

FREIGHT RATES IN CARGO INDUSTRY

War has affected
the **Global Market**

INTERVIEW WITH
MR DAN MARCH
WCA CEO

ISSUE #2

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LETTER OF THE CEO

Dear reader,

My name is Pavlos Poutos and as the FOUNDER / CEO of Marinair Cargo Services Ltd, I have experienced many challenges both good and difficult. After the Covid-19 pandemic, everyone thought that everything will eventually come back to normal as it used to be.

But then due to the Russian – Ukrainian War and the post pandemic reality the events caught up with us. Our duty as a company is to never stop trying to provide you with the most efficient cargo transportation services; in order to make your own company thrive. This is the second issue of our company's digital magazine, and we hope you enjoy it and find few interesting pieces to read.

Pavlos Poutos
FOUNDER / CEO



MR DAN MARCH
WCA CEO



1. Which in your opinion are the most difficult challenges the cargo industry faces during the Ukrainian war and in what extent do you consider that the global sanctions have changed freight forwarding?

The war situation has obviously been hugely difficult for WCAworld's Ukrainian members and I'm so pleased to say our members have supported massive efforts in humanitarian aid to the region. Freight transport to and from Russia/Belarus/Ukraine has also become much more difficult and obviously the price of oil has affected the cost of fuel for shipping and airlines. In terms of sanctions, we closely monitor these and help make sure all member companies are in compliance.

2. Nowadays, more and more companies in the industry are trying to find and adopt new, more environmentally friendly ways of cargo transportation. How possible do you believe is to adopt these kinds of procedures to be not only more green but efficient too?

All change will be driven by the customers (shippers/exporters/manufacturers) and also the regulations and demands made on the supply chain by global bodies and governments. WCAworld has recently joined the Global Logistics Emissions Council and we have launched our 'ECO' qualification for members.

We have partnered with a leading emissions measuring company to offer a bespoke tool to SME forwarders allowing them to provide verified emissions, analytics and offsetting options to all of their customers.

Independent forwarding companies now have a golden opportunity to grab the lead and initiative on these issues and we hope to help provide the tools to do this.

3. How quickly do you believe it will take for alternative fuels such as methanol and electricity until one or both become standard fuel in shipping and how will this change the prospects of shipping as we perceive them now?

I think that for both air and ocean transport synthetic and alternative fuels will become increasingly relevant and important. Electric vehicles (vans and trucks) will become increasingly widespread. However, I think we are quite a long way from seeing electric container ships or aircraft.

4. The world's demand for Lng is highly increased, how much do you think it will take until this demand settles down?

Not in the foreseeable future. The war in Ukraine is tragically seeming to fall into a medium/long-term conflict and I cannot see Europe ever returning to the reliance on piped gas from Russia. Alternative energy sources will grow more rapidly, but due to reliance on gas LPG transport and processing from sources outside of Russia we will see a big demand for ocean delivered LPG.

5. What do you believe a company that operates in cargo industry must thoroughly consider in order to be more efficient in such an unstable period?

I think that the majority of the world freight forwarders have generally enjoyed a prosperous last two years (with some exceptions). If I was a freight forwarder, I would be looking to invest some of my profits to ensure I was at the head of the accelerating customer-facing digitisation of the industry and making sure I offered the products, tools and supply chain visibility the new generation of exporters and shippers will expect. I would also ensure I took the opportunities to expand my business in e-Commerce logistics and emission-friendly logistics.

6. In what extent do you think governments will be able to assure and manage their energy availabilities to ensure a

well-organized energy distribution that will meet all their needs during winter and how will shipping industry help to achieve that?

TRANSPORT OF LPG FROM NEW SOURCES WILL BE VITALLY IMPORTANT ALONGSIDE A MUCH MORE RAPID ACCELERATION IN RENEWABLE ENERGY.

For this winter there will clearly be significant challenges in Europe in both the price and access to energy. However, it is a price we must pay to ensure that the illegal invasion of a sovereign country does not succeed.

FREIGHT RATES IN CARGO INDUSTRY

The supply chain industry has suffered many challenges including the notable increase in prices, Covid-19 restrictions and of course the problems caused by war all of which combined have led to a climate of uncertainty across the world which has to be stabilized under the prism of economy while becoming more sustainable.

Sea fares has been decreased and seem to have led to a recession indicating by the fact that the global trade demand is steadily falling which in correlation with the effects of the previous lockdowns has caused many inconveniences in the cargo industry.

