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FREIGHT MARKET UPDATE

EX INDIA

OCEAN UPDATE

- Space constraints, equipment shortage and congestion at origin/destination ports continue. Rates drastically increased as of October 1st.
- Space and equipment at Indian ports remains tight for October.
- The port congestion lead to further vessel delays and blank sailings.
- Delays are expected as schedule reliability is all-time low
- With multiple blank sailings in September, shipments remain stuck at origin and transshipment port.
- Waiting time for shipments at transshipment port is about 6-8 weeks.
- Advanced booking of at least 4 weeks remains as a guideline for FAK bookings to secure space early.
- Rates continue to increase. Space is tight and is available at premium rate levels. Carriers preferring light weight cargo.
- For time sensitive goods , Airfreight service is a reliable and effective alternative

AIR UPDATE

- Airfreight demand remains strong as shippers seek alternatives to ocean ahead of the peak season. Tighter capacity is forcing shippers to book space earlier or take long-term charters.
- over-priced and unsustainable ocean freight forces customers to shift urgently needed shipments from sea to air freight.
- The overall situation in the ocean freight market causes raising demand in 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.
- The airfreight market is hotter than ever.





AIRLINES

TO SEE RECORD \$175 BN CARGO REVENUES IN 2022 : IATA



Cargo revenues for global airlines are expected to rise to a record \$175 billion in 2021 with a marginal decline to \$169 billion in 2022, according to the International Air Transport Association (IATA).

Cargo yields are expected to increase by 15 percent in 2021 but are likely to decline by 8 percent in 2022. "Cargo demand is expected to exceed pre-crisis (2019) levels by 8 percent in 2021 and 13 percent in 2022," IATA said.

Total industry losses in 2020-2022 are likely to cross \$200 billion, IATA said in its statement.

"Net industry losses are expected to reduce to \$11.6 billion in 2022 after a \$51.8 billion loss in 2021 (worsened from the \$47.7 billion loss estimated in April). Net 2020 loss estimates have been revised to \$137.7 billion (from \$126.4 billion)."

IATA, for the first time in history, has added cargo to its discussion rounds during the annual general meeting currently underway in Boston, U.S. The agenda: What's Next for Air Cargo After its Heroic Performance in the Covid-19 Crisis? Speakers include Jessica Tyler, head of cargo, American Airlines, Don Colleran, CEO, FedEx Express, Akbar Al Baker, CEO Qatar Airways and Brandon Fried, executive director, Airforwarders Association.

Willie Walsh, director general, IATA said airlines have dramatically cut costs and adapted business to whatever opportunities were available. "That will see the \$137.7 billion loss of 2020 reduce to \$52 billion this year. And that will further reduce to \$12 billion in 2022. We are well past the deepest point of the crisis. While serious issues remain, the path to recovery is coming into view. Aviation is demonstrating its resilience yet again."



Regional performance outlook

North American carriers are likely to be the strongest performers and are expected to see a \$5.5 billion loss in 2021 transform into a \$9.9 billion profit in 2022. "All other regions will see reduced losses in 2022 compared to 2021."

Asia-Pacific carriers are likely to see losses diminish from \$11.2 billion in 2021 to \$2.4 billion in 2022. "Reduced losses are expected to be achieved on the back of large and largely open domestic markets, not least of which is China. The region's carriers are also benefiting

disproportionally from the strength of air cargo markets in which they are dominant."

African carriers are likely to see a very slow pace of recovery from a loss of \$1.9 billion in 2021 to a loss of \$1.5 billion in 2022. "Low vaccination rates across the continent are expected to severely dampen demand throughout 2022. The slight improvement is built on the expectation of some recovery in intra-Africa travel and travel to some tourist destinations with relatively higher vaccination rates."

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BLR AIRPORT HANDLED 31% OF INDIA'S PERISHABLE AIR CARGO IN FY21: APEDA

Kempegowda International Airport, Bengaluru (BLR Airport) has emerged as the No.1 Airport in the country for perishable shipments as Agricultural and Processed Food Products Export Development Authority (APEDA) reported that BLR Airport has processed 48,130 metric tonnes of perishables in the financial year 2020-21, accounting for 31 percent of India's total perishable shipments.

In the process, BLR Airport has emerged as the leading Airport for exports of poultry products and flowers during the same period. It processed 28,182 Metric Tonnes (MT) of poultry products and 1,296 MT of flowers.

The perishables, which also included vegetables and fruits, was carried by 24 airlines to 46 international destinations. Doha was the top destination, followed by Singapore, London and Muscat.

