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FREIGHT MARKET UPDATE

Ex INDIA

*AIR
&
SEA*
UPDATE

OCEAN

- **RATES:** Steadily decreasing across the market. Rate reductions are happening at a higher frequency, as well.
- **CAPACITY/SPACE:** Space is available across most lanes at standard (non-premium) rates. Decreases in port congestion globally are effectively increasing capacity. Blank sailings are being seen on shared TPEB services, but overall not a large amount removed capacity to USEC.
- **EQUIPMENT:** Continuing to add pressure to carriers' ability to release shipments. ICDs and smaller out-ports are the most challenging for carriers to reposition.

AIR

The Air cargo market is continuing to soften is likely to trigger more rate renegotiations between carriers and customers

- **RATES:** Rates remain stable and overall demand is low.
- **CAPACITY /SPACE:** Capacity is open



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UNDER WORLDWIDE ECONOMIC CHALLENGES, THE AIR FREIGHT INDUSTRY CONTINUES TO DECLINE

As the global economy slows and consumers tighten their purse strings while spending more on services, the air cargo sector began to reverse 18 months of record increases in October. The industry is well into its usual peak season, with little indication of increased shipping activity. Demand and rates are both falling at a time when they should be rising. Cargojet CEO Ajay Virmani described the holiday shopping season as a “managed peak” this week. Volumes declined 8% year on year in October, according to a methodology that combines weight and shipment dimensions, marking the ninth straight month of demand decline, according to market intelligence firm Xeneta.

The decreasing trend intensified in September, when volumes fell 5% year on year and 0.3% compared to three years ago. On November 7, the International Air Transport Association issued its own lagged data, produced using a different technique, revealing that cargo volumes as a factor of distance travelled fell 10.6% in September. It was not sustainable to perform at last year's record levels, which were driven by pandemic-related shortages and supply chain disruptions, but October demand was also 3% lower than in 2019 – a bad year for air cargo. In addition, IATA reported that demand

was down 3.6% from three years earlier.

Capacity recovery has also stagnated. According to Xeneta, available belly and freighter space is still 7% below pre-pandemic levels, which is one of the reasons rates remain quite high. IATA's capacity figures correspond to Xeneta's. In September, the supply of airlift climbed 2.4% year on year, but the rate of rise decreased from August and remains 7.4% lower than before the outbreak. Because of the additional airlift from the reintroduction of more passenger flights during the summer, combined with lower demand, planes are less full – and profitable. According to Xeneta, volumetric load factors were 61% in October, 7 points lower than a year earlier and 1 point lower than in 2019.

For the second month in a row, worldwide airfreight rates for immediate delivery fell below last year's level in October. A minor increase in the second half of the month was caused by a rise in special cargo prices, while general rates continued to fall, according to Xeneta.

A little improvement in Asia-Pacific export routes to Europe and North America in the second half of October was likely due to a rebound from China's Golden Week holiday, when manufacturers close and don't ship, rather than a late peak season spike.



MAERSK LAUNCHES U.S-KOREA AIR FREIGHT SERVICE

Danish carrier A.P.Moller-Maersk announced the inaugural flight of Maersk Air Cargo's air freight service with scheduled flights between Greenville - Spartanburg, South Carolina (GSP) and Incheon, Korea (ICN).

The scheduled transpacific operation commenced with two weekly flights introducing the first of three newly built Boeing 767-300 freighters that have recently been purchased by Maersk Air Cargo, says an official release.

"All U.S.-Korea flights will be operated by Miami-headquartered cargo airline Amerijet International."

The scheduled flight of Maersk Air Cargo also marks the first scheduled air cargo operation between the state of South Carolina and Asia.

The release added that the corridor from GSP International Airport is expected to significantly increase access for trade between Asia, South Carolina, and the entire Southeast U.S.



India extends export incentives for rupee-denominated trade transactions

India has reworked foreign trade policy guidelines and related banking regulations to allow export incentives for international shipments settled in rupees, instead of traditional US dollar payments.

The move builds on a notification issued by the country's banking regulator Reserve Bank of India in July this year.

"The government of India has made suitable amendments in the foreign trade policy and handbook of procedures to allow for international trade settlement in Indian rupees (INR) i.e., invoicing, payment, and settlement of exports/imports in Indian rupees," an official statement issued by the Indian Ministry of Commerce and Industry noted.

India's exports slip to the pre-Covid level just as logistics disruption eases

India's container supply chains have returned to normal, following Covid-era bottlenecks, but exporters are concerned at plunging demand and higher taxes on freight.

