



WEEK 24 // JUNE 18 2021

APERTURE & *FOCUS*

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

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GLOBAL APERTURE

Global airlines have signaled capacity reductions for June and July on reports that the Yantian Port congestion has not produced demand spillovers as anticipated; hybrid-freighters will also be phased out to accommodate passenger demand. The effects have already been seen in the first two weeks of June with an 11% decrease in regional air capacity compared to 2019—only transpacific and intra-Americas trade lanes saw positive growth in this period. Global passenger belly capacity remains dismally short-stocked—down 54% compared to 2019.

An entire year of cargo backlogs, shorthanded labor, and vessel delays have shippers prepping for an earlier Christmas inventory restocking season—usually attributed to the months of August and September. Major news outlets around the world have already drawn correlations with increased consumer prices and certain commodity shortages as some shippers pass on the costs while others are simply shut out of the market.

Among topics discussed during the G7 Summit, a new interregional infrastructure scheme—Build Back Better World (B3W)—has been raised by its member nations as an alternative to China's Belt Road Initiative, although the details have yet to be released. Following the summit's conclusion, a new free trade agreement between UK and Australia was announced on June 15, to be signed and enforced by July 2022, while an upcoming bilateral agreement with New Zealand is expected to be signed in August. The EU and US also buried a proverbial hatchet over the weekend; specifically, a 17-year old hatchet involving the WTO and aircraft subsidies.

A Port Congestion Surcharge was issued by liner CMA CGM effective June 11 for reefer containers bound to Yantian Port; the surcharge will take effect on June 21 for select countries in the Americas. The carrier also issued Peak Season Surcharges for India- and Pakistan-origin cargoes destined to South America's western ports as well as Central America, the Mexican East Coast, and the Caribbean—both surcharges take effect June 25.

REGIONAL FOCUS

AMERICAS

Rates
Demand



Rates
Demand



Canadian border officers and agency workers initiated a strike vote on June 16 in response to government announcements to ease travel restrictions with the US, with a decision to be announced in the next few weeks. Air Canada Cargo announces five routes from Toronto to US, Mexico, and South America destinations in October. US airports and sea terminals continue to struggle against heavy import flow—even persuading a bigbox retailer to charter an entire containership to avoid delays.

Latin America trade flow has also been adversely affected over the week to organized action. Argentine port unions commenced another 24-hour strike on June 18, suspending shipping operations and customs clearance throughout the country. An ongoing civil protest in Mexico that began on June 11 has blockaded a railroad track connecting to the Port of Lazaro Cardenas, forcing shippers to instead rely on domestic trucking.

EAST ASIA & OCEANIA

Rates
Demand



Rates
Demand



Capacity



Yantian Port struggles through its second week of cargo bottlenecks, and analysts project that the recovery process and ripple effects will take weeks or even months to subside. Hong Kong eased lockdown restrictions on June 16 for non-cargo ships, provisioning bunkering operations on the condition that vessels submit a port of call list for the past 21 days—crew changes are still restricted. Incheon Airport's fourth runway commenced operations on June 17 to help with South Korea's strong export performance such that slowed demand from China has not freed capacity as would be expected.



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EUROPE, MIDDLE EAST & AFRICA

Rates
Demand



Rates
Demand



Capacity

Rail service between the ports of Dublin and Ballina was suspended last week due to Brexit-related congestion, while protests and violence have escalated in parts of Northern Ireland over political implications of the Northern Ireland Protocol—a series of customs requirements for goods trucked into Ireland via Britain.

Booking slot difficulties and staff shortages at Liverpool Port continue to inhibit truckers from accessing cargo over the week, forcing shippers to pay additional quay rent and demurrage charges.

Previous blanked sailings by Maersk and MSC have been extended by four weeks on account of sustained terminal congestion in Rotterdam, and a second 24-hour union strike took place at Piraeus Port and other parts of Greece on June 16 in response to the approval of a contentious labor bill, suspending cargo operations.

SOUTHEAST ASIA

Rates
Demand



Rates



Demand



Regional air operations—if not harangued by lockdown restrictions—have seen increased spillover demand to Japan and Europe, even forcing ANA Airways to suspend exports via Jakarta until June 19.

Although India's national lockdown has eased, state-imposed work occupancy restrictions and spiraling cargo congestion in China have adversely affected US-bound shipments at ports such as Nhava Sheva, Mundra, Chennai, and Cochin.

Some carriers have pre-emptively canceled vessel arrivals to Port Singapore to avoid potential disruption, although ships that have called to port have not experienced spillover congestion. Manila Port—currently at 60% port utilization—forecasts import delays in the coming weeks as a symptom of the ongoing Yantian Port congestion.

JAPAN

Rates



Rates
Demand



The government extended State of Emergency restrictions on major cities including Tokyo through June 20 as Covid-19 cases increase. The government has lodged an official complaint with the World Trade Organization over China's imposition of anti-dumping duties on stainless steel imports from Japan. Exports increased nearly 50% in May on heightened US and EU demand for machinery, automotive components, and vehicles. Imports also saw a fourth consecutive month of growth, attributed to a steadily recovering population.