



WEEK 12 & 13 // APRIL 4 2022

# APERTURE & *FOCUS*

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



Global Logistics Partner

## GLOBAL APERTURE

The global supply chain is under scrutiny by national governments, environmental organizations, and mainstream news outlets. The irresistible force of Easter travel demand meets the near-immovable object of labor capacity—job vacancies touch the cornerstones of every industry including cargo transport, and a resurgence of Covid-19 in Asia threatens manufacturing and transshipment operations once more.

As the Russia-Ukraine conflict changes tide, prolonged strains on international supply chains have put domestic inventories and business continuity measures to the test. Airlines are adding up to 40% extra flight time and thousands in extra costs to fly around closed Russian and EU airspace, adding pressure to the global gas shortage. On March 31, the US announced plans to release 1 million barrels of reserve oil for the next six months, noting that allies could collectively release up to 50 million more to combat fuel prices.

## REGIONAL FOCUS

### AMERICAS

Rates Demand



Rates Demand



US West Coast port congestion starts to ease as imports divert east, but labor negotiations between West Coast ports and a union representing 22,000 port workers are nearing the current work contract's June expiration.

If left unresolved, the impasse threatens to halt nearly all US trans-Pacific port operations. Airports continue to grapple with labor shortages—including a pilot strike in Seattle-Tacoma Airport that forced over 100 cancellations on April 1.

On March 25, US trade officials announced their decision to reinstate over half of the 549 proposed product exclusions in the China Section 301 Tariffs—to be retroactively applied from October 12, 2021 to December 31, 2022. Excluded commodities include home construction and electronics components. This coincides with new legislation introduced March 28, the America COMPETES Act of 2022, that would cultivate US domestic output of electronic, pharmaceutical, and automotive components.

Air Canada Cargo expands network connections to Frankfurt, Cologne, Istanbul, Madrid, and St. John's in May while Westjet plans to launch freighter operations for domestic and North American cities by July.

### ASIA-PACIFIC

Rates Demand



Capacity Rates Demand



Despite reports of growing Covid outbreaks in Shanghai, the city's port remains open and officials say freight operations are unaffected. However, restrictions on trucking and rail transport will also hinder container availability until April 5. Forced lockdowns also mean flight cancellations for Chinese cargo airlines, cutting capacity to major transshipment hubs in America, Southeast Asia, and Europe.

Eurasian rail cargo is beset by chassis shortages, rail network disruptions, and the ongoing Russia-Ukraine conflict. These restrictions come at a great detriment to regional fabricators and manufacturers including India's pharmaceutical industry.



A member of the KWE Group

**DISCLAIMER:** The subject matter of this newsletter is provided for informational purposes only. All data is obtained from internal and external sources believed to be true and accurate at the time of publication. Forward-looking statements derived from such data should not be taken as guarantees of future performance, not should they be relied upon as fact. KWE is not responsible or liable for any inaccurate information contained herein, and under obligation to update forward-looking statements except as required by applicable security laws.



WEEK 12 & 13 // APRIL 4 2022

# APERTURE & *FOCUS*

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

**KWE**

Global Logistics Partner

But a new rail service launched April 2 will give shippers direct access to the Indian Ocean via the New International Land-Sea Trade Corridor. Thai Airways International will also increase cargo flight frequencies to China and India destinations next month.

Korea resumed entry for vaccinated travelers on April 1, although the country's major airlines have continued to ground widebody passenger jets on tepid demand outlook through spring.

Trucking-related disruptions at Colombo Port turn South Indian shippers toward new rail services for Nhava Sheva Port after carriers begin diverting vessels to alternative ports. The resulting delays have also cascaded to Chittagong Port, affecting Asia-Europe transshipment routes. To offset the increased vessel berthing and truck shortage, Chittagong's Port Authority plans to quadruple storage fees for overstayed LCL cargo starting April 11.

## EUROPE, MIDDLE EAST & AFRICA

Rates



Capacity



Rates Demand



Despite improvements made in recent months, delay times are on the rise again in North Europe mega-ports—attributed to the Russia-Ukraine conflict and new Covid lockdowns in China. Carriers across the board have since responded with schedule revisions and vessel diversions to alleviate tension, although Maersk observed “critical yard density levels” in the previous week at Bremerhaven Port. Ocean cargo has been offloaded at alternate ports such as Zeebrugge and Wilhelmshaven, which are also near-full utilization.

Rising fuel costs also chip away at Europe's cargo demand despite efforts to mitigate the situation: on March 22, France directed \$400 million in truck funding to subsidize fuel price hikes while officials in Belgium, Germany, and Norway attempt to follow suit.

European airlines including Finnair and British Airways add new routes to Southeast Asia to avoid Russian Airspace. However, the 2M Alliance launches a rail-river service between Odessa and Constanta to sustain cargo movement with Ukraine.



A member of the **KWE** Group

**DISCLAIMER:** The subject matter of this newsletter is provided for informational purposes only. All data is obtained from internal and external sources believed to be true and accurate at the time of publication. Forward-looking statements derived from such data should not be taken as guarantees of future performance, not should they be relied upon as fact. KWE is not responsible or liable for any inaccurate information contained herein, and under obligation to update forward-looking statements except as required by applicable security laws.