



WEEK 1 // JANUARY 6 2021

# APERTURE & *FOCUS*

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



## GLOBAL APERTURE

The world enters 2021 with a third wave of infections attributed to a coronavirus variant that first appeared in the UK, along with five new variants already observed in Ukraine and another from Argentina. Pressed by mass social gatherings over the winter that contributed to the new wave, many countries are imposing new lockdowns in their most populous cities which may blunt the expected recovery. Slowed national and regional vaccine rollouts, in particular by the EU, have strained hospital infrastructure and aggravated local health officials.

But even an overcast new year is not without its silver lining. Many signatories of the signed Regional Comprehensive Economic Partnership (RCEP) are expected to ratify the trade agreement throughout the year. Cargo shipped within Africa will see substantial cuts in cross-border tariffs come January 8 as a new free trade agreement is enforced in 54 of the continent's countries.

Efforts to correct the container and equipment disparity across regions will see further delays due to recent lockdowns in North America and Europe. Oil leaders in Saudi Arabia have agreed to cut daily production by one million barrels to support faltering market prices, which is projected to readjust carrier fuel costs.

## REGIONAL FOCUS

### BANGLADESH



December exports slumped 6.11% year-on-year, in part due to a harsh winter holiday season in the West which muted apparel production. Now, analysts are pointing out the country's uneven economic recovery is related to the disparity in access to pandemic relief funding. Port conditions have changed little from the previous week as workers continue attempts to manage the container shortage.



### CHINA



Freight throughput according to government data registered a 4.2% year-on-year increase for the first 11 months of 2020; however, cargo volume contracts for the same period fell 1.2% year-on-year—likely due to the container shortage that began fall quarter. A draft legislation to formalize the free trade status of Hainan Port has been reviewed by members of Congress and is open for public comment until January 29.



### BRAZIL



Interregional air capacity is temporarily remedied now that a 10-state air cargo liberalization agreement is in effect until December 31. Due to reduced supply, the government placed a ban on the exports of syringes and needles on December 31.



### E.U. REGION



Cross-border shipping to the UK saw hikes in transport costs over the past week as new border controls were instated over the new year, but the most recent report shows a dip in traffic—France's Port of Calais saw a mere 20% of its usual truck flow on January 4.



Regional capacity gets a boost as UAE's Etihad Airways launches its charter and special flight services for passengers, which will also carry government cargo per the national aid charter program. Russian aircraft manufacturer Volga-Dnepr also began returning

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AN-124 freighters back to the market on January 5, a little over a month since grounding the planes for technical inspection. Qatar Airways received three new Boeing 777 freighters, which it plans to deploy on long-haul routes.

## HONG KONG

No Change



Rates Demand



Cathay Pacific Cargo's new service to Riyadh, Saudi Arabia commenced January 5.

## KOREA

Demand



No Change



Incheon Port continues to see growth in container volumes due to stabilization of transpacific trade lanes and the opening of several new routes to China and Vietnam. South Korea's total export increased 12.6% year-on-year, driven largely by semiconductor exports to US, Canadian, and Chinese destinations amidst a trend in datacenter investment.

## INDIA

Rates



Capacity

No Change



The government has walked back remarks to ban the export of new covid-19 vaccines, days after authorizing the Astro-Zeneca formulation and one developed by Bharat Biotech for public use. But for other exports, a tax refund scheme that replaced the country's Merchandise Export from India Scheme (MEIS) last year was extended on January 1 in a "major step" to boost outbound trade. Automotive brands have also pivoted production capabilities to India, a sign of increased exports in the coming months and years. On the other hand, rice exports continue to suffer loading delays at sea ports during a crucial time when competing producers in Thailand and Vietnam have scaled back their yields.

## MALAYSIA

No Change



Rates Demand



Capacity

Additional measures have been enforced by Port Klang Authority since December 28 to free up container storage space, including an enforced 24-hour window following gate-pass issuance for consignees to collect containers, an increase in available staff, and negotiating with carriers to accommodate vessel scheduling.