Container availability has improved and conditions seem like the pre-Covid era.

"The majority of Indian ports have sufficient inventory and shippers are not facing issues with container availability. It's now easy to plan shipments without too much waiting time.

"Also, schedule reliability has improved and there is less uncertainty. Cargo roll-overs are near to zero for most carriers at Indian ports





Qatar Airways Cargo launches freighters to Riyadh



Qatar Airways Cargo has commenced freighter operations to Riyadh, Saudi Arabia, w.e.f November 1, 2022. "The Boeing 777 freighter operates twice a week, offering a cargo capacity of 100 tonnes per flight," says an official release. Qatar Airways serves the cities of Riyadh, Jeddah, Dammam, Qassim and Medina with a total of 96 passenger flights every week, offering customers belly-hold cargo capacity on these flights. "The addition of freighter services to and from Riyadh will boost the cargo capacity, increasing the total belly and main deck capacity to more than 900 tonnes per week to Saudi Arabia and over 900 tonnes from Saudi Arabia."

Qatar Airways Cargo serves over 22 passenger and freighter destinations in the Middle East. "Cargo capacity is also set to increase to and from other Middle Eastern cities as the airline increases its flights from 37 to 39 for Kuwait, and from 8 to 10 for Muscat by adding two A310 freighters per week to each of these cities."

S N I P P E T S

Etihad doubles cool storage capacity at Abu Dhabi Airport

Etihad Cargo, the cargo and logistics arm of Etihad Aviation Group, is preparing to expand its pharmaceutical cold chain facility in collaboration with Etihad Airport Services and Abu Dhabi Airports. The facility, which is set to open soon, would enhance pharmaceutical handling and storage at Abu Dhabi International Airport (AUH).

Customers will benefit from Etihad Cargo's expanded International Air Transport Association (IATA) Center of Excellence for Independent Validators (CEIV) Pharma certification for pharmaceutical and life science logistics, and the carrier's provision of world-class, end-to-end temperature-controlled solutions for pharmaceutical transportation across its global network.

Design work on world's heaviest aircraft begins



Antonov An-225, the world's heaviest aircraft which was destroyed by Russia during the beginning of the Russia-Ukraine war may get a rebuild. Reportedly, Antonov Co, the company that manufactured the original aircraft is gearing up to build the second variant of it.

The company took to its Facebook account on Tuesday to lay down the plan it had in store to rebuild the aircraft.

"Currently, design work in this direction has begun. According to the available expert estimate, there are currently about 30 percent of the components that can be used for the second model aircraft," said the company in a statement.



SILK WAY WEST AIRLINES ORDERS 777-8 FREIGHTERS

Boeing and Silk Way West Airlines have finalized an order of two 777-8 Freighters, with options for two additional airplanes. The two companies announced the agreement at a signing ceremony at Boeing Commercial Airplanes' Seattle Delivery Center.

The Azerbaijani cargo carrier, which serves 40 destinations around the world, is the first customer in the Eurasia region to order the industry's newest, most capable and most fuel-efficient twin-engine freighter.

The order was previously listed as unidentified on Boeing's Orders & Deliveries website.

"We are pleased to announce this order with our longstanding partner Boeing and become one of the world's first customers for the newest freighter," said Zaur Akhundov, Silk Way Group president.

Boeing launched the new 777-8 Freighter in



January 2022 and has booked more than 50 orders for the model. The 777-8 Freighter has nearly identical payload and range capabilities as the 747-400 Freighter while providing 30% better fuel efficiency and emissions and 25% better operating costs per tonne. It is the ideal choice as operators replace aging freighters later this decade.



FLYNAS LAUNCHES DIRECT FLIGHTS TO MUMBAI FROM RIYADH & DAMMAM

Flynas launches direct flights to Mumbai from Riyadh and Dammam. Mumbai will now join Delhi, Lucknow, Calicut, and Hyderabad on the growing destinations list of Flynas.

Flynas, the Saudi carrier and leading low-cost airline in the Middle East, announced the inauguration of direct flights from Riyadh and Dammam to Mumbai, making the largest city in India to be the

5th destination for Flynas in the country.

Daily direct flynas flights connecting Riyadh with Mumbai started departing from King Khalid International Airport in Riyadh back and forth as of October 20. Meanwhile, flynas flights from King Fahad International airport in Dammam will start on December 2022.

Most of Flynas aircraft is the brand new Airbus A320neo.



