

# ROHLIG EXPERTS

## Rohlig Asia Newsletter

### December 2021

Despite the gradual recovery of operations following Covid-19 lockdowns in South East Asia, ports continue to suffer from equipment shortages and space constraints. Meanwhile in Greater China, while the Air Freight market may cool off following a boom in testing-kit demand, Christmas, Lunar New Year and the upcoming Winter Olympics in Beijing may pose other challenges. In China, the Lunar New Year holiday will run from Monday 31st January to Sunday 6th February.

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## NORTH ASIA

### Greater China

- The Sea Freight market is unlikely to improve before the Lunar New Year holiday, with **Oceania trade and the East Coast of the USA having the potential to become even more fraught**. A large number of blank sailings are expected between December and January. Precise forecasts are advised in order to prepare for any uncertainties or postponements.

- In Hong Kong, **vessel space is available for North Europe trade, but tightening for South America trade lanes.** Covid-19 continues to impact operations, and therefore space and equipment availability, in South East Asia, leading to a remarkable increase in BAF level effective from Dec 1st ahead of the Christmas holidays.
- The Air Freight market rose by up to 20% during the month of November due to high levels of Covid-19 test kits leaving little room for general cargo. The market may remain at this level for another couple of weeks before cooling down into January. **Operation capacity remains stable across major Chinese airports with no severe congestion,** but operations continue at a reduced level due to the quarantine controls on staff and cargo.
- **Some airports are opening new scheduled flights or taking on more charter flights** such as TAO, CGO and more.
- **Serious backlog is expected at Taoyuan International Airport (TPE)** due to year end and peak season. Some airlines have also cancelled flights to South Africa from the end of November due to reported cases of the Omicron strain of Covid-19.
- **Rail services are available but with extended transit times,** including 30-35 days from CN to EU. However, eastbound services from EU-CN are considerably better at an estimated 20-24 days station to station. Space challenges seen in Q3 have now calmed.
- Carriers are yet to release information if any regarding the potential impact of the Beijing Winter Olympics on local operations, although there could be the potential for **increased security around airports and certain transport routes, as well as delayed deliveries.** Customs operations are not expected to be affected at this time.
- We are currently arranging export business in advance with customers in anticipation for the Lunar New Year. **Driver shortages are expected** as trucking personnel may take up to 15 days holiday.

## South Korea

- **FCL booking capability from Korea to USA,** interested customers are encouraged to contact our Korea team for more information.
- **Advanced booking is highly recommended prior to the Lunar New Year** as operations will be at a reduced capacity with delays during the holiday.

# SOUTH EAST ASIA

## Malaysia

- No major improvements as of yet for the Sea Freight market. **Oceania trade is at critical with vessel omissions at Sydney port and other AUS ports also fully booked** until the end of December.
- **Air Freight space remains critical** towards the end of the month and into the New Year. Rates continue to rise.

## Indonesia

- **Mobility restrictions are to be applied to select areas** as indicated by the Ministry of Transportation between December 20<sup>th</sup> – January 2<sup>nd</sup> in anticipation of Christmas and New Year.
- As of yet, no indication of improvement with regards to port congestion in South East Asia. **Vessel schedules are therefore expected to remain unstable** with ongoing delays and port omissions.

## Thailand

- **There is a heavy backlog at Bangkok International Airport (BKK)**, and the local Air Freight market continues to face expensive rate increases and some cancelled flights. There are also reports of flight offloading due to space restriction, causing further delayed departures and arrivals.

## Vietnam

- **Sea Freight space is limited** with equipment shortages being the main challenge.
- **Tan Son Nhat Airport (SGN) is facing a heavy backlog** among limited capacity and high demand across Vietnam's Air Freight market.

## INDIA

- LCL products are still in demand and operations remain normal. **Customers who provide forecasts are currently able to load shipments smoothly.**
- While there are no current disruptions to Air Freight operations, **rates are currently higher than one would expect in terms of space available.** This trend is expected to continue into late December.

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