



WEEK 15 // APRIL 15 2021

APERTURE & *FOCUS*

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

GLOBAL APERTURE

More and more airlines increase fuel surcharges on news of oil futures jumping, as trader confidence won't put passengers back on planes and industry outlook takes a conservative turn. Even so, IATA's new passenger health passport app "Travel Pass" is being trialed by over 20 airlines to streamline Covid-19 screening and vaccination data from traveler to airline and immigration officials. Airbus is even floating a new design for hybrid passenger-cargo A380s, purportedly to maximize dual revenue potential while repurposing an aging model.

Supply chain aftershocks of the Suez Canal incident are being felt across ports from North Europe to Asia and parts of the American coasts, with supply chain analysts recommending shipments be scheduled up to a month in advance as more carriers cancelling bookings placed in earlier weeks. Carrier Hapag-Lloyd announced a purchase for 150,000 TEUs of containers, but that won't stop the ad hoc cancellations anytime soon. It could be worse, though; especially if your cargo is among the 18,000 containers still aboard the Ever Given, which has been impounded by Egyptian authorities to settle about \$1 billion worth of damage and lost business claims.

REGIONAL FOCUS

BANGLADESH

No Change



A weeklong lockdown is imposed by the government to begin April 14, suspending all government, private office, and factory operations—emergency services are exempt. The shutdown of intercity transport has culminated to immense traffic on the Dhaka-Chittagong highway, slowing down transit to and from port terminals.

CANADA

No Change



Union workers at the Port of Montreal have scheduled a strike on April 14 over another wage dispute with the Maritime Employers Association. Air Canada has finalized the details of its aid package, giving the Ottawa province 6% equity stake in exchange for access to \$5.9 billion in public funds.

BRAZIL

Rates Demand



Weeks after neighboring countries rallied to close borders to Brazil, two new treaties approved by the Senate will grant aviation rights to airlines operating services with Guatemala and the Dominican Republic. Demand for break-bulk grains, metal ores, and agricultural produce continue to drive large vessels through the ports of Santos and Paranaguá, making it difficult for smaller ships to berth and potentially delaying containerized cargo operations. And despite supply-related plant shutdowns, automotive production lifts 2% year-on-year—owed to commercial vehicle demand from domestic agribusinesses.

CHINA

Rates Demand



Outbound services are experiencing major slowdowns as repositioning vessels miss their arrival times at the beginning of April. Intra-Asia air and ocean demand ticks up ahead of Japan's Golden Week holiday, to the chagrin of port workers and cargo handlers who oversaw a whopping 30.6% year-on-year increase of exports.

No Change





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E.U. REGION

Rates
Demand



Rates
Demand



Remember the container surge analysts had projected two weeks ago? It's finally here: nearly all of Europe's major ports including Valencia, Rotterdam, Piraeus, and Antwerp are reporting high levels of capacity utilization and incoming capacities up to hundreds of thousands of TEUs. Carriers have also lined up more rail services to connect East Asian and North European ports via Russia.

JAPAN

Rates
Demand



Rates
Demand



Kansai Airport cargo handling volume in March increased by 12%, seeing its third consecutive month of increase. The trade balance between Japan and China is seeing a surplus in exports of the first quarter of 2021 by over 30% compared to the same quarter of 2020.

HONG KONG

Capacity



No Change



The yearly export rush ahead of Japan's Golden Week celebration is tightening regional supply of oversize containers across South China ports, and Hong Kong is no exception. The regional government is easing air crew restrictions, but just barely: unvaccinated cargo flight crews are exempt from quarantine if they last stayed in any of the six Asia-Pacific countries designated low-risk.

MALAYSIA

Capacity
Demand



Rates
Demand



Local KWE sources report that ocean carriers have started to reject cargo destined to US ports citing lack of capacity. Incidentally, the most recent surge in cargo demand has been attributed to the imminent transition to new carrier service contracts which are generally higher, notably for named accounts.

MEXICO

Rates
Demand



Capacity

Capacity
Rates



The large increase in imports from Mexico to the US during the start of 2021 helped Mexico outpace China as the US's top trading partner. Domestic carrier Aeroméxico will resume passenger flights from Mexico City to Dallas-Fort Worth in July to catch newly vaccinated tourists, in line with other airlines' plans to open more passenger connections in the summer.

