Voice of the independent

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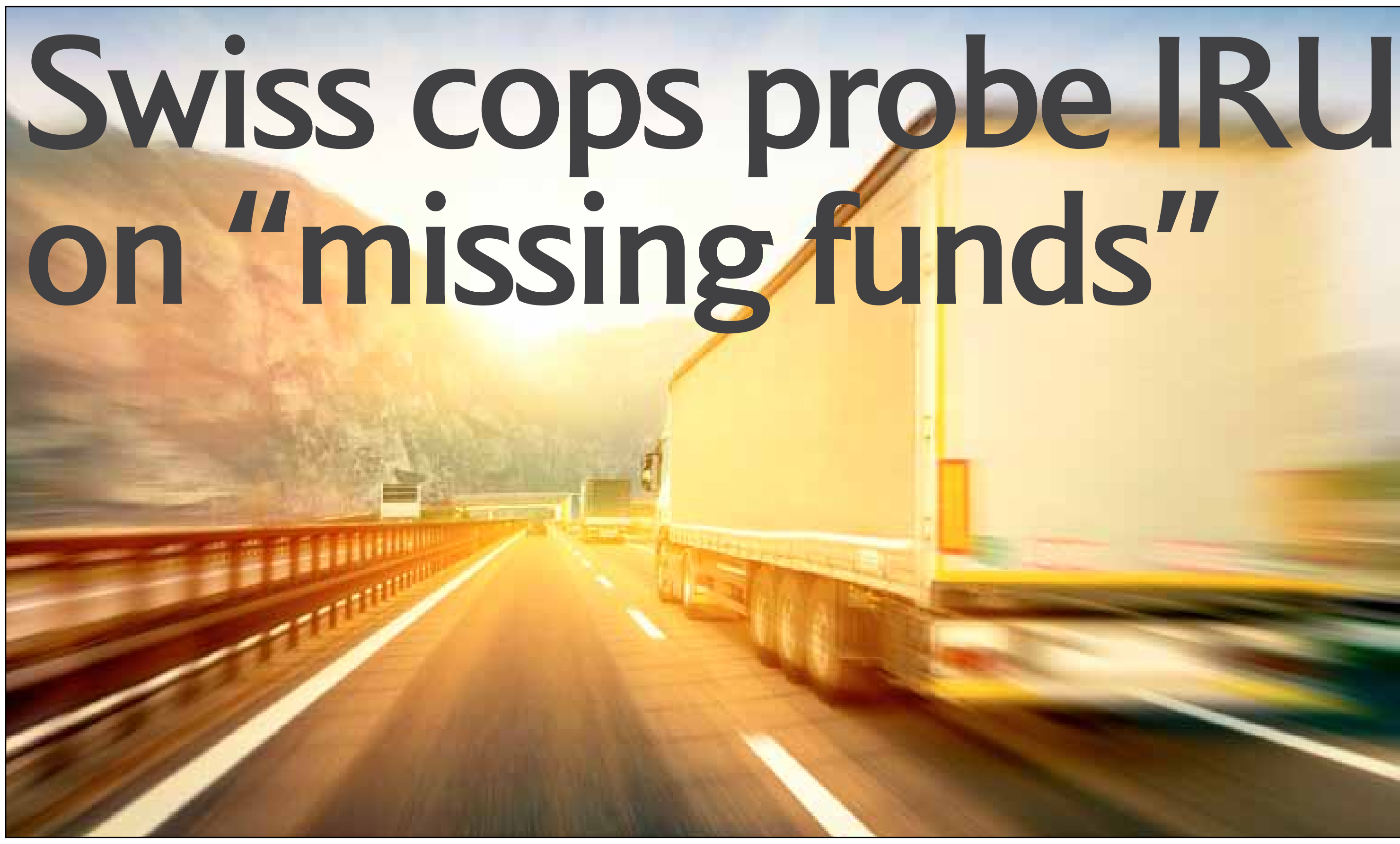
Swiss cops probe IRU on "missing funds"



Swiss cops are called in to investigate IRU executives over allegations of "missing" funds

NATIONAL road haulage associations could be collectively owed nearly half a billion dollars if allegations that senior management at the International Road transport Union (IRU) – the UN body that administers the TIR system – misappropriated funds are proved to be correct.

Former head of its TIR department, Marak Retelski, was dismissed from his post in January after writing a letter to members questioning a decision to restructure the organisation and criticising IRU Secretary General Umberto de Pretto. Following on, Retelski now alleges that the leadership had been involved in "grave criminal acts committed from 1 June 2013, concerning the dissimulation/diversion of close to CHF530m (US$554m) from IRU members".

On 7 April, Retelski delivered a 343-page file of documents to Swiss prosecutors, and the following day sent a letter to the organisation's general assembly, which had just convened in Geneva and a copy of which has been passed to *Voice of the Independent*. In it, he accuses Secretary General Umberto de Pretto and Chief Operating Officer Boris Blanche of concealing vast amounts of funds – he doesn't speculate why – from IRU members.

The charges against the two officials are immensely complex, but revolve around three key points. Firstly, that CHF93 million was raised in a "secret retro-commission from member associations' insurance contracts, through which 40 per cent of the national premium was subsequently returned to a shadow company". It is alleged that this company was named as Westyard and was established in the Isle of Man.

> *"grave criminal acts committed from 1 June 2013"*

Retelski wrote that de Pretto refused to notify member associations of the funds, or return the money to them, as he claimed that doing so would "imply guilt", according to a leaked email.

National road haulage associations collect TIR payments on behalf of individual transport companies and freight forwarders who operate trucks across national borders. Trucks operating under the TIR Convention's international customs transit system can move goods in sealed vehicles or containers from a customs office of departure in one country to a customs office of destination in another country, without requiring extensive and time-consuming border checks at intermediate borders. It also provides customs authorities with the required security and guarantees.

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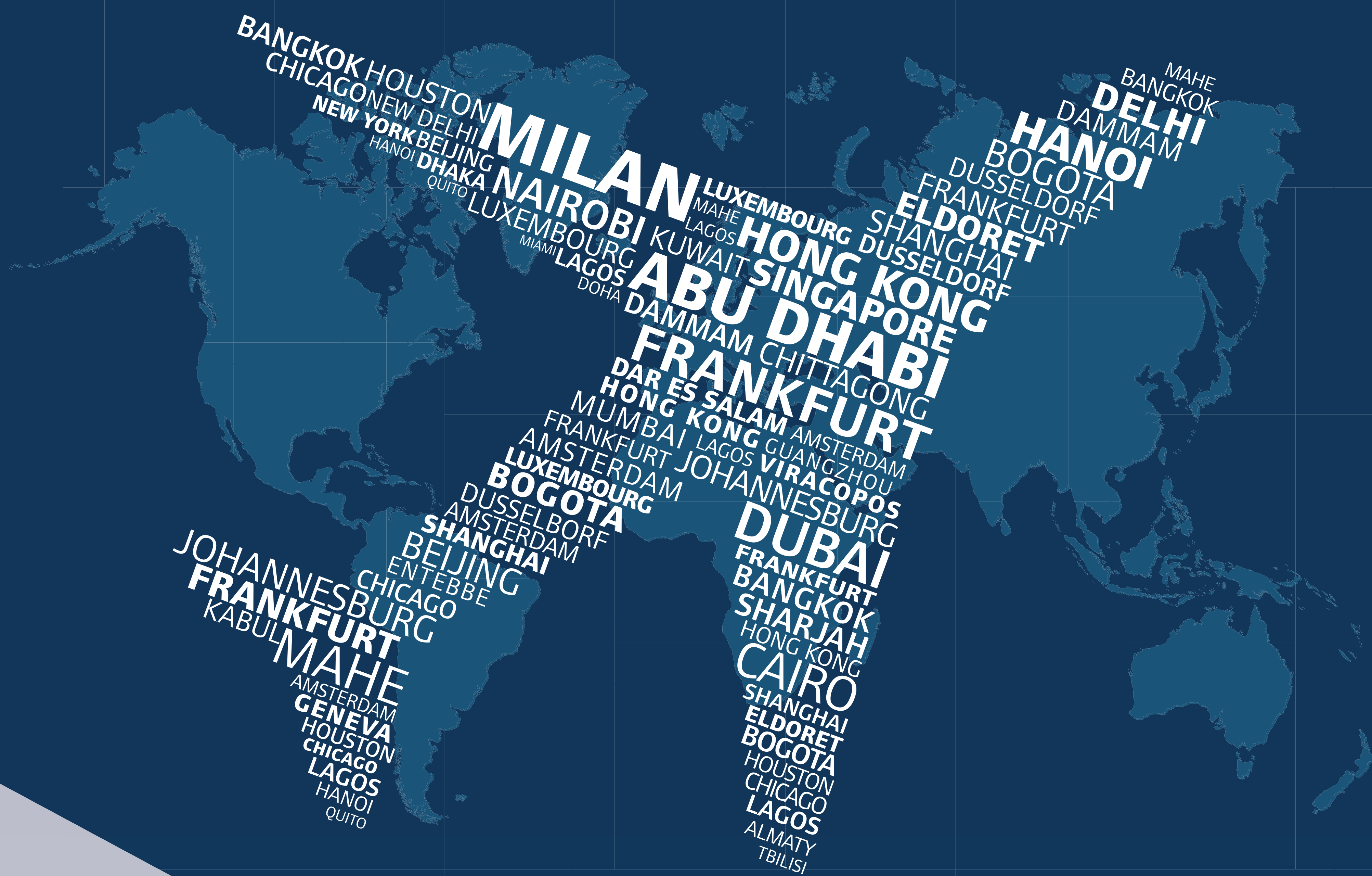

