



WEEK 2 // JANUARY 14 2021

APERTURE & FOCUS

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



GLOBAL APERTURE

An Arctic polar vortex is set to barrel down the Northern hemisphere. Colder winters in Asia and Europe means greater demand for natural gas, and recent vessel congestion at the Panama Canal means slower distribution, pushing up fuel costs. The automotive industry shift to EV technology comes at a less-than-opportune time due to a global shortage in semiconductors—a consequence of chipmakers shifting to produce for consumer electronics while vehicle sales tumbled throughout much of 2020. Now, more and more automakers around the world are confirming of factory shutdowns and lowered output. But the trade-turned-tech conflict between China and the US has in turn amplified regional investment and government support in the electronics industry, and that means potential for economic recovery.

Boeing announces on January 11 that it will end production of its 747 series in 2022, delivering the last model to Atlas Air. Ocean carrier Wan Hai Lines launched a new express weekly service connecting Shanghai, Kaohsiung, and Ho Chi Minh City on January 12.

REGIONAL FOCUS

AUSTRALIA



Regional shipping lines have independently taken action to curtail the empty container shortages, diverting vessels to reposition containers in the Australian ports of Sydney, Brisbane, Melbourne, and Fremantle.

BRAZIL



The immediate closure of three assembly plants by an American auto brand drove thousands of former employees out in protest on January 12, after reports detailed the sales of new vehicles falling year-on-year by more than a quarter in 2020. Four Chinese carmakers, represented by Brazil's automotive group Grupo CAOA, have reportedly expressed interest in property acquisition.

BANGLADESH



Citywide elections at the Chittagong Port will take place on January 27, which may result in cargo transit delays between port and warehouse. An ongoing conversation between high-ranking officials of Bangladesh and Pakistan seeks to resume direct flights—currently suspended due to lockdown restrictions—and the reestablishment of a Joint Economic Commission. The Bangladesh Cargo Vessel Owners Association (BCVOA) issued an ultimatum on January 11, calling on the government to meet six demands—including the termination of illegal toll collection and movement of illegal bulkhead cargos—within 90-days or face potential labor strikes. The first consignment of Oxford-AstraZeneca covid-19 vaccines, totaling five million doses, is due to arrive between January 21 to January 25.

CHINA



Industry sources report that some factories, already slammed by container shortages, are adjusting their holiday schedules for this year's Lunar New Year due to demand-driven concerns and outbreak-related restrictions. But current market outlooks also note considerably fewer blanked sailings than in previous years—a sign that carriers are prepared to catch the uptick of purchaser and consumer confidence.

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E.U. REGION



Amsterdam's Schiphol Airport will close one of its major cargo runways for maintenance for 13 weeks from January 25 until April 26, modifying the usage of remaining runways to accommodate for air traffic; flight schedules through the airport may be affected during this time. Spanish air carrier Iberia announced the resumption of several long-haul cargo flights between Madrid and Latin American hubs in Mexico, Brazil, and Peru on January 10.

Ocean carriers serving Northern Europe are prioritizing vessel calls to reposition empty containers, and consequently may cancel export bookings or impose surcharges based on a port-by-port basis.

JAPAN



Entry of all non-resident foreign nationals to Japan has been suspended from January 13 onward until further notice.

While data shows capital equipment orders recovered a second month in November, the global container shortage continues to present a challenge for Japanese importers across all sectors with Southeast Asian supply chains. Semiconductor shortages have reportedly affected Honda's domestic auto production, the company announced January 7. With the addition of a global shortage in PS5 units, pressure and confidence are growing for domestic electronics manufacturers.

INDIA



The country's 11 port trusts may soon be restructured under a public-private-partnership model if the proposed Major Port Authorities Bill receives approval—available data shows declining cargo traffic for the ninth consecutive month at India's 12 major ports. The Supreme Court placed a temporary hold on new agricultural reform laws in the wake of continued farmer protests in New Delhi, pushing instead for an independently formed committee to negotiate with representatives of the protestors. Finally, a tripartite effort among Japanese, Indian, and Chinese maritime officials has resolved protocol-related issues that previously resulted in the stranding of 23 Indian seafarers.

