

NEWSLETTER

HANKYU HANSHIN EXPRESS USA INC



2021 VOL 2

OUTLOOK FOR FEBRUARY 2021

Ocean and Air markets inherited space limitation into 2021 from previous year, and landscape of supply chain continue to stress on finding the space as the priority.

The biggest exporter for US Market (China) will head off to the largest holiday in their country in February (Chinese New Year). Despite the anticipation of “catch-up” during the time, ocean carriers are slashing the vessel utilization to manage during this “off-peak”, causing rising expectation and assumption that crisis will continue well beyond Chinese New Year.

COVID spread and variant strain also impact countries across the globe. Our country continues to have regional wide-spread infections, impacting the core operation of supply chain and ability to cope with demand.

Hankyu Hanshin Express group is proactively offering our customers counter-measures, from an Air Charter program, to Gateway De-consolidation, securing the space with major and non-major carriers for our clients. It has been the time for our company to think outside of the box, and a do-what-it-takes attitude to alleviate the stress and constraint of our clients.

OCEAN MARKET

In anticipation of volume drop during the Chinese New Year, major carriers announced blank sailings. Blank sailing is where Ocean Carrier will not make stop at certain ports, or completely omit the services on specific loop (loop is the collection of ports and routine of vessel operation).

Blank sailing will impact mother vessels which recently announced by O.N.E. that one vessel will skip Japan entirely in middle of February, equates about 8,000TEU space loss as well as feeder vessel regions, such as Southeast Asia. Overall, blank sailing will impact an average 60,000 TEU per week (globally) during the month of February.

Currently, vessel ETD and ETA are around 7-10 days delayed, due to major congestions at the ports around the world. If the origins and destinations are not the port of call by mother vessel, connection to feeder vessel will subsequently delay.

Ocean Freight Rates has been sustained at the highest levels, never before seen. Carriers began offering "Premium Service" to secure space from a month ago, as well as "Booking Cancellation Fee" to prevent double booking. Port Congestion Surcharge or similar type of Surcharges are announced by Carrier in recent days.

Many importers shift to divert the container at the first discharge port, to shorten the transit time by delivering the goods by truck. This trend will continue, and due to increasing demand of long-haul deliveries, chassis shortage and long-haul dry truck shortage are apparent in last 3-4 weeks.

Ocean Carriers are pressured to deliver empty containers (and its availability) in Asia. Due to the congestion, container reposition has been out of balance for a little while now, and Carriers are moving empty containers rather than cargo filled containers. This is specifically due to Carrier's inability to control repositioning location if container is filled with cargo and dictated by Shipper where it goes.

Because of empty repositioning, we are seeing wide-spread circumstances where there are no empty containers for export out of the United States.

US PORT CONGESTIONS

US Ports congestion has not improved. There is average 30-35 container ships anchored off-shore of Los Angeles / Long Beach ports, and average days to get into the port (birth) is 7-10 days. The congestion is spreading across the country's infrastructure, and currently Oakland, CA is suffering 9 container vessels anchored at off-shore waiting to get into the port.

New York / Port Elizabeth is also suffering congestions, and it is taking anywhere between 3-5 days for ship to arrive and containers to become available for IPI Rail Deliveries or Final Mile Delivery by Truck Services.

Los Angeles / Long Beach CA reported that there is wide-spread of COVID19, and there are rumors spreading that the ports will shut down. However, latest information we received from carriers are that Union has requested State of California to have vaccine available for port workers, integral part of supply chain, and is not planning to close the ports at any time.

AIR MARKET

As a result of the Ocean space crisis, the Air Market has never been so strained. Due to lack of passenger aircraft from COVID19 impact, overall space is limited. Air Freight pricing has been increasing as demand increase, and we also anticipate that there is demand increase during the February when Ocean Carriers are having blank sailing.

At Hankyu Hanshin Express, we are moving 100 tons of charter air cargo every month, from Narita, Japan to Dallas, Texas. From Dallas, Texas, we have managed many fleets to deliver goods across the country. We will continue to provide extra space thru Charter Services thru end of March (and possibly beyond). We will also execute Air Charter to Chicago, IL in middle of February to further offset the blank sailing.

Behind the scenes, our staffs at Hankyu Hanshin Express Japan as well as Hankyu Hanshin Express USA are working hard to meet our customer's demand. It is hard work, dedication, and precise planning to execute perfect Air Charter Services. They are working day and night, weekdays and weekends to make this happen to our customers.

Our Japan Team

(From Left to Right, Team Leader: Hyakudai, Manager: Haramizu & Ito)



Our US Gateway Team

(From Left: Export / Warehouse Manager: Shogo Hayashida, Oscar Perez, Alexander Welch, Branch Manager:Eiji Kitajima)

