



WEEK 45 // NOVEMBER 5 2020

APERTURE & *FOCUS*

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

KWE
Global Logistics Partner

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GLOBAL APERTURE

Analysts estimate global air cargo capacity is still 25% lower than previous year despite major additions to cargo routes and freighter fleets by nearly all carriers, with passenger belly capacity taking a second hit in the wake of recent outbreaks and government-imposed lockdowns. This does not bode well as the global economy enters the end of the year, a time when consumer demand and international leisure travel is historically high.

As in previous months, it's likely that cancelled air shipments may be routed through ocean carriers, who are experiencing a prolonged series of container shortages in nearly every region. Transpacific routes are especially hit hard after a series of typhoons and tropical storms battered ports leading to roll-over cargo and major congestion.

REGIONAL FOCUS

BRAZIL

Rates
Demand



Rates
Demand



Data for the first nine months of 2020 shows a significant (10.2%) year-over-year increase in cargo handled at Brazil's Port of Santos, attributed to gains in dry and liquid bulk while loose cargo receded by 2.1%. But the leading exporter of soybeans and corn is now facing a domestic shortage after selling record amounts to China, and has turned to purchase from US producers. Brazil's state health regulator is also taking significant steps to ready its supply and selection of coronavirus vaccines by June 2021: by authorizing both the import of raw materials from Chinese pharma supplier Sinovac and the resumption of Phase III trials for a handful of other vaccines in development.

AUSTRALIA

Rates
Demand



Rates
Demand



Some 50,000 empty containers have piled up in Australian ports and face considerable re-positioning delays due to lack of vessel services. Australia's trade relations with China gets thornier after Chinese customs authorities banned certain exporters of barley, timber, and seafood, while news sources report of a de facto ban on imported Australian wine.

CHINA

Volume
Rates



Demand
Rates



On November 4, the president announced plans to hasten trade talks on a China-EU Investment Treaty, a China-Japan-South Korea free trade agreement, and the Regional Comprehensive Economic Partnership (RCEP). Days earlier, China's factory productivity was assessed to be at a near-decade high, powered by strong domestic demand during Golden Week holidays. Sea freight saw major activity gains with the Port of Shanghai posting record cargo throughput in October.

BANGLADESH

Rates



Rates
Demand



October export data shows a 4.08% decrease year-over-year in revenue, attributed to suppressed demand following the uptick of coronavirus cases in the US and EU.

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E.U. REGION

Rates
Demand



Rates
Demand



New outbreaks across the region has led to new lockdowns and economic slowdowns in Austria, Belgium, France, Germany, Greece, Italy, the Netherlands, and Spain with an anticipated end in early December.

Cancelled passenger flights resulting from the lockdowns are projected to affect regional capacity which had all but recovered over the summer. Aviation services companies are partnering with airlines to inject cargo space for US and Asia. With news of the lockdowns, port operators have stated they will remain operational.

JAPAN

Volume



Demand
Volume



Production outlook increases a fourth consecutive month, owed to stronger demand in automotive and machinery sectors.

MALAYSIA

Volume



No Change



Parliament has convened to discuss placing another Movement Control Order (MCO) as coronavirus cases tick up again and local governments impose conditional lockdowns. Customs clearance operations may be delayed on November 6 pending the government's consideration of the 2021 federal budget; potentially affecting dutiable shipments.

INDIA

Demand
Rates



Rates



Exports declined year-over-year in October by about 5.4%, attributed to falling demand for petroleum, gems and jewelry, and leather goods according to government data. Imports shrank further by 11.2%, exacerbating the ongoing container shortage which has held shipments at ports for up to three weeks.

Port operators assert that past lockdown-restrictions played a significant role in the equipment disparity, and project an easing of conditions in the coming weeks. Fortunately, Indian air carriers have also joined the global trend of passenger-to-freighter conversions to tie up supply chains' loose ends.

MEXICO

Volume
Demand



Demand



A new codeshare agreement between Aeromexico and LATAM Airlines affiliates will expand service routes from Mexico City to destinations in Brazil and Colombia, with potential to include other Latin American countries in the near-future. Cross-border trucking movement is now disproportionately flowing heavily north to the US due to demand for consumer-packaged goods, garments, and automotive parts.

INDONESIA

Rates
Demand



No Change



A recent evaluation by the US Trade Representative has resulted in the extension of Generalized System of Preferences (GSP) duty exemptions on 700 Indonesian commodities following last week's visit by US officials.

PAKISTAN

Volume



Volume
Rates



Exports rose ever so slightly in October—2.1% year-over-year thanks in part to improved output in textiles and garments sectors, according to government data.

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PHILIPPINES

Volume
Rates



No Change



Millions of residents were evacuated as Typhoon Rolly/Goni made landfall in the island of Luzon over the weekend, leading to a one-day closure at Manila's Ninoy Aquino International Airport and a no sail order by the Maritime Industry Authority. The country's total value of exports grew for the first time in seven months, up 3.5% year-over-year in the month of September due to improved demand for electrical and metal components from Japan and China. But lowered domestic demand and fluctuating rates of coronavirus infection have weakened new purchase orders and factory output.

Crew change facilities for testing and quarantine officially opened at the Manila Port on October 30.

protests, but container shortages still adversely affect transpacific Eastbound routes. The country's GSP eligibility has ended after a recent review by the US Trade Representative, meaning duty-free privileges for about \$817 million in Thai exports to the US—including auto parts, electrical products, home furniture, and machine tools—will be revoked on December 30.

U. KINGDOM

Rates
Demand



Volume



The Port of Felixstowe has temporarily banned the receipt of empty containers to address its cargo backlog, potentially locking up further inland terminals as some shipping lines are rerouting empties to nearby ports such as Liverpool. The new lockdown starting November 5 to December 2 has also come with a ban on overseas leisure travel, slashing prospective passenger belly capacity and putting further strain on European freighters.

SRI LANKA

Rates

Volume



Rates

Demand



A recent coronavirus outbreak has sharply reduced the number of workers at the Port of Colombo, resulting in significant cargo delays across terminals. The associated government-imposed lockdown was lifted in parts of the country despite rising coronavirus infections following outbreaks in a garment factory and a seafood market. In the absence of restrictions, businesses—particularly exporters—have been encouraged to continue operations while following health guidelines.

UNITED STATES

Rates
Demand



Volume
Rates
Demand



Hospitals across the nation are once again reporting low supply of PPE as coronavirus cases spike once more, potentially undoing the 2.6% year-over-year export increase in September trade data. Lowered passenger demand has resulted in nearly 50% of flights cut from American Airlines' December schedule, although some key international flights will return to connect central region hubs.

THAILAND

Rates
Demand



Rates

Demand



Data on cross-border trade with neighbors Malaysia, Myanmar, Laos, and Cambodia has steadily decrease by about 4.8% for the first nine months of 2020 compared to the previous year. Airport operations have faced recent peak season congestions due to the uptick of cargo. Sea freight operations continue despite ongoing

VIETNAM

Rates

Volume



Rates
Demand



Typhoon Rolly/Goni has been downgraded to a tropical storm and is expected to make landfall in the south central region of Vietnam on November 6, prompting some airlines to pre-emptively cancel scheduled flights. Container shortages have led ocean carriers to moderate demand by way of rate restoration surcharges for intra-Asia cargo. The US has imposed countervailing duties on tires imported from Vietnam after assessing an undervaluation of the dong.

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