

## Airfreight Market Flash Update #2

### • China South

#### • **Market Characteristics :**

- > There is no significant improvement of space supply in the market and the backlog until 11th April has climbed up to around 3000 - 4000 tons.
- > No improvement for shortage of manpower to cause production delay.
- > Special air programme of new products (eg. : I-pad, Toys, Shoes, etc).
- > OZ starting from May will cut down their offered allotment space due to some flights being cancelled for scheduled maintenance until Sep 2010.
- > Hong Kong is not only the transit gateway supporting the shortage of air space in South China region but also supporting some of the Asia countries like Vietnam, Bangladesh, etc of which has faced even worse space problem.
- > Ocean Liners still have no plans to increase additional vessels to recover the shortage of space by sea so as to cause even more planned ocean shipments to switch to air.
- > Due to the critical space situation, most shipments from China South and some from Vietnam are being trucked to HKG for uplift which is adding to the overall space issue.

#### • **Charter Programme :**

Due to the critical air space situation in the market, all major service providers like TGL are sourcing for possible Charter Flights to resolve the current urgent need of space. Unfortunately, Charter Flights are on spot bidding and are subject to the availability of flights in the market.

### • China North

#### • **Space situation:**

For East Coast USA, space issue has improved a bit but will become tighter next week. West Coast USA, space demand is tight.

#### • **Price situation:**

Current market rate : PVG to East Coast USA is over USD5.50/kg all in; to West Coast USA is over USD 5.40/kg all in.

#### • **Market characteristics:**

- > Market continues to be critical especially before The World Expo opening. Strict security rules are being imposed by terminal and airlines. CAAC have already limited the charter landing rights during April.
- > The terminal will reject DG goods / oversized goods which need 24hrs cooling at airport. All terminal will implement special security measures for the cargo acceptance during Expo starting from 15th April.
- > Market will become critical before May 1st due to the long 5-day holiday in Shanghai (April 30th - May 4th).

#### • **TGL Fleet planning:**

CZ charter launch on 18th and 25th to ORD  
SO charter launch on 20th and 27th to JFK

### **Updates on Shanghai World Expo 2010 - 18 Days to go**

Please note that with the upcoming World Expo to be held in Shanghai, beginning 15th Apr, Shanghai Authorities will enforce tighter security measurements at the airport terminals for both passengers and cargo. During this 6 months period, all importers and exporters should take extra notice on the following areas.

1. There have been talks on either a full closure or partial closure on both the Hong Qiao Airport and Pudong Airport during the interim start of the World Expo. This is however not fully finalized at this moment. We will continue to keep our valued customers updated upon further updates.
2. Security Inspection on freight cargo will be tightened during the entire Expo period. We will experience customs random inspection to rise to 90% or even 100%. Any company caught with manipulation of cargoes and documentation, will face severe penalties or even to the extend of foreclosure of business. Customers will be required to sign a nonconformity clause with their logistics handlers before the actual acceptance of shipment.
3. Please note that all Dangerous Goods will be embargo through both the Shanghai Airports during this period of time. All DG cargoes will be suggested to move through other alternative cities.
4. For all GOH shipments, please note that customs inspection will inspect each piece of garments before hanging into the ULDs. It will therefore be not feasible to move GOH through Shanghai Airports during this time. We suggest to have GOH built in our TGL operational warehouse and move it via land transfer to other cities airports for International flight connection.
5. We foresee that there will be a backlog congestion at the terminals and as well as with the customs declaration / clearance due to security measurements and the congestion at checkpoints for non-Shanghai License Plate trucks. All non-Shanghai License trucks must undergo X-Rays at checkpoints.

## • **Indian Sub-Continent**

### • **Market Characteristics:**

Space to USA is still critical. There are no direct flights to USA and currently we depend on airlines which are already full at their gateway to carry our freights. Current transit time to East Coast is 12-15 days and West Coast is 13-14 days under normal rates. Express rates are still the norm if one requires shorter transit time. Most carriers still do not accept at Normal rates. Airlines claim that the situation will improve only after the last week of April 2010. There is a backlog of 1500-1800 tons at the 5 major airports combined in India.

### • **New Delhi, India:**

- > Switching of the customs system in DEL air cargo complex from (April 1st - April 5th).
- > The Customs brokers were on a strike for the new rules being implemented (April 8th - April 11th).
- > Customs took few days to release each declaration in the last 2 weeks since April 1st. Situation back to normal on April 12th.