## JAPAN

Rates Demand



Demand Rates



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

## MEXICO

Rates Demand



Demand



Official government data shows the country accumulated a trade surplus of \$3 billion year-on-year in November, attributed to export gains in plastics, raw minerals and metals, and consumer produce goods. Business leaders in Tijuana's maquiladora industry will coordinate with federal officials to secure 1.1 million doses of covid vaccine—enough to vaccinate 750,000 workers free of charge.

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## PAKISTAN

No Change



Rates



Congestion at the ports of Karachi and Qasim have not abated, as vessels carrying large shipments of wheat continue to wait out long berthing delays. Business leaders have called on port authorities to divert waiting vessels to the empty Gwadar Port, which was set to be fenced off only one week prior. The fortification was one of many projects that make up the ongoing process of developing a China-Pakistan Economic Corridor.

## TAIWAN

Capacity  
Rates  
Demand



Demand

Capacity



Flag carriers EVA and China Airlines plan to increase capacity around mid-January in anticipation of the oncoming Chinese New Year's peak season. In the meantime, intermittent aircraft maintenance will add a bit of instability to outbound capacity for Japan and EU destinations, according to local KWE sources.

## PHILIPPINES

Capacity

Demand



No Change



On January 4, the trade minister imposed temporary duties on imports of passenger and light commercial vehicles to support its domestic automotive industry. Philippine Air Lines resumed flights to Saudi Arabia on January 4 following a two-week border closure by the country. Travel bans from 20 countries, apart from repatriation flights from four of the countries, remain in effect until January 15; a crew change ban has also been imposed on vessels. New arrastre rates for foreign empty containers and storage fees for out-of-gauge containers will soon be imposed at the Ports of Manila and Batangas.

## THAILAND

Rates  
Demand  
Capacity



Rates  
Demand



The government intensified its lockdown on January 4 after tallying over 700 new coronavirus cases, with new restrictions placed on 28 red-zone districts including Bangkok. As carriers prioritize containers and equipment to ports in Vietnam and China, Thailand's sea freight capacity will be hard-pressed for recovery in 2021.

## SRI LANKA

No Change



Rates  
Capacity



A new import/export focused economic center will be constructed in the city of Mihintale to further support cargo handling at the port city of Colombo. The Minister of Tourism announced the tentative reopening of Bandaranaike International Airport for travelers on January 21 according to health guidelines.

## U. KINGDOM

Rates  
Demand



Capacity

Demand  
Capacity



Brexit is wrapped up for the most part, and the UK government has announced a three-month "grace period" for online retail goods, exempting such shipments from customs declarations until at least April to avoid supply chain disruption. This move will smooth at least some supply chains that rely on Northern Ireland and Gibraltar to transport goods—the latter being a British Overseas Territory that will cede control of its ports to Spain. Though the country's container crisis has not yielded and continues to affect Just-In-Time manufacturers, the early stockpiling efforts by some factories have produced an increase in manufacturing activity in December, up 1.9 points from the previous month. A £4.6 billion (\$6.2 billion) government support package announced on January 5 may also help tide businesses over the third lockdown currently in effect.

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## UNITED STATES

Rates  
Demand



Rates  
Demand



In efforts to relieve cross-border traffic, Customs officials will resume Sunday commercial truck inspections at the Mariposa Port of Entry from January 31 onward. Alaska Airlines signs a deal to buy 23 more Boeing 737-9 airplanes.

## VIETNAM

Demand



No Change



The Deputy Minister of Transport unveiled a plan to upgrade the ports of Haiphong and Cai Mep to international standards through the development of a port infrastructure network worth 150-200 trillion dong (\$6.4-8.6 billion). Frustrated by the rampant container shortage, the Vietnam Maritime Administration has sent letters to carrier lines requesting they publicly declare freight rates and surcharges.

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