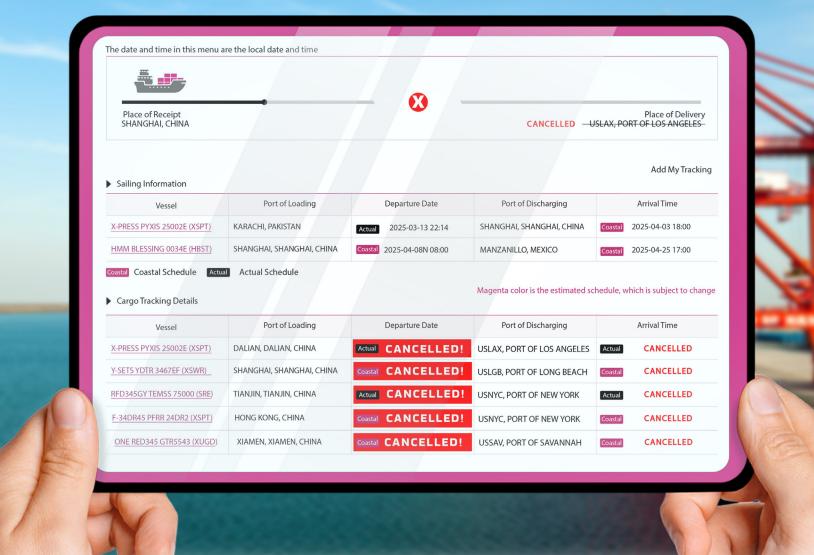
April 2025 Issue 81

THE SHIPPING STANDARD

OUR EXPERTISE YOUR ADVANTAGE



ABOUT OEC GROUP



BLANKS FOR NOTHING: THE REAL ISSUE GIVING SHIPPERS SLEEPLESS NIGHTS

As contract season comes to a close, shippers around the globe are reflecting on a negotiation season that saw schedule reliability become as big a sticking point as rates. In a market where experts say blank sailings could increase by up to 30%, shippers were searching for stability.

Specifically, shippers wanted more assurances from carriers that the scheduled sailings they rely on would actually occur and not be cancelled without warning – like they were two years ago. These cancellations caused significant financial hardship for shippers who contracted with and solely relied on one carrier, as those customers' cargo was rolled over to the carriers' next available sailing. Rolling cargo over with a carrier forced shippers to wait an extra week for cargo to arrive, with some shippers waiting two or three.

"The best thing shippers can do to protect themselves from the practice of blank sailings is to contract with a logistics consultant who works directly with and has a significant amount of relationships with those who are canceling sailings: the carriers," said Anthony Fullbrook, president of OEC Group's North American region. "Including a logistics consultant in your supply chain strategy can ensure a quick rebooking of your cargo, meaning instead of waiting at least a week for your cargo to be shipped you will only have to wait, at most, a few days. This could be the difference between having your business thrive or crumble."

Shippers also felt frustrated by the secrecy that surrounded many 2023 blank sailings, many of which were canceled without a reason being provided. That secrecy, coupled with the cancellation of a sailing, leaves shippers in a difficult position: Their sailings have been canceled, they don't know why, and the cancelation increases demand for vessel space. When that demand increases, the shippers are faced with higher freight rates and sometimes cause them to incur detention and demurrage, which arise when shippers can't return containers in a timely manner.

"Right now, the Trump administration's plans are still evolving, making it very hard for anyone in the industry to create a viable supply chain strategy," said Peter Hsieh, Vice President of Sales for OEC Group. "Because it is difficult to predict what will happen next, the best thing to do is stay calm and keep your options open. Don't get caught up in how to beat tariffs, develop a game plan with an experienced logistics consultant on the most effective way to minimize any negative impact that tariffs can have to your business."

ASK AHAB

This month our resident advice columnist answers questions about what shippers should do during the pause in tariffs and when carriers expect to begin travelling through the Red Sea.



Dear Ahab:

I was unable to import my cargo ahead of the original tariff increases. Now that there is a pause in tariff increases, do you think it is worth it to try and rush some cargo now?

- Timid About Tariffs

A: - Dear Timid:

If you don't have enough inventory in your warehouse right now, and you're sourcing from somewhere other than China, it might make sense to rush cargo in over the next few months.

Now, regardless of how much cargo you bring in in the next few months, it won't last you forever. With that in mind, take this opportunity to reshape the way you think about your supply chain and its reliance on goods sourced from China and Chinese manufacturers.

The current administration appears keen to continue to decouple from what has been a very consistent—if not too consistent—economic partner over the past 20 years. Work with an experienced, knowledgeable logistics consultant with a global network of connections; they'll be able to help you navigate new markets and craft logistics strategies that are tailored to your needs. Your competitors are having the same conversations you are—they're trying just as hard as you are to minimize their "tariff exposure"—so why not enlist an expert to give you the upper hand?

Dear Ahab:

I've recently been reading the news coverage of the logistics industry and see that there have been some new flareups around the Red Sea. With that in mind, how soon do you think the Suez Canal might open back up for shipping vessels?

