OUTSOURCE

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THE SOURCE

China's days as world's factory are over, IPhone maker says

By: Debby Wu | Aug 12 2020 | Bloomberg News as seen in AJOT

A key supplier to Apple Inc. and a dozen other tech giants plans to split its supply chain between the Chinese market and the U.S., declaring that China's time as factory to the world is finished because of the trade war. Hon Hai Precision Industry Co. Chairman Young Liu said it's gradually adding more capacity outside of China, the main base of production for gadgets from iPhones to Dell desktops and Nintendo Switches. The proportion outside the country is now at 30%, up from 25% last June. That ratio will rise as the company—known also as Foxconn—moves more manufacturing to Southeast Asia and other regions to avoid escalating tariffs on Chinese-made goods headed to U.S. markets, Liu told reporters after his company reported financial results. "No matter if it's India, Southeast Asia or the Americas, there will be a manufacturing ecosystem in each," Liu said, adding that while China will still play a key role in Foxconn's manufacturing empire, the country's "days as the world's factory are done."

Intensifying trade tensions between Washington and Beijing have pushed device manufacturers to diversify their production bases away from China, and Liu last year said that Apple's most prized product, the iPhone, can be made outside China if needed. The two nations remain in trade talks, but Liu's comments affirm a growing expectation that the China-centric electronics supply chain will fragment over the longer term. The Taiwanese company reported better-than-expected net income of NT$22.9 billion ($778 million) for the quarter ended in June, boosted by increased demand for iPads and MacBooks. Revenue was NT$1.13 trillion, but Hon Hai warned it expects its third-quarter sales will be down by double digits relative to 2019 as Apple delays its iPhone launch this year.

Hon Hai is bouncing back from a record profit slump in the first quarter as production at its factories recovered and shelter-in-place orders spurred demand for home computing equipment. The pandemic likely boosted iPad and Mac sales, even as Apple store closures weighed on iPhone sales, Apple CEO Tim Cook said on July 31 after reporting quarterly revenue that crushed estimates. Apple accounts for half of Hon Hai's sales. Even as Apple outperformed, Hon Hai's other customers have fared less well. Hong Kong-listed subsidiary FIH Mobile Ltd. said in its Aug. 7 earnings release that while Huawei Technologies Co.'s new phones have been popular in China, they missed expectations elsewhere following U.S. sanctions. Another key customer Xiaomi Corp. suffered a backlash in the Indian market amid growing tensions between China and the South Asian country. FIH lost $100 million in the first half.

Foxconn has been shaking up its traditionally China-focused operations. Hon Hai is among Apple assembly partners that plan to expand operations in India, potentially helping the iPhone maker grow its presence in the country of 1.3 billion and shift some of the U.S. company's supply chain outside of China as ties between Washington and Beijing fray. Chinese rivals are also posing a growing challenge. Local electronics titan Luxshare Precision Industry Co. is poised to become the first Chinese homegrown iPhone assembler after sealing a deal in July to buy an Apple handset production plant from Wistron Corp. While Hon Hai will keep assembly orders for premium iPhones, Luxshare will eat into the business for mid-to-entry-level Apple handsets, Fubon Securities analyst Arthur Liao wrote in a July 23 note. Foxconn will work on its component business to maintain tech leadership and it also benefits from its long-term relationship with Apple, Liu said in response to several analysts' questions about Foxconn's competitive strategy against the rising Chinese supplier. Orders could be further affected after President Donald Trump issued an executive order barring U.S. residents from doing business with Tencent Holdings Ltd.'s WeChat. Annual iPhone shipments could plunge 25%-30% if Apple is forced to remove the app from its app stores worldwide, TF International Securities analyst Kuo Ming-chi warned in an August 9 note.

Inside this issue

Cover Story:

China not the World's Factory any longer

-OUTSOURCE→
THE FREIGHT MANAGEMENT COMPANY

Anheuser-Busch to transition 180 trucks to renewable natural gas

By Jim Stinson, **SupplyChainDive.com**, 8/7/2020

Dive Brief:

- Anheuser-Busch will convert 180 trucks — 30% of its fleet — to renewable natural gas, known as RNG, the company announced Wednesday. The effort is part of the brewer's sustainability goals, set for 2025.
- The trucks travel 8.5 million miles each year and the change will reduce its emissions by more than 70% compared to diesel, the brewing company said. That is equivalent to taking 66,000 cars off the road.
- Anheuser-Busch will contract with Agility Fuel Solutions, which converts medium- and heavy-duty vehicles. The trucks will use RNG, or biomethane, which is interchangeable with compressed natural gas, known as CNG. RNG can take the form of either CNG or liquefied natural gas (LNG) for transportation fuel, according to the Department of Energy.

