorded by the Association and average losses per crime of EUR235,000.

TAPA EMEA's Incident Information Service (IIS) captured data on 1,145 separate crimes against high value, high risk goods moving in supply chains across the Europe, Middle East and Africa region in 2013, with the vast majority of thefts taking place in Europe.

In 2013, 165 'Major' crimes with a loss value in excess of EUR100,000 were recorded by TAPA EMEA. This is based on information provided by the Association's members, data from law enforcement agencies in the EMEA region and media reports.

"We know that manufacturers and logistics service providers that adopt TAPA's security standards as part of their supply chain security programmes are three times less likely to suffer cargo crime. Nonetheless, the trend is clear; cargo crime is increasing, supply chains are being targeted by organised criminal gangs, and attacks are becoming more sophisticated and violent," said Thorsten Neumann, Chairman of TAPA EMEA.

The ten biggest thefts during the course of last year featured combined losses in excess of EUR55 million as thieves targeted diamonds, gold, silver, smartphones and tablets, currency, electronics, cigarettes and bicycle parts. Pharmaceuticals were another prime target for criminal gangs as well as metal, clothing, cosmetics and food & beverage products.

Over half of the crimes involved thefts from vehicles, according to the Association, which is working proactively with ESPORG (the European Secure Parking Organisation) to promote the need for more secure parking sites across Europe. As well as attacks on parked trailers, TAPA has highlighted a growing trend of criminals boarding trucks to steal goods while they are moving, even along highways and motorways. Other modus operandi includes thefts from facilities, fraudulent pick-ups, fake 'police' stops and violent hijackings.



Thorsten Neumann added: “Industry is fighting back against these losses with the support of police forces across the EMEA region. Throughout 2013, police successfully made arrests and prosecutions and broke up criminal gangs known to be involved in cargo crime. They were also able to recover large amounts of stolen goods. TAPA EMEA is receiving strong support from the Dutch and Belgian police, who are sharing their incident data with us to help our members gain a better understanding of the volume and locations of incidents and the tactics being used by criminals. We also have good dialogue and cooperation with Europol and Interpol. This is all essential intelligence when it comes to planning a resilient supply chain.

“We are actively trying to encourage other law enforcement agencies to work with us towards achieving our shared goals and we are also joining forces with other organisations to continually raise the issue of cargo crime at government and regulatory levels. We are making good progress in terms of providing industry-leading security standards and training that help TAPA members in their programmes to effectively combat crime but the statistics show there is no room for complacency. In 2008, average losses for cargo crimes were just over EUR58,000. Last year, this figure stood at EUR235,000. Criminals are continually proving they will go to any lengths to steal from supply chains so the need for collaboration between industry, police and other stakeholders has never been greater.”

At UFL, we are determined to play an active role in the development of freight security in the supply chain and our aim is to maintain a secure environment and preserve the integrity of each of our freight facilities around the world to protect our customers’ assets at every stage of their transportation.

Certification and membership of TAPA complements our existing security arrangements and provides a globally acknowledged standard for the protection of goods in transit.

Early this year, our flagship Logistics Hub at Pudong International airport in Shanghai enhanced its TAPA accreditation with the scope of services now covering "Warehousing and storage of general cargoes" not just "general products".

That TAPA enhancement followed previous certification of UFL’s import and logistics hubs in Hong Kong, as well as the company’s facilities at Changi Logistics Centre and Changi Airfreight Centre in Singapore.