BLR Airport has a dedicated cold zone- AISATS Coolport - with the capacity to handle 40,000 MT per annum and

temperature zones ranging from -25 to +25 degrees Centigrade under the same roof. Additionally, Menzies Aviation Bobba Bangalore too has a cold zone, with a capacity of 20,000 MT per annum, and also the capability to handle 20 Unit Load Device (ULD) Pallets from 15 to 25 degrees Centigrade and 2 ULD for 2 to 8 degrees Centigrade.

Currently, 14 dedicated freighters operate to and from BLR Airport, and there is also additional belly capacity in passenger aircraft. On an average, BLR Airport has 30-33 daily freighter movements.

The current cargo capacity of BLR Airport is 715,000 Metric Tonnes (MT) annually, which is the largest cargo processing capacity in South India. This is expandable up to 850,000 MT. BIAL aims to expand its cargo infrastructure to provide a capacity of approx. 1.5 Million MT by mid-2030's





Hong Kong Air Cargo' maiden freighter to India lands in Mumbai Airport

Chhatrapati Shivaji Maharaj International Airport (CSMIA) announced the landing of Hong Kong Air Cargo's maiden freighter aircraft to India.

The inaugural flight arrived in Mumbai at 13:56 hrs and departed from CSMIA at 16:33 hrs. Hong Kong Air Cargo's A330-200 freighter hold an overall capacity of 65-70 metric tonnes.

Through this haulage, CSMIA aided the export of 49 tonnes from Mumbai to Hong Kong. Currently, Hong Kong Air cargo's freighter service is a scheduled airline operating once a week and will route its freighter flight to India

from CSMIA.

Between June to August, CSMIA transported over 1,87,000 tonnes of air freight operated by 18,900 flights, where 25,000 tonnes of freight included pharmaceutical goods, medical equipment amongst others. Mumbai airport handled 25,000 tons of international export cargo in the month of August 2021. CSMIA catered to essential cargo and achieved 86 percent of pre-Covid levels in August 2021. In the same period, CSMIA has facilitated the distribution of a total of approx. 57 million doses of Covid-19 vaccines to over 121 destinations in India and the world.

CMA CGM Group expand air freight division with two Boeing 777 freighters

CMA CGM Group expand it's air freight division operations with two new Boeing 777 Freighters.

CMA CGM Group launched its dedicated air freight division, CMA CGM AIR CARGO, in February 2021, commencing commercial operations in March with its first flight between Liege (Belgium) and Chicago, followed by flights to New York, Atlanta, and Dubai.

The Boeing 777 will provide CMA CGM AIR CARGO the flexibility to operate the airplane across its growing air freight network while helping to deliver on its sustainability objectives as the CMA CGM Group pursues its commitment to offer its customers a complete range of transportation and logistics solutions.

The 777 Freighter is the world's largest, longest range, and most capable twin-engine freighter. With a range of 9,200 kilometers, the 777 Freighter can carry a maximum payload of 102 tonnes, allowing CMA CGM AIR CARGO to make fewer stops and reduce landing fees on long-haul routes.

Qatar Airways seeks year-round Brisbane flights

Qatar Airways hopes to permanently add Brisbane to its extensive network, based in part on the airline's ongoing support of flights to and from Australia throughout the pandemic.

The Gulf carrier's flights between Doha and Brisbane have been operating on a temporary basis, but the airline has requested this be switched to a permanent arrangement allowing daily flights to the Queensland capital.





Lufthansa Cargo adds two Boeing 777F to its fleet



Lufthansa Cargo adds two Boeing 777 freighters to its service and registered as D-ALFJ and D-ALFK. The airlines are based at their home hub, Frankfurt Airport.

“We are very pleased that we can now offer our customers the capacity of a total of fifteen highly efficient wide-body freighters,” said Dorothea von Boxberg, Chief Executive Officer of Lufthansa Cargo. “We will continue to flexibly manage our freighters to best serve our customers’ needs. Together with the belly capacities of Lufthansa, Austrian Airlines, Brussels Airlines and Eurowings Discover now coming back into the market, they are forming our dense, global network.”

With the two new additions, Lufthansa Cargo’s Frankfurt fleet now numbers eleven Boeing 777 freighters, in addition to the capacity of four aircraft of the same type operated by the AeroLogic joint venture

AFTER A YEAR, SOUTH AFRICAN AIRWAYS TAKES OFF TO THE SKIES

South Africa’s national carrier South African Airways (SAA) will stretch its wings after a hiatus of over a year as it entered into the business rescue process that began on December 5, 2019.

The first flight took off from Johannesburg to Cape Town.

SAA has got wings to fly once again because the government finally decided to give up its controlling stake by offloading 51 percent stake to Takatso Consortium which comprises Global Aviation and Harith General Partners.