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Continued from page 1

Complexity of case will take time to resolve

Some of the numbers are large. The largest user of the TIR system in the world is Turkey, and its national haulage association, TOBB, is owed just under CHF16m, while Russian organisation ASMAP is owed CHF12m and Bulgaria's AEBTRI organisation is owed CHF6.5m.

According to a spreadsheet that was forwarded to Voice of the Independent, *another 49 organisations have money owed to them as a result of the scheme. Amongst them are the UK's Road Haulage Association (RHA), which is said to be owed CHF139,500.*

The RHA's Director of International Affairs Peter Cullum said: "The charges are clearly serious but there are many papers and we are still analysing them in detail.

"We are taking a great interest in the claim that the RHA is owed CHF 139,500 and have asked the IRU for further detail."

However, he declined to comment further: "As the papers are with the Swiss courts we are not in a position to comment on the rights and wrongs of the case. It will be for the courts to decide.

"However, the complexity of the accusations may mean that resolving the issues may take some time."

A second charge relates to a sum totalling CHF56.7m, which was from profit commissions from the global insurance premium paid by IRU members to insurance company Zurich and then AXA.

"These profit commissions come from the insurance premium included in the TIR Carnets price paid exclusively by TIR associations to IRU, starting from 1995. Consequently, these amounts are legally due to the associations having issued these specific carnets," Retelski's letter said.

Lastly, he claimed that 2014 analysis, undertaken by Deloitte into the IRU's funding requirements in the context of the TIR Carnet issuance activities, was hidden by Blanche after the consultant concluded that the IRU's reserves have a surplus amounting to CHF409m. According to Retelski, Blanche ordered Deloitte to rewrite its analysis and remove that surplus, to which it complied.

"The charges are clearly serious but there are many papers and we are still analysing them in detail"

At the time of writing there has been no direct suggestion that either de Pretto or Blanche personally profited from the misappropriation of funds.

However, Retelski added: "The 2015 decision of Umberto de Pretto to divert more than CHF93m of commissions rightfully owed to IRU members is immoral and illegal, whatever the justifications and whatever the subsequent usage of those funds."

Air and sea suffer from excess capacity while weak economies hamper demand

OVERCAPACITY and low demand continues to plague both sea and air freight markets, leading to poor yields for carriers.

According to the latest research from Alphaliner, laid-up containership capacity is at "an alarmingly high level" – with no end in sight.

At the start of April the consultancy recorded 325 containerships, more than 7 per cent of the global fleet, at anchor – or 1.48m teu.

Of those, 54 ships are between 5,100 teu and 7,499 teu, while a further 55 ships are 7,500 teu or more.

Despite this time of year normally being strong for charters, there has instead been "faltering demand" in past weeks. Ships are now on daily hire rates which barely cover operating costs, while positioning is being thrown in free of charge.

The only contract seen in the last week of March and first week of April in the 7,500-9,500 teu sector was MSC's charter of the ER Vancouver – which at $6,500 a day for a 12-month period marks an all-time low. Just a year ago, a similar ship would have fetched four or five times that rate.

Panamax ships are among the hardest hit, and owners are thought to be considering scrapping, particularly when the enlarged Panama Canal opens in June. On the plus side, scrap prices have recently risen. Braemar ACM noted that 41 containerships, with a total capacity of 143,000 teu, have been sold for scrap this year. In 2015, the total amount was 187,500 teu. 2016 is looking like it could be a record year for ship demolition.

Alphaliner noted a new record for the biggest containership ever sold for demolition: claimed to be the 6,479 teu DS Kingdom. Built in 2001, it is also one of the youngest ships to be scrapped.

It said there was "simply too much capacity afloat, and inadequate demand".

Air freight is faring similarly. A perfect storm of rising passenger capacity with the consequent increase in bellyspace, combined with low oil prices which have made it economic for some operators to take older freighter aircraft out of storage, has contributed to a capacity glut.

"The fuel price fall has meant a short-term gain – but it's a double-edged sword"

Revenue passenger kilometres have risen 45 per cent since 2008, while freight tonne kilometres have risen 13 per cent, according to IATA data. And passenger capacity has continued to rise.

World trade continues to be weak and even the benefits gained by oil importers from cheap fuel prices has not translated into higher spending

Senior IATA Economist George Anjaparidze said: "There is a lot of capacity coming into the market. The fuel price fall has meant a short-term gain – but it's a double-edged sword.

"It has been more economic to bring freighter capacity out of storage and back into service.

"Yields in recent months have been relatively stable, but our concern is that if capacity additions continue, then yields will come under more pressure and it could impact airline profitability."

He added that IATA was bearish about the short term future for air freight demand. "The average growth in 2016 will probably mirror 2015 – but for that to happen, we'll need to see much stronger growth in the second half." Freight tonne kilometres had come to a "screeching halt" in January, he said.

He added that even if there was a pick up in consumer spending, it would be unlikely to give air freight much of a bounce as inventory levels remain high.

World trade continues to be weak, he said, and even the benefits gained by oil importers from cheap fuel prices had not translated into higher spending. "That stimulative impact could still be in the pipeline however," he said.

Market indicators, such as the Purchasing Managers Index on export orders, as well as the semi-conductor industry, both showed contractions.

"We are fairly bearish on the air cargo outlook in the short term," said Anjaparidze. "But there are signs for cautious optimism." He noted underlying strength in the US economy as well as potentially growing consumer confidence. "Economies are growing, but growing slowly. Mediocre is the new reality."

China set to lose out in changing cargo flows

FORWARDERS should prepare for changing cargo flows in the years ahead as manufacturers shift production away from China in a bid to reduce costs and business risk, according to Jay Waldron, Senior Vice President, Logistics & Customs Brokerage Solutions, at technology solutions provider Kewill.

He said three factors had emerged as the primary drivers affecting whether companies continued to manufacture in China or instead sought to shift output to alternative locations.

"The first driver is cost of labour," he said. "Providing products with the least cost is still the dominant factor in many manufacturing supply chains."

Chinese factory workers make, on average, three times as much as factory workers in Vietnam, according to the Japan External Trade Organization. "China is losing its traditional labour intensive manufacturing business – footwear, garments, components – to lower cost labour markets such as Vietnam and Indonesia," said Waldron.

For companies manufacturing high value products, government policies in areas such as contract governance, IP protection and restrictions on currency exchanges are also a growing business risk. "Countries such as Singapore and Malaysia have more progressive policies in these areas and are sometimes favoured over China," said Waldron.

> *"The benefit of lower labour rates inland in many cases is offset by the significant increase in logistics costs"*

Another driver of manufacturing location is the landed cost of goods, rather than the simple base manufacturing cost. The landed cost takes in all costs associated with making and delivering products up to the point at which they produce revenue when they are delivered to customers. The definition includes transportation, duties, currency exchange, trade tariffs, taxes, warehousing, inventory carrying costs and risk/quality/service related costs.

Waldron said companies were finding that products sourced in countries with the lowest manufacturing cost could actually be more expensive when the full landed cost was calculated. "This is driving them to near shore or onshore more of their manufacturing and supply chain operations to better manage landed cost," he added.

As a result of these trends, he said China now faced three different competitive challenges: competition from lower cost labour countries for traditional manufacturing supply chain networks; competition from countries with more favourable business governance policies for high value products; and competition from near shore and onshore companies for market driven supply chain networks.

"China is definitely losing low value manufacturing or manufacturing where cost of labour is a significant contributor to countries with a lower cost of labour such as Vietnam, Indonesia, Malaysia and The Philippines."

