KWE Kintetsu World Express, Canada Inc.

Weekly Market Update

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Latest News

Trucking woes emerge in Vancouver amid import surge. Drayage companies and forwarders describe trucking conditions in Vancouver as “chaotic” and “gridlock.” Photo credit: Shutterstock.com. Truckers, intermodal marketing companies, and freight forwarders say trucking conditions at the Port of Vancouver have deteriorated rapidly in the past two weeks amid a surge of imports that has filled local warehouses beyond capacity and caused a severe shortage of chassis. “It’s absolutely chaotic here. Our customers are losing their minds,” Tom Johnson, head of media relations for the Port Transportation Association (PTA), told JOC.com on Thursday. Bruce Rodgers, executive director of the Canadian International Freight Forwarders Association, said warehouses in British Columbia have filled during the past couple of weeks as import volumes surge ahead of the holidays. As a result, trans-Pacific shipping lines have severely restricted how many empty containers they will accept at marine terminals, and truckers have been left with empties sitting on chassis with nowhere to bring them. Yet average truck turn times have not lengthened significantly, marine terminals point out. In the three weeks ending Sept. 25, portwide truck turns averaged 39.5 minutes, up from 38.75 minutes in August and 37.5 minutes in July, according to Vancouver Fraser Port Authority data. One marine terminal operator said this week was a rarity in that some container lines were only accepting refrigerated cargoes. Drayage ‘gridlock’ The trucking supply chain from the marine terminals to the warehouses has gone from acceptable a couple of weeks ago to “gridlock” today, Rodgers said. “Vancouver is in its worst state that we have ever seen,” he told JOC.com Thursday. Container terminals are so overwhelmed with inbound loads and empty containers that they cannot open up enough appointment slots for the truckers, with the residual impact being that containers are sitting at the terminals incurring storage (demurrage) charges in the thousands of dollars, Johnson added. Some shipping lines are also refusing dry export loads, Rogers said

Vaccines mandated for public servants, federally regulated transport sector. The core public service, air, rail and shipping employees and passengers must all be fully vaccinated against COVID-19 by the end of October, according to Canada's new mandatory vaccine policy. he core public service, air, marine and rail employees and passengers must all be fully vaccinated against COVID-19 by the end of October, according to Canada’s new mandatory vaccine policy. The federal government announced Wednesday public servants must attest they are fully vaccinated against COVID-19 by Oct. 29, or be put on unpaid administrative leave. As of October 30, employers in the federally regulated air, rail, and marine transportation sectors will be required to establish vaccination policies for their organizations. Specifically, the vaccination requirement will apply to: airlines and airports, and other organizations who have employees who enter restricted areas of airports, such as concession and hospitality workers; federally regulated railways, and their rail crew and track employees; marine operators with Canadian vessels that operate with 12 or more crew.

Canada faces terminations as workplace vaccine mandates take effect: Lawyer. As employer deadlines to be fully vaccinated approach, unvaccinated workers could soon be placed on unpaid leave or terminated altogether, lawyers say. Canada is facing a potential wave of terminations tied to mandatory workplace vaccine policies as a growing number of employers require workers to be fully inoculated against Covid-19 – or risk losing their jobs, legal experts say.

Governments, institutions and companies have spent months hammering out vaccine mandates in a bid to curb an unrelenting pandemic fuelled by variants. As employer deadlines to be fully vaccinated approach, unvaccinated workers could soon be placed on unpaid leave or terminated altogether, lawyers say. "We've been contacted by thousands of people from across Canada who all have these ultimatums in front of them saying they have to be vaccinated by a certain date or risk losing their jobs," employment lawyer Lior Samfiru, a partner with Samfiru Tumarkin LLP, said in an interview. "We're going to see the biggest wave of terminations we've seen since the pandemic started," he said, noting that his firm has been contacted by workers in a range of industries including health care, education, banks, construction, and restaurants. "It will be significant.

