



WEEK 6

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APERTURE & FOCUS

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

GLOBAL APERTURE

The World Cargo Summit convened in Abu Dhabi on January 30 and February 1 addressing topics like [Sustainable Aviation Fuels](#), [freighter resurgence](#), and [terminal operation efficiency](#), with World Trade Organization economists emphasizing [the need for diversification of supply chains](#) during this period of rebuilding following Covid. New reports showed [manufacturing continued to contract for the third straight month](#) in January with fewer new orders as companies work through inventory backlogs that built up as consumer demand fell. Weak demand has only [exacerbated the symptoms of the container surplus](#) built up from last year's congestion that restricted equipment availability, as container storage space becomes increasingly limited while [congestion is projected to continue to decline throughout 2023](#).

REGIONAL FOCUS - AMERICAS

As the outlook for imports continues to decline, [a new report from the National Retail Federation](#) forecasts that cargo volumes at major US ports will be the lowest in nearly three years, noting that [uncertainty surrounding inflation has many retailers exercising caution](#) by importing less merchandise. On February 6, [a federal judge ruled that shipping lines could not limit the choices](#)

[an operator had](#) regarding chassis providers for delivering containers by requiring that they use a specific intermodal equipment provider— a decision that will ultimately make it easier to move goods by reducing costs and supply chain delays. An agreement that threatened to shut down US railroads in 2022 was finally reached on February 7 when [rail operator CSX agreed to a policy of paid sick leave for its staff](#), a stipulation that, when not in place, [caused unions to reject a deal](#) proposed by the presidential emergency board to keep rail lines from shutting down.

As many had predicted following a document leak in late December, [the Mexican Government will move forward](#) with plans to move cargo operations from Benito Juárez International Airport (MEX) to Felipe Ángeles International Airport (NLU), extending the transition period from 90 to 107 business days following protests from IATA, after which freighter operations at MEX will be banned.

REGIONAL FOCUS – ASIA-PACIFIC

[Rebounds in container traffic](#) and [newly increased port congestion](#) at Chinese ports are positive signs for demand recovery following a disappointing Lunar New Year holiday season, with industry insiders expecting volumes to grow as container demand began to rise for the first time following its downward trajectory in January. [The full reopening of the borders between mainland China, Hong Kong, and Macao](#) on February 6 is expected to further relieve the impact to their economies and normalize trade in the region. The lack of space following blank sailings announced by major carriers in recent weeks, however, has driven some Chinese auto companies to get creative, [using containers to export vehicles](#) as car-carrier space dwindles.

Port logjams become more and more pressing in Pakistan as [inflation hits a 48-year high](#) while the government struggles to secure funding to pay shipping lines to unload shipments containing more than 6,000 containers of equipment, raw materials, and food. Indian ports, on the other hand, [experienced new levels of efficiency in January](#) by speeding up cargo flows with tech innovations including RFID tags that support drive-through container scanning, paperless communications, and simplified documentation; according to reports for last month, high tech terminals at Nhava Sheva port reported a new monthly high with 32% year-over-year growth.

REGIONAL FOCUS – EUROPE, MIDDLE EAST & AFRICA

Effective March 1, 27 EU countries and 3 Non-EU countries (Northern Ireland, Norway and Switzerland) [will introduce the Import Control System 2 \(ICS2\)](#), a pre-arrival security and safety program that will require all operators outside of the EU to submit declarations via the ICS2 online platform for any goods transported by air. In a move to place further limits on Russian revenues, [the EU voted to expand price caps on Russian oil products](#) by limiting the price of diesel to \$100 per barrel, which some analysts have agreed [will disrupt trade by presenting logistical constraints](#) rather than limit its availability in the global marketplace.

A magnitude 7.8 earthquake that struck Southern Turkey on February 6 led to significant disruption with [hundreds of toppled containers at the Port of Iskenderun](#), massive fires, collapsed docks, and power outages, [causing the roads surrounding the port to become impassible](#) and operations to cease for an indefinite period of time. While [fires were](#)

extinguished on February 7, many ocean carriers announced that services would be suspended until further notice as contingency plans are developed.