



WEEK 7 // FEBRUARY 17 2021

APERTURE & *FOCUS*

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



GLOBAL APERTURE

The Year of the Metal Ox brings in...perpetual peak season? That's what shipping analysts are saying—there will be no slackness this Lunar New Year celebration, with some regional projections mapping a recovery to the congestion, sky-high rates, and container shortages well past Ramadan season. Inter-Asia travel, which is normally plentiful at this time of year, has also been stifled, setting back not only airlines, but the region-wide tourism and hospitality industry.

New passenger masking regulations launched by Lufthansa have also been taken up by LATAM Airlines, and India has imposed arrival guidelines on certain countries deemed hotspots. Sixteen major airlines are teaming up with UNICEF to expedite coronavirus vaccines for 145 low-income countries. It's clear that every industry is tired of the pandemic in almost every sense.

REGIONAL FOCUS

BANGLADESH

No Change



No Change



Several infrastructure construction projects, including some inland water ports, have announced delays of at least one year due to challenges in budgeting and land acquisition. The domestic garment industry is reportedly working under capacity and below cost as many factories have either ceased operations or undercut profits due to sluggish demand. Outbound capacity to regular transshipment ports is compromised by roll-over recoveries, terminal congestion, or vessel skipping.

CANADA

Capacity



No Change



Air Canada announces suspensions of 17 passenger service routes to international locations until at least April 30, but also disclosed in its latest earnings call that its cargo arm has long term plans to secure several freighters for use in 2022. The Canadian government is also in negotiations with the airline to provide a relief aid package.

BRAZIL

No Change



No Change



Carrier Hamburg Süd announces a new General Rate Increase on cargo moving from North America to South America ports, to be imposed on April 1, and CMA CGM will impose a General Rate Restoration starting March 17 for shipments departing East Coast ports in South America to destinations in Africa, the Arabian Gulf, and Northwestern regions of India. A delayed harvest by soybean producers foreshadow future headaches for agricultural exporters with scheduled harvests in the spring. In a press release, regional air carrier LATAM Airlines expects its passenger performance to dip in February, offset by cargo flights which are projected to increase by 20% year-on-year.

CHINA

Capacity



No Change



Outbound rates to the US and EU are increasing for both air and sea freight services after word spread that some factories remain open through the Lunar New Year holidays. Severe trucking shortages have also been reported owing to stricter cross-border regulations.

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E.U. REGION

Rates Demand



Rates Demand



Three farming organizations have banded to collectively oppose the EU-Mercosur trade agreement currently in the works; European ambassadors say the deal will only go through if trade bloc leaders support wildlife and forest protections. Enforced border checks within the EU's Schengen region is causing shipment delays from Eastern European suppliers says some carmakers, adding that factory production may be forced to halt if the traffic jams persist.

KOREA

No Change



No Change



The government announced a series of exporter support programs totaling 167 trillion won (\$150.7 billion) to help the country recover from its pandemic slump. China remains the highest trading partner, and electronic goods continue to lead in commodities exported.

INDIA

Capacity



No Change



One thousand containers and counting have piled up at the Port of Mundra after customs authorities began mandatory inspections to route out illegally self-sealed cargo.

MALAYSIA

Rates Demand



No Change



Port Klang and other major seaports remain congested, registering an 11% month-on-month increase in vessel roll-overs through January. The national lockdown has been extended to March 4 for states with high infection rates—Selangor, Johor, Penang, and Kuala Lumpur.

INDONESIA

Capacity



Capacity



Continued delays are reported for transpacific Eastbound and EU Westbound lanes. Officials have begun bilateral trade talks with Canada for a Comprehensive Economic Partnership Agreement, and aims to cooperate with Japan on the development of several road and port infrastructure projects.

MYANMAR

Not Available



No Change



Anti-military protestors have been joined by industrial organizations including unionized truckers, impacting not only cross-border trade with China and Thailand but also port operations.

PAKISTAN

Capacity Demand



No Change



National trade data shows an 8.1% year-on-year growth in January exports—driven by pharmaceuticals, textiles, and leather—despite falling from the previous month's. A new peak season surcharge will be imposed on February 22 to service routes originating from Pakistani ports to destinations in South America, Central America, and the Caribbean.

JAPAN

No Change



No Change



January exports to China increased 37.5% year-on-year, attributed to high demand for chip-making equipment and plastics.

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PHILIPPINES

Capacity
Rates
Demand



No Change



The Ninoy Aquino International Airport completed upgrades for its second runway, assigned to handle domestic flights.

SINGAPORE

Capacity
Demand



No Change



Only two weeks after approval for use, the first batch of Moderna vaccines have been delivered to Singapore from Belgium. Outbound air capacity saw a slight decrease owing to flight cancellations throughout the Lunar New Year holidays, according to local KWE sources. The Port Authority has tallied over 100,000 crew changes carried out during the pandemic, and has revised testing guidelines for new disembarking sailors.

THAILAND

Rates
Capacity
Demand



Capacity



Torrential rainfall on February 17 caused flash flooding throughout the Eastern regions and into the capitol, gridlocking traffic and delaying truck movement. The Federation of Thai Industries (FTI) warns domestic manufacturers that the global computer chip shortage may soon affect production, warning businesses to prepare contingency measures following the dismal month of domestic car sales. The shortage comes at a time when Chinese automakers will introduce several new EV models for the Thai market.

U. KINGDOM

Rates



Rates
Capacity



A new container service connects the Port of Liverpool and the Port of Bristol with France's Port of Dunkirk, and cross-channel cargo is seeing fewer customs rejections. However, outbound capacity to East Asia is still shot and rates have risen relentlessly over the past week. Air freight isn't faring much better—UK airlines are warning of further job cuts due to loss of business to EU rivals post-Brexit.

UNITED STATES

Rates
Demand



Capacity

Rates
Demand



Capacity

An arctic chill has swept over several parts of the continental US, bringing strong winds and heavy snowfall to as far as the Port of Galveston, Chicago, and Cleveland. Hundreds of flights have been cancelled out of Dallas-Fort Worth, and some scheduled vaccine shipments from Canada have been delayed. The deep freeze has also iced over large stretches of highway road, slowing grain and oil exports. Agricultural exporters may see further container shortages through the first-half of the year along with higher costs, as CMA CGM announces an Empty Equipment Imbalance Surcharge for reefer cargo originating from the Sea-Tac Ports, beginning March 1.

VIETNAM

No Change



No Change



Factories largely stayed open in Vietnam as in China through the onset of Lunar New through the onset of Lunar New Year festivities, but regional analysts say this could be a sign for the worse as inter-Asia bottlenecks could jeopardize the flow of inbound materials destined for further refining, production, and assembly in Vietnam.

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