



WEEK 29 // JULY 22 2021

# APERTURE & *FOCUS*

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



## GLOBAL APERTURE

Consumer outlook remains firm, according to market analysts. But business outlook has been mired in apprehension, and for good reason. The semiconductor shortage lingers a while longer and forces further production slowdowns in the auto and electronics sectors. Timber, plastics, and metals are also running thin in supply against the backdrop of port congestions, reduced labor, and steep freight rates—analysts expect consumer inflation to hit nearly all marketplaces. Fuel surcharges and port demurrages are expected to increase, and shipping lines have already announced congestion surcharges ahead of the next peak season.

## REGIONAL FOCUS

### AMERICAS

Rates Demand



Rates



### ASIA-PACIFIC

Rates Demand



Rates



Land travel bans have been extended to August 21 in North America as Canada, the US, and Mexico see upticks to their Covid-19 infection rates. However, US airlines recently reported that the newest wave of infections have not curbed passenger demand, driving up outbound belly capacity to destinations mainly in Europe and Canada. US West Coast ports are once again signaling increased cargo congestion, leading some shippers to reroute supply chains to Southeastern ports. This alternative may be limited in efficacy though, as many port authorities project the pandemic-driven import surge may persist well into 2022.

Further north, a recent wildfire that disrupted a crucial railroad to Vancouver Port has backed up cargo operations by several weeks, and officials are worried that future blazes could exponentially hurt exporters of grain, metals, and coal. In addition to maritime ports, Mexico's military have now been given control over the country's customs agency to reduce corruption and drug trafficking. On July 21, the agency announced suspension to 82 companies in its import & export registry. No word on whether they will also address the growing trucker shortage, but we're hopeful.

As predicted, cargo congestion has moved out from Yantian Port and infiltrated Hong Kong Port, bringing a sudden spike to vessel delays and canceled sailings. India and Pakistan remain severely affected by container shortages, which also resulted in a reduction of short-haul capacity and heavily surcharged long-haul voyages. New and extended lockdowns in Southeast Asia are projected to impact manufacturing output in several industry sectors including garment, electronics, and automotive. The prolonged disruption of Indonesia's Customs and Excise Information Automation System (CEISA) also added considerable delays to export operations at marine terminals.

Resulting demand spillovers in Asia-Pacific have firmly pushed airlines to expand cargo capabilities to some success, and slack season has also cooled pressure in Asia-Europe tradelanes. In South Korea, state ministries announced new measures to increase international trade routes with Southeast Asia and the Americas, including temporary provisions of additional flights and cargo vessels in partnership with domestic carriers.



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**KWE**  
Global Logistics Partner

## EUROPE, MIDDLE EAST & AFRICA

Demand



Demand



The EU Commission's newest climate change plan, "Fit for 55," spells long term changes for the region, but at present: heavy summer floods have adversely affected rail networks across Europe. In particular, the North Sea Mediterranean and Rhine Alpine corridors will be suspended for repair, knocking out crucial connections throughout Western Europe—France, Belgium, Germany, Netherlands, Italy, and the UK will be the most affected, including steelmakers and chemical producers in the region, with potential to trickle downstream to other production chains.

Travel restrictions have eased somewhat in the region, leading commercial airlines to expand transatlantic flights. Unfortunately for the UK, the Brexit-related trucker exodus and labor understaffing have spiraled throughout lockdown and now pose greater threat to retail, agriculture, and transport sectors.