

THE SHIPPING STANDARD

OUR EXPERTISE YOUR ADVANTAGE

NEW CARRIER ALLIANCES
CREATING A FEAR OF
THE UNKNOWN

INTERVIEW WITH
AN EXPERT

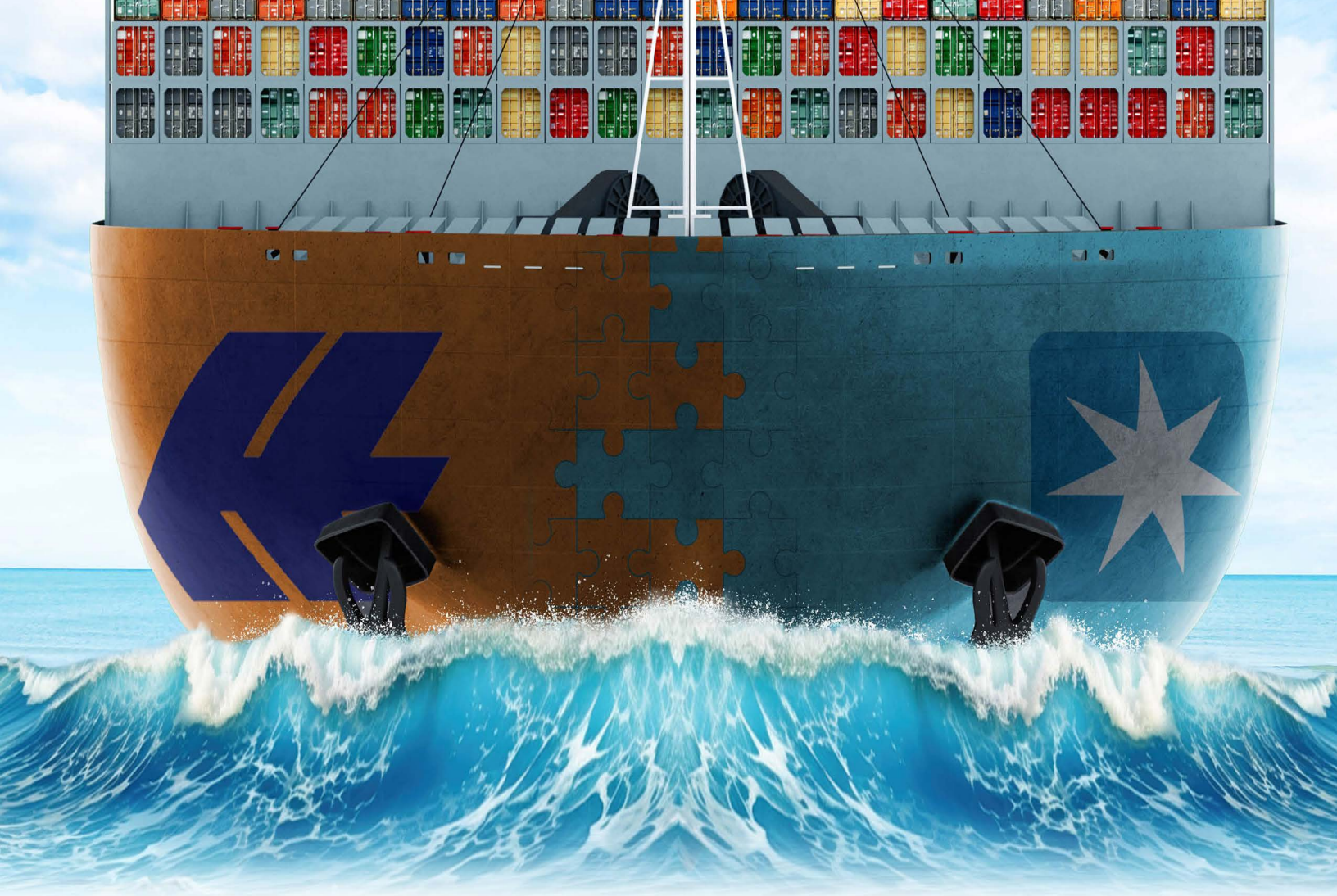
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NEW CARRIER ALLIANCES CREATING A FEAR OF THE UNKNOWN

The recent announcement of the dissolution of Maersk and MSC's 2M alliance sent shockwaves through the industry and created a cascading effect of new alliances and, thus, the possibility of a new world order in the shipping industry.

