

The Evolving Norm of Logistics for the Philippines and East Asia

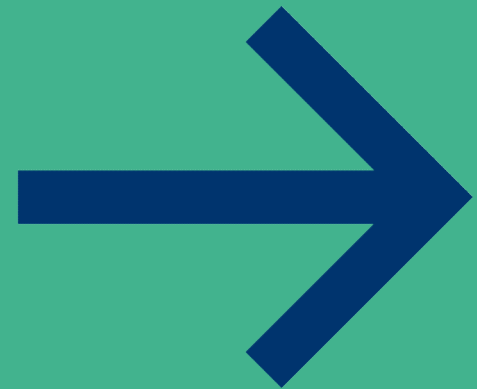
Elisha Camus

General Manager, Sales and Marketing

Kuehne + Nagel, Inc.

1

**A look at the global air
logistics market**

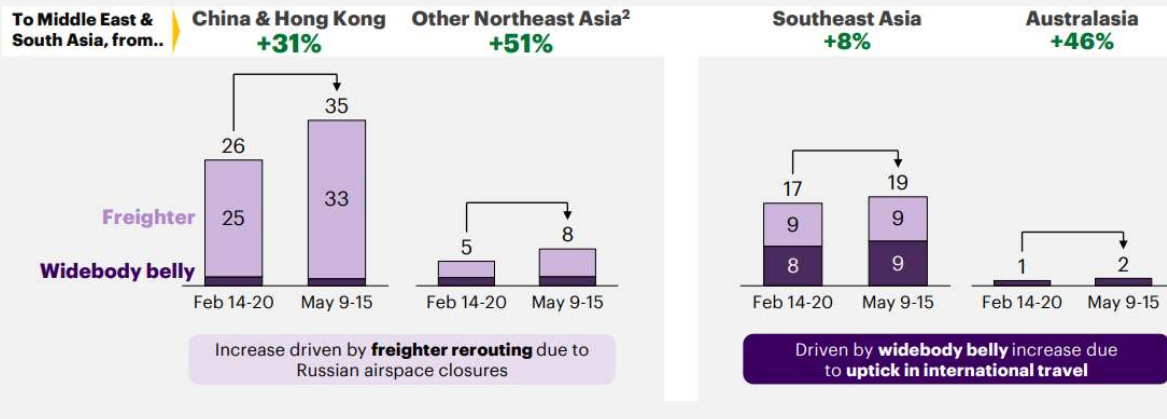


Air Logistics Capacity Development

Freighter reroutings and travel uptick

Asia Pacific to Middle East & South Asia air cargo capacity by origin area, May 2022

Thousand tonnes per week



Growth remains “hot” but is slowing compared to 2019 levels. Significant trans-Atlantic growth in Q1 2022.

Increases in demand have grown exponentially versus the capacity developments required, thus leads to increasing rates.

UA/RU crisis also impacting capacity availability from APAC, loadsize reduced.



- Freighter reroutings and travel uptick drive increased air cargo capacity between Asia Pacific and the Middle East
- North East Asia accounts for 86% of the trade lane’s recent capacity increase
- Shanghai’s lockdown lowered international air cargo capacity - 46% between 9-15 May (versus 2021)
- Potential end of lockdown in June could see air cargo capacity bounce back

Source: Seabury Consulting Analysis (May 2022)

