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e-CARGO NEWSLETTER

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FREIGHT MARKET UPDATE

Ex INDIA



AIR UPDATE

- Export demand remains steady in all markets.
- Capacity is opening up further
- Rates remain stable

OCEAN UPDATE

- The port situation globally is improving
- The volume recovery in March remains slow and carriers are looking for more support.
- Middle East markets are facing a strong volume surge in view of the early Eid holidays this year.
- GRIs are taking place strongly for the Gulf/Red Sea markets
- The North American and European ports continue to operate normally.
- **Asia:** space situation is still relaxed. No issues with capacity only vessel delays,
- **AU/NZ:** no space issues any longer and decreasing rates on both services.
- **MEA:** Space is OK. Rates are decreasing slightly. No issues with the equipment.
- **Latin America:** Good space availability, due to low demand. Stable rates for the same reason



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AIR CARGO MAKES A SOFT START TO 2023

The International Air Transport Association (IATA) released data for January 2023 global air cargo markets showing that air cargo demand declined as economic headwinds persist.

Global demand, measured in cargo tonne-kilometers (CTKs*), fell 14.9% compared to January 2022 (-16.2% for international operations).

Capacity (measured in available cargo tonne-kilometers, ACTK) was up 3.9% compared to January 2022. This was the first year-on-year growth in capacity since October 2022. International cargo capacity increased 1.4% compared to January 2022. The uptick in ACTKs reflects the strong recovery of belly capacity in passenger airline markets offsetting a decline international capacity offered by dedicated freighters.

Several factors in the operating environment should be noted:

The global new export orders component of the manufacturing PMI, a leading indicator of cargo demand, increased in January for the first time since October 2022. For major economies, new export orders are growing, and in China and the US, PMI levels are close to the critical 50-mark indicating that demand for manufactured goods from the world's two largest economies is stabilizing.

Global goods trade decreased by 3.0% in December, this was the second monthly decline in a row.

The Consumer Price Index for G7 countries decreased from 7.4% in November to 6.7% in January.

Inflation in producer (input) prices reduced by 2.2 percentage points to 9.6% in December.

"With January cargo demand down 14.9% and capacity up 3.9%, 2023 began under some challenging business conditions. That was accompanied by persistent uncertainties, including war in Ukraine, inflation, and labor shortages. But there is solid ground for some cautious optimism about air cargo. Yields remain higher than pre-pandemic. And China's much faster than expected shift from its zero COVID policy is stabilizing production conditions in air cargo's largest source market. That will give a much-needed demand boost as companies increase their engagement with China," said Willie Walsh, IATA's Director General.



	WORLD SHARE ¹	CTK	ACTK	CLF(%-PT) ²	CLF(LEVEL) ³
Total Market	100.00%	-14.90%	-3.90%	-9.90%	44.80%
Africa	2.00%	-9.50%	-1.80%	-3.80%	43.90%
Asia Pacific	32.40%	-19.00%	8.80%	-15.50%	45.20%
Europe	21.80%	-20.40%	-9.30%	-7.50%	54.10%
Latin America	2.70%	4.60%	34.40%	-9.30%	32.50%
Middle East	13.00%	-11.80%	9.60%	-10.00%	41.10%
North America	28.10%	-8.70%	-2.30%	-5.10%	42.30%

1) % of industry CTKs in 2022 2) Year-on-year change in load factor 3) Load Factor Level



SOUTH AFRICA GETS NEW CARGO AIRLINE - SUID CARGO

Suid Cargo Airlines, South Africa's newest Cargo Airline, will begin non-scheduled flights from OR Tambo International Airport in the second quarter of 2023, leasing a Boeing 727-200F from Kenya's Astral Aviation Ltd, as well as charter flights on Astral's Boeing 747-400F, Boeing 767, and Boeing 757F.

The Airlines plans to buy more freighters in 2024, including narrow body freighters such as the Airbus 320F or Boeing 737-800F, as well as Embraer 190 Freighters in 2025.



