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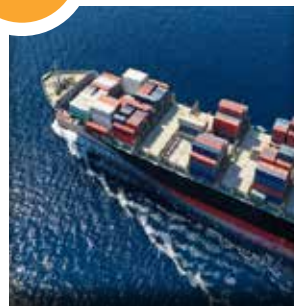
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FREIGHT MARKET UPDATE



OCEAN UPDATE

- Rates remain at lower levels compared to peaks just a few months ago. Some key ocean carriers are bullish on demand and have already implemented rate increases on services to the USEC.
- Capacity to USEC is being constrained due to ongoing congestion in Savannah. Vessels are taking longer to return back to India for loading which is resulting in irregular sailing schedules and possible port omissions.
- A rise of equipment deficits are being reported across India.
- Demand from China has returned as Shanghai reopens gradually
- Strong demand and preference for direct services as shippers are avoiding potential delays at transshipment port due to congestions

AIR UPDATE

- The market in India continues to remain tight. Available outbound capacity has increased, although rates are high.
- Challenges in ocean freight are still resulting in high conversion to air freight.
- Cargo from the United States is experiencing long transit times.
- Demand is expected to improve gradually as we move into quarter-end, which is further encouraged by the reopening of Shanghai. Both freighter and passenger flights are gradually returning.



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WAREHOUSING INDUSTRY IN ASCENT FACE

The Indian warehousing market has garnered attention from global and domestic institutional investors over the years. In recent times, it has been on a high growth trajectory. Since the outbreak of COVID-19, the usage of warehousing facilities by e-commerce platforms has risen sharply as demand for goods has been at an unprecedented high, boosting the e-commerce market and warehousing space requirements alike. The organised food delivery segment has also grown because of the pandemic, augmenting cold chain warehousing space requirement. As a result, the warehousing industry has emerged as a resilient asset class and continues to show an uptrend within the real estate sector. A lot of capital is allocated to the technological infrastructure of the warehouse, to ensure automation and efficient operations.

Warehouse construction costs are much lower. As a result, the asset is a more affordable choice in the domain of commercial real estate. The occupancy rate for warehouses is also high because of their low cost. The tenants of a warehouse typically spend around nine to 15 years compared to commercial office leases, which have a lock-in period of around three to five years. A warehouse investment is, therefore, more reliable and stable.



The rise of 3PL Services

The growth of third-party logistics is the second-largest incentive causing the rise in demand for warehouses. In 2021, the 3PL (third-party logistics) sector acquired the maximum warehousing space, succeeded by e-commerce. Due to increasing Foreign Direct Investments and relaxed policy reforms, the agriculture and manufacturing sectors will continue to increase 3PL warehousing demand. The newer industries like e-commerce with 30 minutes and 10 minutes deliveries in the last-mile segment, telecommunications, healthcare, and IT will be other stronger driving forces for 3PL warehousing.

After the government introduced the Production Linked Incentive (PLI) scheme, many sectors, including food processing, mobile devices, pharmaceuticals, and automobile components, poured large investments into setting up manufacturing

plants in India. The country's 'Make in India', 'Atmanirbhar Bharat', and 'Vocal for Local' campaigns have also led to a positive response with a rise in demand. Moreover, the government's Bharatmala Project focuses on establishing 35 multimodal logistics parks throughout the country, with four proposed for development in Maharashtra under the Public-Private Partnership. Such a mix of logistics operations is expected to boost the logistics and warehouse operations in the country.

According to various reports, the 3PL market is slated to witness high growth in the coming years. According to a report by the UK-based market research firm Technavio, the 3PL market in India is poised to grow by US\$10.74 billion by FY 2025, progressing at CAGR of almost eight percent, and witnessing an incremental growth of US\$81.73 million by 2024.

Mighty Airbus Beluga 'Whale' cargo plane lands at Chennai Airport for the first time

The mighty Airbus Beluga cargo plane, also fondly called 'the whale' recently landed at the Chennai International Airport for the first time. The Beluga No.2 (A300-608ST) landed on July 11. The cargo transporter is a rare visitor in this part of the world and a marvel to behold, thanks to its unique design, that makes it stand out of regular cargo planes.

One of the world's largest aircraft, only 5 units of the Airbus Beluga are ever built and the unit number 2 visited the Chennai Airport. The Airbus A300-600ST Beluga registered as F-GSTB flew in from Ahmedabad to Chennai.





