

Market Update

Monthly Logistics & Supply Chain Update from Unsworth



LOGISTICS & SUPPLY CHAIN UPDATE

Chinese New Year
Air cargo capacity
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The month ahead & CNY

After the challenges the last year has thrown on the industry, it's predicted that supply chain bottlenecks that have become a fixture of global trade will persist well into next year, according to industry forecasts, but are likely to ease by the start of 2023.

And with the most important holiday in China approaching on 1st Feb, it will impact the global supply chain. Considering the latest situation of the pandemic, most factories are still watching on the developments especially local authority instructions to decide their production plan and holiday arrangements. We expect strong demand and volume during 2022 Chinese New Year, and the sporadically reported Covid cases in some areas may bring potential impacts to our customers' supply chain.

Air cargo space will remain difficult to secure

Air cargo capacity in 2022 will once again be hard to secure as space will remain scarce. Capacity in the first two weeks of December was down by around 4% compared with the same period in the pre-pandemic year of 2019.

Import capacity into China remains severely restricted as airports have prioritised ground handling to support export operations. Increased demand for test kits in Europe is becoming a key volume driver and increased volumes have extended into the New Year.



Port updates

Some carriers, including Maersk and MSC, have decided to reduce the number of port calls in their Asia to North Europe route from this month. Two of their six loops will only serve two selected ports in North Europe.

From this month, Shanghai will be served by five 2M loops, six from the OCEAN Alliance and two from THE Alliance, resulting in fifteen weekly calls (from the eighteen loops on the trade).

Major ports update (Vessel waiting time indicator)

Area	Less than 1 day	1-3 days	More than 3 days
Asia-Pacific	Qingdao, Xiamen, Lyttelton	Busan, Ningbo, Nansha, Hong Kong, Singapore, Tanjung Pelepas, Port Klang, Sydney, Tauranga	Shanghai, Yantian, Shekou, Melbourne, Auckland
Rest of World	Cape Town	Antwerp, Bremerhaven, Rotterdam, Newark, Charleston, Tin Can, Tema, Cape Town	Felixstowe, Colombo, Long Beach, Los Angeles, Oakland, Vancouver, Seattle, Prince Rupert, Savannah, Houston, Apapa, Onne, Nacala, Dar Es Salaam

Port of Ningbo still operating as normal amidst quarantine and disinfection measures taken in Beilun district in China

There has been growing concern over the operation levels of the Port of Ningbo, after a Covid-19 outbreak has led to quarantine and disinfection action being taken. It was reported that 23 people have tested positive in the Beilun district, which borders three of Ningbo's container terminals.

Ningbo Beilun Container Terminal (NBCT), Ningbo Beilun Second (NBSCT) and Ningbo Beilun Third (NBTCT) – but there are no reports of infections in the port itself.

It appears that loading and discharge operations at the three terminals are working as normal, while gate-in and out operations have seen some restrictions imposed from the 1st of January. Further updates below:

- Operations at the Ningbo Bluedragon LongXing warehouse have been suspended until further notice
- Ningbo Bluedragon LongFei remains open for import and export cargo at NBTCT
- Ningbo Meishan Island International Container Terminal.
- Empty container operations at the Greating Fortune Yard 3, Hongda Yard and CIMC Yard 1 have all ceased operations.

It's been reported that trucking services outside the Beilun District had been suspended to prevent the spread of infections and truckers must apply for permits to operate, with local governments and Ningbo port in search of regulations to mitigate the impact on logistics transport.

We continue to monitor the situation and encourage you to contact your Unsworth representative if you have any queries.



Urgent reminder: new import controls are now in place

Action for Importers - new requirements for importing products of animal origin (POAO) and animal by-products (ABP) from the European Union (EU) to Great Britain (GB)

From 1 January 2022, businesses importing POAO, ABP and HRFNAO must pre-notify consignments at least four hours in advance of arriving in Great Britain. The pre-notification must be made via the Import of Products, Animals, Food and Feed System (IPAFFS). There are also new requirements covering EU-origin goods transiting from an EU country to another EU country via Great Britain.

However, as the Government has decided to extend the border arrangements which currently apply to goods moving from the island of Ireland to Great Britain, the new requirements will not apply to goods imported from Ireland to GB.

