



WEEK 20 // MAY 21 2021

APERTURE & *FOCUS*

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

KWE
Global Logistics Partner

GLOBAL APERTURE

New hope rests on the wings of leisure travel, which is gaining momentum slowly as the populations of developed nations grow vaccination rates, although current Covid-19 hotspots are exempt from this trend. Fresh from their first quarter earning reports, many airlines are ponying up investments to expand their cargo operations in case industry recovery takes another unexpected turn. Some have even appealed to governments for the creation of new travel corridors—we recommend not holding your breath for the outcome.

A new report estimates that about 70% of the world is experiencing supplier fulfillment delays, but while terminal operators, governments, and carriers continue to point fingers, here's what we do know about the situation that has seemingly dragged on through the pandemic: Latin America's transit network faltered this week due to labor strikes that suspended operations across Bolivia's airports and Argentina's marine terminals—hubs crucial to the global trade of agricultural produce, oil & gas, coal, lumber, and metal ore.

Revised analysis by shipping lines points to a slower recovery across European ports, observing greater-than-average delays as terminal operators tread through the thickest waves of rolled cargo and straggling vessels post-Suez Canal.

Ports across Asia are still knee-deep in cargo backlogs with little equipment or containers to handle them, and the bookings keep mounting. Many shippers in the region have opted away from their primary origin ports in search of better lead times and container availability, culminating to a very not-fun variant of musical chairs. With the recent news of a vessel disappearance in the Malacca Strait, a sunk cargo ship off the coast of Haiphong, and further spread of the aggressive Covid-19 Indian variant, summer doesn't seem as bright as industry advocates projected in early spring.

REGIONAL FOCUS

BANGLADESH



In spite of prior efforts, cargo congestion has once again beset Chittagong Port after the country's annual Eid al-Fitr holidays—vessels were reportedly bunched at the outer anchorage and some 40,000 TEUs of cargo had been backlogged as of May 17.

CAMBODIA



Due to continued zoning restrictions and country-wide curfews, local KWE sources report that clearance processes and land transport have taken significantly more time to fulfill.

BRAZIL



While business is usual for at least another week at the Port of Santos, dockworkers and shipping crews at the Port of Rio de Janeiro started a 48-hour strike on May 19, backing up demands for vaccine prioritization. Airline LATAM Group's cargo division adds two more freighter conversions to its shopping cart, with intentions to raise support for flower and seafood industries—shippers likely won't see that additional capacity until 2023, though.

CHINA



Despite impressive cargo throughput at major Chinese ports, shipping capacity has been under intense pressure over the past weeks, with cargo backlogs at destination ports moving shipping schedules back at China origins. On news of slowed entry of goods across all ports, the General Administration of Customs released a statement on May 21 to address overall port clearance times and its intent to implement RCEP provisions to facilitate cross-border trade.



WEEK 20 // MAY 21 2021

APERTURE & FOCUS

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

KWE
Global Logistics Partner

E.U. REGION

Rates
Demand



Rates
Demand



Amsterdam Airport Schiphol has announced the reopening of its 600,000m² Polderbaan Runway after four months of maintenance. Carrier CMA CGM will raise its Peak Season Surcharges (PSS) for Intra-Mediterranean and North European services on June 1, citing untamed port congestion and equipment shortages. Some blanked sailings have been called in for Europe-Asia routes at May's end and June's beginning to reset lengthening vessel delays and cargo rollover rates, lest shipping lines lose more market share to rail. With networks stretching to the eastern coasts of Russia and China and competitive transit times, cross-continental freight trains are seeing greater demand from shippers eager to bypass Suez Canal slowdowns.

JAPAN

Rates
Demand



No Change



The nation's state of emergency expanded from four major cities to Hokkaido and Hiroshima on reports of a Covid-19 resurgence over the week. Data analysts show strong rebounds on-year in commodity exports and production sentiment in April, with major export gains to China and the US. Though news broke out that two more automotive brands briefly shuttered production on lack of semiconductors, a new diet group has been formed within the government to develop Japan's domestic semiconductor industry, following similar announcements made by officials in China, Korea, and the US.

