



WEEK 4 // JANUARY 28 2022

# APERTURE & FOCUS

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



## GLOBAL APERTURE

Analysts say shipping delays have become the new normal as carriers are forced to cancel bookings—vessel shortages have cropped up as a result of port congestion around the world. As many countries in the Asia-Pacific gear up for Lunar New Year holidays and China prepares for the Winter Olympics, shippers can expect to see a crunchier peak season than in previous years. Transpacific lanes may yet weather this storm, but harsher winter conditions in the East Coast and Midwest regions of the US have airlines pre-emptively canceling thousands of flights.

In a public statement, IATA Director General Willie Walsh urged governments to ease travel restrictions for vaccinated and unvaccinated travelers due to the effect COVID-19 had on passenger and air freight demand in 2021. Chartered transport makes waves this quarter as demand rises back stronger than ever, with breakbulk and project cargo seeing the greatest recovery among industry segments.

Many governments are taking this time to further invest in port infrastructure and solidify trade agreements: Singapore joins the Pacific Alliance (Colombia, Mexico, Peru, Chile) to foment transpacific ties; India and the UK complete their first round of FTA negotiations; Cambodia and the United Arab Emirates commence FTA talks; and South Korea readies for the February 1 enforcement of the Regional Comprehensive Economic Partnership, which was ratified on December 3.

## REGIONAL FOCUS

### AMERICAS



Port authorities of Long Beach and Los Angeles have postponed Excess Dwell Fees again—to be reconsidered on January 28. As an alternative, the Biden administration is exploring a strategy called the “over match plan” that incentivizes carriers to pick up more containers than they drop off. The stakes rise slightly higher for shippers as truck drivers at Los Angeles Port file a petition with the National Labor Relations Board to unionize—due in part to ongoing labor issues.

On January 25, a federal judge ruled that a BNSF railroad strike over a new attendance rule would likely violate federal law, calling this a “minor dispute” and therefore needing to be settled through arbitration. Union officials representing over 100,000 rail workers now seek a federal mediator as negotiations with management have stalled. This could have wide-reaching implications for rail networks, which are currently struggling to move

cargo inland with a staffing deficit.

Since the US suspended 44 flights to Chinese destinations in response to Beijing’s Zero Covid policy, charter flights have taken a lead in demand. To offset capacity loss and minimize transit delays through Lunar New Year, KWE has launched direct weekly charters from Vietnam to destinations in North America. And luckily for travelers and shippers, the Federal Aviation Authority has sorted out some kinks in the 5G rollout, announcing on January 28 that telecom providers are cleared to resume installation.

### ASIA-PACIFIC



With only a few days until Lunar New Year, Yantian Port caps export receipt times within four days of vessel berthing due to an outpour of cargo congestion. Export demand is so high that in order to make way for diverted



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**KWE**  
Global Logistics Partner

*continued from "Asia-Pacific"*

## EUROPE, MIDDLE EAST & AFRICA

Rates  
Demand



Capacity



Rates  
Demand



cargo, Ningbo-Zhoushan port opens two berths for temporary use. And as many inland feeder services have been put on pause, sea freight capacity ex-China will be heavily set back in the coming weeks—some shippers are even omitting pallets to maximize space utilization.

Connectivity with Europe turns up this week with Air China's inaugural cargo flight from Beijing landing in Munich on January 24—the airline will operate its direct service six flights per week. Officials have also relaxed airspace laws in Shenzhen to expand cross-border and low-altitude flights between South China and the state autonomous regions of Hong Kong and Macau. Nevertheless, air capacity between the US and China has been sapped in a tit-for-tat dispute over Covid-19 flight restrictions.

However, cross-border transit has largely resumed with China: in Vietnam, another border gate into China's Guangxi region reopened on January 25, followed by the January 27 implementation of a border gate congestion warning through Vietnam Customs portal system (VNSW). Traffic congestion in major highways connecting Ho Chi Minh City, Binh Duong, Cat Lai Port, and other industrial centers has swollen due to the encroaching Lunar New Year holidays—an inter-agency effort is underway to reduce gridlock.

Indonesia's temporary export ban on thermal coal ended January 20, but an unrelenting monsoon season, backlogged orders, and feeder vessel shortages contribute to further handling delays at port terminals.

As Omicron cases steadily rise in India, the Directorate General of Civil Aviation extends the international passenger flight ban to February 28. However, Air India has also announced scheduled flights between multiple hubs in India and Kuala Lumpur to begin February, to operate under the countries' air bubble arrangement.

New regional shipping routes of interest: a direct route between Iran's Chabahar Port and India's Ports of Nhava Sheva and Kandla; and a direct route between Chattogram, Bangladesh and Civitavecchia, Italy.

An unprecedented snowstorm in Athens and Istanbul trapped hundreds of truck drivers on major highways and delayed flights on January 24. Cargo transport was at a standstill until rescue crews could clear roads and runways the following day. Harsh winter conditions have also strangled the supply chains of coal exporters in Russia, affecting intra-Europe distribution. If the geopolitical crisis in Ukraine escalates, analysts say it could further impact fuel costs globally.

In addition to debilitating weather, the Omicron variant has also produced major staff shortages, forcing Lufthansa Cargo to embargo all Europe-bound freight from US via Frankfurt effective January 26 until further notice. In response, Air Canada said it plans to expand its cargo operations by 35% in Frankfurt.

The supply chain crisis may be felt in Britain more than anywhere else as the UK faces the world's longest turnaround times for processing shipping containers. Lines for trucks at the port of Dover, which stretched for nine miles last week, had decreased to just two miles on Tuesday evening, with checks for each vehicle taking no more than 20 minutes using the UK's Goods Vehicle Movement Service (GVMS). With trade picking up and tourism returning to normal, many expect delays to get longer as further checks will be implemented later this year.