



WEEK 10 & 11 // MARCH 18 2022

# APERTURE & *FOCUS*

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



Global Logistics Partner

## GLOBAL APERTURE

On March 11, the G7 nations released a joint statement revoking Russia's Most-Favored Nation status via the World Trade Organization (WTO) to further deter conflict. Commodity analysts estimate nearly 2,000 Russian tankers and bulk carriers have been diverted from the Black Sea or unable to unload. Direct Europe-Asia air capacity is affected most, as more airlines in North America and Europe reduce flight frequencies to stave rising fuel costs and softened demand. Due to a grounding of Antonov-124 aircraft, outsized and irregular cargo are also particularly hard-pressed to secure space.

New Covid outbreaks in China's manufacturing hubs will send aftershocks to outbound markets, container movement, and business travel. But governments of India, Vietnam, and Japan are set to ease travel bans in the coming weeks, and Singapore Airlines expanded its Vaccinated Travel Lane to include destinations in 27 countries.

## REGIONAL FOCUS

### AMERICAS



The US' continued imposition of financial sanctions and export controls on Russian state and private entities were extended to Belarusian counterparts on March 2—listed commodities were expanded to include oil, liquefied natural gas, and coal on March 8. As a result, demand for US gas has outstripped output: Gulf Coast hubs like Freeport and Galveston are reportedly congested with LNG tankers waiting to load for Europe. The effects have been felt across industries.

Since March 15, members of the US National Economic Council and the Department of Transportation have been in talks on the new Freight Logistics Optimization Works (FLOW) data initiative to digitize and share freight information. Mexico extends the grace period for its new electronic invoice system Complemento Carta Porte (CCP), allowing shippers until September 30 to implement new data policies.

The Excess Container Dwell Fee is postponed once again by the ports of Long Beach and Los Angeles as they set new container volume records in February. Plans to

preposition containers are underway at the Northwestern ports of Seattle and Tacoma as the East and Gulf Coasts see increasing numbers of vessels—a result of new Asia-East Coast services offered by shipping lines.

### ASIA-PACIFIC



A 7.3 magnitude earthquake struck off the coast of Fukushima in northern Japan on March 16, disrupting power and domestic supply chains in the northeastern region. Operations have slowly resumed as relief aid is distributed to the affected cities.

In China, worsening Covid outbreaks has forced Changchun and Shenzhen into weeklong lockdowns on March 11 and March 14, respectively. Bordering Hong Kong, Shenzhen's local warehouses have suspended cargo movement, leading to temporary fulfillment delays and impacted trucking capacity. This follows reported outbreaks in the neighboring cities of Hong Kong and Shanghai, the latter of which is on the brink of its own lockdown and faces reduced cargo capacity after closing



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its airport to incoming flights.

India also faces growing risk of container shortages as most of its empty containers come from China's now-impacted ports. With international passenger flights returning towards the end of the month, the additional belly-hold capacity may help stabilize India's market.

But other nations are poised to gain. Last week, Indonesia-based sea carrier Meratus launched a new direct route connecting the port of Tanjung Priok and Malaysia's Port Klang, and plans to launch routes to other nations in Southeast Asia. The service was announced weeks before Malaysia's March 18 implementation of the RCEP trade agreement.

Korean Air and Nippon Cargo Airlines are the latest carriers to resume modified services into Europe. Wan Hai Lines launches weekly South China-Vietnam-India service on March 27, providing better transit times and supporting current services. However, on March 14 cargo liner HMM suspended two Far East services connecting Busan to Vostochny and Vladivostok.

## EUROPE, MIDDLE EAST & AFRICA



As the landscape continues to shift in light of the Russia-Ukraine conflict, many European nations have closed their ports to Russian ships, leaving some vessels stranded in the water. Many of the world's top shipping lines have suspended all container traffic to and from Russia with the exception of humanitarian aid. UK dockworkers in particular have refused to unload Russian oil and gas, and about 1,500 containers with Russia origins have been stopped at Belgian ports. Now, upwards of 140 vessels are reportedly trapped in Ukraine due to increased risk of conflict in the Black Sea—the IMO has drafted measures to create a safe maritime corridor for commercial transport. In the skies, IAG Cargo releases its updated flight routes for March, with new daily services connecting Spain and Ireland with US East Coast hubs.

Three weeks after the passage of storms Eunice and Franklin, many of Europe's inland waterways continue to report increased vessel delays. To mitigate vessel diversions from carriers, Antwerp's Port Authority has created a taskforce to optimize quay capacity usage and barge load consolidation.

Labor action also takes a toll on transport operations: former employees of a vessel operator blocked roads at the port of Dover on March 17, resulting in total cross-border traffic. Mass security staff walkouts also halted traffic in airports across Germany, including those in Frankfurt, Berlin, Munich, Duesseldorf, and Hannover after negotiations stalled.