



WEEK 52 // DECEMBER 24 2020

# APERTURE & *FOCUS*

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

**KWE**  
Global Logistics Partner

**APL Logistics**  
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## GLOBAL APERTURE

Winter holidays are met with incongruent lockdown restrictions in the face of a new global outbreak, which could extend the pandemic's duration through 2021. Additionally, the new mutation of the coronavirus originating in the UK has led many countries to ban all flights to and from its airports. Now that the vaccine distribution has begun, IATA is calling on governments to classify aviation professionals as essential workers to quell the uptick in transmission to cargo handlers, pilots, and customs officials.

A recent increase in Liquefied Natural Gas spot prices has moved state buyers of Pakistan and China to cancel several shipments as a colder winter hits the region, raising carrier costs for manufacturers across Asian markets and industries. Malaysian crude oil supplier Petronas was also forced to declare force majeure for two crude oil grades due to production issues. Following reports of the increase, oil shipments have resumed from Venezuela to China.

Global carrier Maersk announced that through the months of January and February, it will maintain focus on repositioning and in-fleeting to resolve ongoing congestion and roll-over issues. Shipping Alliance THE begins a new service route connecting East Asia ports in China and South Korea to Houston, New Orleans, and Mobile, Alabama via the Panama Canal.

## REGIONAL FOCUS

### BANGLADESH

Rates  
Demand



Import costs are reportedly increasing due to the global uptick in gas and oil prices, causing exporters to scale back raw material purchases in November—textiles imports fell 3% year-over-year, but increased imports of chemical products also helped sustain Bangladesh's trade deficit. The new outbreak of coronavirus in western countries has adversely affected the garment industry, with domestic suppliers reporting that retailers have started to request holds on current work orders.

### BRAZIL

Rates  
Demand



An upcoming maritime bill that would expand cabotage across the country's coastline has been approved by the first of Brazil's legislative bodies, and now goes to Senate for approval. All ten members of the Latin American Civil Aviation Commission (CLAC) signed an agreement on December 21 to liberalize cargo flight traffic—cargo can now be transported between member countries without obtaining prior authorization from the airline's country of origin.

Rates  
Demand



### CAMBODIA

Rates  
Demand



Equipment shortage persists at Phnom Penh Port, with intermittent terminal congestion on weekends due to small container pickup windows according to local KWE sources.

UK officials have confirmed that Cambodia will be eligible for tariff-free exports in 2021.

Rates

Demand



### CHINA

Rates  
Demand



Following a localized outbreak on December 16, the Port of Dalian and its respective city have been shut down on December 23 for mass screening. Government data posted a 0.8% year-over-year increase in cargo throughput handled for the first 11 months of 2020. However, some congested port conditions related to

Rates



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## INDONESIA

container shortages and vessel delays continue from the previous week. In more positive news, carrier CMA CGM lifts its Port Congestion Surcharge at Xingang's Port of Tianjin on December 24. Outbound air freight is projected by analysts to peak in demand and rate through the winter holiday season.



Export capacity is cornered by high demand for leading destinations like the US, but outbound demand to Europe decreased slightly over the last week. Due to the severity of the new outbreak, the government has requested all companies to resume remote working conditions until January 8.

The Japanese-funded Patimban International Port has opened for operations following the completion of its first construction phase. Located in Subang, West Java, the deep sea port will play a crucial role for Southeast Asian automotive supply chains, equipped with a 3.75 million TEUs container capacity and a car terminal that stores up to 218,000 completely built-up units.

## E.U. REGION



The discovery of a new coronavirus strain in the UK temporarily shut down cross-border trade with EU ports; France is the first country to selectively reopen its borders with the country on December 23 as the European Commission urges member states to ban non-essential travel with UK. Lufthansa Cargo has opened a cargo facility in Poland's Katowice Airport to facilitate road feeder service (RFS) consolidations to Frankfurt and Vienna—the facility starts operations January 4.

Major European ports such as those in Antwerp, Calais, Brussels, Hamburg, and Rotterdam have pre-emptively set up operational contingencies in the increasingly likely event of a no-deal Brexit as negotiations remain ongoing. European Medicines Agency (EMA) approved use of the Pfizer-BioNTech vaccine on December 22, setting off distribution plans throughout the EU.

## JAPAN



The Japanese government has announced additional support measures for airlines and airports, which include reductions to fuel taxes and funding for infrastructure renovation.

## KOREA



Busan Port and Incheon Port announced a 50% reduction in port expenses for full container load ships and automotive carriers entering from the US and Southeast Asia to offset rising carrier rates, applied retroactively from December 1 to February 28, 2021. All port conditions remain unchanged from the previous week.

