

## Weekly Market Update

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### Latest News

**Canada is confident there will be no disruption of COVID-19 vaccine supplies even if the United States blocks their export**, because vaccines are manufactured in several countries, a minister said on Tuesday. President Donald Trump's executive order is intended to ensure priority access for COVID-19 vaccines procured by the U.S. government, ahead of other nations, senior administration officials said on Monday. Asked about the impact of any executive order on those deliveries, a Canadian minister said Canada's purchases are not tied to any one manufacturing site, and noted that Pfizer Inc is manufacturing in Europe as well as the United States. "We're very confident that Pfizer and other vaccine makers that are contractually obligated to deliver vaccine doses to Canada will be able to meet those obligations," said Dominic LeBlanc, minister of intergovernmental affairs. Canada has reported 423,000 infections and nearly 13,000 deaths from the pandemic, along with record-high cases this winter. On Monday, Prime Minister Justin Trudeau said up to 249,000 doses of the vaccine Pfizer developed with German partner BionNTech SE would arrive this month, and a further 3 million doses should be delivered at the start of 2021.

**Now that Canada has banned the importation of goods made with forced labour**, potential supply chain risks have increased for many Canadian businesses in terms of both probability and severity. As we've seen so often during the COVID-19 pandemic, global supply chains can be extremely challenging to map, to monitor and to manage. Yesterday is not soon enough for Canadian companies to start mapping their supply chains and to enhance their assessment of the risks that there may be forced labour, child labour and human- trafficked labour (collectively, "modern slavery") in their supply chains. Once supply chains are mapped, businesses must then carry out due diligence to effectively identify, prioritize, prevent, mitigate, and account for adverse impacts associated with the businesses' operations, products, and services.

**Across the markets, it is undeniable that air freight rates have increased over the year**, even receiving ire from the World Health Organization's logistics chief recently, with freighter capacity struggling to compensate for a near-total loss of passenger belly-hold capacity. Now, experts say that belly-hold is making a steady comeback—still down 57% year-over-year at the end of November, but far higher than the 80% year-over-year decline in April. Cold chain requirements for the covid-19 vaccine distribution have made dry ice a highly demanded commodity—the unprecedented phenomenon will put global manufacturing output to the test in coming months. The ocean freight industry is at the eclipse of port congestion, with multiple shipping organizations calling on governments to regulate or relieve terminal charges and long wait times. The effects have even reached the Panama Canal and the Suez Canal, marring Asian export flows and retailer stockpiling efforts in Europe. Analysts project that conditions will improve after peak season recedes in January 2021. Quite frankly, we're all at a loss.

### Air Freight

**FAA issues dry ice alert to airlines carrying vaccines.** Guidance designed to mitigate CO2 poison risk for crews. Dry ice is a hot commodity. It is a primary way COVID-19 vaccines will be preserved during transport from the manufacturer to administration sites and for storage in some locations. But too much of a good thing can be hazardous in a confined space. On Wednesday, the Federal Aviation Administration cautioned commercial aircraft operators to pay close attention to

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the risk of carrying too much dry ice in the cargo hold. "Operators may plan to carry dry ice quantities larger than quantities they may carry during typical operations. This volume of dry ice may present risks that existing mitigations do not adequately address," the agency said in a safety alert. The reason for the FAA's concern is that dry ice is the solid form of carbon dioxide. Increasing the volume of dry ice may present risks that existing mitigations do not adequately address. Many COVID vaccine shipments kept at ultra-cold temperatures will require more dry ice to maintain safety and efficacy. That is especially true for the product developed by Pfizer (NYSE: PFE) and German partner BioNTech, which must be kept at minus 94 degrees Fahrenheit (minus 70 Celsius). A Food and Drug Administration advisory panel on Thursday recommended the agency grant the Pfizer/BioNTech vaccine emergency use authorization. A vaccine from Moderna Inc. (NASDAQ: MRNA) has temperature requirements of minus 4 F. By comparison, the typical seasonal flu vaccine is preserved at 35 to 46 degrees F (2 to 8 degrees C) — the temperature range for refrigerators. Vaccines moving by air are typically packed in large insulated containers with compartments for dry ice, although some types of equipment use battery-powered refrigeration systems instead. Dry ice breaks down and transitions to a gas at temperatures higher than minus 108 F (minus 78 C) under normal atmospheric conditions. At reduced pressures, like those in an airplane cabin, the sublimation rate of dry ice will increase. The risk is that gaseous CO2 will replace oxygen in the aircraft compartments and interfere with the crew's ability to breathe. High levels of carbon dioxide can impair cognitive function and lead to asphyxiation, a concern for ground handling crews as well. The risk of hazardous conditions depends on the amount of dry ice carried, the sublimation rate and the amount of available ventilation.