Some companies were also moving low value manufacturing inland within China to take advantage of lower labour rates. "However, the benefit of lower labour rates inland in many cases is offset by the significant increase in logistics costs to get these products to China's major ports," he added. "China has excellent transportation infrastructure along the coast but its lack of infrastructure inland is restricting business development there.

Manufacturers are shifting production away from China to other locations in a bid to reduce costs and business risk

"China is also losing manufacturing where landed cost is a key driver. Again, the issue is the cost of logistics to get product from source of manufacture in China to customers globally."

To boost its competitiveness, he warned that China must further enhance its logistics systems to spur development of inland provinces which need improved transportation infrastructure.

"In addition, if China is to retain and grow its high value manufacturing base, it will have to adjust its policies around IP protection, contract governance and currency movements to be more in line with western practices," he added.

Markets & Tradelanes

New joint shipping service from Maersk and MSC

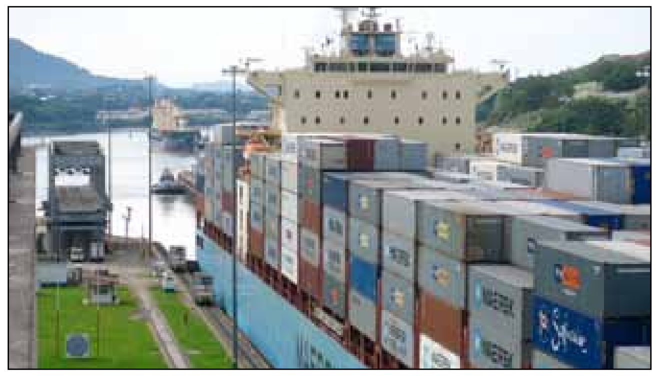
MAERSK Line and MSC have announced the forthcoming launch of a new joint weekly container shipping service between north-east Asia and the US Gulf via the Panama Canal, with the first sailing departing Qingdao on 2 May.

The new string has been named TP-18 by Maersk and Lone Star Express by MSC, and will feature the following port rotation: Qingdao-Ningbo-Shanghai-Xiamen-Yantian-Busan-Cristobal-Houston-Mobile-Miami-Balboa-Busan-Qingdao.

The new string has been named TP-18 by Maersk and Lone Star Express by MSC

According to the published schedule, it will turn in ten weeks a series of currently unnamed Panamax vessels.

The loop will be the first service under the 2M Alliance to directly link China with US Gulf ports, a connection which is currently offered through transhipment operations at hubs in Panama and the Caribbean which link existing Asia-US east coast services.



The TP-18/Lone Star Express service will be the third all-water Asia-US east coast service to transit the Panama Canal

In addition, Maersk Line also offers a 'landbridge' rail connection between the California gateways of Los Angeles and Long Beach and Houston.

The TP-18/Lone Star Express service will be just the third all-water Asia-US east coast service to transit the Panama Canal, and positions the alliance for the canal's expansion, which is due to officially open at the end of June.

The two existing services are the Gulf of Mexico Express/All Water Texas service run by Cosco and Hanjin, which uses nine 4,200-5,000 teu vessels and calls at Shanghai-Ningbo-Xiamen-Yantian-Colon-Houston-Shanghai.

Secondly, CMA CGM's PEX3 service calls at Singapore-Hong Kong-Chiwan-Shanghai-Ningbo-Busan-Manzanillo (Panama-Houston-Mobile-Miami-Jacksonville-Singapore) and uses 11 vessels of 4,200-5,000 teu capacity.

"This service was re-organised in March 2016 based on the former PEX3 rotation, with the return leg originally intended via the Suez Canal but subsequently rerouted via the Cape of Good Hope with a call at Durban temporarily added on the eastbound direction," liner consultancy Alphaliner said.

CMA CGM ramps up West Africa coverage

CMA CGM has improved its services into and out of West Africa and introduced some of the largest vessels on the trade to date.

The French carrier, in partnership with Maersk Line, has deployed 13 9,400 teu vessels on its ASAF service between Asia and West Africa, via the South Africa hubs of Cape Town and Coega.

The service also offers calls at the south-east Asian transhipment hubs of Port Klang, Singapore and Tanjung Pelepas.

It has also expanded its port coverage between the Middle East, India and the West African coast with the creation of a new Midas service in conjunction with Pacific International Lines.

The new service will call at the Indian gateways of Nhava Sheva and Mundra, where the line is developing a terminal in cooperation with port owner Adani Group. It will also feature calls at Dubai and Khor Fakkan, as well as seven West African ports.

Finally, it has also upgraded its EURAF5 service between Europe and West Africa to a weekly service, with new calls at Antwerp and the Ivory Coast gateway of Abidjan, targeting fresh fruit exports out of the country.

Cambodia welcomes two freighter airlines as exports grow

CAMBODIAN exporters could benefit from improved air cargo links as two airlines added freighter routes into the capital Phnom Penh. Emirates started a weekly service with an MD-11F in early April, and will provide a trucking network to other cities in the country.

The freighter leaves Dubai every Wednesday evening and departs Phnom Penh every Thursday evening.

Malaysian freighter operator Raya Airways also added Phnom Penh to its list of destinations at the end of March. Using a 727-300, the recently restructured airline will fly from Kuala Lumpur to Cambodia via Malaysia's Kuching and Kota Kinabalu. The flight operates twice a week, but Raya expects to increase the frequency, as well as the capacity.

HIRAN PERERA
Emirates SkyCargo

Air freight shipments to and from Cambodia increased a healthy 14 per cent last year, with the trade lane to the EU one of the fastest growing, at 16.5 per cent CAGR in the last three years, according to Cambodia Airports. The main imports are fabric and leather, which are then exported as textiles and garments.

Khek Norinda, Communications and PR Director for the airports group, which manages the country's three international hubs, told local media that exports were growing.

"There are more goods shipped by air including exports of mangoes and electronic devices, and leather imports," he said. "The increase in volume has been conducive in attracting more cargo carriers."

Hiran Perera, Senior Vice President, Emirates SkyCargo, said: "Cambodia's air cargo market is growing at a robust rate with Europe and the United States being key export markets. Establishing a presence in this market will position Emirates SkyCargo to benefit from the healthy growth potential."

Raya, formerly known as Transmile Air, has plans to triple its volumes to 100,000 tonnes in the next five years. It currently has four aircraft but plans to have two more by the end of this year.

Multipurpose shipping industry can expect recovery by 2018

DREWRY has released a report on the multipurpose shipping market, which forecasts that it will not recover until the end of 2017.

The research and consultancy company noted that "the last 12 months have been dreadful for the multipurpose vessel (MPV) market with rates at rock bottom and competition for cargo from every angle.

"Weak demand, coupled with falling commodity prices and the oversupply of tonnage in competing sectors has brought rates down to levels not seen since just after the global financial crisis."

Demand for multipurpose shipping fell nearly 3 per cent in 2015, as global demand slowed. At the same time, competition for the market grew as handy bulk carriers and containerships also vied for business.

"The market for [handy bulk] finished 2015 on its knees, with earnings less than half the operating costs for the vessels, whilst the container lines were offering rates at close to zero just to hang on to market share", it noted.

While dry cargo growth is expected to improve in 2017, times could still be tough.

"In the medium term at least, volumes will return to growth trends, we are not confident that the competing sectors will move back to their more traditional cargoes anytime soon. The container market is not expected to show any improvement for two and possibly three years. It is likely that containerships will continue to aggressively target breakbulk and project cargo for the foreseeable future," noted Drewry.

The future multipurpose fleet is expected to grow at less than 0.5 per cent a year up until 2020.

Spotlight ON

Bansard International

Service levels and expansion go hand-in-hand to sustain growth

SIMON PINTO
Bansard International

THE current market conditions are conducive to a short-term bargain hunting approach, as logistics providers are chasing traffic in a slow global economy with aggressive pricing, promising shippers a lower rate just clicks away. Simon Pinto, President of French logistics firm Bansard International, urges his customers to look at the broader picture and adopt a sustainable, longer-term stance.

"The decrease of demand, increase of carriers' capacity and the decrease of fuel prices lead to an all-time decrease. The target rate of our customers' tenders clearly show that they are taking advantage of the situation by pulling the market down," he observes.

"We encourage our customers to think long term rather than speculating on the spot market. Current price levels are not sustainable for carriers and shipping lines, as they are already below their operating cost. This may lead to a situation of uncertainty in market prices and we clearly advise our customers from this risk," he states.

He advocates closer cooperation between shipper and forwarder. For its part, Bansard emphasises its attentive and responsive service and its close ties to both its customers and partners to cultivate mutually beneficial relationships.

