INDIA: June 28, 2022 Week 26

Weekly Port Congestion at Major Asia Sea Ports

Hong Kong	Waiting Time : 2 Day
Yantian	Waiting Time : 2 Days
Shekou	Waiting Time : 1 Days
Nansha	Waiting Time : 2 Days
Xiamen	Waiting Time : 1 Day
Qinzhou	Waiting Time : 3 Day
Shanghai	Waiting Time : 2 Day
Ningbo	Waiting Time : 3 Days
Tianjin	Waiting Time : 1 Day
Qingdao	Waiting Time : 4 Days
Kaohsiung	Waiting Time : 2 Days
Keelung	Waiting Time : 2 Day
Port Klang	Waiting Time : 2 Days
Singapore	Waiting Time : 1 Day
Busan	Waiting Time : 1 Days
Tokyo	Waiting Time : 2 Day
Nhava Sheva	Waiting Time : 1 Days
Mundra	Waiting Time : 1 Day
Chennai	Waiting Time : 2 Day

Source :- https://www.gocomet.com/real-time-port-congestion

MARKET UPDATES

Firms to move away from just-in-time supply chains

Companies are making a long-term move away from just-in-time (JIT) supply chains as they look to combat the disruption experienced over the last couple of years. Panellists at the Multimodal conference and exhibition in the UK said that the last few years had seen companies move away from transporting shipments to arrive just as they are needed in favour of holding buffer stock at local warehouses, known as just-in-case (JIC). “If you look at warehouse occupancy rates, customers are holding a lot of product locally, and I don’t see that changing until there is more resilience,” said Nick Winder, group managing director for WIN Logistics Group.
HMM Europe managing director for Great Britain, Peter Livey, added that there have been so many ‘black swan’ events in the last few years that some previously dominant supply chain models such as ‘Lean JIT’ were no longer seen as reliable.
“I think people have been burnt in the last two years, by the disruptions to logistics supply chains,” said Samantha Brocklehurst, customer experience director for the UK & Ireland, Maersk.
“We have seen a swing from JIT to JIC, and I don’t think we can go back to JIT, but I think there is a middle ground.”Another trend that many have suggested could impact supply chains is re-shoring as companies move production closer to the final market to minimise the likelihood of disruption.

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However, the panel said companies were more likely to implement multi-sourcing, where production is based in several countries, in particular in Asia, in case of disruption in one country.

Source : https://aircargonews.net

IATA chief accuses Europe of 'greenwashing' on aviation emissions

A major trade group for global cargo and passenger airlines is calling on governments to do more to ensure increased production of sustainable aviation fuels (SAF), as well as the safe deployment of 5G telecommunications networks and carriage of lithium batteries on aircraft.
The International Air Transport Association issued the positions at its annual general meeting in Doha, Qatar, this week.
IATA said governments must quickly adopt large-scale incentives to spur the rapid expansion of sustainable aviation fuels in order to help the aviation industry achieve its target for net-zero carbon emissions by 2050.
Aviation makes up about 2.4% of global CO_2 emissions.
Airline industry officials plan to rely on biofuel or synthetic substitutes for kerosene jet fuel to reach their goal until alternative technologies, such as electric and hydrogen propulsion, become commercially viable. And those technologies will only be usable for short-haul flights while the majority of carbon emissions come from long-distance flying.
The airline industry's road map to carbon neutrality has SAF contributing up to 65% of the required emissions reduction — 1.8 gigatons of carbon — in 2050. A massive increase in production will be needed to meet demand because SAF is not commercially available in most countries or produced at a small scale.

Source : https://www.freightwaves.com

CHINA'S AIR CARGO CAPACITY IS BACK TO NORMAL, BUT DEMAND IS WEAK

China's airfreight capacity has risen above pre-Shanghai lockdown levels, but there's been no big uptick in demand so far, forwarders say, even while rates creep up. According to Steve Saxon, partner at McKinsey, the lockdowns in Shanghai led to cargo being unable to get to the airport, as well as a lack of handlers. He explained on social media: "At the trough, we saw 80% less air cargo capacity in Shanghai. China-wide, this translated to a 20% decline in air cargo capacity."

