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FREIGHT MARKET UPDATE



AIR UPDATE

- Air exports from Asia continue to surge with demand up
- Rates are up double digits in most origins in Asia to the US.
- Export capacity remains fairly tight due to continued lack of belly capacity. It can take 2-5 days from booking to uplift.
- Export by air remains strong especially into the US.
- Capacity remains strained by the shifting of passenger flights to other routes and scheduled annual aircraft maintenance / safety checks.
- The recent surge of COVID cases in India has resulted in many airlines cancelling scheduled services. Shippers are forced to consider alternative solutions, including dedicated charters.
- For shipments with deadlines or committed transit times please secure space using Express service to prevent delays



OCEAN UPDATE

- ▲ Equipment shortages remain an industry-wide challenge in Asia Pacific. 20-foot dry containers are sufficient, but 40-foot and 45-foot- dry containers are short. 40-foot non-operating reefer is also insufficient.
- ▲ The Market remains strong and the space situation remains tight in June with further blank sailings and vessel delays due to port congestion.
- ▲ The congestion at US continues to cause schedule delays leading to vessels sliding/ blanking. Space and equipment remains tight and carriers are implementing PSS on top of GRI in June.
- ▲ Demand is expected to remain high and carriers expecting full utilization for June. Rates are expected to stagnate or increase further in June.
- ▲ Carrier FAK-rates still quoted monthly max upto the end of June. First indication for July show further significant increases. Reliable space only on Premium rate levels. The trade is heavily impacted by blank sailings and port-omissions implemented by carriers to get back to schedule integrity.
- ▲ Strong increase in rates due to GRI every 15 days.
- ▲ Carriers preferring light weight cargo.
- ▲ **Latin American Trade:** No carriers accepting bookings as the sector due to limited allocation. Situation expected to remain same in June as well. Recommend advanced booking notice at least 3 weeks prior to Cargo ready date.
- ▲ **North America :** Rates continue to increase. PSS/GRI applied by all carriers. Space situation is tight. Bookings needs to be place 3-4 weeks in advance. Recommend advanced booking notice at least 5 weeks prior to cargo ready date
- ▲ **Europe & MED:** Rates continue to increase. Space is stable. Carriers preferring light weight cargo.
- ▲ **Intra Gulf & ISC:** Rates and equipment availability stable. Expect to continue the same in June as well.
- ▲ **Asia:** Rates on higher side along with equipment shortage for Asia bound cargo. As carriers prefer to reposition empty boxes instead of laden boxes to reduce the turnaround time. Destination free time reduced.
- ▲ **Africa (West & South):** West Africa certain lanes rates reduced, rest sectors rates continue to increase. Space available for bookings made at least 3-4 weeks in advance. Carriers releasing bookings against "Sea Priority/Shipping Guarantee" as well for some lanes.
- ▲ **Africa (East):** Rates reduced from last month. Space situation is stable.



GLOBAL AIR CARGO VOLUMES DIP 4 % IN MAY

Continued market uncertainties and extended public holidays contributed to a 4 percent drop in global air cargo demand in May 2021 versus the pre-Covid level in 2019, according to the latest industry volume, load factor and rates analysis by CLIVE Data Services and TAC Index.

To offer a meaningful perspective of the air cargo industry's performance, CLIVE Data Services is continuing to focus on comparing the current state of the market to pre-Covid 2019 volume, cargo capacity and load factor data until at least Q3 of this year. This is being produced alongside the 2020 comparison.

After more positive indicators for the air cargo market in the first four months of the year, May 2021 data showed a less favourable trend, with the fall in demand joined by a second consecutive month-over-month drop in 'dynamic loadfactor' and airfreight rates, which peaked in early May, falling away towards the end of the month.

The global air cargo industry will now have to wait until the publication of June 2021 market data to determine if May's public holiday disruptions explain the shift in demand or whether the positivity of April's 1 percent growth versus the same month of 2019 created

a 'false dawn' of a sustainable growth recovery for the rest of the year.

"There were several (extended) public holidays in May which were not present in May 2019 (China, Russia and Eid al-Fitr at the end of the Ramadan) which will have impacted the monthly growth rate in a negative manner. By how much is hard to tell - so May 2021 is more complex to qualify than to quantify. The monthly data leaves us with a question mark that is likely to go unanswered until we see June's level of demand. There are signals in May's data that may be a cause for concern - particularly the -9 percent decline in air cargo volumes ex Europe versus May 2019 - but it's certainly far too soon to tell if we are seeing a structural change in the recovery of the last few quarters. Nonetheless, there are several indicators in May that the path of growth may be slowing," said Niall van de Wouw, managing director of CLIVE Data Services.

CLIVE's 'dynamic loadfactor' for May of 69 percent - based on analysis of both the volume and weight perspectives of cargo flown and capacity available - was 7 percent points higher than in 2019, although this also presented



falls of 2 percent points and 4 percent points versus April and March 2021.

