

WEEK 28 // JULY 22 2022

APERTURE & *FOCUS*

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

KWE

Global Logistics Partner

GLOBAL APERTURE

Sea freight congestion gets stubborn as ongoing labor action at major trade hubs adds to the already-significant bottlenecks, but shipper demand is also plummeting, according to global trade analysts. New marine cargo studies find the glut of container orders in 2021 combined with the current deficit in demand has produced an equipment surplus. Although pre-owned containers have significantly decreased in resale value, many carriers continue to place new orders as poor drayage reliability to and from key ports undermines empty container returns.

The National Association of Manufacturers (NAM) released a statement on July 19 advocating the Creating Helpful Incentives to Produce Semiconductors for America (CHIPS) Act, which would heavily subsidize chip manufacturing in the US and reduce reliance on foreign-made semiconductors. But if demand for laptops, smartphones, and other consumer electronics continues to wane, fabricator inventories may top off by the end of third quarter and further alter seasonal performance trends in the cargo industry.

Airports around the world tally higher on flight delays and cancelations: Toronto, Frankfurt, Paris, Amsterdam-Schiphol, London-Gatwick, Shenzhen-Bao'an, Toronto, and Soekarno-Hatta were recently listed among the top airports for reductions on scheduled services. With staffing shortages reported throughout the airline industry, dedicated cargo services take a backseat to air travel this summer. New draft legislation in the EU may slowly replace jet fossil fuels with sustainable aviation fuels (SAF) for all aviation services if the legislation is approved next quarter. Transport and travel industries of South America and the Caribbean are next up for a major refueling: global trackers observed 42 oil tankers en route to Brazil on July 19, well above the average oil import levels.

REGIONAL FOCUS

AMERICAS

Capacity Rates



Rates Demand



Following last month's ratification of the Ocean Shipping Reform Act of 2022, The Federal Maritime Commission (FMC) publishes a new advisory for shipper dispute resolution and agency oversight.

On July 18, some 400 truckers impeded traffic to Port of Oakland, leading marine terminals to suspend truck gate and some waterside operations. The protest, expected to last through the week, is supported by unionized longshoremen who also refused work at Oakland terminals. Alternative US ports beef up their ro-ro capabilities as container volumes continue to rise beyond pre-pandemic levels and the country's eastward shift in port congestion becomes more drastic, according to data

published in a new industry report. At present, the ports of Savannah and Charleston are experiencing the brunt of this import cargo shift, leading some delayed vessels to omit subsequent port calls.

The White House issued an executive order on July 15 to block a planned strike that would have potentially stalled rail cargo; a board of arbitrators will be selected to mediate a solution between rail unions and carriers. In Canada, the cargo industry has also reported slowdowns at the rail yards of Toronto and Montreal due to Vancouver's near-full container yards; rail operators have staggered service schedules to mitigate further gridlock.

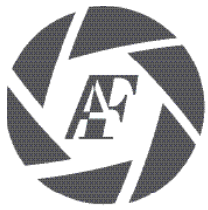
On July 19, truckers in Michoacán and Guerrero gathered for demonstrations after more reports surfaced of police brutality along Mexico's Siglo XXI highway corridor leading to Port Lázaro Cárdenas.

LATAM Airlines announces the July resumption of 14 domestic routes throughout South America, reinforcing short-haul networks in Brazil, Chile, Colombia, Ecuador, and Peru.



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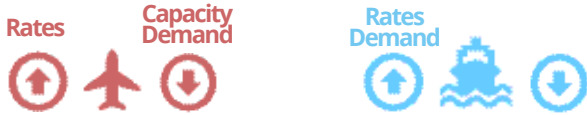
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ASIA-PACIFIC



After new Covid-19 BA.5 outbreaks were recently reported in several cities including Gansu, Shanghai, Guangdong, Guangxi, and Henan, Chinese officials now require truckers to obtain a travel passport and a negative 48-hour Covid-19 test to drive beyond city borders. Facing potential delays of up to one week, some shippers may find reprieve in the Hubei province, where the new Ezhou Huahu Airport (EHU) officially began operations on July 17, connecting central China to 50 domestic and international cargo hubs.

Unionized shipbuilders in South Korea cross their sixth week of protest over wage-labor disputes, at one point occupying a VLCC tanker under construction—government officials and other unions have denounced the strike.

Sri Lanka's ongoing financial-political crises continues to deter shippers and carriers from Colombo Port, diverting intra-Asia cargo to surrounding South Indian ports—some terminals witnessed cargo traffic increase year-over-year by as much as 30%.

ANA Cargo updates freighter schedule for the month of August: decreased frequencies for Narita-Bangkok, Narita-Shanghai; increased frequencies for Narita-Seoul/Incheon, Narita-Beijing; new services with Ho Chi Minh City, Hanoi, and Hangzhou. South Korean hybrid carrier Air Premia adds routes to Tokyo (NRT), Hanoi (HAN) and Los Angeles (LAX), and MSC launches its intra-Asia service rotation on July 15, connecting Incheon Port with hubs in China, Vietnam, Thailand, Malaysia, and Indonesia.

EUROPE, MIDDLE EAST & AFRICA



Extreme heatwaves in Western Europe have culminated into wildfires, extensive drought, and transport infrastructure degradation: high temperatures in the UK forced rail network closures across London, York, and Leeds, while super-heated tarmacs halted arrivals and departures at several airports on July 18. In Europe's Schengen Region, the 800-mile Rhine river was recorded at its lowest water level in 15 years, inhibiting barges from inland waterway transport.

After a second warning strike by dockworkers of Hamburg and Bremerhaven ended July 16, German courts banned further industrial action until August 26 to facilitate further wage-labor negotiations. The resulting backlog has left inland container yards overcrowded and over a dozen service cancellations. Airports in Europe have experienced similar hang-ups due to worker shortages. Following the strategies of Amsterdam-Schiphol and London's dual airports in Gatwick and Heathrow, aviation authorities in Frankfurt capped freighter movements via cancellations or route diversions to adjacent airports. At least a settlement was reached on July 15 by Scandinavian airline SAS and pilots unions of Denmark, Sweden, and Norway, ending a 15-day strike and brightening an otherwise muggy outlook on the region's air market.



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