



# FFN Freight Forwarder Network



## NEWSLETTER April 2023

Our Annual General Meeting was successfully held between the 15th -17th March in the beautiful, tropical Island of Phuket. This event brought together our members to discuss current insights in our industry.

A good and successful meeting, we had some valuable discussions, we had a great time and a very positive vibe between the attendees! For those who could not attend, we sincerely missed you and you too missed a great event!

# New trends in forwarding industry –

By Manuel Diaz

The world is evolving to levels we never imagined. This is as a result of technology, political relations, unexpected events such as wars, pandemics and infrastructure capabilities.

If a freight forwarder stays traditional most likely will become an accessory to the industry while the majority is evolving towards complete supply chain management; Therefore, we need to be aware of what are the trends in our world and not only in our industry and most importantly, be ready to reinvent our business.

## Nearshoring

The container and trucking crisis, the microchips shortage and political alliances have made regionalism the future path of relations and trade.

These new events in our industry have forced into the transfer of business processes to companies in a nearby country, where both parties expect to benefit from one or more of the following dimensions of proximity: geographic, temporal (time zone), cultural, linguistic, economic, political and historical linkages.

In other words: globalization is moving to regionalization. Are you prepared?

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## Currency

We should be aware that the US Dollar is no longer the only currency to be used in foreign trade, the future demands the use of other currencies and the cost of converting to them.

The exchange rate plays an important role in a country's trade performance. Whether determined by exogenous shocks or by policy, the relative valuations of currencies and their volatility often have important repercussions on international trade, the balance of payments and overall economic performance.

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## Understanding Trends

Globalization is far from finished, but is changing in nature through countries' emphasis on stronger regional links and the formation of economic blocs for sensitive and strategically important sectors. Full-scale decoupling from China is neither achievable nor desirable for the G7 and like-minded partners.

Trade policy has an important role to play in underpinning the positive aspects of a reglobalized world and in balancing geopolitical competition and cooperation, not just through coordinated efforts to strengthen supply-chain resilience, but also enabling countries worldwide to benefit from the twin transitions to green and digital economies.

As a result of this we need to move from single service provider to integrator of global chain solutions with reliable partners and a focus on quality in-country services.

## Why Networks are vital

People involved in the freight forwarding industry will need to be strong in planning and designing end to end solutions together with the customers and global partners.

Assuring success will depend of the global network you belong to and how they deal with designed solutions to take care of the entire process to guarantee not only service but legal security, measurements of results, insurance assistance and reliable representation.

Let us think bigger, the world is changing, so should we.

## MEMBER'S NEWS



Worldlink Shipping Colombo proudly celebrated 25 years in the shipping & freight forwarding industry in 2022. Considering the current economic situation in Sri Lanka, we decided to celebrate this milestone by way of lending out a helping hand to the future generation of our industry who are determined to elevate their career in the shipping & logistics industry .

Worldlink Shipping handed over scholarships to 14 deserving individuals. We chose them through our industry associations in order to reward our customers, service providers and our own two staff members to follow the Foundation Diploma at the Institute of Chartered Ship Brokers UK.

GLOBUS LOGISYS, a brainchild of Mr. Anil Agarwal, came into existence in 2003 and built on the ethos of pioneering spirit, distinctive experience, and sheer perseverance. Globus Logisys is one of the most customized international logistic service provider and progressively expanding supply chain partner to top most business organizations and government agencies within India and worldwide.

To expand Globus Logisys service offerings and global footprints, Mr. Agarwal established an operational center in Mumbai. Since then, the company has grown from strength to strength and has expanded its horizons by establishing regional presences in the entire country as well as Nepal, Bhutan and Japan.

