



NEWSLINE

Cargosol team values “Commitment”. The satisfaction in living up to the values can only be experienced.

We appreciate our team for their “Consistent Efficiency” and letting the customers have great experience .

Cargosol Newslines brings you the latest developments in the supply chain industry.



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SEA FREIGHT

SHIPPING LINES TO ENSURE GREATER SCRUTINY TO HELP AVOID PANDEMICS

- International Transport Forum's shipping experts have urged all participants in maritime supply chains especially shipping lines and ports to ensure greater scrutiny of cargo to avoid pandemics.
- Shipping has played in transforming "localised virus outbreaks into worldwide pandemics" with the transport of wildlife and illegally logged wood and ballast water - by which seawater from one part of the world is taken on by ships as ballast during a voyage and then dumped in another part, which has had awful consequences.
- The 1991 cholera epidemic in Peru is believed to have been introduced into three ports through ballast water from Bangladesh. The disease subsequently spread throughout Latin America, killing more than 10,000 people by 1994.



DWINDLING AIRFREIGHT CAPACITY FORCES PERISHABLES SHIPPERS TO TRY A DIP IN THE OCEAN



- South Africa's perishables exporters gearing up for the stone fruit season by airfreight hit by the grounding of South African Airways (SAA) fleet resulting in a blow to get their goods to international markets.
- With subsequent rise in costs, Exporters have shifted to ship in reefers by sea mode resulting in longer delivery schedules.

SPOT RATES HOLD STEADY AS RETAILERS ANTICIPATE CONSUMERS SHOPPING EARLY FOR X'MAS

- China's Golden Week national holiday comes to an end but container shipping spot rates on the main east-west trades have remained flat.
- Shanghai Containerised Freight Index (SCFI) reports spot rates on the Shanghai-North Europe trade fell a marginal \$19 to \$1,149 per teu and on the Shanghai-Mediterranean route, the decline was just \$9, to end the week on \$1,202 per teu
- Carriers have blanked 13 of the scheduled 97 Asia-North Europe sailings this month - representing a 14% reduction in terms of teu capacity.



INDUSTRY LEADERS CALL FOR SUPPLY CHAIN INTEROPERABILITY BETWEEN MODES

- Experts from across the freight transport modes have issued a call for the industry to develop common multimodal standards to "meet the heightened expectations of sellers and buyers when it comes to detailed tracking of the location and condition of their goods".
- For increasingly complex supply chains of today to function effectively, work must begin on developing interoperable standards that are consistent across all modes.
- In order for supply chains to be able to offer cargo owners and freight service providers features such as seamless end-to-end shipment tracking "two types of 'interoperability' that identify the data communication needs and the system requirements in order to effectively communicate between stakeholders" will need to be developed: semantic and technical interoperability.



CHARTER MARKET STILL ON A HIGH

- Containership charter rates continue to soar against a backdrop of tight supply across most sectors.
- Latest idle tonnage report shows 23 fewer ships (for 123,462 teu) in the idle fleet down to 140 vessels for 520,831 teu representing just 2.2% of the global fleet

Demand in demand from charterers continues even at this time of year when carriers which normally look to off-hire tonnage as they go into the slack season are holding and extending the tonnage they have and are desperate to fix new ships.

HIGH DEMAND STILL HOLDS IN THE SLACK SEASON ON SHIPPING LANES

- Despite the start of the traditional slack season - as China's Golden Week holiday gets underway - there seems no easing of the demand spike from Asia to the US and Europe as factories in China are continuing production during the holiday to catch up with the backlog of orders.
- Capacity on sailings to the US and Europe remains "extremely tight" through to November and there is a scramble to try rebook containers due to the CMA CGM cyberattack, subject to the payment of carriers' premium rates for equipment and space.





SEA FREIGHT

'VOLATILE' BOX TRADE HAS SHIFTED 'FROM A DEMAND CRISIS TO AN OPERATIONAL CRISIS'

The era of low-cost ocean freight could be over as volatility and exception handling become the new battleground for forwarders and carriers as container shipping is moving away from being largely cost-focused. Many customers were expecting a 50%-60% drop in volumes in April and May, but demand came back much faster than expected, with the resulting uncertainty having a huge impact on supply chains.



The industry shifted from a demand crisis to an operational crisis and the battleground for carriers and forwarders would be over who can better manage the increased volatility, while also providing visibility and efficient exception handling to customers.

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ASIAN SHIPPERS HIT BY DOUBLE-WHAMMY OF LACK OF BOXES AND CAPACITY SQUEEZE

Shippers in Asia face a double-whammy of equipment shortages and tight shipping capacity that is driving an unrelenting spike in short-term contract rates.

Vessels to North Europe and the US west coast are reportedly "fully booked for two to three weeks after Golden Week and some of the carriers just do not have 40ft high-cube containers at their depots.

In addition to the space constraints and ramping up empty container repositioning programmes carriers have also tightened up on the time allowed to pick up equipment before export loading in China, and reduced the free time for restitution in Europe and the US.

MAERSK CHANGES SERVICE—FAR EAST ASIA TO INDIAN SUBCONTINENT



Maersk made changes in its Far East-Indian subcontinent service and named its new FI3. Commencing on November 5th, 2020 out of Qingdao, it intends to replace existing FI2 and FI3 services.

