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# NEWS

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### FREIGHT FORWARDERS FACE MAJOR CHALLENGES AS GLOBAL MARKET CHANGES

With a decline in value of 3.3% in 2013, the freight forwarding market is facing major challenges as it fights to stay viable in a changing global environment. This is one of the main conclusions of the 'Global Freight Forwarding 2014' report produced by Transport Intelligence (Ti).

According to the report, troubling capacity concerns within the air and sea freight markets combined with manufacturers focusing away from globalisation and towards regionalisation are resulting in changes to freight forwarding strategies and product solutions.

The report highlights some of the key dynamics driving change in the freight forwarding sector:

- China is no longer the automatic "go to" location in Asia to manufacture goods, particularly as opportunities open in other emerging markets such as Africa, the Middle East, South America and Southeast Asia.
- Near-sourcing is becoming a reality as such emerging markets as Mexico and Turkey benefit from their proximity to the US and the European Union respectively.
- There is also evidence of 're-shoring' of manufacturing to developed countries due to the changing balance of transport and labour costs.

The result of these trends has been that new trade lane opportunities are opening and these are already evident among the top European Union and US trade lanes by tonnage which include the likes of Brazil, Algeria and Turkey. Along with the trade lane opportunities, new product solutions are also on the increase. These include multi-modal transport as an alternative to air and/or sea freight movement as well as industry-specific solutions, particularly for those commodities requiring temperature-control management such as pharmaceuticals, foods and some high-tech goods.

According to Ti's senior analyst, Cathy Roberson, "The global freight forwarding market is evolving and those forwarders that can adapt the quickest to economic and market changes will be the winners."

Ti noted that even though the global freight forwarding market had declined from 2012, the outlook was positive with a forecast CAGR (compound annual growth rate) through 2017 of 6.7%. "Emerging markets will continue to play a growing role and as regionalisation and even localisation grows, multi-modal transportation solutions will become additional options to air and sea freight as freight forwarders look for profitable growth in the midst of a changing global economic environment," said Roberson.

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