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Global challenges pose a risk to India's trade prospects in 2023

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Let's welcome the spring and the new beginnings that come with this harvest season



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HAPPY REPUBLIC DAY

Saluting the pillars of our great Indian Constitution. May our tricolour always fly high.



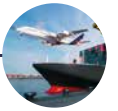
FREIGHT MARKET UPDATE Ex INDIA

AIR UPDATE

- More passenger capacity is returning to the market, in addition to the resumption of freighter schedules. In 2023, it's anticipated that international air travel will be almost back to pre-pandemic levels.
- Rates are soft even though they are still higher than before the pre-pandemic. Rates are anticipated to drop in Q1 2023 barring an increase in demand.
- Since sales and inventories are declining as a result of low consumer demand, demand is still low and there are no signs of a peak-season surge. This trend is likely to continue into early 2023.

OCEAN UPDATE

- Rates on all trades remain the same or minimally decreased.
- Ad hoc blank sailings are being used by shipping lines to get rid of excess supplies as they rationalise their services.
- Despite these capacity reduction efforts, spot rates continue to decline.
- Ocean space for exports out of the Indian subcontinent (ISC) continues to be generally available.



KEY **2022** EVENTS

- 1 GLOBAL TRADE ESTIMATED** to touch a record \$32 trillion in 2022. While trade in goods grew 10% to \$25 trillion, services grew 15% to \$7 trillion, per UNCTAD
- 2 RUSSIA'S ATTACK ON UKRAINE** in February created supply bottlenecks and led to severe disruptions to global markets, leading to both challenges and opportunities for India
- 3 INDIA AND AUSTRALIA SIGNED** the Economic Cooperation and Trade Agreement on April 2, to be implemented on December 29, eliminating import duties on majority of goods
- 4 INDIA ALSO IMPLEMENTED AN FTA** with the UAE in May, boosting exports of electrical machinery, gems and jewellery, cereals, and chemicals, among others

THINGS TO WATCH OUT FOR **2023**

- 1 WORLD TRADE GROWTH IS LIKELY TO SLOW DOWN** to 1% in 2023, pulled down by the war in Ukraine, high energy prices and monetary tightening, according to the WTO.
- 2 INDIA TO STEER G20 SHIP AS PRESIDENT,** and is expected to highlight areas of interest of developing countries, including inclusive growth and climate finance
- 3 KEEPING EXPORTS ON THE GROWTH TRACK** to be a challenge for India as slowdown and recession may hit trading partners
- 4 TO FOCUS ON CONCLUDING FTAs** being negotiated with the EU and UK so that India can gain zero duty access for labour-intensive goods.



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GLOBAL CHALLENGES POSE A RISK TO INDIA'S TRADE PROSPECTS IN 2023



In 2022, India's exports expanded in lockstep with global commerce until June, when they began to decelerate. As Russia's extended aggressiveness in Ukraine and the rise of Covid infections in China began to weigh on the global economy in the second part of the year, India's trade prospects dimmed. Going forward, 2023 is anticipated to be difficult for exporters, with the World Trade Organization reducing its global trade growth prediction to 1% from 3.4 percent previously. Rising global interest rates, surging inflation, and major countries on the verge of recession are some of the fundamental factors for the slowing of demand.

The Indian government, on the other hand, is confident that its new free trade deals struck this year, particularly those with the UAE and Australia, would begin to yield tangible benefits soon, assisting Indian exporters in making up for a likely drop in demand from its regular clients.

The government is also in advanced discussions for FTAs with the EU, the United Kingdom, and Canada, which are expected to be completed in the new year and result in increased market access for Indian goods and services.

In reality, finalising trade treaties with wealthy countries is part of India's bigger aim to double goods and services exports to \$2 trillion by 2030.

The government's Production Linked Incentive plan, meantime, might play a vital role in increasing production efficiency by incorporating economies of scale through large-scale manufacturing, although its performance in most areas remains to be seen.

At a recent media gathering, Commerce and Industry Minister Piyush Goyal admitted that external obstacles such as rising prices in Western nations and falling growth momentum will have an influence on Indian exports. However, he predicted that goods exports would expand at a 10-12% yearly pace.