Once the 2M alliance was terminated, Hapag-Lloyd declared it will leave THE alliance to join forces with Maersk in February 2025 to form the new Gemini Alliance. This new game of musical alliances has many shippers finding that they have more questions than answers about their short-and-long-term supply chain needs as they try to get a sense of the market at the Trans-Pacific Maritime conference (TPM).

“The biggest issue most shippers have expressed is how they fit into the new supply chain puzzle, which has quickly become much harder to solve, especially for all the shippers who typically work directly with carriers,” said Anthony Fullbrook, president of OEC Group’s North American region. “The new alliances combined with dangerous geo-political situations, and continuing environmental problems has created a landscape where all shippers should be working directly with a forwarder who has the capacity to ensure that their supply chains do not fall victim to the upheavals affecting the industry.”

Even the carriers are having a hard time predicting what the future brings for the industry. For example, regarding Maersk and Hapag-Lloyd’s new alliance, both carriers claimed that while the initial agreement is for three years plus a one year extension, they are in this for the long haul. However, the only stated goal both carriers proclaimed was their objective to achieve 90-percent reliability.

It seems hard to believe that the only stated goal for an alliance that will operate a fleet of 290 vessels with an overall capacity of 3.4 million TEUs serving the major global trade lanes, is to improve reliability. The reality is neither they nor anyone else can fully predict the effect all these factors will have on the industry moving forward. As a result, they are setting expectations as low as possible until they can get a handle on the situation, which experts believe will take a significant amount of time.

“The recent actions of the carriers have created an absolute fear of the unknown in the industry,” said James Vanderloo, Branch Manager for OEC Group’s Milwaukee office. “Anytime there is an unknown, my advice is to default to common sense and make agreements with known quantities, even if it does cost a little more, until more evidence becomes available. At the end of the day, you’ll know what you are paying for, and you might even get a few extra perks.”

KEITH SARNELL

Vice President of OEC's
Great Plains region

INTERVIEW WITH AN EXPERT

Keith Sarnell, Vice President of OEC Group's Great Plains Region, discusses the critical issues that people will be talking about at this year's Trans-Pacific Maritime conference (TPM).

Q: How will the industry be affected by the change in alliances?

A: It is hard to say what effect the reshuffling of alliances will have on the industry as this clearly creates more questions than answers as carriers try to figure out how and with whom they will conduct business. However, this creates a unique opportunity for shippers to start making partnerships with companies that can provide a plethora of shipping options. These partnerships will educate and give them insight into all the other options that are available, allowing shippers to make the most advantageous decisions for their organizations by being able to plan around current and future market fluctuations.

Q: Why are trans-Pacific rates rising when the real issues are those affecting trade lanes between Asia to Europe and the Mediterranean?

A: To understand why rates are increasing across the board you really have to look at the global supply chain and what is going on in the world. In this case there has been much higher demand for goods on the Asia to Europe trade lane and less demand on the trans-Pacific trade lane.

This means that carriers have shifted vessels from a low-demand market to a high-demand market and are redeploying vessels accordingly. Once the Houthi Rebels started attacking commercial vessels and forcing them to go around Africa, adding at least ten days of transit time to by-pass the canal going one way, more vessels and resources were needed to take up the slack. As a result rates went up, and continue to rise across the board, regardless of trade lane.

Q: Are people still concerned about “green” initiatives and what can they do to support those efforts?

A: The best advice I can give is to make a statement with your wallet. What this means is all companies should come up with a real plan that is funded by a budget so when you count your carbon consumption you can properly off-set by purchasing space on more environmentally friendly services. This will encourage suppliers to replace their current gas guzzlers with “greener” solutions. It will also encourage the industry to conduct more research to determine which fuel is the most environmentally friendly, because they will realize that this is good for business. While it may cost shippers a little more in the short-run, it will, in the end help the planet and help prevent more issues such as the drought in Panama, which is already costing shippers billions of dollars in higher rates because vessels now have to be on the water longer as they circumvent the canal.

Q: What’s one piece of advice you have for shippers for the remainder of 2024?

