

Dear Valued Customer,

Hope you and your families, along with your staff, are in good health.

With the removal of COVID curbs across the country, things have started to come back to normal. The ongoing war between Russia and Ukraine is expected to impact the Air and Ocean freight business with latest update from our global office on [Ukraine Crisis Update | DB Schenker in Europe](#). The relevant update from various products will follow: -

- **Air Freight/Ocean Freight**

Ukraine situation, possible impacts on air cargo.

- ✓ The EU and US imposed sanctions against Russia in response to the military actions in the region, which will directly impact transport services to/from the Russian Federation.
- ✓ It is expected that the crisis will impact Crude Oil production and transportation, which will further increase the Fuel Prices (Jet Fuel) and push up costs for airlines, and freight rates are expected to climb.
- ✓ The European Union Aviation Safety Agency (EASA) said Ukraine's skies and airspace in Russia and Belarus within 100 nautical miles (185km) of borders with Ukraine could pose risks for aircraft and must be avoided.
- ✓ The re-routing of airlines on new routes will likely impact the load ability of aircraft as they will now need to carry more fuel.
- ✓ The Ukrainian crisis is likely to severely impact rail-freight and ocean freight services in the Baltic regions, which may see more ocean-air conversions in the already short supply air cargo market.
- ✓ Port in Ukraine have suspended the service
- ✓ Shipment to Russia may be impacted in some cases offloading in nearest port of discharge will be planned. We are closely monitoring the carrier notifications.
- ✓ The sanctions may also impact specific shipper/consignees across the global trade

While the further snowballing effect of this crisis may unfold in the coming days, the situation remains tense and volatile for the air market as we may see some announcements from airlines soon.

General:

- ✓ The overall air cargo capacity versus the market demand continues to be out of sync due to a deficit of wide body 'belly' space.
- ✓ The market demand picked up from Feb'22 onwards after a slight slowness in January as manufacturing output in the EU and US was low.
- ✓ Indian authorities have indicated that they are looking into re-opening international air travel, and current restrictions could be lifted in March to allow international flights to operate; however, an official statement is awaited.
- ✓ Omicron spread globally is likely to keep PAX demand low but has slightly improved since 2021 as tourist routes start to see some bookings.
- ✓ The global increase in fuel prices has pushed up operating costs for airlines and carriers like LH & EK announced a rise in FSC in India and soon, other pages are likely to follow.
- ✓ The air cargo volumes continue to be strong, driven mainly by automobile, high-tech, capital equipment, and pharmaceuticals/healthcare sectors.

Intra-Asia:

- ✓ The capacity to Intra-Asia is tight with higher demand and limited capacity.

- ✓ Carriers are being selective in shipment acceptance and prioritizing high-yield cargo.
- ✓ Country regulations limit access to additional capacities (e.g., China CAA regulation that freight cannot be loaded in the pax cabin of aircraft anymore).
- ✓ Singapore ground handling operations (SATS Gateway) are struggling with staff shortages due to the Omicron variant's high infection rate, causing increased processing time of cargo at Changi cargo terminal.
- ✓ The current situation in other SEA countries remains challenging but stable.

Europe & Transpacific:

- ✓ Abrupt flight cancellations from Turkish airlines continued in February; Silk Way airlines replaced their weekly freighter into BOM with wide-body aircraft causing further capacity crunch.
- ✓ Major airline hubs across Europe and the USA continue to struggle with staff shortages due to Omicron, which has impacted ground operations regarding handling capacity and faster turn-around of freight.
- ✓ The transit lead time from India to the US has increased to an average of 8+ days with backlogs at all significant carrier hubs and slow processing of cargo due to a limited workforce.

- Ocean Freight

India to Europe

- ✓ Rate increase announced from 1st Feb, marking the level of approx. USD 8K for Exports.
- ✓ Grapes Exports are expected to start from mid of Feb; this will bring a shortage of overall capacity due to priority loading.
- ✓ Expected Blanking from MSC and Hapag in March.
- ✓ Capacity reduction expected due to Vessel reshuffling to other trades.

India to Transpacific

- ✓ There are regular changes / Omission in the Port Rotation on almost all the various services.
- ✓ Huge Pendency of cargo at the Northwest India Ports due to frequent port omissions and changes in the schedule.
- ✓ Min 4 weeks advance booking recommended getting the space.

India to MEA

- ✓ PSS announced by most of the carriers to the level of USD 150/TEU for gulf ports.
- ✓ Space to be checked on a week-on-week basis.
- ✓ West / South Africa is open for booking with the carriers.
- ✓ East Africa is facing severe space issues.

India to Far East

- ✓ Freight levels are stable as of now.
- ✓ Due to the congestion in Singapore / Colombo, vessel blanking is regular.

China to Far East

- ✓ Freight rates are stable; due to the capacity reduction, there might be space issues for larger lots.

- Contract Logistics

Operations at our sites in the country are running smoothly, ensuring all COVID Safety protocols, sanitization, and hygiene of areas are regular.

- Land Transportation

Operations are running smoothly for PAN India.

- **Bangladesh Overview**

- ✓ Europe-Bangladesh Chamber to be established to expand trade
- ✓ South Korea keen to invest in various sectors in Bangladesh
- ✓ World Bank bets \$750m on BBIN (Bangladesh, Bhutan, India and Nepal) regional corridor for upgrading the trade and regional connectivity.
- ✓ Bangladesh making MoU with non-government Australian stakeholders
- ✓ Tk 15b cash incentives released for local exporters for overcoming from COVID situation.

COVID SITUATION:

- ✓ Bangladesh has registered 8 death & 759 new infections in the last 24 hours.
- ✓ The current positivity rate is 4.15 percent while the total positivity rate stands at 14.54 percent.
- ✓ The total number of Covid-19 deaths in the country now stands at 29,024 and the mortality rate stands at 1.49 percent.
- ✓ Government decided public transports to allow resuming normal service while the curbs on dining in restaurants and public gatherings also to come off.
- ✓ The mask mandate and other health rules will continue to remain in effect.
- ✓ As the educational institutions have reopened and primary schools to reopen from 1st March, everyone must need to follow strict hygiene protocols.

Air Freight (Bangladesh):

- ✓ Overall cargo movement is stable, but it seems that rate will increase from March onwards due high demand.
- ✓ Onward connection from HUB to US, Canada and Europe destinations are Ok now.
- ✓ Expected transit time to US destination 5-6 days & EU 3-4 Days.
- ✓ There is no significant impact in airline industry due to Ukraine crisis.

Sea Freight (Bangladesh):

- ✓ Patenga Container Terminal ready to go in operation in June 2022 having handling capacity of 145 million TEUs in a year
- ✓ Chittagong Port sets record in container handling, goods transport in 2021.
- ✓ Despite disruptions by transport strikes and the coronavirus pandemic, Chittagong Port has set a record in container handling. It handled more than 3.2 million TEU and goods transport in 2021 with an overall growth of 13 percent year on year.
- ✓ Average berthing delays : 01~02 days

Land Transportation (Bangladesh):

- ✓ Vehicle's rate is increased around 10% at Bangladesh side due fuel price increased by Government.
- ✓ Border crossing lead time 22-25 day between India & Bangladesh
- ✓ Approx 3000 vehicles are in the Petrapole queue. The daily average movement of vehicles from India to Bangladesh is +/- 450.

- **Global update:**

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

Feel free to contact us at marketing.india@dbschenker.com for any support. Let us maintain social distancing, but we can remain digitally close.

Wishing you a safe & healthy period.



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