

Weekly Market Update

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Latest News

Back-to-work legislation tabled in Montreal longshore strike. Labour minister described a strike at the Port of Montreal as a "matter of life and death" Federal Labour Minister Filomena Tassi described a strike at the Port of Montreal as a "matter of life and death" as the Liberal government on Tuesday tabled controversial back-to-work legislation aimed at getting 1,150 dockworkers back on the job. Yet while opposition parties and the union representing the dockworkers all rushed to criticize the measure as a failure on the part of the government, the legislation appeared poised to pass with support from the Conservatives. Operations at the Port of Montreal came to a halt after the dockworkers began a strike Monday morning, causing a complete shutdown at one of Canada's busiest ports, through which millions of tonnes of goods flow each year. "Least favourite" option Tassi kicked off debate on the proposed legislation Tuesday afternoon by describing the measure as the government's "least favourite option," but a necessary step given the potential ramifications across Canada. That includes widespread economic damage and the potential to endanger lives as medical and pharmaceutical supplies sit in shipping containers while the COVID-19 pandemic rages, Tassi said. "(That) this is literally a matter of life and death has been the message that has been communicated to me if medical products and lifesaving medical devices don't get to hospitals and patients in a timely manner," the minister told the House of Commons. "The health of Canadians are at stake. We know there are ships currently with Covid-related products, pharmaceutical and medical equipment that now cannot get through. The impacts are vast and deep."

Air Freight

Cathay Pacific targets digital cargo with One Record trial in Hong Kong. A trial of IATA One Record initiative was carried out by companies at Hong Kong International, including Cathay Pacific, as part of efforts to move to paperless processes in air cargo. The pilot, which ran in Hong Kong in March, was a joint initiative between Cathay Pacific Cargo and the Airport Authority Hong Kong (AAHK) and enabled stakeholders to view shipment data over a two-day period. The trial followed shipments from freight forwarders, which could be monitored by all parties during the pilot. The participating freight forwarders included Sinotrans (HK) Air Transportation Development Co Ltd, Soonest Express (HK) Co Ltd and DHL, which all used a platform developed by Global Logistics System HK (GLS). It is the third pilot of IATA's One Record project that Cathay Pacific has taken part in as it also joined trials in Amsterdam and London Heathrow. The initiative enables end-to-end transparency of consignments as they pass through the supply chain as companies connect their systems centrally using IATA's protocols for APIs – the interface that enables users to connect to the system. GLS chief executive Simon Ng said: "We are aiming at enabling data exchange between forwarders and Cathay Pacific based on the One Record standard over a web-based API by the third quarter of this year. This is a first step towards our ultimate vision in migrating all of our airline and forwarder customers to the One Record standard." IATA head of digital cargo Henk Mulder said: "The ultimate aim of the ONE Record programme is to enable a data-led digitization of the global supply chain in order to improve service, speed and reliability, through the standardisation of competing or overlapping systems of the different stakeholders in the air cargo industry into one of shared intelligence and cooperation." Following the success of this pilot, the airline's next objective is to introduce One Record across its global operations.

Sea Freight

Customer Advisory from Montreal Gateway Terminals. Further to the strike declared by the CUPE 375 union, Montreal Gateway Terminals Partnership (MGT , Section 62, Section 77) issued the following customer advisory: **Trucking Service:** Trucking service will remain closed until further notice. Note that, as commercial consideration to shippers and receivers, terminal storage on import and export storage will be suspended for the duration of the closures resulting from this strike. **Rail Service:** Given the uncertainty of the operational impacts this strike will have to MGT's organization post-strike, priority loading updates will be closed until further notice, as will the rerouting of cargo from rail to truck for grounded units, only. For units that have not yet arrived, MGT strongly urges customers to make necessary routing corrections prior to vessel arrival. It also encourages customers to contact their shipping lines for information regarding MGT's ERS program for containers moving by rail. Once operations resume, MGT will work with its partners to limit the duration of the impacts related to this strike. North America responsible for the world's container shortages.

MSC launches global electronic bills of lading. After running pilot projects in select countries since 2019, Mediterranean Shipping Co (MSC) has officially launched the electronic bill of lading (eBL) for all customers worldwide, paving the way for widespread eBL adoption. The eBL enables shippers and other supply chain stakeholders to receive and transmit the bill of lading document electronically, without any change or disruption to day-to-day business operations. MSC used WAVE BL blockchain platform for its pilot phase. WAVE BL uses distributed ledger technology to ensure that all parties involved in a cargo shipment booking can issue, transfer, endorse and manage documents through a secure, decentralized network, container line giant explained. "MSC has chosen WAVE BL because it is the only solution that mirrors the traditional paper-based process that the shipping and cargo transportation industry is used to," said André Simha, global chief digital & information officer at MSC. "It provides a digital alternative to all the possibilities available with traditional print documents, just much faster and more secure." MSC has been one of the pioneers behind the industry's digital transformation. As a founding member of the Digital Container Shipping Association (DCSA), MSC has participated in a number of initiatives focused on driving standardization, digitalization, and interoperability in container shipping. André Simha is also the chairman of DCSA. "Traditionally, the shipping industry has relied quite heavily on physical paper documents. And among these, the BL is the most important transport document in international trade," stated Simha. "While there have been attempts to create an eBL solution in the past, we are now in a position to introduce a solution that can pave the way to mass eBL adoption, which will mean significant savings for the shipping industry."

