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INTERNATIONAL TRADE IS STILL IN TROUBLED WATERS?

4 FREIGHT MARKET UPDATE
AIR AND SEA

MSC ENHANCES CONNECTION BETWEEN INDIA, WEST AFRICA 10

INSIDE


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HAPPY Pongal
May happiness overflow on the auspicious occasion of
PONGAL


A thousand salutes to the great nation of ours. May it become even more prosperous.
Wish you a very Happy
Republic Day!

FREIGHT MARKET UPDATE
Ex INDIA

SEA UPDATE

- January market remains extremely strong from both a rate level and booking perspective. Carriers are choosing to implement a strong GRI to start the new year reflecting the growing booking backlog heading into Chinese New Year. Premium services are facing the same backlog as the FAK (Freight All Kinds) market.
- Recommend advance booking notice at least 21 days prior to CRD.
- Equipment is especially limited in South India ports.

AIR UPDATE

- Post holiday, with strong demand and limited capacity continuing, the market is expected to pick right back up and continue that way until CNY in mid February.
- The new Covid outbreaks are also disrupting crew availability, further restraining capacity and resulting in terminal congestion

2020

A YEAR OF TROUBLE ON THE HIGH SEAS

JANUARY

International Maritime Organisation announces new shipping regulations "IMO 2020"

JUNE

Gradual easing of restrictions, borders opened

FEBRUARY

World wakes up to Covid-19, factories close

JUL-AUG

Economic activity, trade pick up and early arrival of peak season

MARCH

Lockdowns imposed worldwide

SEPTEMBER

Freighr rates soar

APRIL

Carriers report record blank sailings

OCTOBER

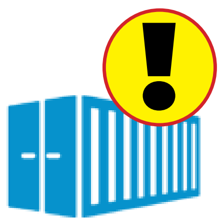
Slow demand and blank sailings during Chinese Golden Week

MAY

Containers stranded at ports

NOV - DEC

Container crisis, congestion, delays and high freight rates



INTERNATIONAL TRADE IS STILL IN TROUBLED WATERS ?

A year on from the initial coronavirus outbreak, international trade is still in troubled waters. After lockdowns and widespread economic distress in early 2020, importers and exporters are now dealing with a new shipping crisis in the form of massive supply chain disruptions. This is largely due to record import volumes and restocking ahead of the Christmas-New Year holiday season and also because most countries in Europe are going through a second round of lockdowns. The disruptions are expected to adversely impact import-export volumes and make imported products costlier.

Record Import Volumes

What's happening right now could be viewed as a perfect storm. Ports are overloaded, there aren't enough containers and equipment to handle cargo, and freight rates have skyrocketed as a result.

A record spike in import volumes, mainly to the US and Europe from Asia. In October, the Port of Long Beach handled more than 800,000 twenty-foot equivalent units (TEUs) in a single month for the first time in its 109-year history. The port takes care of a large volume of Chinese imports into the US. In November, Chinese imports to the US increased 46% year-on-year. The shipping peak season, which comes before the holiday season, typically lasts from August to November. But this season is expected to stretch till the Chinese New Year in February.

Equipment Shortage and Imbalance

- Asia out of containers: With most trade geared towards US and European shores, Asia is facing a crippling shortage of containers, especially 40-foot containers. Importers are struggling to secure containers at Asian ports even on carriers offering premium services for premium rates. This shortage is mostly due to a pile-up of empty containers at US and European ports. According to this report, containers are stacked five and six high – the maximum permissible limit – at the Long Beach and Los Angeles (LA) ports. To ensure empty containers are returned quickly to Asia, carriers have reduced free storage time, cut back on extra free days and are rejecting export bookings but to no avail.
- Chassis shortage in US: Due to the unavailability of 40-foot containers, most exports are leaving Asia in 20-foot containers. But US ports are terribly short

on 20-foot chassis (trailers). This is because thousands of trailers bearing full container loads are waiting to be unloaded at ports, container yards and warehouses.

PORT CONGESTION

Shipping lines might argue that they are unable to provide accurate information because their schedules are in a mess. One reason for this is congestion at ports.

