



NEWSLINE

Cargosol is **'Committed'** to establish proud associations with employees, customers & vendors.

Through **'Consistent Efficiency'**, we strive to simplify trade logistics.



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

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SEA FREIGHT



BANGLADESHI APPAREL MAKERS DEMAND WITHDRAWAL OF CONGESTION SURCHARGES

- Garment makers have demanded government take immediate steps to withdraw the emergency cost recovery surcharge (ECRS) carriers have slapped on because of congestion at ports.
- In a letter to the shipping ministry, Chittagong Port Authority & Bangladesh Shipping Agents Association (BSAA), the manufacturers say the apparel sector & other industries are already in jeopardy, having being hit by the Covid-19 pandemic.
- Global retailers are continuing to suspend or cancel work orders, which has created uncertainty for factories & workers & it could raise the import cost of raw materials, due to which the buyers may not pay exporters the full price for finished goods. The Bangladeshi ready-made garments industry may see a loss of competitiveness.



COLOMBO PORT CONGESTION: 50,000 TEU LOGJAM DRIVES DELAYS & RATE HIKES

- A backlog of 50,000 teu at the port of Colombo is causing chaos for South Asian transshipment cargo caused by a labour shortage due to Covid related issued at the city's container terminals since early Oct impacting supply chains in neighbouring India & Bangladesh.
- The port of Colombo's workforce had been reduced by around 30%, resulting in a big hit to crane productivity and inter-terminal trucking & it is expected that the backlog will take 6-8 weeks to clear up.



PEAK SEASON & PORT CONGESTION SURCHARGES SPREAD TO ASIAN TRADE LANES

- Shipping lines have slapped a raft of peak season & port congestion surcharges on Asian trade lanes.
- Rates for Chinese exports were expected to keep rising, due to carrier's peak season surcharges on numerous routes or significantly higher FAK rates for Dec.
- On the intra-Asia lanes, the worsening shortage of 40ft containers is driving up spot rates & the scarcity of equipment on east-west trades spreading into Asian networks.
- Surge in volumes and terminal capacity at its limits has created equipment issues with the Asian region desperately needs empty containers for exports.
- It is forecasted that the situation will definitely not improve before Chinese New Year [in Feb].



CAPACITY SHORTAGES ON ASIA-EUROPE DIRECTLY DUE TO TRANSPACIFIC TRADE BOOM

- Capacity restrictions on the Asia-Europe ocean trades, in terms of both vessels & equipment are a direct result of the transpacific demand boom.
- The recent capacity injections on the transpacific are expected to limit the ability of carriers to bring more slots and containers to the Asia-North Europe trade.
- Planned capacity growth on the transpacific in Dec will be 4 times higher than in the Asia-Europe trade, and 8 times higher in Jan
- As a consequence of the extremely strong demand boom in the transpacific, carriers have diverted capacity onto the transpacific - both to capitalize on the much higher freight rates, to physically move the large volumes suddenly requiring shipment.



SEA FREIGHT



MORE PAIN FOR ASIA-EUROPE SHIPPERS AS RATE HIKES & SURCHARGES PILE UP

- Container spot rates on Asia to North Europe leapt 27% this week to breach \$2,000 per teu, with carriers planning further FAK rate hikes for Dec.
- The Shanghai Containerized Freight Index (SCFI) recorded an increase of \$447 in its North Europe component to \$2,091 per teu, which is 170% higher than a year ago & the rate to Mediterranean ports also saw a big spike, 23% to \$2,219 per teu, representing a 203% increase on 12 months ago.
- With no sign of an end to the pain for Asia-Europe shippers as further FAK increases next month come on top of the surcharges & premium product fees now required to secure equipment and space on vessels.



FMC CRACKS DOWN ON ALLIANCES AFTER COMPLAINTS OF 'UNREASONABLE PRACTICES'

- The US Federal Maritime Commission (FMC) has tightened the screws on the 3 major ocean carrier alliances, demanding carrier-specific trade data is filed monthly rather than quarterly.
- FMC's core functions is the monitoring of alliance agreements, which it does through "exhaustive, commercially sensitive information" from regulated entities & it analyses the information so it can determine trends and any illegal behaviour.
- The FMC recently flexed its muscles after being inundated with complaints over shipping lines, congestion and demurrage & detention charges.

