

NEWSLETTER

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SHANGHAI AIRFREIGHT OPERATIONS “BACK TO NORMAL”



According to Flexport, Covid is on the rise again in Shanghai but "there has been no impact on airfreight" so far, and turnover at Shanghai Pudong Airport (PVG) has increased.

The freight forwarder said that trucking is still unaffected by the surge in instances in a freight market update on July 12. Pudong Airport's daily tonnage turnover has already surpassed pre-lockdown levels, according to Flexport.

According to the Shanghai Airport Authority, the first week of July saw a return to normalcy in the average daily frequency of cargo flights and freight quantities at Shanghai Pudong

Due to the two-month lockdown in Shanghai, planes were banned, factories and warehouses were closed, and vehicles were not allowed on the roads, which had an adverse effect on Shanghai Pudong.

The number of cargo flights at the airport has increased since June, according to the airport authority. Late in June, Shanghai Pudong recorded 232 cargo flights per day on average, with an average throughput of 9,134 tons. These numbers were up 33 and 28%, respectively, over the same time in May.

During this time, a daily record of 253 freight flights with a throughput of 10,797 tons per day was achieved.

The airport now hosts cargo flights from 58 Chinese and international airlines, with air routes connecting 68 locations worldwide.

Global freighter fleet will grow by 80% in future by Boeing Prediction

“Over the next 20 years, the freighter fleet will grow from pre-pandemic levels by 80%, which represents 3% average annual fleet growth,” said Boeing.

According to Boeing, there will be around 2,800 production-plus-conversion deliveries, with roughly half of them replacing retiring aircraft and the other half adding to the fleet to accommodate anticipated traffic increases.

The anticipated 2,800 freighters throughout the predicted period would comprise 940 new widebody models in addition to converted narrowbody and widebody freighters.

The airframer predicted that carriers will require 2,800 more freighters overall in its Commercial Market Outlook (CMO) for 2022–2041.

In contrast, according to Airbus' 2022 Global Market Forecast for the years 2022–2041, there will be 3,070 active freighters worldwide by that time, with approximately 70% of the present fleet expected to be replaced.

Based on its projections, Boeing said that most of the demand for new planes will come from Asia.

The Asia Pacific freighter fleet is anticipated to increase more than any other regions, and by the conclusion of the projection period, it is anticipated to "become about the same size as the North American fleet," according to Boeing.

In 2019, there were 2,010 jet aircraft in the global cargo fleet. The fleet has increased to 2,250 freighters by the end of 2021.

Additionally, freighter utilization has been running at a level that is around 125 percent below average.

According to Boeing, total air cargo capacity has increased to 2019 levels, with specialized freighters transporting almost two thirds of all air cargo.



In revenue tons kilometers, Boeing predicts that air freight traffic would increase by 4.1 percent year from 2022 through 2041, up from its previous prediction of 4 percent.

Freighters will continue to be in demand as global supply chains, express, and e-commerce grow. Demand is rising as a result of ongoing disruptions in maritime freight.

The planemaker noted that aside from supply chain disruptions and current shipping woes, supply chain diversification is also likely to increase demand for air cargo.

Because of the pandemic, which has brought to light the importance of air cargo's speed and dependability as a tool to reduce supply chain risk, and because supply chains with more nodes in the system can benefit from the flexibility of air cargo and point-to-point service, supply chain diversification is likely to increase demand for air cargo.



China's first "professional cargo hub airport" Ezhou Huahu Airport has begun operations



On the morning of July 17, a SF Airlines 767-300 freighter departed from the airport to launch the new operations at Ezhou Huahu.

According to China's official news agency Xinhua, the airport in the Hubei Province in central China is the continent's first professional freight hub airport.

To increase the effectiveness of airfreight delivery, the new airport has two runways, an approximately 700,000 square meter freight transit center, and a 23,000 square meter cargo terminal.

The Ezhou Huahu Airport's primary line of business will be freight, and it will also serve as the home base for a major air cargo company, in this case, SF Express.

SF Express, a supplier of logistics services, owns a 46% share in Hubei International Logistics Airport Co., Ltd., the company in charge of running Ezhou Huahu Airport.

At the new airport, SF has separately constructed the cargo sorting facility, the transit center for freight transportation, and the aircraft base. In the future, SF Express intends to do the majority of its package processing at the new airport.

According to Pan Le, head of the airport's IT division, "as a cargo center, Ezhou Huazhu Airport will assist SF Express to establish a new comprehensive logistics network." Within this year, the airport will introduce international routes linking with Osaka in Japan and Frankfurt in Germany. The airport has already started two cargo routes to Shenzhen and Shanghai.