Dive Insight:

The competition for green technology in trucking is getting crowded. Now Anheuser-Busch, which has already committed to using CNG in some trucks, will also use RNG. In 2014 and 2015, Anheuser-Busch converted 160 diesel trucks in Houston and St. Louis to engines powered by CNG. The company has also looked at battery-electric vehicles and fuel-cell electric vehicles. By converting to RNG, Anheuser-Busch joins large for-hire fleets, such as UPS, which began converting trucks to RNG in 2013. The company made one of the largest U.S. purchases of RNG in 2019.

The reasons UPS went with RNG to power its fleet involved the fuel becoming more widely available, its ability to seamlessly integrate into an existing natural gas system and its "very good emissions profile," Mike Casteel, then UPS director of fleet procurement, said in an interview with Supply Chain Dive in May 2019. In 2019, UPS had more than 50 natural gas stations and several thousand natural gas trucks operating in the United States, Casteel said. Since 2009, UPS has invested $1 billion in "alternative fuel and advanced technology vehicles and fueling stations globally," according to a press release. The RNG-fueled trucks will get their fuel from U.S. Gain and American Natural Gas, Anheuser-Busch said. The methane used to create RNG is produced by farmers, landfill owners and municipalities, according to U.S. Gain. RNG is ranked as renewable fuel by the Department of Energy because it is made using the gaseous byproduct of decaying organic material.

Other power options are on the table at Anheuser-Busch. In November, Nikola and electric-vehicle company BYD Motors helped Anheuser-Busch complete its first-ever zero-emission beer delivery, in the beer company’s hometown of St. Louis, according to a news release. Nikola used a hydrogen-electric truck on its delivery leg. Anheuser-Busch announced in April 2018 its 2025 sustainability goal, a plan to reduce carbon emissions by 25%. Other fleets have announced similar goals, but how to proceed is still up for debate in trucking. Battery-electric trucks are considered the way of the future by the CEO of the largest truck maker. In April 2019, Daimler Trucks North America CEO Roger Nielsen told attendees of the ACT Expo that his company considered battery-powered trucks the future path for the industry. The North American Council for Freight Efficiency said more fleets should put electric trucks into regional use, in a Feb. 23 news release. Mike Roeth, NACFE executive director, said 800,000 of the 1.7 million over-the-road tractors are day cabs, which are regional haulers. But companies such as Nikola are betting on fuel-cell vehicles, too, and point to the ability of such trucks to haul over greater distances.

Wall Street Journal **“Quote of the Day”** from their daily *Logistics Report* briefing

Quotable

“During non-Covid times, if demand grew by 50% I would go hire 300 more people.”

— Shekar Natarajan of American Eagle Outfitters, on the retailer’s warehouse automation

Quotable

“All of the historical benchmarks that we’ve used to think about the business and what the growth in the business would be...none of that has a correlation anymore.”

— Home Depot CEO Craig Menear

Quotable

“Even as reopenings continue, we’re going to see that the secular shift to e-commerce has been accelerated meaningfully.”

— Wayfair Chief Executive Niraj Shah

TRIVIA QUESTIONS

1) Who was the youngest president ever in office?
A. John Kennedy **B.** Teddy Roosevelt **C.** Barack Obama **D.** Al Smith

2) Who is the oldest sitting President of all time?
A. Ronald Reagan **B.** Donald Trump **C.** John Adams **D.** Dwight Eisenhower

3) Which President never voted for president until his own election?
A. Martin Van Buren **B.** Woodrow Wilson **C.** Zachary Taylor **D.** Andrew Johnson

4) Which state was the first to lower the voting age from 21 to 18 years old in 1943?
A. Wyoming **B.** California **C.** Massachusetts **D.** Georgia

5) Elections were formerly by a show of hands. MA was 1st to use a secret ballot. In which year did that start?
A. 1816 **B.** 1888 **C.** 1902 **D.** 1848

6) Which group usually has the highest voter turnout in a presidential election?
A. Minorities **B.** Ages 25-44 **C.** College educated people **D.** Women

Answers Later In The Newsletter

FUEL REPORT

U.S. On-Highway Diesel Fuel Prices* (dollars per gallon) http://www.eia.gov/petroleum/gasdiesel/

