



# International Monthly Market Update:

## May 2022

As the war continues, more sanctions against Russia continue to emerge. The United States, the European Union, and the United Kingdom have imposed additional sanctions on Russia's aviation sector, including prohibiting the export of technology, spare parts and services, and the closure of airspace to Russian owned or controlled air crafts. In retaliation, Russia took over and prevented 27 foreign-leased aircraft from leaving their airspace.

### China:

- By the middle of April, more than half of China's largest cities were under lockdown, including Shanghai, Tianjin, Shenzhen, Shenyang, Changchun, Jilin, and Guangzhou.
- In Shanghai, reduced manufacturing and limited trucking cause a significant decrease in air and ocean export volumes. Local warehouses are at capacity because shuttle trucks cannot make pickups or deliveries.
- On April 25th, Chinese officials issued new guidelines for production and logistic flows to help minimize the impact of the lockdown on Shanghai. Endorsed by the central government, specific companies in critical industries will allowed to restart operations in phases.
- The current export slowdown in many Chinese ports will help relieve congestion-plagued ports in the United States. However, once the lockdown is lifted, the cargo volume is expected to exceed the handling capacity of many US Ports.
- Blank sailings are up to over 40%, and heavy booking cancellations are expected through May.
- Accenture's analysis states that due to lockdown, Shanghai PVG's capacity during the first two weeks of April is only a third of what it was the same time in 2021. As factories prepare to ease covid restrictions, air cargo capacity could become less constrained.



### PVG International air cargo capacity by carrier type, 2022

Thousand tonnes



(Source: [Accenture](#))

## Trucking in Europe:

- Freight Waves posted an article earlier this month reviewing the impact of the war in Ukraine on trucking in Poland. Rising fuel costs played a big factor in the rise of domestic rates from 3.70 to 5.50 PLN/KM. Many drivers were from Ukraine and returned home to support their country. In addition, the influx of refugees caused an increase in the sale of goods. The decline of trucks in the market and increased demand have truck prices soaring to unprecedented numbers.

## West Coast:

- On May 12<sup>th</sup>, contract negotiations will begin between the International Longshore and Warehouse Union (ILWU) and West Coast employers. The current contract expires July 1st. US Secretary of Labor Marty Walsh spoke earlier this week, urging all parties to maintain an even keel. With the widespread supply chain disruptions, the negotiations will be closely watched.

## Carrier Announcements:

- Hapag Lloyd announced that by 2023, all their containers will be equipped with live trackers, providing customers with real-time track and trace data. This allows full visibility of container movement so delays can be detected earlier.
- The Ever Forward has been deemed seaworthy after sitting in the mud for over a month in the Chesapeake Bay. The vessel will restart its journey and head to Baltimore to collect the



containers previously offloaded as part of the salvage operations before carrying on with the original planned voyage.

- Maersk announced they would stop accepting bookings to Shanghai for reefer/dangerous goods cargo of IMO 2.2 and IMO 3 effective April 14th. In doing so, they offered:
  - Free change of destination for cargo in transit.
  - Free cancellation fee for all bookings not yet loaded.

## Schedule reliability by trade:

- The numbers posted for February show schedule reliability improved slightly at a 4.0% margin, reaching 34.4% globally.