Air Canada Cargo to expand freighter network into the USA, adds new Latin American route

Air Canada Cargo is expanding its presence in Latin America with service to Bogota

Air Canada Cargo on Thursday announced that starting in November, it will expand its freighter network into the United States for the first time, with flights to Dallas and Atlanta. The addition of these key US markets is a significant milestone for Air Canada Cargo and allows Air Canada Cargo to provide dedicated, reliable service to customers in key markets, allowing easy connection



to other markets through our global hub in Toronto.

In addition to the eight converted Boeing 767 freighters already announced, Air Canada Cargo continues to expand its freighter

fleet, with two factory-built 767-300F that will enter service in 2023 and two Boeing 777 freighters that will enter service in 2024.

One of Canada's largest air cargo providers, Air Canada Cargo has a presence in over 50 countries and self-handled hubs in Montreal, Toronto, Vancouver, Chicago, London, and Frankfurt

Emirates Expands its Cargo Fleet With Five Boeing 777 Freighters

Boeing and Emirates announced the Middle East carrier is further expanding its all-Boeing dedicated freighter fleet with an order for five 777 Freighters, valued at more than \$1.7 billion at list prices.

The airplanes will be operated by Emirates SkyCargo, adding to its fleet of 11 777 Freighters. At last November's Dubai Airshow, Emirates announced a \$1 billion investment to expand its air cargo capacity, including two new 777 Freighters that joined Emirates' fleet this year.

New international airport project in Visakhapatnam

The Andhra Pradesh Chief Minister's Office has written to the Prime Minister's Office requesting that Prime Minister lay the foundation stone, possibly virtually, for the new airport construction during his visit to port city Visakhapatnam.

Development of the new international airport in PPP mode at Bhogapuram, 40-km northeast of Visakhapatnam, was first mooted in the year 2014, post-bifurcation of the state as the existing one in the city is owned by the Indian Navy.

Noida International Airport Will Be Ready By 2024

Noida International Airport will be ready by the end of 2024. Delhi and NCR will now have two international airports. Currently, 1,300 workers are engaged in work at the site. During the peak construction time in 2023, 5,000 workers will be deployed to complete the work.

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INDIAN MAJOR PORTS FACE COOLING CONTAINER VOLUMES AMID EXPORT PRESSURE

According to new port data obtained by Container News, the flow of containers in and out of major Indian ports is slowing down amid the downturn in export trade.

Total container traffic out of 12 major/government ports last month slipped to 893,000 TEUs from 944,000 TEUs a year earlier, registering a 5.4% decrease. On a month-on-month basis, volumes were essentially flat, with 892,000 TEUs reported in September.

However, by port, Nhava Sheva (Jawaharlal Nehru Port Authority) slightly improved its throughput to 496,000 TEUs from 476,000 TEUs in October 2021.

Chennai Port in southern India ended last month with 125,000 TEUs, a sharp decline from 154,000 TEUs a year earlier.

At Cochin Port, which operates India's only dedicated transshipment facility, known as Vallarpadam Terminal or DP World Cochin, container throughput fell to 55,000 TEUs from 67,000 TEUs in October 2021.

Volumes at Tuticorin Port (V.O.Chidambaranar) also continued to drop – down to 53,000 TEUs from 63,000 TEUs in October 2021.

Visakhapatnam Port handled just 28,000 TEUs last month, as against 43,000 TEUs in the corresponding month of 2021, the analysis shows.

Ennore Port, now known as Kamarajar Port, saw October volume dip to 36,000 TEUs from 40,000 TEUs in the year-ago month.

Other smaller ports like Kandla (Deendayal Port) also reported volume declines last month, on a month-on-month basis.

Adani Ports (APSEZ), which has a network of minor non-government terminals on the east and west coasts of India, is also seeing capacity utilisation pressure.

From April through September, the first half of the fiscal year 2021-22, the group reported flat growth, cumulatively moving 4.23 million TEUs, up just 3% from 4.11 million TEUs a year earlier.

Of this, APSEZ's flagship Mundra Port contributed 3.28 million TEUs, according to data released by the company.

That volume deceleration reflects a slowdown in India's export/import trade as a consequence of global economic headwinds.





OOCL to link India, Middle East and East Africa with new service

Orient Overseas Container Line (OOCL) will add a new service, East Africa Express 5 (EAX5), to its Asia – Africa network.

The port rotation of the new product will be Nhava Sheva (India) – Mundra (India) – Jebel Ali (United Arab Emirates) – Abu Dhabi (United Arab Emirates) – Mombasa (Kenya) – Dar Es Salaam (Tanzania) – Nhava Sheva.