## INDIA



A newly proposed trade belt connecting India with Thailand, Myanmar, and Bangladesh has received support at a virtual summit held by government officials on December 17 that discussed the project's potential trade barriers and infrastructure challenges. On December 21, the Directorate General of Shipping (DGS) lifted quarantine restrictions for arriving ships suspected of covid-19 exposure after trade industry leaders criticized the move has delayed vessel berthing by up to four days, causing a cascade of delays throughout supply chains.

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## MALAYSIA

Rates  
Demand



Demand



Capacity



Some ocean carriers are voiding vessel arrivals to Port Klang due to severe delays in vessel schedule as the ongoing container shortage worsens with adverse weather conditions, creating a cargo congestion that has taken up 95% of yard capacity. Lack of diligence from previous consignees has also delayed the clearance and receipt of reefer containers.

## SINGAPORE

Rates  
Demand



No Change



The Port of Singapore continues to recover from its vessel-related congestion in October, maintaining its handling volume through mid-December; market conditions remain unchanged from the previous week. Carrier Singapore Airlines announced that it will reinstate daily service to its long-haul flights for major US gateways of JFK, LAX, and SFO on January 18.

## MEXICO

Rates  
Demand



Demand



Mexico's port cargo volumes registered a 12.5% year-over-year decrease in November, attributed to significant reductions in containerized cargo, bulk minerals, and loose cargo. Maquiladora exports are projected to fall 7% by the end of 2020 according to trade advocates, noting that the industry has not yet recovered even 25% of its total 120,000 laid-off workers from early-2020.

## SRI LANKA

No Change



No Change



On December 17, workers of Colombo Port staged a silent protest against the sale of its East Container Terminal, the latest local response to a series of politicized investment and development efforts for Bangladesh's busiest cargo hub. The government has eased vessel crew change restrictions to allow repatriation flights and plans to reinstate commercial and chartered flights on December 26.

## PAKISTAN

No Change



Rates  
Demand  
Capacity



A second outbreak that began in November has grown due to the onset of winter weather and pollution; the government has imposed smart lockdowns in Karachi and Peshawar. Port operations are working with reduced staff, and cargo handling is affected by cascading vessel delays and roll-overs.

## THAILAND

Rates  
Demand



Rates  
Demand



Capacity



A local outbreak in the Samutsakorn province has resulted in upwards of 700 cases, pushing cities to impose local restrictions. Outbound air cargo demand to leading intra-Asia and Europe destinations shows some recession compared to demand to US destinations which remain unchanged.

## PHILIPPINES

Demand



No Change



Terminal congestion at the Ninoy Aquino International Airport will delay import shipments by at least one day, according to local KWE sources.

Container shortage is still a serious issue, with local reports of wait times up to one day for trucks to pickup empty containers at seaports.

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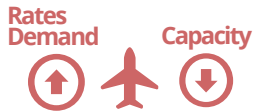
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## U. KINGDOM



All trade ports closed temporarily on December 21 amid concern over the new Covid-19 variant; borders reopened on December 23 with all transport modes reinstated for some EU citizens. The reactive lockdown caused a backlog of over 2,800 trucks at the Port of Dover, whose port authority opted to redirect idle traffic to the nearby Manston Airport. Many trucks still reside at the airport as analysts predict cross-border congestion will persist into 2021.

## VIETNAM



In a virtual summit held on December 21, officials of Vietnam and India signed several cooperative agreements in areas of defense, petrochemicals, renewable energy, and cancer research—both countries raised concern over individual disputes with their mutual neighbor China. Despite strong growth throughout the year, exports showed sign of weakening as Vietnam posted a trade deficit for the first-half of December, attributed to weaker-than-expected recovery from a 8.3% decrease in exports—predominantly smartphones, machinery, steel, and automotive goods—in the second-half of November. Adverse port conditions continue to affect sea freight booking. Outbound air freight sees some addition to capacity for US and Japan destinations in a last-minute attempt to ease holiday demand, but other trade lanes remain limited.

## UNITED STATES



Airport terminal operations at LAX, ORD, and JFK are heavily congested while DFW and ATL are unaffected—the latter airport sees increased passenger flights despite CDC warnings. The market is also seeing major increases in sea freight rates as unprecedented amounts of cargo finally arrive at West Coast ports from vessels idling since as early as November 30, leading to heavy terminal delay and congestion. Following the approval of Operation Warp Speed, federal, state, county, and local law enforcement agencies will take a more active approach to assist with vaccine logistics coordination and security in the country.

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