INDIA

Rates



No Change



On April 11, the health ministry banned exports of the Remdesivir Covid-19 vaccine on comments that current domestic output isn't meeting local demand. Port conditions have not changed over the past week for air and sea freight, according to local KWE sources.

INDONESIA

Rates
Demand



Capacity

Rates
Demand



Local KWE sources report that airlines have cancelled some cargo flights to relieve considerable backlogs of US-bound cargo in other parts of Asia; export demand in Jakarta is rising. Port operations remain generally stable, although the port authorities of Tanjung Priok have increased several container service charges and fees.

PHILIPPINES

Rates



Capacity

No Change



Outbound space is still tight from Manila to transpacific and European destinations as spillover demand from sea freight pushes carriers to prioritize urgent cargo at-cost. No change has been reported on sea freight operations from the previous week.

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SINGAPORE

Rates



Capacity



Rates



Several airlines cancelled flights over the past week to alleviate cargo backlogs in Taipei, Korea, Netherlands, and the UK. The sudden loss in capacity will have cascading effects to cargo destined for nearly all US airports.

Container throughput reached record highs in March—up 2.3% year-on-year—attributed to a slow easing of Covid-19 lockdowns, but shippers aren't out of the woods yet. Intra-Asia service routes are still plagued by equipment shortages, as many of the resupplying vessels were delayed in the recent Suez Canal incident.

THAILAND

Capacity
Rates
Demand



Demand



The recent celebration of Chakri Memorial Day and the Thai New Year's holiday that took place from April 13-15 means longer queues than usual for import shipments arriving through Thai airports, especially after a series of Covid-19 outbreaks were discovered.

Ocean carriers are still dealing with container shortages at Thailand's ports. A new route by carrier MSC will connect Laem Chabang and other Southeast Asian ports with the Port of Long Beach, which may ease the sting for transpacific shippers, but experts still recommend booking shipments as early as possible.

U. KINGDOM

No Change



Rates
Demand



The European Union Parliament committees have pushed forward the UK's new trade deal for a vote from the full legislature, likely to be held later this month. If passed, this is expected to ease congestion that has arisen from customs and food safety checks. New data from February shows that there has been a significant rebound in exports to EU since January's drop, but ports still have significant backlogs from these restrictions.

UNITED STATES

Rates
Demand



Capacity
Rates



The adjacent ports of Los Angeles and Long Beach, which handle half of total U.S. imports from Asia, have been overwhelmed, with no slack time to catch up on the current backlog. Huge container ships continue to be stacked up outside those ports, unable to berth. This is also putting pressure on air terminals, already hamstrung by high inbound demand for e-commerce, consumer electronics, home furnishings, and bicycles. Gains in oil futures and a revised demand outlook will shift fuel prices higher, and carriers are not in the mood to eat those added costs.

While the chip bottleneck is expected to ease in the second-half of 2021, stronger demand for semiconductors is set to stay well into the decade. Senior White House officials will meet on Monday with leaders of over a dozen major companies to discuss potential solutions. Luckily for automotive companies, a deadlier bullet was dodged earlier this week as EV battery leaders SK Innovation and LG Chem settle on a legal dispute that would have resulted in a ten-year import ban of the former's goods.

VIETNAM

Rates
Demand



Capacity

Rates
Demand



Eased travel restrictions has revitalized domestic transit, upping fuel demand from suppliers in Malaysia and South Korea. To help make ends meet, Vietnam Airlines recently proposed to raise price floors and ceilings on passenger tickets; the company has received significant pushback from consumers and aviation experts. The response dampens Vietnam's tourism industry outlook, as several resort cities signal they're ready for domestic and international travelers.

Local KWE sources report sustained equipment shortage and taut capacity for select Intra-Asia and Europe hubs, and the resulting container backlogs and queued vessels at Ho Chi Minh Port have also adversely affected their ability to support bulk agriculture cargo rerouted from smaller ports of the Mekong Delta.

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