The Port rotation will now will be as follows:

Qingdao - Xingang - Kwangyang - Busan - Tanjung Pelepas - Colombo - Jawaharlal Nehru - Pipavav - Colombo - Singapore



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AIR FREIGHT

AIR CARGO CAPACITY CREEPS UP AS CARRIERS BRING IN MORE FREIGHTERS



- Air freight capacity is inching up, with several more freighters now in operation.
- First half of September saw capacity 23% below the same period of last year, up from 26% lower the previous fortnight.
- Transpacific capacity was back at 2019 levels.

PHARMA, PERISHABLES AND E-COMMERCE DRIVING AIR CARGO RECOVERY IN INDIA



- India's air cargo market is gathering steam, with exports leading the recovery, post-lockdown.
- The air cargo recovery has been mostly driven by a strong export market mainly due to pharmaceuticals, perishables and e-commerce. Mumbai International Airport (MIAL) saw 18,820 freighter movements between April and August, with general cargo volumes up 278% to 72,000 tonnes.

AIRFREIGHT SET TO SEE SPIKES OF DEMAND IN Q4, BUT RATE RISES WILL BE CALMER



- The airfreight market to see spikes of demand in Q4, but the "wildfire" rate increases experienced during "PPE season" are unlikely.
- Online sales expected to drive airfreight demand more than B2B during the final quarter.
- Currently inventory levels are low in the US and Europe since buyers kept orders on hold during lockdowns and financial difficulties and the new orders placed in October and November will create demand and subsequent spikes, which will drive rates very high for a short period.

PEAK SEASON

CAPACITY-CONSTRAINED AIR CARGO MAY BE HIT HARD BY PEAK SEASON MODAL SHIFT

- Air freight has lost market share to ocean, a pattern common during downturns which is rare at the start of an economic upturn and cheaper slower sea freight becomes more attractive to shippers at the bottom of the cycle.
- Air cargo was expected to rebound when businesses need to rapidly refill inventories - but this has not happened.
- As sea freight sees some of its highest prices container lines have added express services, while rail is also experiencing strong volumes suggesting shippers may turn to these modes during the peak season as air freight grapples with low capacity.

TRANSPORTATION

APPROVAL GRANTED BY RAILWAYS TO ALSTOM FOR RUNNING HIGH SPEED FREIGHT TRAINS IN INDIA



- Making the Alstom e-locomotives the fastest freight movers in the country, the Railway Ministry and the Research Designs & Standards Organisation have allowed French rolling-stock firm Alstom for operating High-speed freight trains.
- Electric locomotives allow heavy freight trains to haul 6,000 tonnes at a top speed of 120 kmph.
- This move will not only bring down operational costs but also reduce the congestion faced by Indian Railways.



India's Container Crisis

The acute shortage of containers for exports with soaring sea freight rates and shutting out of containers has opened door to challenges not only to Indian Exporters but also to Shipping lines.

Indian Exporters state that their trading volumes are down due to the non-availability of containers which has effected their delivery commitments to foreign buyers.

Forced to pay higher freight rates for the containers allotted as demanded by the Shipping Lines and demand regulation of rates

Shipping Lines state that the worsening trade imbalance is the cause of the current situation. Services continued during lock down in spite of

- ▶ Vessels arrived with negligible import cargo on board
- ▶ Extended additional free days on container detention; in line with the advisory issued by the directorate general of shipping.
- ▶ Forced reposition of empty boxes into Indian ports for the export trade at additional costs.

To summarize,

- ▶ Widening imbalance between Exports and Imports
- ▶ Bypass of vessels
- ▶ Increased Export volumes but with low Imports
- ▶ Cargo Mix - imports with majority in 40'boxes whereas exports are in 20' boxes

In addition to this as a result of increased demand, reduced imports and port rotation issues, supply and demand gaps has emerged across major intra-Asia trading routes.

Industry experts says that India will take approximately four to five months to resolve the current scenario. Only when inbound volumes picks up to their normal levels with regular calling of vessels as per their weekly fixed schedules the situation may normalise.



Industry Special

EXPORT OF BANGLORE & KRISHNAPURAM ROSE ONIONS, SHALL BE ALLOWED FOR EXPORT.

India on Friday eased the export norms for certain kinds of onions and allowed the export of Bangalore Rose Onions and Krishnapuram Onions of up to 10,000 MT each upto March 31, 2021 from Chennai port only



NO MEIS BENEFIT FOR THESE EXPORTERS

As per Notification No 30 dated 1st September, 2020, if any IEC holder has not made any exports for a period of one year preceding 1st September, 2020 or any new IEC holder who obtains IEC on or after 1st September, 2020, shall not be eligible for MEIS benefits.



IMPORT OF TYRES ARE NOT ALLOWED UNDER DFIA

Directorate General of Foreign Trade (DGFT) added new sub-para in a chapter in the Foreign Trade Policy 2015-20 "for disallowing import of tyres under DFIA scheme is introduced" with a move to promote domestic manufacturing.

With the above amendments in effect, importers would now require a licence from DGFT for imports under restricted category.

INDIAN RAILWAYS HAS INTRODUCED ONLINE TRACKING SYSTEMS FOR FREIGHT CONSIGNMENTS.



- The portal has been developed by the Centre for Railway Information Systems (CRIS) with an aim to increase its revenue from freight operations. They launched an portal for the clients who wants to transport their goods with the national transporter.
- Indian Railways is also going digital for booking of freight under its network.

Summary of Circulars

You can read the summary of various supply chain circulars here

Sea Import

CLICK



Air freight

CLICK

Sea Export

CLICK

Transport

CLICK

Food for Thought

How many months will it take for India's container shortage crisis to normalise?

We would love to hear from you.

Write to us at: care@cargosol.com



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