



Global Logistics Partner



WEEK 3

JANUARY 19 2023

APERTURE & FOCUS

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

GLOBAL APERTURE

Where last year, sailings were blanked due to capacity constraints, this year carriers are seeing the same outcome from a different source: lack of demand. Factory orders from China are [down by more than 40%](#) and ocean bookings continue to fall as cargo volumes drop. [Carriers removed more than 50 sailings](#) from their schedules on the Asia to Europe trade lane in the first two months of the year, representing more than a quarter of their planned voyages, and [more than six times the volume blanked for the US West Coast](#) than the same period in 2019, with more cancelations expected if Chinese New Year fails to stave off further demand declines. Early reports, however, [suggest that the holiday will have a limited effect on the market](#) as China's rising Covid levels impact production.

New analysis of maritime hazards found that flooding, storms, and other geological risks related to climate change [account for billions of dollars in damages each year](#), with the ports of Houston, Shanghai, and ports in Western Europe particularly at risk.



A member of the KWE Group

DISCLAIMER: The subject matter of this announcement is provided for informational purposes only. Any and 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, nor should they be relied upon as fact. KWE is not responsible or liable for any inaccurate information contained herein, and under no obligation to update forward-looking statements except as required by applicable security laws.

REGIONAL FOCUS - AMERICAS

New analysis confirms record numbers for a number of US ports for last year, including [Savannah](#), [Charleston](#), and [Virginia](#). Ports that benefitted from volume shifts away from the west coast, however, are not exempt from global declines; where volumes had seen double digit growth throughout most of 2022, the port of [Houston reported a 12% year-over-year downturn](#) for the month of December. [Warehouse inventories remain high](#) as retailers struggle to move goods, but [December's consumer price index data](#) suggests that inflation is easing and supply chains may begin to operate normally. Trucking freight data also [suggests that the first quarter of the year will be less volatile](#) as volumes are trending upward in the wake of December's lull.

The lower section of the Mississippi River is once again open to barge traffic after an oil spill from a capsized dredging [vessel caused the forced closure of a stretch near New Orleans](#) for eight hours on January 16.

REGIONAL FOCUS – ASIA-PACIFIC

[Covid outbreaks continue to spread](#) in Shanghai, Guangzhou, and Shenzhen, where up to three quarters of factory and transportation workers are unable to work due to infection, severely impacting congestion levels at the ports of Ningbo and Shanghai. Cross-border operations between China and Hong Kong have been reduced as well due to limited production of goods, [forcing container feeder services to scale back operations](#). India is expected to [codify new age restrictions for ships calling at their ports](#), limiting age of cargo ships to 25 years, and deregistering any ship that exceeds these limits.

Despite a staggered reopening, new air services from China continue to be added including [a new weekly freighter](#) from Etihad Cargo between Abu Dhabi and Shanghai.

REGIONAL FOCUS – EUROPE, MIDDLE EAST & AFRICA

Fearing severe supply constraints ahead of the EU's February 5 cutoff, [European traders are hurrying to buy Russian oil](#). Since EU ships will no longer be able to transport Russian oil purchased at \$60 or more per barrel, [the use of Russian tankers has seen a significant increase](#) and [Chinese supertankers have begun shipping Russian crude oil](#) to refineries throughout Asia since these are not limited by December's G7 price cap.

Strikes across France on January 19 [led to the forced closure of the port of Calais](#) as ferry operators rerouted traffic to Dunkirk, warning customers that "severe disruptions" were expected with not enough details to be able to say how long it could last. Additional charges are on the horizon for UAE importers with [new customs regulations](#) that will require declarations to the Ministry of Foreign Affairs for imports over AED 10,000 (\$2,722 US). New environmental rules for Liege Airport [have prompted a response from Airports Council International Europe](#), saying that the additional cost this would incur could cause business to dry up as airlines turn to other airports in Europe to avoid these fees.