

e-Newsletter from



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CAPACITY DOWN 9% IN SEP. VS 2019

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FREIGHT MARKET UPDATE

Ex INDIA

OCEAN UPDATE

The market continues to remain strong and equipment shortage and capacity constraints will continue into November

- ✓ **RATES** Some carriers look likely to implement GRIs for 2H November. Rate levels remain elevated, and premium demand outlook is strong.
- ✓ **SPACE** Critical
- ✓ The port congestion will further delay the vessel schedules
- ✓ **CAPACITY/EQUIPMENT** Critical/ Severe Undercapacity
- ✓ Service disruption and equipment are 2 burning issues for the trade.
- ✓ **Recommendation** Continue to book well in advance (at least 4 weeks) from CRD to target ETD for best chance of hitting timelines.

Demand shall remain high as the trade enters peak season.



AIR UPDATE

- Rates are anticipated to remain at high levels through November
- Airfreight demand remains strong as shippers seek alternatives to ocean ahead of the peak season.
- over-priced and unsustainable ocean freight forces customers to shift urgently needed shipments from sea to air freight.
- The air freight capacity will remain restricted due to missing belly space. This global imbalance of demand and supply is expected to continue and rates will be on the upper level for the next upcoming months.
- Backlog and dwell times continue to increase. We recommend placing bookings at least 2 weeks out from CRD.
- The airfreight market is hotter than ever.





DHL TO INVEST ₹200 CRORE IN ITS NEW BLR AIRPORT EXPRESS CARGO FACILITY



With an investment of EUR 22 million (₹200 crore) over the next 10 years, DHL Express, the world's leading express service provider opened the express industry's largest airside facility in Bengaluru, India.

Located within the Kempegowda International Airport, this newly expanded Bengaluru Gateway by DHL Express spans over 112,000 sq feet, over four times larger than the previous facility.

When operating at full capacity, this new and expanded facility can handle over 90,000 tonnes of shipment per year. The additional capacity at the expanded Bengaluru Gateway enables DHL Express to offer 12 to 24 hours faster connection and delivery of imported goods across India, and reduce the daily cut-off time for shipment pick-up by up to 60 minutes.

Using 11 DHL-operated intercontinental

freighters, 30 international commercial airlines and 70 domestic flights on a weekly basis, the Bengaluru Gateway at present connects both South and West India to over 220 countries and territories through DHL's unrivalled global network. An additional six dedicated intercontinental freighters will join the current fleet by November 2021, bringing the total number of aircraft operating through Bengaluru to 17.

The gateway's primary export trade lanes are North America and Europe while Asia Pacific and Europe are the key import trade lanes for Bengaluru. The expanded Gateway will provide greater capacity to support industries such as electronics, automotive, life sciences & medical, and fashion in Bengaluru. Coupled with the enhanced infrastructure and additional dedicated DHL flights, these trade lanes will greatly benefit from the increased capacity and speed.



AIR CARGO

DEMAND UP 9%, CAPACITY
DOWN 9% IN SEP. VS 2019



The International Air Transport Association (IATA) released September 2021 data for global air cargo markets showing that demand continued to be well above pre-crisis levels and that capacity constraints persist.

Global demand, measured in cargo tonne-kilometres (CTKs), was up 9.1 percent compared to September 2019 (9.4 percent for international operations) while capacity remained constrained at 8.9 percent below pre-Covid levels (September 2019) (-12 percent for international operations).

Supply chain disruptions and the resulting delivery delays have led to long supplier delivery times. This typically means manufacturers use air transport, which is quicker, to recover time lost during the production process. The September global Supplier Delivery Time

Purchasing Managers Index (PMI) was at 36, values below 50 are favorable for air cargo.

The September new export orders component and manufacturing output component of the PMIs have deteriorated from levels in previous month but remain in favorable territory. Manufacturing activity continued to expand at a global level but, there was contraction in emerging economies.

The inventory-to-sales ratio remains low ahead of the peak year-end retail events such as Single's Day, Black Friday and Cyber Monday. This is positive for air cargo, however further capacity constraints put this at risk.

The cost-competitiveness of air cargo relative to that of container shipping remains favorable. Pre-crisis, the average price to move air cargo was



12.5 times more expensive than sea shipping. In September 2021 it was only three times more expensive.

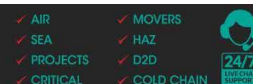
Willie Walsh, IATA's director-general, said, "Air cargo demand grew 9.1 percent in September compared to pre-Covid levels. There is a benefit from supply chain congestion as manufacturers turn to air transport for speed. But severe capacity constraints continue to limit the ability of air cargo to absorb extra demand. If not addressed, bottlenecks in the supply chain will slow the economic recovery from Covid. Governments must act to relieve pressure on global supply chains and

improve their overall resilience."

