



WEEK 5 // FEBRUARY 3 2022

APERTURE & *FOCUS*

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



GLOBAL APERTURE

Airports Council International (ACI) and IATA are urging European governments to remove travel restrictions for their inefficiencies to mitigate public health risks, as seen in airport Covid outbreaks as recent as the past week. Globally, 2022's peak season associated with Lunar New Year has deviated from past instances for the air freight market due to airline staffing deficits, lighter demand, and regional restrictions such as US's 5G rollout, China's Covid restrictions, and heavier-than-usual winter storms throughout.

Though export cargo movement has generally resumed its breakneck pace in China's seaports with some exceptions, bottlenecks at Europe's major destination ports have extended vessel average transit times to upwards of 80 days for hubs like Felixstowe and Antwerp. Transpacific voyages to North America aren't faring much better: ships idling outside the Southern California ports must now spread further out to avoid gunfire and missiles of an ongoing Navy exercise—some vessels have moved as far out as the Panama Canal. Several carriers have announced new GRIs and surcharges for March, targeting congested ports in South Asia, Australia, United States, and others, while industry reporters have also noticed a concerted effort to return empty containers—even those of competitors—from the Pacific West Coast back to Asia.

REGIONAL FOCUS

AMERICAS



With more than 100 vessels queued outside Long Beach Port on February 3, cargo congestion has spread to further US import hubs, attributed to record freight volumes and worker shortages triggered by the omicron variant's rapid spread. Average wait times for berthing at the Port of New York and New Jersey increased four days last week and more than 7,000 containers have waited longer than 15 days for pickup in Charleston.

The FAA and several major carriers have agreed on steps to mitigate transit disruptions from the ongoing 5G implementation that, according to one carrier, has mainly affected "regional passenger jets and short-haul flights"—buffer zones have been established around US airports through July 5. Heavy winter storms traveling the Northeast and Central regions are also projected to worsen through the week, affecting interstate highways and air cargo handling from New York to Oklahoma City.

Protesters scale back blockade at US-Canada border station in Coutts, Alberta after delaying truckers inbound from Montana for several days. Transit wait times at the Panama Canal peaked to 12 days on February 1, raising concerns for Asia-bound shippers of LNG and crude oil. On March 1, authorities of the Panama Canal will reduce their largest draft locks to 15.09 meters (45.5 feet) on projections of lower water levels—fully laden Suezmax tankers, Neopanamax vessels and other ships of equivalent or larger sizes may be required to off-load cargo during droughts.

ASIA-PACIFIC



Air freight congestion appears to be bottlenecking semiconductors in Shanghai, with a two-month queue for US-bound exports by sea and dozens of flights out of Pudong Airport suspended due to Covid testing protocol. But Yantian Port has resumed normal export receiving times one week after initial reductions were enforced



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EUROPE, MIDDLE EAST & AFRICA

Capacity
Rates
Demand



Rates
Demand



to maintain performance reliability and free up yard capacity. And one month after its untimely suspension, Cathay Pacific will restart cargo-only flights between Hong Kong and Los Angeles in February.

Cross-border trade at the Bangladesh-India border port Petrapole came to another halt on February 1 as tensions between trucker unions and Border Security Forces have led to protests that stalled over 1,000 trucks outside the port. However, Europe-bound exports such as ready-made garments from Bangladesh will benefit beginning the first week of February from a new direct service from Port Chittagong to Ravenna, Italy.

Air connectivity throughout the Asia-Pacific makes a rebound with the reopening of Philippine borders. Bangkok Airways launches double-daily flights between Phnom Penh and Bangkok, and AirAsia X resumes weekly Sydney-Kuala Lumpur flights on February 14. But Singapore will see delays to import and export operations this week: on January 31, local KWE branches report the detection of a Covid cluster in a cargo terminal within Changi Airport, affecting dozens of personnel.

Since January 31, Lufthansa cargo operations have slowly eased the booking embargo placed on its Frankfurt hub for cargo-in-transit—the carrier has resumed handling operations for select loose cargo outbound to US, Canada, and some airports in Europe. British carrier IAG Cargo has increased freighter service frequencies for London-Heathrow/Mexico City, Madrid-Bogota, and Madrid-Buenos Aires.

Climate change rocks sea freight and intermodal performance in Germany: heavy storm weather passed through Northern Germany on January 30, flooding inland highways and disrupting rail services. Luckily for Hamburg Port, recently completed upgrades to the navigation channel connecting the River Elbe will allow Megamax cargo ships to move nearly 2,000 more TEU through the port. Meanwhile, the South Rhine River has been hampered with unusually low water levels, preventing cargo vessels from carrying full cargo loads until rainstorms appeared on February 3.

The joint North Europe-East Mediterranean service offered by ZIM and MSC will cease at the end of March 2022 after the former carrier signed a new contract with members of the 2M Alliance. ZIM will also extend its own Asia-Europe service to cover ports in the North Europe-East Mediterranean region.

A viral video surfaces detailing continued lorry queues extending out of the Port of Dover, with many interviewed drivers blaming Brexit for the "time wasting." Shipping demand remains high, but lorry driver shortage won't be replenished anytime soon as 40% of Heavy Goods Vehicles (HGV) inspectors have resigned in recent months—it now takes about three weeks to administer new driver exams, according to an insider source.