



NEWSLINE

Cargosol - a full-service freight forwarder catering to all your

Domestic & International

transportation requirements, with

maximum responsiveness

to freight needs..



Cargosol Newslines presents to you the latest developments in the supply chain industry

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SEA FREIGHT



CARRIERS HUNT AVAILABLE TONNAGE

- Containership demolition dried up in Dec
- Shipowners & carriers deployed available tonnage to meet demand.
- Smaller containerships to be sought-after, due to spike in freight & charter hire rates - This will plug network gaps.
- Demolitions final count (2020) - 87 ships - capacity of 119,000 teu, compared with 100, for 195,500 teu, scrapped in 2019.



BUNKER SURCHARGES: RISE IN SHIPPER'S MISERY

- As oil prices rise, ocean carriers prepare to ramp up low-sulphur fuel surcharges adding to shippers' misery due to high freight rates, surcharges & premium fees.
- Since early Sept, Brent crude price increased by 41%, to \$55 a barrel, with an 8% spike last week by Saudi Arabia's pledge to cut output.
- HFO consumed by ships with exhaust gas scrubber systems, increased by 36%, to around \$327 per ton - however, IMO-compliant LSFO has closely tracked oil prices rise & is up by 43%, reaching \$403 per ton.
- The spread per ton between the 2 fuels has widened from \$41 to \$76 since Sept, adding significant cost to LSFO bunkering vessels.



SHIPPING LINE RELIABILITY & ACCOUNTABILITY - 'A THING OF THE PAST'

- Shipping lines are facing increasingly angry customers on various platforms as rates continue to soar & service levels plunge.
- As shipping lines "wipe their hands of responsibility" as soon as the cargo is in a port- "Trucker capacity isn't their problem, gate hours isn't their issue, equipment availability is not for them to manage".



'SPACE ON BOX SHIPS OUT OF ASIA NOW GOING TO HIGHEST BIDDERS

- Forwarders engaged in bidding wars in China, to secure equipment & space to North Europe as carriers have opened first- & second-round tenders with the highest bidders for guaranteed shipment this month.
- According to Chinese Forwarders - Carriers are offering available slots on end-Jan sailings from Shanghai, Ningbo, Qingdao & Yantian, with all-in bids below \$16,000 per 40ft H/C for the UK & \$10,500 for Rotterdam, Antwerp & Le Havre.
- SCFI does not include additional premium fees to guarantee equipment & space, saw its North Europe component gain a further 9%, to \$4,452 per teu, 344% higher than Jan, 2020



'FEWER BLANKED SAILINGS OVER CHINESE NEW YEAR 2021

- Container carriers are expected to provide more deep sea capacity out of Asia over the Chinese New Year holiday, beginning 12 Feb, than in any other year.
- Announced blank sailings (normally shipping's slack season) are far fewer in 2021 than 2020
- Asia-Europe & transatlantic trades -1.7% & 0.6% of head haul sailings cancelled in Feb & Mar respectively, compared to 19.9% & 9.4% sailings cancelled in the same months last year.
- Few sailings cancelled for the 2nd quarter, whereas cancellations in 2020 amounted to 14.7% of expected sailings.



'SLIDINGS', PORT OMISSIONS & SHORT-NOTICE NETWORK CHANGES REPLACE BLANKING

- Scheduling 'slidings', ad-hoc port omissions and short-notice network structural changes are replacing blankings as the new challenges for shippers in 2021.
- 2M partners Maersk and MSC: Advisory on "service adjustments" relating transpacific tradelane.
- The network changes on 2M US west & east services feature port omissions in China & port swaps on US east coast.



