



WEEK 25 // JUNE 25 2021

APERTURE & *FOCUS*

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

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GLOBAL APERTURE

Economic recovery continues to fly on the wings of airlines as polarizing market conditions have pushed even New Zealand exporters to air freight. But on-year export trends have slowed their roll since springtime—when cargo performance was compared to 2020's rock-bottom months. Be prepared as the onset of summer will bring changes not only to consumer behavior, but also to industry regulation at the domestic and international level.

The cargo-in-cabin exemption by the US Federal Aviation Administration (FAA) is due to expire July 10, and a similar exemption from the European Union Aviation Safety Agency (EASA) will expire on December 31. Combined with ICAO member nations' directives to screen 100% of air cargo starting June 30, market capacity will see significant fluctuations in the coming weeks—par for the course during slack season. On the upside, the return of passenger flights may lead to increased belly capacity and faster airport operations: hybrid “freighters” take considerably more time and labor to load cargo, forcing shippers to accommodate for earlier cargo receipt and lengthier wait times.

Meanwhile, cargo vessel crews are still forced to wait out pandemic restrictions at sea. Is this recovery?

REGIONAL FOCUS

AMERICAS

Rates
Demand



Rates
Demand



To the dismay of road-trippers and truckers, land border restrictions between Canada, Mexico, and the US were extended to July 21, but air travelers aren't in a better position: American Airlines was recently forced to cancel 1% of its passenger flights in July over operational shortages and erratic weather conditions. The airline and many others are still trying to rehire and retain their workforce in the depths of a pilot shortage and flight certification backlog.

Intermodal hubs in the Southwest and Central US regions are running short of truck chassis, dragging out dwell times for trucks and unloading times for trains. Agricultural exporters may have room to breathe as the Seattle-Tacoma Ports work in partnership with local warehouses to safely store perishable goods. Until then, the Pacific Northwest will struggle with record-breaking import volumes and rising dwell times like its coastal counterparts.

ASIA-PACIFIC

Capacity
Rates
Demand



Rates
Demand



Although Yantian Port recovered approximately 70% of handling capacity as of June 21, port congestion has not subsided as 139 vessels were reportedly anchored off the coast of China in the beginning of the week. In response to a fire that took place on June 17, authorities in Shanghai Port have suspended land transport and handling of non-essential hazardous materials until July 2.

Aftershocks have been felt throughout the region: large stockpiles of containers were reportedly spotted over the weekend at Busan New Port in connection to the Yantian Port congestion; the amount of inflow congestion at Japanese ports has driven shippers to claim nearly all available air capacity; and domestic trade groups have warned of dwindling vessel calls to the Philippines, increasing cargo backlogs.

The regional air sector strengthens its connections to Europe, empowered by the EU-ASEAN Air Transport Agreement, but spot capacity to the Americas remains ever-pressured by high demand and continued delays in the sea freight market.



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EUROPE, MIDDLE EAST & AFRICA

Capacity
Rates



Rates
Demand



Some sea carriers have started to adjust service schedules to better reflect actual delay times for Asia-Europe trade lanes, skipping calls to mega-ports at Hamburg and Rotterdam over sustained terminal congestion. Updates to EU sanitary regulations have also held up 200 containers of produce—mainly from Latin America—at Algeciras Port.

The regional air market seems to be faring better, at least based on reports that the number of parked aircraft has dropped to its lowest point since the pandemic began. Regional airline partners have added more passenger flights to Germany, France, Portugal, Greece, and the Netherlands from origins in Canada, South Africa, Latin America, the US, and India.

Trucking capacity in the UK is reportedly short by up to 100,000 drivers, and industry groups have pressed the government to provide visas for European drivers and even mobilize the military to fill in the deficit. Now that the UK's moratorium on customs declarations has expired, cross-border exporters may want a second or even third set of eyes to review shipping documents.