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GOVT TO SET UP 33 NEW DOMESTIC CARGO TERMINALS

5

The 'king of all fruits'
under threat from air
cargo capacity crunch

FREIGHT
MARKET UPDATE

AIR AND SEA

3

INSIDE

04 COVER STORY



GOVT TO
SET UP 33 NEW
DOMESTIC
CARGO
TERMINALS

03 MARKET UPDATE



MARKET
UPDATE
AIR & SEA

08 SNIPPETS



AIR CANADA
CARGO BEGINS
CARGO SERVICE
TO MADRID

07 LOGISTICS



CHHATRAPATI
SHIVAJI MAHARAJ
INTL AIRPORT
CARGO HANDLED
UP 30% IN FY22

09 SHIPPING



CMA CGM TO
LAUNCH IEX 2
CONNECTING
ASIA WITH
INDIAN
SUBCONTINENT

Air Freight Sea Freight

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FREIGHT MARKET UPDATE

EX INDIA

- The market in India has tightened as capacity remains limited.
- New passenger flights are being introduced gradually.
- As airlines avoid Ukraine airspace, they are forced to take longer routes which require more fuel and less cargo per flight.
- Fuel costs have skyrocketed because of continued uncertainty over sanctions against Russia, the world's second largest oil exporter.



AIR UPDATE

- Slight improvement on space and equipment availability, however situation remains tight.
- Equipment deficits are being reported across many ports in India. Most affected are the S/SE ports, Kolkata, and Inland container depots (ICDs) in North India.
- Schedule reliability improved May 2022
- There will be increases to the Bunker Adjustment Factor (BAF) charged by carriers to account for sharply rising fuel costs. We expect carriers to begin to make BAF adjustments monthly, as opposed to previously making these assessments quarterly.
- Shippers show clear preference for direct services in order to avoid potential delays at transshipment port due to port congestions.
- Advance booking remains necessary.



OCEAN UPDATE



Govt to set up **33 new DOMESTIC CARGO TERMINALS**

TO HANDLE 10 MILLION METRIC TONS OF CARGO



The Indian Government will establish 33 new domestic cargo terminals by 2024-2025 which will allow India's cargo sector to flourish and grow. Civil Aviation Minister Jyotiraditya Scindia said this while addressing the annual event of Air Cargo Forum India.

Talking about the reforms in Cargo Sector, the Minister said that industry players need to focus on transportation of smaller cargo loads from Tier II and III cities to metros to achieve the target of 10

million metric tons in cargo.

Mr. Scindia said this can be achieved by acquisition of smaller size aircraft. To facilitate this, he said 33 new domestic cargo terminals will be established by 2024-2025. He also stressed the need to work on ease of doing business in cargo sector by making processes paperless, adapting automation, and digitalization which can make cargo processing swift.

During the last two years in the midst of COVID pandemic, cargo sector has emerged as a promising area not just for Indian aviation but for global aviation. The Indian cargo sector has witnessed a growth rate of 9 to 10 percent since 2013-14. During the last two years, airlines have witnessed 520 percent increase in cargo revenue.





THE 'KING OF ALL FRUITS' UNDER THREAT FROM **AIR CARGO CAPACITY CRUNCH**

As fresh Indian mangoes begin rolling into the market, traditional fruit exporters and freight forwarders are staring at the risk of air freight capacity constraints – in an already unbalanced supply-demand environment – cutting into their shipment volume targets.

Indian-grown mangoes, locally touted as “the king of all fruits,” generally draw high demand internationally, especially in the European markets. That capacity pain point was voiced by Mohnish Arora, GM of perishable cargo trade at Jet Freight Logistics (JFL), a Mumbai-based niche air freight company. JFL is in the final stages of launching an in-house airline to cement its lead in the market.

“As the air bubble agreements, which had been in force, were removed last month, all P2C [passenger-to-cargo] flights have been reinstated as passenger flights.”

According to Mr Arora, the fleet reconfigurations would effectively reduce the available air cargo capacity by about 50%, despite the fact that some airlines had restored passenger flights to pre-Covid schedule levels.

Mr Arora notes that the majority of mango shipments JFL handles are shipped to the EU, UK, US and Middle East markets, largely using flight connections over London, Frankfurt, Milan and Paris.

“We are primed to handle approximately 500 tons of mango shipments a week this year,” Mr Arora said.

According to him, as airline capacity continues to be tested, there is little reason to be hopeful that the coming weeks will yield any sort of respite from high freight rates for fruit shippers. He also noted that several airlines that had reduced their workforce during the Covid disruption now have difficulty getting back to full capacity.