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BENGALURU, DELHI, AMONG 10 BEST-PERFORMING AIRPORTS GLOBALLY IN 2022

Bengaluru and Delhi, two airports in India, are among the top ten airports in the world for on-time performance (OTP). The top 10 airlines in the Asia-Pacific region, according to aviation analytics firm Cirium, include three Indian airlines: IndiGo, AirAsia India, and Vistara. Rankings of airlines and airports were based on on-time performance, which is defined as a passenger flight or aircraft arriving at the gate within 15 minutes of the scheduled arrival time and departing the gate within 15 minutes of the scheduled departure time.

Since an airline is in charge of the entire flight operation, according to Cirium, it bases its evaluation of their performance on how well they arrive on time. While both departures and arrivals can be impacted by an airport's operational effectiveness, there are less factors beyond the airport's control during the departure phase. The biggest airlines in each region and category were taken into account for Cirium's OTP rankings.

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TOP 10

THE TOP-PERFORMING GLOBAL AIRPORTS - 2022

HANEDA AIRPORT, TOKYO

(90.33% punctuality; 373,264 flights)

KEMPEGOWDA INTERNATIONAL AIRPORT, BANGALORE, INDIA

(84.08% punctuality; 201,897 flights)

SALT LAKE CITY INTERNATIONAL AIRPORT, UTAH

(83.87% punctuality; 226,545 flights)

DETROIT METROPOLITAN WAYNE COUNTY AIRPORT, MICHIGAN

(82.62% punctuality; 271,963 flights)

PHILADELPHIA INTERNATIONAL AIRPORT, PENNSYLVANIA

(82.54% punctuality; 233,777 flights)

MINNEAPOLIS-ST. PAUL INT'L AIRPORT, MINNESOTA

(81.95% punctuality; 276,346 flights)

INDIRA GANDHI INTERNATIONAL AIRPORT, DELHI

(81.84% punctuality; 411,205 flights)

SEATTLE-TACOMA INT'L AIRPORT, WASHINGTON

(81.04% punctuality; 383,250 flights)

EL DORADO INTERNATIONAL AIRPORT, BOGOTÁ

(80.72% punctuality; 273,721 flights)

CHARLOTTE DOUGLAS INTE'L AIRPORT, NORTH CAROLINA

(80.68% punctuality; 457,871 flights)



AEROLINEAS ARGENTINAS WILL ACQUIRE FREIGHTERS 1ST TIME THIS YEAR

Argentina-based airline Aerolíneas Argentinas will acquire freighters for the first



time this year. The government-owned Buenos Aires-based airline currently has a 100% passenger aircraft fleet, but said in a LinkedIn post on December 30 that it plans to add two B737-800 freighters. “We are going to incorporate two B737-800 freighters destined to carry Argentine and regional products,” said the company. The Buenos Aires-based carrier said the two aircraft are due to arrive in the fleet in the first quarter of 2023, reports Air Cargo News sister title Flight Global, and are part of a deal with Mirgor Group, an Argentine company that produces electronics and automotive components, and exports agricultural products.”

BAMBOO AIRWAYS LAUNCHES FREIGHT AIRLINE

Bamboo Airways, a Vietnamese airline, has established Bamboo Airways Freight JSC as a cargo company (BAC).

“This is the airline’s newest movement in the broader strategy to construct an aviation ecosystem, expand Bamboo Airways’ member companies, and create more favourable conditions for the airline to thrive in the next period,” the company stated in a news release on January 3.

The introduction, however, comes at a challenging time for the air freight sector, which is now competing against increasing capacity and, for the first time since the epidemic began, decreasing demand.



**DID YOU
KNOW?**



STADIUM 974

An interesting aspect of one of the stadiums built for the World cup tournament is that it is built entirely from recycled shipping containers. The stadium is named ‘974’ and it signifies the exact number of recycled shipping containers used to build the arena. 974 is also Qatar’s international dialling code. Stadium 974 is the first-ever fully demountable stadium in the history of World Cups.



SNIPPETS

Etihad Cargo expands capacity to U.S.

Additional flights will bring Etihad Cargo's total cargo capacity to over 600 tonnes out of the U.S. per week

Etihad Cargo will reinforce its commitment to the U.S. market with the introduction of three weekly additional flights to John F. Kennedy International Airport (JFK) from April 24, 2023.