	7/06/20	7/13/20	7/20/20	Change from week ago	Change from year ago
U.S. National Average	$2.437	$2.438	$2.433	- 0.005	- 0.611

Shipping's GHG emissions rising despite efficiency gains

CO2 emissions from shipping are projected to be up to 30% higher than 2008 levels by 2050, a new IMO greenhouse gas study says. Ship efficiency gains have not kept pace with rising emissions, while methane emissions have soared

By Declan Bush, Lloyd's List 04 Aug 2020

SHIPPING's greenhouse gas emissions continue to rise despite industry efforts to make ships more efficient, according to an International Maritime Organization study. In its latest study, the IMO says total greenhouse gas emissions from shipping rose 9.6% to 1.076m tons in 2018, from 977m tons in 2012. CO2 emissions rose from 962m tons in 2012 to 1.056m tons in 2018, a 9.3% rise. Shipping's share of global emissions attributed to humans rose from 2.76% to 2.89% during the same period. The study shows the industry is far short of meeting its IMO target of cutting emissions by at least half of 2008 levels by 2050. While coronavirus will reduce emissions this year and next, the study said "emissions over the next decades may be a few percent lower than projected, at most", depending on the economic recovery.

Black carbon emissions rose 12% over the period while methane emissions rose 150%. Shipping's CO2 emissions rose 5.6% from 2012 to 2018 under a voyage-based measure — which put its share of global CO2 emissions as constant at about 2% — and by 8.4% under a vessel-based measure. The study, which updates the third IMO GHG study, released in 2014, is the first to distinguish domestic shipping from international emissions, following Intergovernmental Panel on Climate Change guidelines. The new data doubled the share of emissions that fell under national inventories, from 15% to 30%. Bryan Comer, senior marine researcher at the International Council on Clean Transportation, who led the review and revision of the study's bottom-up methodology, said growth in shipping was outpacing gains in efficiency. He said the carbon intensity of shipping fell between 20% and 30% from 2012-2018, depending on the metric. But that improvement has slowed over time, "with only marginal improvements after 2015". "The report also clearly shows that emissions of climate super pollutants, such as black carbon and methane, are increasing," Dr Comer said. "More ships are using LNG as a marine fuel and burning it in engines that leak large amounts of unburned methane. Methane is not yet regulated by the IMO, but it should be because it has a much stronger global warming potential than CO2."

The ICCT said the study highlighted the need to include methane in future phases of the IMO's Energy Efficiency Design Index. At present, only CO2 emissions are limited under the EEDI. Elena Hauerhof, principal consultant at UMAS, a research group, said: "We now have much more up-to-date insights into shipping's GHG emissions, and this study's inventories progress our ability to identify emissions on each voyage a ship takes." Dr Hauerhof said the rise in the domestic share of shipping emissions "show that more attention should be paid to shipping in national GHG policy". The IMO did not comment on the study which is set to go before the IMO's Marine Environment Protection Committee.

HMM expects transpacific container rates to remain strong in short term

By Marcus Hand | Aug 12, 2020, SeaTrade Maritime News

HMM says container freight rates on the transpacific should remain strong in the short term but the outlook is clouded by Covid-19 and geo-political tensions. The South Korean shipping company bounced back to KRW28.1bn ($23m) profit in Q2 2020 compared to a KRW200.7bn in the same period in 2019. Revenues were down 1.6% in Q2 2020 at KRW1.38trn compared to the same period a year earlier. Despite the impact on volumes from Covid-19 container lines have successful in managing capacity through blank sailings to maintain freight rates. Volumes dropped 20.9% to 1.78m teu in the first half of 2020, compared to 2.25m teu in the same period of 2019.

HMM said profitability was based on its membership of THE Alliance with Hapag-Lloyd, Ocean Network Express and Yang Ming, and the deployment of its 24,000 teu newbuildings, the largest containerships in operation today. "Total revenue and container handling volumes have been impacted by the Covid-19 pandemic," it said.

Looking ahead HMM said it expected freight rates on the transpacific to remain strong over the short-term, the Asia – North Europe trade was fairly balanced in terms of demand and supply, and the intra-Asia trades would remain challenging. "The profitability in the main East-West trade lanes contributed to enhanced business performance. However, market outlook remains uncertain as coronavirus can re-emerge for the upcoming winter season and growing geopolitical tensions between US and China are definitely one of the most important variables," HMM said.

