

**Dear Valued Customer,**

We hope you; your families and your colleagues are in good health.

### **Executive Summary**

The conditions have started to be normal with various states and companies opening but the conditions under which we all operate will continue to be disruptive and far from normal. There is a lot of hope now at the country level as the number of new cases is going down (37,154 +) with a total number of cases reported as 30.87 million of which the active being 4.50 lakhs and discharged cases are 30.01 million.

### **Bangladesh Overview**

Bangladesh has registered 230 death in the last 24 hours until Sunday. This is by far the highest number of deaths from COVID-19 in a single day across the country since the pandemic began last year. At least, 11,874 new infections were recorded during this time, taking the total number of people infected to 10,21,189. The current positivity rate is 29.67 % while the total positivity rate stands at 14.65 %. The total number of COVID-19 deaths in the country has reached 16,419 and the death rate stands at 1.61 %.

The government has already enforced a countrywide lockdown which is supposed to end by 14<sup>th</sup> July but is expected to be extended for another 7 days. All public transport (road, river & rail), shopping malls, markets, recreation centres, resorts, educational institutes, government companies, private companies, community centres and tourist spots remained shut down with restaurants allowed only for takeaways. During this, only police, Border Guards Bangladesh (BGB) and army members can be seen on the streets to implement the lockdown. Only export & essential goods-related companies are open along with vehicles carrying essential goods and export-oriented material. Banks will carry out transactions from 1000 – 1330 hours during this strict lockdown. India-Bangladesh border will be open for three days only for the incoming Bangladeshi citizen who was restricted due to the lockdown. There will be holidays in Bangladesh from 20<sup>th</sup> - 21<sup>st</sup> July 2021 on account of Eid-ul-Azha festival

### **Air Freight (Bangladesh): -**

- Overall cargo movement at DAC airport is increasing due to higher demand in Europe and the US.
- There is space scarcity is at Dhaka airport which seems to be increasing.
- Onward connections from HUB to the US, Canada and Europe destinations is challenging due to high-value cargo like vaccines & medical equipment.
- Expected transit time to US destination 8-9 days, it may need additional 2/3 days depending on the situation.
- Airfreight rates have already increased to major lanes. Most of the major carriers are operating flights ex DAC.

### **Ocean Freight (Bangladesh): -**

- Port operation is normal during the ongoing strict lockdown.
- CFS will collect goods from shippers till 16th July 2021 and will then resume after 22nd July 2021 due to Eid festival
- Average berthing delays is 2-3 days
- The terminal has ordered purchasing of 104 new container handling equipment including 2 new QGCs.
- Overall occupancy of port CYs is worsening again – specially CCT & NCT

### Land Transportation (Bangladesh): -

- The availability of vehicles and drivers on the Indian side of the border is hugely affected due to the ongoing lockdown across the country.
- The Indian government does not allow truck movement from one state to another states if the commodity is not essential goods.
- The vehicles rate is increased by 20% compared to the normal flows.
- It takes 10 days more for importing goods from India to Bangladesh due to the huge number of stone importing trucks waiting on India side.
- More than 2000 vehicles are in Petrapole queue. The daily average movement of vehicles from India to Bangladesh is +/- 350.
- The last freight train came at Benapole on 20th June with 51 consignments containing denim fabrics, dyes etc. On the other hand, the freight train's schedule is subject to the booking of sufficient wagon (min. 50). Major goods are coming from North India as bookings have dropped due to lockdown.