Available capacity in May 2021 was down 21 percent compared to the level of May 2019. This shows the gap in airline capacity is widening again compared to pre-pandemic market conditions following the 18 percent figure in April and 14 percent for March.

May 2021 data versus the same month of 2020, when Covid restrictions caused severe disruption to the global aviation market, show 41 percent growth in chargeable weight, a 42 percent rise in available capacity, and 1 percent point increase in dynamic loadfactor.

TAC Index says higher rates in May are in line with still elevated load factors because of the capacity reduction in the market but it has also seen a downturn in prices on key tradelanes in recent weeks.

"Airfreight capacity is still scarce on many key trade lanes, so prices remain strong as economic activity picks up whilst passenger air capacity remains constrained due to restrictions on international travel. The BAI (Baltic Air Freight Indices) increased by 3 percent in May over April, but this is marked slowdown on the 17 percent growth seen in April-over-March," added Gareth Sinclair of TAC Index. "Pricing strength continues to be seen ex China and Hong Kong to the US and Europe and from Europe to the US with all 3 trade lanes seeing price increases in May over April, although prices peaked in early May and have fallen away in recent weeks. Even so, the airfreight market continues to be strong, particularly CN/HK to US, and is likely to continue for some time as demand in several markets continues to outstrip supply as eCommerce traffic increases and economic activity strengthens in many markets."

US to Europe prices saw a decline in May over April levels, although they did start to rise in the last 2 weeks of the month after an almost continuous decline since late March, TAC Index says. Comparing the May 2021 average

price levels to May 2019 shows the relative strength of the 4 trade lanes with EU-US leading the way at 173 percent followed by CN/HK-US at 151 percent, and CN/HK-EU and US-EU growing at more modest levels of 84 percent and 64 percent respectively.

Individual market indicators continue to show the differences on particular trade lanes, according to TAC Index, which reports:

CN/HK – US: On average May prices were up versus April by 9 percent with the highest rate of the year of \$8.90 recorded in the week ending May 10th. The underlying trend continues to show prices rising steadily.

CN/HK – EUR: Although the average rate in May was up 5 percent on April, there have been declines in recent weeks from the 2021 high of \$5.07 seen in the week ending May 3rd.

US – EUR: There has been a steady decline in the weekly rate since the 2021 high of \$2.13 in the week ending March 23rd, with the May average down 5 percent on April.

EUR – US: This market continues to be the most volatile with the rates trending upwards in recent weeks so that the May average was up 2 percent on April.



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CMA CGM AIR CARGO expands commercial offer to Dubai, Beirut, Istanbul

The CMA CGM Group is accelerating the development of CMA CGM AIR CARGO, its air freight division, by adding three new destinations: Dubai, Beirut and Istanbul.

They will complement its existing Airbus A330-200F-operated services to and from Liège, Chicago, New York and Atlanta. Two months after its first air freight services were launched, CMA CGM AIR CARGO is now introducing regular connections between Liège (LGG) and Dubai (DWC) from May 19.

ECS Group will be in charge of selling capacity on CMA CGM AIR CARGO's services to all its destinations.



Blue Dart forms consortium to operate drones for vaccine delivery

Blue Dart formed Blue Dart Med-Express Consortium to deliver vaccines and emergency medical supplies to the remotest parts of India with drones.

Blue Dart Med-Express Consortium is part of the 'Medicine from the Sky' project in collaboration with the government of Telangana, World Economic Forum, Niti Aayog and Healthnet Global.

The ministry of civil aviation (MoCA) has granted the project with necessary exemptions and rights to fly drone flights on an experimental basis in Telangana. The aim is to assess an alternate logistics route in providing safe, accurate and reliable pickup and delivery of health care items (medicines, covid-19 vaccines, units of blood, diagnostic specimens and other lifesaving equipment) from the distribution centre to a specific location and back.

GMR Hyderabad Air Cargo handles big consignment of Covid-19 vaccines

The 56.6 tonnes vaccine shipment is the single largest import shipment handled in India

GMR Hyderabad Air Cargo (GHAC) today received a major import shipment of Russian Sputnik V vaccines that arrived on a specially chartered freighter RU-9450.

The flight with vaccines touched down at Hyderabad Airport at 03.43 hours.

While GHAC has already handled several import shipments of vaccine prior to this, today's shipment of 56.6 tonnes of vaccines is the single largest import shipment handled in India till date. This shipment was dispatched in less than 90 minutes.





SNIPPETS

Lufthansa Cargo to add another B777 freighter to fleet by end of 2021

Another brand-new Boeing 777F aircraft is being added to Lufthansa Cargo's freighter fleet while delivery of the aircraft is expected before the end of this year.



A total of fifteen full-freighters will then be in service for Lufthansa Cargo's customers.

The twin-engine Boeing 777F has a standard payload capacity of 103 metric tonnes with a range of more than 9,000 kilometres. It is the most efficient freighter in its class and significantly more silent than previously operated three- or four-engine models.

Most recently, in March, Lufthansa Cargo announced the fourteenth aircraft of this type for fall 2021.