Etihad Cargo currently operates 11 flights per week to JFK Int'l Airport, which will increase to 14 weekly flights on April 24 2023, and daily flights to Chicago O'Hare International Airport and Dulles Int'l Airport, Washington. Etihad Cargo also operates two dedicated Boeing 777 freighter flights per week to Chicago via Amsterdam.



Air cargo revenues helped in reducing losses in 2022: IATA



The International Air Transport Association (IATA) predicts that the worldwide airline/cargo industry will return to profitability in 2023, as carriers continue to decrease losses caused by the COVID-19 epidemic in 2022. With sales estimated to exceed \$201.4 billion, air cargo revenues played a critical role in reducing losses. This is an increase above the June prediction, essentially unchanged from 2021, and more than double the \$100.8 billion earned in 2019.

Airlines are predicted to earn a \$4.7 billion net profit in 2023, or a 0.6% net profit margin. It is the first profit in the industry since 2019, when net earnings were \$26.4 billion (3.1% net profit margin). Airlines' net losses are estimated to exceed \$6.9 billion in 2022.

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Abhinav CK
6th January

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HMM Opens Dedicated North India ICD Access For Kattupalli Port Call

In an industry-leading move, South Korean liner HMM has opened a dedicated container train service from North India (ICD Tughlakabad) to Kattupalli Port, an emerging gateway near Chennai.

With extended support from its service partner – Container Corporation of India (Concor), HMM has launched a new, direct rail service from ICD Tughlakabad to Kattupalli Port, to connect to its direct FIL service to East Coast South America

The direct inland solution has the potential to improve transit times for northern hinterland shippers usually sending goods via Mundra Port for onward connections on the FIL, which has only one direct call at Kattupalli for the Indian market coverage.

The rail service has two train trips a week from Tughlakabad, which HMM believes will significantly enhance cargo flow efficiency.

This direct rail connection to Kattupalli will reduce the transit time by a staggering 14 days as against the normal rail route to Mundra Port for onward feeder connection to



Kattupalli.

North India shippers can expect their shipments to reach Brazil in under 30 days using this new rail connection, which is the fastest transit time available across the industry.

The weekly FIL rotates Busan, Shanghai, Ningbo, Shekou, Singapore, Kattupalli, Durban, Santos, Paranagua, Itapoa, Itajai, Buenos Aires, Montevideo, Singapore, Hong Kong and back to Busan. It deploys a fleet of 12 ships with capacities ranging around 5,000 TEUs, according to available industry information.

JNPA Handles A Record Cargo Of 5.94 Million TEUs In CY 2022

JNPA has had an ongoing surge in cargo handling in CY 2022 with total container traffic of 5,959,112 TEUs as against 5,631,949 TEUs in CY 2021 growth of 5.81% over the last calendar year.

Cargo Handling in the calendar year 2022 at an all-time high in TEUs & Tonnage

Jawaharlal Nehru Port Authority (JNPA), India's best-performing Port, has had an ongoing surge in cargo handling in CY 2022 with total container traffic of 5,959,112 TEUs as against



5,631,949 TEUs in CY 2021 growth of 5.81% over last calendar year. JNPA handled 81.1 Million Metric Tonnes (MMT) of cargo in CY 2022 as against 76.1 MMT in CY 2021 growth of 6.55% over the previous calendar year. The total traffic of 81.1 MMT and container traffic of 5,959,112 million TEUs is the highest-ever traffic handled in a year since the inception of the Port.



ONE LAUNCHES NEW SERVICE IN LATIN AMERICA



Singaporean container line Ocean Network Express (ONE) has announced the start of its new Altiplano Service (ATS), which will connect the ports of Arica and Iquique in Chile with the port of Callao in Peru.

ONE said the ATS service provides coverage to Arica via Callao, complementing its existing Asia to West Coast Latin America services, while it also further provides more connections for Intra-Latin America shippers. The port rotation of the new service, which is scheduled to commence in February, is Callao (Peru) – Arica (Chile) – Iquique (Chile) – Callao.