Initially, SAA will not return to the international long-haul as the market conditions are not yet right. Even though SAA has two A340-600s (owned) and one A330-300 (leased), aircraft that are capable of serving intercontinental routes, the operating cost for the old fleet is so prohibitive that the airline has decided not to resume intercontinental flights for the moment.

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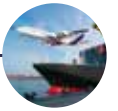
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AMERICAN AIRLINES, INDIGO SIGN CODESHARE AGREEMENT FOR INDIA CONNECTIVITY



American Airlines announced a new codeshare agreement with IndiGo and will place American's code on 29 of IndiGo's domestic routes in India, providing a connectivity option for American Airlines flights arriving on the carrier's new Bengaluru (BLR) and Delhi (DEL), India, flights.

The codeshare, which will require U.S. and Indian governments' approvals, is expected to begin in October, as American launches a new service between New York (JFK) and DEL on October 31 and between Seattle (SEA) and BLR on January 4, 2022.

"We're eager to add IndiGo as our trusted partner in India," said Vasu Raja, American's chief revenue officer. "Today we're adding 29 new routes to our map as a result of this agreement, providing customers with even more options around the globe."

TATA SONS WINS AIR INDIA BID FOR ₹18,000 CRORE

The government of India (GoI) announced Talace, a wholly-owned subsidiary of Tata Sons, as the winning bidder for the sale of 100 percent equity shareholding of GoI in Air India along with equity shareholding of Air India in AIXL and AISATS.

The winning bid is for ₹18,000 crore as enterprise value (EV) consideration for AI (100 percent shares of AI along with AI's shareholding in AIXL and AISATS). The transaction does not include non-core assets including land and building, valued at ₹14,718 crore, which are to be transferred to GoI's Air India Asset Holding Limited (AIAHL).

Air India has a total debt of ₹61,562 crore as of August 31. Tata Group will take over ₹15,300 crore debt. Remaining debt of ₹46,262 crore will be transferred to the SPV. Total support by the government towards the airline since

FY10 has been ₹1,10,276 crore.

According to the Directorate General of Civil Aviation (DGCA), Air India carried 28,917 tonnes of scheduled domestic cargo, 20,930 tonnes of scheduled international cargo, 1,740 tonnes of non-scheduled domestic cargo and 10,906 tonnes of non-scheduled international cargo in the first half of 2021 (January to June). The total cargo tonne-kilometre performance of the airline was 1.2 billion for the same period. Air India was also instrumental in moving Covid-19 pandemic relief commodities, including the oxygen concentrators, throughout the country during the crisis.

The Air India website says that the airline has a total fleet of 172 aircraft, including 49 widebody and 123 narrowbody, across Air India Express and Alliance Air.





TOP 20 GLOBAL PORTS BY THROUGHPUT IN H1 2021

Rank	Rank	Port	Country	mTEU	mTEU	%
HI 21	Hi 20			HI 21	Hi 20	
1	1	Shanghai	China	22.9	20.1	14%
2	2	Singapore	Singapore	18.7	17.8	5%
3	3	Ningbo-Zhoushan	China	16.1	13.3	21%
4	4	Shenzhen	China	13.7	11.1	24%
5	5	Guangzhou	China	11.8	10.8	9%
6	7	Qingdao	China	11.7	10.3	13%
7	6	Busan	South Korea	11.4	10.8	6%
8	9	Tianjin	China	10.3	8.6	20%
9	10	Los Angeles/Long Beach	USA	10.2	7.2	41%
10	9	Hong Kong	China	8.8	8.6	2%
11	11	Rotterdam	Netherlands	7.6	7	9%
12	13	Port Kelang	Malaysia	7	6	17%
13	12	Dubai	UAE	6.9	6.7	3%
14	14	Antwerp	Belgium	6.2	5.9	5%
15	15	Xiamen	China	5.9	5.3	11%
16	18	Tanjung Pelepas	Malaysia	5.6	4.6	20%
17	16	Kaohsiung	Taiwan	4.9	4.9	2%
18	19	New York/Newark	USA	4.4	3.4	31%
19	18	Hamburg	Germany	4.3	4.1	6%
20	20	Leam Chabang	Thailand	4.2	3.8	12%

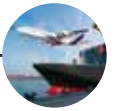
THE WORLD'S BIGGEST CONTAINER SHIP, THE EVER ACE, IS CONTINUING ITS MAIDEN VOYAGE

The Ever Ace, the world's largest container ship, docked at the UK port of Felixstowe in Suffolk on Sunday morning.

