



WEEK 17 // APRIL 30 2021

APERTURE & *FOCUS*

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

KWE
Global Logistics Partner

GLOBAL APERTURE

Medical supply shortages may put a stopper to 2021's summer travel peak season and dip into already low air cargo capacity despite attempts by multiple countries to implement Covid-19 vaccine-passports ahead of the G-7 Summit in June. In countries with growing vaccination rates or successfully quarantined populations, travel agencies and airlines project domestic travel to trend until the fall months, pending changes to consumer outlook and medical advice. But for countries with migrant populations currently struggling with the pandemic, nearly all belly capacity will remain impacted as other nations reflexively suspend passenger services to and from affected cities. Recent studies have also shown that short-term border closures exacerbate infection rates throughout migrant workers and the local populace, which will extend recovery times if not addressed by governments. Terminal inspection times are also set to lengthen starting July 1—when all member states of the International Civil Aviation Organization will be required to screen all airfreight.

With regard to ocean freight, the United Nations Conference on Trade and Development (UNCTAD) published its newest policy brief on contributing factors to increased container rates—all of which we're familiar with now. The World Shipping Council has also contributed reports that rushed port operations and erratic weather have ticked up the number of lost and damaged containers. To combat the long-term effects of climate change, more ports have declared goals of reaching carbon-neutrality by 2050, and shipping organizations representing 90% of the industry have called for a global carbon tax regime. Carrier CGA CGM has announced a litany of changes including peak season surcharges for reefer containers come early May, an Emergency Revenue Charge for cargo from the US to Latin America on May 17, reorganization of its AS6 intra-Asia service route on April 29, and container reshuffling of its EMBX intra-Europe service route on May 6.

REGIONAL FOCUS

AUSTRALIA



On April 26, the government suspended all direct flights from India until May 15, including cargo services. Fruit exports to ports in Southern China are facing inspection delays, joining other hotly-demanded Australian produce such as barley, beef, seafood, and cotton.

trade groups associated with the garment industry are asking the Minister of Shipping to reverse a port decision that would divert imports to inland container depots—a move that would increase shipping time and costs. As of April 29, major berthing delays have also been observed at the Chattogram Port due to adjusted work shifts during Ramadan.

CANADA



BANGLADESH



On April 25, officials announced the closure of land borders with India for 14 days; cargo movement is exempt, but trucks will undergo sterilization prior to entering Bangladesh. Following the resolution of reefer-related congestion at Chattogram Port,

The ongoing dockworker's strike at the Port of Montreal is set to end after legislators passed a back-to-work bill on April 29 that would also create a government agency for mediation. February's weather-induced production setbacks in the automotive sector have snowballed into a potential parts shortage for Canadian truck fleets, which may in turn affect availability. Land ports will remain operating on reduced schedules as non-essential travel is prohibited until May 21.



WEEK 17 // APRIL 30 2021

APERTURE & FOCUS

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

KWE
Global Logistics Partner

CHINA

Capacity
Rates
Demand



Cargo backlogs have increased with more ocean carriers arranging blank sailings on outbound transpacific services—most notably, THE Alliance will suspend its EC3 long-haul service in May. Premium rates are now on the rise, encouraged by unyielding overseas demand. A bulk carrier carrying asphalt collided with an oil tanker near Qingdao Port on April 29, spilling some 400 tons of crude into the water. Retail imports may see a dip in activity as Chinese consumers continue an online-led boycott of several fashion brands on top of existing port congestion and container shortages.

An earlier decision by regional carrier Sichuan Airlines to suspend services with India destinations was retracted following a government announcement to provide medical supplies for its regional neighbor. A new cargo route connecting Nanjing with Osaka was also launched on April 27 by regional carrier China Postal Airlines with three flights per week.

Demand



oxygen are diverting some supplies alongside overseas nations and air organizations. Regional carrier IndiGo and SpiceJet announce planned expansions to their freighter fleets, though shippers likely won't see these deployed before 2022. The national ban on passenger flights has been extended by the Director General of Civil Aviation (DGCA) until May 31.

INDONESIA

Capacity



Demand

Capacity
Rates
Demand



Outbound air freight demand to Chicago has created cargo backlogs no longer viable to wait through, forcing shippers to divert their shipments through smaller airports. Outbound demand to European airports—attributed to garment, pharmaceuticals, and consumer goods—also continues to increase, extending booking confirmation times by as much as three days, according to local KWE sources. Sea freight capacity slightly increases due to new feeder operations to Singapore; however, terminal operations remain congested.

E.U. REGION

Rates
Demand



Several EU members such as Germany, France, Belgium, The Netherlands, and Italy have imposed passenger flight bans to Brazil, India, Sri Lanka, and Bangladesh on reports of increased Covid-19 infections. Carrier alliance ONE's revised AL5 transatlantic route will take over weekly rotations between European mega-ports and key hubs in the Americas as THE Alliance revises its own transatlantic schedules; the new route expands service to the ports of Rotterdam, La Havre, and Southampton. Ireland's Port of Cork also opens a new ro-ro service with the Port of Antwerp, sailing twice a week beginning in May.