SCHEDULE RELIABILITY CONTINUES UPWARD TREND, MAERSK STILL BEST

The average delay for late vessel arrivals has also been improving consistently

Maersk is still the most reliable With schedule reliability of 56.4 per cent, Maersk was the most reliable carrier in October 2022, followed by MSC with 52.7 per cent. CMA CGM was the only other carrier above 50 per cent. Wan Hai recorded the lowest schedule reliability of 41.6 per cent.



CMA CGM INDAMEX2 SERVICE TO ADD A CALL AT JEDDAH PORT

CMA CGM is adding a call at Jeddah, Saudi Arabia on its INDAMEX 2 service connecting Indian Subcontinent with US East Coast.

CMA CGM informs its customers that in order to enhance its INDAMEX 2 service connecting Indian Subcontinent with US East Coast, a new call at Jeddah, Saudi Arabia will be added to the rotation.

Starting with m/v "SWANSEA" voy. 01X2XWIMA, ETD Port Qasim on January 1st, 2023, INDAMEX 2 will have the following features:

Rotation: Port Qasim – Mundra – Nhava Sheva – Jeddah – Norfolk – Charleston – Savannah – Port Qasim. Excellent transit time from Jeddah to Norfolk (16 days), Charleston (18 days) and Savannah (20 days)

Connection from Middle East Gulf ports and South East India (via Mundra). New opportunities of development and connectivity from Jordan, Djibouti, Kenya, Egypt



HAPAG-LLOYD UPDATES SERVICE CONNECTING ASIA WITH NORTH AMERICA

Hapag-Lloyd's service EC5, connecting Asia with the East Coast of North America, has returned to its former port rotation.

Hapag-Lloyd's service EC5, connecting Asia with the East Coast of North America, has returned to its former port rotation.

The Hamburg-headquartered container carrier has announced the updated rotation below:

Westbound: Laem Chabang (Thailand) – Vung Tao (Vietnam) – Singapore – Colombo (Sri Lanka) – Halifax (Canada) – New York (US) – Jacksonville (US) – Norfolk (US)

Eastbound: New York (US) – Savannah (US) – Jacksonville (US) – Norfolk (US) – Halifax (Canada) – Jebel Ali (UAE) – Singapore – Laem Chabang (Thailand) – Vung Tao (Vietnam) – Colombo (Sri Lanka)

The above eastbound rotation will kick off in January 2023. This means that during December 2022, the Halifax call will be placed before New York.



MSC, CMA CGM, EVERGREEN AND ZIM MOST ACTIVE FLEET BUILDERS IN 2022



MSC, CMA CGM, Evergreen Marine Corporation and Zim Lines registered the largest fleet growth among liner operators in 2022, according to Alphaliner's latest report.

The four lines engaged in aggressive newbuilding orders, long-term charters and second-hand purchases to bolster their competitiveness just before the freight market began normalising in mid-2022.

MSC, which overtook Maersk Line as the world's largest liner operator last year,

widened its gap with its biggest rival, increasing its fleet by 321,455 TEUs, or 7.5%, to 4.6 million TEUs. Of this, 83,600 TEUs comprised new buildings.

On the contrary, Maersk Line's fleet contracted by 61,705 TEU, or 1.4% to 4.22 million TEU, as the Danish carrier redelivered a significant amount of tonnage. These ships were either sold second-hand or fixed to rival carriers which were prepared to pay higher charter rates or accept longer charter periods.

AFTER IPHONES, INDIA MAY SOON START MAKING MACBOOKS, BOOST INCENTIVE SCHEME

India may soon manufacture MacBooks and iPads for Apple as the tech giant looks to broad-base its manufacturing. The government also plans to increase the scope of the production-linked incentive scheme for IT hardware to nearly Rs 20,000 crore as against the existing outlay of Rs 7,380 crore, according to a report by the Times of India.

The government wants to grow Apple's manufacturing ecosystem in India, given the

tech giant's 'China-plus-one strategy' a source in the IT ministry told the Times of India.



"We have tasted success with the iPhone production as Apple's all the top manufacturers - Foxconn, Wistron and Pegatron - are now making smartphones worth billions of dollars in the country. The next step for us is to get the production of MacBook and other products such as iPad in India," Times of India said, citing a source in the ministry.

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