- Ever since trade picked up in July-August after the initial lockdowns were lifted, ports have been handling large cargo volumes without let-up. They now have their hands full with holiday shipments. This is one reason for the pile up of containers.
- At the same time, labour shortages due to Covid-19 persist. One shipping line pointed to a 10 to 13-day wait for vessels to berth at port and blamed it on a lack of port workers.
- The equipment imbalance has also contributed to port congestion.
- In a vicious cycle, port congestion has led to delays and extended wait times for ships, which in turn are adding to ports being overloaded.
- Then, there's bad weather. From fog in the UK to rain in India, struggling port operations have been further hampered.

CARRIER SCHEDULES UP IN THE AIR

All this means carriers are struggling to keep to their schedules and are dealing with:

- Blank sailings: THE Alliance (THEA) – an alliance between Hapag-Lloyd, Yang-Ming, Ocean Express Network (ONE) and HMM – has announced plans to blank sailing on Asia-North Europe, Asia-Mediterranean and some US East Coast routes in December citing "unprecedented times of the pandemic". A blank sailing is one where the entire voyage or a part of it is cancelled.
- Rolled cargo: There is a rise in carriers rolling over containers, which is when cargo fails to get loaded on a scheduled ship and is accommodated on a vessel that sails on a later date. Ocean Insights, which tracks container movement, reported a 28.5% rollover rate at major transshipment ports in November, up from 26.9% in September. (A transshipment port is one where cargo is moved from one ship to another on route to its final destination.) According to Ocean Insights, this could be a result of carriers adjusting services "to favour the more lucrative import trade" over exports.
- Vessel capacity: While ships on major routes are booked solid, some are still sailing with empty slots due to the container crunch.

SHIPPING CHARGES SKYROCKET

Carriers have responded to the strong consumer demand by increasing rates considerably and implementing a range of charges and surcharges. Given that shipping lines recorded healthy profits in July-September, shippers have accused them of taking undue advantage of the situation.

- Freight rates: These are high even by peak season standards and constantly going up. Sample this: On December 1, North Asia to North America rates went up 92% day-on-day. In the Indian sub-continent – where falling imports and reduced inbound vessel frequency have worsened the container crunch – rates have gone up on average by 282% for Australia, 190% for West Asia, 159% for Europe and 54% for the US since August. Also, most carriers announced general rate increases – a base price hike in response to high demand – in December. This means it will now cost five times more to import from China. Atmospheric freight rates aren't limited to ocean liners. Air cargo service providers are charging "outrageous" amounts (20 times the norm) to ship critical medical equipment,
- Peak season surcharge: Carriers are charging hefty peak season surcharges of up to $500 per TEU on key Asian routes.
- Congestion surcharge: Additionally, carriers are charging congestion surcharges of several hundred dollars per container.

Trading amid such chaos can be a deal breaker for small and medium businesses.

Cathay Pacific Cargo launches new freighter service to Riyadh

Cathay Pacific has launched a new scheduled freighter service between Hong Kong and Riyadh (RUH) . The airline has seen a growing demand for air cargo flights between Saudi Arabia and Hong Kong (HKG), a leading cargo and logistics hub in Asia. These new flights will meet the strong demand for shipments of e-commerce and other general cargo such as garments, providing their customers with reliable, efficient and direct air cargo services offering the high level of quality for which the cargo carrier is known for.

The inaugural flight will see Cathay Pacific Cargo using its Boeing B747-400 ERF aircraft. Flights will operate once per week every Tuesday with a stopover in Dubai (DWC) on the return flight to Hong Kong, It has launched a number of scheduled and charter services recently to meet the air cargo needs of its customers.

Global air cargo volumes end turbulent 2020 on a relative high

Despite no traditional peak season for global air cargo demand in Q4 2020, the year ended on a relative high in December with the first positive year-on-year growth in weekly volumes in over 12 months, according to the latest industry statistics.

Based on both the volume and weight perspectives of cargo flown and capacity available, the loadfactor reached a new high of 73 per cent in mid-December, while week ending January 3, saw an unprecedented level for this time of year of 65 per cent, 13 percentage points above the corresponding week a year ago. December data showed a continued closing of the gap in year-on-year volumes to -5 per cent versus December 2019 - from a yearly low of -37 per cent in April – as volumes rose 2.5 per cent over November 2020. This produced an overall dynamic loadfactor for the last four weeks of December of 71 per cent.

