



WEEK 50 // DECEMBER 10 2020

APERTURE & FOCUS

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

KWE
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GLOBAL APERTURE

Across the markets, it is undeniable that air freight rates have increased over the year, even receiving ire from the World Health Organization's logistics chief recently, with freighter capacity struggling to compensate for a near-total loss of passenger belly-hold capacity. Now, experts say that belly-hold is making a steady comeback—still down 57% year-over-year at the end of November, but far higher than the 80% year-over-year decline in April. Cold chain requirements for the covid-19 vaccine distribution have made dry ice a highly demanded commodity—the unprecedented phenomenon will put global manufacturing output to the test in coming months.

The ocean freight industry is at the eclipse of port congestion, with multiple shipping organizations calling on governments to regulate or relieve terminal charges and long wait times. The effects have even reached the Panama Canal and the Suez Canal, marring Asian export flows and retailer stockpiling efforts in Europe. Analysts project that conditions will improve after peak season recedes in January 2021. Quite frankly, we're all at a loss.

REGIONAL FOCUS

BANGLADESH

Capacity
Demand



Qatar Airways Cargo resumed weekly services between Dhaka and Pittsburgh on December 4 after a yearlong suspension from weakened cargo demand. Flight operations at Dhaka were disrupted for six hours after a dense fog set on the morning of December 9, causing zero visibility and postponing flights. To meet growing passenger demand, Emirates will increase to double daily flight operations between Dhaka and various destinations starting December 14.

CANADA

Rates
Demand



The government approved distribution of the Pfizer-BioNTech vaccine on December 9. On November 30, the health ministry announced that exports of some drugs will be banned to prevent potential shortages, curtailing a recent US law that allowed neighboring buyers to purchase Canadian pharmaceuticals. Refrigerated capacity sees high demand as vaccine distribution comes underway, and Air Canada announces high-complete plans to convert several Boeing 767-300ER aircraft into freighters as it expands its dedicated cargo services.

Rates
Demand



CAMBODIA

No Change



Intra-Asia ocean routes have not experienced the same pitfalls as international routes, but equipment shortages continue to affect Cambodia's overall market and cargo operations. Despite a resurgence in covid-19 infections, the prime minister announced that a state of emergency will not be declared on December 7, and local KWE sources report that air terminals are operating as usual.

Capacity
Rates
Demand



CHINA

Rates

Capacity



Shipping lines recently announced a temporary suspension of cargo bookings to South China ports for January 2021, attributed to a sharp drop in feeder capacity—ports impacted will include Guangdong, Guangxi, Hainan, Yunnan, Guizhou, and Fujian. The Ministry of Commerce announced plans to work with China-based producers to ease the container shortage that has taken

Rates



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hold of the sea freight industry, attributing setbacks to the onset of holiday peak season and the ongoing pandemic's impact on cargo operations. In Shanghai, local authorities have increased cold-chain transport regulations to prevent infections caused by personnel and cargo at port terminals.

E.U. REGION

Rates
Demand



Capacity
Rates
Demand



Transatlantic air freight capacity is facing a crunch now that coronavirus supply chains have come to life, and the European Union is set to publish contingency measures to keep flights and trucks moving should the Brexit deal miss its December 31 deadline.

CMA CGM announced an addition of newly leased containers through December and January, redeploying feeder vessels to improve the export container shortage plaguing Europe-Asia trade lanes.

HONG KONG

No Change



Rates
Demand



Freight line Hong Kong Air Cargo applied to the Air Transport Licensing Authority (ATLA) on December 9 to expand its intra-Asia service routes; the carrier's proposed destinations include Chennai, Delhi, Tokyo, Jakarta, and Manila.

INDIA

No Change



No Change



Congestion at the ports of Chennai and Kattupalli have forced Customs officials to intervene, attributed to shortage of port equipment and the recent landfall of cyclone Nivar. Air India will start direct flights from Hyderabad to Chicago and Bengaluru to San Francisco on January 15, but until then no changes have been reported compared to the previous week.

INDONESIA

Capacity
Demand



Rates
Demand



In air freight, the most impacted lanes based on demand are intra-Asia destinations and transpacific US destinations, although demand to European destinations have also increased from the week prior. Transport leaders have called on the government to process a cache of some 1,000 containers filled with plastic waste to remedy the export container shortage, which has now produced vessel delays in intra-Asia routes.

