



WEEK 5 // FEBRUARY 4 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

And just like that, a new series of coronavirus outbreaks over the past week have set back global air capacity as countries restrict travel and airlines cancel direct services. Although IATA data shows air freight made a strong recovery in the second-half of 2020, the prolonged deficit in passenger travel is still too significant of a loss in revenue for airlines to maintain the current adjusted operations of cargo-only flights without private and state relief.

Sea freight must once again bear the brunt of cargo transport for many industries—fortunately, container market indices have shown recoveries of available equipment in some Asian ports. But in the dogged pursuit of moving containers back, some perishable exports are forced to sit at port for extended periods of time and consequently, rot. Aggressive weather in the Pacific Ocean also claims 41 containers from a cargo vessel returning empties back to Asia on February 2 and harsh waters of the Black Sea snaps a cargo ship in half.

## REGIONAL FOCUS

### BANGLADESH

No Change



US-Bangla Airlines begins operations in Dubai International Airport to increase passenger connectivity with Dhaka.

### E.U. REGION

No Change



Rates  
Capacity



Capacity



On January 29, the EU Commission passed an Export Authorization Regulation (EAR) requiring prior member state authorization on certain exports of the coronavirus vaccine. The regulation was enforced the following day and is expected to last until March 31—about 120 countries are exempt from the regulation. European retailers are reporting shortages of finished goods and components—continued consequences of the container crisis. Several labor unions have proposed strike action on February 4 against the government's pandemic response, halting port operations and oil refining.

Air Belgium announced the start of its cargo operations at Liège Airport along with the planned acquisition of four cargo planes.

### BRAZIL

No Change



A nation-wide independent trucker strike is slowly underway in protest of rising diesel fuel prices, chafing agricultural exporters that are also swamped with harvesting delays.

No Change



### INDIA

No Change



No Change



The government recently announced plans to export 27 million vaccine doses to as many as 60 countries in the coming weeks, as well as an extension on its passenger flight ban to February 28. In response, many airports are unveiling new cold chain facilities and partnering with solutions providers to offset another dry travel

### CHINA

Rates  
Demand



Outbound demand has increased to US and Europe destinations; however, port operations for air and ocean freight remain unchanged from the previous week.

No Change



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season. The state of Andhra Pradesh has ordered the Kakinda Deepwater Port to handle outbound rice shipments due to heavy congestion at the adjacent Kakinda Anchorage Port, which in turn was attributed to a growing global shortage in supplies.

## INDONESIA

Capacity



Demand



Capacity



Air and ocean carriers have started to omit services just ahead of the Lunar New Year holidays, according to local KWE sources.

## JAPAN

Capacity



No Change



All Nippon Airways has announced a reduction in direct passenger flights between Japan and the US through summer and fall of 2021.

## KOREA

Rates



No Change



Local KWE sources report no significant changes from the previous week of operation.

## MALAYSIA

Rates Demand



Capacity



Cross-border trucking into Singapore has faced up to 12 hours of traffic congestion in the past week, exemplified by recent reports of livestock cargo that perished mid-transport.

At Port Klang, the initial terminal congestion at Westport has transferred to Northport, resulting in vessel omissions or feeder

rollovers. Demand spillover to air cargo is particularly evident on outbound routes to Los Angeles, which is anticipated to last through the Lunar New Year holidays.

## MEXICO

Capacity



Rates Demand



On January 29, the government announced the purchase of some 870,000 doses of AstraZeneca vaccines produced in India—its . Production output at maquiladora factories in the El Paso-Juarez region is reportedly improving as some plant owners diversify manufacturing capacities. Carrier Aeromexico has reciprocally suspended flights to Canada from February 8 to April 30.

## MYANMAR

Not Available



No Change



A military coup over the weekend has put Myanmar into a state of emergency for one year, and trade experts warn the incident may dampen the production and export of goods such as footwear, luggage, and apparel. All commercial airports are closed and flights are suspended until May 31. Hospital staff and student groups are currently on strike in protest of the coup. Cross-border trade is reportedly unaffected.

## PAKISTAN

No Change



Rates Demand



Carrier CMA CGM will impose a peak season surcharge on routes between Pakistan and Europe/North Africa effective February 15. The country's Customs authority launched a pilot project on February 4 to expand pre-arrival clearance from de minimis and low-value goods to perishables, medicines, and duty-free imports and parcels.

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## PHILIPPINES

Rates  
Demand



No Change



The government lifted its passenger travel ban and its crew change ban on February 1, with all arrivals subject to coronavirus testing and quarantine.

## U. KINGDOM

Rates  
Capacity



Rates  
Demand



The government has launched an official inquiry to join the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP). Virgin Atlantic opens a new cargo route to Norway's Harstad/Narvik Airport, but overall scarce outbound capacity and new flight restrictions have driven up charter flight demands.

## SINGAPORE

No Change



No Change



The government announced the temporary suspension of its reciprocal travel bubble agreement with Germany, Korea, and Malaysia from February 1 to the end of April.

Reports of intimidation toward the staff of North Ireland seaports led authorities to temporarily suspend cargo inspections at the ports of Larne and Belfast on February 1, halting cross-border transport.

## SRI LANKA

No Change



No Change



On February 2, Sri Lanka called off a joint development deal with India and Japan over the Port of Colombo's East Container Terminal—instead opting to invest in the West Container Terminal, which has endangered relations.

## UNITED STATES

Rates  
Demand



Capacity

Rates  
Demand



Capacity

A sizeable winter storm is moving through the Central and Northeastern US, with heavy winds and an estimated snowfall of 8 inches piling on interstate highways. Several KWE branch offices have been forced to close due to inclement weather, and hundreds of flights have been cancelled at the Chicago O'Hare and New York La Guardia airports. These conditions will exacerbate already congested air cargo operations in the Midwest and Eastern regions from the previous week.

Port congestion in Los Angeles and Long Beach shows no signs of slowing down, as more than 30 cargo ships continue to wait at sea for berthing. The sustained congestion has led steamship line CMA CGM to reroute US-bound vessels to the Port of Oakland starting February 12.

Some analysts are concerned that strong consumer spending is motivating carriers to reposition empty containers as quickly as possible, potentially decreasing US exporter accessibility. Several state officials have formally requested the Federal Maritime Commission (FMC) take immediate action on behalf of exporters.

## THAILAND

Rates  
Capacity  
Demand



Demand



Carriers CMA CGM and HMM are still facing container shortages, and have prioritized some containers to serve long haul business. Other ocean carriers have largely recovered containers at Thai ports. While capacity between Bangkok and Shanghai has increased with the addition of a belly charter service by Air China, space issues remain for outbound shipments to the US and Japan due to increased demand from PPE and electronics buyers.

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## VIETNAM

Rates  
Demand



Capacity



No Change



Discovery of the UK coronavirus variant has prompted the government to impose province-wide lockdowns, including the port cities of Haiphong and Hanoi. The health ministry has also approved the AstraZeneca vaccine for domestic use and will deploy materials before the Lunar New Year holidays. Pre-holiday rush demand and lockdown-impacted port workforces have also backlogged shipments and caused capacity spillovers to the air market.

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