KWE Kintetsu World Express, Canada Inc.

Weekly Market Update

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🌎 Latest News

CN Rail message to Customers regarding Spring Weight Restrictions: To all Customers shipping to/from the Province of Quebec: In order to avoid a potential backlog of heavy loads requiring special handling we are implementing our Spring Weight Restrictions in advance of the Quebec Government notice. We are planning to have all heavy loads arrive prior to the anticipated start of restrictions during the first week of March 2021. If the Government of Quebec issues an earlier date, we will adjust accordingly. Please note that payload weights in equipment to be delivered by CNTL must be reduced to meet the requirements in tables below for shipments planned to arrive after the first week of March. To assist our customers during this period of reduced payload: CN will establish a "Latest Shipping Date" where customers may ship at regular payload weights from each terminal (based on the consignee receiving the traffic immediately upon arrival at the destination terminal).

✈ Air Freight

Montreal airports up landing fees Cargo flights see an increase April 1. Montreal's airport authority, ADM Aeroports de Montreal, is increasing fees in an attempt to stay financially afloat during the pandemic. ADM Aeroports de Montreal is the airport authority for the Greater Montreal area responsible for the management, operation, and development of YUL Montreal-Trudeau International Airport, and YMX International Aerocity of Mirabel. For 2020, the not-for-profit ADM estimates it will have a shortfall of $300 million. It says new restrictions, the emergence of variants of Covid-19, and the extended border closure will continue to put significant pressure on its financial performance in 2021. Effective April 1, 2021, the airport is increasing landing fees for all-cargo flights. An airport improvement fee (AIF) equivalent fee of $10 per seat will also be charged for all non-terminal flights and general aviation at YUL, effective on the same date. ADM has introduced an increase in airport improvement fees (AIF) charged to departing passengers from YUL, similar to other Canadian airport authorities. The AIF, used exclusively to fund infrastructure projects essential to maintaining safe operations at YUL, was increased from $30 to $35 on February 1. Landing and terminal fees were also increased by 2.5 percent each on January 1.

🚢 Sea Freight.

Californian port congestion spreads north to Oakland. The chronic port congestion in California has spread north. Yesterday, Splash reported on a record-breaking 20 km queue, featuring 41 boxships waiting to berth outside the ports of Los Angeles and Long Beach, amid an extraordinary import surge combined with a bout of Covid-19 taking out a sizeable chunk of the local port workforce. Mapping data from MarineTraffic today (see below) shows there are 17 ships now queuing at anchor at the port of Oakland further north, with many other ships inbound. Of the 17 ships waiting, 11 are boxships. "Oakland is jammed now. And this will only continue to spread north until the whole coast is inundated," commented Andy Lane from container shipping analysts Sea-Intelligence. This week French liner CMA CGM unveiled a new Golden Gate Bridge service, the first and only direct service to Oakland from Asia. CMA CGM's new service, calling Oakland for the first time on February 12, was created as an alternative to congested Los Angeles and Long Beach, with the Marseille-headquartered liner warning this week that it

expects congestion issues in southern California to last through to June. "Oakland is an ideal, reliable alternative to the Port of Los Angeles/Long Beach for West Coast customers importing goods due to its easy access for existing California shippers, immediate berth availability and fast rail connections into Chicago, Memphis, Dallas and Kansas City," CMA CGM stated in a release. The expanded service will also include Seattle, allowing for new capacity to Pacific Northwest customers. Ed Aldridge, president of CMA CGM America and APL North America, said: "We believe calling Oakland first from Asia will help meet market demand while also providing some relief to the congestion at the Los Angeles and Long Beach ports." Judah Levine, research lead at online box booking platform Freightos, commented: "Non-stop demand for ocean freight continues to plague the industry in the form of port congestion and resulting delays and equipment shortages. Ships skipping the clogged LA/Long Beach port are now causing a backlog outside the Port of Oakland."

Port of Long Beach has best January on record 764,000 TEUs handled represent nearly 22% jump year-over-year. The Port of Long Beach began 2021 the same way it ended 2020 — by setting records. The port reported this week it just had its best January on record, moving 764,006 twenty-foot equivalent units (TEUs), a 21.9% jump from the same month last year. It was the first time the nation's second-busiest seaport handled more than 700,000 TEUs in the month of January, surpassing the previous record set in January 2018 by a whopping 106,176 TEUs. During his State of the Port address on Thursday, Executive Director Mario Cordero announced that 2020 had been Long Beach's best year, with 8,113,315 TEUs handled. The port attributed the strong January to the ongoing rise in American consumers' online spending. Imports were up 17.5% year-over-year to 364,255 TEUs. Exports were up too, an increase of 7% year-over-year to 116,254 TEUs. As it has in recent months, the number of empty containers heading back to Asia sticks out in West Coast ports' reports. Empties were up 34.6% year-over-year in January to 270,221 TEUs — more than double the number of loaded containers for export. The Port of Long Beach is not forecasting a slowdown. The port said that although activity typically slows in February during celebrations in Asia for Lunar New Year, "projections show that this month could be busier than usual as unscheduled container ship calls continue to make up for voyages that were canceled at the start of the COVID-19 pandemic in early 2020."

Ocean container losses topple annual average in 2 months More than 2,675 containers lost in 5 accidents since end of November. The World Shipping Council issued an eye-opening report last July. What seemed like a steady stream of vessel fires, capsizes and container losses was in fact a small drop in the global ocean shipping bucket. A WSC study found a tiny fraction, about .0006%, of the roughly 226 million containers shipped on the world's oceans each year were lost. WSC reported on average only 1,382 containers were lost at sea per year between 2018 and 2019. So what's going on? Between Nov. 30 and Jan. 31, more than 2,675 containers were lost in five incidents at sea. That's almost double the annual average in just a two-month period. MSC Aries: Most of the accidents have occurred in the North Pacific, including the most recent, the reported loss of 41 containers from the MSC Aries last Friday. All 41 containers lost overboard reportedly were empties being moved back to China to be refilled. An MSC spokesperson did not confirm the number of containers lost but did tell American Shipper, "No cargo went overboard, according to preliminary reports from the vessel." The Aries is deployed on MSC's Sequoia service, with a port rotation of the Port of Long Beach in California and Ningbo and Shanghai, China.

🚚 Trucking

New tech lets BC truckers bypass inspections Weigh-in-motion sensors let registered truckers skip waiting in line. Commercial drivers on the Lower Mainland are benefiting from time and fuel savings, thanks to the Weigh2GoBC program and cutting-edge technology. British Columbia's ministry of transportation and infrastructure has recently installed weigh-in-motion strip sensors in all six lanes of Highway 91, south of Vancouver. Southbound trucks heading toward the Nordel Inspection Station, including the on-ramp from Cliveden Avenue and the counterflow lane will cross the sensors. Commercial drivers who are registered and approved for the Weigh2GoBC program and pass a credential check may be able to bypass the Nordel Inspection Station.

🖥 Market Sources

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https://view.e.cn.ca/?qs=7464050c571dd42165ff11ad667aa27e27a26489d21d05b6a14cf7c8eb31a64679755d020709bc5a1ec8e0af89f294d93b018dc5d918d039ae904a585c8e5d1711bd1e2d57522557

https://splash247.com/californian-port-congestion-spreads-north-to-oakland/

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.

Thank you, we appreciate your business.

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