## INDIA'S JOURNEY TOWARDS THE FUTURE

**Ms.Shilpha Dsa – Globus Logisys Pvt ltd.**

- The Indian economy is the fifth largest in the world and we have our sights set on becoming a \$5 trillion economy by 2025. One of the big drivers of this growth is expected to come with the expansion of the logistics industry in India which employs 22 million people and acts as the backbone for multiple industries.
- In an effort to boost value addition, increase Indian exports of goods and services and create jobs, the government introduced Foreign Trade Policy (FTP). Through the policy, the government primarily focuses on promoting traditional and emerging export sectors including services. Additionally, it aims to make business operations simpler.
- The National Logistics Policy of India has the potential to boost trade within and outside the country. As it seeks to integrate various logistics services and create a seamless supply chain network, it will increase the competitiveness of India's logistics sector by reducing costs, improving efficiency and increasing the use of technology. The policy also prioritizes the development of multi-modal transportation infrastructure, including ports, airports and roadways, which will help to improve connectivity and reduce bottlenecks in the supply chain.
- India's overall exports are projected to grow at 16.18% during April-February 2022-23. Under merchandise exports, 17 of the 30 key sectors exhibited positive growth during April-February 2022-23 as compared to the same period of the last financial year.
- These include electronic goods (49.54%), petroleum products (49.5%), oil meals (44.12%), tobacco (34.3%), cereal preparations & miscellaneous processed items (16.12%), rice (15.88%), oil seeds (13.36%), etc.

# UNCERTAIN YEAR FOR CONTAINER THROUGHPUT IN ROTTERDAM

- By Roderick de la Houssaye

Container transshipment in the port of Rotterdam decreased by almost ten percent last year, measured in terms of tonnage of containerized goods. A historic low that was caused by multiple disruptions in the supply chain. Many uncertainties remain this year too, which means that 2023 will by no means be a record year for the port of Rotterdam.

## Multiple disruptions

The Port of Rotterdam Authority cites three causes for this decrease; disruption in supply chains due to the Pandemic, decrease in consumer demand partly due to inflation and the war in Ukraine, due to the dramatic situation in 2021 in the container markets – congestion, lack of empty containers, super tariffs – many companies had their products delivered at the beginning of 2022 to have the goods available for the rest of the year, leading to full warehouses and terminals.

## Rising inflation

After a peak in the spring, container throughput in Rotterdam declined almost every week. This decline in container cargo accelerated after the summer: there was a sharp drop in demand, mainly due to rising inflation. This drop in demand was also strongly felt in Chinese exports; in recent years the dominant share in container imports in the port of Rotterdam.

## Growth export solar panels

The total export of containers from the Far East to Europe decreased by -9.8 percent last year. Almost all consumer goods showed a strong decline in Chinese container exports: toys and furniture even around -70 percent. This drop in demand is partly related to the war in Ukraine: in particular the fall in demand, driven by higher energy prices. It is therefore no coincidence that solar panels were the only type of goods that showed growth in Chinese container exports.

## Russia sanctions

An important consequence of the war in Ukraine is the sanctions imposed on Russia. Rotterdam had a market share in container traffic to Russia of 38 percent of all ports in the port range between Hamburg and Le Havre. That is a much larger market share than the main competitors Antwerp and Hamburg, with shares of 23 and 20 percent. This containerized flow has almost completely disappeared due to the sanctions and was responsible for 8 percent of the total container throughput of the port of Rotterdam.

## Heavy overcapacity

Will this year get better? Maybe: container congestion is easing, freight rates are back at a low level, people are less pessimistic about an economic crisis than a few weeks ago, the Chinese economy seems to be recovering spectacularly, bulk products are returning to containers after being depressed by the high tariffs had disappeared and many mega container ships are entering the market; these are ships that mainly call at Rotterdam in Northwest Europe.

At the same time, due to the arrival of these new ships, heavy overcapacity is expected in the container sector, there is a 'selective decoupling' of Chinese supply chains and the world recession has still not disappeared from the newspapers.

All in all, there is currently a lot of uncertainty and it can be concluded that 2023 will almost certainly not be a record year.