SAUDI ARABIA LAUNCHES NEW AIRLINE 'RIYADH AIR', AIMS TO CONNECT 100 DESTINATIONS

Crown Prince of Saudi Arabia Mohammad bin Salman bin Abdulaziz announced the establishment of Riyadh Air aims to connect to over 100 destinations around the world. The new national carrier will leverage Saudi Arabia's strategic geographic location between the three continents of Asia, Africa and Europe, enabling Riyadh to become a gateway to the world and a global destination for transportation, trade, and tourism, PIF said in a statement.

UPS CHOOSES CHENNAI TO SET UP ITS FIRST TECHNOLOGY CENTRE

UPS, a global shipping and logistics firm is expanding its network of technology centres in India, and its first centre will come up in Chennai this year.

Bala Subramanian, UPS EVP & Chief Digital and Technology Officer told that this facility will commence operations in August this year and will have the capacity to house around 450-500 employees. The hiring process will start soon. The depth and diversity of talent pool in Tamil Nadu is good and that is why we chose to invest here."

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Did you know?

The average container ship travels 75% of the distance to the moon and back—or about 360,000 miles—every year.





Silk Way West Airlines will operate cargo flights to Dammam and Tashkent

Azerbaijan cargo carrier Silk Way West Airlines is expanding its network in the Middle East and Central Asia. The airline will operate regular cargo flights twice a week to and from the Saudi Arabian city of Dammam, as well as to and from Tashkent, the capital of Uzbekistan.

These scheduled routes will enable freight to be delivered directly from Baku Heydar Aliyev International Airport to Dammam King Fahd International Airport and Tashkent International Airport.

Both of these airports are among the most important international air cargo gateways in their respective regions.



CMA CGM AIR CARGO ADDS SHANGHAI FLIGHTS

CMA CGM Air Cargo has become the latest airline to expand its services to China.

The French airline, owned by shipping giant CMA CGM, began flying an Airbus A330-200 freighter four times a week from Paris-Charles de Gaulle to Shanghai Pudong International airport on February 17.

“This brings our airfreight operations up to 15 scheduled flights per week, connecting Europe, Asia and the US,” said CMA CGM in a LinkedIn post on February 20.

The airline has been serving Hong Kong since October 2022 and currently operates a Boeing B777F from the French capital five times a week on that route.

OMAN AIR TO INTRODUCE FREIGHTER AIRCRAFT



Oman Air has announced the introduction of its first freighter by the end of 2023, while celebrating outstanding 2022 results at its annual cargo workshop, under the theme “Journey to Success.”

The two-day event, which was held at Hormuz Grand, Muscat, brought together employees and stakeholders from across the company’s global network, to celebrate its accomplishments in the past year and discuss future strategies. Attendees engaged in a series of presentations and discussions led by senior executives, as well as visited the state-of-the-art cargo terminal at Muscat International Airport. An awards ceremony was also held for the top performers of 2022.

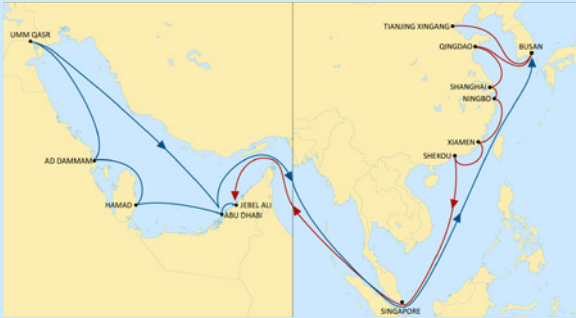
CATHAY PACIFIC CARGO REBRANDS AND CHANGES NAME TO CATHAY CARGO

Cathay Pacific Cargo, the air cargo subsidiary of Cathay Pacific, has announced a rebrand and a change of name to Cathay Cargo.

In its announcement, the airline said that the change aligns with the airline’s overarching brand redesign, and “reinforces the existing strong brand association and perceptions held by its customers.”