Asia-Pacific airlines saw their international air cargo volumes increase 4.5 percent in September 2021 compared to the same month in 2019. This was a slowdown in demand compared to the previous month's 5.1 percent expansion. Demand is being affected by slowing manufacturing activity in China. International capacity is significantly constrained in the region, down 18.2 percent vs. September 2019. Looking forward, the decision by some countries in the region to lift travel restrictions should provide a boost for capacity.

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Emirates, Qatar and Turkish among top cargo carriers in Q3 CY2021 from Mumbai

Emirates, Qatar Airways and Turkish Airlines are among the top airlines with highest tonnage in Q3 CY2021 with 15,871, 14,149 and 9,255 tonnes respectively at Chhatrapati Shivaji Maharaj International Airport (CSMIA). On the domestic routes, IndiGo saw the highest tonnage of 14,191 tonnes followed by Blue Dart and Air India with 13,230 and 10,291 tonnages respectively.

CSMIA import and export movement witnessed an 8% growth in imports of pharmaceuticals goods, while the overall category contributed around 20%. The airport transported approximately 1,90,445 tonnes of overall cargo between July to September 2021, the official release said.

Automotive parts were seen to be the highest transported goods contributing 24% to the overall general cargo, while pharmaceutical goods contributed to 20%, electricals/ electronics at 9%, engineering goods at 8%, agro products/ perishables at 6% and rest was contributed by other goods such as chemicals, garments, dangerous goods and live animals. Furthermore, with the ongoing wave of the pandemic, critical life-saving medicines and equipment continue to be the need of the hour.

CSMIA's air cargo processed approximately 62,764 tonnes of general cargo in July 2021 and witnessed around 64,600 tonnes of cargo in September 2021. The airport witnessed the movement of over 3,696 international flights carrying over 1,36,353 tonnes as well as around 54,090 tonnes of cargo with over 16,615 domestic flights during this period.



IAG Cargo adds capacity to the US as travel restrictions ease

IAG Cargo will expand cargo capacity to the US as restrictions on travellers entering the country are eased.

The US today re-opened its borders to fully vaccinated travellers from 33 countries if they have a negative Covid test in the 72 hours before travelling.

Travellers will not need to quarantine on entering the US, but the vaccination must be US Food and Drug Administration approved or have been granted an Emergency Use Listing from the World Health Organization (WHO).

From its hubs in Madrid, London and Dublin, customers will initially be able to access 21 destinations, with plans to restart further destinations across the US.

Capacity is being increased to New York, Austin, Miami, Philadelphia and Los Angeles. Meanwhile, services to Newark are being restarted.

IAG also plans to restart services to Baltimore, Orlando, Tampa and Las Vegas from November 15.

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Maersk buys German airfreight company Senator for \$644 million

Denmark-based A.P. Moller - Maersk, the world's largest container shipping company, today announced the acquisition of German air-based freight carrier company Senator International.

In addition, Maersk is purchasing two new B777 freighter aircraft and leasing three B767-300 cargo planes. To operate and manage this added capacity, the cargo airline Star Air - the internal air cargo operation of Maersk established in 1987 - will become a key vehicle supporting Maersk's logistics offering. Star Air operates a fleet of 15 aircraft: 12 Boeing 767-200SFs, 1 Boeing 767-300BCF and 2 Boeing 767-300Fs.

Senator International was founded as Senator



Airfreight in 1984 with an initial team of 12 people working from its headquarters in Hamburg. From the beginning, Senator handled shipments worldwide and within a few years of its establishment it acquired a reputation as a leading mid-sized provider in the air freight shipping industry. Almost 37 years after its founding, the Senator International team has grown to more than 1,700 employees working in 65 locations in Europe, Asia, Africa, and North and South America.



Turkish Cargo adds Macau to its cargo flight network

Turkish Airlines' brand, Turkish Cargo, recently added Macau to the list, strengthening its flight network. After Hong Kong, Macau, one of the economic centers of China, will be among its destinations served with direct cargo flights. The number of direct cargo flights has reached 97 including Macau starting on November 1, 2021.

UPS doubles its capacity with first direct flight between India and Europe



UPS announces its first direct flight from India to Europe where Boeing 747 flight will connect Delhi to its largest international hub at Cologne, Germany. The customers will also connect to the North and Latin American markets five days per week, which doubles the company's previous capacity to and from India for small and medium-sized business customers looking to grow their revenue base.

