



WEEK 5

FEBRUARY 1 2023

APERTURE & FOCUS

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

GLOBAL APERTURE

Global freight deployment is shifting as carriers [pull capacity from Chinese export routes for use in stronger lanes](#), with the largest boosts in India and the Middle East which saw gains of more than 320,000 TEU. Air cargo, currently experiencing around 10% less capacity than prior to the pandemic, could be facing over-capacity in the near future as [freighter orders swell](#) and passenger-to-freighter conversions hit the market.

In the lead up to EU's import ban of Russian oil on Feb. 5th, [Russia's crude exports rose significantly](#) with aggregate volumes up by 480,000 barrels per day in the week before January 27. As the EU [explores further options to curb Russian oil revenue](#) and strengthen sanctions, [tankers are now being rerouted through Asia](#) where demand has been all but absorbed, [resulting in longer voyages](#) to China and India among other countries.

REGIONAL FOCUS - AMERICAS

A forecast published on February 1 predicts that the [growth in the US warehouse sector will continue strong](#) throughout 2023 as retailers look to accommodate e-commerce expansion and retain sufficient buffer stock in case supply chains become impeded. While there are more promising signs that strong demand is returning for the trucking market following a December slump, congestion has yet to return as [new freight data shows abundant capacity](#) keeping trucks moving. Effects from the EU ban on Russian oil, set to begin on February 5, [are making their way to the US East Coast](#) which relies on European imports during the summer months; officials [expect a shortage accompanied by consumer price increases](#) at the gas pump unless something is done to supplement the supply.

Canadian Pacific officials are [poised to begin the company's merger](#) with US rail firm Kansas City Southern pending a decision from the Surface Transportation Board to approve the union, [citing only increased noise pollution](#) in its Environmental Impact Statement before providing recommendations that may be used as conditions for approval. With the ban for cargo operators on the horizon at Benito Juarez International Airport (MEX) [carriers have begun rerouting planes](#) to the newly opened Felipe Ángeles International Airport (NLU) with others expected to follow suit as the government has signaled that it will not look to reconsider the decision.

REGIONAL FOCUS – ASIA-PACIFIC

In what looks to be good news for supply chains, [a second wave of infections does not appear as likely](#), according to some officials, after up to 80% of the population became infected upon China's reopening and reduced the likelihood of a resurgence once a downturn in infections is seen. This does not preclude the issue of labor shortages in factories and in transport which many coastal provinces, including Guangdong, Fujian, and Jiangsu, [have begun to address with recruitment campaigns](#) and government subsidies. Since an unofficial ban on imports of Australian coal was lifted for four companies this last month, [the first shipment of Australian coal is set to arrive in China early February](#) as other Chinese utilities and steelmakers await approval from the government before placing orders.

Bangladesh Customs [extended its "Authorized Economic Operator \(AEO\)" status](#) that allows cargo to avoid physical checks that delay delivery to nine more major companies, a move that aims to alleviate import congestion at ports like Chittagong where containers often exceed a facility's storage capacity.

REGIONAL FOCUS – EUROPE, MIDDLE EAST & AFRICA

Airports, seaports, and various intermodal transports all [faced significant disruption amid the UK's largest industrial action](#) in more than a decade, which saw an estimated half a million workers walk out of jobs in protest of wages and working conditions as inflation and energy prices continue to soar. [More strike actions are planned](#) in the coming days and weeks pending productive discussions between unions and the government with few details on how it will continue to impact trade. The Retained EU Law (Revocation and Reform) Bill that aims to scrap all existing EU laws, currently under review by the European Commission, has industry leaders

[considering a new Consortia Block Exemption Regulation \(CBER\) for shipping](#) that will meet the needs of UK consumers and businesses and keep container costs under control.