



WEEK 32 // AUGUST 12 2021

# APERTURE & *FOCUS*

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

**KWE**  
Global Logistics Partner

## GLOBAL APERTURE

The Covid-19 Delta variant throws new wrenches to the global supply chain, closing the Meishan cargo terminal of China's Ningbo-Zhoushan Port—tasked with handling a majority of shipments to North America and Europe—and shutting down a major microchip fabricator in Malaysia, which has consequently suspended production at multiple automotive plants in the Americas. Raw materials for construction, electronics, healthcare, and even back-to-school supplies are increasingly in short supply, or at the very least delayed, causing many companies to reassess their Just-In-Time (JIT) and On-Hand-Inventory (OHI) practices.

Carrier responses so far have done little to relieve shippers, with intra-regional feeder operations reduced significantly while long-haul Asia-US and Asia-Europe sailings remain available despite limited equipment at ports and numerous schedule adjustments.

Strong e-commerce and big box retail demand keeps the global air cargo market competitive, although traveler confidence has steadily declined in the past two weeks.

## REGIONAL FOCUS

### AMERICAS

Capacity  
Rates  
Demand



Rates



Capacity



Cargo operations in Atlanta International Airport (ATL) are reportedly improving in contrast to other major US airports, such as Chicago's O'Hare International Airport (ORD) where over 300 flights were cancelled due to adverse weather earlier this week. Regional rail operators Norfolk Southern and Union Pacific recently spoke to federal regulators investigating endemic cargo congestion in the US Midwest, with mentions of capped storage fees, alternative routings, and additional terminal capacity for affected shippers.

Jet fuel shortages in the West Coast, caused by truck driver shortages and limited refinery output, hinders not only flight operations but wildfire containment efforts and rail networks. Further delays have been reported in the warehouses and airport terminals of Mexico City, which is currently seeing a resurgence of Covid-19 infections.

South of the capital, another blockade took place in the state of Michoacán, blocking goods entering inland from Port Lázaro Cárdenas—the 14th to occur since mid-July. Extensive droughts in South America have also lowered water levels of the Paraná River, reducing vessel loading capacity in southern Brazil and parts of Argentina. Global cargo line CMA CGM also pulls the plug on its Europe-South America & the Caribbean service on August 10,

citing repeated schedule unreliability.

The Canadian Border Services Agency (CBSA) strike ended on August 6 after union representatives and government officials settled on a new labor agreement, as did Puerto Rico's San Juan Port strike on August 10. But the Los Angeles, Long Beach, Oakland, and Seattle-Tacoma ports are congested once again from a record-setting import surge, which may exacerbate intermodal slowdowns further inland.

### ASIA-PACIFIC

Rates  
Demand



Capacity



Rates



Capacity



Summer travel in China has been cut short by Covid-19 outbreaks in over half its regions, with major airlines canceling international flights that would require crew changes to comply with new epidemic prevention requirements from the Civil Aviation Administration of China (CAAC).

Nanjing-Lukou International Airport (NKG) resumed operations on August 11 while Shanghai-Pudong (PVG) sees further capacity reduction due to an outbreak reported on August 2. Shanghai Port opens a new inland depot to expedite empty containers as it faces a new wave of vessel congestion, and Ningbo-Zhoushan



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*continued from "Asia-Pacific"*

Port suspends operations to a key cargo terminal on the discovery of a Covid-19 infection.

In Vietnam, a new surge of Covid-19 infections prompted lockdown extensions for southern regions until at least August 22, resulting in a backlog of over 100,000 TEUs at Cat Lai Port. Congestion recedes at Chittagong Port on recent changes to infrastructure and berthing operations, but local authorities have also attributed the easement to an onset of delays at nearby Southeast Asia transshipment hubs in Sri Lanka, Singapore, Malaysia, Philippines, and Thailand. Rising Covid-19 cases in India have also reduced available staff at seaports crucial to the region's garment sector.

## EUROPE, MIDDLE EAST & AFRICA

Rates  
Demand



Rates  
Demand



Capacity

Data from Brussels Airport shows three-digit year-over-year growth for belly-hold cargo volumes in July, attributed to rising passenger demand. Following the UK's move to allow vaccinated travelers from America, some airlines have already restarted Transatlantic connections, while major carriers Delta and Air France have also announced fall and winter plans to restart several Transatlantic and intra-Europe flights—aimed at boosting the region's ailing belly-hold capacity.

Maritime markets fared worse over the week: ports of Rotterdam and Antwerp continue to face barge congestion from Europe's inland waterways, in part due to an ongoing strike by German rail conductors that began August 11. In South Africa, agricultural producers were advised on August 6 to pause exports destined to Durban Port for one week due to ongoing backlog clearance. Unprecedented road traffic in parts of Germany, France, and Italy also slowed trucking operations on August 7. Cross-border traffic at the Dover-Calais route stays policed by local authorities after quarantine-free travel resumed on August 8—purportedly to prevent future post-Brexit logjams.