



WEEK 42 // OCTOBER 21 2021

APERTURE & *FOCUS*

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



GLOBAL APERTURE

Strong travel demand from the Americas and Europe replenishes passenger belly capacity according to recent airport data, but freighters will continue to play a significant role to move holiday goods and backordered materials around bottlenecked seaports. Increased consumer spending throughout lockdown has been partially blamed by industry analysts for extending the supply chain slowdown, but data researchers also suggest that market normalization is within reach following winter holidays. The effort doesn't fall on consumers alone, though: government officials are establishing more bilateral and multilateral trade agreements to foster alternative supply chain models, especially between Asia-Pacific and Europe. Aviation leader Airbus is expanding its freighter conversion infrastructure to China and the US, and earlier this month Boeing announced a freighter variant of its forthcoming 777X jetliner to better handle e-commerce growth. Because at the end of the day, week, month, quarter, and year—we're all in this together.

REGIONAL FOCUS

AMERICAS



Once again, Oakland Port is asking carriers to reroute cargo from Southern California after the US President's recent order to expand Los Angeles Port's operating hours produced paltry results. Major airports across the US are still dealing with import congestion despite fewer flights from Asian countries, and even niche cargo hubs like Rickenbacker International Airport (LCK) have been affected.

In Vancouver Port, a spokesperson for the Canadian International Freight Forwarders Association (CIFFA) has characterized the situation as "very dire" with daily cargo traffic increasing by as much as 15%. Air Canada's passenger belly capacity into Hong Kong is cut for two weeks following discovery of a positive Covid-19 traveler on October 13.

The ports of Manzanillo, Ensenada, and Lázaro Cárdenas are projected to meet demand this winter, but ongoing railroad blockades, political protests, and a proposed double trailer ban on Mexico's national highways have forced officials to open an additional customs terminal and

industry analysts to adjust late-year production outlook as microchips, semiconductors, refined fuel, textiles, and plastics are squeezed into the same bottlenecks at land border crossings, airports, and rail depot.

ASIA-PACIFIC



Despite ports in Shenzhen and Hong Kong operating again at normal capacity, sea freight congestion is expected to last until at least the Lunar New Year. In Bangladesh, Chittagong port authorities have imposed a 72-hour window for importers to pick-up Dangerous Goods following vessel unloading. A planned general strike across South Korea saw tens of thousands of workers protesting over pay and labor issues, first announced by the country's largest union federation last month. Above the skyline, Taiwanese carrier EVA Air received the first of three Boeing 777F cargo planes on October 15, and on November 1, several airlines including Qantas, Cathay Pacific, and Singapore Airlines will restore services from Sydney on news of eased traveler restrictions.



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Increased cargo loads on freight trains help UK's supply chains ease congestion caused by the ongoing shortage of truck drivers. However, frustrations edge up along with continued delays at Felixstowe Port. On the other side of the English Channel, French fishermen have threatened to block goods from entering British ports in response to failing UK-EU mediations over post-Brexit fishing rights. Vessels have been diverted to Rotterdam and Antwerp over the past week, with Zeebrugge and Wilmshaven currently under consideration. In Italy, a trucking and longshoreman strike that began on October 12 outside Port Genoa Voltri has migrated to the city after eight days, leaving a week's worth of backlogs.

Fortunately, air traveler demand ticked up through September, opening up more belly capacity for ad hoc cargo transport while freighter cargo throughput maintains its strong growth. Some airlines such as Lufthansa and United have switched off Asia-Europe tradelanes for transatlantic ones, but transfer connections via the Middle East were bolstered after EU and Qatar signed a new aviation treaty on October 18. Transcontinental rail is picking up some cargo slack, but experts say infrastructure issues have appeared across corridors in Russia and may soon lead to their own delays.