



WEEK 43 // OCTOBER 28 2021

APERTURE & FOCUS

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



GLOBAL APERTURE

Robust growth in passenger service demand, especially for transatlantic routes, may slowly ease the capacity strain in the air freight market after announcements were made by several countries to reopen borders, including Australia, Britain, Canada, and the US. Double-digit increases in cargo revenues have been recorded in the third quarter for major air players, in turn bumping up orders for wide-body freighters and plane conversions. As the global shipping industry inches closer to supply-demand parity, some environmental researchers are now concerned that such a recovery may jeopardize the progress of greenhouse gas (GHG) reduction efforts.

Net-zero emissions shipping is the new industry hot topic with plenty of backing from international businesses and global carriers, but with a suggested shut down of some 3,000 coal plants to maintain global goals according to research groups, how will the world's determination to reduce emissions fare against energy shortages in Europe, the Americas, and Asia-Pacific? The answer depends on who you ask, but with major refineries reporting tighter inventories of Very Low Sulphur Fuel Oil (VLSFO) and major producers pledging to cut domestic GHG emissions without reeling back fuel exports, the near-term outlook feels lukewarm.

REGIONAL FOCUS

AMERICAS

Rates Demand



Rates Demand



Port officials of Los Angeles and Long Beach announced plans to fine owners of shipping containers that have overstayed their welcome in the terminals; containers received by truck will be allotted nine days of storage; containers destined for rail transport, three. These rules will be enforced starting November 1 and present yet another hurdle to shippers as reports surface of trucking, rail, and warehousing shortages at alternative ports used to those in Southern California, such as the Port of Seattle. In light of these mounting challenges, the federal government has also considered calling on the National Guard and the Navy to assist container transport efforts, although no definitive solution has been reached. Select ports of the East Coast are also wading through container clogs, but some others in the Southeast such as Mobile and Miami are beckoning shippers to divert goods to their direction.

A new presidential proclamation signed October 25

will require airlines to check traveler vaccination status before boarding flights with some exceptions, to be enforced when the US reopens borders on November 8. At the US-Mexico border, three ports of entry will resume normal business hours in anticipation of increased traffic volumes. Further into Mexico, the major import hub Progreso Port reported significant impact to cargo operations on October 25 due to cascading delays at origin ports in Europe and Asia.

ASIA-PACIFIC

Capacity Rates Demand



Rates Demand



Traveler demand turns up on announcements by several airlines to resume passenger flights through Australia—Qantas, Virgin Australia, Hawaiian, Singapore, and Cathay Pacific have all remarked reopening connecting services with Oceania. Other countries set to reopen for tourism include Thailand, Vietnam, Cambodia, Indonesia, Malaysia, and South Korea. Although China remains closed for travelers, Delta Air Lines will now operate weekly cargo flights between Shanghai and Detroit



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continued from "Asia-Pacific"

to match shipper demand, while a new cargo rail link dubbed "Shanghai-Express" finished its first inaugural trip to Hamburg, Germany.

The Philippines and South Korea concluded talks for a Free Trade Agreement on October 26, with plans to sign in early 2022 and effectively remove tariffs upwards of 90% of goods traded.

A day before the annual India-ASEAN Summit on October 28, India's domestic industry advocates are once again calling for a scope expansion of the Bilateral Air Services Agreement to ease the country's cargo congestion. Select air authorities in India will also waive freighter aircraft-associated charges to promote agricultural exports from Northeastern regions, as part of the revised Krishi-Udan scheme that will overhaul India's supply chain infrastructure.

continued from "Europe, Middle East & Africa"

in cargo traffic, leading some European importers to consider trucking as an alternative to cargo movement. Some good news to end things off: repairs and additions to cargo scanners at Dhaka Airport may soon restart direct flights connecting the UK and Bangladesh.

EUROPE, MIDDLE EAST & AFRICA

Capacity Demand



Rates Demand



The UK's end of the land bridge, Port of Dover, could face Christmas gridlock if France imposes more stringent customs checks in addition to a proposed tariff raise on British imports.

Finland flag carrier Finnair starts up its long-haul flights linking Stockholm to major Thailand and US destinations. Though the region's air freight market continues strong and steady growth, new cargo customs requirements at some European airports may dampen short-term outlook.

Asia-North Europe shippers report spotty communications on carrier decisions to omit port calls, with significant discrepancies on vessel arrival times at the ports of Felixstowe, Rotterdam, and Antwerp. In spite of noted success in previous months, rail freight in the same trade lanes may be faltering due to sustained increases



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