



WEEK 30 // JULY 29 2021

APERTURE & *FOCUS*

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

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GLOBAL APERTURE

While IATA's latest report shows year-over-year volume gains in June, passenger belly capacity is still far below pre-pandemic levels—offset in part by a nearly 30% increase in freighter capacity. Air freight recovery efforts in North America, Asia, and Europe have been powered primarily by business demand for material components in the automotive, electronics, plastics, and machinery sectors. Unfortunately, the combination of a sustained trade surge and natural disasters have deteriorated operational performance in these very regions, and the buildup of purchase orders ahead of winter season may further hinder cargo availability in the coming months.

In maritime matters, shipping backlogs and container shortages flop into peak season with no signs of alleviation. Now, some agricultural exporters are even buying shipping containers direct from manufacturers as a more time- and cost-efficient strategy to waiting on available empties.

A new industry report warns that the dwindling number of cargo seafarers may significantly affect commercial shipping operations in five years, reducing vessel operability and threatening global supply chains. Vaccination efforts for seafarers have expanded once more on news of increasing infection rates, with Belgium now providing vaccines to all vessel crews regardless of nationality. Port State Control authorities associated with the Paris and Tokyo Memorandums of Understanding will also commence a three-month inspection of all ports starting September 1 on 10,000 cargo vessels associated with the combined 48 participating members states.

REGIONAL FOCUS

AMERICAS

Rates
Demand



Rates
Demand



ASIA-PACIFIC

Rates
Demand



Capacity

Rates



On July 27, the union representing Canada Border Services Agency workers have announced a strike mandate voted in by more than 8,500 members—the strike may begin as early as August 6, putting significant risk of disruption to cargo movements across transport modes.

This adds to the wave of wildfires burning the Pacific Northwest which has already backed up rail and sea freight in Vancouver and caused rail service outages in parts of California. Airport and rail operations are especially sluggish in Los Angeles and Chicago, and more recently several reports have stressed growing shortages of jet fuel across the US. Meanwhile, West Coast sea ports are congested once again and hardware failures at the Port of Houston have temporarily suspended operations.

While air passenger travel remains subdued in Asia due to border restrictions both within and outside the region, nature throws another wrench into Asia-Pacific supply chains this week as Typhoon In-Fa made landfall at Shanghai on July 26, suspending port operations, canceling flights, and forcing mass evacuations in the city.

Monsoon rains earlier in the week have slowed operations at the Port of Manila after some 15,000 people were evacuated from the city. In a bid to reduce shipment pileups at inland depots, Chittagong's Port Authority has prioritized berthing for Colombo-bound vessels and increased route frequency between Bangladesh and Sri Lanka.



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EUROPE, MIDDLE EAST & AFRICA

Demand



Demand



The inland waterways connecting to the ports of Antwerp and Rotterdam have not improved cargo conditions over the past week; while some shippers turn their eyes to rail, ongoing repairs to last week's network damages hamper space availability. A new rail link established between Hanoi and Belgium further expands Asia-Europe connectivity, but service from China origins will take some time to fully recover.

A cyberattack on July 26 compromised port operations across South Africa, leading cargo vessels to divert their port calls to Asia and further adding to the regional logjam. European countries such as Germany are slowly reopening routes with India for vaccinated travelers, but key Middle East carriers Emirates and Etihad extend their passenger flight bans to India, capping belly capacity until August 2.