Etihad Cargo launches 15 direct weekly flights to China



Etihad Cargo conducts daily Boeing 777-200 freighter flights to Shanghai and six times per week to Hong Kong

Etihad Cargo has strengthened its commitment to the Chinese market by launching 15 direct passenger and freighter flights every week. Throughout the pandemic, the airline maintained a wide range of capacity, including converted cargo-only passenger freighters. It will continue to increase operations beginning in July, focusing solely on direct passenger flights and dedicated 777 freighter flights. In addition to cargo capacity on passenger flights, Etihad Cargo conducts daily Boeing 777-200 freighter flights to Shanghai and six times per week to Hong Kong, for a total cargo capacity of 2,708 tonnes per week into and out of China.

DHL AVIATION BAHRAIN STARTS 6 WEEKLY FREIGHTER TO DELHI

A total of 33 DHL flights now service customers in India with a combination of B777 and B767 aircraft every week.

DHL Express, the world's leading express service provider, has commenced operations for the first-ever DHL Aviation Bahrain freighter directly to Delhi. "With this addition, Delhi will now have 17 freighter connections every week, linking both North and East India to over 220 countries and territories across DHL's global network," says an official announcement. The new DHL Aviation Bahrain freighter will fly six times each week, carrying 50 tonnes of shipment per flight on the Bahrain-Delhi-Bahrain route. Prior to this, there were 11 freighter connections from Delhi to the West and Asia Pacific, the statement said.



GOVERNMENT ROLLS BACK EXCISE ON AVIATION FUEL FOR INTERNATIONAL FLIGHTS



The rollout also comes at a time when airlines' operating cost has surged due to a record rise in ATF prices.

In a welcoming step for the aviation sector, the government has rolled back 11 per cent excise duty on aviation turbine fuel (ATF) used for international operations. The Finance Ministry has said ATF supplied as fuel to domestic carriers on international routes would continue to be exempted from basic excise duty from July 1.



S N I P P E T S

Korean Air Cargo resumes Boeing 777 freighter service linking Delhi

The flight originates at Seoul-Incheon and reaches Delhi via Hanoi before it continues to Vienna and Milan.

Korean Air Cargo resumed its thrice-weekly Boeing 777 freighter service from Delhi to Vienna and Milan. Flying from Delhi every Sunday, Wednesday and Friday, the flight originates at Seoul-Incheon (ICN) and reaches Delhi via Hanoi before it continues to destinations in Europe. While it carries mobile parts, electrical equipment, industrial goods, and electronics to Delhi, it carries mobile phones, readymade garments, leather goods, auto parts and carpets to Vienna and Milan which then mostly go to Italy, Austria, Germany, Belgium, Spain, Netherlands, informed Group Concorde, the general service agent (GSA) for Korean Air Cargo in India

Korean Air currently operates twice-weekly passenger flights with its Boeing 789 from Delhi to Seoul-Incheon and has plans to go daily from September 2022.



Direct flight between India and Perth being explored

Direct flights between India and Western Australia's Perth is being explored and discussions are being initiated with at least two Indian carriers – the Tatas and IndiGo.

India has no direct air connectivity to Perth and the present ones are either through Singapore or via Melbourne and Sydney. Data from Indian tour operators also show that visitors generally prefer taking flights to Sydney and then travel to Perth via domestic flights or by road.

Air India, now owned by the Tatas, have direct flights to Sydney and Melbourne



RIGHT LOGISTICS

WISHES

Happy
BIRTHDAY**PRAKASH**

26 JULY



Hong Kong Air Cargo launches scheduled services to Tokyo

Hong Kong Air Cargo has launched a new scheduled freighter service between Hong Kong and Tokyo, Japan.

Commencing Saturday July 9, Hong Kong Air Cargo launched a new weekly scheduled service to Narita, Japan. Previously a chartered service, the new scheduled service is in line with Hong Kong Air Cargo's policy to expand its scheduled services.

In May 2021, Hong Kong Air Cargo received approval from the Air Transport Licensing Authority (ATLA) to operate scheduled cargo flights to Chennai, Tokyo, Manila, Jakarta, Delhi, Sydney, Melbourne, Liege and Milan.

The airline will continue to review its resources and the market situation with the aim to convert charter services into scheduled flight services.



Pradhaan Air Express eyes Indian charter market with converted A320s



Indian shippers and forwarders have a new freighter service in the offing as the industry anticipates sustained demand growth amid ocean-side logistics challenges.

Delhi-based Pradhaan Air Express has secured preliminary Indian government permission to launch an all-cargo airline, with commercial operations taking off this year. A converted A320 aircraft on lease will be used for the freighter service, for both domestic and international connections

The company claims it will be the first narrowbody freighter operation out of India, with a payload capacity of 21 tons on the back of a fully palletised main deck.