Due to the increased fare rates, it may appear that the shipping companies are thriving, but everything seems to be unclear as the cargo business is strangling to service every need in order to transport every cargo in time while trying to be as efficient as the conditions let them, but this has already affected the industry.

WAR HAS AFFECTED THE GLOBAL MARKET

It is obvious that the Russian-Ukrainian War has disrupted the global community in lot of aspects and of course that includes the cargo industry in a high percentage.

The Russian government has reduced the coal exports as an answer to the sanctions that have been imposed from the world when the war started and together with the reduction of port congestion has led to a huge opening as regards the global market that is difficult to be replaced.

Meanwhile, the wheat import is not as high as it should be which has caused an obvious increase in the de-

mand of grain products and gas, which inevitably has been followed by the increase in the entire global exports as both countries used to provide a high percentage of these products in the world.

All of these has affected the world's buying routine and in time it will be further challenging to keep the buying power at the same level or at least close to that it used to be before war started, unless the two parts will be able to come to an agreement.




SHIPPING AUTOMATION

Automation has earned a significant growth throughout the years and a big reason behind this is of course the coronavirus which made processes even more demanding along with technological progress.

Although, automation and AI systems have not been fully applied in the entire shipping procedure, they surely help shipping companies be more efficient and better as regards cargo's management. Shipping industry always tries to comply with global regulation together with the development and implementation of automated systems that eventually will transform all the procedures to a more structured system.

Moreover, shipping automations can be categorized into three areas: cranes, port gates and vessels. Cranes automation gives the ability to cargo companies to make easier the cargo uploading while the port gate automations using NFC system and other verification systems allows more secure validations and finally remote monitoring of vessels might be able to assure that everything is going as scheduled.

There are many steps that must be followed in order for shipping industry to be able to achieve and fully support these kinds of procedures, but we are sure that research will not stop until these achievements are fully installed so that they will allow the industry to have even more controllable and well-organized procedures.



It's obvious that all companies have to understand the need towards automation systems and adopt them in order to benefit not only their company but also their clients, because on one hand it will allow shipping companies to manage very demanding processes with maximum precision and on the other hand it will upgrade their clients entire shipping experience.

1. We know that being in such and demanding industry as freight forwarding you must love a lot what you do to achieve the best possible outcome, would you mind telling us what fascinates you the most about cargo industry and urged you to become a part of it?

I joined the industry literally by accident. Started working part time for a big multinational company without any previous knowledge. 15 years later with a much broader knowledge and experience, I still find the industry exciting. The reason is because everyday we get to see something completely new. This maybe a new service that did not exist, a transportation of a commodity that have not handled in the past but most importantly the chance to meet different people from around the world all the time. I am also thrilled to see how the new technologies will be applied and what new services and opportunities will those create for our customers. Freight Forwarding is a landscape that changes rapidly, and every change brings something new, which makes all of us working in the industry, fortunate to be a part of this. Because in the end, the cargo industry moves the world.

2. Can you tell us one of the most challenging things someone in your position has to deal with in regular basis?

We operate in a fast paced and challenging environment, but I think that we tend to see more frequently nowadays that the people involved lack knowledge of our industry. The blame can be shared between the companies and the people themselves.

THE COMPANIES DO NOT INVEST IN TRAINING WELL ROUNDED PROFESSIONALS RATHER THAN FORCING BRUTAL SPECIALIZATION.

On the other hand, the employees do not invest their time within the companies to learn, rather than seeking the next opportunity that presents. So we end up facing the problem of having to cooperate with low trained personnel which ignore a huge percentage of how our business runs. I am not against specialization, but in an industry that we must be creative, find solutions and provide consultation to customers for their business, we need to be able to develop more professionals with critical thinking, attention to detail and the ambition to stand up.

3. Freight forwarding industry has faced many challenges in the past couple years, what in your opinion has affected it the most?

I think that the biggest impact the past years would certainly be COVID-19 pandemic. It was a global scale event that affected the way we live but also the way we buy and consume things.

Simultaneous quarantines around the world, air carriers grounding their planes due to restrictions in travelling, ports not being able to work fully staffed, were only some of the issues that severely disrupted the whole supply chain. Freight Forwarders needed to navigate those uncertain waves, find solutions for their customers but also to re-evaluate and sometimes re-invent themselves on the way. We saw many companies that collapsed and even shut down within two years, no matter their sizes. For the rest who were flexible to change the race is not yet over, but situation has vastly improved.

