

### Latest News

**Pfizer plans 'just-in-time' COVID-19 vaccine distribution in Canada** Pharmaceutical giant working with federal, provincial agencies on logistics. Pfizer (NYSE:PFE) plans to distribute its potential COVID-19 vaccine directly to the locations where it will be administered in Canada in specialized, temperature-controlled containers filled with dry ice under a "flexible just-in-time" logistics scheme, the company said. The pharmaceutical giant is developing its Canadian distribution plan with federal and provincial government agencies to deploy the vaccine in the event it is approved for use. "We are working with urgency in collaboration with stakeholders, including Health Canada, Public Health Agency of Canada and Provincial/Territorial public health decision-makers, to determine the logistics of the vaccine distribution in Canada, pending regulatory approval," Pfizer Canada spokesperson Christina Antoniou told FreightWaves in an email. While Pfizer would not detail how it intends to get its vaccines to Canada, its direct delivery closely resembles its plans for the U.S. A key difference: Determining the delivery sites will require close collaboration with provincial and territorial health authorities, which administer Canada's universal health care system. Canada has ordered 20 million doses of the potential vaccine being jointly developed by Pfizer and German firm BioNTech. The companies announced on Monday that preliminarily clinical trial data indicated the vaccine candidate was 90% effective.

**Up to 225,000 Canadian firms could close because of COVID:** CFIB CEO. More businesses are at risk of permanently closing their doors as some parts of the country mandate stricter COVID-19-related shutdowns, the head of the Canadian Federation of Independent Business (CFIB) warns. "We are already seeing half of businesses in Canada – even those who are not affected by further rounds of shutdowns – saying that their sales dropped as a result of the second wave," CFIB president and chief executive officer Dan Kelly said in a television interview with BNN Bloomberg Wednesday. "These businesses are already weakened." Prior to the second wave of infections, the CFIB estimated 160,000 businesses in Canada would fail before the pandemic ends. Kelly raised that number to 225,000, or more than one-in-seven. "Governments are still fumbling around to put these programs in place – eight months in," Kelly said, referencing federal supports such as the promised Canada Emergency Business Account (CEBA) expansion and additional funding through a wage subsidy. Kelly is urging governments to make shutdowns short and targeted to minimize the impact of a second round of business closures.

### Air Freight

**Update: Air Canada eyes converted freighters to capitalize on cargo boom.** Success using passenger aircraft to meet shipper demand gives airline confidence to pursue cargo expansion. Buoyed by its ability to pivot to lucrative cargo-only flights during the coronavirus crisis, Air Canada (TSX: AC) on Monday said it would develop an all-cargo fleet with converted freighters to take advantage of fundamental shifts in the airfreight market. Officials said an extended shortage of aircraft to carry cargo as passenger airlines downsize until demand recovers has created a path to significantly grow cargo revenues. Air Canada plans to convert Boeing 767 passenger aircraft, recently retired from passenger service to help reduce its cost structure, into heavy freighters that can carry large containers and pallets on the main deck. The airline will test the market next year with two converted freighters, offering advanced technology, dynamic pricing and transparency on

shipment status to attract retailers and logistics providers, officials said. "Cargo will become an increasingly important part of our business as we plan to expand to dedicated freighters and focus on e-commerce," CEO Colin Ravines said during a call with analysts to discuss the company's third-quarter earnings.

**AC Absolute° Container Leasing Update:** Air Canada Cargo has updated its global AC Absolute° container leasing and introduced a simplified pricing program now in effect for all future bookings. The revised program includes the following changes and improvements:

- Revised five-day lease prices
- Updated fees and procedures for cancellation, express order, change order and extended tender and retrieval
- Fewer ancillary charges
- Pricing now available in USD, CAD, CHF, GBP and EUR

Air Canada Cargo's AC Absolute° solution is suitable for highly time- and temperature-sensitive pharmaceutical products, including vaccines, that require precise temperature conditions. Containers with dry ice and electrical-based temperature-control technologies are available for lease. AC Absolute° shipments receive specialized handling and monitoring.

