

2023 Risk Radar: Transport and Logistics Sector



May 2023

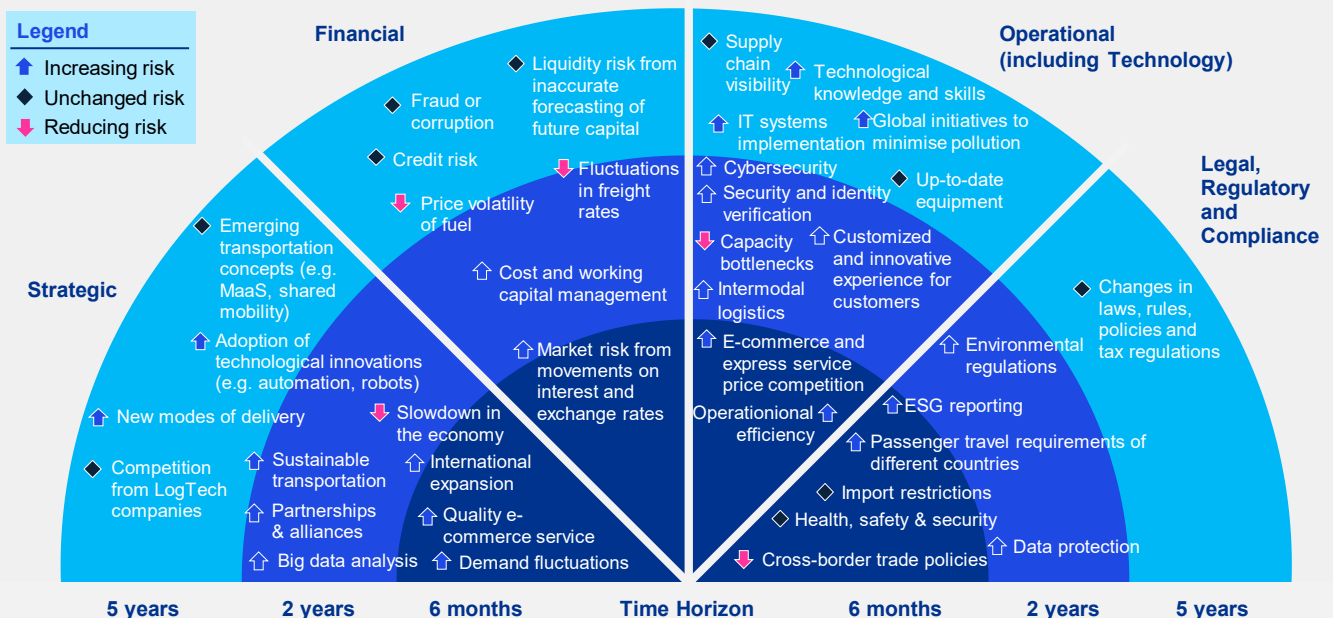
The transport and logistics sector continues to face challenges in the current economic climate. Following the global relaxation of pandemic measures in the first quarter of 2023, supply-demand mismatches and chokeholds have seen improvement. As flights resume, space for cargo has increased, causing a drop in freight rates. However, the macroeconomic environment is still abnormal with high inflation, geopolitical tensions and the threat of recession across multiple countries and jurisdictions.

B2C e-commerce continues to play an important role, which has challenged the sector to consolidate freight and shipping orders to lower costs and increase efficiency. Transport and logistics businesses are under pressure to enhance customer service through continuous improvement initiatives and innovation in technology to optimise performance efficiency.



Key trends observed in the market impacting the industry in the Greater China region:

- As travel returns to normal, we have seen rising demand for passenger transport. Outbound travel and international freight forwarding service are expecting significant growth.
- Key players are promoting intermodal logistics services to lower costs and increase efficiency.
- Global players are looking for technology innovations and integration/synergy opportunities, accelerating applying in-depth technology and applications to optimise performance efficiency.
- Enterprises are integrating technologies such as big data analysis, automation and blockchain into logistics/transportation services.
- Businesses must comply with more stringent ESG reporting requirements; meanwhile they are seeking sustainable transport options that will help them achieve sustainability targets.



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