By 2025, it's anticipated that about 10 international and 50 domestic cargo routes would be operational, with a throughput of 2.45 million tons of air cargo and mail.

The project team for the airport has filed more than 70 patent and copyright applications for cutting-edge technologies that will make the new airport safer, greener, and smarter, including 5G, big data, cloud computing, and artificial intelligence.

Also being invested on is automation. Le stated, "We've tested autonomous vehicles in defined sections on the apron for over a year with the intention of constructing an unmanned apron in the future."





Steadily improvement on schedule reliability and delays among the container carriers

Schedule dependability and delays among container carriers have progressively improved since a low point at the beginning of 2022.

Following the hurdles over the previous two years brought on by the pandemic and the spike in consumer demand, the market is now exhibiting the first signs that the supply chain is managing.

This development occurs after China's lockdowns have ended but amid port worker strikes and ongoing concerns about backlogs.

Schedule dependability rose by 3.6 percentage points to 40% in June 2022, according to freshly revealed statistics from the analytical and consulting agency. This is the first-time dependability has reached this level in a year.

Container shipping last exceeded the 40 percent on schedule mark in March 2021. However, it is still far below historical norms for the years between 2018 and 2020, which have been at least 70%.

Although the average delay is significantly reduced in 2022, it has stayed at 6.24 days for the previous two months. It exhibited monthly improvements from January to May 2022, and generally, it is significantly less than the peak of over 8 days in January 2022 and the average of 6.9 days for the whole year 2021. However, historically the sector has seen delays that range from 4 to 5 days on average.

In the coming months, shipping volumes will rise by an unprecedented amount as retailers get ready for the holiday shopping season. At the same time, there are still many unknowns, such as the possibility of a strike at the UK's largest container port and the ongoing labor negotiations for longshore workers on the US West Coast.



As cargo containers accumulate, the Port of New York and New Jersey is adding a “container imbalance fee” for ocean carriers



The Port of New York and New Jersey, which receives millions of containers from Europe, is the third-biggest port in the country and the largest port complex on the East Coast.

In an effort to reduce container congestion, the Port of New York and New Jersey on Tuesday announced new fees pertaining to empty containers and export volume. There will be a quarterly "container imbalance fee" for loaded and empty containers that are regarded as long-dwelling. The tariff will take effect on September 1.

The Port of New York and New Jersey, like other ports, processed record numbers of import containers during the epidemic, and these import containers have been making lengthier terminal waits. Land capacity has been congested by these containers, which has reduced port output. More ships are now anchored as a result.

In accordance with the port's new container export requirements, export volumes must match or surpass 110 percent of an ocean carrier's inbound container volume for the

same time period. The ocean carrier will be charged \$100 per container if the standard is not fulfilled, as it will be in such case. The number of import containers includes both loaded and empty containers. Volume on rail is omitted.

Port Storage Issue

The port also uses nearby land to make space for the extra cargo. Within the boundaries of Port Newark and the Elizabeth-Port Authority Marine Terminal, the port established temporary storage for both empty containers and import containers with extended stay times. Additionally, the port is negotiating with and looking into potential new storage locations.

Bethann Rooney, director of the Port Department at the Port Authority of New York and New Jersey, stated: "The Port of New York and New Jersey is facing record import volumes, resulting in empty containers accumulating in and around the port complex that currently affecting the regional supply chain that is already under stress from different sources across the country."

The port also vehemently urges ocean carriers to boost up their efforts to evacuate empty containers more quickly and in greater numbers in order to free up much-needed capacity for incoming imports and maintain business in the port and the area.

European commodities and pressures at the German port

Many commodities are shipped to East Coast ports like New York from Europe, whose trade has been badly hampered by persistent worker unrest at both ports and trains. United States-bound exports are at least two months behind schedule.

According to Andreas Braun, Europe, the Middle East, and Africa Ocean product director for Crane Worldwide Logistics, "the rail situation in the Ports of Germany, notably in Hamburg, is difficult and the congestion is worsening."

Rail companies routinely miss their scheduled pick-up and delivery windows and are still only able to transport loaded containers to the terminal seven days prior to loading. Due to the increased number of passenger trains throughout the summer, container train operators must yield to them, which further adds to the delays.

By this point, delays of at least one week are typical, but they can last up to two and there is always a chance that you will miss the ship, according to Braun.





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CONTACT US

TEL: +86-21-32506989 FAX: +86-21-32506989

E-MAIL: MARKETING@SHA.PREMIERE-LOGISTICS.COM

WEBSITE: WWW.PREMIERE-LOGISTICS.COM

ADDRESS: RM. 603&304, BUILDING B, NO. 28 XUANHUA RD. CHANGNING DISTRICT,
SHANGHAI, 200050, CHINA