

Weekly Market Update

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Latest News

Canada and U.K. close to new trade deal. Deal will replace EU pact once Brexit takes effect OTTAWA – Canada and Britain say they are in the final stages of negotiating a new trade deal before a Dec. 31 deadline. That would prevent Canadian products from seafood to steaks and autos from being slapped with new tariffs when Britain leaves the European Union. The spokeswoman for Trade Minister Mary Ng says Canada is hard at work on an interim agreement with Britain to replace the pact with the European Union that currently covers trade between the two countries. “We understand that time is short. That’s why Canada is at the table, working hard to get a good agreement to ensure continuity, predictability and stability for Canadian businesses, exporters, and workers,” Youmy Han said in a statement to The Canadian Press. “A deal is within reach and we continue to work with the U.K. to move this forward.”

CETA superseded: Britain’s decision to leave the EU after its Brexit referendum means that the Comprehensive Economic and Trade Agreement, or CETA, will no longer apply to the country at the end of the year. Han said Canada is seeking “a transitional agreement based on CETA as an interim measure once the Brexit period ends” but that government negotiators won’t finalize anything “that isn’t the best deal possible for Canadians.” A spokesman for Britain’s international trade department said it is committed to “seeking to secure a continuity trade deal with Canada before the end of the (Brexit) transition period, and trade talks are at an advanced stage and progressing well.” A deal would protect the \$33-billion trading relationship between the two countries and “will provide stability for British exporters and act as a stepping-stone to a deeper trading relationship with Canada in the future,” said the British statement

Military could help distribute COVID 19 vaccine. Canadian Armed Forces are already helping the Public Health Agency of Canada hammer out a support plan for vaccine rollout. OTTAWA – Prime Minister Justin Trudeau said the military could play an integral part in rolling out COVID-19 vaccines across the country, though question marks remain around cost and distribution. As case counts continue to climb at an alarming pace, the Canadian Armed Forces are already helping the Public Health Agency of Canada hammer out a support plan for vaccine rollout and set up a national operation centre to oversee broader delivery. “Obviously, getting those vaccines from an airport tarmac or a port to Canadians right across the country is a significant logistical challenge,” Trudeau said Tuesday in Ottawa. “That will involve multiple government agencies, possibly private contracts as well. It may well involve the Canadian Armed Forces.” The remarks line up with those from Maj.-Gen. Trevor Cadieu, who heads the military’s strategic joint staff. He told the House of Commons national defence committee Monday the Forces “expect a potential request” for assistance with vaccine distribution.

Air Freight

Cargo capacity stays tight as some passenger flights are back on the runway. Passenger aircraft are coming back into the market – in some regions – but capacity in Europe remains tight. For example, Lufthansa Cargo told customers this week it was unable to offer capacity guarantees on continental flights out of its hubs in Europe, owing to high volumes of cargo – a ban that will remain until 31 December. However, widebody passenger capacity between Asia and Europe rose 16% in weeks 44 and 45, according to Accenture Seabury data, released this morning. Freighter operators, meanwhile, withdrew capacity from Latin America,

adding instead 5% between Europe and Asia. Asia-Pacific to the Middle East also saw a double-digit rise in passenger capacity, up 15%, and between Asia Pacific and North America, passenger capacity also rose, but at a more muted rate, up 6%, and up 8% on the reverse lane. The biggest loss of capacity was in Latin America, where passenger capacity to and from north America fell 21% and 22% respectively, while freighter traffic fell 7%. Some 12% of passenger capacity between Europe and Latin America was withdrawn, alongside a whopping 30% decrease in freighters. But on the reverse route, there was a 3% rise in freighter capacity. Chargeable weight from Latin America dropped some 20% in week 44, according to Clive Data Services, while load factors were 74% – but they fell to just 66% in week 46, suggesting fewer exports by air, and which could explain the withdrawal of capacity

FAA Clears Boeing 737 Max to Fly Again. After nearly two years and a pair of deadly crashes, the U.S. Federal Aviation Administration has cleared Boeing's 737 Max for flight. The nation's air safety agency announced the move early Nov. 18, saying it was done after a "comprehensive and methodical" 20-month review process. Regulators around the world grounded the Max in March 2019, after the crash of an Ethiopian Airlines jet. That happened less than five months after another Max flown by Indonesia's Lion Air plunged into the Java Sea. A total of 346 passengers and crew members on both planes were killed. Federal Aviation Administration chief Stephen Dickson signed an order Nov. 18 rescinding the grounding. U.S. airlines will be able to fly the Max once Boeing updates critical software and computers on each plane and pilots receive training in flight simulators.

