



WEEK 19&20 // MAY 26 2022

APERTURE & FOCUS

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



GLOBAL APERTURE

Industry journals herald the onset of summer peak season as United Airlines reinstates 52 Boeing 777 passenger aircraft for summer travel, with more than half to operate Asia-North America routes by July. But recovery is far from over as IATA's latest air industry report shows less-than-stellar performance in the Asia-Pacific and Latin America regions. Steamship alliances expedite empty container returns and blank sailings to align with receding Asia-Europe demand. The efforts also prepare for a potentially tidal summer peak season with Shanghai's rumored easing of lockdown.

The UN and Russia are in talks to establish a safe corridor for Ukrainian grain exports, which have piled up since late-February due to military blockades. But ongoing conflict has put pressure on more than just grain—over a dozen countries have placed export duties and commodity bans to curb domestic inflation at the risk of destabilizing the global economy. But concerted efforts have also been made to strengthen trade links: US President Joe Biden announces a new trade bloc known as the Indo-Pacific Economic Framework (IPEF) during talks with Japan officials on May 24—the framework's 13 participants include Australia, Brunei, India, Indonesia, Japan, South Korea, Malaysia, New Zealand, the Philippines, Singapore, Thailand and Vietnam.

REGIONAL FOCUS

AMERICAS



West Coast labor contracts began on May 16 in earnest as vessel queues diminished at the Los Angeles-Long Beach Ports. In contrast, analysts believe drayage disruptions will last through 2022, attributed to rising fuel costs, intermittent chassis shortages, and inland warehousing deficits. Global carrier CMA CGM has incentivized shippers with a 60-day container return program on May 16, offering \$300 for each dry container returned to their terminals.

Remember the protest-related northbound traffic disruptions at the Texas-Mexico border crossing in El Paso? Subsequent diversions through other crossings such as Santa Teresa Port of Entry haven't slowed down since calls for increased border inspections were rescinded.

Intermittent congestion at Mexico City Airport may increase as runway repairs begin in June, and Monterrey warehouses have reported an increase in imports, but

cargo traffic at Brazil's Guarulhos (GRU) and Viracopos (VCP) Airports straggles the furthest behind in Latin America.

Major airport terminals of Los Angeles, Atlanta, and New York tackle rising levels of cargo imports and Canada also experiences a surge in international travel demand moving into Queen Victoria Day (May 23)—continued shortages of cargo handlers and customs agents may add to service fulfillment and inspection times.

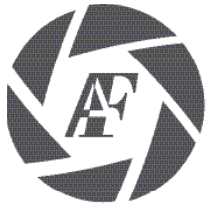
ASIA-PACIFIC



On May 18, Shanghai authorities pledged to ease restrictions and increase issuance of trucking permits—although an official resumption date hasn't been announced, city sources estimate business operations to fully restart in mid-June. Customs officers of adjacent cities—Nanjing, Hangzhou, Ningbo, and Hefei—will work in unison to clear Shanghai's existing backlog.



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KWE
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Beijing officials extend the city's Work-From-Home mandate; more districts in Tianjin go into lockdown; and Hong Kong's cross-border trucking into Shenzhen remains impacted.

Intra-Asia sea freight capacity from South China, Taiwan, and South Korea hubs remain tight. On the other hand, the region's air freight market has largely recovered sans South Korea—major airlines intend to resume international passenger routes through summer.

A new route between Bangkok and Nanning, China was also established to handle increases of fresh Thai produce as the major transshipment ports of Singapore, Hong Kong, and Manila grind against sustained cargo congestion.

In Bangladesh, officials greenlight cross-border rail operations of sealed containerized exports to India via the Petrapole-Benapole and Gede-Darshana land ports, with mandatory returns of empty containers. Drayage and cross-border operations into Sri Lanka are still slowed by long queues at refueling stations and unabated protests in the capital of Colombo.

EUROPE, MIDDLE EAST & AFRICA

Demand Capacity



Demand Capacity



Scheduled blank sailings pinch Asia-Europe capacity, staving off the rumored influx of backlogged cargo from Shanghai for another week. The few ships that do arrive to Northern Europe ports have been greeted with near-full container yards and lagging barge services further inland. Transatlantic air capacity gets a lift from daily direct flights between key cities throughout Europe and the US, courtesy of American Airlines Cargo.

Labor action comes to a head this week as the UK's National Union of Rail, Maritime and Transport Workers (RMT) votes overwhelmingly in favor of strike action as leadership discusses a potential mid-June walkout.

At the English Channel, barge services have run slower and lighter over the weeks—in part due to persistent lorry queues en route to Port Dover as well as sustained local boycotts, attributed to labor issues.