"The first converted freighter, expected to arrive in Delhi this month, will offer charter capacity to Indian shippers and freight forwarders on domestic & international routes

AIR CARGO RATES OUT OF INDIA ON THE DECLINE AS VOLUMES DROP AND CAPACITY RISES



Air freight rates out of India have seen measurable corrections over the past month, due to a slowing of the country's export market and enhanced capacity

According to data from industry sources, average rates to the US are now hovering at about \$5.35 per kg, compared with \$6.50 a month ago. For Europe, rates from India have fallen to \$2.50 per kg from \$3.50. However, airfreight rates for Indian inbound cargo have remained relatively stable, sources added.

Freight forwarders, however, expect Indian export air freight rates to climb again from September, with peak demand season setting in ahead of the holiday season.

According to data released by the Airports Authority of India (AAI), international freight volumes from India in April and May (the first two months of fiscal year 2022-23) amounted to 321,301 million tons, down 2.8% year on year from 330,390 mt. However, domestic freight handling for the two-month period soared 28% to 218,964 mt.



World's largest container ship EVER ART crosses Suez Canal

On Thursday, the latest and largest container ship in the world, EVER ART crossed the new Suez Canal as part of the convoy of the south.

Its journey is coming from Malaysia and headed for the port of Rotterdam, the Netherlands, Osama Rabie, head of the Suez Canal Authority, announced.

EVER ART follows the shipping line of Evergreen and is the sixth ship in a series of 12 giant ships under construction of the 24 A class.

EVER ART is the newest sister to the EVER ARM, EVERACE, EVERACT, EVERAIM and EVER



ALP vessels, all of which crossed the Suez Canal several times before, indicating that the Suez Canal is the first and most efficient choice among global water channels.

Indian shippers cry foul as box lines cut sailings and port calls

Indian shippers and freight forwarders have a string of blanked sailings and schedule changes to deal with this month, as ocean carriers navigate a slowing market amid heightened inflationary effects.

The India-Europe tradelane has been the hardest hit by service disruptions. MSC blanked calls to the west coast ports of Nhava Sheva (JNPT) and Mundra last week on both its premier connections – branded the Himalaya Express (HEX) and IPAK.

The two ports command the bulk of Indian containerised cargo movements.

“As part of the schedule alignment programme, the Himalaya Service will be having a blank sailing in Week 27,” the Geneva-based liner operator noted in a customer advisory. “Nonetheless, we are accepting all Himalaya cargo bookings on our alternate routings.”

MSC added in a separate notice: “Our current week IPAK service vessel MSC Loretta (voyage IS227A) is running behind schedule and will

be making her normal rotation at all Indian ports in Week 28. All the containers which are gated-in for MSC Loretta, voyage IS227A, will be planned for loading as per the revised schedule.”

In addition to the MSC service disruptions, Hapag-Lloyd has ongoing intermittent void calls to Nhava Sheva/Mundra on its Indian Ocean Service (IOS) between West India and North Europe from July through September. The already-announced changes include three sailing omissions out of India this month, two for Nhava Sheva and one for Mundra.

While schedule disruptions had become a common trade complaint in the aftermath of the pandemic-induced supply chain dysfunction, some industry sources believe relatively lower cargo volumes is the underlying factor in carriers removing some voyages from the schedule.





WAN HAI LINES TO LAUNCH ASIA-SOUTH AMERICA II (AS2) SERVICE

Wan Hai Lines announced the launch of its Asia-South America II “AS2 service” on 13th July, 2022. This new service will help to expand Wan Hai Lines network in North China and West Coast America Chile market. This service will be operated by 10 vessels with nominal capacity of range 3,000 to 4,250TEU. AS2 maiden voyage will commence from Ningbo port on 13th July, 2022, and it will be a 70-day fixed round trip schedule. The port rotation will be: Ningbo – Shanghai – Qingdao – Busan –Manzanillo – Lazaro Cardenas – Puerto Quetzal – Buenaventura – Valparaiso Wan Hai Lines is confident that the new service will provide customers with better frequency and service coverage between China / Korea and West Coast South America.



YANG MING ADDS 11,000 TEU SHIP TO PS6 SERVICE

Yang Ming Marine Transport Corp. (Yang Ming) has welcomed its newest 11,000 TEU class



container vessel, ‘YM Tutorial’. The vessel is chartered from Shoei Kisen Kaisha, Ltd. and built by Imabari Shipbuilding Co., Ltd. YM Tutorial was named at a ceremony held at Imabari Hiroshima Shipyard on June 17th and has entered into Yang Ming’s transpacific West Coast route PS6 on 15th July.

Yang Ming has taken delivery of twelve vessels since 2020; eleven of which have been deployed on the Company’s transpacific routes to meet customer needs and maximize capacity utilization.

The port rotation for the 1st voyage of YM Tutorial in PS6 is Qingdao – Ningbo – Pusan – Los Angeles – Kobe – Qingdao.

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