Further, added Mr Arora, the current geopolitical turmoil was only sending fuel prices northwards, thus pushing up carrier costs that would inevitably be passed on to cargo owners through fresh rate hikes or additional surcharges.

“Given the perishability of the produce, reliable and faster transits are critical,” one leading Mumbai-based mango exporter told The Loadstar. “We are hoping to substantially increase our exports, but there are headwinds looming.”

Amid supply chain challenges that look set to persist, Indian exports, by value, for fiscal year 2021-22, which ended on 31 March, reached an all-time high of \$418bn, logging the fastest growth rate ever (43.5% year on year) and surpassing the \$400bn annual target New Delhi had aimed to achieve.



India working towards making airports carbon-neutral

Union Civil Aviation Minister Jyotiraditya Scindia said that India is working on developing its airport carbon-neutral in the future. The Union Minister, on Twitter, said work has been undertaken to make airports across the country carbon neutral in the near future so that India emerges as a responsible player in the international civil aviation industry, ANI reported. Scindia, at the headquarters of the International Civil Aviation Organization in Montreal, said the

way the civil aviation industry of India has bounced back post the Covid-19 pandemic with all protocols in place shows its resilience and determination. With a robust and holistic plan for the future, he is sure soon, his ministry will set new milestones in the air.



Icelandair and Ethiopian Airlines to add Boeing 767 cargo aircraft



Ethiopian Airlines' MRO division began the passenger-to-freighter conversion of the airline's first Boeing 767-300ER cargo aircraft.

The work, carried out at the Addis Ababa facility in collaboration with Israel Aerospace Industries (IAI), makes it the first maintenance center on the African continent authorized to work on the model. This line joins IAI's already operational conversion facilities in Tel Aviv and Mexico City.

Covid 19 lands a punch on international air cargo capacity

Accenture's recently released report reveals the pandemic's ripple effect on air cargo capacity worldwide. Citing Covid 19 as the main reason for a drop in global air cargo capacity, the Accenture report goes on to state that as "the world returns to the skies once again, industry players are adapting to a very different landscape.

The only ray of hope, according to the report is the reopening of Shanghai factories with lockdown restrictions set to be lifted: "As Shanghai factories are preparing to reopen and restrictions are lifted, air cargo capacity could be less constrained in the near future.





Chhatrapati Shivaji Maharaj Intl Airport cargo handled up 30% in FY22

Automobiles, pharma and engineering goods saw majority of transportation to top international destinations

Chhatrapati Shivaji Maharaj International Airport (CSMIA) reported a 30 percent increase in cargo handled at 556,900 metric tonnes (MT) for the year ended March 31, 2022 compared to the same period last year. While international cargo volumes increased 26 percent, domestic cargo volumes were up 40 percent, an official statement said. Import volumes totalled 260,600 MT and exports totalled 296,300 MT.

The top three destinations that saw the highest imports were China, Germany, and the U.S., respectively. The U.S., UAE and Germany were the top destinations in terms

of exports, the statement added.

Automobiles, pharmaceutical products and engineering goods saw the majority of transportation to top international destinations whereas the top domestic destinations witnessed the movement of engineering goods, documents & samples and postal cargo in FY22.

Top airlines catering to the maximum cargo in the domestic segment included IndiGo, SpiceJet and GoFirst. Emirates, Qatar Airways and Turkish Airlines were the top three airlines that handled maximum cargo internationally in FY22.



BLR airport rounds up FY 2022 with record growth in cargo volumes

The Kempegowda International Airport, Bengaluru (BLR Airport) recorded its highest-ever cargo tonnage in Financial Year (FY) 2022, despite challenging circumstances due to multiple Covid waves. BLR Airport processed an all-time high tonnage for a fiscal year since Airport Opening Day (AOD) of 411,513 Metric Tonnes (MT) of cargo, recording a growth of 26% as against 326,643 MT in FY 2021. International cargo recorded a 31% growth, 271,988 MT processed, as compared to 207,518 MT in FY 2021. Domestic cargo grew at 17%, with 139,525 MT versus 119,125 MT in FY 2021.

While perishable cargo has been one of the major growth drivers for Bangalore

International Airport (BIAL) and it is the No.1 airport in the country for handling perishables — estimated to account for 31% of India's total perishable shipments. BIAL processed 39,518 MT of cargo in October 2021 — the highest ever for a month since AOD. International cargo processed (both imports and exports) was also the highest ever in October 2021, accounting for 25,695 MT. The Airport achieved a significant record by gaining 13% of India's air cargo market share and 45% of South India's air cargo market share. With this achievement, BIAL has become the only major airport in the country to show growth over pre-pandemic levels.