*Global schedule reliability by trade:*

Tradelane	JAN/FEB 2021	DEC/JAN 2022	JAN/FEB 2022	M/M change	Y/Y change
Asia-NAWC	10.7%	9.4%	13.8%	4.4%	3.1%
Asia-NAEC	13.1%	17.0%	15.5%	-1.5%	2.4%
Transpacific WB	22.1%	22.2%	26.1%	3.8%	3.9%
Asia - North Europe	27.0%	17.6%	15.0%	-2.6%	-12.0%
Asia - Mediterranean	31.0%	20.6%	27.1%	6.5%	-4.0%
Europe - Asia	21.2%	26.4%	31.5%	5.1%	10.2%
Transatlantic EB	40.7%	27.8%	27.2%	-0.6%	-13.5%
Transatlantic WB	23.8%	17.3%	14.7%	-2.6%	-9.1%
Europe - South America	56.2%	53.4%	51.9%	-1.6%	-4.3%
South America - N. Europe	59.1%	45.2%	37.3%	-7.9%	-21.8%
South America - Med.	57.7%	47.7%	52.2%	4.5%	-5.5%
N. America - South America	68.0%	47.7%	39.8%	-7.9%	-28.2%
South America - N. America	55.7%	33.6%	22.6%	-11.0%	-33.1%
Europe-Oceania	50.0%	18.4%	15.6%	-2.8%	-34.4%
N. America - Oceania	25.3%	40.3%	45.6%	5.3%	20.4%
Oceania - N. America	37.0%	42.9%	43.8%	0.9%	6.8%
Asia - Oceania	12.7%	17.2%	19.5%	2.3%	6.8%



Tradelane	JAN/FEB 2021	DEC/JAN 2022	JAN/FEB 2022	M/M change	Y/Y change
Oceania - Asia	15.5%	20.4%	27.9%	7.6%	12.4%
Asia - Middle East	31.4%	25.6%	28.2%	2.5%	-3.3%
Middle East - Asia	22.0%	23.1%	26.8%	3.7%	4.8%
Europe - Middle East	49.4%	44.7%	44.9%	0.2%	-4.5%
Middle East - Europe	53.9%	39.9%	40.5%	0.6%	-13.5%
Asia - Indian Sub.	21.1%	21.7%	24.1%	2.4%	3.0%
Indian Sub. - Asia	18.5%	16.3%	19.1%	2.8%	0.6%
Europe - Indian Sub.	70.8%	55.3%	52.9%	-2.4%	-17.8%
Indian Sub. - Europe	52.6%	29.3%	30.7%	1.4%	-22.0%
Asia - Africa	19.7%	38.4%	37.3%	-1.2%	17.6%
Africa - Asia	26.5%	28.6%	32.0%	3.5%	5.6%
Europe - Africa	26.7%	28.2%	31.3%	3.1%	4.6%
Africa - Europe	36.7%	38.3%	35.9%	-2.5%	-0.9%
Asia - ECSA	49.1%	46.7%	54.3%	7.6%	5.3%
ECSA - Asia	21.3%	23.8%	30.7%	6.9%	9.4%
Asia - WCSA	62.2%	41.4%	41.3%	0.0%	-20.9%
WCSA - Asia	39.5%	31.2%	35.9%	4.8%	-3.6%

(Source: Sea-Intelligence, Marittime Analysis Global Liner Performance Report – Feb. 2022)

## US Customs Updates:

- March 23rd, the Office of the US Trade Representative reinstated Section 301 exclusion tariffs for 352 product types previously covered by the US Section 301 tariffs on China-origin goods. This will apply retroactively, so for any entries filed from 10/12/21 where duty was paid, the customer can file a Post Summary Correction to get duties refunded on items that apply.
- Multiple exclusions of items previously allowed with BIS export license to Russia have been put into effect because of the ongoing conflict with Ukraine. Focusing primarily on items Russia cannot produce itself, the list includes goods from Categories 3-9 from the BIS Commerce Control List including microelectronics, telecommunication items, sensors, navigation equipment, avionics, marine equipment, and aircraft components.
- On April 8<sup>th</sup>, President Biden signed HR 7108 into law, which is to suspend all normal trade with Russia and Belarus. This means duty rates from column 2 of the HTSUS will apply to all shipments entering commerce.



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**Sources:** JOC, ICAT, American Shipper, Sino, Freight Waves, The Loadstar, Hapag., Splash 247, Maersk, Accenture, Seabury Cargo, Sea-Intelligence, Savino Del Bene, Tradewin, USTR, Customs Border and Protection