SEA FREIGHT



SHIPPERS & FORWARDERS CLAIM CARRIERS BREACH CONTRACTS TO DEMAND HIGHER RATES

- With the rise in Asia-Europe container spot rates, shippers & freight forwarders are accusing carriers of breaching short- & long-term contracts to “charge whatever they want”.
- In a joint letter to the Competition Directorate of the European Commission (EC), the European Freight Forwarders Association (CLECAT) & European Shippers’ Council (ESC) have protested about the “damage” the carriers’ behaviour is “causing to trade growth at a time of economic recession”.
- The complaints relate to “violation of existing contracts, the establishment of unreasonable conditions concerning the acceptance of bookings and unilaterally setting rates far in excess of those agreed in contracts”.



COVID, COSTLY AIRFREIGHT & BOX SHORTAGES PUSHING FORWARDERS TO LCL OPTIONS

- Costly airfreight rates & global container shortage are driving demand for less-than-container load (LCL) shipping services.
- With less frequent air travel, record-high prices & stock quantities fluctuating, LCL gives customers the flexibility to fill up only needed container space rather than renting the whole box.
- With global e-commerce boom, emerging markets & shifting sourcing trends, LCL will be used by small & medium-sized companies to flexibly replenish stock

CAREER OPPORTUNITIES



[ACCOUNTS EXECUTIVE - KALAMBOLI](#)



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SUMMARY OF CIRCULARS

You can read the summary of various supply chain circulars here



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[AIR FREIGHT](#)



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AIR FREIGHT



LUFTHANSA : SURCHARGE ON CARGO TRUCKED FROM UK TO EU

- Lufthansa Cargo has imposed security charges for all cargo departing the UK on road feeder services (RFS) for onward flights out of its European hubs.
- This cargo would be subject to 'security charges for unknown cargo' of £0.15/kg (\$0.20), or a min. of £17.25.
- Following Brexit, EU law no longer recognizes trucked cargo from the UK as secure & requires such goods to undergo rescreening before onward flights.



AMAZON EYES FLEET OF 85 AIRCRAFT

- Amazon to boost its freighter fleet to more than 85 aircraft by 2022.
- In addition to the roll-out of a dozen 767-300 freighters leased from ACMI provider ATSG, the e-commerce giant is bringing in 11 more 767Fs.
- Amazon's growth is in stark contrast with the prospect of ongoing capacity shortage.
- At the same time, plenty of aircraft are available for conversion as airlines shrink their fleets, & there is no shortage of furloughed pilots looking for work.



COSTS SET TO FALL FOR QATAR AIRWAYS AS MIDDLE EAST BLOCKADE COMES TO AN END

- Costs for shipping via Qatar could fall following an agreement to end the blockade of the country by other Middle Eastern states.
- Saudi Arabia, Bahrain, Egypt & the UAE introduced a land, sea & air blockade of Qatar in Jun 2017, accusing the country of supporting terrorist groups & working with Iran.
- A formal agreement is expected to be signed shortly at the GCC meeting in Saudi Arabia.
- The ending of the blockade should cut costs for sea, air & land transport companies in Qatar, which have had to find new routes.



HIGH AIR CARGO RATES : SHIPPERS NEED TO PLAN CAREFULLY

- As air freight rates are high, shippers need to plan their shipping requirements & costs
- The Baltic Air Freight Index saw a 100% year-on-year increase this week, while the past few weeks have seen the highest readings since the Q2 capacity shortage.
- Forwarders in Asia have noted a softening market ex-China, in part due to lockdowns, although e-commerce remains strong.
- Air freight wise, spot rates reduced after new year & is expected to drop in a couple of weeks,



Vaccine Distribution in India

India has approved the UK-developed Oxford-AstraZeneca vaccine from Serum Institute, Pune & Covaxin from the Indian firm Bharat Biotech, Hyderabad.

India is expected to play a major role in production & distribution of Covid-19 vaccines due to its manufacturing capacity.

Vaccine distribution in India is putting new pressure on air cargo rates & capacity as airports will need an integrated solution for temperature tracking & end-to-end visibility to streamline the journey of Covid-19 vaccines from manufacturers to end-customers.