Air Canada Cargo begins cargo service to Madrid

Shipments from the United States, Latin America, and Canada may easily connect to Madrid and Barcelona from Toronto base

Air Canada announced that it has operated a Boeing 767-300 freighter into Madrid by Air Canada Cargo as part of its ongoing efforts to extend its cargo network in Europe. Shipments from the United States, Latin America, and Canada may easily connect to Madrid and Barcelona via the carrier's Toronto base, thanks to its large network of cargo and passenger flights.

Air Canada and Air Canada Cargo also offer capacity to Madrid and Barcelona on passenger service with five weekly flights from Toronto.



Canada's 3 largest airlines make big push in cargo

Air cargo business is growing in Canada, and the three biggest carriers there are investing accordingly. Two



of them — Air Canada and WestJet — are passenger airlines that are in the process of establishing all-cargo divisions with aircraft dedicated to carrying freight on the main deck. Cargojet, as the name implies, is a cargo operator that also is significantly expanding its fleet and just announced a large contract renewal with DHL Express that involves extra aircraft.

For domestic and international shippers, the growing fleets mean more intra-Canada and cross-border capacity for e-commerce, perishable goods, pharmaceuticals and general products.

Schedule reliability improves in March

Global schedule reliability continues to slowly inch upwards, recording a marginal month-on-month improvement again with the March 2022 figure reaching 35.9%.

Despite being the highest 2022 reliability figure so far, the March score is still slightly below the 2021 level, according to the latest update from Sea-Intelligence. "The average delay for LATE vessel arrivals declined again, this time by 0.32 days, to 7.26 days in March. Despite the improvement, the average delay figure has now been over 7 days since August 2021, and continues to be the highest across each month when compared historically."

With a schedule reliability of 50.3 percent, Maersk was the only carrier with a score of over 50 percent, followed by Hamburg Süd with 45.9 percent. There were seven carriers with schedule reliability of 30-40 percent and five with schedule reliability of 20-30 percent. Wan Hai had the lowest schedule reliability in March 2022 of 22.6 percent.





CMA CGM to launch IEX 2 connecting Asia with Indian Subcontinent

CMA CGM announced the launching a new India East Coast Express 2 (IEX 2) service that connects Asia with Indian Subcontinent, effective m/v "Songa Tiger" ETD Singapore on May 30th, 2022."

IEX 2 features are the following:

- Shuttle service from Singapore to Chennai and Colombo
- Port Rotation: Singapore – Chennai – Colombo – Singapore
- Connecting Chennai exports via Colombo on CMA CGM's extensive network



ONE adds new MIM service directly connecting Middle East, India and Mozambique

Ocean Network Express (ONE) is to unveil a new addition to their extensive network connecting the Middle East, India and Mozambique.

The new MIM (Mozambique – India – Middle East) service is a unique product offering directly connecting Jebel Ali, Mundra and Maputo, which will provide a new gateway option to hinterland markets in South Africa, Swaziland and Zimbabwe.

The MIM service starts from the sailing arriving at Mundra on 20th May 2022 for West Bound and the sailing at Maputo on 22nd May 2022 for East Bound. The MIM service rotation is as follows: Jebel Ali – Mundra – Maputo – Jebel Ali (Bi-weekly frequency) This new service will enhance ONE's network and provide our customers more flexibility to Mozambique and hinterland countries.

Container prices decline in India amidst global disruptions

There has been a general decline in average prices of 20 ft DC and 40 ft HC standard shipping containers across the ports of Chennai, Nhava Sheva and Mundra from Mid-January 2022 till date after having peaked in August-September 2021. The prices, however, are much higher than January 2021 (40 percent higher in Chennai, 36 percent higher in Nhava Sheva and 36 percent higher in Mundra for 40 ft HC containers), according to the latest analysis by Container xChange.

The average price of a 40 ft HC container in Chennai was \$5,127 in mid-January 2022, which was down to \$4,297 on April 18, 2022, a drop of 16 percent.

"The average prices have increased 41 percent from \$1,341 on January 1 2021 to \$2,269 as on April 23, 2022 at Nhava Sheva for 20 ft DC cargo worthy container," the report said.

RIGHT LOGISTICS

Wishing you a very



Y. RAMESH
10th May

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