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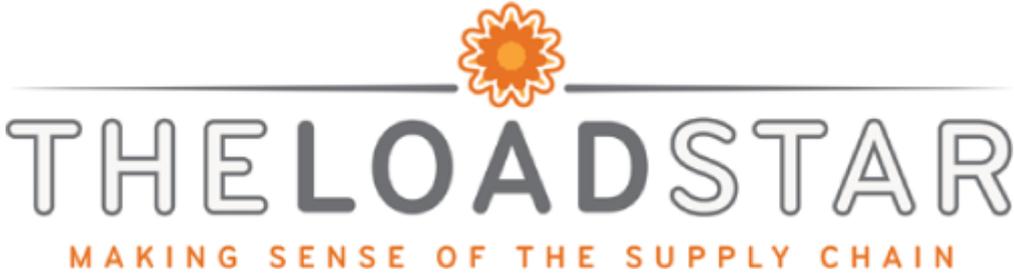
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News / Ocean carriers sail in to take charge on intra-Asia trad

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By [Mike Wackett](#) 30/09/2021

Soaring demand and booming freight rates on intra-Asia trades is encouraging ocean carriers to launch dedicated services rather than relying on a network of overwhelmed commercial feeders.

In the latest development, THE Alliance members ONE and Yang Ming have teamed up with regional carriers Korea Marine Transport and SITC Container Lines to provide a weekly service between South Korea, central/south China and South-east Asia.

Dubbed the Korea-China-Straits (KCS) service by ONE and Korea-China-South-east Asia Express (KCX) by Yang Ming, each of the four carriers will deploy one vessel with a nominal capacity of 2,500-2,800 teu on a 28-day round trip.

The rotation of the service, set to commence on Saturday 30 October, will be: Busan-Shanghai-Xiamen-Singapore-Port Kelang-Pasir Gudang-Laem Chabang-Shekou-Busan.



Yang Ming said the service was being launched “in light of the strong cargo demand between north-east Asia and South-east Asia and the new cooperation frameworks set by the Regional Comprehensive Partnership”, the Asia Pacific free-trade agreement signed in November 2020.

“The KCX service will not only shorten the transit time between Central China and Singapore/Malaysia, but also strengthen the service network connecting north-east Asia and ASEAN members,” said Yang Ming.

ONE, meanwhile, claimed: “The unique selling proposition of this service is the Pasir Gudang call, and customers can now take advantage of

shipping from Pasir Gudang to Laem Chabang," it said, calling it "a unique direct service in the market".

The traditional intra-Asian carriers, like their ocean carrier peers, are enjoying record earnings from the hitherto tight margin business. Intra-Asia freight rates have trebled in the past 12 months on some high-demand links, with capacity reported as "extremely tight" by local forwarders across many routes.

Indeed, Thai-based feeder and domestic container line Regional Container Line (RCL) reported a record interim result, a net profit of \$198m for the first six months of this year, compared with just \$7m for the same period of 2020.

RCL attributed its strong H1 result to "a surge of demand for durable goods and medical supplies", which combined with port congestion had "magnified the impact of the phenomenon".

The carrier's average rate per teu improved by a massive 76% in Q2, versus the same period of last year, and it added: "The container shipping industry is undeniably in an upcycle."

Elsewhere, the growth in the region, driven by e-commerce expansion and increased retail supply chain requirements, is fuelling a big demand for warehouse space. According to a survey by commercial real estate firm CBRE Group, nearly 80% of respondents expected to expand their warehouse portfolio over the next three years.

"The pandemic has helped to hasten the pace of e-commerce growth and changed consumer buying behaviours, in turn shaping the logistics landscape of tomorrow. This means logistics property expansion in the next few years will be characterised by more demand for capacity closer to end customers, as shorter deliveries become increasingly crucial in an omnichannel era," said Troy Shortell, head of supply chain advisory, Asia.

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