Hyderabad airport is upgrading to cold - ultra-cold temperature ranges & is expected to become India's largest air cargo centre (international and domestic) for vaccine distribution.

Cargo carrier SpiceXpress signed an MOU with ground handler GMR Hyderabad Air Cargo, giving the airline priority space for vaccine shipments & will provide first-mile pick-up and last-mile delivery across India & internationally and will keep dedicated freighters, including widebody aircraft at Hyderabad.

India's air cargo industry lost appx 20% of volumes compared with 2019

International passenger flights still restricted . Vaccine rollout now priority, rates and capacity are under pressure

Key freighter operators have started dedicating space to vaccine deliveries which will lead to a situation of negligible available capacity for general air cargo movements, which will lead to increased freight rates.

FOOD FOR THOUGHT

With 'global vaccine corridor' a priority, will air cargo in India be under a new pressure?

We would love to hear from you! Write to us at care@cargosol.com

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Candidates preferred from logistic & forwarding industries

TRANSPORTATION

PROGRESS REVIEW OF DFC

- The Minister of Railways, reviewed the progress of various sections under completion in Dedicated Freight Corridor on both East & West corridors.
- The DFCs that are being constructed for goods trains aim to:
 - 1) Decongest the railway network
 - 2) Ensure faster movement of goods
 - 3) Increase the national carrier's freight capacity network
 - 4) Reduce overall logistics costs for companies.



INDUSTRY SPECIAL



DP WORLD STARTS CONSTRUCTION OF A NEW FREE TRADE ZONE IN MUMBAI:

- Construction started to DP World's Nhava Sheva Business Park (NSBP) Free Trade Zone (FTZ) in Mumbai.
- The INR 1000 Cr. DP World FTZ investment comes under the Hindustan Infralog Private Limited (HIPL) joint venture between DP World (65%) & National Investment & Infrastructure Fund (NIIF) (35%).
- Equipped with one-stop solutions-
 - 1) multi-product-temperature-controlled warehouse
 - 2) container yard with modern digital & security systems.
 - 3) round-the-clock customs clearance



GMR HYDERABAD CARGO HANDLES 1ST COVID VACCINE CONSIGNMENT

- Consignment arrived at the Cargo terminal by the Spicejet Freighter SG-7466 at 1130 hours from Pune.
- A dedicated vaccine task force to streamline a seamless & high priority movement
- 31 boxes of 1 MT of Covishield vaccine were offloaded from the aircraft parked in the adjoining dedicated cargo apron.
- It was immediately taken to vaccine storage & handling areas in the GHAC terminal



AIRLINES DIVE INTO ACTION AS VACCINE TRANSPORT STARTS OFF ACROSS INDIA

- 9 flights - domestic operated airlines carried 56.5 lakh doses from Pune to Delhi, Chennai, Kolkata, Guwahati, Shillong, Ahmedabad, Hyderabad, Vijayawada, Bhubaneswar, Patna, Bengaluru, Lucknow & Chandigarh.
- The Directorate General of Civil Aviation (DGCA) issued guidelines last week to airlines & other aircraft operators for the mass transportation of Covid-19 vaccines.
- Authorized airlines can carry the vaccine packed in dry ice in the passenger or the cargo cabin, as the guidelines say.



CENTRE TO DECIDE ON INDIA'S SHIPPING FACILITIES FOR THE VACCINATION DRIVE

- The Union Health & Civil Aviation Ministry is working finalization of shipping arrangements for approved coronavirus vaccines from manufacturers to storage facilities across states.
- The govt prepares to begin vaccinating priority groups from Jan 16.
- The world's largest immunization exercise against Covid-19, 30 million health care & frontline workers will be served on priority.
- On Sunday, the Union health ministry held a video conference with state representatives to review the functioning of CoWIN software that forms the backbone of the last-mile vaccine administration.



Our new warehouse
at Taloja
has commenced
operations



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