



WEEK 53 // DECEMBER 30 2020

APERTURE & *FOCUS*

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

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GLOBAL APERTURE

The new year is nigh, and still the container shortage persists. Traces of the new coronavirus strain have been found in a growing list of countries including India, Canada, Denmark, Japan, South Korea, Singapore, and Australia. Consequently, passenger flights to and from the UK (with few exemptions) have been banned in 40 countries including India, Taiwan, Brazil, Canada, and Germany.

The future of sea freight sees additions in capacity for carrier Hapag-Lloyd, which announced its order of six ultra-large containerships with a capacity of 23,500 TEUs per vessel. Carrier alliance ONE also announced its intent to charter six 24,000 TEU vessels from a consortium of Japanese shipbuilders—vessel delivery is expected between 2023 and 2024.

Global analysts reaffirm predictions of a slow 2021 recovery for air and sea freight, but with so many curveballs thrown this year, it's anyone's guess what the coming quarters will bring to the transport industry and the global economy. One thing is certain: we made it through the chaos of 2020, and the lessons we take may yet come to use in the unseeable, unknowable future.

REGIONAL FOCUS

BANGLADESH



On December 28, about 6,000 TEUs of cargo destined for Chittagong Port were reportedly stranded in Singapore due to severe congestion; industry analysts warned the shortage of feeder vessels can delay backlog clearance by up to a month. Several regional airlines have cancelled flights connecting to Saudi Arabia resulting in a capacity drop, but the country's Civil Aviation Authority has hinted that airlines based in UK, Iran, Iraq, Indonesia, and South Korea may regain permission to operate flights in 2021.

CHINA



No changes to air or sea freight operations from the previous week. The EU-China Comprehensive Agreement on Investment (CAI) was finalized and signed by top officials on both sides December 29, liberalizing market access and investment across a series of industries including manufacturing, automotive, telecommunications, and cargo handling. Strict virus-control measures at Chinese ports have blocked some 400,000 merchant seafarers from disembarking their vessels due to outdated visas.

CAMBODIA



KWE local sources report that outbound air demand increased slightly in the past week, attributed to increases in garment ad hoc shipments to Canada. In regulatory news, Cambodian shippers can now apply for ASEAN customs declaration documents electronically to improve trade and information flow, after officials announced success of the implementation.

E.U. REGION



French cross-border trucking analysts say disruption will be expected in the days following UK's border restoration with the EU as new customs regulations come into force on January 1. The continued shipping crisis has led many European forwarders to decline contracts for cargo destined to the UK.

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INDIA

Rates



No Change



There is drop in outbound capacity for UK and Saudi Arabia destinations due to imposed restrictions or cancellations by airlines between December 29 to January 3, enacted as a means to slow transmission of the new coronavirus strain. Port conditions remain unchanged as pharmaceutical industry advocates continue urging the government for intervention and relief from high rates and congested terminals.

MALAYSIA

Rates Demand



Capacity

Rates Demand



Capacity

Several airlines have cancelled year-end flights connecting with Malaysia due to new coronavirus concerns as intra-Asia and US demand picks up for spot shipments.

Authorities announced on December 30 that Port Klang will commence 24-hour operations for the next two weeks or until the port's container backlog is cleared, citing lack of communication and complications related to the coronavirus pandemic. The clearance is intended to prepare port operators for the coming Lunar New Year peak season in February. Local KWE sources report that some carriers have skipped direct calls to Port Klang to correct delayed vessel schedules.

INDONESIA

Demand Capacity



Capacity



Outbound capacity at Soekarno-Hatta Airport (CGK) is tight, especially for intra-Asia destinations such as Korea, where backlogs have been reported at Incheon Airport (ICN) and some carriers have stopped accepting ad hoc shipments. On December 28, the government announced it would close borders to all foreign travelers in the first weeks of January, days after a new strain of coronavirus was reported—high-level visits by officials are exempt. Road restrictions are currently in place in Jakarta's highways, which may delay trucking movement between Tanjung Priok.

PAKISTAN

Capacity Rates Demand



Rates Demand



Air cargo operations have slowed down over winter holidays, as inclement weather along with smog delays some flights in Pakistan's major airports. Late vessel arrivals and roll-overs are still observed in sea freight operations.

KOREA

Demand



No Change



A deluge of air shipments from the previous week have consequently created a severe backlog at the Incheon Airport (ICN); Korean Airlines in particular has begun canceling flights to curtail further delays. Intra-Asia demand has increased, attributed to attributed to year-end resupply of materials for optics and electronics industries. The government announced plans to create a new shipping alliance with five Korea-based carriers currently serving Southeast Asia: SM Merchant Marine, HMM, Janggeum Merchant Marine, Pan Ocean, and Heung-A Line.

PHILIPPINES

Capacity



Demand

No Change



The government has banned the arrival of foreign travelers from 20 different countries including the UK from December 30 to January 15 to control the spread of the new coronavirus; Overseas Filipino Workers (OFWs) are exempt. Port conditions are reportedly unchanged from the previous week.

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SINGAPORE



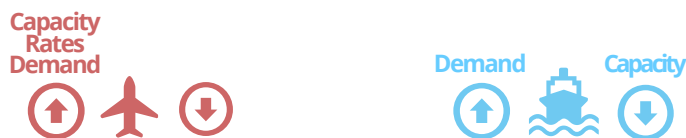
Port conditions remain unchanged from the previous week.

SRI LANKA



Airport conditions remain unchanged from the previous week. Government restrictions on the import of non-essential goods has significantly decreased inbound demand from China, according to local KWE sources. Outbound sea freight capacity increases with the addition of ONE's Asia-North Europe service.

TAIWAN



Outbound air freight demand to US and EU destinations experienced major increases over the week, in part due to increased demand of telecommunication products. On the sea freight side, acute container shortages across Taiwanese ports have dragged down port operations, with container pickup delayed by as much as three days at the Port of Keelung's East Terminal.

THAILAND



Despite a rise in cases, the coronavirus resurgence has not affected port conditions—a slight relief as the continued container shortage weighs down Thailand's sea ports. Terminal congestion and work shortages still plague Suvarnabhumi Airport and exporters can expect longer-than-normal trucking queues; import operations are also suffering from lack of handlers, albeit to a lesser degree.

U. KINGDOM



Lawmakers voted unanimously to approve the UK-EU trade deal on December 30. The Port of Felixstowe may still be swamped, but neighboring Port of Liverpool receives a transatlantic loop service by carrier alliance 2M—rail operators are coordinating to move some 3,000 extra containers the service is expected to bring every week.

The recent two-day stoppage in cross-border trade with the EU may result in temporary shortages of produce in the coming days. Another FTA is secured between UK and Turkey officials, suggested by trade experts to strengthen supply chains for the automotive, textiles, and electronics industries in the coming years.

UNITED STATES



Trade analysts are shaking their heads as they report massive congestion in American sea ports caused by... too much online shopping. The US import surge has caught attention of sea carrier Maersk, which announced on December 29 plans to quell the resulting export congestion and intermodal equipment disparity. The arrival of three ultra-large cranes may provide a handling boost for the Port of Oakland while the combined ports of New York and New Jersey are pushing their mantra of "collaboration, communication, and coordination."

On the horizon: federal agencies are warning of disruption to supply chains as legislation passed in 2018—aimed at stopping illicit opioid trade—enforces regulations for advanced electronic data starting January 1.

VIETNAM



Overseas air freight demand weakened at the cusp of the winter holiday season along with outbound capacity to Japan, according to local KWE sources. Sea port conditions are reportedly unchanged from the previous week.

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