



GLOBAL APERTURE

As “super peak season” in sea freight adds more friction in the air market, consumer analysts warn that the prices of many goods, particularly agricultural produce, will increase as more big box retailers charter entire cargo vessels to keep inventories stocked on time. The price of raw materials, including tin, iron ore, and steel, follows tanker and dry-bulk rates, while the sheer disparity between demand and vessel capacity has motivated carriers—from global leaders to regional titans and next-generation entrepreneurs—to simply buy more vessels. Unfortunately for shippers, this does not alleviate port congestion, erratic weather, or truck shortages.

Spotty flight networks and service restrictions will further hamper cargo transit in the weeks ahead, which has also adversely affected jet fuel demand in Asia. Finally: as US troops finally withdraw, several countries have advised their respective flag carriers to reroute flights that would cross Afghan airspace. Transit times, especially for Asia-Europe services, may change as a result.

REGIONAL FOCUS

AMERICAS



More fuel outage concerns spring forth from America’s longstanding truck driver shortage as some gas stations in the Midwest and Southeast hang dry—analysts expect the situation to worsen. Seasonal bottlenecks befall Southern California ports once again, with nearly as many vessels idling off the coast since February. As exporters continue rerouting shipments to the gulf ports of Savannah, New Orleans, and Houston, the East Coast may find itself in a similar gridlock over the coming weeks as three tropical storms pass through mid-Atlantic and Southeastern parts of the US this week, and rail services in the Southwest experienced washouts that delayed shipments by up to 72 hours.

Short-staffed airline terminals and mandatory screening add to cargo delays, while Covid-19 outbreaks in Shanghai sow more backlogs and operational chaos. South America’s drought has reduced water levels of the Paraná River to critical levels, forcing ports to either prohibit barge services or expedite dredging operations in Brazil. A trucker’s strike in Paraguay ended on August 19 after blocking major highways for 22 days, which may alleviate ground transit through the region.

Global carrier MSC introduces a transatlantic service loop connecting Baltimore Port with India’s Mundra and Nhava Sheva Ports, as well as additional stops in Europe and other US hubs.

ASIA-PACIFIC



Stricter Covid-19 regulations have sapped cold-chain and transshipment capacity in Shanghai-Pudong International Airport (PVG), but Cathay Pacific has struck a deal with Hong Kong officials to reduce self-quarantine for vaccinated flight crews and will continue to operate passenger services to high-risk destinations. However, a new US travel policy issued on August 18 asserted that four Chinese airlines—Air China, China Eastern, China Southern, and Xiamen Airlines—will have 40% capacity limits placed on some passenger flights en route to the US for the next four weeks. The international airports of Jilin (CGQ) and Qingdao (TAO) have also suspended cargo acceptance until further notice, and Cathay Pacific Cargo also announced a suspension of freighter services at PVG until at least August 23. The situation continues to strain other hubs in Asia, with congestion and backlogs reported by local KWE sources in Thailand, Indonesia, Cambodia, and Singapore.

Over 50 cargo vessels were reportedly idling around Ningbo-Zhoushan Port on August 17 following updates to China’s Covid-19 zero-tolerance policy. As reported earlier, the Meishan Terminal remains closed after an outbreak was declared last week, although port authorities will gradually resume operations through the beginning of September. Because of this, importers in the Philippines have been warned of “looming delays” by the country’s port authority.



WEEK 33 // AUGUST 20 2021

APERTURE & *FOCUS*

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

KWE
Global Logistics Partner

continued from "Asia-Pacific"

In Malaysia, the logistics sector has called on government officials to intervene in the sea freight market as exporters look for more price-competitive air freight solutions in Singapore. In Bangladesh, garment industry groups appealed to Port Chittagong's customs commissioner to resume direct port deliveries over hefty inland storage fees. Detention and demurrage charges inch up for Australian shippers after a string of port omissions was announced this week by major carriers, cutting market access.

Several ocean carriers are rumored to issue blank sailings on ex-Asia services ahead of China's Golden Week holidays; something that's sure to wake the markets up when September ends.

EUROPE, MIDDLE EAST & AFRICA

Rates
Demand



Rates
Demand



Capacity



Air cargo performance in July is reportedly showing steady growth with freighter services, despite some wilting in passenger volumes.

Trade lane prioritization shuts out Africa-China services and Asia-Europe congestion cuts into vessel delays at Northern European ports, lagging intra-Europe routes with heavy cargo traffic in necks of Antwerp, Rotterdam, Zeebrugge, and Felixstowe. Some inland barge services have also slowed down, although rail networks are making a slow recovery from a conductor strike in Germany and torrential floods that damaged parts of the North Sea-Mediterranean corridor.