

## Weekly Market Update

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### Latest News

**Vaccine supply under threat from theft and counterfeits.** All actors in the global supply chain must be increasingly alert to a range of risks due to criminal activity targeting COVID-19 vaccine supply, according to international freight insurer and risk management specialist TT Club. Having warned of various threats to the COVID-19 vaccines supply chain late last year, TT Club is now reporting a spate of disruptions to effective distribution across the globe. From theft and illegal sale of authentic vaccines to counterfeiting, substitution with fake pharmaceuticals and contamination, it said the threats posed by criminals attempting to take advantage of this very high-value cargo, are widespread. Mike Yarwood, TT Club's MD for loss prevention, warned that the risks should not be under-estimated, commenting: "It is probable that the market for counterfeit pharmaceuticals is worth US\$400 billion a year and the World Health Organization (WHO) estimates that up to 1 million people die annually from counterfeited drugs. The current and future supply chain challenge to distribute the COVID-19 vaccines, in all their forms, from various countries of production, will mean that these figures are likely to grow. Multiple incidents have already been reported." TT Club cited one example in the Netherlands in which the consignee, upon opening the trailer doors of a full truck load of pharmaceutical products, was faced with ten male migrants who had been hiding in the trailer. The cargo was contaminated and destroyed, TT Club said. And in the UK, three arrests were made following the theft from a truck of COVID-19 lateral flow testing kits worth over UK£100,000, TT Club highlighted. It said recently two counterfeiting organizations focusing on COVID-19 vaccines were successfully broken up. In one case, more than 3,000 saline filled vials were being sold as authentic vaccines and seized in Chinese police raids.

### Air Freight

**Shanghai set to develop Hongqiao Airport – but not as a rival for Pudong.** Shanghai plans to develop its domestic airport into a major international hub – but insists it won't "fall into vicious competition" with Shanghai Pudong International (PVG), the country's biggest air cargo gateway. This month, the Shanghai municipal government published a blueprint to develop Hongqiao International Airport (SHA), a 7,000 sq km site on the city's western outskirts, connecting with neighboring Jiangsu province. The project, it said, would aid China's "opening up" to the world and the integration of the Yangtze River Delta by creating a global central business district, international trade centre and major transport hub, with plans to improve connectivity at both the airport and railway station. Along with aviation, meetings and events is a key sector Hongqiao wants to develop, and the area is already home to the world's largest exhibition hall, which hosts the China International Import Expo. According to an internal document seen by The Loadstar, the proposed Hongqiao hub will become a base for aviation companies and high-end aviation services, with multinational headquarters "guided" into one cluster. Furthermore, the document says, SHA and PVG – on the opposite side of the city – would be "in healthy competition", and their developments "interconnected." "The purpose is to expand the market, not to swap existing resources or fall into vicious competition," it says. "At present, SHA operates domestic flights, while PVG develops international flights. The plan points out that SHA should improve its international air transport, strengthening the interconnected development between SHA and PVG."

**IATA launches EPIC programme to enhance air cargo digitalization.** The International Air Transport Association (IATA) today announced the launch of the IATA Enhanced Partner Identification and Connectivity (EPIC) platform that aims to support the digitalization of the global air cargo supply chain. IATA said the EPIC initiative “simplifies the complex process of making digital connections across the air cargo value chain, including enabling the efficient exchange of critical information such as messaging capabilities and identities”. The airline association added: “As the air cargo industry continues to digitalize, airlines, freight forwarders, ground handlers and customs authorities need to be able to securely work together digitally. This is a considerable challenge as today more than 40,000 freight forwarders exchange messages with more than 450 airlines, and 23 third party messaging service providers. “In the absence of a tool for companies to exchange the information needed to make these business links, the process of digitisation is essentially manual, slow and unduly complex.” Nick Careen, IATA senior vice president of Airport, Passenger, Cargo and Security, commented: “EPIC is a simple idea. It makes the information needed to do business across a digitized air cargo supply chain easily accessible. And in doing so, it will accelerate efficiency gains for air cargo. “The timing of this initiative is important. COVID-19 has led to exponential growth of e-commerce and shippers are demanding quality services that only a digitized supply chain can provide.”

## **Sea Freight**

**Ever Given rises with the tide and uncorks the Suez Canal, freeing 357 ships.** The Suez Canal is set to resume operations today after the 20,388 teu Ever Given was re-floated overnight. While the vessel's bow remained stuck on one side of the waterway this morning, the high spring tide this afternoon allowed salvors to re-float the entire ship and unblock the waterway after a week of closure. According to the Suez Canal Authority (SCA), the vessel will now be towed to the Bitter Lakes area for technical inspections, opening up the waterway for the resumption of traffic. However, shippers and forwarders on either side of the canal face weeks of potential supply chain disruption – according to Leth Agencies, there are 357 vessels of all types waiting to transit Suez, and estimates vary as to how long the backlog of vessels could take to clear. According to a Maersk customer advisory this morning, the line and its 2M partner, MSC, have three vessels stuck in the canal system and another 30 waiting to enter and, as of today, had rerouted 15 ships round the Cape of Good Hope. It said: “These decisions were made close to the point of no return and it is expected that they will continue via the south of Africa, also to reduce the number of vessels in the queue. It could take six days or more for the complete queue to pass, conditional to safety and other operational circumstances. “As more vessels either reach the blockage or are redirected, this is an estimate and is subject to change. “Even when the canal gets reopened, the ripple effects on global capacity and equipment are significant, and the blockage has already triggered a series of further disruptions and backlogs in global shipping that could take weeks, possibly months, to unravel,” it warned. According to Ocean Insights, THE Alliance has rerouted seven vessels via the Cape, and the Ocean Alliance four.

**Avalanche of containers bound for European ports sparks congestion fears.** Ketchupeffekt is the Swedish term used by the port of Gothenburg to describe the avalanche of containers set to flood European ports in the coming weeks. Ketchup effect – as many can imagine – describes a situation or event where not much happens for a long time, and then a lot happens at once. The significance of ketchup will be clear to anyone who has ever tried to pour the sauce from a glass bottle — usually it takes several seconds before any comes out, and then you get a huge amount. The port of Gothenburg used the term in warning of inevitable further congestion at Europe's gateway ports in the wake of the freeing of the 20,388 teu Ever Given yesterday, uncorking nearly a week's logjam on the key trade artery linking Asia with Europe. The Ever Given is now at the Great Bitter Lake where investigations are ongoing. Hundreds of ships are readying to pass it by as the Suez Canal Authority aims to clear the 350+ ship backlog in just four days. Already more than 80 ships have passed by shipping's most famous vessel in the past 14 hours with another 85 due to transit the canal later today. According to data from project 44 there was a total of \$83.21bn worth of containerised goods stuck around the canal over the past week.

## **Market Sources**

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<https://splash247.com/avalanche-of-containers-bound-for-european-ports-spark-congestion-fears/>

<https://www.lloydsloadinglist.com/freight-directory/news/IATA-launches-EPIC-programme-to-enhance-air-cargo-digitalisation/78751.htm#.YGMxutKSmUk>

<https://www.lloydsloadinglist.com/freight-directory/news/Vaccine-supply-under-threat-from-theft-and-counterfeits/78773.htm#.YGMMyR9KSmUk>

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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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