JAPAN

Capacity



Demand
Rates



The government issued a provision in the 2021 tax reform on December 3 to omit tariffs currently levied on disposable plastic glove imports. Officials are also considering reductions to Japan's aviation fuel tax by up to 80% to relieve its burdened airline industry. A violent sea storm resulted in the loss of 1,816 containers by the ONE Apus on a transpacific service route—the vessel arrived at the Port of Kobe on December 8 for inspection.

KOREA

Demand



No Change



On December 8, the Aviation Ministry increased the limit of dry ice planes can carry as the government announced its purchase of covid-19 vaccines for 88% of the country's population.

MALAYSIA

Rates
Demand



No Change



The Malaysia National Shipping Council (MNSC) has called on the government to intervene in the current container shortage and their effects on carrier rates and vessel routings.

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MEXICO

Rates
Capacity



Demand



A Mexican official with the Border Trade Alliance in Mexico has proposed the creation of a new free-trade zone at the US-Mexico border cities of Laredo, Texas and Nuevo Laredo. A major automotive producer has discontinued its semi-truck sales in Mexico citing heavy losses in the current year and changing trends in the transportation industry.

PAKISTAN

Demand
Capacity



Rates
Demand



Virgin Atlantic Cargo commenced its new service routes to Pakistan one week after Pakistan International Airlines signs a cargo charter agreement with Oriental Sky Aviation Ltd., establishing Lahore and Islamabad as transit hubs for Europe-Asia supply chains.

Reduced staff and an influx of wheat, sugar, and fertilizer shipments have congested operations at Karachi Port, delaying export shipments until the prioritized cargo are offloaded.

PHILIPPINES

Rates
Demand



At the ports, peak season demand hits outbound transpacific US lanes while a string of urgent automotive shipments ups demand for intra-Asia destinations such as Bangkok and Jakarta. On import matters, the continued imposition of destination charges has pushed shipper organizations to file a case with the Shippers' Protection Office (SPO) for government intervention.

SINGAPORE

Rates
Capacity



No Change



Singapore Airlines announced on December 5 its air capacity will prioritize vaccine shipments across key trade lanes, with seven freighters dedicated to transport. On December 10, Singapore and the UK signed a free trade agreement covering £17 billion (\$22.6 billion) worth of goods.

SRI LANKA

No Change



Demand
Capacity



Regional carrier Sinokor Merchant Marine launched its weekly China-India service on December 7, deploying six 4200 TEU vessels to connect the following ports: Dalian, Shanghai, Ningbo, Shekou, Singapore, Port Klang, Colombo, Nhava Sheva, and Mundra.

THAILAND

No Change



Rates
Demand



The government has reopened the country to all foreign travelers who apply for their Special Tourist Visa in efforts to resuscitate its tourism sector. Ocean freight export demand continues to rise, and is projected to impact the market until December's end, according to local KWE sources.

U. KINGDOM

Rates
Demand



Rates
Demand



Hospitals in the UK have received the first batch of the Pfizer-BioNTech vaccine, approved for emergency use by authorities on December 2.

Widespread congestion at the Port of Felixstowe has retailers complaining of shortages and manufacturers halting production as the combined surge of Brexit stockpiling and pre-holiday

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inventory rush pushes Maersk and MSC to drop the port from their transatlantic loop.

UNITED STATES

Rates
Demand



Rates
Demand



On December 8, the Federal Maritime Commission (FMC) expanded an investigation on ocean carriers that have withheld containers from US agricultural exporters, months after the Fact Finding Order was approved earlier this year on March 31. Industry analysts project that the combined pressures of the US import surge and container shortages will likely last into 2021, furthering congestion at East and West Coast ports.

Inbound capacity has drastically reduced in several airports following reports of a resurgence in coronavirus cases throughout the US—Air China has suspended services to the LAX gateway until December 10.

VIETNAM

Capacity



No Change



Outbound container shipping is facing greater pressure as an effect of supply chain sourcing shifts; the Port of Cat Lai bears exceptionally long wait times in addition to existing container shortages, racking up terminal charges for exporters.

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