



WEEK 49 // DECEMBER 10 2021

APERTURE & *FOCUS*

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



GLOBAL APERTURE

It's been a little over eight months since the Ever Given lodged itself in the Suez Canal, and the cargo vessel is once again headed for the water passage—feel old yet? If not for the near-weekly volley of supply chain issues that have arisen since then, maybe we wouldn't. But in today's market climate, logistics experts and shippers are weary—and wary of the challenges that remain unresolved as much as those yet to come. With new travel restrictions and lockdowns imposed by an increasing number of countries, anticipated holiday belly capacity may be lighter than usual for all but the Middle East, whose passenger growth proved more durable than other regions.

Some challenges been amplified: the previously reported urea shortage has spread throughout the world, souring long-term future sentiments for fertilizer and diesel with cascading setbacks for farmers and truckers.

And some challenges have returned: equipment shortages, pilot shortages, plane shortages, congestion in transshipment ports, and the peak season to Lunar New Year starts early.

REGIONAL FOCUS

AMERICAS

Capacity
Rates
Demand



Rates



The Seattle-Tacoma Port Complex has reduced vessel backlogs and cargo congestion over the past week, and U.S. Gulf Ports beckoning importers once again on news of Savannah Port's week-over-week reductions in queued vessels. Unfortunately, export operations are still hampered by blanked sailings and diversions. The combined port authorities of Long Beach and Los Angeles delay enforcement of the Excess Dwell Fee once more to December 13, once again citing progress made on the backlogs—the Port Chief of Long Beach estimates congestion to ease in six months' time, while Los Angeles' Port Chief expects another peak leading up to Chinese New Year.

U.S. House of Representatives voted in approval of the Ocean Shipping Reform Act on December 8, a comprehensive maritime commerce bill that addresses carrier service standards and responsibilities of the FMC. House legislators also passed another prospective

bill to ban American shippers from importing goods originating from Xinjiang Uyghur Autonomous Region. U.S. authorities are also investigating the Automatic Identification System (AIS) transmission blackout by Chinese vessel data providers since November 1 for possible maritime security violations. Cross-border truck movement between the U.S. and neighboring countries Canada and Mexico may slow starting next year as new Covid-19 vaccine requirements go into effect January 22.

Canadian National's rail services between Vancouver Port and the rest of British Columbia resumed on December 5; flag carrier Air Canada resumed its freighter operations on December 9 to provide extra capacity between Vancouver and Toronto.

Latin America continues to struggle with its disparity of high cargo demand and low belly capacity due to subdued passenger travel demand. This throws a wrench into the region's sea freight market, where interregional fulfillment times now average between six to seven weeks. Dozens of cargo ships have been anchored outside Brazil's ports of Paranaguá, Santos, and Itaguaí on higher demand for Asia-Latin America routes. Further south in Uruguay, an indefinite strike at Montevideo Port that started December 1 will cramp vessel connections in the area.



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KWE
Global Logistics Partner

ASIA-PACIFIC

Capacity
Rates
Demand



Rates
Demand



Shipping anxieties lead into the Asia-Pacific's peak season. Blanked intra-Asia and ex-Southeast Asia sailings have dramatically increased year-over-year, which analysts now associate with the rising costs of raw materials originating from the region, affecting nearly all commodities from garments to medical equipment and automotive parts. China's Ningbo-Zhoushan Port plans to increase handling fees by 10% in 2022, and regional analysts think other terminal operators in the country may attempt to follow suit. More feeder services opt out of serving Colombo Port for West Indian ports such as Jawaharlal Nehru as salvage operations resume for the X-Press Pearl, which sunk off the coast of Sri Lanka earlier this summer.

India's dockworker unions have voted to stage an indefinite strike as early as December 15 over concerns with the Major Port Authorities Act, a privatization bill which was passed and enforced earlier this year. The country also extended its ban on scheduled international passenger flights to January 31; exceptions for select routes may be allowed on a case-by-case basis. These include countries that have made air-bubble agreements with India, such as Australia and Thailand.

Another Korean airline joins the cargo market: Air Premia will begin international operations serving Singapore, Vietnam, and Los Angeles on December 13. Hong Kong adds several countries to its high-risk area list including Singapore, Chile, Mexico, and Argentina. Meanwhile, Philippines adds more countries to its temporary travel ban list, notably France, Switzerland, Belgium, Netherlands, and Italy. The ban will be lifted on December 15, the same day as Vietnam's international travel ban.

EUROPE, MIDDLE EAST & AFRICA

Rates
Demand



Capacity

Capacity
Rates
Demand



In the whirlwind of current events, it's uncommon to find good news that's unaccompanied by some bad news. Etihad Cargo establishes a pharma corridor between Belgium and Abu Dhabi, U.A.E. while Qatar Airways increases its weekly flights between Cebu and Doha to 11. KLM increases daily flight frequency between Newcastle and Amsterdam against concern that Amsterdam's Schiphol Airport may be soon forced to reduce its annual number of flights by at least 400,000 in compliance with national emissions regulations. CMA CGM deployed three cargo vessels to reinforce existing services connecting France with Asia ports. Days after, Air France announced a suspension of all flights to and from Hong Kong until March 26. By comparison, Swiss International Air Lines also placed a temporary suspension on passenger flights between Zurich and Hong Kong, to last until December 11.

Hamburg Port regains service calls from shipping alliance 2M for Asia-Europe loops after resolving its handling delays while over two dozen cargo vessels have anchored in the mouth of the North Sea, awaiting cargo unload as low water levels measured at the Rhine river bottlenecks upstream barge operations.