"We encourage our customers to think long term rather than speculating on the spot market"

"We consider our customers and agents as the heart of our organisation," comments Pinto, adding that together with Bansard's shareholders and employees, they form a value chain which is built on their cooperation. "This enables us to be close to our customers," he says.

Attentiveness to customers needs to be supported by good visibility of their supply chains. Bansard spends over US$1.5 million a year on its IT capabilities. The company's arsenal of IT tools to support its clientele comprises of a warehouse management system, a supply chain management system and a track and trace tool, which can be tailored to the individual requirements of the customer. The supply chain management system allows clients to co-ordinate, structure and standardise their information flow in a central database. For end-to-end visibility of its e-commerce flows from China to consumers, Bansard uses a proprietary web platform. The company recently set up e-logistics platforms in Shanghai and Hong Kong.

From its inception in 1963 the firm has grown into a logistics provider with 50,000 sq m of warehouse space that handles air and ocean forwarding, road transportation and logistics. Over the years it has built up expertise in a number of sectors, from fashion and retail, healthcare and industrial projects to wine and spirits, the food sector and e-business.

The e-commerce sector has been a major target for Bansard, which boosted its position in this area two years ago through the acquisition of CrossLog, a specialised player.

"We have also expanded our product offer by providing transportation and logistics for the e-shops of our customers," adds Pinto. "This allows us to become B2C transportation specialists for the final customer and develop a real cross-channel expertise."

The e-commerce field continues to be a key area for future growth. "We will focus our expansion on the food sector, on the express for B2B and B2C delivery, including shipments under 100 kilogrammes," Pinto indicates.

"We will continue to develop logistics platforms specialised in e-business in countries where we are already established," he adds.

In other industry verticals he has seen volume increases in pharmaceuticals and electronics, while textile traffic is showing a gradual shift in production to bases in North Africa. "This enables us to sustain the development of our Moroccan and Tunisian branches," Pinto comments.

Bansard has seen rapid growth since the turn of the millennium. Revenues climbed from €3 million in 2000 to 195 million in 2015, and its work force has grown beyond the 500-employee mark. Last year it handled some 25,000 tonnes of airfreight and about 27,000 teus. Between them, air and ocean forwarding account for 78 per cent of Bansard's business.

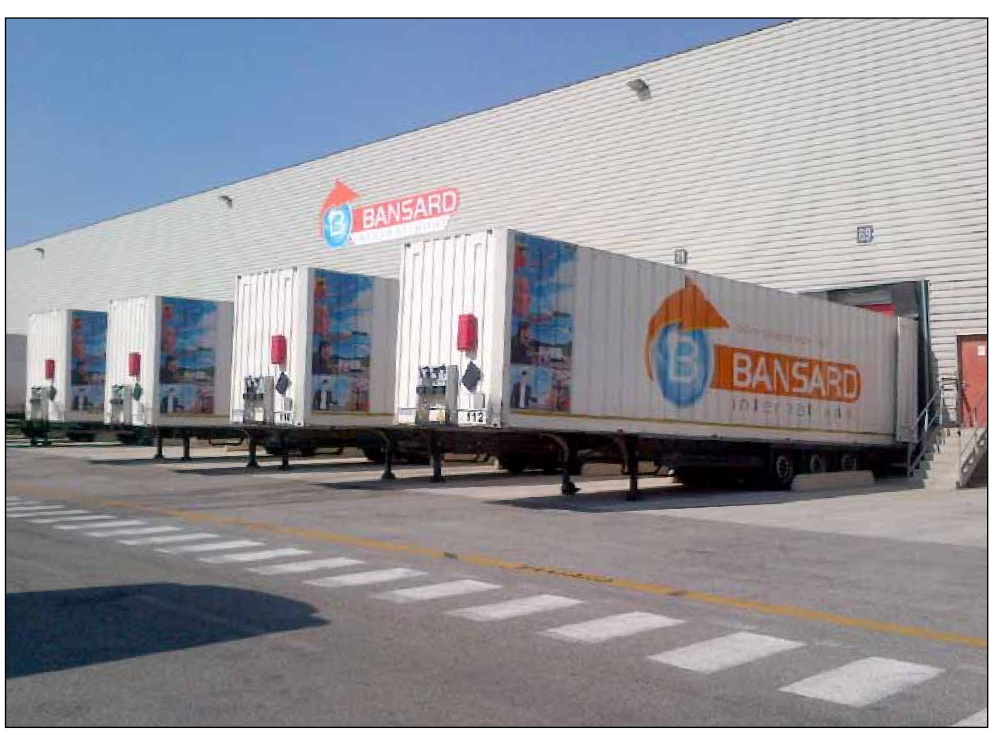
"we intend to build strong partnerships in other regions like the Middle East and Latin America"

"2015 was an all-time record year in terms of both turnover and profit, and our volumes were still increasing in the first quarter of 2016. However, we have noticed a decrease of our turnover, mainly due to the fall of freight rates," reports Pinto.

Growth in business has been fuelled by an aggressive expansion strategy that saw the opening of branches in new locations as well as strategic acquisitions. Between last October and April Bansard opened offices in Nanjing, Vietnam, Israel and Valencia. The latest geographic expansion is currently unfolding in North America, where the company is in the process of taking over a local player.

"Bansard International is continuing its expansion by opening branches in new countries and by pursuing our external growth strategy," comments Pinto.

After the moves in Asia and North America, for the foreseeable future the focus for the expansion drive is going to be nearer to Bansard's home turf. "After our last opening in Israel and our acquisition in the USA we plan on a long and middle term strategy to strengthen our presence in North Africa and in Europe, including Central and Eastern Europe, in order to be a key player in these regions. As we have no intention to cover all the markets, we intend to build strong partnerships in other regions like the Middle East and Latin America," Pinto says.



Focus ON

Project cargo: global partners help offset dw

ALL modes of transport came into play earlier this year when Globalink Logistics Group was called in to move 11,000 tonnes of oversized machinery and construction equipment from Turkmenistan to an oilfield site in Kazakhstan. The cargo was moved by road, rail, air and by marine transport for the journey across the Caspian sea.

"This successful assignment proves yet again that a regional network of offices and experience does matter when it comes to turnkey project logistics," comments Globalink's Marketing Manager Dinara Davlembaeva.

Overall, oil and gas traffic, traditionally one of the main planks of project cargo, has been hit by the drop in oil prices. "We have seen some slowdown in oil and gas," confirms Radek Maly, President of Highland Project Logistics.

Charter brokers and freighter operators, such as Antonov 124 provider Volga-Dnepr, also reported a decline in activity related to oil and gas traffic (see story on page 10).

There is also an indirect hit from the lower oil price. "In places like Russia, everything is ultimately driven by oil, so with the lower price, there is no money," one forwarder remarks.

The mining sector, another key area for project logistics, is also suffering, thanks to the worldwide glut in commodities and the slowdown in the global economy.

Oil and gas or mining project work has not dried up altogether, of course, but the going has got a lot slower. Highland has been involved in some energy projects heading to Korea as well as in some mining projects in Russia and Kazakhstan.

Likewise, Africa is less buoyant than a couple of years ago, but there are still opportunities. The heavy transport division of Steder Group in Djibouti has been busy moving equipment to western Ethiopia for the construction of the "Millennium Dam", a strategic element of the Ethiopian government's plan to develop the country into the biggest energy supplier in the region.

New projects are coming up at a slower rate. Highland has been chasing projects, but in many cases clients themselves are not getting the go-ahead. "People are sitting on their hands," comments Maly.

One concern about project owners' inclination to hold back is that decisions are likely to come late, leaving little time for the logistics planning aspect. "We try to get involved ASAP. It should happen when the project is on the drawing board. Often logistics is an afterthought for engineers," says Bill Hedge, Director of International Sales at Bennett International Group.

Some sectors have been more buoyant, particularly the automotive and aerospace industries. "We see a lot of growth in air and space," says Hedge.

> *"This successful assignment proves yet again that a regional network of offices and experience does matter"*

Bennett has a special division dedicated to the air and space sectors. Altogether there are eight operating units under the umbrella of the Bennett group, which started out as an asset-based logistics provider over 40 years ago. Their line-up of companies include a new crane operation based in Texas, large fleet of mixed equipment including flatbed, step deck, power only, multi-axle trailers, a warehouse division, and the International NVO and IATA airfreight forwarding company with in house-custom brokerage services.

Bennett is not the only operator that has seen its business with the aerospace sector go up. Page & Jones has been busy with aerospace logistics, largely in its role as a forwarder handling exports for Airbus at its US manufacturing plant, in addition to handling customs clearance for the plane maker's inbound shipments into the US. This segment has been going strong, according to Heino Winkler, Director of Global Projects.

