



WEEK 27 & 28 // JULY 13 2021

APERTURE & *FOCUS*

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

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GLOBAL APERTURE

Global air cargo demand was up 9.4% on-year in May, according to the latest data analysis by IATA, with the economic recovery of most regions excluding Latin America contributing to this increase. Global air cargo capacity, on the other hand, is still 9.7% below 2019 levels—attributed to the sluggish recovery in air travel. Industry analysts note that the months-long modal shift from sea freight to air across industries has significantly changed shipper attitudes between the two dominant transport modes—namely, the once-held belief that sea freight is more cost-effective than air freight.

But a move by many airlines to downsize their fleets and trade-in older widebody jets for narrow-body aircraft may cut overall cargo capacity in the near-future, according to one industry report. This is in part due to major revenue losses suffered during 2020's global lockdown, as well as international and industry campaigns to offset carbon emissions and reduce dependency on fossil fuels.

Shipping lines are keen to recoup lost market share caused by pandemic-related port congestion and equipment discrepancies: Evergreen is the latest carrier to announce the procurement of additional containers—6,000 to be exact. This won't necessarily offset the current disruptions sea freight shippers face; some of the more pessimistic projections have touted that industry normalcy won't return until 2023.

REGIONAL FOCUS

AMERICAS

Rates
Demand



Rates
Demand



ASIA-PACIFIC

Rates
Demand



Rates



Tropical storm Elsa's movement across the US East Coast prompted airlines to suspend cargo operations from July 6 until further notice. The US President issued an executive order on July 9 with over 70 proclamations to promote fair competition across industry sectors—calling on agencies such as the FTC to enforce antitrust laws and the FMC to “ensure vigorous enforcement against shippers charging American exporters exorbitant charges.” Cargo throughput levels have reportedly peaked at Long Beach port and are slowly normalizing after rising 20.3% on-year in June. Meanwhile, Southeast port authorities and carriers announced plans to add 50,000 new intermodal chassis over the next 18 months for Alabama, Florida, Georgia, North Carolina, and South Carolina. This move may help to address the regional deficit in trucker capacity reported in previous weeks.

South China port congestion has not subsided although cargo operations have fully resumed; officials are worried that backlog clearance may overlap with the upcoming peak season and further hamper ports in the region such as Busan, Singapore, Thailand, and Vietnam. Authorities in Thailand have reinstated lockdown measures for Thailand's most populous cities until July 26—ground transportation may be intermittently affected during this time. Cargo congestion for Bangladesh shippers has recently increased due to ongoing construction and downed cargo scanners at Dhaka Airport—the civil aviation authority restricted trucking entry from July 11 to mitigate further delays.

Emirates extends service suspensions from Pakistan, Bangladesh, and Sri Lanka to July 15. Vietnam Airlines plans to resume commercial flights to major tourist destinations in Europe and Asia on July 15, with uplifts to capacity based on traveler demand. Unfortunately, the recent enforcement of international arrival caps in Australia will tighten airfreight capacity ahead of peak season for importers.



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EUROPE, MIDDLE EAST & AFRICA

Rates
Demand



Rates
Demand



The UK government has eased work restrictions for truckers as a short-term solution to address ongoing capacity shortages in ground transportation, although industry groups say this will have little effect for shippers. To compensate, Felixstowe Port has established a new rail service connecting with an inland depot in Tinsley—able to provide a daily capacity equivalent to 76 trucks. But with continually low air traveler numbers and many flight restrictions still in place, airport operators warn that freight operations will continue to be impacted.

European airports are faring significantly better in terms of passenger travel and cargo throughput, with slight increases to both categories noted at airports in France, Germany, and Belgium. To support this recovery, Lufthansa will reinforce its cargo fleet with two additional freighter conversions to operate intra-Europe routes via Frankfurt Airport.

Civil unrest in parts of South Africa has suspended operations at Durban Port since July 12, and the country's air passenger belly capacity will remain capped due to lockdown extensions set to expire July 25.