Indeed, the capacity drop apparently affected Hong Kong volumes in May, with Hong Kong International Airport (HKIA) reporting a 15% year-on-year drop in exports, with overall throughput down 9.7% to 365,000 tonnes. HKIA said the fall in volumes was due to "continuing geopolitical tensions in Europe and disruptions to global supply chains caused by the pandemic".
Nevertheless, Mr Saxon added: "With lockdowns lifting, capacity has raced back, and is above pre-crisis levels on all major trades."The end of restrictions in Shanghai prompted an initial busy period for airfreight, one Chinese forwarder noted, but he said the market has since softened and demand was currently "nothing really special".

Source : https://theloadstar.com

Shock for carriers as spot rates fall below long-term contract prices

Spot container freight rates on the main east-west deepsea headhaul trades continued to edge downwards this week, amid a softening of demand as western consumers grapple with the rising cost of living crisis.

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A survey of SME shippers by Freightos shows that more than half the respondents have placed peak season orders early in the hope of building inventory, while two-thirds said they were already experiencing a decrease in demand, which most of them attributed to inflation.

This early booking seems to have an extraordinary effect: long-term contract rates on the transpacific eastbound leg now being higher than spot rates, according to data from Xeneta. Today's reading of Xeneta's XSI spot index shows a spot rate of $7,695 per feu, a week-on-week decline of 2.8%, alongside a long-term contract rate of $7,981 per feu.

And this is beginning to have an effect on shipper behaviour, according to one forwarding source involved in the trade.

He said: "What is interesting is that, previously it was the BCO looking for space, now we are getting BCO requests for spot quotes, as it looks like the long-term contract rates are higher, depending on the size of the BCO.

"To me, this is problematic for the carriers, as they lost a degree of credibility with the way they handled the contracts last year, saying the market would be strong for the BCO for all of 2022 and into 2023. Now, they are faced with falling rates and open space," he added.
The erosion of elevated spot rates also continued on the Asia-US east coast trade this week – Drewry's World Container Index (WCI) showed a 3% decline week on week, to finish at $10,403 per feu, while Freightos FBX posted a 1% decline, to $11,784 per feu.

Very similar rate declines were seen on the Asia-North Europe trade. The WCI recorded a 2% decline, to $9,598, the FMX was down 1%, to $10,643, while the XSI showed a slight 0.8% gain, to $10,353. And the week was summed up simply by the Ningbo Containerised Freight Index: "The loading rate of the Europe route was not good, and the market freight rate continued to show a downward trend."

SOURCE :-THE LOADSTAR

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Asia's shortage of empty containers may worsen on Rotterdam jam

Empty container boxes crucial for Asia's exporters are getting stuck in the port of Rotterdam as a growing backlog of undelivered goods at Europe's export hub forces ocean carriers to prioritize shipments of filled boxes.

The Dutch port has faced an onslaught of both goods and empty boxes offloaded from other European maritime operations, shipping experts said. This has coincided with carriers reducing the number of vessel trips from the continent to China after Shanghai authorities locked down the city in March, they said.

Yard density at the Rotterdam port has been extremely high over the last few months due to unreliable ocean-going ship schedules and longer dwell times for import containers, the port said on Monday. The situation has led terminals in some instances to divert empty containers to depots to bring down congestion at yards, it said.

"Terminals are allowing shipping carriers only a limited capacity for empty boxes and are focusing on transporting loaded containers," Kuehne + Nagel International AG, one of Europe's largest freight forwarders, said in an e-mailed reply to questions. "Containers are piling up at the terminals, and more and more containers cannot be returned on departures, including those to Asia."

SOURCE :- HTTPS://ECONOMICTIMES.INDIATIMES.COM/

European exporters wary of UK customs switch, with traders still unprepared

UK ports face a "shit show" from 1 October, if even a fraction of the traders not yet using the country's new customs declaration system fail to migrate before the September deadline. And European shippers say it could be yet another hurdle for exporters. From October, UK imports will run through updated online system the Customs Declaration Service (CDS), as HMRC terminates support for the Customs Handling Imports and Exports Freight Platform (CHIEF) – but, with 14 weeks to go, many users have yet to make the switch.
HMRC last week reached out to 220,000 UK businesses telling them they needed to get prepped for the 30 September deadline. But some believe the deadline may be postponed.

However, one forwarder told *The Loadstar*: "There are some that think the government will just announce a delay, but I do not envisage them putting it back – they seem keen to stick to it.
"Once it's switched, it's switched and, if even 10% of those who've yet to migrate to CDS don't, that's a shit show at the port."