Sea Freight

Port of Halifax Extending Low Terminal Dwell Trend. The Port of Halifax has minimized rail imports dwell times at its two container terminals. Week 46 average dwell for import containers was 0.9 days for the week, well below the target KPI (90% loaded to rail within 72 hours).

An 'uphill battle for shippers' on the transpacific as carriers shy away from contracts. As Asia-US demand continues to surge, BCOs are struggling to ship contracted cargo and are increasingly turning to NVOCCs to support their fractured supply chains. Anecdotal reports to The Loadstar suggest carriers are finding spurious reasons to refuse the release of equipment at depots in China, in addition to rolling contracted containers without notice. "It's a no-brainer really," one Shanghai-based forwarder told The Loadstar. "Carriers can get four times the price for a spot booking and, with a few exceptions, they are not worried about contracts anymore, as it will be a completely new ballgame next year." Annual contracts on the transpacific are usually negotiated through February and March, and shipping consultant Drewry said it expected early deals for 2021 concluded in excess of 40% higher than this year, "having seen the rate quotations of carriers for early transpac bids".

Asia's largest shipbreaking town beached like never before. First-hand report from the beaches of India's shipbreaking facilities at Alang on the impact of the pandemic, courtesy of Vice. Operations at Alang came to a sudden halt when the government announced a national lockdown in March. However, India's cash buyers of scrapped tonnage, such as GMS, have been in demand as a number of shipping sectors – such as car-carrying – sought to reduce capacity. The problem for Alang once the lockdown was lifted was a shortage of workers. "When Alang began to limp back to work, it found itself with several new ships to dismantle and a shortage of workforce. The lockdown in the rest of the world meant shipbreaking contractors at Alang procured the ships cheaper, particularly car-carriers.

CN will consider more layoffs if business slows. Only if business slows dramatically during second wave, says CEO. CN Rail may only have to consider another painful round of layoffs if Covid-19's second wave causes shipping volumes to drop dramatically again, its chief executive said Wednesday. "If the economy slows down we might have to have layoffs," Jean-Jacques Ruest said a day after marking the 25th anniversary of the government's privatization of Canadian National. Canada's largest railway is recovering from a big drop in volume in the second quarter that forced it to cut staffing and withdraw its full-year guidance. It has since recalled some of the thousands of employees who were laid off. Ruest said CN is in a much better position to keep its employees safe than it was at the onset of the pandemic, when it had to make some of the disinfectant and wipes itself. "Now we have everything we need. I think right now we have a process, and we can last this whole thing for as long as it needs to be," Ruest said. Ruest said there are probably more employees on staff than is required because the company needs to have people to cover for those who are infected or are quarantining themselves. The type of business CN moves is also vastly different than before the

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coronavirus struck in March and prompted lockdowns, he said. He said crude-by-rail fell dramatically and may not recover, while grain, consumer freight, intermodal and its port business are booming as people spend more time at home

Trucking

Truck arrivals up 2.5% during Nov. 9-15. OTTAWA, Ont. – There was a 2.5% rise in the number of truck drivers entering Canada during the week of Nov. 9-15, the Canada Border Services Agency said late Tuesday. It said 113,573 truckers arrived during that week, up from 110,767 in the comparable period last year. On Nov. 15 alone, 5,330 truck drivers entered Canada, down from 5,715 on the comparable date — Nov. 17, 2019, the agency said. During Nov. 9-15, overall volumes were down 80% for those crossing via land and 93% through airports, compared to the same time a year ago, it said. Canada and the U.S. have agreed to keep the border closed to all non-essential travel until Nov. 21 to slow the spread of Covid-19. The closure is expected to be extended by at least another month. Last month, Ottawa eased some restrictions to allow family reunions. The restrictions, first introduced in late March, are not applicable to commercial vehicles.

Market Sources

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