International air cargo terminal inaugurated at Indore

After the start of the new international air cargo facility in Indore's Devi Ahilya Bai Holkar Airport, machinery, diamond and other jewellery, leather products, export of medicines, auto parts as well as fruits and vegetables will get a boost.

On Wednesday, a new international air cargo terminal was launched at the Devi Ahilya Bai Holkar Airport in Indore by the Airport Authority of India's (AAI) subsidiary at a cost of Rs 2.26 crore. The new facility has been inaugurated by the Chief Minister of Madhya Pradesh Shivraj Singh Chouhan. The minister also flagged off a parcel as a token to its destination, according to a PTI report. On the occasion, the CM said that after the start of the new international air cargo facility in Indore's Devi Ahilya Bai Holkar Airport, machinery, diamond and other jewellery, leather products, export of medicines, auto parts as well as fruits and vegetables will get a boost.

GMR Hyderabad, Dubai Airports to launch HYDXB-VAXCOR project for Covid-19 vaccine distribution

Given its large and capable pharma industry that boasts of some of the largest vaccine manufacturers globally, India has a very strategic role to play in ensuring universal access to Covid-19 vaccines. With Hyderabad and its nearby regions being home to one of the biggest concentrations of vaccine manufacturing capacity in the world, it is expected that majority of Indian manufactured vaccines will be exported from Hyderabad Airport (HYD) to various parts of the globe. Hyderabad is also expected to cater to the Import requirements of manufactures from across the country as well as leverage its excellent air connectivity for domestic distribution of Covid-19 vaccines.

In this backdrop, GMR Hyderabad International Airport Limited and GMR Hyderabad Air Cargo (GMR-HYD) and Dubai Airports have come together to build an exclusive Vaccine Air Freight Corridor product called HYDXB-VAXCOR (Hyderabad to Dubai global vaccine corridor).

As per the MoU, GMR-HYD and Dubai Airports will give priority to the temperature sensitive vaccine shipments moving between GMR Hyderabad and Dubai Airports for further connections to various continents as part of the HYDXB-VAXCOR and build this service offering as a key differentiator and value proposition for the vaccine customers and logistics stakeholders. This agreement will lead to the roll out of customised and simplified processes and infrastructural support to streamline the journey of Covid-19 vaccine right from the manufacturing unit to the airport and hub logistics to delivery to end-customers.

As part of this joint initiative, Dubai Airports has identified GMR-HYD as a key strategic air cargo partner to leverage its global distribution ecosystem, while GMR-HYD will leverage Dubai Airport as a key strategic collaborator towards facilitating the global vaccine supply chain with provision of value added services for vaccine exporters and importers from both the countries.

GMR-HYD is uniquely located in the proximity of several major vaccine producers and is an established hub for export of India manufactured vaccines to target markets in Europe, Africa, the US and Asia. It is uniquely positioned to handle temperature sensitive vaccine cargo and ensure seamless distribution across the world through major hubs such as Dubai Airports. GMR Hyderabad Air Cargo is a WHO-GSDP (World Health Organisation- Good Storage and Distribution Practices) certified major gateway location in India for handling pharma and vaccine shipments.

MSC ENHANCES CONNECTION BETWEEN INDIA, WEST AFRICA

To enhance its services to customers shipping goods between India and Africa, MSC announced a new direct service from India to West Africa, the MSC India Africa Service (IAS), effective from week 3, 2021.

The MSC IAS will provide a direct, fast and reliable service to our clients further demonstrating our commitment to the Indian trade, connecting Northwest and South India to West Africa, with a call at Colombo in Sri Lanka.

On the way back, this new service will also connect South Africa directly with the Middle East, Pakistan and India.

The rotation of India Africa Service will be as follows with the first sailing MP The Law, ETD Mundra on January 24, 2021: Mundra – Nhava Sheva – Colombo - Port Louis – Tema - Lome – Cotonou – Cape town – Durban - Jebel Ali - Abu Dhabi - Port Qasim – Mundra.