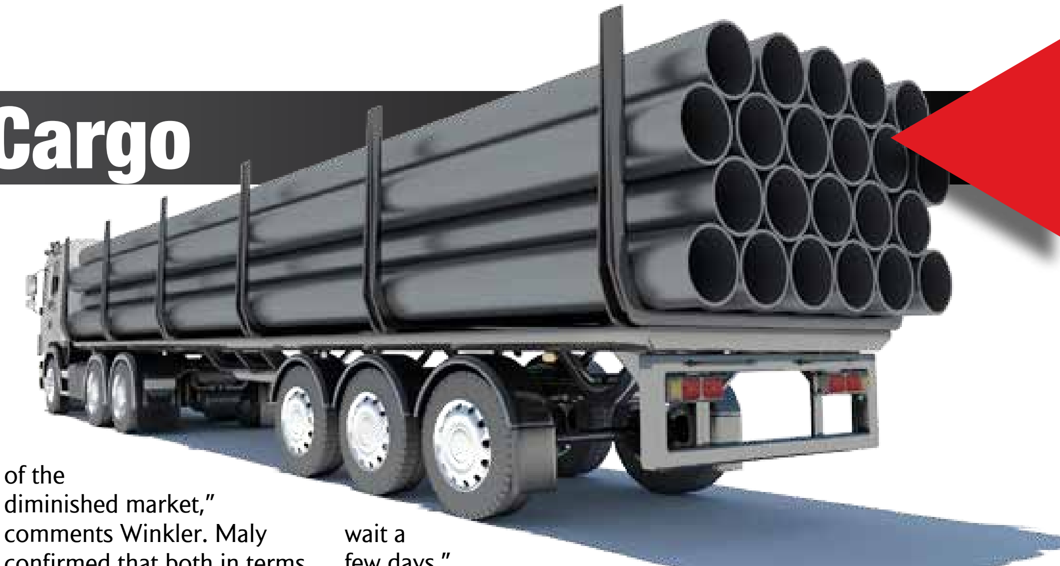
Before joining Page & Jones, he had set up his own project consulting operation under the Global Project Services banner. This caters chiefly to small and mid-sized forwarders without project expertise who want to take on work in this segment.

"We partner with them for the duration of the project. We operate as an in-house project manager, and we can also solicit projects for

Globalink Logistics Group was called in to move 11,000 tonnes of oversized machinery and construction equipment from Turkmenistan to an oilfield site in Kazakhstan

Project Cargo

indling project market



them," Winkler says.

Besides the aerospace sector, he also sees the automotive industry as a strong driver for project business these days. In the US much of this is driven by auto makers' migration from the Midwest to the Southeast of the country. "More and more auto firms and suppliers are moving to the Southeast," he says, adding that the rise of auto manufacturing in neighbouring Mexico has given rise to growing flows across the US-Mexican border.

"We plan to increase our presence in the project field by increasing our work in the automotive and aerospace sectors," Winkler says.

Another vertical that has produced growing project cargo flows has been the renewable energy field, notably wind energy. Traffic to the US slowed down two years ago as tax credits were due to expire, but their extension has spurred a fresh batch of activity.

BILL HEDGE
Bennett International Group

While it covers the entire spectrum of project logistics, the Bennett Group has focused heavily on this sector, Hedge noted. The company has invested in a number of special trailers that are designed to carry blades.

"Wind energy and air and space are the two areas where we see growth," he remarks.

Having moved four large windmills to southern Holland in the autumn of 2015, the Steder Group is looking boost its profile in the wind energy sector. To hone its credentials in this industry, it is currently in the process of obtaining certification for its health, safety and environment measures, says Project Manager Adrian Leijs.

The Steder Group has been busy with logistics, moving dredging equipment for some Dutch clients. "They had a fantastic year," said Leijs, pointing to the expansion work at the Suez Canal. However, this is now winding down, and the number of projects has declined, he adds.

For the most part, much of the project logistics industry is in a holding pattern, waiting for key sectors to regain their momentum. "The mood in the industry is more subdued," says Greg Tansey, President of heavyhaul specialist Omega Morgan.

Omega Morgan has taken on some self-propelled line trailers in January, but the biggest expansion of its equipment came through a strategic relationship that it forged last year with another heavyhaul outfit.

> *"Wind energy and air and space are the two areas where we see growth"*

Tansey views this as the best way forward to boost his firm's capabilities without investing in more costly equipment or taking over smaller firms.

"I believe you can expand through partnerships," he says, adding that his company's move is not the only one in this direction. Increasingly firms are exploring new options to position themselves for a challenging market ahead and secure equipment or ensure better utilisation. "We have seen more creative scenarios of people seeking to rent equipment," he reflects.

"Being asset-based has its advantages," remarks Hedge. At this point, however, the advantage is somewhat muted as the slowdown in most sectors has resulted in readily available capacity for project moves overall.

"In terms of capacity we're in good shape because of the diminished market," comments Winkler. Maly confirmed that both in terms of ocean and air cargo, finding space has not been an issue for the most part.

"I did not like Safmarine pulling out of West Africa," he remarks. For his traffic from Houston to Nigeria, this has brought the options down to just one carrier, which is not the ideal competitive situation, he says.

On the air cargo side the combination of slow growth in demand and faster growth in capacity courtesy of expanding passenger airlines fielding more widebody capacity has pushed some freighter aircraft to the sidelines. However, this has been mitigated by the drop in fuel costs. Still, freighter capacity has diminished slightly.

"There are not as many freighters as there used to be, but there are only a few instances where you have to wait a few days," Maly said.

Freighter operators that hardly bothered with charter traffic have been more flexible, either making planes available for charters or diverting aircraft on scheduled routes to pick up such shipments, which has added to the competitive pressure in the market. Likewise, ocean carriers have been very aggressive with their pricing.

The slowdown in the project business has prompted logistics providers to adopt the same stance, while shippers appear to be more bent on finding solutions that cost less.

"It is getting more price sensitive," comments Maly.

Leijs finds that the strong emphasis on price makes it harder to expand his client base. On the whole, it takes some time to gain the trust of project shippers, he notes, adding that they tend to be quite loyal once that trust has been established. However, fierce price competition makes it difficult to get the foot in the door to acquire new business, he reckons.

The Steder Group is looking to grow more in niche segments. It is also expanding geographically. Recently it opened offices in Romania and Glasgow.

The Bennett Group is aiming to boost its international presence. "We are looking to expand our operating base internationally. We do a lot of projects door to door," says Hedge.

This implies finding strong and reliable partners in overseas markets, he continues, adding that being in WCA helps.

Focus ON

Oil and gas projects decline - but air charters find new opportunities

OIL and gas projects may be on the decline as oil prices remain low, but there are plenty of other opportunities in project cargo, regionally as well as in different types of cargo.

Dennis Gliznoutsa, Vice-President Charter Business for project specialist carrier Volga-Dnepr says the company was not expecting to see new oil and gas projects, as the majority have been put on hold – although low oil prices have lead to greater demand for air freight, particularly from the aviation community.

"We are seeing very positive growth in our aerospace business, moving satellites, rocket sections, aircraft engines and components as well as consistency of business from other industries, such as power generation."

Project cargo business and the associated charters can be tough to predict, and last year was the first that Volga-Dnepr didn't operate any additional military flights. But Gliznoutsa says that while military shipments to and from Iraq and Afghanistan may have stopped, new projects are likely to begin.

"We can see a time ahead of 'policing' as conflicts around the world are resolved and peacekeeping forces move in. Eventually that leads to the rebuilding of infrastructure and this provide opportunities. We can't plan for this because it's hard to know when it will happen but it's my view," he explains. "In our 25 years we have seen different sectors and the entire global economy rise up, then fall and rise again and the market still seems to remain at a sustainable level."

> *"We are now starting to see greater demand in Africa for IL-76 and An-124 charters"*

Regionally, Africa is seeing more projects, while business has also been brisk in Asia Pacific.

"We are now starting to see greater demand in Africa for IL-76 and An-124 charters," says Gliznoutsa. "We see a lot of developments in the region that can offer us growth potential."

As well as its Russian aircraft, Volga-Dnepr also has access to 747Fs through its AirBridgeCargo subsidiary, as well as 737Fs. It positioned one of its IL-76s in Asia to improve availability in the region.

"The responsibility is on us to keep trying to sell our services, so we are taking the risk of placing the aircraft there, and consequently we have seen quite a significant amount of interest. It means we're still doing a good job in terms of generating revenue, but the customer benefits too because they do not have to pay so much, or maybe at all, for the positioning of the aircraft to carry their cargo," explains Gliznoutsa.