MSC CUC update from Far East Eastbound Cargo to USA

By: AJOT | Aug 19 2020 | Maritime News | Liner Shipping

MSC is revising its tariff RIPI CUC (chassis usage charge) amount as follows effective
September 18th, 2020: From $80 to $100

Yang Ming cuts losses despite sharp drop in Q2 volume

By Greg Knowler, JOC Senior Europe Editor | Aug 14, 2020

Yang Ming managed to narrow its losses in the first half of the year despite a 15 percent drop in volume in the second quarter as COVID-19 lockdowns cut into demand. The Taiwanese carrier was able to build on strong freight rates and low bunker fuel costs to improve its H1 financial performance, ending the period with a net loss of $29.49 million compared with a $62 million loss in the first six months of 2019. It was a difficult first half for Yang Ming as revenue fell 12.03 percent to $2.2 billion, and volume declined 9.86 percent to 2.38 million TEU, the carrier said in a statement Friday.

Yang Ming has struggled to turn around a string of quarterly and annual losses, unlike the other members of THE Alliance, Hapag-Lloyd and Ocean Network Express (ONE).

The carrier began the year with a first-quarter loss of $27.15 million, but is expecting its container volume to improve through the third quarter, especially on the trans-Pacific and the Asia-Europe trades where it plans to "seize the opportunity" to capitalize on elevated rate levels. "With Western countries beginning to lift social distancing measures and manufacturing production resuming operation, the trans-Pacific freight rates have surged to the highest level in two decades," Yang Ming said in its earnings announcement. "The rates on Asia-Europe routes have also shown an improvement compared to the same period last year."

On the trans-Pacific, the rate this week from China to the US East Coast rose almost 12 percent to $3,913 per FEU and was up 8.3 percent on China-US West Coast routes, to $3,406 per FEU, according to the Shanghai Containerized Freight Index (SCFI). China-North Europe rates increased 0.7 percent to $916 per TEU, while China-Mediterranean rates were up almost 3 percent to $967 per TEU. The weekly rate movements of the SCFI are tracked at the JOC Shipping & Logistics Pricing Hub.

Yang Ming is also counting on a raft of new vessels to improve its performance going forward. The carrier said its fleet optimization plan involves adding 14 chartered ships of 11,000 TEU, and 10 owned vessels of 2,800 TEU that are joining the fleet from this year. "These new vessels with higher engine efficiency will achieve the advantages of lowering fleet average age and fuel cost savings, and consequently enhance the company's long-term competitiveness," the carrier noted.

U.S. Postal Service Plans 'Peak' Surcharges for Domestic Parcels

By Paul Ziobro, WSJ, Aug. 14, 2020

Agency says proposed fees on commercial shipments during key Christmas shopping season needed to offset higher expenses and volumes

Photo: Erin Scott/Bloomberg News

The U.S. Postal Service plans to add new fees onto commercial packages starting in October as it looks to offset the increased expenses from coronavirus and surge in volume expected from online shoppers during the holidays. It's the first time that the Postal Service has implemented surcharges during the holiday season, a spokeswoman said, and follows similar steps that United Parcel Service Inc. and FedEx Corp. have used in the past to offset costs during the busiest shipping period. The new fees would add to costs for Amazon.com Inc., Target Corp. and other big holiday shippers. The surcharges on domestic commercial deliveries will run from Oct. 18 through Dec. 27 and will apply to all of its competitive package services. They range from 24 cents a parcel up to $1.50. It won't apply to retail or international shipments, or regular mail services. The proposed fees, which still need approval from the Postal Regulatory Commission, come as carriers have been overwhelmed with shipping volume during the coronavirus pandemic. Now they are trying to offset costs and manage capacity with new fees and higher rates.

UPS last week disclosed its own surcharges for peak season shipments that industry consultants said were higher than anticipated. FedEx is also evaluating what fees it will charge shippers ahead of the holidays, according to people familiar with the matter. Both UPS and rival FedEx Corp. have been charging peak surcharges in recent months, a practice they typically enforce during the year-end holidays. Meanwhile, the Postal Service has come under recent fire from politicians and some customers for delivery delays as its new leader starts to restructure its operations.

The Postal Service, in announcing the proposed fees, said that the limited-time surcharge is "in line with competitive practices without impacting customers at the retail level." "In doing so, the Postal Service is protecting the consumer during a vulnerable economic period while increasing prices on commercial volume during heightened volume levels," the agency wrote. The surcharges will help the agency raise revenue at a time the Postal Service's finances strained and it has come under increased scrutiny under new Postmaster General Louis DeJoy, a Republican fundraiser and logistics executive who took the role in June.