And CEO of the British Ports Association Richard Ballantyne told *The Loadstar* ports had been keeping a "close eye" on developments, adding: "Ports are still wary of some operational impacts and, while the customs software suppliers might be prepared, we are not sure about the readiness of the importers.
"We are not expecting any major disruptions at the border, although delays to the processing of goods is a threat. It's not our number-one ask, but we feel government should be exploring contingency arrangements, as we had with Brexit."

Other sources agreed that any sort of deadline delay was "unthinkable", as the UK appeared set to press ahead with the switchover, but Mr Ballantyne said this view may not be shared on the other side of the Channel.

"With the recent announcement regarding delays to phytosanitary checks on trade with the EU, it is possible that some declarants will be expecting the September deadline to be extended," he said.
"We are not that close on the process, but would imagine that HMRC is exploring all options and look forward to supporting its efforts to promote the changes across industry."
A spokesperson for the European Shippers Council said any disruption after the deadline would not be the consequence of UK government policy but "negligence in the trader community" and added that the ECS "sincerely hopes" the trade facilitation committee finds ways to increase awareness.

SOURCE :- THE LOADSTAR

Hi-tech majors now see more investment potential in Vietnam than China

Vietnam is emerging as an important hi-tech manufacturing hub, following months of supply chain disruption in China. This month, Apple reportedly decided to shift some iPad production to Vietnam after having been more exposed to Beijing's Covid lockdowns than some of its tech rivals.

Two of them, Samsung and LG, already have large manufacturing footprints in Vietnam, and have upped their investment in the country: Samsung has announced $920m for a phone component facility in the north; while LG has earmarked $1bn to increase output at its flatscreen TV factory in Hai Phong. Cristian Predan, area manager South-east Asia at Gebrüder Weiss, told *The Loadstar* Vietnam was becoming a key location for manufacturers in the e-commerce and consumer electronics sectors. He added: "Vietnam is continuing to adjust the legal framework to govern foreign direct investment (FDI) to the hi-tech industry and the interconnection of economic zones."

This has prompted many multinationals to move production to Vietnam, Mr Predan said, particularly for smartphone production. Investment in manufacturing has helped boost the country's trade growth this year, with January-May exports rising 16.7%, to $153.3bn, and imports up 15.3%, $152.9bn. And, according to Vietnam's civil aviation authority, air cargo volumes grew 30.6% in the first-half, to 765,000 tonnes, and is on track to hit 1.5m tonnes for the first time by year-end. Mr Predan said Gebrüder Weiss

Source :- https://theloadstar.com

Freight tech investment flow squeezed to a trickle in 'new era of funding'

The darkening economic climate has put the brakes on capital flowing into logistics technology ventures, ushering in a closer look at fundamentals. There is still a need – and money – for technology that can produce tangible results, but shiny futuristic projects are struggling to get funding. Chain.io, a cloud-based supply chain integration platform, secured $11m in funding from a group of venture capital firms a few days ago, which four or five months ago would have gone largely unnoticed among a plethora of investment deals.

Then, corporate investors were on the prowl to throw money at tech start-ups, and if those would-be unicorns played in the logistics arena, all the better, as this brought two hot investment areas together. The pandemic revealed weaknesses in supply chains and drove home the need for digitalisation and automation, as firms have struggled to cope with a drastically increased workload. At the same time, the financial framework made investment in technology easier and prompted venture capital to look for new areas of business. And after the Federal Reserve cut interest rates close to zero in spring 2020, the flow of venture capital into logistics technology accelerated. According to Pitchbook, a financial database on global capital markets, North American and European freight tech firms raised $4.16bn from venture capital firms in Q4 20, up 48.6% year on year. Valuations of logistics tech firms soared, nearly doubling in some cases.

Source :- https://theloadstar.com

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[Box lines skip ports on Indian service in bid to recover schedules](#)

Indian shippers and freight forwarders, already dealing with vessel space constraints, are going to see a long streak of missed key port calls on the Indian Ocean Service (IOS), a premier connection between West India and North Europe. The weekly service, operated by Hapag-Lloyd in a consortium deal with Ocean Network Express (ONE), will intermittently void calls at Nhava Sheva (JNPT), Mundra, Rotterdam, London Gateway and Antwerp from July through September.

In addition, Hazira, the service's third Indian port of call, will be permanently omitted throughout this period. A total of eight sailings will be impacted, beginning with the Sofia Express, voyage 2325W, through to the Kyoto Express, voyage 2333W.