He says that independent forwarders make up a significant part of Volga-Dnepr's business, in part because the airline offers end-to-end solutions for customers. The carrier set up an Engineering & Logistics Centre (ELC) to help customers transport large pieces of cargo to and from airports. The carrier recently had to carry, urgently, a 70-tonne, 38.4m long, oil and gas stripping tower from the US to Iraq.

The 'Unique Air Cargo' team in Houston and ELC designed two cradles, developed using 3D modelling technology and drawings. The cradles allowed the tower to be loaded onto the aircraft via the ramp and rail system used by the An-124 and also helped ensure the structural integrity of the stripping tower while in transit.

The cradles ensured that all transport requirements, load bearing concerns, restraint criteria for G-Force restrictions and tie-down requirements of the An-124-100 were met.

DENNIS GLIZNOUTSA
Volga-Dnepr

"We also took care of trucking the tower, craning, local police escorts and general safety measures related to moving such a large piece of cargo over land," says Gliznoutsa.

Customers prefer to deal with one company, he says, and "it can also be more cost efficient because of the relationships we have with our suppliers, such as frame manufacturers, trucking and crane companies".

"SME companies regularly come to us when they have a customer that needs to move a big or heavy piece of cargo because it may not be their core business."

There are some challenges for airlines – which could be opportunities for forwarders though, with more widebody capacity available,

"It does represent a challenge," admits Gliznoutsa. "Some airlines that did not previously do charters are now allowing themselves to operate them in the gaps between scheduled services. That is resulting in a significant level of competition as these airlines try to do everything possible to keep their airplanes flying."

Will airships change the project market?

THERE could be a new kid on the transport block. In March, Lockheed Martin won an order for up to 12 airships worth US$480 million, primarily to be used for projects in remote locations.

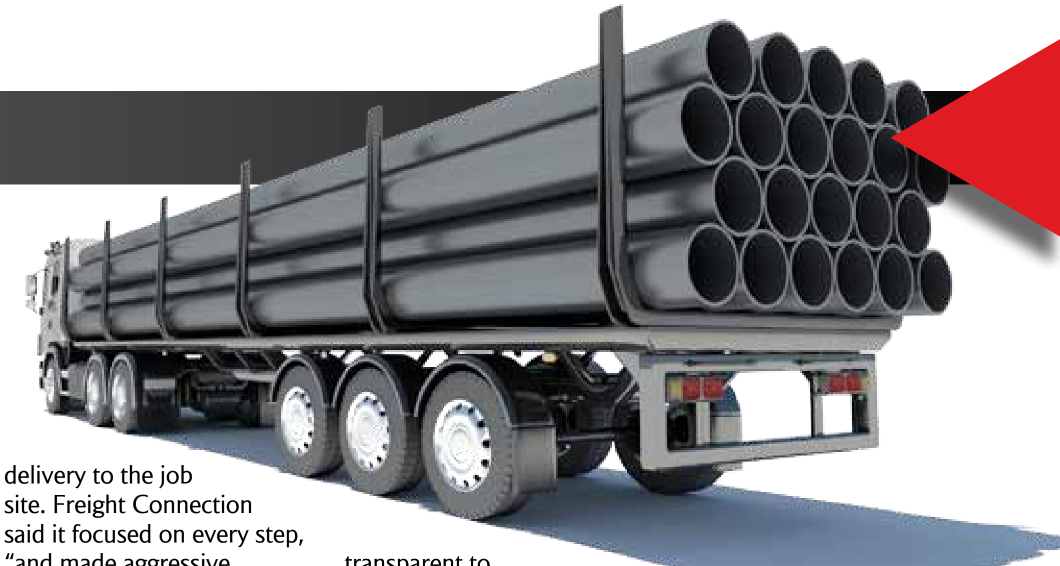
Falling oil prices have made it less economic to build expensive infrastructure to places such as Alaskan oil fields. But the LMH-1 airships – which as yet can only carry 20 tonnes – travel faster than ships, burn less fuel than aircraft and don't need the same infrastructure.

The manufacturer claims it can make one per month, and predicts demand for 500 over the next ten years. It is also looking at a 90-ton variant, which could be developed by 2019.

But Dennis Gliznoutsa, Vice-President Charter Business for carrier Volga-Dnepr, does not fear the potential competition.

"We have achieved 25 years of growth and we expect this to continue over the next 25 years. As a very entrepreneurial company, we never rule anything out, either for ourselves or in terms of competition. There may be a place for these airships, but we are confident in our own business model," he says.

Project Cargo



WCA Projects members excel at tough jobs

WCA Projects members have been very active, despite the fall off in the oil and gas business. Carriage Global Singapore, tasked with moving a 1,200 freight ton shipment from Batangas, Philippines to Batam, Indonesia, had to negotiate with Customs in Batam, to ensure that the shipment was checked not at the port, but at the cargo site.

The vessel carrying the shipment had arrived on a Sunday, and Customs required a physical inspection. But the shipment was so urgent that Carriage Global convinced Customs to approve it the following day, at the site.

The job included not only Customs clearance, but also land transport and chartering. Needless to say the customer was impressed with a Sunday delivery.

In China, Universal Logistics had to send six sets of transformers – with each main body of 81 tons – plus other equipment from Guangzhou to Colombia. The forwarder had to charter the vessel, arrange trucking delivery from warehouse to port plus complete a site and cargo survey.

It consequently won another order for a similar volume, for shipping a month later.

Express Global Logistics, India, meanwhile, managed to complete port handling, lashing and securing of a single 75-ton shipment in less than 12 hours. The shipment of a gear box had to be tendered to the shipping line in a very short time – but Express Global, a projects specialist, managed it and was consequently praised by the client.

Yet another 75-ton shipment – this time divided into 262 packages and one main body transformer – was successfully flown on 10 air shipments from Shenyang Airport in China to Karachi Airport. Freight Connection Pakistan then had to move it on to Bahawalpur, in Punjab, Pakistan.

Delivering what the customer later called an "exemplary service", Freight Connection had to unload the transfomer directly from the aircraft, get special security and Customs permission to take the shipments on multi-axle trailers from the airport tarmac, and then arrange delivery to the job site. Freight Connection said it focused on every step, "and made aggressive reporting and continuous coordination to keep the customer up-to-date, and transparent to cover all facts and figures for the proper completion of this project."

Bilbao and Tilbury expand project cargo services

THE port of Bilbao has seen a new monthly service launch by SDW Shipping, which includes capabilities for heavylift and oversized project cargo. Two multipurpose vessels will link Sweden, the Netherlands and Bilbao with Colombia, Ecuador, Peru, Chile and Bolivia.

In addition, Vasco Shipping Services has started a weekly service from Bilbao to Alger, Jeddah and Jebel Ali.

To further boost the port's project credentials, Bergé Marítima Bilbao has bought a 140-tonne capacity mobile harbour crane to move heavy project cargo. Local stevedore Toro y Betolaza has recently had six more Mafi trailers – taking it to a total of 12 – delivered to load project shipments onto ro-ro vessels. Its 104-tonne capacity mobile harbour crane became operational in January.

Meanwhile the port of Tilbury, in the UK, is also eyeing the project market as a source of growth in business. It has acquired additional land and is developing new routes to the Middle East. The new 152 acre site will include space for a deep water jetty, and the port is investing GB£100 million.

CHARLES HAMMOND
Forth Ports

"This is a significant land acquisition for the Port of Tilbury. We are acquiring this additional land to extend the port in response to increasing demand from customers who are seeking additional capacity within the port," said Charles Hammond, CEO of Forth Ports.

The National Shipping Company of Saudi Arabia has launched new services for project cargo, with DKT Allseas Shipping acting as the liner agent.

"A major focus is big project cargoes, which can be handled by the onboard cranes and via ro-ro. The unique factor is that shippers now have the benefit of a direct call into the UK, instead of having to tranship to Antwerp," said Trevor Kay, Bahri Service Line Manager at DKT Allseas.

Canadian forwarder readies for Canada-EU trade liberalisation

MONTREAL-based forwarder AGO Transportation is getting ready for the demise of most trade barriers and tariffs that currently impede flows between Canada and the European Union. To that end, it is looking to its European partners to lay the foundations for new traffic once the free trade agreement (FTA) between the two sides, which was finalised at the end of February, comes into play.

The Canada-EU FTA is expected to be formally signed this year and come into effect in 2017. According to a joint Canada-EU study, the agreement, which removes 98 per cent of all current tariffs, can produce a 20 per cent boost in bilateral trade and lift Canada's GDP by C$12 billion a year.