Market Outlook - Air Logistics

June 2022 - Outlook for the next 3-6 months

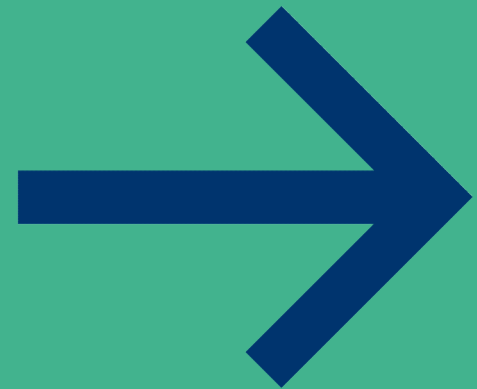


FROM	TO	Europe	North America	Latin America	North Asia	South Asia	Middle East & Africa
Europe		3M 6M	3M 6M	3M 6M	3M 6M	3M 6M	3M 6M
North America		3M 6M	3M 6M	3M 6M	3M 6M	3M 6M	3M 6M
Latin America		3M 6M	3M 6M	3M 6M	3M 6M	3M 6M	3M 6M
North Asia		3M 6M	3M 6M	3M 6M	3M 6M	3M 6M	3M 6M
South Asia		3M 6M	3M 6M	3M 6M	3M 6M	3M 6M	3M 6M
Middle East & Africa		3M 6M	3M 6M	3M 6M	3M 6M	3M 6M	3M 6M