TRANSPORTATION



PM MODI TO LAUNCH INDIA'S LONGEST EXPRESSWAY BY NOV END

- PM Narendra Modi is likely to launch the Varanasi-Prayagraj expressway or the Ganga Expressway by the end of Nov during his visit to Varanasi.
- Once completed, the 1,020 km-long Ganga expressway will be the longest expressway in the country & is estimated to cost over INR 37,000 crore.
- The expressway will connect other expressways in the state through Lucknow-Agra expressway, Purvanchal Expressway & Ballia Link Expressway



TRANSPORTERS DISTRESSED OVER MAHARASHTRA GOVT'S DECISION TO IMPOSE 10% TOLL TAX

- The announcement made by the Maharashtra govt. on its decision to increase the toll tax for heavy vehicles on 15 roads under the Public Works Department's jurisdiction has been met with strong dissent by transporters across Maharashtra.
- The increase is to be around 10% which is less than the toll tax on national highways, as per an official statement by the government.



AIR FREIGHT



COVID DELAYS AIR CARGO AT SHANGHAI - PROMPTS INSPECTIONS AT PORTS

- Export air shipments facing delays of up to 3 days for cargo moving through Shanghai Pudong Airport, following the discovery of a cluster of Covid-19 cases resulting in import and export customs inspections suspended until further notice from the government.
- While flights continued to operate, along with customs clearance, pick-up & delivery, operations have slowed down – but any goods requiring customs inspection are “on hold”.



BOEING PREDICTS SOARING NEED FOR MORE FREIGHTERS AS TRADE RECOVERS

- Boeing predicts growth in the global air cargo fleet north of 60% over the next 2 decades as traffic doubles by 2040 as the repercussions of Covid-19 have dramatically increased the need for freighters.
- Asia will command a growing share of global airfreight volumes & lift, say Boeing’s analysts, who see strong growth in the lanes from East Asia to North America (rising 4.3% a year) & to Europe (4.4%).
- The only sectors that are projected to grow faster than these are intra-Asia (4.9%) & China’s domestic market (5.8%).
- This growth requires a significant infusion of capacity, says Boeing, anticipating 2,430 deliveries of jet freighters within the next 20 years. Nearly half of these – 1,080 – will be narrowbody freighters, all converted passenger aircraft.



VACCINE CARGO MAY SAVE SOME AILING CARRIERS, BUT MAY BE TOO LATE FOR OTHERS

- Airlines are counting on Covid-19 vaccine distribution to save them next year, according to IATA, but the industry should expect more carrier failures in the first half.
- Revenues are expected next year to be about 50% of those in 2019, with losses across the industry of some \$38bn, ahead of this year’s forecast of \$118bn losses.
- The average airline, at the end of the first quarter this year, had sufficient cash reserves to last about 8.5 months – or until the end of the first quarter of 2021. But travel recovery, or the vaccine boost, will not help until the second half.
- Airlines are expecting a Vaccine boost in the second half, but it’s going to be a challenging first half.



HANJIN GROUP HELPS KOREAN AIR TAKE OVER ASIANA

- Hanjin Group agreed a funding deal which will see it lend €68m to subsidiary Korean Air so it can buy rival Korean carrier Asiana.
- Korean Air will also increase its capital by €1.9bn by issuing new shares.
- Asiana operates 12 freighters, adding a significant list to KAL’s operation.



AIR CARGO WILL GIVE VACCINE DISTRIBUTION ITS BEST SHOT

Pfizer/BioNTech & Moderna claim that their vaccines show outstanding efficacy rates, now all eyes are turning to the logistics sector to assess readiness for distribution. Surveys reveal only 28% of respondents in the air cargo sector felt ‘well prepared’ for the vaccine distribution. This challenge will take coordination between airports & logistics companies.

Temperature control is the major concern in shipping the Covid-19 vaccines. Pfizer’s doses need to be stored at -70°C , the most stringent requirement comparatively. Air cargo cold chains are equipped to handle temperatures between $+2-8^{\circ}\text{C}$ & some as low as -20°C . There are hardly any facilities designed to handle cargo at considerably lower temperatures.

The Moderna vaccine can be stored at a more conventional freezing temperature (-20°C) & will have longer shelf life when refrigerated (at $+2-8^{\circ}\text{C}$). These requirements are more in line with existing air cargo capabilities worldwide.