If you are still unsure about what to do, you can find more information here on:

[Where to find supporting resources](#) or [get in touch with our teams for full support](#)

To help you prepare for the new pre-notification requirements we have produced an explanatory animation you can view here. Additionally, you can refer to the [Border Operating Model](#) for more information.

Webinar and Q&A session this month

1st Jan Lessons Learnt and Feedback Session | New UK Import Border Controls | Monday 10th January at 11:00am

We plan to host a pragmatic roundtable discussion session and ensure your questions are answered efficiently.

We want you to ask questions on the regulations for imports from the EU. We have officials from the HMRC, DEFRA, the Border Protocol and Delivery Group, Calais Port, Dover Port and from Ashford Port Health to clarify the process for EU origin goods in the new year, and on hand to answer your questions directly.

[Register here](#)

Tackling Import Border Controls and New VAT Requirements with LCCI | Tuesday 11th January at 10:45am

We will use this session to discuss with you directly and gain your thoughts and challenges to help support and guide you as we enter the new year. We'll take you through the Smart Border and GVMS process when importing from the EU to the UK to ensure you have full clarity. Hosted by the London Chamber of Commerce.

[Register here](#)

Goods Vehicle Movement Service (GVMS)

What will be delivered next from 1st January 2022. The Goods Movement Reference (GMR) will be required for all movements in ports that have adopted GVMS - this will include functionality to reflect the Ending of Staged Customs between GB and EU.

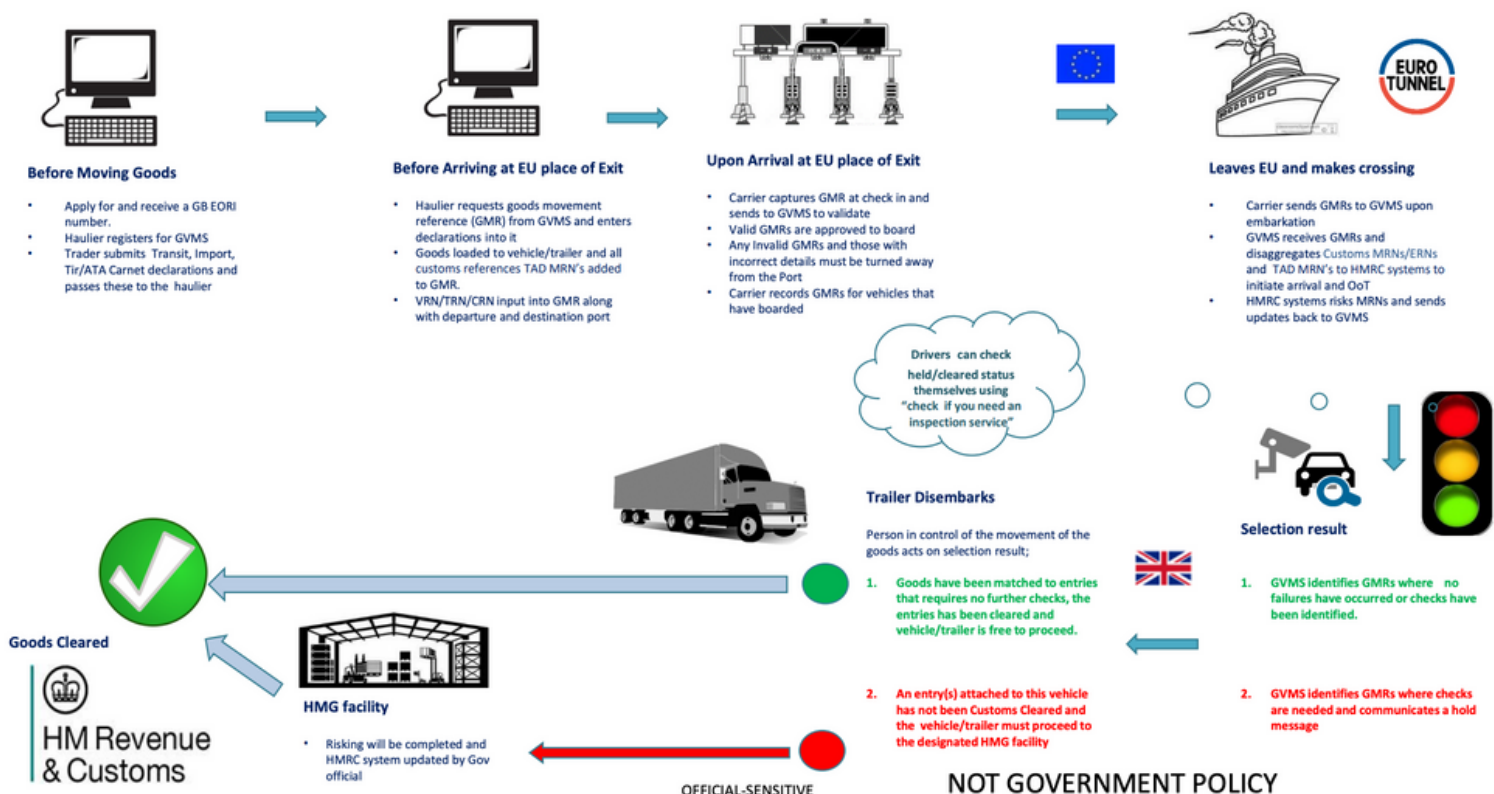
The functionality below will be able to be used for movements starting from 01 January 2022

