

CONCEIVED BY

**Jeena**  
Estd 1900  
Delivering Service Excellence



FATE  
OF  
FREIGHT

# MONTHLY INDUSTRY UPDATE

VOLUME 11



**“Great companies know supply chain is a key differentiator to separate them from the competition.”**

**-[everythingssupplychain.com](http://everythingssupplychain.com)**

## Index

### Logistics Industry News

Congestion at Colombo Port boosts transshipment business at Cochin Port Trust	4
Chennai airport sees steady growth in cargo	4-5
Truck rentals up 7-8% in October-November	5
Supply chains ready to handle security challenge of Covid vaccines: TAPA	5
India's election system, logistics sector can be the key to effective COVID-19 vaccine distribution	6
Major shipping line pulls out of Colombo Port	6
Berthing constraints at Chittagong port	7

### Jeena News

Jeena & Company featured in the 5 <sup>th</sup> edition of the Indo-German Economy, the business magazine of the Indo-German Chamber of Commerce	7-8
--	-----

### Related News

India-Bangladesh trade begins through waterways	8
Asia – Europe Trade	8-12
Australia & New Zealand Regional Comprehensive Economic Partnership Agreement (RCEP)	12

## Logistics Industry News

### Congestion at Colombo Port boosts transshipment business at Cochin Port Trust



Kochi has so far handled about 2,856 teus of foreign transshipment containers.

The congestion at Colombo Port has turned out to be an opportunity for Kochi at least in terms of gaining transshipment business following the diversion of some ships.

[Read more](#)

### Chennai airport sees steady growth in cargo



Cargo handling at the Chennai airport is back on track with the increase in operations of passenger flights that carry cargo in their belly. The growth was witnessed in all the categories — import, export, domestic and courier.

[Read more](#)

## **Truck rentals up 7-8% in October-November**

Truck rentals in October and November have been higher by 7-8 per cent as compared with the same period last year, according to Indian Foundation of Transport Research and Training (IFTRT), a research firm that tracks the sector.

[Read more](#)

## **Supply chains ready to handle security challenge of Covid vaccines: TAPA**

Pharmaceutical supply chains are about to face their biggest security challenge for a generation and are ready for it as the world prepares for life-changing deliveries of Covid vaccines, says the Transported Asset Protection Association (TAPA).

[Read more](#)

## India's election system, logistics sector can be the key to effective COVID-19 vaccine distribution

While the coming of the vaccine is being eagerly awaited as an antidote to the pandemic, infrastructural challenges surrounding last mile delivery have been raising considerable concern.

[Read more](#)

## Major shipping line pulls out of Colombo Port



The Colombo Port's largest vessel operator MSC has announced a temporary pull out from Colombo bypassing the congestion and thereby aggravating the crisis at the region's key shipping hub.

MSC is the largest client of the Colombo Port handling 30 per cent of total volumes and amounting to 60 per cent of the Jaya Container Terminal (JCT) volumes. It is the world's second-largest shipping line in terms of container vessel capacity.

[Read more](#)

## Berthing constraints at Chittagong port



Though it is not a peak season, the Chittagong port is still experiencing a heavy pressure from vessels waiting to be cleared. The reasons include congestions at the transshipments ports of Colombo and Singapore. As a result, feeder vessels carrying containerized goods to the mother ships at those two hubs as well as those arriving at the Chittagong port from there to unload their cargoes are clustering together.

[Read more](#)

## Jeena News

**Jeena & Company featured in the 5<sup>th</sup> edition of the Indo-German Economy, the business magazine of the Indo-German Chamber of Commerce**

Read the article [here](#) (page 47)

## Related News

### India-Bangladesh trade begins through waterways



After years of suspension of trade with Bangladesh by waterways, it augurs well for the people of Barak Valley, Tripura, Mizoram and Manipur that it has begun again.

[Read more](#)

## Asia – Europe Trade

The biggest trade lane of Asia to North Europe continues to be significantly challenging, more so than ever before. The surging demand for cargo coupled with capacity constraints, equipment shortages and port and vessel delays, has brought about some of the most difficult conditions that the industry has seen in many years.

Industry press recently described the current situation as “a perfect storm to end all storms “. The current issues are affecting every customer large or small.