KOREA



Posted air industry statistics show continued sluggishness in passenger demand and high cargo volumes through December 2020, increasing 12.7% year-on-year thanks to strong international demand from the US, Japan, and China. In a state meeting, the Finance Minister affirmed that South Korea is actively in consideration to join the 11-nation Comprehensive and Progressive Trans-Pacific Partnership (CPTPP) trade bloc, with plans to initiate talks with the member countries. Documents related to the proposed acquisition of Asiana Airlines by Korean Air were submitted for review to antitrust regulators from 16 countries.

INDONESIA



A recent discussion between Indonesian and Chinese foreign ministers has reinforced a five-point consensus including plans to expand bilateral trade, increase trade infrastructure investment, and legislate a regional code of conduct in the South China Sea.

MALAYSIA



Terminal congestion at Port Klang is reportedly easing after several measures were enforced on January 9 by the terminal authority's task force including full inspections and customs release within 24 hours. Authorities also report greater industry efforts to clear empty containers and pick-up cleared cargo; however, port capacity utilization stood at 95% at the time of report.

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PAKISTAN

No Change



Rates
Capacity
Demand



Local KWE sources report that an onset of winter season fog will intermittently affect flight operations at Lahore, Sialkot, and Karachi. On January 11, reports of protest-related road sit-ins in parts of Karachi, Sindh, and Punjab temporarily disrupted traffic, endangering outbound reefer shipments destined for ports. The coronavirus continues to affect Karachi residents, and state-imported produce continues to impede non-food cargo handling at the port.

SRI LANKA

No Change



No Change



Bandaranaike International Airport at Katunayake and Rajapaksa International Airport at Mattala will reopen for commercial flights from January 21 onward. Current flight schedules remain unchanged with no export restrictions for cargo handling.

PHILIPPINES

Rates
Demand



No Change



Congestion at the Manila Airport Terminal has delayed import shipments by at least one day. Department of Health officials confirmed the country's first infection of the new UK coronavirus variant on January 13, leading the Philippines Port Authority to expand its crew-change ban to vessels arriving from 33 countries.

TAIWAN

Rates
Demand



Capacity

Rates
Demand



Capacity

Published state data shows Taiwanese exports grew to record highs in 2020, attributed to electronic components. There continues to be equipment shortages across Taiwan ports, and local KWE sources report that carriers are temporarily refusing bookings in the ports of Taoyuan and Hsinzhu. A reported lack of staff and pilots have caused EVA Airlines to reduce their number of available flights.

SINGAPORE

Capacity



Rates
Demand



Capacity

Singapore Airlines (SIA) will reinstate passenger flights to Dubai, Haneda, Moscow, and Munich from January 18 onward. Passenger flight frequencies will also be progressively increased to the following cities: Los Angeles, New York, San Francisco, Frankfurt, Paris, Milan, Barcelona, Zurich, and Johannesburg. Local KWE sources report a downward shift in sea freight capacity and available equipment over the past week.

THAILAND

Capacity



Rates

Rates



A second outbreak has resulted in an uncommon boost to capacity as low-cost carrier Thai AirAsia X is forced to increase cargo flight frequency between Bangkok and Shanghai, offsetting losses in domestic passenger sales. Container and equipment shortages continue to contribute to port congestion.

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U. KINGDOM



Government officials plan to formally request member state New Zealand to commence the UK's accession to the CPTPP trade bloc in coming months. Most of the holiday-related congestion at the ports of Felixstowe, Southampton, and London Gateway has resided, though noncompliance with post-Brexit customs updates and covid-19 protocols is now a disruption concern. Some carriers are even imposing surcharges for UK cargo shipped to EU airports via truck.

UNITED STATES



While many sea ports were credited with strong cargo throughput in 2020, a new wave of consumer demand has slammed Southern California sea gateways with fresh cargo vessels waiting to berth, and local area trucking is in heavy demand. It's almost like things are back to normal, trade-wise.

Imports of cotton or tomato products from Xinjiang, China were officially banned on January 13. The International Trade Administration announced on January 13 via the Federal Register its intent to discuss a range of topics covering supply chain competitiveness on January 28 for consideration by the Department of Commerce.

VIETNAM



Reductions in air cargo demand have eased strains caused by flight service reductions to select US and EU destinations, although space to Japan remains competitive. Port container and equipment shortage remains an issue, according to local KWE sources.

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