



WEEK 19 // MAY 14 2021

APERTURE & *FOCUS*

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

KWE
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GLOBAL APERTURE

More and more airlines tap into cargo service expansion on word that the current global cargo crisis may not abate until the final quarter of 2021, while passenger confidence takes a turn for the volatile in both domestic and international routes. The irresistible force of e-commerce demand continues to snap up any available capacity and the burgeoning Covid-19 crisis—along with well-meaning humanitarian efforts—has also played a significant role in keep capacity bogged down amid ongoing demand for microchips, plastics, automotive parts, and a slew of other commodities. Expect higher load factors and steeper rates, say air freight analysts, as even more shippers vie for air space and turn away from ocean freight headaches, especially when it comes to major trade lanes.

Analysts reported higher cargo roll-over rates and longer-than-average delays for late vessel arrivals in April, while containership speeds have made little headway compared to transit times in 2008—the most affected sites included Port Klang, Rotterdam, Kaohsiung, and Piraeus.

REGIONAL FOCUS

BANGLADESH



The Port of Chittagong suspended operations for the last work shift ahead of Eid al-Fitr—between 8 AM and 4 PM local time—rather than the customary four shifts in previous years due to severe vessel and cargo congestion in prior weeks. On word of travel suspensions by the UAE, Kuwait, and Thailand, the government has also banned domestic travel and extended its country-wide lockdown, which would have ended on May 16.

CAMBODIA



With the country-wide lockdown eased on May 5, customs officials at air and sea freight terminals are playing catch-up to clear current backlogs; domestic trucking sees little hindrance apart from a few restricted zones still dealing with local outbreaks.

BRAZIL



An impending port strike was delayed after a union meeting on May 11 following concerns of unclear vaccination timelines for port workers, which have been categorized as a priority group. Union representatives stated that the work stoppage may occur if port workers are not vaccinated by June 1—cargo operations may as many of Brazil's marine terminals are privately owned and operated.

CHINA



Regional carrier Sichuan Airlines resumed cargo services to India on May 12. Over the past week, the Civil Aviation Authority of China cancelled over 400 inbound flights due to coronavirus concerns, impacting not only passenger and cargo services but also raw materials essential to vaccine production. Long-haul ocean freight services to the US East Coast have reportedly witnessed increasing premium service surcharges—circumventing the warning issued by Chinese regulators last October for carriers to control rising Freight-All-Kinds (FAK) rates.



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E.U. REGION

Rates
Demand



Rates
Demand



Carrier Lufthansa establishes a temporary cargo hub in Dubai to route weekly flights between Europe and India—scheduled services will be extended due to the layovers, which were implemented for crew safety. Air carriers of the Middle East are also increasing humanitarian efforts: Dubai-based airline Emirates Cargo will transport medical aid to India on behalf of non-government organizations for free, as will Bahrain's flag carrier Gulf Air. Turkish Airlines re-opens passenger flight services to Bangkok, Kuala Lumpur, Jakarta, and Singapore, increasing belly capacity for Europe-Far East routes.

INDONESIA

Demand



Capacity

Rates
Demand



Outbound services to US and some intra-Asia destinations continue to suffer from backlogs and operational congestion, delaying newly scheduled shipments by up to three days from original departure date. Local KWE sources report no changes in port conditions from the previous week.

HONG KONG

No Change



Capacity
Demand



Nine destinations submitted by Hong Kong Air Cargo received approval from the region's aviation regulatory body on May 9: scheduled routes for Chennai, Tokyo, Manila, Jakarta, Delhi, Sydney, Melbourne, Liege, and Milan were greenlit by the Air Transport Licensing Authority to start in December. While container equipment at the Port of Hong Kong remains available for exporters, downstream capacity from Shenzhen will be carrier-dependent, according to local KWE sources.

KOREA

No Change



No Change



With current transpacific East Bound capacity nearly booked for the latter-half of May, KWE local sources are attempting to expand space allocations for the following month but report no changes to port conditions from the previous weeks. Any available air freight capacity has reportedly been allotted to e-commerce shipments originating from China.

MALAYSIA

Rates
Demand



Capacity

No Change



As a new Movement Control Order has been imposed on the country, KWE local sources project that air freight operations will be adversely affected by staffing restrictions. No changes have been reported to sea port conditions from the previous week.

INDIA

Rates

Capacity



No Change



Several ports including Nhava Sheva and Mundra are hard-hit with reduced labor capacity and container imports, raising cargo congestion while individual restrictions across 28 states and eight administrative regions hamper domestic transit. Vessels are not only facing difficulty at Indian ports, though; some port authorities in Southeast Asia, Africa, and Middle Eastern countries are barring crew changes for ships that have recently traveled to India. In the wake of dropping passenger rates, the country's airlines have asked state governments and the Ministry of Civil Aviation to waive traveler requirements for negative RT-PCR tests.

MEXICO

Capacity
Demand



Rates
Demand



On May 9, Aeromexico launched direct cargo flights from Wuhan to Mexico City. A government project to modernize the 300 km land corridor between Veracruz and Oaxaca will be controlled by the Mexican Navy upon completion in 2022; until then, some traffic congestion is projected, which may affect trucking operations.



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SRI LANKA



Local KWE sources report no changes to port conditions from the previous week, although marine terminals are currently operating with a limited workforce due to coronavirus restrictions.

UNITED STATES



United Airlines will suspend its Chicago-New Delhi passenger service on June 1 and further delay its San Francisco-Bangalore service from May 27 to August 1. CMA CGM's air cargo division expanded its network capabilities on May 12, connecting US origins with regular flights to Dubai, Beirut, and Istanbul via its transloading hub in Liege, Belgium. Due to the onset of peak season for many agricultural exporters, origin ports in the US are doubling up on reefer capacity, although it may take some time for these efforts to bear fruit.

SINGAPORE



The discovery of new coronavirus cases have moved the government to conduct mass testing at air and sea ports—further instances may delay the planned May 26 relaunch of Singapore's travel bubble with Hong Kong. The Port of Singapore projects increase of imported TEUs in the weeks ahead, although late vessel arrivals and coronavirus restrictions will continue to present challenges for shippers and cargo handlers.

VIETNAM



KWE local sources report that some ocean carriers have refused to release bookings on Weeks 18 and 19 per allocation agreements, affecting outbound services from the Port of Haiphong. Major equipment shortages have also been exacerbated at Vietnam's major ports due to cancelled sailings.

THAILAND



Feeder services will see a slight uptick in capacity come June 5: Regional Carrier Lines and Mariana Express Lines will collaborate on a new service connecting Thailand ports of Bangkok and Laem Chabang with Chinese ports in Nansha and Shekou. Until then, Thailand's ports still face acute container shortages, with few carriers able to meet current demand. Air freight operations fared better in the previous week with no reports of congestion; however, a string of cancelled flights by China Cargo Airlines and Air China will put pressure on intra-Asia capacity in the weeks to come, according to local KWE sources.