



WEEK 3 // JANUARY 20 2021

# APERTURE & *FOCUS*

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

**KWE**  
Global Logistics Partner

**APL Logistics**  
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## GLOBAL APERTURE

Unusual, but unsurprising is the overall mood in the container freight market as demand stays high across the world with no intention of changing course. Ocean carriers are reportedly blanking fewer vessels year-on-year for February—and they would be hard-pressed to after the surge of rollovers and last-minute rejections in December, when shipping alliances prioritized container repositioning to leave transshipment cargoes from Busan to Port Klang in the dust.

The EU plans to propose a set of reforms to amend the World Trade Organization's judiciary authority in February, but this hasn't stopped the regional bloc from escalating a WTO challenge against Indonesia's 2019 export ban on nickel ore. Now, Malaysia has also filed a complaint against EU member states France and Lithuania over purported trade measures against palm oil exports. But on a brighter side: Qatar suspended its WTO complaint against the United Arab Emirates on January 19—days after the latter joined Saudi Arabia, Egypt, and Bahrain to end a boycott of Qatari goods.

New, more infectious strains of the coronavirus have put crew change efforts back to square one, and a production snag will delay one vaccine rollout by about three weeks for Canada and Europe. Just our luck.

## REGIONAL FOCUS

### BANGLADESH

Rates  
Demand



Outbound rates shoot up one week after capacity dips on higher EU and US demand for PPE and medical garments. Six airlines from Indonesia, Iran, Iraq, Korea, and India are now requesting permission from the Civil Aviation Authority of Bangladesh (CAAB) to operate flights in Dhaka. Carrier Hapag-Lloyd announces a new fortnightly service from Chittagong Port to Krishnapatnam Port in East India for greater connectivity to hubs in South Asia, Middle East, North Africa, and Europe—the first voyage is set to depart at the end of January.

### CANADA

Rates  
Demand



No Change



While carriers Canada Airlines and Cargojet have made long-term plans to add capacity, the former's first quarter route cuts will still sting shippers even after the airline's recent announcement to restart use of Boeing 737 Max aircraft on commercial operations.

### CAMBODIA

Capacity

Rates  
Demand



Rates



The Cambodian General Department of Customs and Excise (GDCE) will jointly set up an automated customs clearance system with the Japanese government to improve import and export efficiencies. Intra-Asia air freight capacity to Japan increases despite lowered demand.

### CHINA

Capacity

Rates



Rates  
Demand



Capacity

Several carriers have suspended bookings at South China ports in the weeks leading up to Lunar New Year holidays although factories in the region may continue operations to clear backlogs, foreshadowing a greater tide of demand following February. Travel restrictions have been imposed on parts of Northern China, which may adversely affect trucking lead times. Shenzhen-based carrier SF Airlines opens a weekly all-cargo service connecting Xi'an with Tokyo.

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## E.U. REGION



Switzerland's flag carrier opens new cargo routes to Peru and South Korea to catch the newest surge in air freight demand, which has forced Lufthansa Cargo to temporarily waive its capacity guarantee for flights outbound from Frankfurt, Munich, Vienna, and Brussels. As more cases of covid-19 variants show up, the Dutch government has imposed a curfew and flight ban on the UK, South Africa, and South America starting January 23; carrier KLM announced it will halt all intercontinental flights and some European services starting January 22.

With higher rates of transmission come stricter safety protocols, and now France is weighing a requirement for ferried trucks from Ireland to provide coronavirus PCR or antigen tests prior to entry.

## HONG KONG



Feeder vessel services connecting the ports of Guangdong and Hong Kong will be adversely affected by carrier reductions leading up to the Lunar New Year celebration. Cathay Pacific Cargo implements its new Skid Fire Containment Bag (SFCB) solution at the Delhi, Bengaluru, and Chennai airports for improved handling and transport of batteries, with rollouts to further hubs in the coming months.

## INDIA



Government sources indicate that the upcoming federal budget may include provisions to increase import duties for consumer electronics, furniture, and appliances by up to 10%. India's Directorate General of Civil Aviation released new guidelines for transporting cargo on passenger jets. Spicejet announced the addition of two wide-body jets to its dedicated cargo fleet for use in long-haul flights. Demand is slightly picking up for transpacific shipments.

## INDONESIA



A magnitude 6.2 earthquake struck the Javan island of Sulawesi, causing landslides in three locations and killing 46. Air demand rebounded significantly in the past week, especially to East Asia destinations.

## JAPAN



Due to the global shortage of semiconductors, Japanese automotive brands are being forced to reduce production, which spells for lighter exports to the US. Exports rose year-on-year by 2% in December, attributed to strong demand from China.

