



Röhlig Asia Newsletter

September 2021 | 'Air struggles to get off the ground'

Dear Röhlig Customer,

We invite you to read the following logistics insights for September, 2021.

NORTH ASIA

Greater China

Following recent Covid cases detected at airports, the Chinese authorities have introduced new preliminary measures in an effort to combat transmission. However, these measures have affected operational efficiency, with fewer personnel available and temporary flight cancellations to alleviate space issues.

Shanghai (PVG)

Some flight cancellations. Some cargo moved to other airports. Strict quarantine measures and staff shortages.

Guangzhou (CAN)

Some flight cancellations, but generally stable. Further quarantine measures recently in effect may impact operational efficiency.

Shenzhen (SZX)

Some flight cancellations, but generally stable. Quarantine measures unchanged as of this week.

Beijing (PEK)

Some flight cancellations. Further quarantine measures recently in effect may impact operational efficiency.

Dalian (DLC)

Space remains tight. Changes in procedure have caused delays in building up ULD. Import cargo from India temporarily prohibited.

Zhengzhou (CGO)

Cargo transferred from PVG has put the terminal under pressure. Increased flight cancellations and a temporary suspension on the handling of all inbound cargo. Export cargo will only be accepted 24hrs prior to departure.

Qingdao (TAO)

Following a short suspension on inbound cargo during a transition period to the new airport site, operations have fully resumed. Export capacity remains stable.

Xiamen (XMN)

No severe capacity changes other than to the US market. Pandemic prevention controls causing longer handling times for inbound and outbound.

Chengdu (CTU)

No severe capacity changes other than to the US market. Pandemic prevention controls causing longer handling times for inbound and outbound. Import cargo from India must undergo commodity inspection.

Wuhan (WUH)

No severe capacity changes. Pandemic prevention controls causing longer handling times for inbound and outbound.

Meanwhile, the Sea Freight market is still reporting tightening space and rising FCL rates. Equipment shortages are ongoing and are predicted to last into next year, particularly as the pandemic situation remains unpredictable.

Contract Logistics warehousing space is likewise suffering from Sea Freight capacity and equipment issues which are expected to continue into next year.

China-Europe Rail Freight is also seeing a knock-on effect after attempting to absorb diverted Sea Freight volumes. Equipment shortages, pandemic prevention measures and strike action in Germany between September 1-7 may be followed by operational restrictions. There is already serious congestion at borders, with the China Railway authority announcing that departures will be limited to help alleviate the current situation. Currently, space availability is not guaranteed and needs to be checked on a case-by-case basis. Frequent departure delays mean that transit times can be expected to be extended by 2-3 weeks on average. These challenging conditions have also forced prices to rise. Our Rail Team is working hard to support you and to help locate space and equipment. [Contact the Rail Team](#) to see what we can do for you and your business.

Demand ex Taiwan has spiked upwards along with Air Freight rates. For example, TPE-US rates are facing a 20-30% increase and Europe an 8-15% increase. The market will remain strong towards the end of

September.

South Korea

Sea Freight continues to face challenges, most recently including the temporary closure of Busan Port during Typhoon Omais which later headed north on August 23. The subsequent delay in operations has further reduced the number of available vessels causing rates to climb. It is likely these conditions will persist into the second half of this year with the onset of the Thanksgiving, Black Friday and Christmas season.

Meanwhile, Air Freight is mainly feeling the impact of new provisional measures in China. Temperature-controlled shipments to PVG, TAO and XMN are restricted, in some cases prompting rates to double or even triple in the space of one week. Rates are expected to remain high towards the close of peak season.

SOUTH EAST ASIA

Sea Freight FCL and LCL capacity is expected to remain extremely tight moving into Q4. Congestion across various ports is expected to continue, likewise extending and likely increasing congestion issues already being reported at LCL CFS depots. Pricing will remain high as FCL carriers head into the coming BCO contract season in an effort to see further recovery on long-term contract pricing for next year. Meanwhile, NVO contract pricing season for 2022 will likely close early. Customers may wish to prepare to start discussions regarding 6-12 month contract rates for 2022 within Q4.

Air Freight is likely to see some significant volume push ahead of the Christmas peak, primarily driven by IT/electronics product launches. Price rises are predicted during September/October but may ease heading into December. As passenger numbers remain low owing to travel restrictions and regional lockdowns, we don't yet anticipate any significant increases in available capacity.

Singapore

Air Freight capacity remains steady. Rates have been relatively stable in recent weeks, however increasing demand through September-October may result in capacity shortages and further rises in p.kg rates.

The FCL market continues to face challenges as seen in other countries. While equipment availability in Singapore poses no issue, limited vessel capacity remains a challenge. As Singapore serves as one of the major global transshipment hubs, the majority of carriers have a large rolling pool sitting at Singapore terminals. We hear reports of some containers sitting in Singapore on transshipment pending connection for up to 4-6 weeks. Recently some carriers have announced they will suspend bookings on feeder services from outlying origins heading into September in order to relieve pressure and evacuate rolled containers. Meanwhile, container free times are being

reduced by carriers in the local market. Trucking companies are also short of available chassis to meet the present demand, and here too chassis free time is being reduced.

The LCL market is following a similar pattern with congestion building at CFS depots for both import and export bookings. Export LCL continues to experience delays on laden container departures from Singapore. Import LCL now has some isolated reports of 14-21 days' delay on container unpack/unstuffing due to warehouse congestion. Some local market coloaders have also temporarily suspended acceptance of import LCL bookings due to severe congestion at their LCL CFS.

Malaysia

Our warehousing capacities continue to expand - our Subang Jaya facility is now equipped with a GDPMD license, and the second phase of our extensive racking installation is complete. We have recently assisted customers with cross-docking solutions - contact our team to see how we can assist you.

Indonesia

There are ongoing vessel delays into Indonesia with further blank sailings projected for September. Customers should be aware of potential capacity issues in future.

Vietnam

The majority of the country's provinces remain under lockdown, particularly in the South. Ho Chi Minh City, Dong Nai and Binh Duong are scheduled to remain in lockdown with a 18:00-06:00 curfew until September 15. Factories are subsequently operating at a reduced capacity. In terms of Air Freight, while Hanoi Airport is operating as normal, Ho Chi Minh City Airport has implemented a 07:00-17:00 working schedule. Sea Freight also reports port omissions to avoid worsening the low-staffed port and warehousing situation.

Thailand

The freight industry is still feeling the impact of lockdown. Staff numbers are reduced as personnel enter periods of quarantine to help reduce the number of Covid-19 infections. However, airport operations are diminished and further regulations have been introduced, including the requirement for drivers and unloading teams to be vaccinated. The nationwide push for vaccinations continues which is hoped to assist the return to normal operations.

INDIA

Provided customers offer an advanced forecast and have the relevant confirmation from their local Rohlig office, FCL boxes are being loaded on schedule. All ports remain operational with no current major impact on vessel movements.

Air Freight operations remain stable. In terms of space, ex-India is available, but rates are yet to fully recover and are unlikely to do so until passenger flights are once again allowed to operate at full capacity.

We would like to thank all of our customers for your ongoing support. Should you have any questions, we are ready to support you.

Yours Sincerely,

The Röhlig Asia Team

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