"These changes will be in place to improve the service's schedule reliability," Hapag-Lloyd advised customers. The service uses a fleet of eight ships, seven from Hapag-Lloyd and one from ONE, with an average capacity of about 10,000 teu. CMA CGM is a co-loader on via slot arrangements, operating it as EPIC2. The full rotation would be: Hamburg-Antwerp, Rotterdam-London Gateway-Tanger Med-Jeddah-Jebel Ali-Port Qasim-Mundra-Hazira-Nhava Sheva (JNPT)-Jeddah-Tanger Med.

Source :- The Loadstar

World Container Index – Week 25

Our detailed assessment for Thursday, 23 June 2022

The composite index decreased by 3% this week, and, 10% lower than a year ago.

The average composite index of the WCI, assessed by Drewry for year-to-date, is $8,475 per 40ft container, which is $5,006 higher than the five-year average of $3,469 per 40ft container.

Drewry's World Container Index composite index decreased by 3% to $7,285.89 per 40ft container, and is 10% lower than the same week in 2021. Freight rates on Shanghai – Los Angeles dropped 5% or $426 to $7,952 per feu. Spot rates on Shanghai – Genoa and Shanghai – New York fell 3% each to reach $11,129 and $10,403 per 40ft box respectively. Similarly, rates on Shanghai – Rotterdam plunged 2% or $186 to $9,598 per 40ft container. Rates on Rotterdam – New York fell 1% or $89 to $6,849 per 40ft box. However, rates on New York – Rotterdam grew 1% to $1,211 per feu and rates on Los Angeles – Shanghai gained 2% to $1,265 per 40ft container. Rates on Rotterdam – Shanghai hovered around previous weeks level. Drewry expects the index to decrease slowly in the next few weeks.

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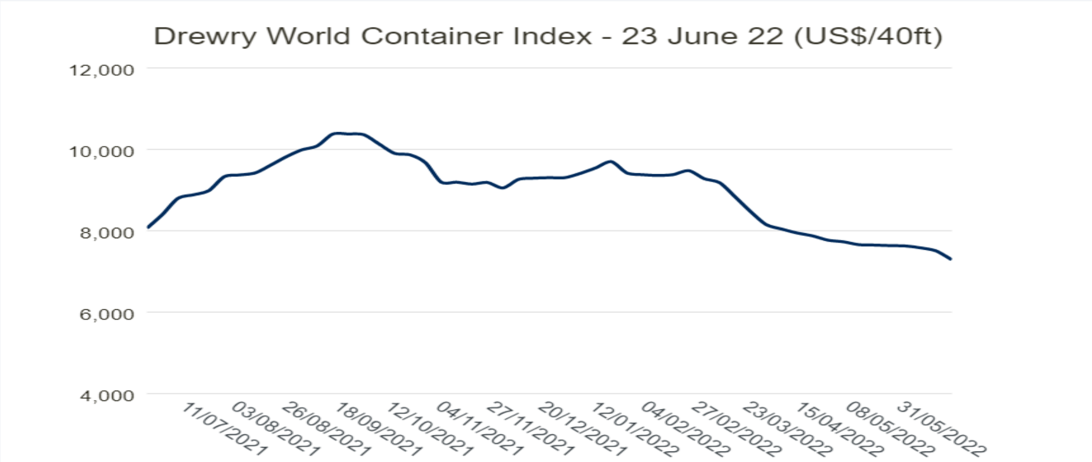
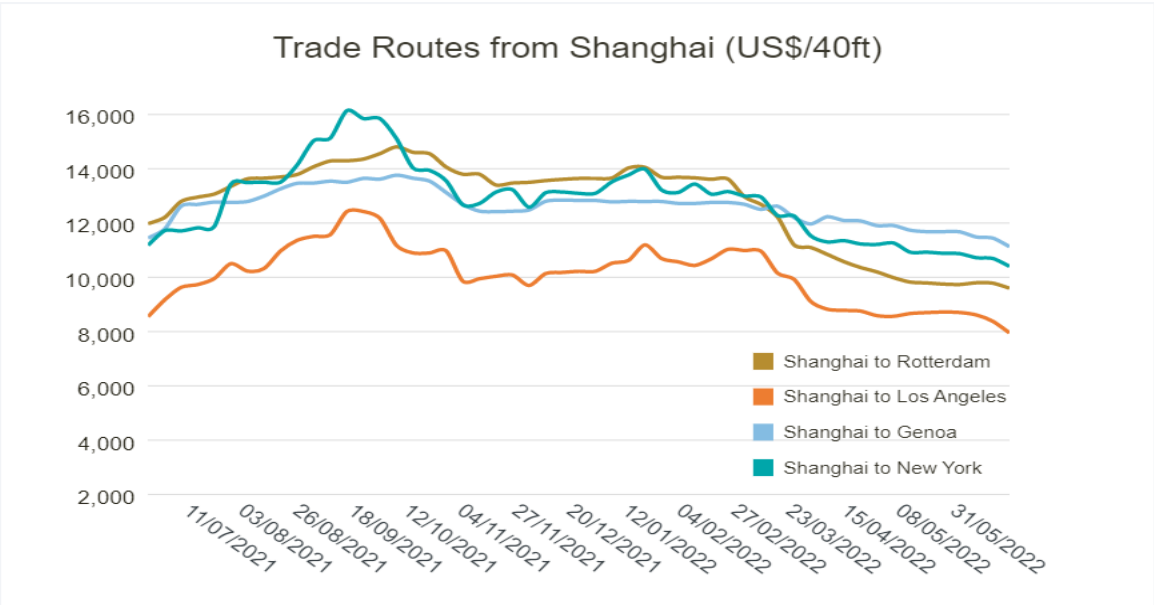
World Container Index - 23 Jun

