

Weekly Market Update

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Latest News

BC First Nations threaten to block rail traffic over fears of fire recovery. JR ADAMS/Reuters. First Nations leaders in an area of interior British Columbia that includes the village of Lytton, which burned down in a forest fire, say they are prepared to block trains unless provincial government and companies Railroads no longer respond to their concerns about their communities' recovery plans and continue rail traffic in the area. "We will probably refuse all rail traffic," said Matt Pasco, chairman of the Nlaka'pamux Nation Tribal Council (NNTC) on Monday. "People will be warned." The NNTC includes the Lytton First Nation and several others along the Fraser and Thompson rivers. Pasco accuses the province of excluding these nations from post-fire recovery talks. There has been growing anger among the region's First Nations over what they claim to be a slow and chaotic response in the early hours of the fire, followed by a poorly coordinated effort to ensure people evacuated are taken into account. B.C. authorities suspect human cause for devastating Lytton wildfire. Enough with cognitive dissonance. The wildfire that destroyed Lytton, B.C. could happen anywhere. Mr. Pasco said he spotted crews repairing rail infrastructure near the Spences Bridge, northeast of Lytton. He was disturbed to see so many workers working to repair the rails as so many of his people struggled in the aftermath of the fire. He said the NNTC communities have received little support from the province. He has directed his anger at the railways and the BC government, arguing that it seems the railways are taking over the people. "You can build armies of people to put in place infrastructure and just forget about the affected people – this lack of respect is found: 'No one should cross our territory.' Both CP and CN operate trains in the area. Mr. Pasco also said that, in its response to the fire, the provincial government failed to recognize the jurisdiction of First Nations and the knowledge they can bring to land management and stewardship. The fire broke out last Wednesday after a historic heat wave, in which Lytton set successive records for the highest temperature on record in Canada. The fire destroyed 90 percent of the village, killed two people, left others missing and forced the evacuation of neighboring First Nations. It continues to burn uncontrollably and has already become one of the most destructive forest fires in recent memory – a consequence, experts say, of the worsening impacts of climate change.

Air Freight

Air cargo demand back on track in June. After May's subdued performance, global air cargo resumed its 'long and winding road' to Covid recovery in June with a 1 percent growth in demand versus the same month of 2019, as airlines continued to micromanage cargo capacity, according to the latest industry volume, load factor and rates data from analysts CLIVE Data Services and TAC Index. As in earlier months of 2021, CLIVE Data Services is continuing to focus on comparing the current state of the market to pre-Covid 2019 levels – as well as providing the 2020 year-over-year comparison – to offer a meaningful perspective of the air cargo industry's performance. While chargeable weight in June 2021 returned to growth after the 4 percent fall in May versus 2019, market analysis shows the buoyant airfreight rates and load factors of recent months, whilst still at a high level, do appear to be declining marginally. Versus 2020, last month's demand was 36 percent. The available global capacity compared to the pre-Covid market conditions of 2019 was 22 percent, but up 31 percent over June 2021. Based on analyses

of both the volume and weight perspectives of cargo flown and capacity available, CLIVE's 'dynamic load factor' for June was 9 percent points versus 2019, and -1 percent pts versus June 2020. "June's performance data was relatively strong and seems to confirm that May's decline was a one-off, as we anticipated, impacted by the public holidays during that month. The global air cargo market now seems to be back on track, reflecting what The Economist has described as the 'long goodbye' to Covid's impact on our everyday lives. However, this modest growth is much more related to the lack of capacity supply than strong demand, given the uncertainty that still exists internationally. In June, we once again saw no signs of recovery in capacity. It is abundantly clear that airlines are micromanaging their flights because the pressure is everywhere and, in the case of cargo-only services by passenger airlines, the capacity out there is expensive to operate. If rates continue to decline, they are expected to take capacity out of the market - but, overall, we expect load factors and rates to stay elevated, with no short-term trend to change this," commented Niall van de Wouw, managing director of CLIVE Data Services.