● No congestion
 ● Moderate Congestion
 ● High congestion

2

**A look at the global sea
logistics market**



The peak, in everything

Storm clouds on the horizon for container shipping

#prices

Rising capital cost and growing inflation may lead to new recession

#economy

Stalling globalisation might accelerate regionalisation

#scale

Need for smaller ships, shorter distances and more green-fuel stops

#oil

We are living the last generation of "fossil-fuel based" assets

#population

Demography decline generates long term period of lower growth

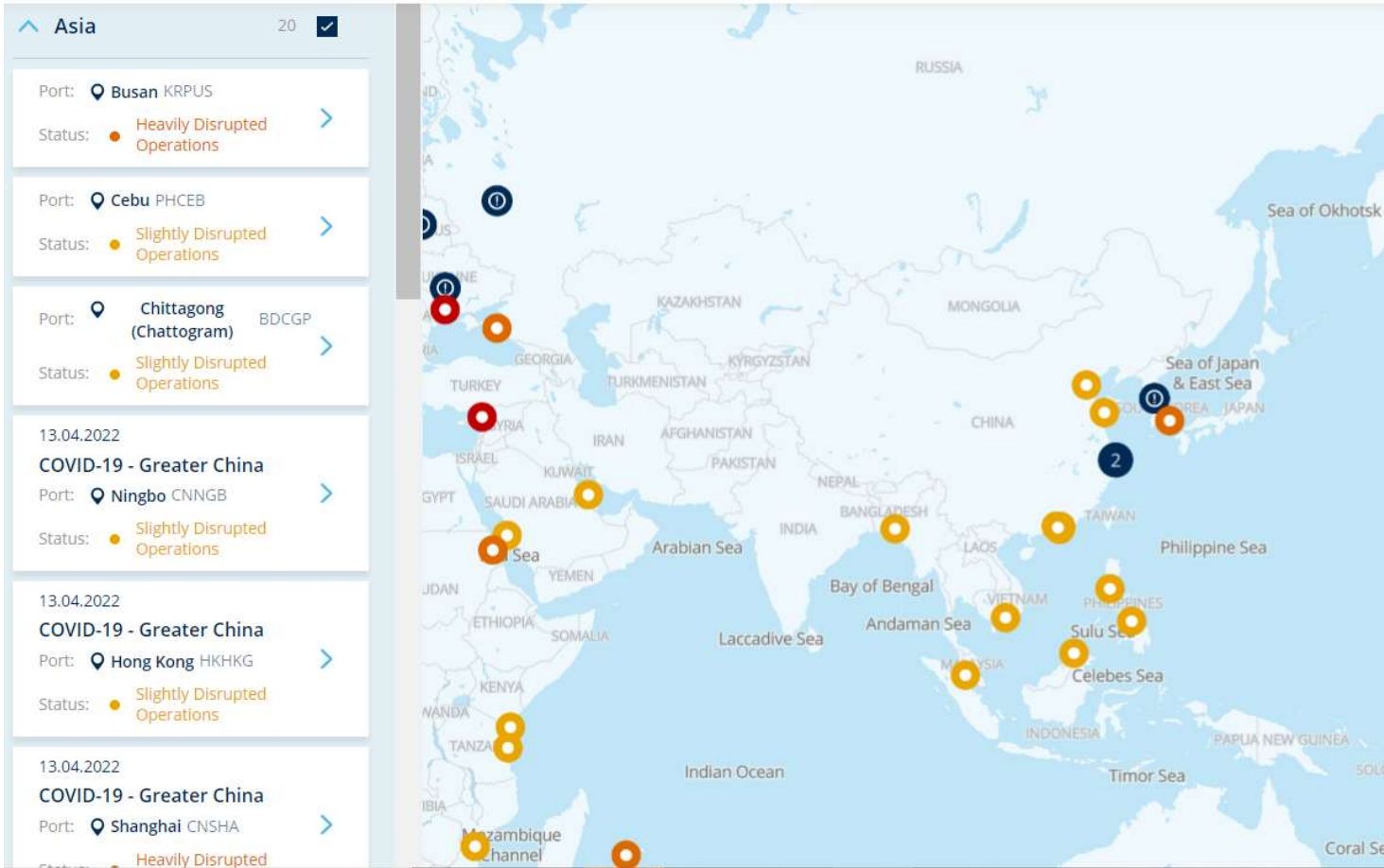
#uncertainty

Does the current volatility mean that we have reached the **peak in uncertainty** for container shipping as it considers an opaque future? Most likely **yes**.

But perhaps we have now reached **the peak in everything**.

Disruptions and Delays continue...

seaexplorer



<https://seaexplorer.com/>

seaexplorer updates (via myKN: <https://mykn.kuehne-nagel.com/cc/>)



seaexplorer My #Tags

- Port: **Manila PHMNL**
Status: **Slightly Disrupted Operations**
- Port: **Nansha CNNSA**
Status: **Slightly Disrupted Operations**
- 07.06.2022
National cargo truckers strike - South Korea
Category: **General**
Region: **Asia**
- Port: **Port Klang MYPKG**
Status: **Slightly Disrupted Operations**
- Port: **Port Sudan SDPZU**
Status: **Heavily Disrupted Operations**



Port Klang
MYPKG
Status
● **Slightly Disrupted Operations**
Active since
21.06.2022
Status comment
Port operations are normal. Average vessel waiting time is more than 1 day after power supply issues last week at West Port.

[See all port alerts >](#)

Kota Kinabalu
MYBKI
Status
● **Slightly Disrupted Operations**
Active since
15.06.2022
Status comment
Average vessel waiting time is 2-3.5 days. Yard density at 85%, reefer at 80%.

[See all port alerts >](#)

Busan
KRPUS
Status
● **Heavily Disrupted Operations**
Active since
21.06.2022
Status comment
Average vessel waiting time about 2-3 days. Heavy congestion at the port. Yard density more than 90% and reefer yard highly utilised.

[See all port alerts >](#)

Manila
PHMNL
Status
● **Slightly Disrupted Operations**
Active since
21.06.2022
Status comment
The average vessel waiting time is 1-1.5 days.

[See all port alerts >](#)

<https://seaexplorer.com/>

seaexplorer updates (via myKN: <https://mykn.kuehne-nagel.com/cc/>)



☰ FASTEST

✓ MOST RELIABLE

💬 MOST ECO FRIENDLY

Verified
Share

^

Jakarta Thu

10 days

Thu **Jakarta** | DJKT >

Sun **Manila** PHMNL >

Service: **INAS 0550** >

Reliability: A

10 DAYS

Reliability: A

CO₂ Emission: 0.222 t/TEU

This score indicates the average arrival delay of all arrival events measured in day(s) for seafreight legs.

- ✔ A → max. 1 day
- ✔ B → max. 2 days
- ✔ C → max. 3 days
- ✔ D → max. 4 days
- ✔ E → max. 5 days
- ✔ F → above 5 days
- ✔ - → no data

Verified Routing

Tags

Add your personal tags to the routing and use it later in the search box or in My#Tags.