Air Freight

Airline industry expects shrinking losses in 2022. Expected to decline to US$11.6 billion in 2022 after a $51.8 billion loss in 2021. Airline industry losses are expected to decline to US$11.6 billion in 2022 after a $51.8 billion loss in 2021 (worsened from the $47.7 billion loss estimated in April). Net 2020 loss estimates have been revised to $137.7 billion (from $126.4 billion). Adding these up, total industry losses in 2020-2022 are expected to reach $201 billion. These latest figures come from the International Air Transport Association's (IATA) latest outlook for airline industry financial performance. Demand, measured in revenue passenger kilometres (RPKs), is expected to stand at 40 percent of 2019 levels for 2021, rising to 61 percent in 2022. Robust demand for air cargo is expected to continue with 2021 demand at 7.9 percent above 2019 levels, growing to 13.2 percent above 2019 levels for 2022. "The magnitude of the COVID-19 crisis for airlines is enormous. Over the 2020-2022 period total losses could top $200 billion," said Willie Walsh, IATA's Director General. "To survive airlines have dramatically cut costs and adapted their business to whatever opportunities were available. That will see the $137.7 billion loss of 2020 reduce to $52 billion this year. And that will further reduce to $12 billion in 2022. We are well past the deepest point of the crisis. While serious issues remain, the path to recovery is coming into view. Aviation is demonstrating its resilience yet again." The air cargo business is performing well, and domestic travel will near pre-crisis levels in 2022. The challenge is international markets which remain severely depressed as government-imposed restrictions continue.

Extra air cargo from China creates even more US supply chain bottlenecks. A big uptick in freighters landing at major US gateways is putting pressure on every link in the supply chain, creating "great opportunities" for smaller cargo-focused airports. According to Robert Fordree, EVP cargo at Menzies Aviation, with Covid bottlenecks easing at Chinese hubs, the number of freighters heading to the US has quadrupled, in some cases. "In Dallas and Los Angeles, we are seeing a massive influx of cargo, from two or three freighters a week to 10 or 12," he said yesterday at the Air Cargo Handling Logistics Digital Conference. "That's adding huge pressure on the warehouse capacity we have available to us." For example, he said, a lot of LA's cargo volumes needed to be trucked to other ports, but there's a lack of drivers to handle the loads. In turn, there's pressure on forwarders to collect cargo quickly, but their facilities are full, too. "It's creating all sorts of logjams," added Mr Fordree. Thomas Mack, EVP global air freight for DHL Global Forwarding, said LA was the "perfect example" of an airport that hadn't invested in cargo infrastructure. "I used to work there in the late '80s and nothing has changed," he said. "And, almost out of desperation, we are looking for, and using, alternatives. "Honestly, I don't think we will switch back once we are established at these alternative airports, where there is infrastructure more geared towards cargo handling. So it's not just a short-term solution."

Sea Freight

Hapag-Lloyd CEO: 'We are probably in the peak of the problems'. Rolf Habben Jansen says 'most of the difficulties' — port congestion, capacity shortages and slow container turns — remain in US. Congested ports. Clogged supply chains. Capacity shortages. Much of Hapag-Lloyd CEO Rolf Habben Jansen's third-quarter overview had a familiar refrain, one likely to be heard again after the fourth quarter. But there were two topics Habben Jansen did not expound upon: the buckets of money the ocean carrier likely raked in during the third quarter and the recent investment in a German port. Hapag-Lloyd is scheduled to release its third-quarter figures Nov. 12, and Habben Jansen did not open the ledger during a virtual chat with the media last week. His only reference to Q3 financials came when addressing supply chain bottlenecks. "Once the data come out for the third quarter of 2021, I do not think that we will see massive growth compared to [Q2 year-over-year] simply because the supply chains at the moment are so much clogged up and we have so many ships waiting outside of the ports," he said. Hapag-Lloyd did experience massive second-quarter growth year-over-year. Q2 earnings before interest, taxes, depreciation and amortization was $2.3 billion, an eye-popping $1.5 billion gain from the $770 million reported in the second quarter of 2020. Revenue shot up 70%, from $3.3 billion in Q2 2020 to $5.6 billion this year.

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This announcement applies to all Kintetsu World Express Transportation Services, including our Air Freight, Sea Freight, Ground Freight and Logistics.

Kintetsu World Express is continuously monitoring the situation and will provide further updates as the information becomes available.

If you have any questions, please contact your local KWE representative.

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