

WEEK 24 // JUNE 25 2022

APERTURE & FOCUS

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



Global Logistics Partner

GLOBAL APERTURE

The world enters into an unusually hot weekend as state authorities in Asia, Americas, and Europe issue excessive heat warnings—climate scientists project that several new routes will form across the once glacial Arctic Ocean by 2050 if climate reduction measures are not implemented in time. In related news, the EU Parliament voted on June 22 to include shipping in its Emissions Trading System (ETS), adding pressure to accelerate decarbonization efforts in European supply chains.

The key European hubs of London-Heathrow and Amsterdam Schiphol brace for labor troubles in the forms of strike action and staffing deficits, respectively. Although not directly cargo-related, both ongoing incidents may have ripple effects to regional operations.

Asian shipping lines announce a new weekly service connecting China and Korea with Latin American ports in Mexico, Guatemala, Colombia, and Chile starting July 13. Global carrier MSC launches another transpacific Asia-US service dubbed “Zephyr” to reinforce existing routes “Sentosa” and “Santana”—both services will also be revised to add network coverage and capacity through July.

REGIONAL FOCUS

AMERICAS

Capacity Demand



Rates



Another hefty serving (approximately 16 million 8-ounce bottles) of baby formula will be expedited from Mexico into the US to refill domestic inventories. For other industries, ongoing driver shortages in the US Southwest will slow domestic carriage, while KWE colleagues in Mexico City and Guadalajara have observed significant congestion at airport container freight stations. Local KWE sources reported operational congestion at the airports of Atlanta and New York over the week; in contrast, terminal conditions have normalized in Los Angeles, Chicago, Rickenbacker, and Dallas-Fort Worth.

The Uyghur Forced Labor Prevention Act (UFLPA) was enforced by the US on June 21; Customs Border Protection (CBP) has published an operational guidance for importers and an UFLPA Entity List for reference. Among the strategies deployed, the CBP intends to expand its workforce, advance supply chain tracing capabilities,

and implement a rebuttable presumption that goods, wares, articles, and merchandise mined, produced, or manufactured wholly or in part in the Xinjiang Uyghur Autonomous Region, are not entitled to entry into the United States.

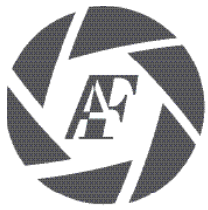
Several hundred workers of Canadian National Rail (CN) waged a strike on June 18 after contract negotiations between union leadership and rail management reached an impasse. This may further impede shippers utilizing rail transport to bypass the waning-yet-lingering cargo congestion at Vancouver Port.

IAG Cargo starts a new direct service between London and Portland, operating five times a week. Later in the year, Delta Airlines will slowly restart its Minneapolis-Incheon services—starting with three flights per week on October 2 before ramping up to daily flights by October 29.



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ASIA-PACIFIC

Demand
Capacity



Demand Capacity



Shanghai Port avoids the rumored post-lockdown cargo influx thanks to a combination of blanked sailings, improved weather conditions, labor reinforcements, and softer export demand. Hong Kong's Trade Development Council also enacted 21 new policy measures to subsidize costs for area companies as cross-border trucking into South China remains inconsistent and congested.

Fortunately, the region's air market heralds a resurgence: China Airlines announces its summer network expansion, increasing both passenger and cargo services for intra-Asia, America, and Europe destinations via Taiwan and Hong Kong origins come August. Shenzhen-based SF Airlines also expands its dedicated cargo fleet to 72 this month. Despite air cargo capacity returning to pre-lockdown levels, regional analysts are skeptical that demand will stay at its initial uptick.

EUROPE, MIDDLE EAST & AFRICA

Rates
Demand



Capacity

Rates
Demand



Empty containers remain trapped in the port of Rotterdam as carriers prioritize FCL export backlogs, pushing container yard density to critical levels. Inland waterways experienced the first of many labor actions this summer, with strikes at major ports including Antwerp, Bremerhaven, Bremen, Hamburg, Emden, Brake, and Wilhelmshaven. The ensuing congestion has pushed some demand onto intercontinental rail through Russia.

In the UK, railway strikes took place on June 21 and June 23, closing half of rail network that connects England, Wales, and Scotland. While reassured that cargo operations will continue throughout strike days, volume throughput will be reduced by up to 50%. At London-Heathrow, airline workers voted to strike, a move that has consequently impacted flight cancellations for the short-term outlook.