#

Carriers

Carriers offering this Routing

ALIANÇA **MAERSK**

HAMBURG **MSC** **CPH**

Group results by:

ORIGIN

Sort results by:

☰ FASTEST

- ✔ A → max. 1 day
- ✔ B → max. 2 days
- ✔ C → max. 3 days
- ✔ D → max. 4 days
- ✔ E → max. 5 days
- ✔ F → above 5 days
- ✔ - → no data

Sort results by:

✓ MOST RELIABLE

- ✔ A → max. 1 day
- ✔ B → max. 2 days
- ✔ C → max. 3 days
- ✔ D → max. 4 days
- ✔ E → max. 5 days
- ✔ F → above 5 days
- ✔ - → no data

Manila PHMNL

Verified

Surabaya Wed → 1 → Manila Tue

13 DAYS

Reliability: B

CO₂ Emission: 0.35

Surabaya Thu → 1 → Manila Sat

16 DAYS

Reliability: -

CO₂ Emission: 0.37

Sort results by:

☰ FASTEST

- ✔ A → max. 1 day
- ✔ B → max. 2 days
- ✔ C → max. 3 days
- ✔ D → max. 4 days
- ✔ E → max. 5 days
- ✔ F → above 5 days
- ✔ - → no data

Port Klang Mon → 1 → Cebu Wed

9 DAYS

Reliability: A

CO₂ Emission: 0.183 t/TEU

Port Klang Mon → 1 → Cebu Wed

9 DAYS

Reliability: B

CO₂ Emission: 0.184 t/TEU

Port Klang Mon → 1 → Cebu Wed

9 DAYS

Reliability: B

CO₂ Emission: 0.189 t/TEU

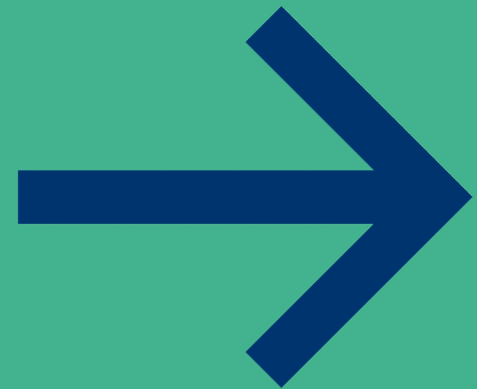
☰ FASTEST

✓ MOST RELIABLE

💬 MOST ECO FRIENDLY

3

Zooming in at the
BIMP-EAGA region



Let's talk about the numbers first

	BRUNEI DARUSSALAM		
	2018	2019	2020
Exports	7.04	7.80	6.89
Imports	5.69	6.81	6.35
GDP	13.57	13.47	12.00

	INDONESIA		
	2018	2019	2020
Exports	218.91	206.43	181.71
Imports	230.04	212.65	169.58
GDP	1,04.27	1,119.09	1,058.42

	MALAYSIA		
	2018	2019	2020
Exports	245.97	238.38	207.03
Imports	221.90	210.89	185.32
GDP	358.79	365.28	337.00

	PHILIPPINES		
	2018	2019	2020
Exports	104.79	106.95	91.05
Imports	145.50	152.45	119.24
GDP	346.84	376.82	361.49

Figures are in USD billion
Source: World Bank

Buzzwords in logistics today



Space

With the economy catching up post-pandemic, carriers and airlines struggle to keep up with the demand



Spend

With limited manpower, port closures and high demand, rates and procurement strategies have drastically changed



