



WEEK 11 // MARCH 19 2021

APERTURE & FOCUS

A Global Network Advisory Series by Kintetsu World Express, Inc.

KWE
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GLOBAL APERTURE

Global air cargo capacity has generally increased over the past two weeks, though passenger belly-hold space remains at half of pre-pandemic records. Industry experts have now revised their forecasts to warn shippers that high freight rates are here to stay through 2021—in part because a resurgence in retail and industrial activity has turned the market into a de facto “pay-to-play” environment. UN agency ICAO (International Civil Aviation Organization) has already released several statements pleading countries to lift air cargo restrictions, which is currently only practiced in Latin America.

Analysts also worry that sea freight’s container imbalance and rates spike won’t stabilize if consumer demand stays high through the downturn of the pandemic—container manufacturers report that orders in 2020 softened on assumptions of thrifty consumer spending. In contrast, the second-half of the year saw a deluge of congestion at destination ports, forcing vessel lines to quickly reposition containers and skirting would-be exporters of cargo allocation—namely, the agricultural sector.

New studies on changing weather patterns and global sea ice coverage paint a worrisome outlook for ocean carriers and ports; data compiled by meteorology, oceanography, and aerospace agencies show a potential increase in turbulent storms and erratic wind systems as average global temperatures rise, as well as multiple efforts to establish new routes along the melting polar ice caps.

REGIONAL FOCUS

BRAZIL

No Change



Rates Demand



Another uptick in coronavirus cases among Brazil's general population has led neighboring countries Argentina, Uruguay, Peru, Chile, and others to militarize land borders and stem the flow of migrants, inadvertently adding to trucking wait times. Coupled with the recent increase in fuel prices, such conditions have consequently increased demand for intermodal transport from Brazil's agricultural industry, which expects greater crop yields this year.

Basin. Several large wharfs including those of the Ports of Shanghai, Yangzhou, Zhenjiang, and others will be affected. SF Airlines announces a new cargo route connecting Chengdu to Dhaka, holding its inaugural flight on March 14. Outbound sea freight rates have slumped nominally for destination ports in US and EU—likely due to long delays reeling back shipper demand.

E.U. REGION

Capacity Rates Demand



Rates Demand



Pressed by origin-side sea freight congestion, inbound demand from the UK has expanded air freight capacity to destinations in Germany, Belgium, and Ireland over the past two weeks. Germany's Cologne Bonn Airport is collaborating with Chicago's Rockford International Airport to expand direct international services between US and EU regions, with hopes to create a hub alternative to bypass current terminal congestion. Carrier CMA CGM has announced a peak season surcharge from origin ports at the Red Sea to the surrounding regions of Europe and Africa, to take effect April 1.

CHINA

Capacity



Rates



While Chinese ports have largely recovered from container shortages, local KWE sources still report vessel delays. New environmental laws now prohibit the transport of highly toxic chemicals through the inland waterways of the Yangtze River

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HONG KONG



Upon the discovery of five infected travelers aboard their flights, carrier Cathay Pacific's Hong Kong-Manila service is temporarily banned by the territory's health department until March 28.

KOREA



There have been no reported changes in terminal or market conditions over the previous week.

INDIA



Containers are scarce at India's Port of Kolkata, forcing electronics component exporters to truck their wares more than 1,600 km west to the better-stocked Port of Mumbai. The Bhartiya Kisan Union-led farmer agitation against the three central farm laws may continue until December.

MALAYSIA

Capacity
Rates
Demand



In light of renewed demand for inter-Asia trade, airlines are quickly scaling up fleet size and the government is working with Singapore to vaccinate and certify cross-border truckers.

INDONESIA



Existing shortages of ocean containers continue to increase outbound air demand; destinations in the US and Japan are the most severely affected, according to local KWE sources.

PHILIPPINES

No Change



Demand



Not only have equipment shortages increased shipment delays by as much as seven days, but complaints have also surfaced of increased terminal charges—trade organizations have lodged complaints with the port authority and are waiting on response. Due to the rising number of coronavirus cases, Philippine Airlines will once again reduce its passenger flights between March 18 to April 19 to comply with the daily 1,500 passenger arrival cap of Manila Airport.

JAPAN

Capacity
Demand



All Nippon Airways (ANA) announced two new cargo services between Tokyo-Haneda and Munich, Germany to take off March 26 and 28 pending government approval; the airline expects outbound cargo demand to rise from the ensuing computer chip shortage as well as sea port-related congestion.

SINGAPORE

No Change



No Change



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THAILAND

Demand



Demand



Rates

The latest reports at Suvarnabhumi Airport show no improvement to the ongoing export terminal congestion, attributed to staff shortages. In contrast, air import and customs activities are operating normally. Demand for expedited sea freight services has not slowed down, but local KWE sources report ad hoc adjustments by carriers to omit port callings in favor of waiting out long arrival queues.

UNITED STATES

Rates
Demand



Capacity

No Change



Several more major automotive companies have called to suspend production as the long-running port congestion and computer chip shortage catches up with the industry; some electronics giants have even said that dwindling supplies may delay upcoming product launches. Harsh late-winter winds have reportedly worsened driving conditions along the Southeastern region, peppering states with blizzards and heavy rains.

Catherine Tai received confirmation as Trade Representative on March 17 with immediate plans to further negotiate the US-UK Trade Deal next week. A new statement by the Department of Transportation on March 16 has ordered Hong Kong-based airlines to submit upcoming schedules for US flights in response to quarantine measures placed on all returning crew members—the agency is currently investigating allegations that the measures may have posed a competitive disadvantage to US airlines.

U. KINGDOM

No Change



Demand

It's no secret that UK ports are suffering from an excess of available containers; the most recent indices show near-full terminal stocks at the ports of Felixstowe, Southampton, and Liverpool. Additional rail networks have been added to better connect Felixstowe to the East Midlands Gateway and perhaps relieve its extra loads.

VIETNAM

Rates
Demand



Rates



Domestic container availability is in such a dismal state that truckers must pre-emptively queue to pick up containers and avoid longer delays. Vessels have been delayed by up to seven days due to port congestion in Saigon Port. With the restart of production in Hai Duong and unmet demand for ocean freight, many automotive, electronics, and retail buyers have moved into the air market and in turn driven rates higher.

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