The Postal Service lost $2.2 billion in the quarter ended June 30, as a big increase in package shipments wasn't enough to offset plunges in its more profitable marketing and first-class mail division. Mr. DeJoy has moved quickly to enact changes to the Postal Service, including limiting overtime hours in some areas that have caused some mail disruption and a reorganization of the agency's senior leadership. The Trump administration has been pushing the Postal Service to raise rates, arguing that it charges too little to deliver packages to homes for Amazon and other large shippers. Higher prices at the Postal Service could also benefit FedEx and UPS as it would give the private carriers leeway to raise their prices more, industry analysts say.

FedEx Ground to open distribution center along I-40 in Kodak

by: Caleb Wethington, WATE Ch. 6 Knoxville TN, Posted: Aug 11, 2020

SEVIERVILLE, Tenn. (WATE) – FedEx is building a 260,000-square-foot FedEx Ground distribution center in Kodak in Sevier County, Mayor Larry Waters announced Tuesday. The building will be developed at the new Interstate 40 Industrial Park in Kodak and will join OTICS, USA, a Toyota parts manufacturer, in the industrial park. The distribution center will generate more than 170 new FedEx jobs as well as spur hiring among a dozen contract service providers. "FedEx Ground will be a great addition to our manufacturing, warehousing, and distribution companies in Sevier County. They will be providing great jobs for our community and outstanding delivery service to the region" said Sevier County Mayor Larry Waters.

The facility is a part of FedEx Ground's nationwide network expansion to boost daily package volume capacity and further enhance the speed and service capabilities of the company's network. "Over the past five years, FedEx Ground has opened six new hubs and more than 50 automated stations around the country. The company continues to experience a surge of package volume due to e-commerce growth during the current pandemic and, through the addition of new facilities, expansions and other innovative technology solutions, is optimizing the capacity of its network to meet growing customer demand." FEDEX PRESS RELEASE

This site was chosen because of its ease of access to major highways, proximity to customers' distribution centers and a strong local community workforce for recruiting employees.

Detroit mayor: **Amazon distribution center proposed for former State Fairgrounds site**

142 acres to be developed into Amazon 3.8M Sq. Ft. distribution center, transit center, more

By Cassidy Johncox, Web Producer, www.ClickOnDetroit.com, Published: August 11, 2020

DETROIT – Detroit Mayor Mike Duggan announced Tuesday a proposal that would bring a new Amazon distribution center to the former State Fairgrounds site by 2022. Two development groups, Hillwood Investment Properties and the Sterling Group, are slated to purchase 142 acres at the former State Fairgrounds site from the city of Detroit -- and Amazon is expected to be their first tenant. The proposed $400 million, 3.8 million square-foot Amazon distribution center is expected to provide at least 1,200 jobs during its first phase of opening. Duggan says the center will eventually hopefully employ more than 2,000 people in the area. To continue reading the article please use this link https://www.clickondetroit.com/news/local/2020/08/11/detroit-mayor-amazon-distribution-center-proposed-for-former-state-fairgrounds-site/?mod=djemlogistics_h

Price per kg dropping by 9% worldwide - volumes on the rise

By: AJOT | Aug 17 2020 | Air Cargo News

Since air cargo developments started to completely go "off the charts" in March 2020, every month the question arises whether the next month will be a bit more normal, whatever 'normal' may mean. Going by the worldwide month-over-month (MoM) figures for July, one could be tempted to answer positively: July's volume was 8.2% above June's, while last year's July figure was 5.5% MoM. However, the July-volume was also down by 18.5% year-over-year (YoY). At the same time, the price of air cargo per kg was 62% higher YoY, but dropped by 9% MoM, from 3.12 USD to 2.83 USD. For the first time since, the combined airlines' air cargo revenues slightly dropped. So, are things getting a bit more normal? One of the other pointers to find the answer, is to be found in capacity data. There is such a lack of capacity in the market that 'normality' still seems a long way off. Take the gap between the huge capacity drop, measured in Available Ton Kilometers (ATK), and the much smaller drop in cargo transported, measured in Freight Ton Kilometers (FTK): the gap was only 1 percentage point MoM, but over 20 percentage points YoY. The MoM change of the worldwide load factor was +1%, but with clear differences between freighters (+3%) and passenger aircraft (-8%). Though pointing to a fairly balanced change in both capacity and traffic between June and July, the overall gap still hints at a worldwide market trying to find a new footing: 'normality' will not seem what it used to be.