4. According to your experience what do you believe is the main challenge the cargo industry is now facing?

Cargo have been moving around for millennia and is going to continue for millennia. So cargo industry will be here for some time. The challenges are for us, who are the current players. Cargo industry is going to be totally disrupted by the use of technology and automation. This means that the way we work now, may not be applicable within the next decade especially in our industry which in many ways still considered traditional and slower to catch up. Current job roles will be eliminated, and others will arise. Processes will also change. So, we are talking about a complete transformation of this industry. As mentioned previously, the ones that are flexible to change will be easier to adapt. And those who can adapt will be the ones that will thrive.

Freight Forwarding is a landscape that changes rapidly, and every change brings something new....

VASILEIOS SAKARELOS
HEAD OF BUSINESS DEVELOPMENT
AND OPERATIONS NL & ASIA



HOW WILL THE WORLD COPE WITH THE HIGH DEMAND OF NATURAL GAS?

Following the recent events that have come up with the global tension as regards the current war period we are going through, there is a continuously upscaling demand for natural gas quantities.

The prices of natural gas have been increased significantly and all countries around the world are searching for ways to provide their countries with the necessary demand in order to be fully productive and provide its citizens with the required services by ensuring the needed capacity.

Meanwhile, this seems to be bringing the world to a further frustrating economic situation, as they are searching ways to cut the less necessary things to survive this energy crisis as better as they can. As we come closer to winter, we count even more on all these efforts believing that until the winter will pass, we will have managed to come through with more effective solutions.



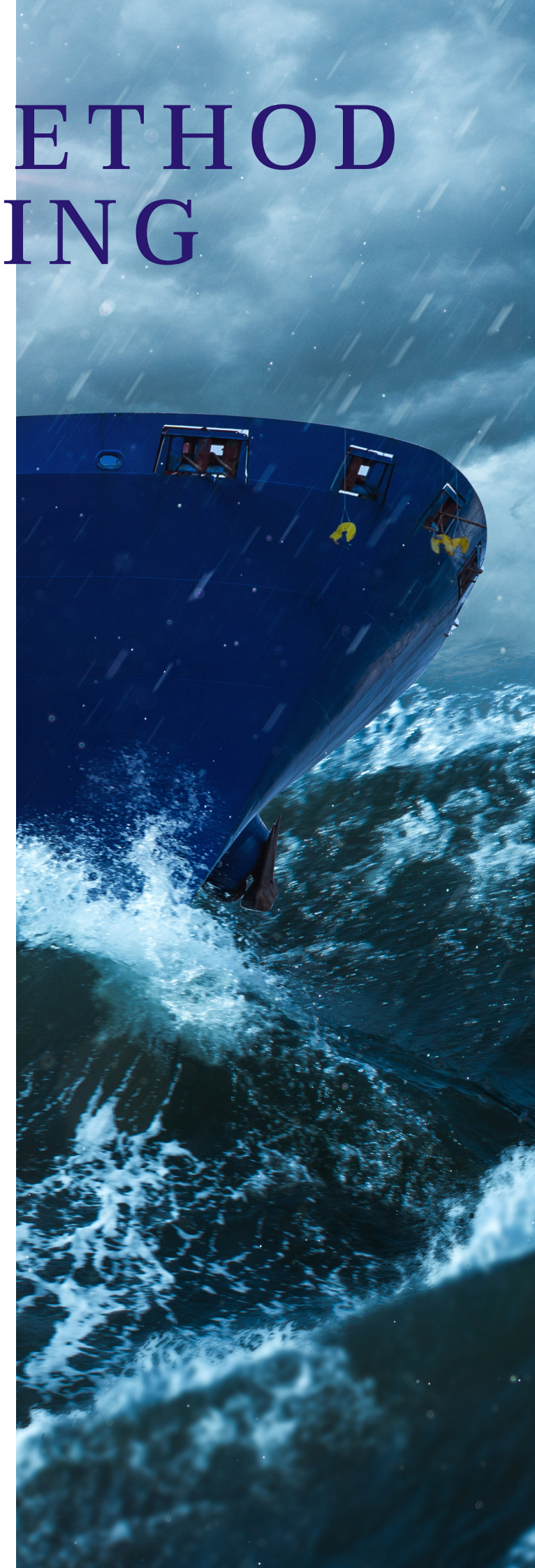
A NEW METHOD IN SHIPPING

AGAINST THE WAVES

Nowadays, everyone is trying more and more to come up with a plan or a technology that can make shipping even more efficient, and a new method of measuring the impact that waves can have on a ship's performance seem promising and has been developed by researchers from Nanyang Technological University, Singapore (NTU Singapore) and the National Polytechnic University and is expected to be completed by 2023.

