



WEEK 18 // MAY 7 2021

APERTURE & *FOCUS*

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

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GLOBAL APERTURE

Global leaders and the World Trade Organization have centered their attention on a proposal to waive vaccine patents so that the worst affected countries can produce their own supplies to control current outbreaks. Is anyone going to clue them in on the ongoing shipping crisis and materials shortage? We hope so. In the meantime, international efforts have surfaced across nations and industries, including ours. On May 3, shipping line ZIM announced that “in solidarity with its employees, customers, and their families and friends in India,” containers with medical grade oxygen will be ferried to India with priority for \$1.00, and delivery of all medical supplies to India will be expedited.

Air cargo analysts are in consensus that volumes returned to pre-covid levels in April on account of higher dynamic load factors, but capacity is still shot in comparison to 2019 figures. With stunted semiconductor production estimated to linger into 2022, consumers are starting to see its effects in announced delays to consumer electronics release dates, appliance shortages, and stripped down car models—not to mention increased prices.

Extensive worker shortages in both service and manufacturing sectors will take its toll in the summer months to come; logistics and transportation will not be exempt from its tolls. Container prices fared higher this week, but the dry bulk market saw its largest rates increase in over a decade before dipping on May 6 from substantial port congestion and ending its 15-week streak, according to the Baltic Dry Index. MSC announced a Global Fuel Surcharge for all shipments Asia-US voyages, effective June 1.

REGIONAL FOCUS

BANGLADESH



Port authorities urge shippers to pick up import containers through the upcoming Eid ul-Fitr holiday to avoid last year's unprecedented congestion as container yard capacity throughout the week hovered around 75% utilization and ship berthing delays increased. The aviation authority has greenlit international passenger flights excluding a dozen high-risk countries. Unfortunately, vaccination efforts have also stopped as Indian manufacturers prioritize domestic supplies.

past week despite government efforts to vaccinate its textiles industry last month—the prime minister ended pandemic-related lockdowns on May 5. Military have been deployed to the most virus-stricken areas of the capitol to implement a compulsory vaccination campaign for residents 18 and older. Port customs authorities are reportedly working on reduced schedules, extending cargo inspection and clearance times.

CANADA



It's getting cramped in the warehouses, and analysts are pointing to the burgeoning growth of e-commerce which has pummeled vacancy rates in Canada's major cities Toronto, Victoria, Vancouver, and Montreal. Speaking of which—Montreal Port slowly resumed operations on May 1 after the government passed back-to-work legislation that would punish individual offenses with daily fines up to C\$100,000 (~\$82,200). With nearly 20,000 containers backlogged and several vessels queuing at nearby ports, authorities say delays are expected in the coming weeks. Turkish Airlines commences its thrice-weekly direct flights between Vancouver and Istanbul shortly after announcing its network expansion in the Canadian Pacific.

CAMBODIA



An acute outbreak of coronavirus has infected more than 1,600 garment workers and set back some 200 factories over the



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CHINA

Rates
Demand



Significant increases in bulk shipping rates have been attributed to high demand in China for raw materials such as metal ore, grains, coal, and more. Factors to this include several bouts of swine fever ravaging domestic production, strong electronic exports, increased construction, and the political fallout with Australia which has prompted a suspension of economic dialogue along with commodity bans between the countries. Additional screening measures at land ports extend cross-border trucking times from neighboring countries such as Thailand, Vietnam, and Mongolia.

Rates
Demand



land borders shut, prolonged displacement of migrant workers will impede output at garment factories and textile mills, slow the export of soda ash, and tap out rubber harvests—cascading disruptions on regional production and prices across industries in the region.

INDONESIA

Demand



Capacity

Rates
Demand



Overall cargo demand rose ahead of Eid ul-Fitr holidays which began May 6 with government bans to domestic travel on rail, sea, and air. Many port staff will work on reduced hours and passenger terminals will be closed until May 17; several airlines including EVA Air, China Airlines, and Qatar Airways have taken this opportunity to clear out cargo backlogs and will not accept bookings until May 15.

E.U. REGION

Rates
Demand



EV manufacturers will have to hold out a little longer for microchip relief as Tesla's proposed Berlin Gigafactory announces a six-month delay to its startup date, attributed to slowdowns in regulatory approval and the transport of production equipment. Container availability has climbed steadily over the past few weeks in the wake of forecasted post-Suez Canal incident, but exporters are still hard-pressed to move goods through the ports of Rotterdam and Antwerp due to the cargo traffic. Shipping line Hapag-Lloyd announced upcoming surcharges for inland cargo transport to and from Bremerhaven, Hamburg, and Wilhelmshaven ports in mid-May and early June—a response to sustained congestion at all three ports.