## KOREA



Air capacity increased due to Korean Air's introduction of chartered cargo flights for covid-19 diagnostic equipment, while sustained demand for short-haul services to intra-Asia destinations and increased consolidations at Incheon Airport have busied terminal operations, consequently tightening outbound schedules.

## MALAYSIA



Although some empty containers have been returned to Malaysian ports, industry officials cite that without additional sailings, ocean exports may face delays until March. Movement Control Orders have been imposed on the states of Penang, Selangor, Melaka, Sabah, and Johor until January 26, affecting transit between major ports such as Port Klang, Port Penang, and Port of Tanjung Pelepas.

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## PAKISTAN

No Change



No Change



Textile exporter associations in Pakistan have joined forces with groups in Bangladesh, Cambodia, China, Myanmar, and Vietnam to improve purchasing practices, with the aim of reconciling power imbalances on both sides of the supply chain.

## SRI LANKA

No Change



Rates  
Capacity



Bandaranaike International Airport reopens on January 21 to serve passenger, repatriation, and cargo flights. Trade unions continue their protests over the fate and ownership of Colombo Port's East Container Terminal, which has been eyed by major Asian countries over the past year. On January 15, the Central Board of Indirect Taxes and Customs (CBIC) has extended its waiver of bank guarantees for transhipped cargo through Sri Lanka and Bangladesh, provided carriers fulfill the necessary waiver requirements. Sri Lankan authorities have submitted documents to receive covid-19 vaccines from India's "Vaccine Maitri" distribution program, which has already shipped to Nepal and Bhutan.

## PHILIPPINES

Capacity

Demand



No Change



Manila International Container Terminal (MICT) completed its berth expansion project on January 19 to accommodate vessels with over 8,000 TEU capacities. Budget carrier Cebu Pacific receives its second freighter for use in its cargo subsidiary's routes to the UAE. Officials have jointly concluded that China will finance a new railway project connecting Subic Bay Freeport Zone with Clark International Airport in the hopes of improving supply chain efficiencies.

## THAILAND

Rates  
Demand



Rates  
Demand



Due to the onset of new covid-19 outbreaks, customs officers have started working remotely and halved the number of officers on-duty.

Port container inventory has improved from the previous week, but some carriers continue to report shortages, according to local KWE sources. Strong demand for transpacific and European destinations is projected to remain until the end of January.

Protesters continue to line the streets and disregard emergency lockdown laws in their demands for political reform, except now the air quality has taken a turn for the worse as farmers in Northern Thailand begin burn-off season, setting fire to plantations before sowing new crop. The resulting smog combined with low air circulation may adversely affect trucking lead times.

## SINGAPORE

Capacity  
Demand

Rates



No Change



On January 20, Singapore Airlines resumed non-stop flight services to Munich along with a new service for passenger covid-19 testing; the airline also aims to fully vaccinate its workforce. Local KWE sources report a cargo backlog for destinations in China, Japan, and Korea due to increased demand.

The Maritime and Port Authority of Singapore (MPA) issued revisions to its crew change policies for cargo ships on January 19, urging vessel owners to submit applications at least 14 days before planned crew changes to prevent delays. Workers at the Port of Singapore are also prioritized by the government to receive vaccinations this month.

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## U. KINGDOM

Rates  
Demand



Rates  
Demand



New post-Brexit cargo security charges and tariff guarantee requirements are unsettling shippers from exporting to the UK and leaving containers of agricultural produce to rot at European ports. The added customs procedures have even held up perishable shipments, destined for neighboring Ireland, at UK warehouses. Consequently, demand for chartered services has increased, although cross-border traffic between the Port of Dover and the Port of Calais has not yet suffered from any major congestion.

## VIETNAM

Rates  
Demand



Demand

Capacity



State officials are in discussion with flag carrier Vietnam Airlines to provide \$345 million in aid investments after the airline reported lockdown-related financial difficulties in 2020. Outbound air cargo rates to US destinations have decreased due to insufficient cargo demand from the previous week. Some ocean carriers have begun to reject shipments for intra-Asia and Latin America destinations due to space and container shortages, dragging up demand.

## UNITED STATES

Rates  
Capacity



Rates  
Demand



The Transportation Security Agency (TSA) released new plans for US shippers to self-screen cargo prior to airport remittance in compliance with mandatory screening policies issued by the International Civil Aviation Organization (ICAO), set to be enforced June 30. Local KWE sources report that while primary air gateways (Los Angeles, San Francisco, New York) continue to face congestion, Dallas-Fort Worth and Atlanta airports operate without delays, with the latter as also the origin of a new cargo service to Frankfurt by United Airlines.

The Port Authority has launched a new financial incentive program to improve trucking pickup and delivery times, but the significant cut in labor will undoubtedly affect port operations as some 700 workers at the combined ports of Los Angeles and Long Beach have contracted covid-19, with hundreds more taking leave.

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