



WEEK 1 // JANUARY 8 2022

APERTURE & *FOCUS*

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



GLOBAL APERTURE

Despite the continuation of the Covid-19 pandemic, the first week of 2022 was marked by progress in global trade. In Asia-Pacific, the 15-country Regional Comprehensive Economic Partnership (RCEP) came into effect on January 1, marking a new era of commerce for the Asia-Pacific. But Indonesia's monthlong ban of coal exports through January may further shake up regional fuel markets and bulk cargo volumes ahead of Lunar New Year. Ongoing port congestion and the early onset of winter-spring peak season also has carrier reps and sea freight analysts concerned that 40' containers will be in short supply for the first quarter of 2022.

In the Americas, the Ocean Shipping Reform Act of 2021 is under review by members of the US Senate after passing a House vote in early-December—supply chain analysts say that if approved, the law may significantly expand the FMC's authority on sea freight commerce. Now, the British International Freight Association (BIFA) has officially requested the UK government investigate industry competition in the container market.

REGIONAL FOCUS

AMERICAS



A January 5 planned rollout of 5G cellular infrastructure is delayed by two weeks after aviation groups warned telecom providers of possible interference with airplane electronics systems, especially around metropolitan airports. Speaking of which, many reports of cargo congestion have surfaced from local KWE sources in Los Angeles, Chicago, and New York—shippers are advised to reroute for alternative hubs.

Enforcement of the Los Angeles/Long Beach Port Excess Dwell Fee—approved on November 15—has been postponed to January 10 while a new proposal to charge carriers for overstayed empty containers will be discussed by the Harbor Commission on January 13. Reports of rising Covid-19 infections among dockworkers in the port complex could result in labor deficits over the next two weeks. Up north, Oakland Port plans to open a 25-acre container yard to expedite agricultural exports, which were predominantly sidelined by carriers throughout 2021.

Heavy snowfall returns to the Pacific Northwest only days after Canadian rail providers announced near-completion of their network repairs, impacting transport operations once again from northern California to British Columbia. Canada Air Cargo launches the inaugural flight of its weekly Latin America services on January 3, connecting Toronto and Miami with Quito, Ecuador and Lima, Peru.

ASIA-PACIFIC



Cathay Pacific Cargo resumed some long-haul cargo flights on January 7 after a weeklong pause in response to tightened quarantine measures in Hong Kong. In the days prior, the airline announced freighter service reductions to Europe and the Pacific Southwest, and banned travelers from eight countries—Australia, Canada, France, India, Pakistan, Philippines, UK, and US—for two weeks starting January 8. Hong Kong also



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Rates Demand



Capacity



Rates Demand



suspended five other flight routes for two weeks starting January 4, affecting Air India, Air Canada, Thai Airways, and Philippines AirAsia. As the Omicron variant spread into more cities, access to some terminal gates of China's Ningbo-Zhoushan Port were restricted on January 1 after the discovery of a Covid-19 outbreak in the neighboring district of Beilun. Cargo diversions to alternative ports may also run into delays as many feeder services were suspended late-December in lieu of Lunar New Year.

In Australia, health data experts forecast the new Covid-19 wave will peak in late January as the country's supply chains face enormous pressure from port staff shortages to work. Panic buying at supermarkets has put additional strain on logistics networks struggling to fill shelves and has depleted the supply of rapid tests, making it difficult for many to return to work.

On December 31, India's Finance Ministry announced a delay to the implementation of new Sea Cargo Manifest and Transshipment Regulations (SCMTR) until June 30. Air India confirms the resumption of first quarter flights between Bengaluru, Mumbai and Frankfurt starting January 19.

If shippers were worried that 2022 would unleash UK's new post-Brexit import regulations, recent developments may strike an ambivalent chord. The Goods Vehicle Movement Service (GVMS) system—responsible for digitizing shipment documentation—crashed the same day it was implemented. Cross-border traffic between the ports of Dover and Calais has been delayed, and analysts forecast a gradual increase in freight volumes over the weeks. With air cargo also facing continued backlogs, border congestion is poised to intensify as volumes climb back up after a post-Christmas slow down. A train derailment at London Gateway on January 4 has also disrupted inland freight services, spelling an all-around gloomy first week in trade. Now, the British International Freight Association (BIFA) has officially requested the UK government investigate industry competition in the container market.

The ports of Helsingborg, Rotterdam, and Antwerp are removed from an Intra-Europe rotation by ONE and Hapag-Lloyd, to be served instead by additional feeder vessels. The ports of Hamburg (Germany) and Gdynia (Poland) have been selected as replacements.

China-Europe rail cargo services are disrupted due to ongoing riots in Kazakhstan, closing a crucial transfer hub and canceling or diverting routes. A new land-sea cargo route between Xi'an, China and Mannheim, Germany has helped to ease concerns by providing an alternative gateway for cargo between the two countries.