



WEEK 35 // SEPTEMBER 3 2021

APERTURE & *FOCUS*

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



GLOBAL APERTURE

Automotive and electronics industries have announced plant shutdowns in response to increasing outbreaks in Southeast Asia, curbing anticipated volumes for the year-end. Airlines face a hiring crunch with lack of applicants for ground handlers and gate service staff. Air cargo demand, based on July performance, is projected to remain strong despite running 10.3% lower compared to 2019 data, according to IATA.

More regional lines move to acquire new and old cargo vessels with capacities as low as the hundreds to as high as the tens of thousands, especially in Southeast Asia. Transpacific sea freight capacity is up 22% year-over-year, although 17 cancelled sailings have been announced for the next four weeks. The number would have been higher had a potentially devastating strike not been averted after representatives of cargo line HMM reached a labor agreement with worker unions on September 2.

REGIONAL FOCUS

AMERICAS



The August 29 landfall of Hurricane Ida causes flooding in the parts of the US Gulf Coast including Louisiana and Mississippi, knocking out several oil refineries and electric towers, and causing service disruptions to airports, seaports, and major rail lines leading into New Orleans.

Ida's trajectory to the US Northeast has pre-empted cargo restrictions at Newark Liberty International Airport (EWR), while heavy storms and flooding in the Central Region may divert agricultural exports to ports in the Pacific Northwest.

Major US airports and ground services resume social distancing and mandatory staff testing on news of increased Covid-19 transmission in the country, which will further stretch cargo lead-times as the aviation industry continues to suffer from a workforce deficit.

ASIA-PACIFIC



Widespread transmission of Covid-19 sets back the production not only of semiconductors, but also ceramic components in Malaysia—a recent outbreak detected at a cargo terminal of Penang International Airport (PEN) has reduced available ground handlers and diverted some shipments to Kuala Lumpur (KUL). Vietnam's lockdown, currently set to end September 15, slows cargo flow through its land border with China. Local KWE sources warn that major carriers at Haiphong Port suffer from equipment shortages.

Airlines at Shanghai-Pudong International Airport (PVG) are whittling away cargo backlogs through the week as shippers wait for network restorations: China Eastern resumes SIN-PVG service on September 4, and Air China's SIN-PVG services returns on September 5.

Hong Kong bans Philippine Airlines and Turkish Airlines for two weeks from operating inbound passenger flights via Manila and Istanbul, respectively. In Japan, a regional networking failure in Tokyo disrupted cargo and flight services for ANA and Japan Airlines on September 2.

Australia's government extends its underwriting initiative to subsidize shipping costs for agriculture and fishing industries to



DISCLAIMER: The subject matter of this newsletter is provided for informational purposes only. All data is obtained from internal and external sources believed to be true and accurate at the time of publication. Forward-looking statements derived from such data should not be taken as guarantees of future performance, nor should they be relied upon as fact. KWE is not responsible or liable for any inaccurate information contained herein, and under obligation to update forward-looking statements except as required by applicable security laws.



WEEK 35 // SEPTEMBER 3 2021

APERTURE & *FOCUS*

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

KWE
Global Logistics Partner

continued from "Asia-Pacific"

mid-2022. India extends its international flight ban to September 30, but allows some exceptions to the rule, including Air India and Vistara, which will bring cargo and passenger connectivity to UK and US, respectively.

EUROPE, MIDDLE EAST & AFRICA



The results of Europe's springtime steel orders are being turned away from ports in the UK and Europe due to sustained congestion while regional exporters try piggybacking containers onto chartered bulk carriers. Truck driver shortage in the region is rumored to have fallen short by as many as 400,000 according to business intelligence groups, tamping down expectations of a fully stocked holiday season.

Despite the European Union's removal of the US from their safe travel list, IAG Cargo resumes services from London-Heathrow (LHR) to US, along with Canada, Egypt, U.A.E., and Kenya. Lufthansa officials say that although European travelers may not be able to visit the US until late-December, travel demand and air cargo demand will keep its services active and its passenger planes packed "to the rafters with cargo."

A third rail strike in Germany began September 1 and is expected to end next Tuesday, once again delaying passenger travel and halting the supply chains of regional chemical and pharmaceutical developers. Asia-Europe rail services may also hit a stopgap in September if a bottleneck in Kazakhstan's Khorgos Gateway accumulates more cargo, reducing month-to-month capacity by up to 30%.