



WEEK 22 // JUNE 4 2021

# APERTURE & *FOCUS*

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

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Global Logistics Partner

## GLOBAL APERTURE

Global air cargo data over the previous month shows a 4% decrease in volume throughput compared to 2019, and the growing outbreaks in Southeast Asia and parts of East Asia further dampens recovery outlook. However, ASEAN and EU have concluded negotiations for a comprehensive air transport agreement following a virtual discussion on June 2, expanding airline capacity limits between the two nation blocs. This bodes well for shippers held back on both sides by reactionary travel restrictions that have sprouted this week.

In the thick of summer peak season, containerized exports of agricultural produce from Southeast Asia and South America will be capacity constrained, furthering the global trend of increased consumer prices for vegetables, fruits, meats, and grains. Elsewhere, shippers held their breath once more on May 28 after the Maersk Emerald found itself temporarily grounded on the northern end of the Suez Canal; fortunately, the vessel was refloated a few hours without incident.

## REGIONAL FOCUS

### AMERICAS

Capacity  
Rates  
Demand



Capacity  
Rates



Container rates for Asian imports are expected to rise in South America on sustained demand for Chinese goods. However, import demand in North America seems to have peaked—at least temporarily, according to industry indices. Heavy congestion and long terminal wait times continue to impede major air hubs in the region. Air Canada recently restarted Air Canada establishes service connection between Montreal and Cairo, with first flights in mid-June. Aeromexico received the first of its five leased Boeing 737 Max 9s on May 30, with commercial operations expected to start in mid-June.

Governments in the region made some significant moves over the week: 14 of Mexico's largest public ports will come under the control of the Mexican Navy this week in the country's bid to reduce corruption. In the same vein, US Customs and Border Protection expands its partnership with the industry group World Business for Secure Commerce Organization (WBO), including increased data transparency among certified members and the customs agency. Brazilian authorities further restricted the arrival of foreign seafarers to prevent potential Covid-19 transmission in the country. In the US, local health officials are instead boarding commercial vessels to administer one-dose Covid-19 vaccines for seafarers.

A new Canada feeder service is established between the ports of Montreal and Hamilton to support transloading operations, with the first vessel to depart June 10. CGA CGM will impose a Low

Water Surcharge on cargo from all origins to the Canadian East Coast effective June 15 due to significant loss to water levels of the Ontario Lake and St. Lawrence river; origin exceptions are East Asia ports.

### EAST ASIA & OCEANIA

Rates  
Demand



Rates  
Demand



Capacity



The region's air travel network is growing out once again, with service restorations to Cathay Pacific, EVA Air, China Airlines, and talk over a potential travel bubble between South Korea and Singapore. But state officials are still taking decisive measures to nip outbreak risks in the bud—in response to the June 4 discovery of Covid-19 infected passengers, China's Civil Aviation Authority caps load factors on Air France's Paris-Tianjin flight for four week beginning June 7; and an attempt to overturn Australia's Biosecurity Act travel ban was rejected in court on June 1.

China's Port of Yantian resumed export operations on May 31 with a 20,000 TEU backlog—several carriers including Maersk, ONE, and Hapag-Lloyd announced schedule omissions and terminal congestion is expected for the coming weeks, with over 40 vessels reportedly anchored outside the port on June 3. Some vessels have diverted to ports in Nansha and Shekou based on estimated arrival times.

South Korean exports in May registered a 45.6% increase on-



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year—the highest since 1988—with strong performance in microchips, automotive, and petrochemical segments. But the country's seaport operations are still down in the dumps: terminal congestion at the Port of Busan has restricted cargo acceptance to within five days of voyage.

With previous month's data in review, Taiwan also forecasts growth for the 11th straight month, albeit at a lighter pace due to local Covid-19 outbreaks and heavy drought impeding electronics production. A containership collision with an overhead crane at Kaohsiung Port on June 3, dealing collateral damage to another crane and nearby cargo—the area has been cordoned off.

## JAPAN

Rates  
Demand



No Change



While South Korea unseated Vietnam as Japan's top export destination for overall exports in May, annual data suggests that the country has weened off its dependence on Japanese materials and components in the first quarter, compared to prior years. Now, Japan's public and private sectors look to strengthen ties with Taiwan, the world's de facto microchip supplier, through industry cooperation and Covid-19 aid.

## EUROPE, MIDDLE EAST & AFRICA

Rates  
Demand



Rates  
Demand



Industry analysts warn that the region's air traffic recovery is stalling due to tighter travel restrictions: The UK removes Portugal from its travel green list, while the EU maintains its travel restrictions on UK and US despite permitting non-essential travel within the EU starting June 19. Individual member countries such as Netherlands, Greece, Italy, and France have also updated their travel lists with little consistency, making traveler recovery rather spotty.

Shippers can expect the UK to face significant truck driver shortages in 2021, according to industry groups in the country, as many drivers who returned to their country of origin over the course of the pandemic have not come back. Most recently, anti-immigration protests blocked cargo trucks at the Port of Dover on May 29, delaying movement until local police responded.

Apart from Asia-Europe trade lanes and the imposition of carrier GRIs, regional sea freight rates saw little change over the week. Carrier alliance 2M announced scheduled omissions to Hamburg Port via their Asia-Europe service for the month of June, diverting cargo to the Port of Bremerhaven due to severe terminal congestion. CMA CGM revises its Peak Season Surcharge for cargo originating from Asia destined for ports in the Red Sea from June 1 onward.

On more positive news, Belgium is the first among EU member nations to launch Covid-19 vaccinations for seafarers at the Port of Antwerp, with the Port of Zeebrugge to follow.

## SOUTHEAST ASIA

Demand



Rates



Capacity  
Demand

Some Indian states relaxed lockdown restrictions to resume production and export activities, but much of the nation's economy remains paralyzed, with international travel ban extended to June 30.

Malaysia has ordered a total lockdown effective until June 14, which local KWE sources anticipate will contribute to operational delays for the duration as truckers report that some local authorities are preventing cargo movement. Further outbreaks in Vietnam, Thailand, and Pakistan have also moved countries like Philippines, Bangladesh, and Singapore to modify travel bans and reinforce border closures.

The June 2 landfall of Tropical Storm Dante suspended sea terminal operations in eastern parts of the Philippines, rolling nearly 800 cargo containers and delaying 73 vessels.

A containership that caught fire en route to Colombo Port sank Wednesday after erupting in fire in Sri Lankan waters last week, prompting an international response to contain leaked chemicals and oil.