



WEEK 23 // JUNE 10 2021

APERTURE & *FOCUS*

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

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GLOBAL APERTURE

After more than 1.5 years of the Covid-19 pandemic, government and industry have internalized some takeaways—namely, that it takes a group effort to get things done. The ASEAN-China Foreign Ministers' Meeting convened on June 7 in collected efforts to broaden economic cooperation, harmonize Covid-19 recovery strategies, and deescalate ongoing disputes in the South China Sea. The UK is set to host the G7 Summit this weekend with invitees from Australia, South Korea, India, and South Africa to join leaders of the seven member nations. Topics to be discussed include climate change, carbon border taxation, and the development of a Covid-19 pandemic response.

At the same time, the power of change can often be vested in one entity: on June 17 the World Trade Organization will step up to negotiate vaccine supplies for nations in need that, in the past eight months, have pushed for IP waivers. IATA (International Air Transport Association) will soon release its digital vaccine passport to unify air traveler recovery efforts. The IMO (International Maritime Organization) is expected to mete out guidelines on carbon emissions reduction to be enforced as early as the end of 2023.

REGIONAL FOCUS

AMERICAS

Rates
Demand



Rates
Demand



Air terminal operations remain heavily congested in Los Angeles and Chicago, and now that air travelers are returning, the US Transport Security Administration (TSA) has issued a memo that over 100 major airports in the country will be short-staffed in June. Conditions at West Coast's so-called "retail ports" are scarcely faring better and continue to present significant export challenges now that the Yantian Port congestion has worsened. Expect lowered schedule reliability for transpacific lanes in the coming weeks. Cross-border trucking sees a glimmer of short-term relief with industry pressure mounting on the governments of Canada, US, and Mexico to fully reopen land ports—officials are in discussion to gradually phase out travel restrictions.

On June 8, the US government released findings to a 100-day review of key industry supply chains and issued a series of actions to address critical shortfalls—among them the establishment of a Supply Chain Disruptions Task Force and increased international investment. Officials also plan to negotiate a trade agreement with Taiwan and resume trade talks with the EU to reduce vaccine export barriers, according to a drafted statement.

Customs officials in Argentina held a seven-hour strike on June 8, citing lack of progress in the ongoing negotiations with the government to vaccinate workers. Export operations across the region were reportedly affected for the duration.

EAST ASIA & OCEANIA

Capacity
Rates
Demand



Rates
Demand



Capacity



The Yantian Port congestion spreads downstream to Nansha and Shekou over the weekend as local infections rise, predominantly affecting service operations by Maersk, Ocean Network Express, and THE Alliance fleets. Carriers report terminal delays of up to 14 days as cargo backlogs surpass volumes recorded in the Suez Canal blockade, affecting transshipment hubs in Korea, Taiwan, and China. This has signaled another modal shift to a regional air market already beset by capacity shortages.

South Korea's Fair Trade Commission announced its intent to tax carriers operating South Korea-Southeast Asia sea freight routes following the conclusion of a three-year investigation on industry collusion. Domestic shipping groups warn that the move may adversely affect capacity in the current industry crisis.

Sea carrier Matson announces an expedited transpacific service from Ningbo to Oakland and Long Beach starting July 27. Maersk will begin a new transpacific route connecting several ports in East Asia with Tacoma Port at the end of June. Carrier CaroTrans retroactively applies a General Rate Increase (GRI) to US-bound vessels from China, Taiwan, Hong Kong, and Vietnam, effective June 1. China Southern Airlines installs a cargo service route between Haikou and Milan, targeting fashion, cosmetics, and leather goods industries in Italy. Air New Zealand will restore 30 weekly cargo flights to international destinations including Korea, China, Japan, Taiwan, South Korea, and the US.



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EUROPE, MIDDLE EAST & AFRICA

Capacity
Rates
Demand



Rates



Capacity



Ahead of the G7 Summit, the UK counts its blessings on signed trade deals with Iceland and Norway as negotiations with Australia hit the rocks.

Belgium and France eased lockdowns this week, joining other EU members to roll out vaccine passports by July 1, although efforts are scarcely in harmony.

Passenger flights and cruises plan to restart this summer (except in Scotland), but airlines are still building out cargo contingencies: this week IAG Cargo announced increased flight frequencies from Spain to Brazil and Mexico as well as a new route to Ecuador, targeting perishables and automotive shipments; Emirates SkyCargo will resume flight connectivity with Birmingham, UK; and American Airlines Cargo also commences service routes, connecting Athens to Chicago and New York City.

In contrast, shipping lines are reeling back. To ensure service reliability under current port conditions, CMA CGM will reshuffle its North Europe-South America service on July 1, dropping Itapoa and Algeciras from its ports of call; Le Havre will also be skipped for 8 weeks. Several carriers also announced blank sailings for Europe-Asia routes in response to the Yantian Port congestion and its ripple effects to neighboring ports in Southern China. Intra-Europe services have been introduced by some regional carriers, but not nearly enough to offset these changes.

SOUTHEAST ASIA

Rates
Demand



Rates



Capacity
Demand



More cities and states in India ease lockdowns on the week of June 7 following declines to Covid-19 infection rates, and the nation's Minister of State for Ports, Shipping and Waterways announced priority vaccination for Indian seafarers.

Feeder terminals in Manila and Singapore report vessel delays associated with the Yantian Port congestion, although operations cross Southeast Asian ports are also weighed down by equipment and staff shortages. Reduced production output in Covid-afflicted countries yields reduced outbound demand to intra-Asia destinations, but capacity to US is still thin from exporters jumping the proverbial ship to fly cargo by plane.

Singapore Airlines restarts transoceanic flights from Manchester on July 17, with hopes to expand connectivity to Houston. Malaysia-based low-cost carrier AirAsia Group announced plans to ground 90% of its fleet due to updates in Covid-19 infection rates and pivot to freighter operations in the third quarter, with a cargo route planned to operate out of Bangkok and conversions made to two Airbus A320s.

JAPAN

Capacity
Rates
Demand



Rates
Demand



The nation will issue vaccine passports ahead of the Tokyo Olympics with renewed faith in its recovery efforts, as a new vaccination scheme registers over 400 companies and universities for on-site inoculation starting June 21. Vaccinations have already started at Yokohama Port, whose city houses the highest elderly population in the country. All Nippon Airways (ANA) launches two cargo flights to Hangzhou in late-June, and Lufthansa Airlines plans to increase its weekly flights between Frankfurt and Haneda on July 1.