The giant vessel is part of a newer class of container ship than the Ever Given, which memorably blocked the Suez Canal for six days in March. The Ever Ace is an Evergreen A-class, which can hold up to 23,992 cargo units. This is up from the 20,124 cargo units

that the Ever Given, which is an Evergreen G-class ship, can carry.





80,000 SHIPPING CONTAINERS PILED HIGH IN THE PORT OF SAVANNAH



The Port of Savannah, like other ports around the US, is approaching crisis point, according to a report by The New York Times.

It has nearly 80,000 containers - 50% more than normal - stacked up, and the person that oversees the port says he's "never had the yard as full as this."

About 700 containers have been left there for a month or more, per The Times. In September, 4,500 containers sat in the port for weeks, waiting to be collected by the trucks or boats that take them to their next destination, The Times reported.

These issues have become common in ports around the world.

After falling shipping demand in the first half of 2020, a surge at the end of that year led to delays, port traffic jams, and blockages across the supply chain. A lack of shipping containers and dock workers made it worse. Now, containers are getting jammed up in ports because of both rising demand and a continuing shortage of staff to unload them and take them to their destination.

Around the world, other containers are stuck at sea on ships that are waiting to find a spot in port. Insider's Grace Kay reported earlier in October that nearly 500,000 shipping containers were stuck off the coast of Southern California.

DP WORLD TO INVEST RS 2,000 CRORE IN VARIOUS TAMIL NADU PROJECTS

DP World will come up with fresh investments to the tune of around Rs 2,000 crore in Tamil Nadu, including setting up of a new container terminal, cold storage and sea food processing zone among other units.

The other projects lined up include a free trade zone with an integrated rail siding, minor port in the Eastern Coast of Tamil Nadu and inland container depots in Erode, Karur and Tirupur. "These projects may create employment for 4,500 people (1,500 direct and 3,000 indirect)," a government official said. The company has now signed a memorandum of understanding with the state government seeking facilitation support required for the projects.

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CONTAINER CRISIS QUESTIONING GLOBALISATION, LOW-FREIGHT-COST ASSUMPTIONS: DREWRY



The current container crisis is questioning the globalisation and low-freight-cost assumptions on which container shipping growth and shippers' long supply chains were built, according to Drewry, an independent provider of research and consulting services to the maritime and shipping industry.

"Ocean carriers alone cannot remediate the current problems in the short term, and shippers will have to adapt their medium-term strategies," Drewry said after their recent interactions with global shippers and leading carriers.

"More than 80 percent of shippers reported serious issues with lack of shipping capacity, poor schedule reliability and high freight rates," Drewry said in its Logistics Executive Briefing. "Furthermore, 40 percent of shippers said that they are considering sourcing or exporting from a more local/regional location – a policy decision with the potential to substantially impact carriers' future deep-sea network and TEU-mile demand,"

Drewry officials spoke to members of its shipper Benchmarking Club (a group of

110+ multinationals) and five of the top 12 carriers (representing 44 percent of the global container shipping capacity).

The main findings are 3-fold:

*There are a number of measures shippers, ocean carriers and ports can take – and will need to take – to mitigate current container shipping issues. No single contingent group, or actor in the market, can solve the entire situation.

* The current medium-term plans of ocean carriers appear to focus on assets – ordering new ships and new boxes – with a lag time between order and delivery to the market.

* Ocean carriers do not appear to have short-term, contingency plans that can resolve the current market imbalances, other than attempts to stabilise schedules. "We are seeing staggeringly high levels of congestion outside key import and export container hubs with a total of 2,661,942 TEU currently waiting globally," according to Charlotte Cook, head trade analyst, VesselsValue. "This congestion has been a side effect of the container market recovery since Covid, and several factors including pent up demand, terminal closures, labour shortages, and a lack of available container ship tonnage."

The hold up in the maritime sector is already showing knock-on effects to supply chains as trucking and rail transportation experience delays and retailers struggle to restock shelves, Cook added. "With increased shipping expenses as a result of extended idling times and profit margins being squeezed in the shipping sector, we could see these costs trickle down to the consumer in the not too distant future."

KERALA GOVERNMENT REVAMPS INCENTIVE SCHEME FOR COASTAL SHIPPING

The Kerala government has approved a revised coastal shipping incentive scheme on loaded containers moving between Kochi and non-major ports in the State. The incentive on freight will now be disbursed according to a rate chart fixed for various routes.

It was originally fixed at 10 per cent above the road transportation costs. The scheme will be applicable to loaded containers shipped between the International Container Transshipment Terminal (ICTT) at Vallarpadam in Cochin Port Trust and non-major ports in the State such as Kollam, Beypore and Azhikkal.

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Kerala government revamps
incentive scheme for coastal
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