Based on the researchers' estimations, this method (**SHOPERA-NTUA-NTU-MARIC / SNNM**) may be the key in reducing a ship's fuel consumption and emissions, because it's been pointed out that sea waves can greatly affect both the speed and the fuel consumption of ships.

This method has already been adopted by the International Towing Tank Conference (ITTC), an association of organizations with observer status at the International Maritime Organization (IMO) and even though there was a difficulty in measuring the impact of this method in practice, now it seems to be more precise and it may be a very useful tool in order to be both economical and a more environmentally friendly solution so for the shipping companies as for the whole world longtermly.



ALTERNATIVE FUELS

There is an increase in the research of alternative fuels in order to minimize the emissions that the traditional fuels produce and both electricity and methanol are highly consider.

Methanol and electricity as fuels are also considered as promising alternatives since they seem to be good options for the freight industry, because from the one hand methanol is easy to store while reducing the carbon emissions and electricity is highly efficient as regards the cost of the fuels now and from the other hand, LNG powered ships could also lead to a more environmentally friendly fuel and more economical too, as it generates 30% less carbon dioxide (CO2) that the industry is now using.

Moreover, LNG seems like it'll may play a leading role in the shipping industry. More and more companies are trying to find the best way possible in order to reduce the effect of emissions produced from the methane combustion, due to the fact that it may lead to a higher percent of pollution

since LNG's emissions during the liquefaction procedure are higher caused by low infrastructures and this might take some years to insure that they will be improved to a higher level and the procedure will be totally compliant to the law while at the same time they will be capable of supporting the shipping industry.

Lng carriers' fares seem to be increasing day by day which is obviously leading to a more demanding period since we're currently one step away from winter.

The demand for Lng from all over the word is vast and it has in-

creased in correlation to previous years. In addition, fuels with less carbon emissions may lead to increased price and if we want this solution to be viable for both forwarders and customers, the price of these fuels must be notably less than traditional fuel.

Of course, there are a lot of things that the whole industry must keep into mind in order to reach a green and economical transition, but the research of alternative fuels in cargo seems to be a priority.

DID YOU KNOW?

According to Xinhua-Baltic Shipping Center Development (ISCD) Piraeus port is ranked among the 10 largest shipping hubs internationally and the latest investments are trying to convert the port to a more modern and synchronized one.

WHAT

WE'VE BEEN UP TO

We always try to support you in every way possible, so we are proud to offer you a new way of transporting your products through LCL (less-than-container-load), which provides you with the ability to transport your cargo even when its quantity isn't big enough to occupy a whole container.

In Marinair we manage thoroughly each procedure to be able to give you the best cargo experience while adding value to everything that matters to you in order to achieve all of your goals.

EVENTS 2023

8-10 / FEBRUARY

FRUIT LOGISTICA BERLIN
(GERMANY)

18-22 / FEBRUARY

WCA WORLDWIDE
CONFERENCE (SINGAPORE)

9-12 / MAY

TRANSPORT LOGISTIC MU-
NICH (GERMANY)

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FREIGHT FORWARDING THROUGH GLOBAL INSTABILITY

Nowadays, as we go through the current unstable situation around the globe, shipping industry has obviously contributed a lot in the world's development in an effort to assure that all procedures and the economy are not only at an acceptable level but also thriving in some sectors too, both during the pandemic and also now that the war in Ukraine is still raging.

The freight forwarding industry managed to overpass many difficulties and maneuvered throughout a period that all of us know how struggling it was. Even though the whole situation it's not over yet, all of us saw how much the global community though competitive, can be united in order to achieve the management of the world's demand and overcome the difficulties that occurred.

Additionally, technology has been a big advantage for the industry as it can benefit and ameliorate the clarity of processes followed while it helps prevent cyber threats by providing real time information so that every decision can be based in real facts which are the key to improved and efficiently planned transports.

Because of the recent health crisis and the current geopolitical tension all of us understood that the global economic growth and prosperity is still in process as the industry has to keep up with these changes in order to be able to upgrade its procedures as it will continue to be confronted with difficult actions in order to assure and accomplish global stability.

WE'RE HIRING!

Are you interested in becoming a member to a freight forwarder company?

The only thing you have to do is to send us your CV and become part of our team!

cv@marinair.gr

SEA OR AIR?

WE PROVIDE BOTH



**GET YOUR PRICE NOW!
NO WAIT TIME**



CONTACT US

GET IN TOUCH TODAY

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