### India on Recovery

	Air Freight	Ocean Freight	Contract Logistics	Land Transportation	Custom Clearance
<b>India</b>	●	●	●	●	●
<b>North</b>	●	●	●	●	●
<b>East</b>	●	●	●	●	●
<b>West</b>	●	●	●	●	●
<b>South</b>	●	●	●	●	●
<b>Bengaluru</b>	●	●	●	●	●
<b>Hyderabad</b>	●	●	●	●	●

● Business Normal   ● Moderate Impact   ● Operations Halted

### US Congestion

- **Air Freight –**
  - Capacity remains tight but on most trade lanes with critical situations remaining with destinations in Australia, Singapore and India.
  - USA airport terminals continue to run behind processing and transitioning import cargo affecting their immediate availability on arrival, but the situation is improving for the transition of import shipments. For exports, strong market demand is creating challenges as well. The USA TSA has introduced additional security screening requirements that started on June 30.
  - This high demand situation in the global Air freight market is still largely existing due to global passenger flight cancellations leading to a congested market which is not expected to change significantly during the second half of 2021.
- **Ocean Freight**
  - Pressure on allocation and equipment availability will continue for the Exports Ex India.
  - Average Delays for securing the Trucks Power and Chassis availability at the USEC/WC is 6-7 days with the highest waiting period of 12-15 days
  - Increased market demand for main commodities will continue, there is an upcoming peak to the sector and carriers are gearing up with the PSS/GRI Implementation to cater to the needs.

## Air Freight

- ✓ **Market Demand**
  - Indian government's extended restrictions on passenger flights to India till the end of July 2021 amid country fighting severe second wave of COVID-19 pandemic
  - Demand continues to be strong for the import of PPE kits, healthcare equipment, eComm, WFH equipment and raw material for general stocking by companies
  - China imposed 2 weeks quarantine for goods from India at destination PEK & XMN airports.
  - The overall demand remains high with general cargo import/export. This together with ocean freight's delays and volatile sailing schedules are pushing customers to ship delayed or urgent orders through air mode.
  - The overall demand is expected to be strong in July with general raw material imports for productions of the festive season later this quarter, furthermore, PPE kits demand will also need some space due to COVID impact.
  
- ✓ **Rates & Capacities**
  - With strong demand and rush for early space, the inbound rates into India from CN, TH, KR and JP are higher compared to Q1'21 and space is critical with higher lead times.
  - The capacity ex India to Intra-Asia destinations is tight with higher demand and flight cancellations by few carriers such as CI, MH, KE and UL.
  - Strong demand is surpassing available capacity into EU.
  - The market rates from IN to EU have increased from Q1'21 by +15%-20%
  - Major carriers like LH, QR, EK, BA remain highly backlogged from all gateways.
  - The market rates from IN to Transpacific have inched upwards by a further 15%-20% in July'21.
  - Increased FSC by LH, LX, EK will increase costing overall for exporters / Increase in FSC by major carriers have pushed up overall rates for air exports after May'21
  
- ✓ **Airline Updates-**
  - MH and UL canceled few flights from IN to APAC.
  - FSC increase announced by LH, LX, EK in India due to increasing Jet Fuel prices in 2021 and to offset high operational costs.
  - Some reductions in flights to/from IN to EU by LH, LO, 3S, AF/KL and SQ are driving capacity crunch and pushing rates higher.
  - The Transpacific traffic from IN is currently dependent majorly on freighters.
  - With an unstable schedule of TK, their volume is shifting towards QR/EK for bulk loads.

## Ocean Freight

- **Delay in Ports –**
  - There is ongoing congestion at Colombo and Singapore leading to a higher overall lead time.
  - Space issues continue for most of the sectors clubbed with the container shortage with certain carriers.
  - There are sliding of the vessels for the westbound trade like US/Europe creating cargo backlog at the origin
  - Scheduled reliability on all trades outbound Asia have dropped significantly
  - Average delays of late vessels are around 6 days for all trades
  
- **Rising Container Freight Cost**
  - Capacity deployment in the Trade is more than 90% currently and 60% of the new capacity addition is likely to be only between 2023-2025.

- There is a rise in the charter and bunker rates, putting a lot of pressure on the freight levels.
- Freight rates will be higher in 2021 due to the limited capacity and higher demand.



**Global update:**

Please refer to the [global COVID updates on the corporate website](#).

Feel free to contact us at [marketing.india@dbschenker.com](mailto:marketing.india@dbschenker.com) for any kind of support. Let us maintain social distancing but we can continue to remain digitally close. Wishing you a safe & healthy period.

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