DP WORLD CHENNAI ADDS DIRECT CONNECTIVITY TO CHINA, SOUTH EAST ASIA

DP World operated Chennai Container Terminal (CCT) has added a new China–East India Service: CI5 service, enhancing its connectivity to South East Asia and China.

The service is operated by a consortium of five vessel operators – Wan Hai Lines, Interasia Lines, KMTC, Goldstar Lines and BTL.

The new CI5 service is the first-ever service from Chennai that will provide a direct connection to Pasir Gudang, Malaysia and Kaohsiung, Taiwan and will also offer direct connectivity to key ports of China in Shekou and Qingdao on the eastbound leg.

The service started with the maiden call of vessel MV Interasia Heritage on January 5, 2021. The vessel arrived from Port Kelang and carried total exchange of 4690 TEUs of which 2685 TEUs were import and 2005 TEUs export.

MUNDRA PORT HANDLES HIGHEST-EVER CARGO VOLUME OF 15.24 MMT IN DEC 2020

In December 2020, the Adani Ports and Special Economic Zone (APSEZ) owned Mundra port in Gujarat handled its highest ever monthly cargo volume of 15.24 MMT registering growth of 44 percent on year on year basis. It also achieved highest container throughput of 5,86,952 TEUs.

APSEZ handled a total cargo volume of 27.2 MMT (includes cargo volume of 3.5 MMT of Krishnapatnam Port acquired in October 2020) in December 2020. The growth excluding KPCL was 14 percent on month on month basis and 28 percent on year on year basis.

Cargo traffic at 12 major ports falls for 9th straight month in December

Impacted by Covid-19 pandemic, India's top 12 ports witnessed a considerable decline in cargo traffic for the ninth straight month in December to 478 million tonnes (MT), according to ports apex body IPA.

Cargo traffic at 12 major ports that are under the control of the Centre dropped by 8.80 per cent to 477.75 million tonnes (MT) during April-December this fiscal compared to 523.84 MT in the same period last financial year.

Ports, Shipping and Waterways Minister Mansukh Mandaviya had recently said the cargo traffic at 12 major ports declined considerably March onwards due to the adverse impact of Covid-19 pandemic. All ports barring Mormugao — which recorded a 23.28 per cent increase in cargo handling to 14.53 MT — saw negative growth.

Cargo handling at Kamrajar Port (Ennore) nosedived 26.60 per cent during April-December to 17.19 MT, while ports like Mumbai, Chennai and Cochin saw their cargo volumes dropping by over 14 per cent during the said period.

JNPT and VO Chidambarnar suffered a sharp decline of over 12 per cent.

Deendayal Port reported an 8.70 per cent drop in cargo volume, while cargo handling at New Mangalore slipped 6.56 per cent. Paradip Port recorded a decline of 1.41 per cent.

India has 12 major ports under the control of the central government — Deendayal (erstwhile Kandla), Mumbai, JNPT, Mormugao, New Mangalore, Cochin, Chennai, Kamarajar (earlier Ennore), VO Chidambarnar, Visakhapatnam, Paradip and Kolkata (including Haldia).

In the wake of the Covid-19 outbreak, sharp declines were witnessed in the handling of containers, coal and POL (petroleum, oil and lubricant), among other commodities.

These ports handle about 61 per cent of the country's total cargo traffic. They handled 705 MT of cargo last fiscal.

Pharma, engg sectors drive India's exports up 16.2% in Jan first week

The country's exports grew 16.22 per cent year-on-year to $6.21 billion in the first week of January, mainly driven by healthy growth in pharmaceuticals, and engineering sectors, reflecting signs of revival, an official said on Sunday. The exports during the first week of January last year were at $5.34 billion. Imports during January 1-7 this year too increased by 1.07 per cent to $8.7 billion as against $8.6 billion in the same period of 2020, the official said. Imports, excluding petroleum, increased by 6.56 per cent during the week, the official added. Exports of pharmaceuticals, petroleum and engineering grew 14.4 per cent ($61.62 million), 17.28 per cent ($114.72 million), and and 51.82 per cent ($636.77 million), respectively. The rate of contraction in the outbound shipments was 8.74 per cent in November 2020.

For feedback / enquiries, please contact :

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