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## Sea Freight

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**CN Update** – Our mainline network and port railcar supply remains strong and fluid. Import and export volumes remain at peak levels, applying pressure to the supply chain. Inland terminals are feeling the brunt of the volume surge that began in early July and is projected to continue well into 2021. CN continues to face these challenges head on by providing safe operations and moving the economy.

### Key Terminals:

**Toronto Terminals:** Both CN Brampton and Malport terminals continue to manage through the unprecedented import and export volumes. Export demand and the movement of empty containers back to the west coast continue to strain the supply chain. While rail operations remain fluid, the terminal is dealing with a higher-than-normal ground count situation as a result of the strong inbounds, which is contributing to elevated carter turn time. Terminal operations are currently focused on addressing the carter turn time in order to maximize gate capacity in the GTA. Import Storage Relief at Brampton and Malport Over the past few weekends, we have experienced success with carters leveraging weekends and off hours to pick up import units. In order to encourage this, CN is offering the following storage relief incentive for customers: We are offering a relief of \$150 per day for a maximum of 7 days (\$1,050) on any containers that have incurred storage if the unit is picked up between Friday, Nov. 13th at 20:00 and Monday, Nov. 15th at 04:00. This rebate will be offered to the guaranteeing party only.

**CN Mississauga (MISC):** Due to continued surge in demand for empty evacuation, our MISC CY inventory has reached its maximum capacity. As a result, MISC has been closed to any additional empty in-gates. This closure was effective Friday, November 6th and will be in place until Monday, November 16th. However, the terminal remains open for customers to pull empties and loads.

**Montreal Terminals:** Montreal Taschereau, like our Toronto terminals, continues to work through the strong import and export demand. As a result of high terminal inventory levels, we have closed the gates to empty container returns. CN has provided all of our customers off-site capacity as we work towards normalizing our terminal inventory. Our plan is to resume acceptance at Taschereau once inventory levels are deemed manageable. This will be reviewed on a day-to-day basis over the next 7-10 days.

**U.S. Terminals:** Overall, our U.S. terminals remain fluid. Chassis remain an ongoing concern in Chicago, as pools are consistently tight to short. We encourage our customers to work with their chassis providers to ensure that we have sufficient chassis to maintain fluid terminal operations. It is critical that our customers and their customers remove imports from our terminals in a timely fashion. This is the primary way that our customers can help ensure that our terminals remain fluid.

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## Key Ports

**Port of Halifax:** Both Halifax terminals remain very current. No issues.

**Port of Saint John:** The terminal remains fluid and we are current with the ground count.

**Port of Montreal:** Operations at the Port of Montreal are fluid. We continue to see strong import demand and are supplying cars in order to meet terminal production levels.

**CN West Coast Ports:** We continue to see strong demand and are providing consistent railcar supply to meet the demand. On-dock dwells remain at reasonable levels given the high demand. Based on short- and long-term forecasts, we are planning for this high volume to continue and we are well-positioned to continue to meet the challenge.

**Containers are 'the new gold' amid 'black swan' box squeeze Trans-Pacific eastbound cargo could be capped by container capacity.** "It seems like containers are the new gold these days," marveled Nerijus Poskus, global head of ocean freight at Flexport. "Container availability in Asia is extremely limited right now," added Flexport Head of North American Ocean Freight Jan Hinz during a company webinar on Tuesday. "It's causing a lot of hardship for our customers and the shipping industry as a whole. "We have heard anecdotal reports out of Asia that some ships are sailing with open slots simply because there is no equipment — even though there's demand to fill the containers," said Hinz. Flexport's warnings mirror last week's headline-grabbing comments from Nico Hecker, director of global container logistics at Hapag-Lloyd. "We are currently seeing a 'black swan' and are experiencing the strongest increase in 40-foot [container] demand following one of the strongest decreases in demand ever," Hecker said. "Almost three out of four containers in our 40-foot fleet are currently deployed ... and therefore not available." The trans-Pacific eastbound market is in the thick of a record-setting bull run. The California port system is buckling, with delays tying up even more containers and making the equipment shortfall even worse. Imports appear set to remain at peak levels at least through this month, and probably into Q1 2021, due to holiday cargoes and inventory restocking. But shippers can't get all their cargo to the U.S. if liners don't have not enough empty boxes in China.