Tasman Cargo Airlines Begins Australia-Singapore Service

Tasman Cargo Airlines, a new freighter operator at Changi Airport, has launched scheduled freighter services between Singapore and Australia. The airline operates five weekly services on a Melbourne-Darwin-Singapore (bi-directional) route using a B767-300F aircraft. Tasman Cargo Airlines is the first Australia-based freighter operator with operations at Changi Airport.



Chartered by express integrator DHL Express, the new service facilitates increasing cross-border ecommerce cargo flows across DHL's global and Southwest Pacific network through its South Asia hub in Singapore. Online shopping in Australia hit an all-time high in 2020 with purchases growing 57 percent year-on-year. Cross-border e-commerce is significant for the Australia market, representing about 60 percent of Australian online consumers' purchases.

Saudia Cargo launches twice a week freighter service to Copenhagen



Saudia Cargo kicked off its twice a week freighter flights to Denmark's capital Copenhagen, widening its route network in Scandinavia for pharmaceuticals and perishables.

Saudia Airlines B777-300 passenger planes with 140-tonne payload capacity per flight are being utilized as freighters on the route scheduled for Wednesday and Saturday.

More Cathay freighters in the air as airlines start to recover



"We are pleased to announce a significant increase in our freighter frequencies from Hong Kong to all regions in our network in June," reveals a statement. "We remain focused on adding frequencies to the Americas and Europe and will communicate any additional services in due course," says a Cathay Pacific Cargo statement.

The airline carried 73,113 tonnes of cargo and mail in April – a drop of 13.6 per cent in comparison with the same period in 2020. The month's revenue-freight-tonne-kilometres (RFTKs) fell by 31.3 per cent year-on-year.



Maersk directly connects DP World Cochin to West Africa with FEW3



DP World operated International Container Transshipment Terminal (ICTT) at Cochin recently added a new weekly Far East West Africa India Express service (FEW3) operated by Maersk Line.

The new service with a fixed-weekly sailing will deploy 13 vessels of 4,500 to 5,500 TEUs capacity.

The new service offers direct connectivity from West Africa to Cochin Port and from Cochin Port to Far East Ports. The service started with the maiden call of vessel M.V. KMARIN AZUR on May 7, 2021.

Ocean Network Express adds 27,500 new units to reefer container fleet

Ocean Network Express (ONE) announced the expansion of its current refrigerated



container (reefer) fleet by adding another 27,500 new units (including 850 units equipped with advanced Controlled Atmosphere (CA) technology) to meet the growing demand for refrigerated cargo around the world.

Wan Hai launches new service from Qingdao to South America

The service, connecting Asia with South America, is aimed to provide clients with



better transit time and more service options, which could also expand Qingdao port's service network to South America.

Lines suspend Buenaventura operations due to Colombia blockades

A group of shipping companies has suspended operations at the Port of



Buenaventura as the port is full and cargoes are trapped.

The situation is the result of ongoing road blockades in Colombia, including in the maritime precinct.

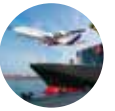
According to Colombian media, Maersk, Mediterranean Shipping Company (MSC), CMA CGM, EMC, Cosco Shipping, Evergreen, Hamburg Sud, and other companies have suspended operations.

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CMA CGM unveils guarantee solution with upto 100% compensation



The shipping giant CMA CGM announced SERENITY deductible guarantee, a solution for the group's clients that can be combined with a cargo insurance to get a reimbursement by CMA CGM of the deductible that remains normally at their expense in case of damage to their goods.

The clients benefit from up to 100 percent compensation for minor damages (not compensated by their insurer) and a door-to-door guarantee for the full transportation phase.

The SERENITY offer provides solutions that simplify the process in case of unforeseen damage to their cargo. In addition of SERENITY deductible guarantee, the offer includes:

SERENITY cargo value guarantee which allows a quick compensation for clients whose goods may have been damaged or lost during transport and provides a refund of up to 100% of the real value of the goods in less than 30 days.

SERENITY container guarantee which offers a guarantee in case of accidental damage to the containers that the client would be liable for.

"CMA CGM+ offers a range of solutions that complement its conventional maritime transport and logistics services. The CMA CGM Group is able to provide customized solutions to meet all customer expectations: whether they wish to protect their cargo, grow their business or ACT towards carbon neutrality, CMA CGM+ is specifically designed to meet their needs," reads the release.

Container lines omitting substantial number of ports calls: project44

Container lines are continuing to omit large numbers of port calls as they struggle with port congestion, equipment imbalances and a lack of capacity.

Analysis by project44 shows that the 2M alliance of Maersk and MSC is omitting 45% of calls across its network. Lines are both blanking sailings and omitting individual calls on services to try adjust the network to meet available capacity.

The highest level of blanked calls from South Korean line HMM, which is omitting more ports than it is actually calling at, with an average rate of 67% through mid-June.

The best performing was CMA CGM with a 20% average blank sailing rate for the same period, which was the best among its partners in the Ocean Alliance



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