



WEEK 48 // NOVEMBER 25 2020

APERTURE & *FOCUS*

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

KWE
Global Logistics Partner

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GLOBAL APERTURE

Cargo pilots are increasingly falling ill to the coronavirus report union representatives. Major demand is pouring in from electronics and retail sectors as global air cargo capacity bounces back from its months-long decline, falling 7% short of 2019 levels for October. Air capacity is projected by analysts to continue their slow recovery, led by electronics, raw materials, automotive, and garment industries. Orders for passenger-to-freighter conversions climbed in October as rollovers continue to rise at major seaports around the world—analysts say the rate of rolled transshipment cargo rose nearly 29% year-over-year in October. Reefer container demand is also soaring to greater heights with several vaccines heading quickly for approval and manufacture.

REGIONAL FOCUS

BANGLADESH

Rates
Demand



Rates
Demand



The country sees another sharp rise in coronavirus infections, the sharpest since September. A new set of flight routes by US-Bangla Airlines will boost capacity to the Middle East, Sri Lanka, and the Maldives in 2021. Garment manufacturers have written to the government demanding action be taken in response to the imposition of congestion surcharges by some carriers after recent delays at the ports of neighboring countries.

at Sihanoukville Autonomous Port, and export delays of up to three days are projected. Local sea ports are also suffering the effects of the container shortage. However, there are no current backlogs or cargo congestion at the Phnom Penh Airport.

CHINA

Demand
Rates



Demand
Rates



New coronavirus infections in the port city of Tianjin and Shanghai Pudong International Airport have prompted the government to conduct mass testing and contact tracing protocols. Sustained congestion at the Port of Xingang leads several ocean carriers to impose congestion surcharges for reefer cargo; the slowdown is attributed to more stringent customs inspections on cold chain imports. As such, some carriers are outright refusing reefer calls to Tianjin over worries of greater vessel delays.

BRAZIL

Rates
Volume
Demand



Rates
Demand



Latam Airlines held an audience with the government on November 19, seeking investment to expand its cargo network to European destinations.

E.U. REGION

Rates
Volume
Demand



Rates
Demand



Member states such as France, Germany, and Spain will selectively ease lockdowns in lieu of the holiday season so as to mitigate effects on passenger travel. European airlines are projected to post a combined loss of \$11.9 billion in 2021 according to analysts, with cargo traffic down 8% year-over-year according to IATA estimates.

CAMBODIA

Rates
Demand



Rates
Demand



Local KWE sources indicate that delayed vessel arrivals at other Southeast Asian ports have also adversely affected schedules

The Port of Hamburg announced a slowdown in monthly cargo declines, attributing first and second quarter contractions to

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downsizings in several sectors and a general decrease in consumer demand and toeing a cautiously optimistic projection for fourth quarter volumes. Outbound ocean lanes—especially to Asia and the Middle East—will be impacted by additional carrier surcharges owing to the sustained container crisis.

HONG KONG



Daily reported infections rose last weekend, forcing the Hong Kong government to delay its air travel bubble with Singapore by two weeks.

INDIA



KWE local sources report domestic flight capacity is spotty due to locally enforced lockdowns, but trucks are available and most demand has ventured to ocean freight, easing airport terminal workloads.

INDONESIA



State-owned air carrier Garuda Indonesia is expanding export and chartered services due to enduring downturn of passenger traffic. An influx of outbound demand to Japan destinations has resulted in backlogged cargo, while outstanding outbound demand to US destinations has some carriers refusing bookings until December.

JAPAN



The Cabinet office noted in its economic outlook that despite the dire situation, industrial output has improved since September as trade with South Korea records smaller declines in October.

A recent discussion between the Japanese and Chinese foreign ministers have also resulted in tentative lifts in some air travel restrictions between the countries, to take effect by the end of November.

KOREA



The government announced new lockdown guidelines on November 23, limiting service hours and reducing public transportation.

MALAYSIA



A new coronavirus outbreak near Port Klang has resulted in the temporary shutdown of over a dozen PPE factories in the immediate area and the discovery of some 2,500 infections among workers. Outbound demand to US destinations is ramping up as customers turn away from congestion-laden sea ports.

MEXICO



The end of a 52-day blockade of the railway line leading to the port of Lázaro Cárdenas (LC) sees expected congestion as more than 1,600 vehicles saturate the terminal in wait of capacity openings.

PHILIPPINES



Legislators approved a bill on November 25 that will authorize the state to create a specialized bureau within the government to stockpile medical devices, vaccines, and pharmaceutical drugs for public health emergencies such as the coronavirus pandemic. The move coincides with an announcement to spend P73.2 billion (\$1.5 billion) on coronavirus vaccines.

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SINGAPORE



The government is tightening border controls with Japan and Malaysia after a resurgence of coronavirus cases, requiring all recent arrivals from the countries to produce negative test results and to self-quarantine.

UNITED STATES



Cargo movement will slow down this week due to the observance of the Thanksgiving federal holidays. US Customs and Border Patrol will help redirect northbound empty trailers from Mexico at the Laredo port of entry starting December 7 in a state effort to reduce traffic congestion.

SRI LANKA



The Port of Colombo registered a backlog of 50,000 TEUs on November 25, attributed to prolonged labor shortages at the port since the previous month. Sources report that ripple effects of vessel delays may reach neighboring ports in countries like India and Bangladesh, while some ships are being redirected to Hambantota Port.

The US Trade Representative will hold two separate virtual hearings as part of an ongoing Section 301 investigation into Vietnam's alleged illegal export of timber and alleged practices of currency manipulation. Officials have also warned Vietnamese leaders to curb trans-shipments from China and reduce the US-Vietnam trade deficit to avoid potential tariffs.

VIETNAM



The country's sea ports continue to experience major congestion as a domino effect of the global container shortage, with significant vessel delays at the Port of Haiphong. Outbound cargo movement has also seen a dramatic rise to Indian ports, according to local KWE sources. Cargo volume throughput at Vietnamese sea ports has softened in November, down 3% year-over-year and attributed to pandemic-stricken demand.

Officials approved the resumption of business travel flights from Taiwan, although tourists are still prohibited.

THAILAND



Thai exports dropped 6.7% year-over-year, led by greater demand from the US and other Southeast Asian countries. Cross-border trade with Myanmar is currently routed through the Myaway land port to ease traffic conditions as borders remain under lockdown.

U. KINGDOM



New Brexit legislation will allow trade preferences to eligible developing countries under the Generalized Scheme of Preferences (GSP) starting January 1, 2021. The national lockdown is reportedly ending on December 2 in favor of a tiered restriction system based on local infection rates to keep holiday travel and consumption afloat.

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