## **Carriers Capacity Situation**

The three Asia to North Europe Alliances continue to micro-manage capacity in November and this is expected to continue into December.

In anticipation of a reduction in volume after Golden Week the three alliances have cancelled a total of 12 major sailings to North Europe.

The reality is that there has been no easing of volumes, and demand into November has been very strong. We now have a situation where demand is outstripping the vessels available, which in turn is fuelling a rapid series of rate increases and surcharges with the carriers.

As a result of the carrier’s actions, all Asia-North Europe carriers now have backlogs of cargo, and reports in the press claim that some carriers have been rolling as much as 40% of their shipments.

This glut of cargo is causing significant service issues, however the lack of capacity and equipment in the market it is also giving the carriers reason to increase their rates.

Extra capacity is being put back into the market, however this is largely being offset and impacted by unexpected port congestion in the West Coast of America. This is now severely delaying some of the vessels arriving into China that are then destined for Europe.

The net effect is that the extra loaders that have been put on, are as good as cancelled out by 'technical void sailings'.

Due to container equipment imbalance (explained further below), we are also seeing some of the Asia-North Europe carriers taking measures to reduce their commitment to the UK market.

This means less fast vessel capacity for UK bound cargo, which is likely to keep up pressure on freight rates.

## **Impact on Freight Costs**

Lack of capacity is driving a rapid increase in freight costs, with shipping lines applying regular General Rate Increases (GRI) or Peak Season Surcharges (PSS).

The shipping lines have already announced additional increased surcharges for the middle-end of November, with further increases expected in December. Some carriers have also introduced the concept of a 'priority service', to offer and provide some form of guarantee. This however only moves containers further up the list but there is no guarantee of space and / or sailing.

## Vessel Schedule Issues

Trade from Asia to Europe and Asia to the USA is up on last year. The increased volumes are causing difficulties for ports in many parts of the world, as many are also working with reduced productivity due to Covid-19 restrictions. With high volumes this has meant that vessels are facing longer port stays which causes knock-on delays for the carriers. Delays at ports are now common at most China.

Main ports as well as the transshipment hubs of Tanjung Pelepas, Singapore and Colombo. The same issue is affecting European ports, and the UK is facing some serious challenges handling the increased volume at a time of more stringent Covid-19 measures.

## Container Equipment Shortages

The equipment shortages abate; the industry is facing a very serious shortage of empty containers in China and Asia generally, as well as in the Indian-sub-continent. This is delaying bookings in some cases, as carriers struggle to find containers to match demand.

Dramatic swings in trade caused by Covid-19 have contributed greatly to this problem. Cancelled vessels has resulted in the lack of a means to transport the empty equipment out of the UK and Europe and back to Asia.

The carriers are repositioning equipment as quickly as possible, but this is likely to continue to be a problem over the next couple of months.

## **UK Port Congestion Surcharge**

Carriers frustrated by the current congestion and infrastructure constraints in UK ports have either already applied or announced congestion surcharges for cargo arriving in the UK. The congestion charge varies from USD 150 to USD 200 per TEU.

## **Booking / Lead Times**

The ETA given by the shipping lines at booking stage should only be used as a guideline. Based on the current market situation, it is recommended adding a minimum of 14-21 days to your lead-times and expect service disruption between now and Chinese New Year.

## **Australia & New Zealand Regional Comprehensive Economic Partnership Agreement (RCEP)**

In what has been 8 years in the making, Australia and New Zealand have, on the 15th of November 2020, signed onto the largest trade deal in history, covering 30 percent of the global economy. Australia and New Zealand will join 13 other countries including China, Japan, South Korea and the ten members of the Association of South East Asian Nations (ASEAN.) India did not join the conclusion of the RCEP negotiations, however has the option to join later on.

## Get Social With Us



[@JeenaGlobal](https://twitter.com/JeenaGlobal)



[@jeenaglobal](https://www.instagram.com/jeenaglobal)



[@JeenaGlobal](https://www.facebook.com/JeenaGlobal)



[Jeena&Company](https://www.linkedin.com/company/Jeena&Company)



+91 22 6253 2111



[contact@jeena.co.in](mailto:contact@jeena.co.in)



<https://www.jeena.com/>