Sea Freight

Box cargo shifts to bulk vessels to find affordable capacity. Freight forwarders and cargo owners are shifting some containerized cargo to bulk vessels to find affordable and available capacity to move shipments amid the rapidly rising prices and the highly disrupted current ocean freight markets – although this is expected to only have a limited effect on the current capacity squeeze. Drewry's latest assessment this month of the charter market for multipurpose vessels – which includes breakbulk and project cargo ships – highlighted a further significant (7.1%) month-on-month rise in prices, which have risen by more than one third (37%) since the start of the year in terms of one-year period charter rates across a basket of vessel types and sizes, as commodities that are normally shipped in containers compete with bulk cargo for space. ISS Global Forwarding India last week highlighted a solution it had found for the current "high freight rates, space crunch, delays, and booking cancellations", in the form of "an innovative solution to convert container cargo into bulk and move it from China, Taiwan, Thailand to India and Red Sea countries, with responsibility of origin port to destination door delivery". The solution involved fully chartering 12 bulk vessels, operated from Asia with total volume of 190,000 tonnes, come company said – "in total, 8,000 teu of cargo converted by ISS Global Forwarding into bulk to save almost 25-30% supply chain cost for (the) customer, along with improved reliability." A source at ISS noted: "It took us almost two months to convince the consignee to change their age-old transportation model. In that 60 days, freight further increased, and reliability of container carriers decreased.

Ever Given free to leave Egypt. Egyptian court on Tuesday lifted a three-month long judicial seizure of the container ship. An Egyptian court on Tuesday lifted a three-month long judicial seizure of the Ever Given container vessel that had blocked the Suez Canal for nearly a week earlier this year, paving the way for it to leave Egypt. Following the decision by the court in the city of Ismailia, the Ever Given would be allowed to leave the canal on Wednesday, after a ceremony in the canal city of Ismailia. Earlier, the Suez Canal Authority notified the court that it reached a settlement in its financial dispute with Shoen Kisen Kaisha Ltd., the Japanese owner of the Ever Given, a judicial official said, speaking on condition of anonymity in line with regulations. The vessel ran aground in March, blocking the crucial waterway for six days. It has been since held amid a dispute over financial compensation. No settlement details. The Suez Canal Authority did not reveal details on the terms of the settlement. At first, the Suez Canal Authority had demanded \$916 million in compensation, which was later lowered to \$550 million. In addition to the money, local reports said the canal would also receive a tugboat. The money would cover the salvage operation, costs of stalled canal traffic, and lost transit fees for the week the Ever Given had blocked the canal. The Ever Given was on its way to the Dutch port of Rotterdam on March 23 when it slammed into the bank of a single-lane stretch of the canal about 6 kilometers (3.7 miles) north of the southern entrance, near the city of Suez. A massive salvage effort by a flotilla of tugboats helped by the tides freed the skyscraper-sized, Panama-flagged Ever Given six days later, ending the crisis, and allowing hundreds of waiting ships to pass through the canal.

Trucking

Vancouver port defends truck age policy. The Vancouver Fraser Port Authority has defended its truck age policy after local truckers held a rally on Canada Day, to protest the restrictions. The port authority said in an email, "While we respect the right to a peaceful protest, the port authority has a federal responsibility to

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ensure the safe and efficient movement of Canada's trade through the port, while protecting the environment and considering the local communities." About 200 trucks rolled from Surrey to downtown Vancouver in a rally organized by the United Truckers Association (UTA) to highlight the "unfair and biased policy" that will prevent trucks more than 10 years old from entering the port in 2022. The port authority said, "The rolling truck age program is a policy that was first announced several years ago, providing considerable notice for the industry to prepare for these changes. This program was introduced in alignment with our work to reduce the environmental and health impacts of port operations on communities." From next year, only truck models from 2012 or newer can be operated at the port. UTA spokesman Gagan Singh said the group will launch legal action before the end of July. He said the government of British Columbia has the right to impose restrictions on the age of trucks, not the port authority. The Vancouver Fraser Port Authority is the federal agency responsible for the over-arching stewardship of the lands and waters that make up the Port of Vancouver, the authority said in the email.

Market Sources

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

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