A free trade agreement with South Korea, which kicked in at the beginning of this year, is expected to add C$3.1 billion to Canada's GDP.

The prospect of unrestricted access to some 500 million people in 28 countries has prompted lively interest among Canadian shippers. "We get enquiries about this every day," reported AGO Vice-President Sandra Faraj.

Some of the industry sectors that stand to benefit particularly from the FTA are the automotive, aeronautical and the chemical industries, as well as agriculture and chemicals, remarked AGO President Andre Goguen. He added that his company expects good potential in a host of countries, above all in Germany, France and Italy.

European shippers and forwarders seem to be less sanguine and less aware of the looming booster for traffic between the EU and Canada, Faraj said.

However, some of AGO's European partners have responded with alacrity, she added. Together they aim to bring customers together who are looking at new opportunities opening up as a result of the trade liberalisation. This will be the initial focus of joint efforts between AGO and its European partners, Goguen said.

The FTA will also allow companies based in either jurisdiction to bid for government contracts on the other side. At this point AGO has no plans to pursue such opportunities in Europe, but it is looking to help some of its clients to do so, Goguen said.

While duties will disappear, the customs clearance process is going to remain in place, although it will be largely reduced to satisfying the customs authorities that shipments comply with the proper origin rules, which are similar to what is in place between Canada and the US, which liberalised their bilateral trade years ago. Hence, brokers still have to perform the clearance work. Goguen remarked.

He is upbeat about the doors that the FTA will open. "We need new markets and new opportunities to grow," he commented.

SANDRA FARAJ & ANDRE GOGUEN
AGO Transportation

FedEx damns forwarders in its Cuba application

FEDEX has argued that its integrated service for shippers should give greater weight to its application to fly into Cuba than other cargo-carrying airlines. It noted that the traditional air cargo chain, using freight forwarders, added uncertainty and risk.

But it was the only airline out of 13 to apply for routes between the US and Cuba which outlined its cargo services.

In its filing to the US Department of Transport, it argued: "Today, most belly space cargo is marketed by freight forwarders in what can be a complicated transaction for the shipper, especially a small shipper, as it may be necessary to separately contract with forwarders at each end of the route and arrange for separate customs brokerage and other services, with confusing responsibilities and low reliability of the ultimate service.

"Express cargo, with its transactional simplicity... is especially enabling for new and small businesses."

Forwarders are concerned that there will be insufficient air freight capacity from the US into Cuba, after only five airlines applied which carry cargo, one of which has never done so internationally, and none of them marketed their cargo product in their filing.

Executive Director of the US air forwarders' association, Brandon Fried, told media that "The eligibility of any airline that ultimately cannot fill planes with both passengers and cargo should be looked upon less favorably."

But FedEx argued that belly carriers create uncertainty for their customers. "Producers in the US that may be interested in selling their products to Cuba in the near future will not have any other option than sending it by themselves or using freight forwarders. This means having a Cuban firm taking care of the goods when they arrive at the airport. This creates uncertainty and risk for small or medium producers.

It concluded: "[We] have reviewed the applications of the 12 other carriers in this proceeding and cannot discern any benefit their services would provide to US shippers and US commerce."

Birmingham takes off as cargo airport as Gulf carriers fight over flights

UK forwarders have been celebrating increased competition between airlines at Birmingham Airport.

Closer to the UK industrial heartland than the traditional freight hub Heathrow, Birmingham has begun to attract the Middle Eastern carriers and is putting a greater focus on freight.

In March, Emirates upgraded its daily Dubai service to an A380, while Qatar launched an eight-flights a week operation, on a 787.

> *"The arrival of a regular passenger A380 service alone will likely stimulate cargo demand"*

"There's a lot of extra capacity in the market in Birmingham," said one local forwarder. "We were finding that Heathrow was congested, so we have transferred a lot of freight to Birmingham instead," he said.

"We are putting a lot of tonnage through there now, there is so much belly space. Qatar is not messing about, and no doubt Emirates upped its service there to slap Qatar in the face. Birmingham has become a cargo microclimate, when you can't get in anywhere else."

While the A380 is not the most capacious aircraft for cargo, aviation consultancy CAPA recently noted: "The arrival of a regular passenger A380 service alone will likely stimulate cargo demand, in the same way as Emirates' service at Newcastle did, which is well documented."

It added that cargo operations at Birmingham would likely increase anyway. "In the short term the airport will benefit from closures at East Midlands Airport next winter, since parcels integrators UPS and DHL are currently planning to use Birmingham to service their East Midlands operation during the closures."

The closures appear to relate to weekend runway maintenance.

Birmingham is the second most populous city in the UK, with a population of more than 1 million, while 5.7m people live in the West Midlands region. Although heavy engineering has tailed off, it has been replaced by car manufacturing and advanced engineering. CAPA notes that the region has the fastest export growth in the UK.

SkyTeam set to launch one air waybill express product over network

FORWARDERS looking at e-commerce are set to benefit from a new product. SkyTeam Cargo, the 12-airline group, plans to launch an express product across the entire network, using just one air waybill, before June next year.

The alliance covers 175 countries, giving forwarders a "unique product", Rafael Figueroa, new head of the alliance and CEO of Aeromexico Cargo, told Voice of the Independent.

The air waybill will be that of the carrier picking up the shipment, but shipments will continue further across the globe on the same waybill.

"This is an important project to link all our networks, using just one air waybill, complete tracking, and reserved space from end to end," said Figueroa. "That is not yet available in the market."

Over the next year or so, the alliance must ensure all the interfaces between the airlines have developed to ensure a seamless connection.

"Once we have the interfaces working we will launch some products into the market – starting with packages under 100kg. It will be a product that can be moved with 100 per cent certainty, on confirmed space."

SkyTeam Cargo currently carries 25 per cent of the world's air shipments, according to IATA CASS data. The airline members are also reviewing warehousing, to see if they can share in a bid to save costs and improve efficiencies. Currently 40 warehouses globally are shared.

"We are seeing a slowdown in cargo flows, so we have to address this. Change is driven by necessity, and now that necessity has reached us. We need to do things in a better and different way."

Airlines are increasingly looking to e-commerce to boost dwindling traffic flows, but few have so far found a way to wrestle volumes from the integrators. Express products for cross-border trades are expected to increase significantly in the coming years, and are expected to boost volumes for narrowbodies and bellyhold.

Airlines are increasingly looking to e-commerce to boost traffic flows

Insights IN

Seafreight

Flawed GRI carrier mechanism finally laid to rest

NOT before time it appears that the monthly GRI (general rate increase) pantomime of Asia – Europe serving container lines announcing their ridiculous unobtainable rate hikes may be drawing to a close, *writes Mike Wackett, a Fellow of the Institute of Chartered Shipbrokers*.

Under proposed new commitments offered by container lines, following a five-year anti-trust investigation by the European Commission, the hitherto strategy of carriers to announce GRIs of US$1,000 per teu in order to get a $200 increase will be no more.

In 2015 the main Asia to North Europe carriers 'imposed' GRIs during the course of the year cumulatively totalling around $10,000 per teu.

Such was the lack of success of the GRIs that by December the carriers were filling half of the slots on their ultra-large ships with containers paying less than $500 per box for the onward voyage to Antwerp, Felixstowe, Hamburg Rotterdam or Southampton.

Indeed, shippers that might in the past have worried about such a dramatic increase in their transportation costs no longer treat the GRIs seriously – many do not even bother to open the customer advisory emails from carriers and regard the whole GRI process as "a farce".

Interestingly, in the few instances when carriers have announced more modest GRIs the cash-strapped carriers have garnered empathy from shippers and managed at least to get some contribution rather than have their requests completely ignored.

After all it is not exactly rocket science economics: the toxic mix of chronic overcapacity and soft demand equals rate pressure, not rate hikes; so carriers trying to hit shippers with such huge increases in percentage terms at the same time as they are scrambling for cargo defies any industry logic.

But month after month the container lines persisted with their blinkered flawed strategy – sending out regular GRI demands and thus wasting time and money that they could ill afford.

> *month after month the container lines persisted with their blinkered flawed strategy*

Nonetheless, the EC investigators were concerned that the carriers were in breach of anti-trust regulations by 'signalling' their pricing intentions to competitors.

The regulators would have had some justifiable reason for concern if freight rates had increased as a consequence of the similar GRIs, but to the contrary, rates have continued to tumble on the route, arguably spurred on by the rate hike nonsense orchestrated by the carriers.

MIKE WACKETT
Sea Freight Consultant, FICS

However, faced with substantial fines for potentially breaching anti-trust laws the carriers agreed to ditch the GRI mechanism indicating the amount that rates would increase and instead specify the maximum final price that they would charge – as a sum or broken up to include bunker and peak season surcharges etc.