COSCO-owned container line said that its OOCL's existing loops EAX1 / 3 / 4, this new service will offer direct connections between India Subcontinent / Middle East and East Africa, with a competitive transit time of 9 /14 days from Abu Dhabi / Mundra to Mombasa respectively.

The East Africa Express 5 service will commence from the port of Nhava Sheva with an estimated time of arrival on 22 November 2022.

Transit Time (Days) – WESTBOUND

From/To	Day	Mombasa (Tue)	Dar Es Salaam (Thu)
NhavaSheva	Sat	17	19
Mundra	Tue	14	16
Jebel Ali	Sat	10	12
Abu Dhabi	Sun	9	11

Transit Time (Days) – EASTBOUND

From/To	Day	NS	Mun	JA	AB
		Sat	Mon	Fri	Sat
Mombasa	Wed	10	12	16	17
Dar Es Salaam	Fri	8	10	14	15



ONE introduces new Singapore – Philippines feeder service



Singaporean container line Ocean Network Express (ONE) has announced its new weekly service, named Philippines Express 2 (PHX2).

The new weekly service will be operated by two 1,000 TEU box ships and will have the following port rotation:

Singapore – Manila North (Philippines) – Davao (Philippines) – Singapore

ONE aims to complement its current service of Philippines Express (PHX) and further enhance its network in/out of North and South Philippines.

The company claims the service offers improved connections with other worldwide destinations throughout its global network with Singapore as the transshipment hub.

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SANTHANATHAN
11th November



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14th November



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14th November



Saudi Arabian container ports see increased box traffic in the third quarter

According to the third quarter report, Saudi ports have increased container volumes by 10.5% compared to last year's throughput in the same period, handling 1,981,271 TEUs.

Statistics for the third quarter show an 11.56% increase in cargo throughput, reaching a total of 82,570,478 tonnes this year, compared to 74,016,761 tonnes in Q3 last year.

The penultimate quarter of this year saw vehicle volumes soar by 18.55% to 225,638 units from 190,329 units in the same period in 2021, while passenger traffic rose to 186,871 people.

Additionally, 3,084 ships anchored in Saudi ports, translating to a marginal increase of 1.58% from last year's count of 3,036 vessels.



Maersk and CMA CGM stop calling Itajai on Bossa Nova / SIRIUS service

Maersk Line and CMA CGM have announced adjustments in their joint service that connects the Mediterranean with East Coast South America.

The service called Bossa Nova service by Maersk and SIRIUS by CMA CGM will no longer call at the port of Itajai in Brazil, according to recent statements from the two major container lines.

The two companies have not explained the reason for the decision to cease port of Itajai calls, with the French carrier stating that "it will assist in improving the schedule reliability for the future".

The new port rotation of the Bossa Nova / SIRIUS service will be Algeciras (Spain) – Tanger (Morocco) – Salvador (Brazil) – Santos (Brazil) – Paranagua (Brazil) – Rio Grande (Brazil) – Itapoa (Brazil) – Santos – Itaguaí (Brazil) – Tanger – Algeciras.

SAFEEN Feeders announces new UAE-Red Sea service

AD Ports Group's SAFEEN Feeders has officially launched its UAE-Red Sea service with the inclusion of Fujairah Terminals and Jeddah, following successful trials with allocated cargo on the route.

The Red Sea service will provide direct connectivity between Abu Dhabi's Khalifa Port and Port Sudan and will travel via AD Ports Group's Fujairah Terminals, on the eastern seaboard of the UAE and Jeddah Port on the west coast of the Kingdom of Saudi Arabia, offering the fastest transit time between these vital trade hubs.

SAFEEN Feeders said that "customers of the service can access last-mile delivery to consignee locations across the UAE with the support of MICO Logistics, part of AD Ports Group, which offers freight forwarding and end-to-end logistics solutions."



Khalifa Port will serve as a main transit hub, while the addition of Fujairah Terminals will provide a much-needed stop on the UAE's east coast, reducing the need for cargo to be transferred by road, according to SAFEEN Feeders announcement.

The company noted that the service will offer reduced transit times by using the direct route, which is up to four times faster than alternative transshipment services that can take as long as 30 days.

In addition to the UAE/Red Sea service, SAFEEN Feeders also offers services to UAE / China, Singapore / Chennai / Colombo, UAE Coastal/ Oman, and UAE/India/Gulf services.

For feedback / enquiries, please contact :



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