- > Limited working hours for cargo operation at the airport as entry allowed for goods is up to 3 pm only - practically gates are closed around noon/1pm.
- > Huge congestion of Trucks on route to Cargo Terminal. At least 200 vehicles returning back without off-loading.

- **Dhaka, Bangladesh:**

- > Right now no carrier is accepting USA shipments with regular service rate due to heavy backlog of about 200 tons at DAC airport. Carriers are unable to provide onward and uplift cargo from DAC. No carriers are accepting cargo more than 10 to 12 cbm at destination JFK, and there is no space for ORD shipments.
- > Regular rates are not accepted by airlines. Rates may be increased by airlines even after shipment delivery to airport.
- > Regular service: over 7 days to USA. Express service: 4 days to USA.
- > No cargo freighter resumed its service yet ex DAC. Shipments are to be carried by PAX to connect freighter at Middle East ports.
- > Some shpts are via DXB by air/air service. Transit time 7-10 days.
- > SQ Swift Service is not able to commit its usual transit time of 3 days (takes over 5 days now) to JFK due to congestion at SIN hub.
- > Air/sea service via HKG is widely used by some of the buyers in ORD due to limited air space direct ex DAC. Vessel transit time HKG/ORD: 19 days.

- **Rest of Asia**

- **Korea :**

- > More than 700tons of backlog in Korea including transit shipments from China since last month although large number of charter flights have been committed into this critical market almost on a daily basis.
- > All carriers operating to USA are accepting only express or premium service with higher rates. Even with premium rates it still takes 1 or 2days of transit time. Some carriers turn regular flights to charters for higher revenue.
- > Transit Times 2-3 days longer than normal non-peak season to USA. For Asia area, it takes 1-2 days as normal status.
- > According to the market, this critical situation will maintain until May but it depends on Apple's traffic (Ipod) from China to USA. It will supply to airfreight market around 9000tons during April and May.

- **Taiwan :**

- > Space is congested due to the large amount of transit cargo via TPE. Backlog of around 500tons at TPE airport.
- > Due to heavy congestion, forwarders are paying Express rates to move their cargo.
- > Deferred service also fully booked to next week. Advance booking at least 3-5 working days. Carriers cannot confirm the space & transit time.
- > Transit time to US West coast: 3-5 days, East coast: 3-4 days; South America: 5-7 days; Europe: 3-4 days; Asia: 1~2 days.

- **Singapore :**

Unfortunately Singapore is facing space shortage Ex SIN to USA. Some airlines have indicated that they still have backlog in China (BR, UPS) and Korea (KE, OZ) that resulted in less space allocation for Singapore. FedEx last week has two aircraft on Ground and resulted cargoes have to hold back even with express rates. OZ/SIN take in booking for express service. Estimated current rates are still about USD 0.40/kg on top of their normal book rates offered.

- **Indonesia :**  
Since more buyers in USA are placing more orders to Indonesia recently. Space is still critical and currently it is not advisable to ship cargo via SIN. BR/JKT is not accepting cargo with normal pricing.
  
- **Vietnam :**
  - > Air space still congested due to high demand and late production shipments that has to be moved by air instead of Ocean to catch delivery date.
  - > Normal rates are not accepted by carriers. Current market rates are over US\$ 4.80 ++ to LAX, over US\$5.00 ++ to JFK/ORD.
  - > Need 4-5 days in advance for booking. Transit time 4-6 days. The congestion problem is expected to last till end of April.
  - > Ho Chi Minh city faces shortage of labour due to the recent development of inland areas in Vietnam. As living standard in Ho Chi Minh is high, therefore, labours prefer to stay inland even with slightly lower salary.
  
- **Thailand :**
  - > No specific data on the backlog tonnage as airlines do not allow forwarder's delivery to airport without getting a confirmation from their head office on the connecting info.
  - > 1-2 weeks advance booking is required for regular and allotment service. Only express rate is able to get space confirmed with few days advance booking. Super Express service is over USD8/kg++ for next day uplift upon booking.
  - > Due to the current demonstration of the Red Shirt team in city area, some of the roads are blocked. Long transportation (at least few hours more) from factory to airport is expected.
  - > Thailand is on holiday (Songkran Festival) from 4/13-15.