**The size of container vessels "may exceed the Port of Vancouver's terminal infrastructure capacity to accommodate them safely".** The investigation into a vessel hitting a crane at the Vanterm terminal highlights a need for regulations that include the safe setback of the waterside rail for STS cranes. The Transportation Safety Board of Canada (TSB) has released its investigation report into an accident at Vancouver's Vanterm terminal in January 2019. While berthing under the direction of a pilot, and with two tugs assisting, the 7,024-TEU vessel Ever Summit made contact with one of the port's STS cranes. The boom of the crane collapsed on to the vessel and the crane was subsequently written off. The investigation looked at communications with tugs during berthing, the suitability of the berth infrastructure for large container vessels at Vanterm, and overall risk management of the terminal. The report highlights a problem where the increase in vessel size has progressively whittled down the margin between safe berthing and a vessel hitting a crane at Vanterm to the point where there is very very little room for error

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## Trucking

**The impact of COVID-19 on the food and beverage supply chain could be long lasting.** Resilience360 report highlights manual labor, shifting consumer behaviors and protectionist policies as risk. COVID-19 has disrupted supply chains but perhaps none more significantly than food and beverage (F&B). A report late last month from Resilience360 found that the shutdown of manufacturing plants, changing consumer behaviors and price increases have altered F&B supply chains, at least in the near term and perhaps for the long term. "The pandemic has exposed the vulnerabilities of an industry historically reliant on manual labor," the report, "COVID-19 exposes vulnerabilities in the global food supply chain," noted. "In the long term, companies can introduce more automation and robotics technology in their supply chain to address labor shortages to mitigate the impact of future crises." The report, authored by Jena Santoro, supply chain risk intelligence manager for Resilience360, which is owned by Columbia Capital, noted that many F&B producers were not prepared for staffing shortages due to COVID-related shutdowns and exposure to the virus. "This shift has exposed deficiencies in the resilience of the sector," Santoro wrote. "It has highlighted the

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industry's overreliance on manual labor and, as such, has supported the argument that the industry needs a higher prioritization on automation." Plant closures and changes to operating procedures – including socially distancing workers – contributed to overall labor reductions and limiting production.

**Companies in the supply chain targeted in successful ransomware attacks face an unenviable dilemma.** They can pay the perpetrators sums ranging from thousands to millions of dollars to regain access to their encrypted data and systems, or refuse — an option advocated by U.S government agencies and many cybersecurity experts — which carries its own cost. TFI International (NYSE:TFII), one of the largest trucking and logistics providers in North America, apparently refused to pay after a ransomware gang called DoppelPaymer targeted its parcel carriers in Canada, including Canpar Express. Montreal-based TFI has disclosed little about the attack, but according to its third-quarter financial results the breach cost its parcel and courier business segment C\$8 million (\$6 million) in revenue and C\$3 million in operating income. Some of that cost included extra labor to manually sort packages and envelopes. All told, if TFI's parcel carriers had been a standalone company the toll would have amounted to about 10% of the revenue and 5% of its profits for the quarter. "Jesus," one transportation executive remarked to FreightWaves. But according to Brett Callow, a threat analyst with cybersecurity firm Emsisoft, TFI did the right thing by its apparent decision not to pay the attackers. "As long as companies keep paying, there will be ransomware attacks," Callow told FreightWaves.

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## Market Sources

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<https://www.freightwaves.com/news/pfizer-plans-just-in-time-covid-19-vaccine-distribution-in-canada>

<https://www.bnnbloomberg.ca/up-to-225-000-canadian-firms-could-close-because-of-covid-cfib-ceo-1.1520974>

<https://www.freightwaves.com/news/when-ransomware-attacks-hit-companies-choose-between-pay-and-pain>

<https://www.freightwaves.com/news/assessing-the-impact-of-covid-19-on-the-food-and-beverage-supply-chain>

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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.

Thank you, we appreciate your business.

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