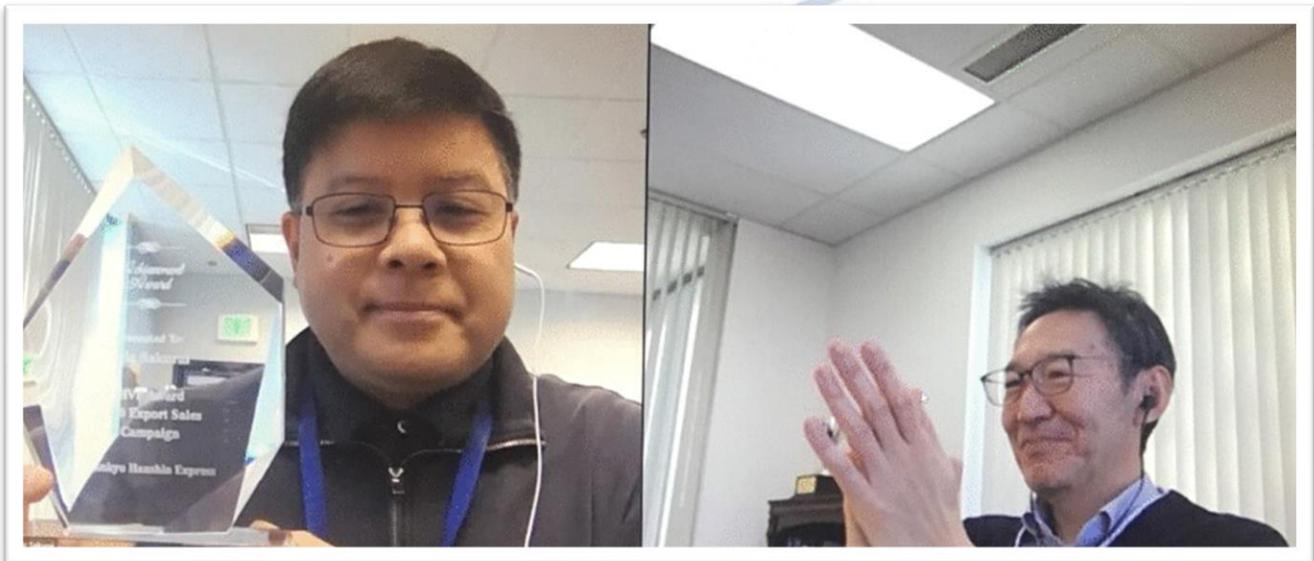


AWARDS TO ERIC SAKURAI / LOS ANGELES BRANCH

On January 26th 2021, Eric Sakurai of Los Angeles, CA Branch was awarded special recognition from our President. Award is given to Eric based on his and his team's ability to provide high quality services to our clients, and provided our clients to achieve highest gross sales during the pandemic. His determination, efforts, dedication, and transparency are what our clients give trust in him and his team.

After the ceremony, Eric Sakurai commented *"I'm very much thankful to our organization for allowing our employees to showcase our efforts. This shows our company will to the necessary steps to ensure we are moving in the right direction to support our customers from supply chain prospective and continue to grow together with them."*

(Photo: From Left: Mr. Eric Sakurai (Los Angeles Branch Sr Export Manager), Mr. Tatsuro Sasaya (President))



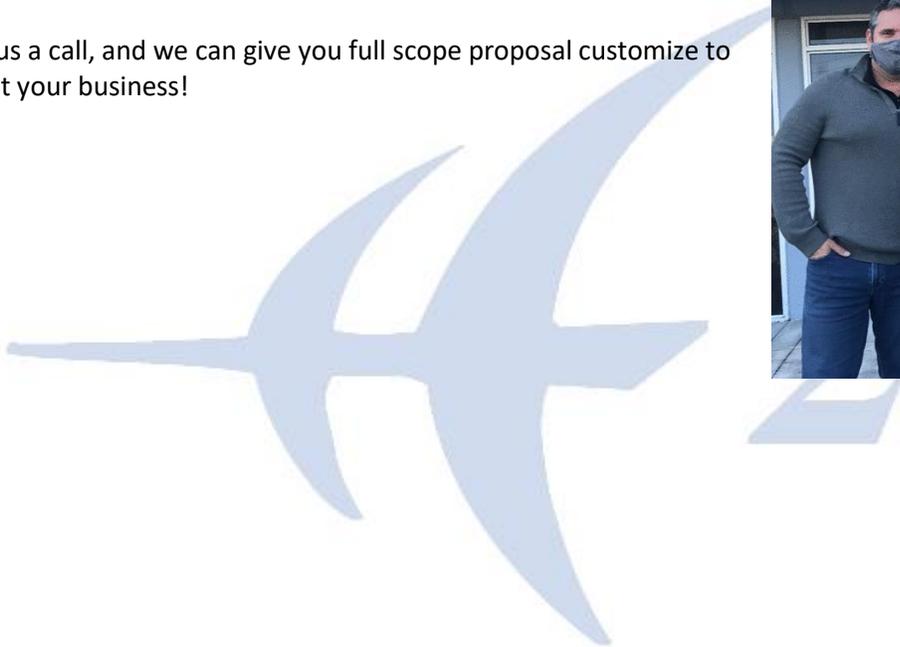
MIT9C (MIAMI IN-TRANSIT SERVICES) TO LATAM

At Hankyu Hanshin Express USA, we offer our clients the alternative option to move cargo to Latin America (LATAM). In recent years, air freight from Asia to Latin America exceeded well beyond \$10.00 / kgs. Our team in Miami operating Bonded Warehouse, has been facilitating Inbond Transit thru Miami to Latin market.

The services can be utilized thru Ocean + Air, Air + Ocean, Air + Air. Our Miami Branch also have 10,000+ sqf of warehouses where they can hold the cargo up to 14 days, to consolidate the cargo to Latin destinations.

Have you had incidents where airline lost the cargo, in transit thru America?

Give us a call, and we can give you full scope proposal customize to fit just your business!





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