



## GLOBAL APERTURE

Over 50 million coronavirus cases have been reported worldwide as of November 9, with Europe now claiming the highest number of infected and the US reporting a massive spike in the weeks leading up to elections.

More industry analysts are reporting on the exacerbation of the container shortage crisis to intra-Asia trade lanes as downward pressure on air capacity persists. E-commerce giants have recently expanded hubs in Europe and Southeast Asia, which may help to alleviate regional capacity strains caused by the year's influx of online sales. Some ocean carriers have also imposed rate increases for 40' High Cube (HC) containers for service routes connecting Asia, while others plan to blank sailings come early December in attempts to "better align resources and match fluctuating demand."

15 Asian countries including members of the Association of Southeast Asian Nations (ASEAN) are prepared to sign the Regional Comprehensive Economic Partnership (RCEP) on November 15 after seven years of negotiations. The 10 members of ASEAN also signed a Memorandum of Understanding on November 10 to relax non-tariff measures for 152 medical products deemed essential goods for the coronavirus pandemic—the MoU will remain in effect until the end of 2022. An ongoing drought across South America compounded with continued heavy demand from Asia may alter grain shipping routes in the near-future as North American producers fill the supply gap.

## REGIONAL FOCUS

### BANGLADESH



New customs regulations will allow businesses in Dhaka's Export Processing Zone to re-use import containers for export operations; officials hope the measures will reduce cost, transit time, and congestion. Air carrier Biman Bangladesh suspends its Kolkata-Dhaka flights citing poor demand.

### CAMBODIA



Equipment shortages consistent with the rest of Southeast Asia has been confirmed by local KWE sources, although trucking and port operations have resumed with little issue following the country's speedy recovery from a slew of tropical storms moving across the region.

### BRAZIL



Carrier LATAM Airlines inaugurated its newest cargo terminal at the Brasilia International Airport on November 9, rounding out its infrastructure expansion projects in the country. The move coincides with rejuvenated capacity and demand to Brazil following recent developments on coronavirus vaccines being tested among the populace. Domestic auto production in October fell 18% year-over-year, but analysts noted its 7.4% gain from the previous month as yet another sign of slow recovery.

### CHINA



Exports stayed strong in October, rising 11.4% year-over-year due to demand drivers in electronics, mechanical products, and textiles. New coronavirus cases have been identified in Shanghai's Pudong International Airport and a warehouse facility in Tianjin, prompting city officials to quarantine and test suspected personnel. Ten airline flights have been cancelled by officials after some of their passengers tested positive for coronavirus on arrival, including services to Dhaka, Manila, Phnom Penh, Cairo, and Moscow.



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# APERTURE & FOCUS

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## E.U. REGION

Rates  
Volume  
Demand



Rates  
Demand



New tariffs on some £3 billion (\$4 billion) of American goods including aircraft parts, agriculture produce, and machinery came into force on November 10 by the European Commission following a failure to resolve a longstanding dispute over illegal provisions of subsidies.

A 2016 joint legislation to modernize EU export controls on certain dual-use goods and technologies has been backed by the European Commission, following the recent trend by countries to safeguard national interests in domestic and international trade. More recently, the EU and China also agreed to jointly protect some 200 European and Chinese products against counterfeiting as officials continue to negotiate the EU-China Comprehensive Agreement on Investment that began in 2012.

## INDIA

Demand  
Rates



Rates



Cargo traffic at major ports fell 12.3% during the first half of the country's fiscal year (April to October), attributed to declines in coal, petroleum products, and container bottlenecks. To raise shipper prospects, a new export incentive scheme is reportedly being developed by the Ministry of Finance—albeit one that will narrow recipients to those in the iron & steel, garment, and automotive industries. A new government proposal also aims to incentivize some 6 million tons of sugar exports. Both measures may provide near-future relief for the country's current import-export imbalance, a key contributor to the container crisis.

## INDONESIA

Rates  
Volume  
Demand



Rates



The country's flag carrier, Garuda Indonesia, may soon merge with eight other state-owned travel companies after posting a \$1.09 billion loss for the first nine months of 2020; government officials behind the move say the merger will cut costs while increasing collaboration and competitiveness. Several toll roads, including

one that connects to the Port of Tanjung Priok, have started to increase charges as of November 8. The country's hotly contested labor and investment law was signed on November 9, prompting widespread protests and legal challenges filed by two of the largest national trade unions claiming infringement of worker rights.