Capacity
Demand



JAPAN

Capacity
Demand



No Change



Despite promises by the EU to deliver 50 million vaccine doses, new studies show only 1.3% of the Japanese population have been vaccinated due to bottlenecks in domestic distribution. Ahead of the Golden Week holidays, the government declared a third state of emergency on April 25; the announcement caused retailers to be flooded with customers days before the mandated closure.

Mining and production indices rose slightly in March, but the ongoing semiconductor shortage continues to impede automotive output; meanwhile first quarter EV imports from China have increased year-on-year. Japan Airlines opens a new service connecting Haneda to Sheremetyevo, Russia after the latter completed a large-scale modernization of its airport terminal, and All Nippon Airways announced major cuts to its domestic passenger services between May 1-12.

INDIA

Rates



Capacity

No Change



After nearly a year, the government enforces its export restriction of oxygen on April 22 after reports of shortages in hospitals throughout the country. Domestic producers of industrial-grade



WEEK 17 // APRIL 30 2021

APERTURE & *FOCUS*

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

KWE
Global Logistics Partner

MALAYSIA

Rates
Demand



Rates
Demand



Local sources report that many ocean carriers have delayed bookings for outbound FAK services to US ports, insisting on premium rates as shipping analysts record several delayed vessels—collateral damage from the Suez Canal incident. As export demand spills over to the air freight market, rates climb in tandem.

PHILIPPINES

No Change



Demand



On April 27, the government banned the entry of travelers from India until May 14, and will also impose new curfew schedules on parts of the National Capital Region. Authorities are now investigating allegations of price fixing by shipping lines.

MEXICO

Rates
Demand



Rates
Demand



Airport terminals in Guadalajara and Monterrey report normal operations, although terminals in Mexico City remained congested through the week. All operations at Oaxaca International Airport were suspended between April 24-29 due to teacher-student blockades outside its terminals and along the coastal Highway 200.

SINGAPORE

No Change



Capacity
Demand



Carrier Wan Hai has reported shortages of 40-foot high cube containers in Singapore, and Hapag-Lloyd has warned of berthing congestion along with high yard utilization. Regional carrier CNC adds three new feeder services from Palembang, Semarang, and Bangkok—to begin May 3, 7, and 10, respectively.

PAKISTAN

Rates
Demand



Capacity

No Change



The government has approved restructuring plans for flag carrier Pakistan International Airlines that may reduce fleet, working staff, and service routes to destinations including Tokyo and Manila after the company posted a net loss of over 30 billion rupees (\$200 million) in 2020. The plan is currently under review and revision by the country's Economic Coordination Committee. Recorded cargo activities show the Port of Qasim is facing minor vessel bunching, with 16 ships waiting to berth as of April 29.

SRI LANKA

Capacity



Rates



Sri Lankan Airlines will restructure its passenger services to align with its existing cargo routes, which means capacity will soon increase to destinations in Australia, Eastern Europe, and the UK. Unfortunately, the carrier has also reduced services to India due to the country's worsening state of Covid-19 infections. Local KWE sources note a customs clearance backlog at port due to delays in container unloading. Shippers have also lambasted the government's import restrictions which, combined with increased export activity, perpetuate the container shortage at the ports of Colombo and Hambantota.



WEEK 17 // APRIL 30 2021

APERTURE & *FOCUS*

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

KWE
Global Logistics Partner

THAILAND

Rates
Demand



Demand



A government decision to replace Thai Airways with a new flag carrier has been rejected by the former company's workers union, which contends that a new aviation brand will not fare well in current market conditions. While existing outbound demand has not receded, air freight rates to US West Coast destinations has risen modestly, while other destinations see little to no change, according to local KWE sources. Terminal operations at the Suvarnabhumi Airport remain congested due to lack of available staff and customs officials. Ocean freight operations still suffer from container shortages—while some carriers have delivered new stock, ocean specialists say current equipment inventories will only provide short-term relief for shippers.

VIETNAM

Capacity
Rates
Demand



Rates
Demand



MSC's Liberty transpacific-to-East Coast service will make its inaugural voyage on May 22 after the carrier reshuffled its network. Vessel recently delays which impact to customers production plan. Container loading times of two weeks or more have been observed at some ports, according to local KWE sources, who also project worsening equipment shortages in the coming weeks.

UNITED STATES

Capacity
Rates
Demand



Capacity
Demand



The government lifts its export ban of vaccine raw materials to India as journalists find that vaccine supply in the US is not only outpacing demand, but is also unevenly distributed across the country. American Airlines announced significantly expanded cold-chain capabilities for its cargo division on April 29, while its passenger division slowly resumes domestic and international flights, including regular service to New Delhi after receiving \$3.3 billion in payroll support earlier this week.

Container congestion peels off the Los Angeles-Long Beach ports and rolls up to the Port of Oakland, leading carrier MSC to instead re-route its transpacific Santana service to Tacoma. Further production slowdowns in the automotive sector may result in capacity wiggle room for other industries. That may be the silver lining for Chicago's O'Hare International Airport, which has been entrenched with cargo activity and continues to draw longer wait times for shippers.