Speed

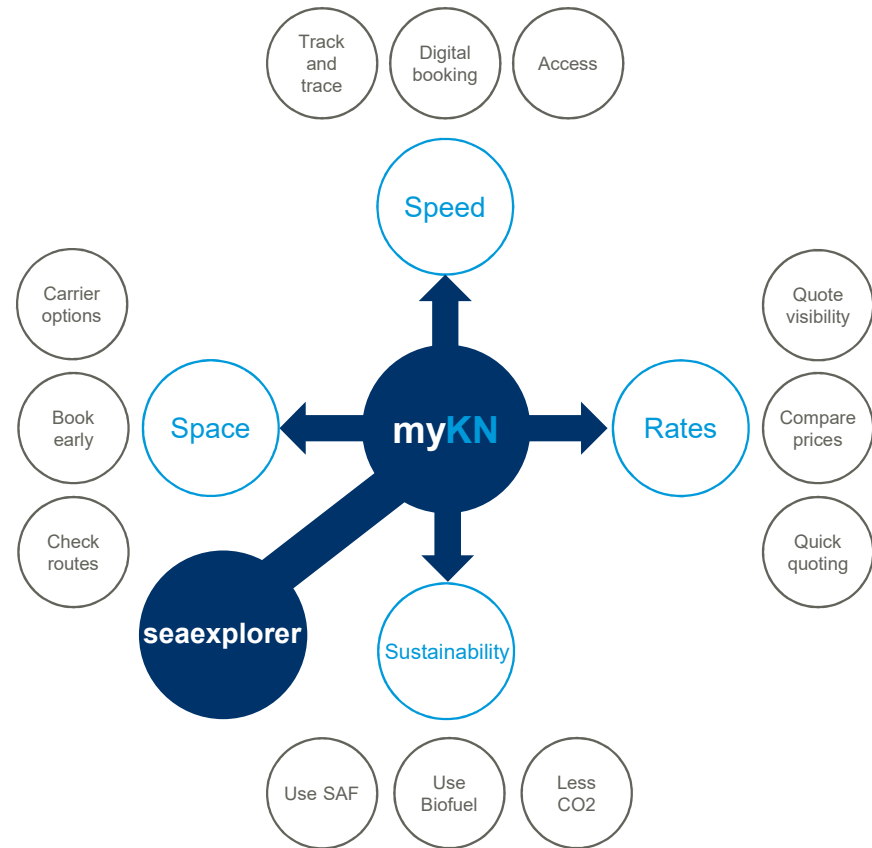
With a race to secure rates and spaces, quick and accurate information sharing is critical