To build on their existing cool chains, airports need to review “pain points” along the air freight supply chain & minimize risk for temperature excursions. For instance, shipments are the most vulnerable when waiting while in transit in an uncontrolled environment. Planning would involve technologies, such as thermal blankets, range of temperature requirements, scale & predictability of vaccine traffic. Airports should also prepare different planning scenarios according to whether they will act as (regional) distribution points, or as “pass-through” for local demand.

Air Cargo is a resourceful, proactive & resilient industry, with ‘thorough planning’ foreseeable risks can be mitigated. The coming months will provide a world stage for air cargo to demonstrate just how accurate this statement may be.

CAREER OPPORTUNITIES



[CUSTOMER SERVICE EXECUTIVE-
CORPORATE KEY ACCOUNTS - MUMBAI](#)



[CUSTOMER SERVICE EXECUTIVE- PUNE](#)



[EXPORT - DOCUMENTATION & OPERATION
EXECUTIVE - NVOCC DIVISION](#)



[AIR EXPORT - DOCUMENTATION AND
CUSTOMER SERVICE - MUMBAI](#)

SUMMARY OF CIRCULARS

You can read the summary of various supply chain circulars here



[SEA IMPORT](#)



[AIR FREIGHT](#)



[SEA EXPORT](#)



[TRANSPORT](#)



[LOCKDOWN UPDATE](#)



INDUSTRY SPECIAL

TOUGHER US DRUG LEGISLATION SET TO DERAIL MILLIONS OF PARCELS ON 1ST JAN 2021



- Large numbers of parcels headed for the US are likely to be rejected as, from 1 Jan, full and correct advance data sets of all incoming packages through the mail will be mandatory.
- The problem is the implementation of the next phase of the Synthetics Trafficking & Overdose Prevention (STOP) Act that aims to crack down on illicit opioids entering the US through the mail.
- This requires postal agencies in origin countries to submit in advance full data sets on all parcels to the US Postal Service (USPS), which must forward these advance electronic data (AED) to the Customs & Border Protection agency for scrutiny.
- Under the new requirements, parcels without a proper AED are to be returned to the country of origin and the associated expenses are the responsibility of the tendering

INDIA ISSUES DRAFT MERCHANT SHIPPING BILL, 2020 FOR PUBLIC CONSULTATION



- “The Merchant Shipping Bill, 2020 has been drafted, with the primary aim of promoting the growth of the Indian shipping industry by incorporating the best practices adopted by other advanced countries like the U.S., Japan, U.K., Singapore and Australia,” said the ministry release.
- Adequate provisions are incorporated to ensure the safety and security of vessels, the safety of life at sea, prevent marine pollution, provide for maritime liabilities and compensations, and ensure comprehensive adoption of India’s obligations under international conventions.
- The envisioned advantages are the following
 1. Promoting ease of doing business
 2. Embracing digital technology
 3. Increasing tonnage & vessel as a tradable asset, etc



GOVT MOVES TO REGULATE SHIPPING FREIGHT RATES

- The Central government has decided to regulate freight charges levied by shipping firms for export, import and local, transportation in a move that is bound to run into opposition from the carriers.
- The plan to regulate freight charges is one of the new provisions in the draft Merchant Shipping Bill, 2020 prepared by the Ministry of Ports, Shipping and Waterways that seeks to repeal and replace the Merchant Shipping Act, 1958 and the Coasting Vessels Act, 1838.



BAN ON SCHEDULED INTERNATIONAL COMMERCIAL FLIGHTS EXTENDED TILL DEC 31

- The ban was earlier supposed to be lifted on November 30
- The ban on scheduled international commercial flights to and from India has been further extended till December 31.
- The Directorate General of Civil Aviation (DGCA) order states that restrictions will not be applicable to international air-cargo operations and flights specifically approved by the DGCA.
- The order adds that international scheduled flights may be allowed on selected routes on a case-to-case basis.
- This exemption is for the 22 countries including the US, UK, France, Germany and Japan with which India has entered into a bilateral Transport Bubble Arrangement (TBA).



FOOD FOR THOUGHT

Will Airlines overcome the Logistical Challenges for the Covid-19 vaccine distribution?

We would love to hear from you!

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