



WEEK 47 // NOVEMBER 19 2020

APERTURE & *FOCUS*

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

KWE
Global Logistics Partner

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GLOBAL APERTURE

The ten busiest airline routes now revolve largely in the East Asia domestic corridor as Asia Pacific trade lanes increase in widebody belly capacity with passenger demand ramping up. From a global outlook, freighter capacity has only increased nominally in transpacific routes, with Latin America and European trade lanes showing some decline from relative lack of demand.

Industry and state are now working again to unify trade and supply chain efforts: The International Air Transport Association (IATA) has published guidelines for the transport and distribution of pharmaceutical, science, and medical products in partnership with organizations such as ICAO, FIATA, World Customs Organization (WCO), and the World Trade Organization (WTO). Leaders of the BRICS emerging economies virtually convened for their annual summit over the weekend, calling for multilateral cooperation as the coronavirus pandemic continues to damage business and society. The G20 Summit is due to commence virtually on November 21 with similar stated goals. The Mercosur trade bloc has also resumed negotiations with Canada on a free trade deal it plans to sign in 2021. Unfortunately, the International Working Group on Export Credits, an international organization comprised of 18 nations, announced on November 19 the suspension of negotiations, citing divergence of opinion and lack of transparency from some member states. And still the container shortage continues.

REGIONAL FOCUS

BANGLADESH

Rates
Demand



Rates
Demand



Berthing delays at the ports of Singapore and Colombo have resulted in late delivery for intraregional containers destined to Chittagong. Due to increased volatility in trade, the Bangladesh Bank granted a 210-day policy extension for all exporters to realize cargo proceeds, expanding its earlier guideline in late-July that was aimed toward textiles and garment exporters.

CAMBODIA

Rates
Demand



Rates
Demand



State officials met with Korean envoys to engage a fourth round of free trade talks this week, and have scheduled a discussion with an EU delegate to in the following week to discuss further trade and investment enhancements that would boost economic recovery.

BRAZIL

Rates
Volume
Demand



Rates
Demand



Sao Paulo's Viracopos international Airport saw its second month of year-over-year cargo handling growth in October, with exports up 36.3% and imports up 27.8%. This underscores state reports that the country's economy is swiftly emerging from its pandemic-related recession owing to weaker currency, stimulus injections, and low interest rates.

CHINA

Demand
Rates



Demand
Rates



On November 19, the Chinese President delivered a keynote speech at the virtual Asia-Pacific Economic Cooperation (APEC) summit, with vows to further reduce tariffs and increase higher quality imports through free trade agreements and the country's Belt Road Initiative (BRI).

Local KWE sources comment that it's shaping up to be a typical peak season, with fluctuating cargo rates and weekly adjustments to carrier flight plans. Nearly all carriers have consolidated cargo in the face of freighter fleet deficits to maximize space utilization.

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INDONESIA

Rates
Volume
Demand



Rates



Volume



The World Trade Organization has ruled against Indonesia's import restrictions on poultry in a case lodged five years earlier—the published statement notes that the WTO announced its decision in 2017, but Indonesia's administration has failed to implement the ruling. Ports see increased outbound demand to India and Australia along with late vessel arrivals for those that departed hubs in Singapore and Vietnam.

E.U. REGION

Rates
Volume
Demand



Rates
Demand



The Dutch government has called off a proposed environmental tax on cargo freighter services in its upcoming Aviation Tax Bill, which is being rushed for ratification and enforcement in 2021. Freightier capacity rises for EU-East Asia lanes with recent announcements of new services and the release of airport data from October, showing strong increases in cargo flights at Schiphol and Frankfurt. Lockdowns remain intact for most of the region.

JAPAN

Volume
Demand



Demand
Rates



Exports to China and the US fared well in October, particularly within automotive and semiconductor sectors, bringing Japan's total exports 0.2% below the previous year. Imports stayed at a decline for the sixth consecutive month owing to sustained weak demand.

HONG KONG

Rates



Volume



Rates
Demand



After less than optimistic earnings report for October, Cathay Pacific confirms that it will cut long haul routes from Hong Kong to several destinations including Brussels, Dublin, London, and Washington-Dulles, at least until global travel conditions return to normal.

KOREA

Rates
Demand



Rates
Demand



The Korean government is funding a merger between the country's two largest air carriers, Korean Air and Asiana, in an effort to stabilize the national aviation industry still reeling from the year. Korean port operations are reportedly still suffering from the prolonged container shortage.

INDIA

Demand
Rates



Demand



KWE local sources corroborate of a nation-wide container and equipment shortage, with inland ports suffering most. Air freight analysts cite lack of international cargo and shipping consolidation has only impeded space utilization as domestic air traffic drops 57% year-over-year in October, narrowing available belly capacity.

MALAYSIA

Rates
Demand



Rates



Volume



Vessel capacity and containers are still impacted, culminating to a decrease in cargo space for routes to Australia and US ports. The recent coronavirus outbreak at a warehouse within Kuala Lumpur International Airport has also delayed cargo handling operations.

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MEXICO

Rates
Volume



Demand



A new tariff harmonization will take effect on December 28, described by the government as an update to provide greater efficiency in Mexico's trade regulations. Air carrier Aeroméxico announced December plans to resume 11,000 flights to domestic and intra-regional destinations.

U. KINGDOM

Rates
Demand



Volume

Rates
Demand



Worker unions at London-Heathrow International Airport have announced four days of strike in December over pay disputes with the airport operator. The cargo backlog at the Port of Felixstowe is now projected to extend through the month, and diverted shipments at the ports of Antwerp, Rotterdam, and Zeebrugge may be unable to be relayed back in the coming weeks.

PHILIPPINES

Rates
Demand



In what local KWE sources term a 'black swan' event, the shortage of 40' high capacity containers has only driven demand even higher due to tight capacity in air freight. Capacity to Europe and Middle East destinations is critically low and now requires advance booking.

UNITED STATES

Rates
Demand



Volume
Rates
Demand



The Federal Aviation Authority reversed the grounding of Boeing 737 aircraft on November 18 following a new directive that requires all such planes undergo installations of new flight control software, incorporate new and revised flight crew procedures, and a plethora of other requisites.

SINGAPORE

Rates
Demand



Volume

Rates
Demand



Local KWE sources corroborate significant congestion and delayed vessel arrivals at the Port of Singapore, resulting from monsoons along the South China Sea. An air travel bubble route with Hong Kong will start on November 22 with plans to increase flight frequency on December 7.

VIETNAM

Rates
Demand



Demand



The domestic market is facing heavy backlog due to seasonally high demand from high-tech, electronic, e-commerce and automotive sectors in Japan and the US. Air capacity to EU destinations remain limited to accommodate for this spike in demand, and many carriers are receiving cargo on a case-by-case basis. Ocean freight demand ex-China has also seen an increase in the past week, but equipment shortages and a recent battering of tropical storms has resulted in delayed cargo movement and additional carrier surcharges.

THAILAND

Rates
Demand



Volume

Rates
Demand



Air export operations at Suvarnabhumi Airport remain congested, although customs clearance and traffic are unaffected. Shortage of available equipment may also delay air import operations at terminal. Unmet ocean freight demand has carried over to the air freight market and is wearing on transpacific lanes particularly to the US.

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