MSC IS REVISES THE ROTATION OF ITS FALCON SERVICE



To provide direct and streamlined access between Asia and the Middle East, MSC is revising the rotation of its Falcon service, according to the company's release.

This standalone service will now include new port rotations from Xingang, Busan, and Xiamen and will no longer make port calls at Nhava Sheva and Mundra.

Offering a dedicated service to the Middle East, the new Falcon Service rotation will be:

Xingang – Busan – Qingdao – Shanghai – Ningbo – Xiamen – Shekou – Singapore – Jebel Ali – Abu Dhabi – Hamad – Ad Dammam – Umm Qasr – Abu Dhabi – Xingang.

Transit times will be 10 days from Singapore to Jebel Ali and 29 days from Xingang to Jebel Ali. The first vessel on this new rotation will be MSC VANDYA voyage number FK312A, due to arrive in Xingang on 20 March.

MAERSK DROPS DOHA PORT CALL ON ARABIAN STAR SERVICE

Maersk announced the change of the port rotation of its Arabian Star service by removing the Doha Westbound call. The decision will be effective from the 17th week of the year.

The current rotation of Arabian Star is Port Kelang (Malaysia)– Singapore – Tanjung Pelepas (Malaysia)– Jebel Ali (Dubai)– Doha (Qatar) – Hazira (India) – Colombo (Sri Lanka).

The updated rotation after the 17th week will be as follows: Port Kelang – Singapore – Tanjung Pelepas – Jebel Ali – Hazira – Colombo

Maersk noted that Doha will be covered on the existing ME4 service and supplemented by alternative connections to the original service.

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UMA EKA
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K.V.P. NAIR
23RD MARCH



MALAVIKA V S
27TH MARCH



ZIM WITHDRAWS CHINA – LOS ANGELES LOOP

Israel's major container carrier ZIM will cancel its Transpacific ZIM eCommerce Xpress (ZEX) service, according to the latest Dynaliners report.

ZEX service launched in July 2020 and was operated by five container vessels with a box capacity of 5,000 TEUs.

The port rotation of ZIM's service was the following:

Ningbo (China) – Xiamen (China) – Shenzhen (Yantian, China) – Los Angeles (US) – Ningbo

On the other hand, earlier in February, the Israeli container line announced its upgraded ZIM Xpress Baltimore (ZXB) service that links Asia with the United States East Coast.

MSC RECEIVES LARGEST CONTAINER SHIP IN THE WORLD



Shanghai-based Hudong-Zhonghua Shipbuilding (Group) built and

delivered the largest container vessel in the world 'MSC TESSA' to Mediterranean Shipping Company (MSC).

MSC Tessa has a container capacity of 24,116 TEUs and is the first of four same-size container ships purchased by the largest container line in the world.

According to Hudong-Zhonghua, a unit of China State Shipbuilding Corp (CSSC), the vessel is currently the world's largest boxship in terms of TEU capacity.

The mega container vessel measures 399.99 metres in length and 61.5 metres in width.

Hudong-Zhonghua Shipbuilding Group reported that the second vessel on order from the series has completed sea trials and that the other two sister vessels are also under construction. All the remaining boxships are expected to be delivered before August 2023.

HAPAG'S 100,000 REEFER CONTAINERS TURN "SMART"

Hapag-Lloyd has set itself the goal of making all its containers smart including 1.6 million dry containers

Hapag-Lloyd reached the milestone of equipping 100,000 reefers with a monitoring device, a target that was set with the start of the rollout in 2020. "With this, Hapag-Lloyd has made a very large part of its reefer fleet smart," says an official release. When the rollout started, Hapag-Lloyd had a fleet of 93,000 reefers. Thanks to the increase of reefer business, the inventory has grown to 149,000 reefer containers today, the release added.