**Air Canada suspends all Saint John flights, and Fredericton-Toronto service.** Sydney also loses all flights, and 3 other Atlantic routes suspended. Air Canada is suspending all flights out of the Saint John Airport and all Toronto flights out of the Fredericton International Airport indefinitely, starting Jan. 11, because of the second wave of the pandemic. The airline is also suspending all operations at the J.A. Douglas McCurdy Sydney Airport until further notice and temporarily suspending Deer Lake-Halifax, Charlottetown-Toronto, and Halifax-Ottawa service. "The second wave of COVID-19 infections is piling added pressure on a sector on the verge of collapse," the Atlantic Canada Airports Association said in a statement on Tuesday. "This is bigger than a blow to our region; we could be looking at the end of some of our small regional airports if solutions are not found." At the Saint John Airport, Air Canada flights are currently the only flights, with one arrival and one departure from Montreal daily. The airport will remain open for medical emergencies, the Coast Guard and corporate clients, said Derrick Stanford, president and CEO of the Saint John Airport and president of the Atlantic Canada Airports Association. The Fredericton airport has been advised it will temporarily lose its three-times-a-week service to Toronto, but Air Canada will continue to offer daily flights to Montreal, said spokesperson Kate O'Rourke.

**Cathay Pacific renews CEIV certification Affirms Hong Kong International Airport's overall expertise in pharmaceutical shipment handling.** HONG KONG – Cathay Pacific Cargo, Cathay Pacific Services Limited (CPSL) and ground-handling subsidiary Hong Kong Airport Services Limited (HAS) have been recertified with IATA's CEIV Pharma accreditation. The recertification reaffirms Hong Kong International Airport's overall expertise in pharmaceutical shipment handling and comes at a time when air cargo is in the spotlight ahead of the huge global challenge to distribute Covid-19 vaccines. Along with Cathay Pacific Cargo, Cathay Pacific Cargo Terminal, which is run by CPSL, and HAS, which tows and loads cargo, have been recertified and have the necessary equipment and trained personnel to offer a very high level of quality assurance for pharma shipments. Cathay Pacific GM Cargo Service Delivery Frosti Lau said: "Cathay Pacific Cargo is delighted to be recertified for IATA's CEIV Pharma. This shows our commitment to delivering a high-quality pharma transportation service from an airport-to-airport perspective, as well as our own drive for continuous improvement. Since the last certification, we have been working closely with the Airport Authority Hong Kong and CPSL to enhance our handling capability at Hong Kong International Airport."

## **Sea Freight**

**Port of Halifax Update:** No Vessels at Anchor, Terminal Dwell within KPIs. The Port of Halifax continues to experience excellent fluidity. No vessels are awaiting a berth and the average days on dock for inbound containers is 1.2 days. Visit the Port Operations Centre for more detail on dwell KPIs by terminal. On December 8, Halifax welcomed the Ocean Alliance vessel CMA-CGM Chile, which, at 15,072 TEU, is the largest vessel to visit any Canadian port.

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**Shipping company ZIM announced, we would like to inform that due to the COVID-19 quarantine requirements** for the ship crews onboard to the barges running between South China and Hong Kong waters, feeder operators announced service suspension between mid-January 2021 to end-February 2021. In connection to this, we will suspend cargo acceptance for cargo to/from South China outports during the same period. Cargo to/from outports in Pearl River Delta (excluding Nansha), other outports Guangdong Province, Hainan Province, Guangxi Province, outports in Fujian Province (excluding Xiamen) will be impacted. Cargo acceptance to/from direct port of loading/discharge in South China will not be impacted. We will continue to accept bookings to/from Yantian, Hong Kong, Shekou, Nansha and Xiamen where operations will continue as usual.



## **Market Sources**

<https://www.portofhalifax.ca/port-operations-centre/#/>

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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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