- Imports functionality – full functionality will be available for use by all moving goods from EU>GB – will allow for CDS/CHIEF import MRN's/ERN's to be entered.
- Other movement types EU>GB – functionality will be available for EORI's to be entered for EIDR authorised traders as well as ATA and TiR Carnets (functionality for Common Transit Convention movements already exists)
- Declarations by Conduct – for EU>GB and GB>EU an option will be available for certain types of goods and circumstances where an oral or conduct declaration is relevant.
- Empty vehicles – Option will be available to enter details of empty vehicles

From 1 January, if you're not registered and attempt to move goods through a GVMS port, you won't be able to:

- Board the ferry or shuttle
- Cross the EU/GB border
- Clear your goods through customs

GVMS Imports (EU>GB) January 2022



Freight Rates

Freight rates have remained relatively steady on the Asia to North Europe route. On average, costs are approximately \$14,495 per 40ft container.

However, shipping and logistics prices are expected to remain high overall further into 2022. There is still no drop in pricing in sights. On Asia – North America routes, Xeneta reported the spot price to ship a 40-foot container from Shanghai to Los Angeles last month was 75% higher compared to last year.

Market Snapshot

Europe



Import region	Capacity	Rates
North America	=	↑
South America	=	↑
Africa & Middle East	↓	↑
North Asia Pacific	=	↑↑

Americas



Import region	Capacity	Rates
South America	↓	↑↑
Europe	=	=
Africa & Middle East	=	↑
North Asia Pacific	↓↓	↑

Asia Pacific



Import region	Capacity	Rates
North America	↓	=
South America	↑	=
Europe	↓	↑
Africa & Middle East	↓	=
Oceania	↓	↑

Ocean:

Rates remain steady, with a significant drop on the Asia - West Coast North America routes. Asia - Europe still remain high but no signs it will jump any further.

Road:

Driver shortages and fuel issues mean surcharges are in place to help carriers recover. This is driving up spot prices overall.

Air:

Air freight's Far East westbound 'super-peak' season is set to last until Chinese New Year. And with little prospect of an improvement in capacity on the horizon, any significant change in the current elevated level of rates is unlikely.

A message from our Managing Director, Richard Hogg

There's no doubt that Supply Chains hit the news headlines last year. Many of the challenges facing us today, including shortage of drivers, equipment availability and port congestion, have either been directly or indirectly caused or exacerbated by the COVID-19 pandemic. These issues are complex, and unfortunately there isn't a quick resolution. Many of these issues look set to continue into 2022, although there is some hope that the situation is very slowly starting to improve once we pass Chinese New Year.

Here at Unsworth, our drive has been and will remain, to offer innovative solutions to our clients to support their business in these unprecedented times. Please do not hesitate to reach out to myself or one of our team if we can be of any assistance.

In closing, a big genuine thank you for your support throughout 2021, and we look forward to tackling 2022 with you all!

Richard Hogg, Managing Director



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