New-built containers are being equipped with tracking devices directly upon completion in the factory, and the containers in the fleet are equipped during the regular Pre-Trip-Inspection (PTI) process by depots. "Biggest installation locations are Hapag-Lloyd's own reefer depot in Rotterdam with more than 12,000 installations since start of the rollout, followed by Belgian Container Maintenance in Antwerp (4,700 installations) and Tercon Terminal de Contenedores in Guayaquil, Ecuador (4,300 installations)."

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Hapag-Lloyd splits Gulf Caribbean Service into two new slings

German ocean carrier Hapag-Lloyd will split its Gulf Caribbean Service (GCS), connecting the United States East Coast and Mexican Gulf with Central America and the Caribbean, into two separate loops.

Starting in the next month, this fortnightly service will turn into a weekly service, adding two new weekly loops.

The North Loop (GCS) will have the following rotation:

Houston (US) – Altamira (Mexico) – Veracruz (Mexico) – Puerto Barrios (Guatemala) – Puerto Cortes (Honduras) – Caucedo (Dominican Republic) – Kingston (Jamaica) – Houston

On this loop, Caucedo will be a transshipment option for cargo from Mexico, with 25 days transit time to Puerto Limon in Costa Rica and 11 days to San Juan in Puerto Rico.

The first vessel sailing under the North Loop's weekly frequency will be Maira V with an estimated time of arrival at Houston on 13 April. The second loop, South Loop (GC2), will have the following rotation:

Cartagena (Colombia) – Manzanillo (Mexico) – Santo Tomas / Puerto Barrios (Guatemala) – Puerto Cortes (Honduras) – Puerto Limon (Costa Rica) – Cartagena (Colombia) – Caucedo (Dominican Republic) – San Juan (Puerto Rico) – Cartagena

The shipping line said the first vessel to sail on the South Loop's weekly frequency will be Jonathan P, which is scheduled to arrive in Cartagena on 3 April 2023.

"The tentative first call at Puerto Barrios will be confirmed at a later date," pointed out the Hamburg-based container line.



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Manufacturing outlook points to declining US Air Cargo in 2023

Airfreight is primarily an industrial tool, with roughly three-quarters of airfreight traffic linked to the various stages of production. Global manufacturing and airfreight tend to move in sync. Based on the outlook for manufacturing this year, we expect US airfreight exports to decline by about 7%, and imports to drop by about 3%.

Depending on how December 2022 numbers come out, full-year US airfreight exports in 2022 will have grown about 3%, and imports around

1%. Last year was a tale of parts, with the first part showing decent levels of growth – and the latter part recording increasing declines. Much of the decline in the second half was driven by China.

US manufacturing activity and air cargo show reasonable levels of correlation (see figure one), which intuitively makes sense, given that a large part of air cargo is intercontinental supply chain cargo.

India's Exports To Reach About \$770 Billion In FY23

According to Union Minister for State for Commerce and Industry Anupriya Patel, India's exports of goods and services will total close to USD 760-770 billion in the current fiscal year that ends in March. In the most recent fiscal year, the nation's exports of goods and services were USD 672 billion.

"We are focusing on ways to expand exports because India now holds close to 1.8% of the world commercial trade. It only makes up 4% of all service-related trade. To 10%, we want to raise it," said Patel. In the current fiscal year, which ends in March, India will export goods and services valued close to USD 760-770 billion, she noted.

"Last year, we produced items and services worth USD 672 billion (exports). This year, we plan to do USD 770 billion," The Federation of Indian Export Organizations' Sakthivel remarked.

International commerce has been crucial in helping India build a robust external industry throughout the years. The performance of exports in FY22 was commendable, and they increased to a record high. The government's efforts have culminated, which is one important component in the achievement of these aims. The tactics for promoting exports by creating goals and keeping track of them have changed recently.

As a result, merchandise exports in FY22 reached \$422.0 billion, exceeding the \$400 billion goal. Exports for FY22 showed significant growth in industries such as medicines, medications, electronics, engineering, organic and inorganic chemicals, gems, and jewelry. The world economy has improved in FY 23 compared to FY 22.



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