Drewry's composite World Container Index decreased by 3% to $7,285.89 per 40ft container this week.





SOURCE :- DREWRY - SERVICE EXPERTISE - WORLD CONTAINER INDEX - 23 JUN

CHINA / EAST ASIA FREIGHT INDEX

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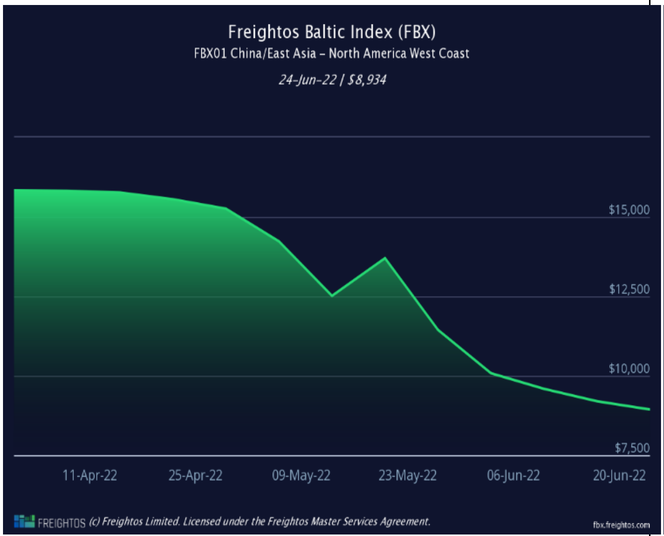
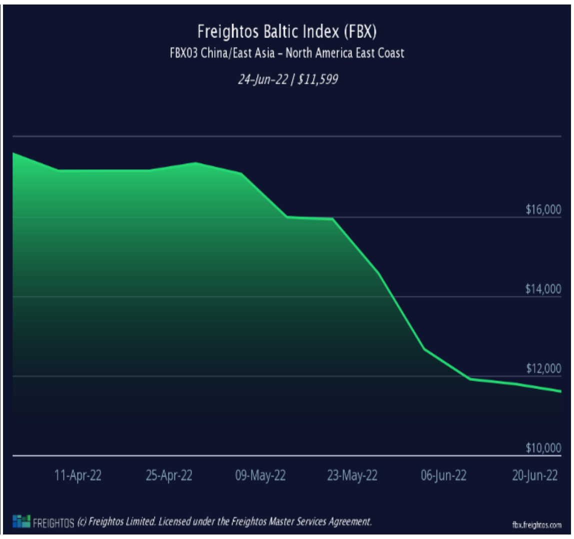
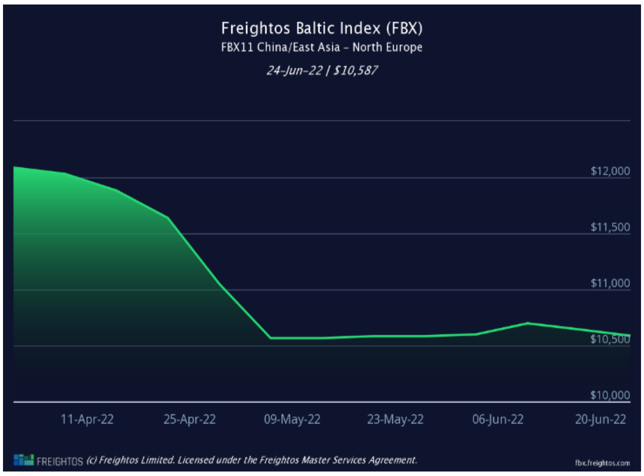
China / East Asia to North America West Coast