Rates
Demand



JAPAN

Rates
Demand



No Change



The government extends its state of emergency in Tokyo and three other cities on heightened infection rates and slowed vaccine distribution, despite being earmarked for 72 million doses from the EU—about 40% of the latter's production output. Japanese suppliers of semiconductor materials have reportedly increased production volumes and investments in South Korean sites to taper off the global shortage as diplomats from both countries find common ground in London-based talks. The country's top airlines reaffirm plans to expand cargo services on underperforming fourth quarter results, forecasting rebounds to intra-Asia passenger performance as vaccine efforts ramp up.

INDIA

Rates

Capacity



No Change



The government's air force (IAF) was dispatched throughout the week to transport emergency medical supplies from origins in Southeast Asia to New Delhi, but now the challenge falls on domestic trucking to reach some of the worst-affected areas as medical supply shortages are still reported by care facilities. Commercial automakers and parts fabricators have also paused factory operations to avoid straining oxygen supplies—essential to cut and weld metal parts. With neighboring countries keeping



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MALAYSIA



As projected two weeks earlier by shipping line Maersk, transpacific services have been booked through June and 40' container supplies are in a dismal state—sustained congestion at feeder ports of Senari, Sabah, and Sarawak have also contributed to increases in berthing delays, roundtrip transit times, and cargo handling operations. Even the recent suspension of congestion surcharges by the Kuching Port Authority has had little effect to bolster performance within Malaysia's port network.

SINGAPORE



On May 2, the government banned travelers from or with a recent travel history to Bangladesh, Nepal, Pakistan, and Sri Lanka. Now, companies reliant on migrant labor report potential delays to construction, manufacturing, and landscaping. Several shipping lines including CMA CGM and MSC have advised of continued inbound vessel delays and 40-foot high cube container shortages at the Port of Singapore. Heavy export demand from origins in Taiwan, Korea, and Japan are expected to adversely affecting transit times for connection flights with US-bound cargo, according to KWE local sources.

MEXICO



Cargo departing from sea ports of Manzanillo, Altamira, and Veracruz to Latin America destinations are the latest to be marked for CMA CGM's emergency and overweight surcharges owing to traffic-induced delays as export demand engulfs domestic trucking capacity. On news of prolonged material shortages, some automakers are stockpiling unfinished vehicles to wait out inventory deficits while others rally investment efforts to integrate regional supply chains. Outbound belly capacity to US destinations grows on Latin American traveler confidence—or perhaps lockdown-induced stir-craze—with the approach of summer.

THAILAND



Hailed last year for its quarantine efforts, Thailand is knee-deep in a second coronavirus surge that has locked down its capitol and canceled celebrations for the second anniversary of King Maha Vajiralongkorn's coronation on May 4. Increased checkpoints around the city will impede cargo transit and available staff at port. As a result, Laem Chabang and PAT port is a bit congestion, Vessel delay call about 24-48 hours. Covid-19 still spread out seriously in Thailand.

PAKISTAN



Textiles exporters are seeing a swell of demand similar to the previous year as buyers divert orders from pandemic-stricken countries such as Bangladesh and India to meet deadlines, and fabricators in China are shunned over allegations of forced labor in Xinjiang. Several airlines have reduced or cut off passenger routes with Pakistan to contain the country's outbreak after its government restricted service operations to 20% of current summer schedules on May 5.

U. KINGDOM



The deluge of imports to Felixstowe has remained strong 17 weeks into the new year as retailers continue their restocking cycle and medical supplies push for priority, to the chagrin of industries reliant on imported cement and agriculture. The Minister of International Trade hints at a potential conclusion to trade talks with Australia, with a prospective agreement to be signed as early as June. A prolonged conflict over post-Brexit fishing rights on the English Channel has drawn blockade threats at the ports of Calais and Cherbourg by French fisherman after this week's stunt in the Port of Jersey, which may further impede cross-channel relations and trade movement.



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UNITED STATES

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Domestic trucking capacity is projected to dip low in the weeks to come if import volumes accelerate into the summer, according to trade analysts. Domestic manufacturing indices recorded a slowdown in April activity, attributed to none other than materials shortage and port delays. More commodities make national headlines due to procurement snags at home and abroad, such as chlorine, gun ammunition, home furnishings, bicycles, and lumber. Growing labor shortages also drag down business prospects for tourism and food industries weeks away from summer season, potentially capping earnings as airlines increase load factors for passenger flights and expand domestic routes once again.

VIETNAM

Demand



Rates

Rates
Demand



Industry experts say domestic textile and footwear companies are hard-pressed to replenish their labor forces as past furloughed and laid-off workers pivot to e-commerce and other sectors. Shortages of equipment have been reported over the past week with shipping lines MSC, ZIM, and CMA CGM. Domestic travel and tourism ticked up over the past weekend's holiday commemoration of Vietnam's reunification (April 30) and Labor Day (May 1), while earlier investments made to consumer electronics, textiles and garments, furniture, lumber, and agriculture sees gains in export volumes over the past month to US and China.