



WEEK 4 // JANUARY 28 2021

APERTURE & FOCUS

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



GLOBAL APERTURE

Computer chip manufacturers confirmed that supply constraints will hamper the production of consumer electronics through the first half of the year and automakers warn the deficit may also affect car production. EV lines will also take a second hit from pandemic-related supply chain disruptions in South Africa that have backed up cobalt supply—essential to battery production.

Over 300 companies and organizations related to maritime transport have signed the Neptune Declaration on Seafarer Wellbeing and Crew Change on January 27 in a pledge to once again re-shore sailors who have been refused entry at ports, now numbering in the hundreds of thousands. New requirements for testing and self-isolation have been legislated in nearly every major country for passengers and flight crew.

REGIONAL FOCUS

AUSTRALIA

No Change



Rates



A pilot project backed by Australian and Japanese governments will see the development of a liquefied hydrogen supply chain, with the first tanker shipment scheduled for delivery to Japan later this spring—part of a broader trend to move away from traditional energy sources.

the government as a new coronavirus strain closes Brazil's travel corridors with other countries. The President publicly urged truckers to reconsider a planned strike on February 1 over rising fuel costs and a weakening currency.

CHINA

No Change



No Change



A revised trade deal with New Zealand was signed on January 26, giving wood and paper imports preferential access to Chinese buyers. Domestic container manufacturers are now in full production and analysts predict that with carrier repositioning efforts, the sea freight market may recover following Lunar New Year holidays. New customs regulations delay frozen food imports at the ports of Dalian, Shanghai, and Qingdao, bottlenecking other goods inspections. A Transport Ministry guideline posted on January 26 has requested Customs prioritize vaccine exports to Indonesia, Brazil, Turkey, Egypt, and United Arab Emirates.

BANGLADESH

No Change



No Change



January 25 saw a daylong wildcat strike by inland water port workers, temporarily congesting downstream cargo and passenger transport.

E.U. REGION

BRAZIL

Rates Demand



Rates Demand



Fears over delayed vaccine procurement from China were quelled as a shipment from India delivers two million doses to

Rates Demand



Capacity



Newly imposed travel restrictions will curb domestic belly capacity, but dedicated freighters and freighter conversions are still available. Brussels Airport becomes a major hub for pharmaceutical cargo and a new wave of warehousing investment

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hits the Netherlands post-Brexit as UK shippers seek to avoid additional customs headaches. Carrier KLM maintains its flight network after negotiating alternative covid-19 testing solutions with aviation authorities. Anti-curfew riots broke out around the areas of Rotterdam Port and Amsterdam for three days, obstructing major roads. Some member countries have individually placed flight bans on epicenters of new coronavirus variants such as Brazil, UK, and South Africa.

Several ocean carriers have announced blanked sailings from Asia to North Europe ahead of the Lunar New Year Festival, as projected.

HONG KONG



Carrier Cathay Pacific warns that new region-wide covid-19 restrictions may consequently reduce its cargo services by up to one quarter.

INDIA



Farmer protests in New Delhi turned violent on January 26 as police issued a lockdown and suspended internet in several parts of the city—authorities declared that no religious, social, political, or cultural gatherings may take place until December 31. Now that India is exporting vaccines, trucking manufacturers are also eyeing to export reefer trucks.

INDONESIA



Jakarta sees increased outbound air demand to Japan, Philippines, Vietnam, Hong Kong, Malaysia, Taiwan, Shanghai, and US.

JAPAN

Demand Capacity



Demand



All Nippon Airways cuts 16 international passenger routes and limits domestic operations in its January 26 announcement, but the carrier is also reportedly operating over 2,200 cargo flights through February with passenger-conversions. Renewed Chinese demand in semiconductors contributed to a 2% year-on-year increase in exports, according to recent government trade data.

KOREA

No Change



No Change



On January 25, officials appealed to the World Trade Organization's (WTO) recent ruling against the country's anti-dumping tariffs levied on stainless steel bars imported from Japan, India, and Spain.

MALAYSIA

No Change



No Change



Port congestion at Port Klang has further expanded and now both Westport and Northport face similar issues. The Ports Authority responded on January 22, projecting congestion will ease within two weeks. Cross-border truckers have reported delays at to Singapore from new covid-19 testing requirements at customs checkpoints—antigen tests used by officials return results within half an hour.



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PAKISTAN



The government announced new tax incentives for export-oriented Pakistani companies to expand abroad as the seasonal easing of market conditions. A large crowd of garment workers representing the National Trade Union Federation of Pakistan staged a protest on January 25 in Karachi; several representatives have accused local factories of violating international labor laws.

TAIWAN



Chipmakers have collectively expressed prioritization to meet automaker demands after state officials spoke with Japanese liaisons. Poor air quality and visibility at the Kaohsiung Harbor is expected to last until the end of the week, potentially delaying port operations and vessel movement.

PHILIPPINES



The government's recent decision to suspend preferential tariffs on Thai imports has been met with opposition from auto assemblers and plastics makers, arguing the move will in turn raise market prices.

THAILAND



Outbound air demand to Chicago and Hong Kong increase while capacity to Taiwan is reinforced for electronics. The container shortage recedes week by week; shipping alliance ONE and carrier OOCL recently reported replenishing their respective container stocks.

SRI LANKA



Commercial operations continue at the Bandaranaike International Airport although 21 employees have tested positive since its reopening.

The hotly contested East Container Terminal of Colombo Port will be jointly invested by several private firms from India, Japan, and Sri Lanka, with the state-run Sri Lanka Ports Authority to hold majority stake. An online payment system has also been set up by the Ports Authority for importers to digitally clear goods.

U. KINGDOM



Cargo volume throughput between the UK and EU dropped 38% week-over-week on January 26 due to prior Brexit stockpiling efforts and pandemic-impacted demand. But construction materials and perishable goods will take hits, pushing up building and grocery costs.

The planned weekend strike by British Airways cargo workers at Heathrow Airport was called off on January 27 following a deal offered to union representatives. Virgin Atlantic beefs up its dedicated cargo capacity with as many as 12 cargo-rotations on in-demand routes, including same-day UK-Europe service.

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UNITED STATES

Rates
Demand



Rates
Demand Capacity



The newly elected President has signed dozens of executive orders on his first days in office, among them a proposal to negotiate the reopening of borders with Canada and Mexico and a reaffirmation of his administration's support of the Jones Act. On January 25, a US trade delegate blocked the escalation of a dispute over manufacturing origin by Hong Kong at the WTO—the dispute regards a US stipulation that goods originating from Hong Kong must be identified as originating from China. New government data finds that China fell short of its promises to curb its trade deficit with the US by about \$173 billion.

Outbound markets remain congested and carriers are blanking transpacific sailings due to sustained port congestion and way conditions—in recent weeks more than a couple of cargo vessels have already lost containers en route to the Port of Los Angeles. Finally, US and UK officials concluded an agreement to mutually recognize authorized economic operator programs (such as AEO and C-TPAT), building on the previous Customs Mutual Assistance Agreement that sparked bilateral trade oversight.

VIETNAM

Capacity Demand



No Change



Ocean capacity recovery has receded air freight demand, in turn freeing up capacity in air transport. In the face of a global chip shortage, Intel adds \$475 million to increase its production capacity in Vietnam, while Foxconn has recently received a license to build a \$270 million manufacturing plant near Hanoi. Officials of the ruling Communist Party are scheduled to meet this week to appoint a new generation of leaders for the Central Committee and the Politburo.