A: Shippers should re-open their COVID playbooks because the knock-on effect from the Panama Canal Water Restrictions and the Houthi Rebel Attacks is that there will continue to be schedule reliability and container equipment issues that will, in all likelihood, plague the industry for the entire year. This will cause rates to continue to rise and remain high for long periods of time. As a result, shippers should be working with an experienced company that has connections with all carriers in order to not just secure the best possible rates, but to also keep their cargo moving, as cancelled sailings will continue to torment the industry. Not establishing a relationship with a well-respected and connected company is just begging for trouble that will ultimately result in shippers paying an exorbitant amount to bail themselves out.



I CAN'T BELIEVE THEY FIRED ME! AFTER 24 YEARS! TALK ABOUT UNGRATEFUL!



WHAT MAKES MATTERS WORSE IS THAT PAYDAY PROMISED ME THAT I WOULD WIN THE NEXT FIVE SUPER BOWLS IF I HELPED HER DESTROY TOM BRADY, HIS DELIVERY GUY, AND THE SUPPLY CHAIN!

HOW AM I GOING TO WIN ANY MORE SUPER BOWLS IF I AM UNEMPLOYED!?!?



Hello my name is HADES

SOUNDS LIKE YOU'VE BEEN DOUBLE-CROSSED. I WARNED YOU ABOUT PAYDAY! SHE'S BAD NEWS! EVEN I STAY AWAY FROM HER... AND THE SUPPLY CHAIN!



HOWEVER, IF YOU ARE ABLE TO BRING ME HER SOUL, LIKE YOU DID WITH THAT FORMER QUARTERBACK OF YOURS, THEN I'LL MAKE SURE YOU GET ANOTHER JOB, WITH ANOTHER GREAT QUARTERBACK, AND MORE SUPER BOWL CHAMPIONSHIPS.

I CAN DO THAT!

AND YOU'LL PROBABLY HELP SAVE THE SUPPLY CHAIN FROM HER EVIL PLANS - THAT'S SAYING SOMETHING COMING FROM ME!

I CAN BE A BIGGER HERO THAN TOM BRADY!

Hello my name is HADES

TOM BRADY'S SOUL



WE HEARD THERE WAS A BILL BELICHICK SIGHTING AROUND HERE.

WE'RE BIG FANS!

NOT SURE WHERE HE IS, BUT MAYBE YOU COULD HELP US WITH A LITTLE MYSTERY I AM TRYING TO SOLVE.

SOUNDS FUN! I LOVE MYSTERIES!

TOO MUCH THINKING, BUT MAYBE I CAN HIT STUFF!

YOU SOUND LIKE MY KIND OF GOD!

POSEIDON? SANTA? WHAT ARE YOU DOING IN NEW JERSEY OF ALL PLACES!?!?

MetLife STADIUM



WE'VE GOT TO FIGURE OUT WHERE TOM BRADY GOT HIS POWER TO READ MINDS AND WE NEED TO FIND OUT HOW THAT HAPPENED. IT COULD HELP SOLVE ALL THE SUPPLY CHAIN PROBLEMS.

THAT'S A REALLY GOOD INTENTION.



SEEMS LIKE THIS STAIRCASE IS MADE WITH GOOD INTENTIONS.

Good intention 64

Good intention 65

Good intention 66

Good intention 67

Fun Facts About Leap Year



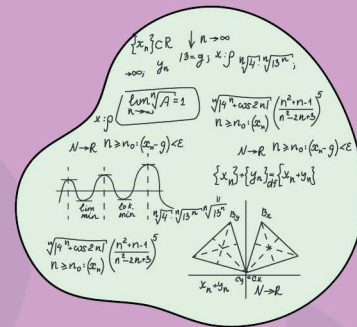
Julius Caesar first introduced leap year in 46 BCE.



People born on February 29th are called either "Leapers" or "Leaplings"



There are only 4 million people in the world who were born on 29 February



Leap years occur every four years, except for years divisible by 100, unless they are also divisible by 400



It is tradition for women to ask men to marry them on Leap Day



The odds of being born on February 29 are 1-in-1,461



Superman was born on February 29



Many couples in Greece, Italy, and Spain will not get married during a Leap Year because it is considered to be bad luck.

ABOUT OEC GROUP

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.