

WEEK 11 & 12

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# APERTURE & FOCUS

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

## GLOBAL APERTURE

A UN report on global trade [expects goods trade to soften throughout 2023](#), showing only 1% year-over-year growth during the first quarter versus last year's 10% amid unprecedented demand. New agreements were signed by the Ports of Los Angeles, Tokyo, and Yokohama [to establish Green Shipping Corridors \(GSC\) between California and Japan](#), adding to the list of GSCs that Los Angeles has with ports that include Shanghai and Singapore in an effort to create a global network of low carbon trade routes. A record [2.1 million barrels per day of crude oil has shipped from the US to Europe during the month of March](#) as high demand continues amid the war in Ukraine, with many experts forecasting US oil production to continue to grow through the rest of the decade. Microchip production in China [dropped significantly during the first two months of the year](#), in part due to new sanctions and export control agreements from countries around the world including the US, Japan, and the Netherlands, ultimately leading to a 21.9% year-over-year drop of microchip shipments.

## REGIONAL FOCUS - AMERICAS

In the latest signal for a downturn in global trade, new vessel data analysis showed [the number of ships in US waters on March 12 was less than half of what it was at the same time last year](#). The latest year-over-year reports showed [US ports experienced double-digit percentage declines](#) for inbound container volumes during the month of February, a stark contrast that is largely owed to last year's unprecedented increases creating this disparity. West Coast ports [once again suffered the largest drop of 37%](#) compared to last year— [the port of Los Angeles bearing the brunt of this drop](#) with a 43% decrease. While decreases were not limited to the West Coast, other ports were not hit nearly as hard as [volumes continued to shift to East Coast ports including Charleston and Savannah](#), who saw declines of only 12-15%. By comparison, the port of Houston managed to achieve a 15% increase compared to 2022. Port operators expect trade to pick up [during the second half of 2023](#), but West Coast ports are [still contending with ongoing labor talks](#) that threaten their market share.

While cargo flow through US ports has returned to normal levels, [low chassis availability at inland rail ramps may again slow inland cargo flows](#) if new systems for returning empty containers are not developed before traffic picks up. Efforts to improve rail safety continue with the [Safe Freight Act of 2023](#), introduced to the senate on March 1, that includes a two-staff minimum aboard freight trains and phasing out of older equipment, among other safety requirements. On March 16, [the US Surface Transportation Board gave approval for the merger of Kansas City Southern with Canadian Pacific](#), making the latter the first rail carrier to span the US, Mexico, and Canada with 20,000 miles of track.

## REGIONAL FOCUS – ASIA-PACIFIC

Container terminals at Nhava Sheva Port in Mumbai [are experiencing logjams that have severely reduced their capacity](#) due to infrastructure upgrades that are scheduled to be completed in early September. Adding to this, container lines report an [additional demand surge at Nhava Sheva as the fiscal year comes to an end](#) this month, enabling exporters to secure government incentives which in turn increases risk of further overwhelming the ports in the coming weeks. On March 17, India's Central Government announced plans to [develop seven large textile parks](#), the first in a series of steps to transform the country into a global hub for manufacturing.

Exporters in Sri Lanka raised concerns after [the Sri Lankan government ended previous "all-in rates" to bring back freight surcharges](#) in the hopes of reinvigorating currency flows amid an ongoing foreign exchange crisis. Signaling an end to trade restrictions imposed in 2020, ports and customs offices in China [have been told to allow Australian coal to be imported](#) freely. Tokyo Narita Airport is set to expand with the development of [new air cargo logistics facilities](#), including new storage space and a third runway.

## REGIONAL FOCUS – EUROPE, MIDDLE EAST & AFRICA

Warning strikes planned in Hamburg for March 22 through 24 have [led the port authority to](#)

[close the seaport to large ships](#), leading to a backlog of at least 18 vessels that will take several days to clear. Following a successful appeal to the Belgian government, the Wallonia state government [announced that the flight limit at Liege Airport would be lifted from 50,000 to 55,000](#) to lessen the impact on the local air industry. On March 17, the European Commission [announced its Net-Zero Industry Act](#), aimed at driving investments in green technologies in order to achieve the 2030 decarbonization targets set by the EU. Set to expire on March 18, the Black Sea Grain Initiative that has helped ease global food supply shortages by allowing Ukraine to export crops [was extended for another 4 months](#).