## JAPAN

Volume  
Demand



Demand  
Volume



Narita and Kansai International Airports, which have resumed regular flights in advance, have recently increased flight frequencies to handle parts of a national upsurge in outbound cargo demand, which has led some carriers to maximize space allocations by consolidating small cargo loads such as medical products.

## KOREA

Rates  
Demand



Rates  
Demand



In October, Korea's port container throughput slipped 4.0% year-over-year, held on by strong exports of garments, PPE, and electronic parts to China. Peak season demand for e-commerce, aviation, and automotive goods combined with the spillover from sea freight is putting pressure on US-bound capacity, causing intermittent cargo backlogs at the Incheon International Airport, say local KWE sources.

## MALAYSIA

Rates  
Demand



Volume

No Change



A cluster of coronavirus outbreaks in Port Klang terminals were detected on November 10, but container handling operations were unaffected as port authorities quarantined specific areas for screening and sterilization. Most states have had restrictions re-imposed until December 6.

The government has implemented special tax incentives for foreign investors interested in relocating or expanding manufacturing arms to Malaysia in its upcoming budget, along with allocations for medical supplies to prevent and mitigate a potential third wave of coronavirus infections.

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## MEXICO

Rates Demand



Demand



Automotive production and exports grew year-over-year in October by 8.79% and 8.23%, respectively, marking the first time in five months since factories reopened. However, the production and export of heavy-duty vehicles fell 21% and 15.7%, respectively, raising concerns that carriers are hard-pressed to renew their fleets.

On November 5, the government agreed to monitor US-bound shipments of certain steel components to avoid the imposition of tariffs on over \$1.2 billion worth of exported goods.

## SRI LANKA

No Change



Rates



The government-imposed curfew was partially lifted on November 9, with specific districts flagged for quarantine. The significant number of cases in the Port of Colombo contributed to recent cargo congestion due to lack of available staff; the port's day-to-day operations have resumed following worker screenings.

## PHILIPPINES

Rates Demand



Typhoon Vamco is the latest storm to make landfall in the island of Luzon, flooding streets and halting all air travel and port operations in Manila mere weeks after Typhoon Goni's arrival.

## THAILAND

Rates Demand



Volume



Outbound capacity remains especially tight due to peak season demand, and Thailand's main gateway Suvarnabhumi Airport (BKK) is experiencing a combination handling equipment shortages and cargo inspection backlogs, according to KWE local sources.

Due to container backlogs at seaports and lack of new vessel service routes, some carriers are rolling over freight destined for other impacted ports in countries like India as they focus on fulfilling long-haul voyages.

## SINGAPORE

Rates Demand



Rates Demand



There has been a noted increase in air cargo demand at Chang'i International Airport attributed to shipments transferred from Malaysia's Kuala Lumpur International Airport, according to local KWE sources.

Inbound cargo from China, Korea, Japan, Taiwan, Hong Kong and Middle East are also now being routed through the hub while export demand is also increasing from North America, Africa, Europe, and neighboring countries like Sri Lanka, Thailand, and Taiwan.

## U. KINGDOM

Rates Demand



Volume

Rates Demand



With the port container crisis unabated, service routes between the UK and Asia are experiencing unprecedented delays, additional surcharges, and even line-haulage withdrawals as carriers attempt to quell demand. Instead, that demand is heading to ports in Northern Ireland as businesses stockpile their inventories before Brexit.

Optimism for a clean and relatively painless departure waned following the November 9 defeat of measures proposed by the Prime Minister that would allow the country to breach its agreement with the EU. Diplomats from the two nations met once more on the same day in a last attempt to reach consensus.

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## UNITED STATES

Rates  
Demand



Volume  
Rates  
Demand



Congestion at the Los Angeles and Long Beach Port Complex has worsened and spread to rail transport, as trucking organizations call to temporarily waive demurrage and detention charges. KWE sources report that cargo bottlenecks at the Los Angeles International Airport have pushed inbound demand to Chicago O'Hare International Airport, and the recent United Airlines announcement to return transcontinental services to New York's John F. Kennedy Airport may provide an additional gateway opportunities for the capacity-stricken market.

Delta Air Lines began its scheduled transatlantic freighter routes connecting the US to airports in Europe and India on November 8, easing shipper demands that were shot due to the recent cancellation of passenger flights.

## VIETNAM

Rates  
Demand



Volume

Rates  
Demand



Tropical typhoons have hit Vietnam continuously to the dismay of shippers as vessel schedules are delayed by up to four days in the ports of Haiphong and Ho Chi Minh City. This, combined with latent port congestion, has led some ocean carriers to omit services and decrease available capacity, according to local KWE sources.

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