



GLOBAL APERTURE

Health officials around the world are stuck counting cases of the new Omicron variant while we count down to the new year. Approximately 8,800 flights were canceled worldwide between December 24-27, attributed to a mix of new travel restrictions, inclement weather, and staff shortages. Airlines are buying up all available freighter planes in anticipation of the forthcoming surge in shipper demand. New codeshare agreements will firm up capacity for transatlantic, transpacific, and Europe-Asia services in 2022, but until then we're to work with what we have.

As the upcoming Lunar New Year lands on February 1, transpacific services head into perilous currents with scheduling cut-offs and tighter restrictions at major ports in Asia. Seafarer crew rotations and vaccinations take a backseat for the second year in a row, and a new study by the International Road Transport Union finds that about one-fifth of all professional truck driving positions are vacant. Widespread drought, bone-rattling chills, extended monsoons, and other weather anomalies are expected to make more appearances in 2022, threatening future crop yields and performance times.

REGIONAL FOCUS

AMERICAS



Ad hoc flight delays and cancellations ring in the year's Flightmare for U.S. shippers and travelers, brought on by harsh winter weather and staff shortages. To stem operational losses, the CDC recently reduced recommended quarantine times from 10 days to five.

According to reports by local KWE sources, Los Angeles Airport (LAX) has experienced widespread congestion in recent weeks, attributed to an influx of chartered flights along with serious ground handling shortages. Some inbound cargo which has been diverted to San Francisco (SFO) may also experience delays in ULD breakdown. Cargo terminals at Guadalajara and Mexico City Airports witness the onset of seasonal congestion for Lunar New Year.

It's strange to consider that cargo ex-China now travels faster on average to New York than to Los Angeles and

Long Beach, but here we are at the end of 2021. Excess Dwell Fees for the SoCal Port Complex were pushed back once more to January 3 for reassessment, even as neighboring city of Carson approved temporary plans to store excess containers and trucks at a gas refinery. Polymer exporters join their counterparts in agriculture and retail goods in search of empty containers—about 71,000 of which are sitting around Los Angeles terminals.

ASIA-PACIFIC



Officials of U.S. and China are in talks after a Delta flight aborted its trip to Shanghai because it could not comply with new Covid-19 sanitation mandates. The new mandates come after two of China's major cities—Xi'an and Yan'an—were locked down from recent outbreaks. Hong Kong officials plan to impose a three-day hotel quarantine for air cargo staff according to an announcement made on December 28, though no official



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date has been announced. In response, Cathay Pacific will cancel several passenger and cargo flights connecting Hong Kong in the first quarter of 2022.

Port congestion in China has improved relative to American counterparts, according to recent published reports by domestic trade analysts and investment firms. Unfortunately, an earlier Lunar New Year (February 1, 2022) has prompted global carriers like Hapag-Lloyd and the ONE Alliance to suspend bookings for South China feeder services. Capacity deficits might be offset by rail and trucking services, though delays have been recently reported at borders with Myanmar, Laos, and Vietnam.

Climate change also wallops the region: an intense typhoon made landfall in Philippines' southerly regions on December 16, stalling marine terminal operations before wreaking havoc in Malaysia and severely disrupting cargo movement at Port Klang. Container volumes at Incheon Port have dropped their lowest in six months as a result of the cascading bottlenecks, according to respective port authorities.

After being reassigned by the Civil Aviation Authority to a takeoff ramp counterintuitive to flight plans, ANA's outbound services to Narita ex-Singapore are forced to reduce cargo payloads, adding to a growing backlog shared by sister airlines. A growing number of local cases in Thailand also prompts the suspension of Thailand's quarantine travel pass ("Thailand Pass"), hindering passenger belly capacity with terminal congestion forecast for exports through the remaining week of 2021, according to local KWE sources.

The new Omicron variant has stunned Europe with new lockdowns amidst rising numbers of cases in France, Germany, Greece, Italy, Netherlands, and many others. Airlines like Lufthansa, EasyJet, and Ryanair have already canceled thousands of flights through January, with many more delayed. Most recently, the European Council has hinted at a new law in Spring 2022 to reinforce supply chains and materials procurement for the union.

Recent diversions of Liquefied Natural Gas tankers from Asia to Europe have been attributed to a combination of annual winter peak demand, cold weather, and other supply chain issues. In many cases, entire vessels are diverted mid-voyage to the highest bidder, securing supply at the cost of higher market prices and reduced output from some producers of metal alloys and fertilizers.

New customs clearance procedures have been published by UK officials ahead of the January 1 post-Brexit enforcement date, but the country's digital customs platform is still under development and likely won't be online by then. Major delays are forecast for agricultural shipments originating from the EU in the coming months. Cargo traveling through Germany's inland rail corridors faces slightly better odds as repairs following July's flood are 80% complete.

A handful of regional carriers recently launched a new Gulf-China Service connecting Saudi Arabia's Port Dammam to Ningbo, and a new rail operation spanning 4,000 miles boosts interregional cargo capacity for Islamabad, Tehran, and Istanbul.