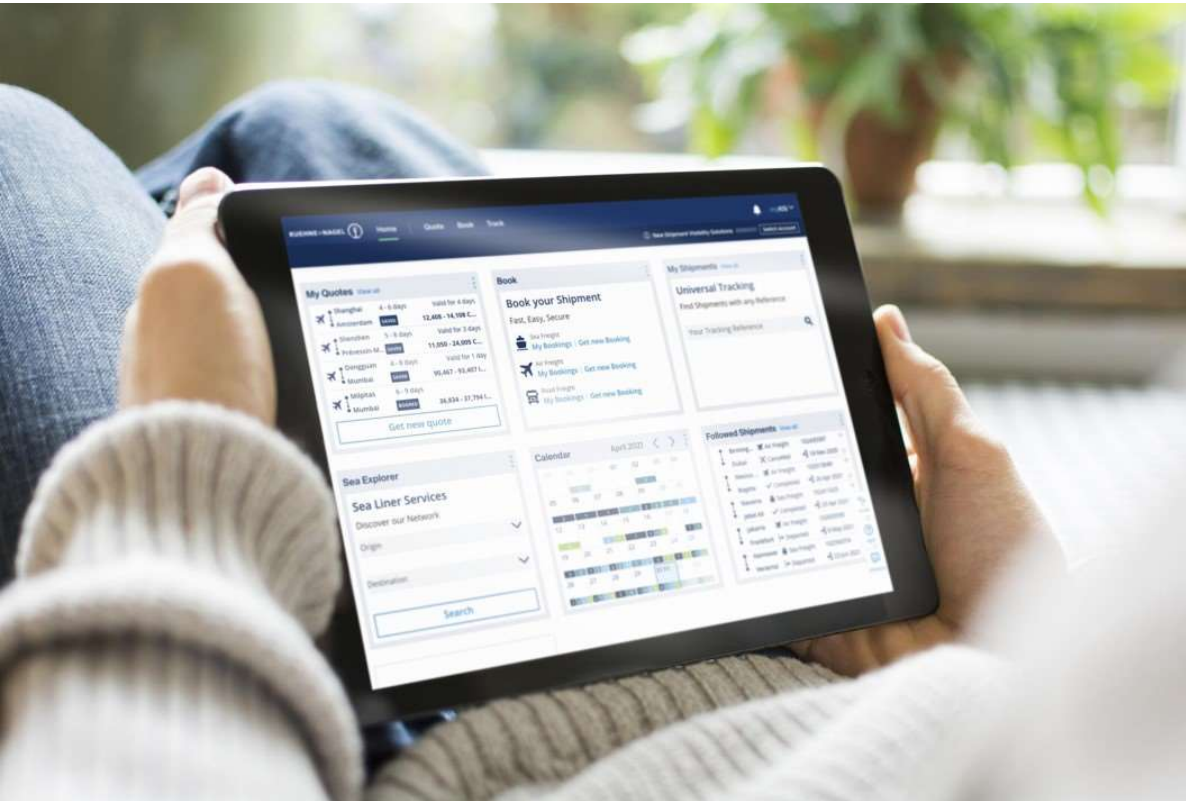
Sustainability

Sustainability becomes a game changer and a critical factor in decision making for customers

With the trend on spend, sustainability and digitalization, we combined it in one platform



Kuehne+Nagel leading the game myKN Digital Booking Platform



Making a difference in one click

We offer options to customers to decarbonize their transport with the use of low carbon sustainable fuels or avoid/reduce their emissions by providing alternative transport modes, routes and carrier options

seaexplorer (via myKN: <https://mykn.kuehne-nagel.com/cc/>)



The screenshot displays the seaexplorer web application interface, which provides real-time port status and vessel tracking. The interface is divided into several sections:

- Left Panel (Operations):** Lists various ports with their current status. For example, Kota Kinabalu (MYBK) is 'Slightly Disrupted Operations', Latakia (SYLK) is 'Closed', and Manila (PHMN) is 'Slightly Disrupted Operations'. A news alert for 'National cargo truckers strike - South Korea' is also visible.
- Map (Top Left):** Shows a map of Southeast Asia with a pop-up for Manila (PHMN) indicating 'Slightly Disrupted Operations' since 21.06.2022, with an average vessel waiting time of 1-1.5 days.
- Map (Top Right):** Shows a world map with various ports marked by colored circles. A pop-up for Port Klang (MYPKG) indicates 'Slightly Disrupted Operations' since 21.06.2022, with a status comment: 'Port operations are normal. Average vessel waiting time is more than 1 day after power supply issues last week at West Port.'
- Map (Bottom):** Shows a map of the Bay of Bengal region with a pop-up for Port Klang (MYPKG) providing the same status information as the top right map.
- Right Panel (Operations):** Lists other ports such as Port Klang (MYPKG), Port Sudan (SDPZ), Qingdao (CNTAO), and Shekou (CNSH), all with 'Slightly Disrupted Operations' status.

<https://seaexplorer.com/>

Sustainability program

Kuehne+Nagel's sustainability program embraces the elements of environmental, social and governance topics.

Out of the 17 UN Sustainable Development Goals (SDG), Kuehne+Nagel commits to 10 Sustainable Development Goals (SDGs).

These areas are important to our processes and services; we can make progress under the guidance of SDGs and UN Global Compact (UNGC) principles.