To individual market players, however, much more important than worldwide trends, are of course the developments in their own main markets. Here we see big differences. The origins Europe and MESA (Middle East & South Adia) added most kilograms to their June figures (+13% resp +14%), whereby Europe managed to keep its prices reasonably stable (-2.5% MoM). Asia Pacific was the region performing least in MoM percentual changes: a 6% volume growth was accompanied by a 14.4% drop in USD prices per kg. Business from China has captivated the air cargo world more than ever since the start of the COVID-19 crisis. Coupled with a lack of capacity, this business has indeed attracted very high prices. Yet, the sky-high prices posted on the internet as so-called evidence of what happens in the China market, are often based on limited numbers of shipments (sometimes even 'one-offs'), and therefore at best "anecdotal evidence". This needs to be put in perspective.

WorldACD noted the following changes in Asia in July since top-dollars were charged in May 2020:

- prices (in USD/kg) from Asia Pacific as a whole fell by 41%, from 5.71 to 3.38
- prices ex-China dropped by 53%, from 7.80 to 3.63
- prices ex North-East Asia lost 32%, falling from 4.66 to 3.19
- prices from South Asia fell by only 13%, and now stand at 3.84 USD/kg, i.e. at the highest region-to-worldwide level

Most of the pricing frenzy of the past months bypassed the Americas and Africa, where monthly deviations were much more measured than in other parts of the world. Revenues from air cargo in USD rose MoM by 10% for business originating in Europe, by 9% from Africa, by 6% from MESA, by 3% from Central & South America, but it fell by 1% from North America and by 9% from Asia Pacific. In times of supply chain disruptions, as experienced strongly this year, there is always talk about the need to shorten the chains in order to become less dependent on events that business cannot influence. Whilst plans may be made, our figures for the year so far do not show any trend toward near-shoring yet.

Lastly, taking a first preliminary view of the month of August, the first full week of the month showed a -0.3% volume drop week-over-week, and a 2% drop in worldwide prices. Having said that, prices ex-China seem to go up again, whilst prices from South Asia dropped.

Answers to Trivia

American Airlines to conduct 1,000 cargo-only flights in September

By Damian Brett, Air Cargo News, 08/17/2020

American Airlines will fly 1,000 cargo-only flights in September after only returning to all-cargo operations in March. The airline re-launched cargo-only flights in March, with 20 strategic flights to two key destinations. The airline's last freighter flight took place in 1984. "A plan that began as an experiment has now grown exponentially over the last six months," the airline said. "Since being reintroduced, American's cargo-only flights — which hadn't been operated in more than 35 years — have moved more than 45m pounds of cargo around the world. But getting the first flight off the ground was nothing short of a symphony, played by team members from across the company."

"We didn't have a playbook. We'd never done this before," said Maulin Vakil, American's director of cargo revenue at the time. "We began to explore how much cargo we could take if we couldn't transport passengers."

After exploring options, the group began planning a cargo-only flight from Dallas-Fort Worth (DFW) to Frankfurt (FRA) scheduled to take off on Friday, March 20. "While figuring out the safety, logistics and economics of the flight was a challenge, team members were prepared for the test," American said. "Crews were briefed, safety procedures were established, and international rules were carefully followed. Four days after the team set their plan into motion, American operated a Boeing 777-300 from DFW to FRA as its first cargo-only flight of the 21st century." American then expanded its cargo-only flights to Hong Kong (HKG), Shanghai (PVG), Beijing (PEK) and Seoul (ICN). "We essentially started our own little airline," said Tom Howard, a manager at American's integrated operations center. "We had to build all of this out and co-ordinate how it flows with our scheduled passenger service because, well, we're a passenger airline."

This September, more than 1,000 scheduled cargo-only flights will be accompanied by more than 1,200 passenger flights also offering cargo services.

MacDill Squadron Fights COVID-19 Through Innovation

AUG. 17, 2020 | BY AIR FORCE SENIOR AIRMAN SHANNON BOWMAN

The COVID-19 pandemic has presented challenges to daily operations at MacDill Air Force Base, Florida. In response to these challenges, airmen have supported the mission through teleworking, social distancing and stricter sanitization standards, all while continuing to execute their air refueling mission.

