



WEEK 13 // APRIL 1 2021

APERTURE & *FOCUS*

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



GLOBAL APERTURE

Twelve tugboats, 30,000m³ of excavated sand, dozens of salvage teams, and six days. That's how much time and effort was needed to successfully free the Ever Given, which had accidentally lodged itself in the Suez Canal on March 23. The 300-some vessels that have queued over the past week are now making their way through the canal, but not without major disruption to ports, shipping lines, and clients. Some carriers opted to reroute vessels around the Cape of Good Hope, adding to transit lead times, while others are in consideration to skip ports and blank sailings to realign with their schedules. Still, analysts warn that near-term effects of the blockade may include a delayed import surge at East Coast and European ports due to vessel bunching.

Monthly air cargo data shows a muted performance in March, attributed to extraordinarily high rates and cargo load factors. While some carriers are optimistic about the lead-in to summer, new Covid-19 variants discovered in Brazil and the UK, along with a rash of outbreaks, may stall industry recovery and temper rumors of a lift on international travel restrictions come May.

REGIONAL FOCUS

BANGLADESH

No Change



No Change



Customs officials at Chattogram Port disposed almost 6,000 tons of perishable goods inside 298 abandoned containers to free up needed yard space and equipment for carriers. This coincides with the month-long effort to relieve the port of Dangerous Goods that have piled up in storage.

CHINA

Rates Demand



Capacity

No Change



Strong outbound demand from US and European tech industries keeps long-haul capacity filled to the brim, leading some airlines to expand connectivity with Southeast Asian hubs like New Delhi and Hanoi. Over the course of the recent Suez Canal blockade, sea and air freight rates increased for Asia-Europe services, prompting many shippers to utilize interregional rail networks to avoid congestion. Unfortunately, any influx of demand is followed swiftly by overbookings, and many shippers have resumed their search for additional air capacity.

BRAZIL

Rates Demand



No Change



Another Covid-19 variant has been detected in Sao Paulo sparks the extension of traveler bans from European countries and talk amongst its neighboring countries to consider border closures—Argentina, Colombia, and Peru have already banned flights. But strong demand has helped cargo airlines maintain network coverage, and the recent unclogging of the Suez Canal has also edged off bunker fuel rates, letting exporters breathe a sigh of relief.

E.U. REGION

Rates Demand



Rates Demand



Air freight demand has increased on the Asia-Europe lanes as the Suez Canal blockade takes its toll on the ocean market. The Port of Rotterdam—which the Ever Given disembarked from before its collision—is among the first to witness disruptions from a wave of roll-overs. The Spanish ports of Valencia and Algeciras are also

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expected to face delays in vessel arrivals and terminal congestion. Stricter lockdown measures by EU member countries—as responses to new Covid-19 outbreaks—will also set back cross-border activities.

INDIA

No Change



No Change



On March 31, the finance ministry extended its exemption of basic customs and Goods and Service Tax (GST) for export manufacturers. Air demand is expected to increase in the wake of the Suez Canal blockade and the government has proposed a four-point plan to mitigate port congestion, but no other market changes have been reported from the previous week.

INDONESIA

No Change



Capacity Demand



Air freight capacity remains tight for outbound services to destinations in Japan, India, Philippines, United States, and Europe.

Ocean freight capacity has improved from the past two weeks as many of the delayed vessels have arrived in Jakarta with additional equipment. Only a handful of carriers have reported shortages of 40' High Cube containers, including CMA-CGM and Sinokor.

JAPAN

Capacity Demand



No Change



The government will lift travel restrictions for the Golden Week holiday from April 29 to May 5, with global and domestic airlines noting higher passenger demand. Government officials have signed a deal to export defense equipment and technology to Indonesia as the two countries discussed grievances in regional maritime aggression. The prime minister is also set to meet with the US president on April 9 for their nations' annual summit.

KOREA

Rates



No Change



Officials have concluded a landmark proposal to jointly produce and export military hardware with India. Manufacturing production increased in Korea due to a recovery in exports volumes during the first quarter of this year.

MALAYSIA

Rates



No Change



Continued high demand to US destinations have stretched some airlines too thin, with cargo backlogs growing in Malaysia's airports. No changes have been reported in the sea freight market.

PAKISTAN

Capacity Demand



No Change



Lockdowns will be enforced in the Punjab province starting April 1 to curb the spread of a third outbreak traced to the UK Covid-19 variant. Amidst regional competition to increase market share, a new state-appointed committee involving private and public sectors of shipping are taking consideration to reduce port charges on behalf of shippers. A two-year ban on cotton and sugar imports from India has been lifted on rising domestic prices, which may lift port revenues in the near-future.

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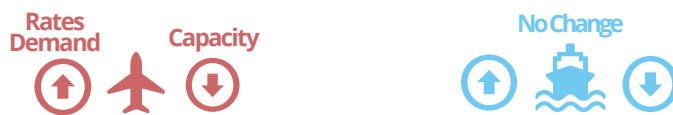


PHILIPPINES



Metro Manila and near provinces Bulacan, Cavite, Laguna, and Rizal will revert to the strictest enhanced community quarantine (ECQ) due to the resurgence in Covid-19 cases, effective from March 29 to April 4. Flag carrier Philippine Airlines confirmed that several international routes serving the US, Canada, Singapore, Japan, South Korea, Taiwan, Saudi Arabia, and Indonesia have been suspended as the government has temporarily banned arrivals of foreign nationals until April 19.

UNITED STATES



Most of airlines are congested and have longer loose cargo release times, with trailer queues at most major terminals. Ships are still waiting along the coast of Southern California and East Coast ports are bracing for the outpour of cargo delayed in the Suez Canal blockade. The US Trade Representative has officially proposed a Section 301 investigation on the UK's Digital Sales Tax, with retaliatory measures including a 25% export tariff on a variety of UK goods. The Transportation Secretary has also announced to resolve disputes over the current container shortage after the FMC sent a very strongly worded letter to the World Shipping Council.

THAILAND



Airport conditions have not changed from the previous week, although additional cargo services have been scheduled with Shanghai. MSC's new Sentosa service rotation—from Laem Chabang to Long Beach—will disembark its first voyage in the first weeks of April, compensating for its upcoming blanked transpacific sailings affecting ports in China, Singapore, Korea, and Canada.

VIETNAM



The government has lifted the lockdown in Hai Duong province and area factories are reinstating normal operations. Aviation authorities have also proposed a gradual resumption of international passenger flights in July with Japan, South Korea, and Taiwan. There has been no improvement to sea port conditions, although material shortages in electronics and automotive sectors have in turn deflated outbound rates and demand. Intra-Asia activity has picked up slightly due to the end of Asia's fiscal year.

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