The EC began seeking feedback on the carriers' proposal after it published its guidance on 16 February, and it is assumed that after this consultation is complete the GRI will finally be laid to rest.

Meanwhile, the carriers are allowed to continue announcing GRIs as before, albeit Hapag-Lloyd was the first major carrier to revert to the old FAK (freight all kinds) rate policy by publishing its maximum rates for containers carried between Asia and Europe.

Both container lines and their shipper customers can but hope that the death of the GRI will hasten some stability back into the dysfunctional Asia and Europe container trade.

Shipowners play hardball: HMM plea for cheaper charters falls on deaf ears

THE owners of 33 container vessels chartered out to debt-plagued Hyundai Merchant Marine (HMM) are continuing to reject the company's plea to cut daily hire rates, according to one shipbroker source.

Along with debt restructuring with its bondholders and creditor banks, charter renegotiation is the third of the "three main pillars" of the South Korean company's self-rescue plan, it said last week.

HMM said it was "fully focusing" on renegotiating the terms of its charter parties "by the end of April, or early May", and it is understood to be seeking reductions of up to 25 per cent on daily hire rates.

In a letter to shipowners on 1 February, its Chief Executive said that HMM could not "continue to operate much longer without substantial relief from the shipowners", but after weeks of discussion, owners do not appear to be budging.

The company entered into a voluntary agreement with its main creditor bank, the state-run Korea Development Bank (KDB), and other creditor banks, on 29 March, allowing the shipping group to roll over maturing debt and interest for three-months, but it was conditional on HMM cutting the amount paid in charters.

after weeks of discussion, owners do not appear to be budging

At the time, HMM said it had "made some significant progress", but the only concession so far offered to the Korean negotiating team has been the possibility of a compensation agreement for the early termination of charters.

The source, who has "an ear to the negotiations", said the three main owners were unified to "play hardball" with HMM to protect the integrity of their charter agreements with other container lines.

Even if they were minded to reduce daily hire rates to reflect today's depressed market conditions, the owners would most likely be in breach of the covenants of the mortgages secured on the ships, which were underpinned by the fixed-rate, long-term charters.

For example, Greek shipowner Danaos ordered five 13,100 teu ships, which were delivered in 2012 and backed by 12-year charters with HMM. Danaos reportedly paid around US$130m each for the ULCVs, but according to vesselsvalue.com, their value has slumped significantly since they were received. For example, it records the 13,100 Hyundai Ambition, due in Southampton next weekend on the G6's Loop 5 service, as worth $82m, or as scrap $12m.

So any reduction in charter hire would oblige Danaos to take a further impairment hit on the value of its fleet, and thereby affect its creditworthiness.

If HMM does not get the charter rate cuts it needs to survive, the next stage of this saga could see creditors arbitrarily reducing the daily hire rate paid to the owners. This could trigger a breach of the charter parties and the further possibility of the ships being withdrawn from service.

THE LOADSTAR
MAKING SENSE OF THE SUPPLY CHAIN

The Batmobile gives freight an exciting brush with fame

THE film may not have got great reviews, but at least Batman's transport arrived on time and unharmed.

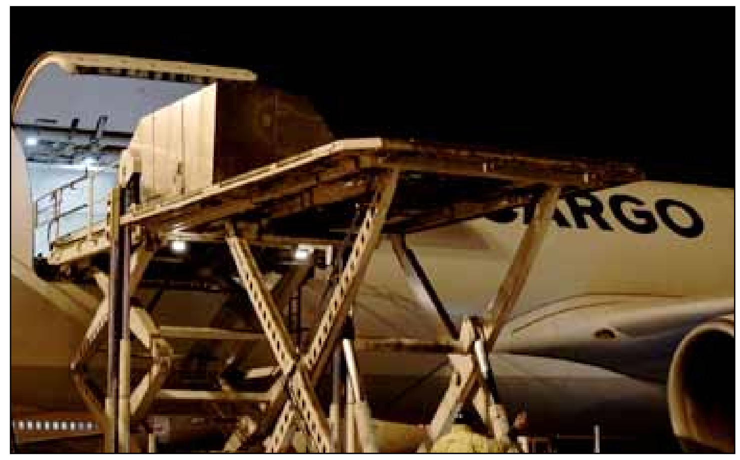
The Batmobile and equipment, weighing about 30 tons, has been flown around the world for the launch of Batman v Superman: Dawn of Justice, which partnered with Turkish Airlines. Nearly twice as wide as a normal car (and able to reach a speed of 100km per hour in 5.5 seconds), it was shipped in a container.

Turkish Airlines Cargo tested it all in advance – three weeks before the Batmobile was due to be shipped, the airline prepared and carried a model container. Other shipments on board needed to be adjusted for the flight from New York to London, via Istanbul.

Several partners needed to be consulted over the shipment. The manufacturer of the car, the container manufacturer, the cargo operations agency and producer Warner Bros were all involved in transporting the Batmobile for the film's promotion.

It was not freight's only brush with fame this month. Atlas Air was booked to fly equipment for The Rolling Stones' historic concert in Havana. A 747-400F flew 97 tons of stage and musical equipment from Mexico City, via Miami. The concert – the first open air performance in Cuba by a UK rock band, also entailed shipping 61 containers by sea, with another 500 tons of equipment.

The shipment also marked the first commercial charter into Cuba by a US operator. One concert-goer told *Voice of the Independent*: "It was incredible. Experience of a lifetime."



Air Canada gets back in the maindeck game

AIR Canada and Cargojet are planning to operate the only direct scheduled freighter service between Canada and Latin America, using a 767-300ER, from June. The service will operate between Toronto, via Atlanta, to Bogota and Lima, while another service will link Toronto to Mexico City via Dallas.

Despite the recent failure of a Canada-EU freighter service by KF Aerospace, which cited overcapacity, Air Canada Cargo said it also plans to launch a freighter operation between the two in the second half of this year.

Meanwhile, new UK freighter operator CargoLogicAir is launching a freighter operation to Beirut, via Amsterdam. The service will provide a boost to AirBridgeCargo's network, which is marketing the capacity. Both airlines are expected to receive delivery of a 747-400F by the end of this year.

CargoLogicAir has also applied for traffic rights to the US from the EU. The move will help it to expand AirBridgeCargo's global network, and further develop its US network, which currently includes Los Angeles, Chicago and Atlanta.

Forwarders see a future beyond moving freight

NEARLY one in five forwarders are operating their ocean freight services at a loss, according to new research.

In a survey of some 90 logistics professionals, carried out by Freightos, forwarders said they saw the greatest growth in business from developing new revenue streams, rather than traditional capacity-buying services.

More than one in ten said they had loss-making air freight services, while trucking fared much better, with only 3 per cent finding it unprofitable.

Only 44 per cent thought sea freight would be profitable in the future, compared with 54 per cent for air freight and 59 per cent in trucking.

However, when it came to Customs Brokering, and 4 or 5PL operations, no forwarders were making losses and most expected them to stay profitable. While a few forwarders were making a loss in 3PL services, nearly 80 per cent saw it as a future profitable line of business.

The respondents cited reliability as the most important factor for customers, putting cost at a surprising second place.

Freightos sees itself as a marketplace disrupter, as it offers instant automated access to freight services, including rates and routes. As such, its survey focused heavily on technology. Forwarders reported that tracking was the most important IT capability for customers, followed by real-time booking management. And 86 per cent noted that leveraging technology was the best way of preventing yield dilution. Just over 60 per cent thought that new service offerings would boost profitability.

Looking ahead to 2021, only 2 per cent thought that freight forwarders would be nothing more than NVOCCs, while 18 per cent predicted no change in the forwarding business. But 63 per cent thought that the industry would extend the value chain and retain customers – and profits – that way.

Forwarders reported that tracking was the most important IT capability for customers

Unsworth Global eyes Amazon UK import market

UNSWORTH Global Logistics, which spent last year steadily building overseas partnerships with WCA members worldwide, has launched a specialised service for Amazon UK Imports, including to Fulfilment by Amazon centres.

It is offering competitive door delivery quotations, whether shipments arrive by sea or air, in line with Amazon requirements. It is helping overseas shippers deal with UK VAT registration and reclaims, and obtaining an EORI number, it said.

It added that it is familiar with the strict palletisation, labelling and delivery requirements for Amazon.

Unsworth, which has won WCA Worldwide Best Partner three times, said it was a single point of contact for shipping, storage, coding, palletising, shrink wrapping, packaging and delivery for Amazon.

Voice of the independent

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