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VISTARA INAUGURATES NON-STOP FLIGHTS BETWEEN DELHI AND PARIS

Vistara, India's finest full-service carrier and a joint venture of Tata group and Singapore Airlines, operated its first non-stop flight to Paris CDG (Charles de Gaulle) airport yesterday. Under the air bubble agreement between India and Europe, Vistara will fly twice a week between the two cities - on Wednesdays and Sundays.

SCHEDULE OF FLIGHTS BETWEEN DELHI AND PARIS

Sector	Flight No.	Days of Opn	Departure	Arrival
Delhi - Paris	UK 021	Wed & Sun	1345 hrs	1840 hrs
Paris - Delhi	UK 022	Wed & Sun	2145 hrs	1030 hrs (+1)

+1 indicates next day arrival.
All timings shown are in local time zones

The inaugural Paris-Delhi fight operated on Monday, 08 Nov 2021. All other flights will follow the above schedule



DEDICATED AIR CARGO TERMINAL BECOMES OPERATIONAL AT HUBBALLI AIRPORT

A dedicated domestic air cargo terminal at Hubballi Airport, the first such facility in North Karnataka region, became operational on Wednesday.

Airports Authority of India (AAI) has, in coordination with Airports Authority of India - Cargo Logistics and Allied Services Company Limited, operationalised the dedicated domestic air cargo terminal.

The old passenger terminal building at the airport has been renovated to function as a cargo terminal at an estimated cost of ₹45 lakh. The old passenger terminal was lying unutilised after the new terminal of the airport with hi-tech facilities was commissioned.

Making a formal announcement on the operationalisation of the cargo terminal, Director of Hubballi Airport Pramod Kumar

Thakre said that the Ministry of Civil Aviation recently introduced Krishi Udan 2.0 scheme with focus on facilitating and incentivising movement of farm produce by air transportation. "This scheme offers full waiver on landing, parking, TNLC and RNFC charges for Indian freighters and passenger to cargo freighters at select airports of the Airport Authority of India," he said.





25 TOP

CARGO CARRIERS



Top 25 Cargo Carriers - Scheduled CTK (m)							
Rank	+/-	Airline	2020	Y-o-Y %	2019	Y-o-Y %	2018
1	0	Federal Express	19,656	12.3	17,503	0.0	17,499
2	+1	United Parcel Service	14,371	11.9	12,842	3.1	12,459
3	-1	Qatar Airways	13,740	5.5	13,024	2.6	12,695
4	0	Emirates	9,569	-20.6	12,052	-5.2	12,713
5	0	Cathay Pacific Airways	8,137	-25.6	10,930	-3.1	11,284
6	0	Korean Air	8,104	9.3	7,412	-5.5	7,839
7	+1	Cargolux	7,345	2.3	7,180	-1.9	7,322
8	+1	Turkish Airlines	6,977	-0.7	7,029	19.3	5,890
9	+1	China Southern Airlines	6,591	-3.4	6,825	3.5	6,597
10	0	China Airlines	6,317	18.4	5,334	-8.1	5,804
11	0	Air China	6,121	-9.5	6,767	-4.0	7,051
12	+4	Atlas Air (4)	5,458	20.7	4,522	-0.7	4,553
13	+10	Kalitta Air (4) (3)	5,211	45.0	3,593	N/A	N/A
14	+10	AeroLogic (2)	4,870	36.0	3,581	N/A	N/A
15	-8	Lufthansa (1)	4,828	-33.2	7,226	-2.3	7,394
16	-2	AirBridgeCargo Airlines	4,609	-10.8	5,168	-6.2	5,511
17	-5	Singapore Airlines	4,156	-32.4	6,146	-5.3	6,491
18	-3	United Airlines	3,950	-18.6	4,852	8.9	4,455
19	NEW	EVA Air	3,888	N/A	N/A	N/A	3,580
20	+5	Asiana Airlines	3,601	0.9	3,567	-12.3	4,067
21	-2	Polar Air Cargo (4)	3,478	-8.7	3,809	-5.7	4,038
22	NEW	Ethiopian Airlines	3,394	N/A	N/A	N/A	N/A
23	-6	All Nippon Airways (1)	3,172	-27.7	4,389	-4.3	4,587
24	-2	KLM (1)	3,025	-16.2	3,609	0.1	3,604
25	NEW	Silk Way West Airlines	2,876	N/A	N/A	N/A	N/A
		Annual Top 25 total	163,444	-3.3	168,971	-1.0	170,670

Source: IATA 2021 World Air Transport Statistics

Note: (1) Includes figures from certain partner airlines (2) IATA estimate (3) US DOT (4) All ops considered scheduled traffic

CONGESTION AFFECTING VESSEL AVAILABILITY, RATES

With 2.4 million TEUs (10 percent of the live container fleet) currently waiting globally, congestion is a major factor influencing vessel availability and rates as global economies continue to recover this year in the wake of the pandemic, according to VesselsValue, an online valuation and market intelligence provider for the aviation and maritime industries.

