

WEEK 35

AUGUST 30 2023

# APERTURE & FOCUS

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

## GLOBAL APERTURE

Blank sailings continue to increase as shippers struggle with excess capacity and [containerships remain parked at Asian ports](#). High inventory levels and weak retail sales are contributing to the downturn in shipments, while the long-term trend indicates increasing ocean freight volumes and volatile air freight as supply chains become more complex and retailers source from an increasing number of locations.

The persistent low water levels in the Panama Canal that led to [a 10-month extension on transit restrictions](#) on August 24 are raising concerns [about its viability as a strategic route for cargo](#), as drought-induced restrictions force shipping limitations and vessel pile-ups, potentially leading to late deliveries and elevated transit costs. While some sectors, like container lines, have experienced minor disruption due to advanced booking and prioritization, the broader impact on cargo owners and their supply chain strategies is prompting considerations of alternative routes, such as the Suez Canal, and potentially a shift in flows through US west coast ports. The warmer ocean temperatures responsible for the drought are also being blamed for [the rapid intensification of Hurricane Idalia](#) as they lead to increased energy release into the atmosphere and greater storm potential.

## REGIONAL FOCUS - AMERICAS

**USA:** As Hurricane Idalia made landfall along the northern Gulf Coast of Florida, [ports in the region took precautions](#) with some remaining open with limited operations and others ceasing activity altogether. As of August 31, the ports of Jacksonville and Tampa Bay [remain closed as they are assessed for damages](#) and the hurricane has moved through Florida and Georgia before being downgraded to a tropical storm and heading back out to sea. North and South Carolina [remain under emergency declaration](#) as they prepare for potential impact.

**Mexico:** A trucker strike planned by The Mexican Alliance of Carrier Organizations for August 30 [has been delayed for at least three months](#) after the government agreed to some demands and further negotiations. Some of the concessions the union is after include emergency ramp use, refraining from fining cargo trucks based on their model year, and nationally validated digital licenses for cargo trucks. However, concerns remain regarding crime and corruption, particularly cargo theft.

## REGIONAL FOCUS – ASIA-PACIFIC

**India:** India has introduced a [20% export tax on parboiled rice](#), a move to ensure domestic food security that is likely to further tighten global rice supplies and shift supply chains. This decision comes as global rice prices are already at a 15-year high, and it is expected to lower domestic prices while raising costs for rice-importing countries, but it has implications for global rice trade dynamics and prices.

## REGIONAL FOCUS – EUROPE, MIDDLE EAST & AFRICA

Air cargo throughput at major European hubs [remains below pre-pandemic levels](#), signaling a sluggish or modest recovery in the market. While some hubs like Frankfurt experienced a slight increase in airfreight and airmail throughput, the overall trend is stagnant, with ongoing challenges such as operational restrictions and economic slowdown impacting the industry's rebound.

**Germany:** The latest data from the Port of Hamburg, Europe's third-largest port, highlight the effects of the economic challenges in Europe and geopolitical factors such as the war in Ukraine with [an 11.7% decline in container throughput](#) during the first half of the year. Container volume on a tonnage basis dropped by 10.8%, reflecting a trend seen in other major European ports like Rotterdam and Antwerp-Bruges.