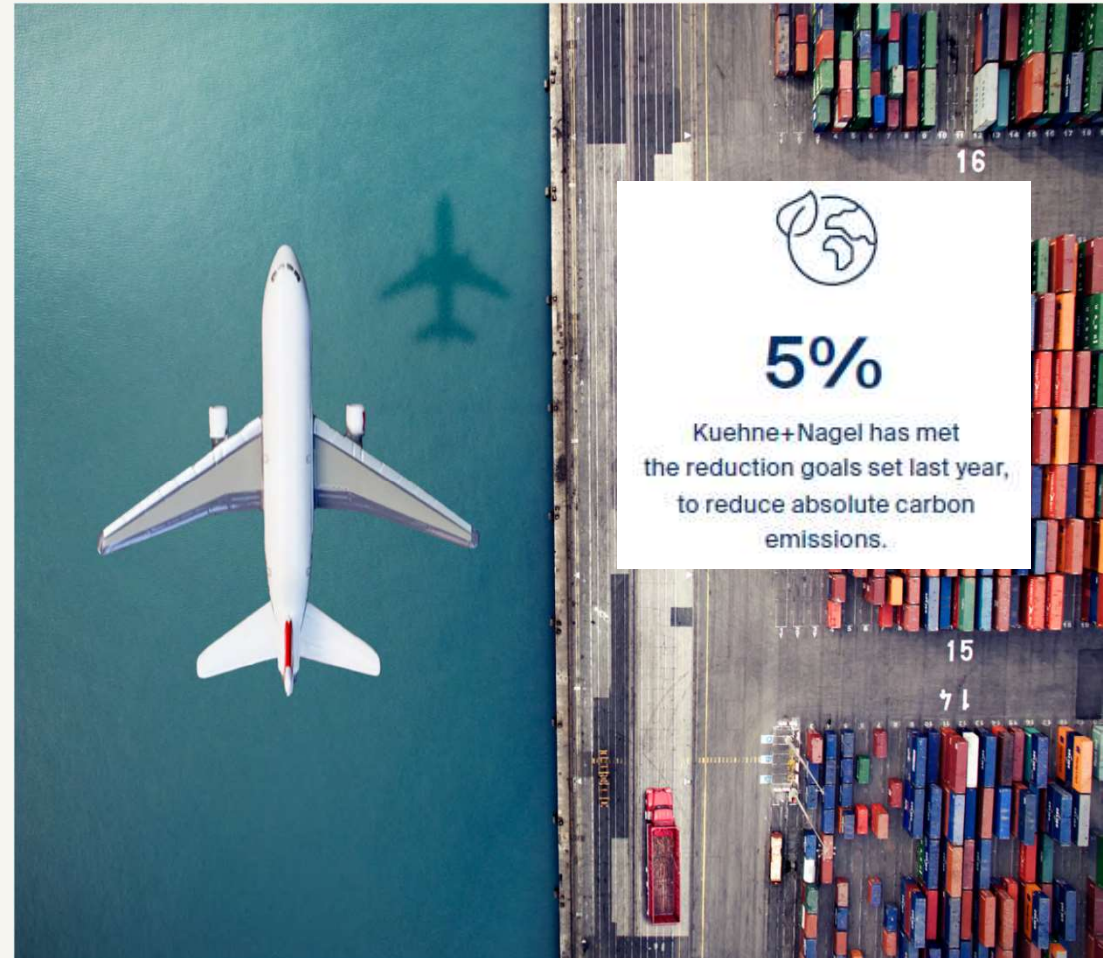
CO2 / Greenhouse gas emissions (GHG)

Carbon Emissions Reduction Goals

In the area of carbon dioxide (CO₂) emissions, Kuehne+Nagel has set the goals in 2021 to reduce carbon emissions by 5 per cent per FTE and 5 per cent per 100 m².

Based on these goals, in 2021, Kuehne+Nagel reduced CO₂ emissions by 24 per cent per FTE, reduced 20 per cent per 100 m², for Scope 2 (indirect emissions). Absolute carbon emissions were also reduced by 26 per cent. Reductions were accomplished by implementing awareness training sessions and by using effective emissions control technology.

Kuehne+Nagel has also established carbon reduction goals until 2030 for Scope 1, 2 and 3 based on the Science Based Targets initiative (SBTi).