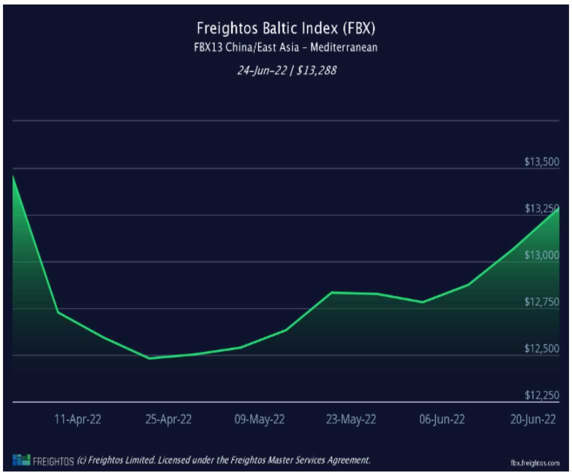
China / East Asia to North America East Coast



China / East Asia – North Europe



China / East Asia – Mediterranean



AIR FREIGHT INDEX

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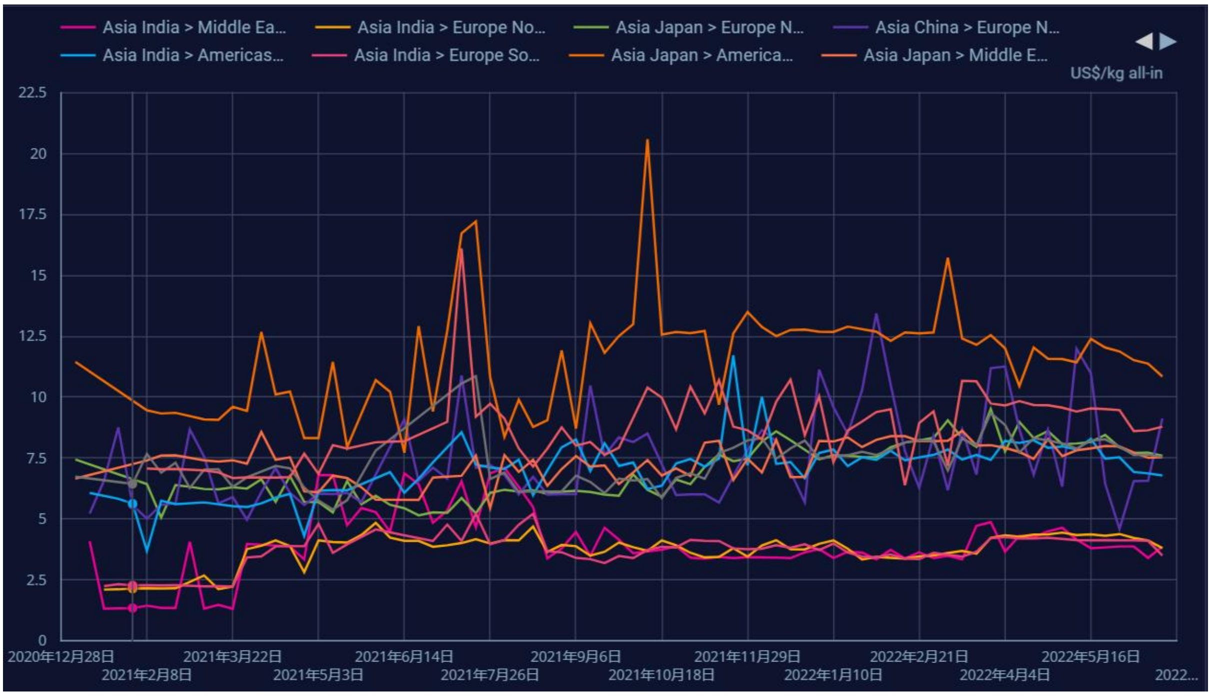

Source : Freightos Air Freight Index

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