INDIA

No Change



No Change



The week-start onset of Cyclone Tauktae caused marine terminals at 21 Gujarati ports, including Kandla, Nhava Sheva, and Mundra, to suspend operations for at least 24 hours amidst civilian evacuation. On news of worsening infection rates, the Port of Chennai reduced terminal operations, available workers, and customs officials beginning May 16—to the chagrin of shippers. The disruption is projected to raise local prices on medical supplies already beset with strong demand and raw material shortages.

MALAYSIA

Capacity
Rates
Demand



No Change



Passenger belly capacity saw minor increases due to the country's Hari Raya/Eid al-Fitr holidays, although outbound rates and demand also increased for US destinations during this time. An earlier claim by analysts that Port Klang suffered 64% cargo rollover rate in April has been disputed by the Port Authority, who argued that the actual rate was closer to 12%.

MEXICO

Capacity
Rates
Demand



Rates
Demand



New connections brighten outlook for passenger belly capacity: Air France regains weekly traveler connectivity with Mexico in June, while Viva Aerobus secures new routes to Mexico City via Austin and Aeromar adds another nonstop flight from Laredo to the capitol starting June 5. Chronic backlogs continue to affect cargo operations in Mexico City, while local KWE branches in Guadalajara and Monterrey report no congestion at their respective airport terminals. An untimely storm-related power outage on May 17 was responsible for slowdowns in cross-border rail and trucking operations.

INDONESIA

Capacity



No Change



Outbound air capacity remains tight due to increased booking throughout the past two weeks and multiple flight cancellations during Eid al-Fitr; airlines have been prioritizing backlog clearance related to these cancellations, and worked on reduced operation hours until May 18.



WEEK 20 // MAY 21 2021

APERTURE & *FOCUS*

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

KWE
Global Logistics Partner

PHILIPPINES



Multiple blank sailings by THE Alliance and reports of dwindling capacity in Ocean Alliance services has fired up FAK rates; local KWE sources recommend advanced bookings three to four weeks ahead.

UNITED STATES



A cyberattack on one of the nation's private oil pipeline systems last week led panic-stricken consumers to hoard gasoline in the Southeastern region, putting pressure on cargo operations that use Atlanta as a transport hub. An apparent wooden pallet shortage has become cause for concern among agricultural producers who have jumped ship from sea freight transport on lack of reefer containers. A clash of low- and high-pressure weather systems in the Southern region has swept highways and cities with spontaneous heavy rain and flooding, prompting delays in trucking and air cargo operations. Air and sea terminal operations remain heavily congested, with the largest backlogs at key hubs of Atlanta, Chicago, Los Angeles, and New York.

SINGAPORE



Continued congestion outside the Port of Singapore has culminated in a plethora of delayed vessel arrivals. Many shipping lines are still reliant on inbound containers to be reused for exports, which have also suffered from the vessel buildup. Some sources have attributed the slowdown to a recent outbreak within the port area, which has caused the Port Authority to increase testing frequency among workers and social distancing guidelines in the port area.

Likewise, Changi Airport will also reduce its cargo handler staff to comply with social distancing guidelines across cargo terminals. The planned air travel-bubble with Hong Kong has been deferred following an uptick in Covid-19 infections within the country.

VIETNAM



Air capacity has decreased due to pilot shortages that led to flight cancellations by Asiana, China Airlines, and Cathay Pacific. This, combined with existing cargo backlogs before Vietnam's early-May holidays, has inevitably led to increased rates. Outbound demand to major US destinations has been sustained by retail and hi-tech sectors accompanied by spillovers from sea freight.

THAILAND



Air export congestion has cleared up considerably over the previous week, but air import is partially tied up due to reductions in customs clearance work shifts and available officers. A cancelled intra-Asia freighter flight on May 15 adds to capacity worries while fewer airport staff means longer wait times to process terminal charges.

At the docks, equipment shortages have been observed from carriers MSC, ZIM, and CMA CGM. Workers across industries have come under infection of the Covid-19 Indian variant over the past week, forcing several factory closures and many more to reduce in-office staff.