Kuehne+Nagel leading the game



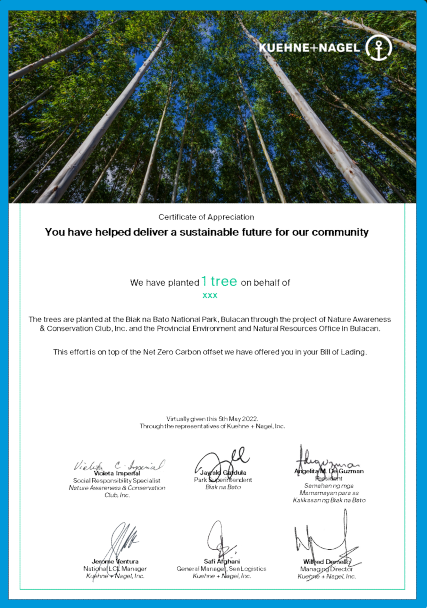
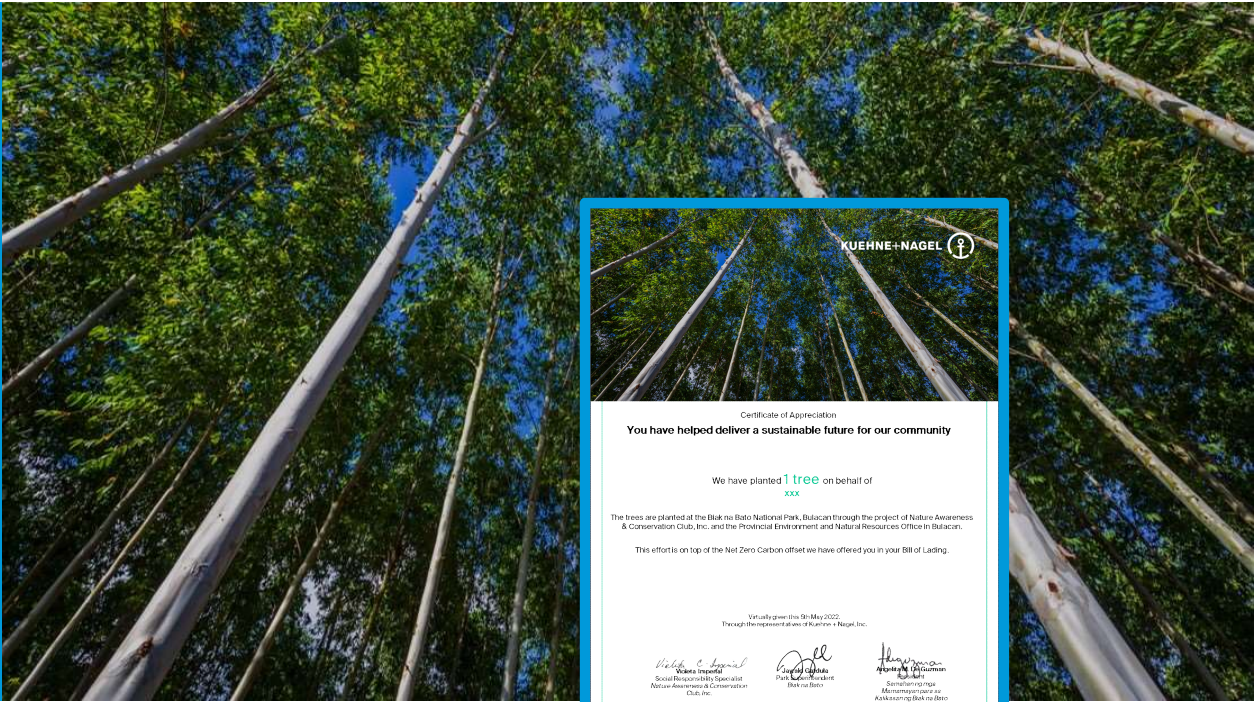
The first logistics company in the Philippines

Kuehne+Nagel leading the game



In 2021, we have planted **three hectares of mangroves** as added initiatives for our local LCL customers.

This helps further offset the carbon footprint caused by their logistics activity



Kuehne+Nagel leading the game



125 families with solar light systems

one community with a fully functional micro-farm

Reforestation through **1,500 seedlings**



Inspire. Empower. Deliver.