Suez effects to stretch into June, container shortage to worsen. Dive Brief: The loss in ocean capacity resulting from carrier schedule changes after the Suez Canal blockage is expected to stretch into June, according to an analysis of carrier schedules by Sea-Intelligence. Sea-Intelligence CEO Alan Murphy said the impact will be felt in two waves — the first of which will be absorbed "quite quickly" and a second that will have a longer-term impact on the market. The Port of Antwerp said the blockage is expected to result in delayed ship calls and general operational challenges "throughout Q2," according to a notice released on Friday. Dive Insight: The effects on ocean freight capacity are beginning to increase a month after the Ever Given became lodged in the Suez Canal. When the Suez — one of the busiest trade lanes in the world — became blocked, ships arrived late to ports of call. Carriers had to respond by blanking sailings that were scheduled on these late ships. Jan van Casteren, VP of Europe for Flexport, said earlier this month that many of these sailings will likely just be shifted back a week. The altered schedules and delays have even resulted in carriers unloading cargo at the incorrect port as they attempt to quickly turn ships around and get capacity back to Asia, according to The Loadstar. "Port congestion and delays at both origins and destinations are expected to make the container shortage in Asia worse over the next few weeks, before easing in early June," Freightos said in an emailed market update. The lane with the largest rate impact thus far has been China/East Asia to Northern Europe, Freightos said. The lane has seen rates rise nearly 6% over the last week as of Friday, according to figures from Freightos. The Port of Antwerp said it is making a number of shifts to its operations to deal with the congestion. These changes include not allowing containers for export until "a few days before they can be loaded" and looking into greater use of inland storage. The disruptions are occurring at a time when many ports — especially in the U.S. and Europe — are already congested.

Trucking

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2 truckers face prosecution after \$4.5M marijuana seizure at US-Canada border. CBP finds drugs while inspecting straw shipment from North Dakota. Two truckers were turned over to local authorities for prosecution after U.S. Customs and Border Protection officers seized \$4.5 million worth of marijuana during an inspection of a truck at the U.S.-Canada border in North Dakota on Friday. Officers discovered nearly 2,800 pounds of marijuana after referring a truck from Manitoba for a secondary inspection at the Pembina port of entry, CBP said in a statement on Monday. The drivers, who were not identified, were subsequently turned over to the Pembina County Sheriff's Office for prosecution, CBP spokesperson Jaime Ruiz told FreightWaves in an email. The sheriff's office declined to comment on the case, saying it was under investigation and that a press release was forthcoming. Marijuana seizures from trucks entering the U.S. from Canada have become relatively common since the border closed for nonessential travel in March 2020 to curb the spread of COVID-19. But most of them occur in the Detroit or Buffalo, New York, area. Still, seizures aren't unheard of at Pembina, an important cross-border link for trucks from Manitoba.

Warehousing

Warehouse demand soars amid shift to online shopping. At the start of April, Canada's industrial markets were the tightest in North America. A boom in online shopping during the COVID-19 pandemic is making it tough to find warehouse space in many provinces, industry insiders say. Industrial space is being gobbled up at a dizzying rate as companies expand their storage and fulfillment centres to cope with the demands of e-commerce. "We're seeing multiple offers on any space that's available, especially anything that's existing and you can occupy this year," said Jason Kiselbach, senior vice-president and managing director of CBRE Vancouver. "It's super competitive." At the start of April, the commercial real estate company said Canada's industrial markets are the tightest in North America and the country can't build space fast enough to satisfy the "voracious" demand. In the first quarter of 2021, CBRE found the industrial real estate availability rate across Canada sat at 2.9 per cent, down from 3.1 per cent in the same quarter last year and 3.3 per cent in the fourth quarter of last year. Toronto, Vancouver and Ontario's Waterloo region had the lowest availability rates at 1.6, 1.7 and 1.8 per cent, respectively. Halifax, Calgary and Edmonton had the highest rates at 4.3, 7.8 and 9.1 per cent, respectively. Average net asking lease rates increased by \$0.20 per sq. ft. quarter-over-quarter in Toronto alone, reaching an all-time high of \$10.45 per sq. ft. That increase set a record because it was the 16th consecutive quarter of growth and came as rental rates rose 90.8 per cent over the last five years. Demand for warehouse space, Kiselbach said, was already high before the pandemic, but it accelerated even more, when stores temporarily closed and people staying home had little choice but to shop online for many items. On an unadjusted basis, Statistics Canada said retail e-commerce sales were up 110.7 per cent year over year to \$3.5 billion in January. With storefronts closed intermittently during the pandemic, retailers rushed to offer online shopping to keep sales going. Those companies needed additional space to store inventory and process orders for delivery. But there were few properties to pick from.

Market Sources

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