



WEEK 31 // AUGUST 4 2021

APERTURE & FOCUS

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



GLOBAL APERTURE

Back-to-school demand rings in fall peak season, and carrier surcharges are sure to follow. Carriers and ports also installed strategic service routes over the week—allegedly at the expense of certain regions—but industry analysts decry the capacity increases to sea and air markets with advice to tackle the “landside” problems.

The move by many airlines to expand cargo fleets have been met in kind by an outpour of pilot applicants from every region that were previously grounded along with passenger planes. Unfortunately, strict proficiency tests and aircraft-specific qualifications may disqualify some from returning to the aviation sector while still others are dead-set on a career change—potential wrenches to an industry-wide effort toward long-term growth.

Automotive production stays hamstrung in the East over new Covid-19 outbreaks—and in the West, under semiconductor shortfalls. The same two issues will also affect parts of the global garment industry, which is also struggling to rejuvenate and automate parts of their international supply chains. On the horizon, electronics exports, among the strongest commodity drivers in the Asia-US/Europe trade lanes, may also come under fire despite unrelenting demand if Western governments adopt a newly proposed carbon border tax in 2023. But for now, consumer market analysts are all chiming in to say: expect shelves to be stocked a little less for the holidays.

REGIONAL FOCUS

AMERICAS

Capacity
Rates
Demand



Rates
Demand



Vessel gridlock officially returns to US ports this week due to the seasonal addition of chartered cargo ships to transpacific routes. Houston Port’s container terminals reopened on July 30 with extended gate hours to make up for lost time, while an ongoing union-led strike at Puerto Rico’s San Juan Port has stalled over 5,000 containers from entry.

The US extended its ban on non-essential travel by land or ferry to August 21 after talks with Canadian and Mexican officials—the decision may influence late-summer travelers to go by air, which would remedy potential bumper-to-bumper traffic as Canadian border workers prepare to strike on August 6. But added passenger belly capacity won’t alleviate current delays at major US air hubs, with Los Angeles International Airport hit hardest this week from work shortages and prolonged severe weather in Dallas-Fort Worth forcing hundreds of flight cancellations between August 2-3.

Philadelphia International Airport resumes operations with carriers Lufthansa, Cathay Pacific, and Air Canada, reinstating services to Frankfurt, Hanoi via Hong Kong, and Toronto, respectively.

A Kansas City Southern Mexico (KCSM) rail corridor in Michoacán was blockaded for the 14th time by local teachers on July 31, delaying ten trains from reaching Lázaro Cárdenas Port and stalling shipments from Altamira.

ASIA-PACIFIC

Rates
Demand



Capacity

Capacity
Rates



Several insider sources have relayed that Shanghai International Airport will suspend inbound cold chain cargo services from the US, Japan, and Singapore for at least two weeks, along with all cargo from Indian airports and Suvarnabhumi Airport (BKK). The temporary embargo will buy time for cargo terminals to winnow their respective backlogs. Tepid regional demand for international air travel has also kept airline budgets tight while new state lockdowns have kept on-site staff spread too thin.

China’s manufacturing output recorded a tenth digit drop in July—the country’s slowest month of economic growth in over a year as the increased costs of raw materials and cargo transport continue to bog supply chains down. And as outbound demand



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KWE
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continued from "Asia-Pacific"

for European and American destinations stay hot, other parts of Asia-Pacific, such as New Zealand and Australia, have been locked out of service by some carriers.

Businesses that migrated supply chains away from China are also dealing with setbacks: due to backlog accumulation and Covid-19 related labor shortages, Cat Lai Port will temporarily suspend handling services for imports, reefer containers, and oversized cargo from August 5 until further notice. Truck driver availability and cargo operations have dipped in Vietnam, affecting the integral ports of Haiphong, Vung Tau, and Quy Nhon. Chittagong Port is digging itself out of a 40,000 TEU backlog that began piling up late-July, while the August 1 re-opening of export-related businesses in Bangladesh will be followed with a gradual easing of movement restrictions on August 11.

The addition of several ro-ro services boosts inland waterway capacity in India (Kochi), domestic short-haul service in the Philippines (Luzon-Cebu), and long-haul voyages through China (Nansha), and announcements of new and expanded services by carriers Wan Hai (Taipei to New York) and Matson (Ningbo and Shanghai to Oakland and Long Beach) will add some breathing room to shippers, at cost.

EUROPE, MIDDLE EAST & AFRICA

Capacity Rates



Capacity Demand



Severe staff shortages at German, French, and Belgian airports and renewed passenger demand have forced some carriers to relocate cargo operations away from major European hubs in Liege, Frankfurt, Brussels, and Schiphol. On the other hand, Spanish airports and carriers have seen a healthy recovery in domestic and international demand from passenger markets in the Netherlands, US, and Latin America due to fewer travel restrictions compared to other parts of Europe.

Ireland's Port of Cork expands its ro-ro service connection to include Zeebrugge Port along with current destination Antwerp Port, giving shippers an alternative to cross-border trucking via the Eurotunnel. The service will also ease bottlenecks from inland waterways now that Athus rail terminal resumes operations following summer flashfloods that derailed cargo trains only weeks earlier—operations will be restricted until at least mid-August.



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