Air Force Master Sgt. Adam Ingram, the 6th Logistics Readiness Squadron Vehicle Management Flight superintendent, said his being a customer service flight presents increased safety concerns for his airmen. "We work on nearly all of the vehicles on base, so there is a high risk of cross-contamination throughout multiple organizations and our flight members," Ingram said. "We mitigate these concerns by having COVID rules of engagement in place to help keep things safe and sanitized." The flight increased sanitization protocols, and also retrofitted some of their vehicles with barrier screens to help minimize the spread of the virus.

"Our peers at 6th LRS ground transportation recognized a potential issue of exposure to their drivers and posed it to us to see if we could come up with a solution," Air Force Airman 1st Class Arfaneil Rebujio, a 6th LRS vehicle maintenance technician, said. One of the unit's mechanics, who is currently deployed, told Rebujio about an idea. Before he left for his deployment, he asked Rebujio to help create a design that would block the air circulation separating the operator from the rest of the bus. So far, modifications have been made to several of MacDill's transport vehicles, including passenger buses used to transport aircrew from their squadrons to the flight line. "We have installed the barrier screens on five of our 44-passenger buses and one on an eight-passenger van," Rebujio said. "I think it's a great idea having them installed on our transport buses so we don't risk the well-being of our operators."

For the 6th LRS Vehicle Management Flight, teamwork has helped them overcome many of the challenges presented by COVID-19. They are fully committed to their safety procedures, and those looking to the 6th LRS for services can rest assured that their vehicles are safe. "It's challenging because we have to interact with customers, but we have developed ways to interact, stay safe and keep the mission going," Ingram said. "Our airmen have developed a daily cleaning process to disinfect vehicles when they arrive to the shop and before we return them to the customer."

Throughout the course of the pandemic, the airmen have remained resilient and have found ways to solve difficult problems. "COVID has presented new challenges, but the out-of-the-box thinking of our airmen has truly shown," Ingram said. "In response to the virus, our members have applied creative thinking, which will protect our warfighters and ultimately support our mission on an even bigger scale." (Air Force Senior Airman Shannon Bowman is assigned to the 6th Air Refueling Wing.)

UPS Readies Freezer Farms to Ship Virus Vaccine — If We Get One

By Catherine Leffert, Bloomberg News, August 3, 2020

United Parcel Service Inc. is building two giant freezer farms capable of super-cooling millions of vials of a Covid-19 vaccine, preparing for the day when it will need to deliver the medicine at high speed across the globe. The facilities, under construction in Louisville, Kentucky, and the Netherlands, near UPS air hubs, will house a total of 600 deep-freezers that can each hold 48,000 vials of vaccine at temperatures as low as -80 Celsius (-112 Fahrenheit). That is on par with some of the coldest temperatures in Antarctica.

Distributing a Covid-19 vaccine -- if one is approved for use -- will be the second huge logistical challenge spawned by the pandemic for delivery giants UPS and FedEx Corp., which earlier this year mobilized to airlift thousands of tons of protective gear across the world for health-care workers. This time the job is moving fragile vials of medicine under exacting conditions for the world's best shot to stamp out the coronavirus and restore economies to normal. "This truly will be a historic supply chain feat to distribute millions, if not billions, of life-saving Covid-19 vaccine vials to far-reaching global populations," said Wes Wheeler, president of UPS Healthcare. "Lives will depend on us to get these vaccine deployments right, and we're well-prepared to support all of these efforts until this pandemic is behind us."

Researchers are working feverishly to create effective vaccines and treatments, with multiple projects at various stages of development. If they're successful -- a big if, of course -- the next challenge would be for the world's transportation network to get the medicine into the hands of doctors and patients on a global scale. FedEx and DHL Global Forwarding also have been expanding their temperature-controlled transport capabilities. DHL opened a new $1.6 million facility in Indianapolis this month. FedEx is adding freezers, refrigerated trucks, sensors and even thermal blankets, said Bonny Harrison, director of global media relations in a statement.

"Since the onset of the Covid-19, we've been working with governments, medical systems, and our customers to help communities around the world access critical supplies and keep supply chains moving in the face of this crisis," Harrison said.

Time and temperature sensitivity will vary for different vaccines. Several candidates have had success in early trial phases, and some are more fragile than others. UPS's freezer farms will be designed to handle the most stringent specifications, Wheeler said.