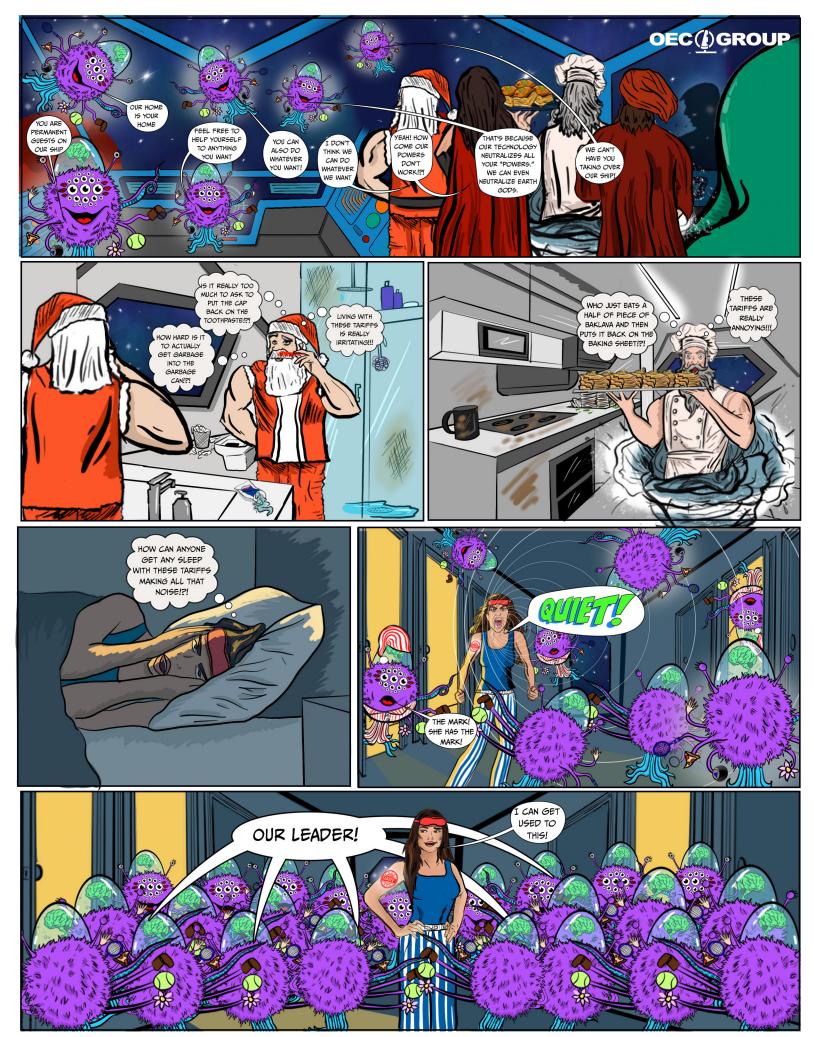
- OK Canal

A: - Dear OK:

I wouldn't hold your breath about merchant vessels travelling through the Red Sea anytime soon. Originally, carriers were hopeful that the Suez Canal might open as early as June. As issues continue coming up, it's likely that the timeline will be extended.

However, once the situation is resolved, we won't suddenly be out of the woods. Ports across Northern Europe and the Mediterranean will see months of congestion as soon as it opens, as the first ships to traverse the Suez Canal will overtake the last ships to traverse the Cape of Good Hope.

There's also a vessel capacity concern looming; if you recall, global vessel capacity contracted by 10% when the Canal first closed. Even with all the vessel capacity hitting the market this year, the Suez Canal reopening is going to free up a lot of vessel capacity all at once. That sudden "loosening of the belt" is going to have repercussions for the Northern Europe and Mediterranean markets.





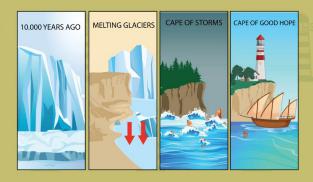
Fun Facts About The Cape of Good Hope



It is the south-westernmost point of Africa.



The cape is haunted by the ghost ship The Flying Dutchman.



It was formed in the last Ice Age.



The Cape of Good Hope was Discovered in 1488 by Portuguese Explorer Bartolomeu Díaz.



Its original name was Cape of Storms, but it was changed to Cape of Good Hope in order to encourage more sailors to use the route.



If you see The Flying Dutchman it means you are in imminent danger.



The Cape of Good Hope is also known as the graveyard of ships.



The Cape of Good Hope is home to over 2,500 species of plants and animals.

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As an industry pioneer, OEC Group has become one of the world's leading logistics companies. We leverage in-house expertise, carrier partnerships, connections with ports and transportation hubs, and our network of offices in North America, Europe, Asia, India, South America, Australia, and the Middle East, to provide freight transportation, logistics, information, customs and brokerage, insurance, and technical services to over 50,000 customers of various sizes and industries.

We are also highly sought after for the advice we give shippers on how to optimally manage their supply chains. The guidance we provide is based on data analytics, best practices, and decades of industry knowledge.

We believe that relationships matter and treat your cargo as our own. Our experts are always investing in efficient, cost-effective, and cutting-edge services to evolve with the ever-changing market, address the complexities of any client's supply chain, and consistently perform at the highest level for our customers.

Our business is making our logistics expertise, your competitive advantage.