“Port congestion has not only played a part in influencing vessel rates but has also had knock-on impacts further down supply chains as transportation links struggle to keep up with bottlenecks and throughput,” said Charlotte Cook, head trade analyst, VesselsValue. Cook goes on to highlight various issues witnessed by the carriers during 2021 including bulker congestion in China, Suez Canal congestion, the on-going container congestion and the congestion at the U.S West Coast.

EVERGREEN JOINS X-PRESS- FEEDERS SOUTH AMERICA SERVICE



The extension of the WSX service is being driven by Evergreen’s joining as a partner in a move to replace its own Panama service – WCSA ‘PWS’, which is being shut down.

Evergreen’s PWS currently calls at the ports of Balboa, Buenaventura, Guayaquil, Callao, Matarani, Iquique and San Antonio on a bi-weekly basis with two 1,700 and 2,100 teu vessels rotating in four weeks. The extended WSX service calls weekly at Balboa, Buenaventura, Manta, Guayaquil, Callao, Iquique, Matarani, Paita, Guayaquil, Balboa.

12 PLAYERS IN RACE FOR 30-YEAR DEAL TO OPERATE JNPT CONTAINER TERMINAL

Major global port operators including India’s biggest private port operator APSEZ (Adani Ports and Special Economic Zone Ltd), Dubai government-owned global port operator DP World, PSA International, APM Terminals, CMA Terminals Holding, Terminal Investment and JM Baxi Group are in the race to own and operate the container terminal of Jawaharlal Nehru Port Authority.

According to The Hindu Business Line report, 12 players have participated in a global tender that was floated by port authority to privatise the container terminal. The successful bidder will get the container terminal for 30 years along with a free hand to set rates at the terminal based on market forces.

In July this year, the ministry of ports, shipping and waterways had approved the privatisation of the container terminal.



JN Port Container Terminal (JNPCT) is one of the five container terminals operating at JNPT. The other four terminals are the Nhava Sheva International Container Terminal (NSICT), the Gateway Terminals India (GTIPL), Nhava Sheva International Gateway Terminal (NSIGT) and the newly commissioned Bharat Mumbai Container Terminals (BMCTPL). The port also has a shallow water berth for general cargo and another liquid cargo terminal which is managed by BPCL-IOCL consortium.



MALAYSIAN TRANSHIPMENT PORTS WORST HIT BY BLANK SAILINGS

Data from project44 shows significant numbers of skipped port calls at major transshipment hubs this leaving hundreds of thousands of containers stranded at the dockside.

“Blank sailings is a key factor in network disruption. The number of containers sitting in tranship ports on ‘sweeper’ vessels has distorted the equilibrium in the global network,” said Josh Brazil, VP of Data Insights at project44.

According to project44 the Malaysian Port of Tanjung Pelepas (PTP) has seen the highest number of blank sailings this year with 31 calls



skipped, although this number is slightly lower than the 35 seen in 2020. PTP is the primary transshipment port for Maersk in Southeast Asia.

The largest increase in blank sailings in 2021 was seen by Malaysia's other transshipment centre – Port Klang. Port Klang which recorded 13.5 blank sailings in 2021 compared to 1.25 blank sailings on average in 2020 across the same services. This represents a 980% increase.

COSCO SHIPPING LINES LAUNCHING TWO TRANSPACIFIC SERVICES



Cosco Shipping Lines, the container shipping unit of Cosco Shipping, is launching new transpacific express services from China to Prince Rupert and Los Angeles.

The CEN-EXPRESS from Qingdao and Shanghai to Prince Rupert is a brand-new service offered by the company based on its long-term operation locally at Prince Rupert.

Deploying five 4,250 teu containerships on weekly basis, the service aims to decrease a regular sailing time by two weeks as container lines look to increase frequency to beat congestion at ports.

The CEN-PLUS service, calling at Tianjin, Qingdao, Shanghai and Los Angeles will deploy six 10,000teu containerships each week.

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14th November



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