To continue reading the article please use this link https://www.bloomberg.com/news/articles/2020-08-03/ups-readies-freezer-farms-to-ship-virus-vaccine-if-we-get-one?mod=djemlogistics_h

RATE INCREASES

FedEx Adds Peak Fees on Shipments During Holiday Season

By Paul Ziobro, WSJ, Aug. 18, 2020

Delivery giant joins UPS and USPS in raising prices amid coronavirus pandemic and expected e-commerce surge

FedEx Corp. is adding extra fees on shipments during the holidays, joining United Parcel Service Inc. and the U.S. Postal Service in implementing surcharges to offset costs and control shipping volumes during what is expected to be a busy online shopping season. FedEx says the surcharges are designed to primarily hit larger customers. They include fees as much as $2 on all packages shipped in the week after Thanksgiving for FedEx's lower-priced SmartPost service, which is overwhelmingly used by large retailers. FedEx will also charge as much as $5 a package on its premium Express service for large shippers whose volume far exceeds normal levels.

The company says the fees, which are both higher and broader than previous years, are needed to help maintain service during its busiest time of the year. The changes were noted on FedEx's website. "We are entering this holiday peak season with extremely high demand for capacity while also experiencing increased operating costs across our network," the company said. "We anticipate residential volume to continue to surge into the new year."

Both UPS and the Postal Service have disclosed their own price increases for the peak shipping season, which is forecast to be challenging, with shoppers expected to avoid crowded stores over fears of the coronavirus. That will push more of the holiday shopping online. The carriers are aiming to prevent their networks from being overwhelmed, while also capitalizing on newfound pricing power in the market. Higher prices from all three companies will challenge retailers who have relied on e-commerce to sustain sales this year. They can either charge consumers higher fees for shipping, raise prices or eat the costs. Retailers may also rely more on their stores to get online orders to shoppers, by encouraging pickup of orders or having them shipped to the stores, since the surcharges primarily apply to residential shipments.

FedEx's fees start as early as Oct. 5 and run through mid-January. The earlier fees are on large packages and those that require additional handling. The surcharges on SmartPost will run $1 on all those shipments starting Nov. 2, and rise to $2 a package during Cyber Week, typically one of the busiest shipping weeks as it follows Black Friday sales.

While SmartPost has historically used the post office for deliveries to homes, FedEx is increasingly keeping those packages in its ground network. The company is looking to have more packages on residential routes after cutting ties with Amazon.com Inc. last year. Another set of surcharges applies to customers who ship out more than 35,000 packages a week. The fees range from $1 to $5 a package, based on how high the customer's weekly shipping volume is, compared with before the pandemic caused a rise in shipping levels.

Chinese authorities investigate liners as transpacific rates hit record territory

By Jason Jiang, SPLASH 24/7, August 14, 2020

China's Ministry of Transport has sent letters to six major containerlines, asking them for explanations behind the recent freight rate surges, which has seen ships charging record figures on the transpacific. The six companies questioned are Cosco, Maersk, MSC, CMA CGM, Hapag Lloyd and Evergreen. According to Alphaliner, spot freight rates on the North China to US West Coast trade have surged to their highest level ever, despite the restoration of blank sailings by carriers and even the introduction of new capacity. Rates are now 120% up on their value a year ago. Prices on the route reached $3,144 last Friday, consolidating the all-time high of $3,167 recorded the previous week. Both mark the first-time rates have exceeded $3,000.

The inquiry by the Ministry of Transport comes after a number of shippers questioned the legitimacy of liners profiting at a time when the world economy is in such a precarious position. "The letters sent by Ministry of Transport are mainly for inquiry purposes, even so, the ministry has sent a clear signal to the companies, making them operate more openly in order not to step out of line," said Zhang Lingfang, a professor at Dalian Maritime University.

Zhang Yongfeng, director at Shanghai International Shipping Institute (SISI), said the rate surge was due to huge restocking efforts going on this quarter in both the US and Europe. "We think carriers overestimated the decrease in demand from North America leading to the increase in freight rates. We do not think this was malicious," said Martin Dixon, head of research products at consultants Drewry. Fighting the drop in cargo figures earlier this year, liners blanked record volumes of sailings, which in turn stoked up freight rates.

It's not just Chinese officials who are keeping an eye on the surging transpacific rates. Splash Extra reported last month how American authorities are monitoring the situation with a possible eye on collusion. The Department of Justice in Washington only just closed a two-year liner collusion investigation 18 months ago. Andy Lane from Singapore's CTI Consultancy poured cold water on the collusion claims today. Speaking with Splash, Lane said: "We have come through unprecedented times, during which demand has been extremely volatile, and even harder to predict. As a consequence, there have been periods where insufficient capacity has been deployed, as carriers try to match capacity to expected demand, and this has resulted in freight rate increases. I think that we need to see what happens in the new norm before suspecting foul play."