

THE SHIPPING STANDARD

OUR EXPERTISE YOUR ADVANTAGE

SHIPPERS BEWARE: 2024 COULD PRESENT GREATER CHALLENGES AND SIGNIFICANT DISRUPTIONS

INTERVIEW WITH AN EXPERT

COMIC STRIP

I AM KAI

WRAPPING PAPER
FUN FACTS

ABOUT
OEC GROUP





BATTEN DOWN THE HATCHES: SHIPPERS BEWARE: 2024 COULD PRESENT GREATER CHALLENGES AND SIGNIFICANT DISRUPTIONS

2023 will be remembered as a unique year in supply chain history because of the precipitous fall of rates from historic highs back to pre-pandemic levels. As 2023 ends, experts believe that 2024 may have its own set of surprises and challenges that could disrupt and alter the industry's landscape.

One challenge, the practice of blank sailings, was a defining problem for many shippers in 2023. It is expected to press on throughout 2024. The continuation of aggressive blank sailing program is a result of the carriers direct need to control capacity as the ratio of supply and demand slips through over supply as a result of new ship orders being delivered to market throughout 2023 and 2024. This will force both importers and exporters to continue being agile with their supply chain strategies while carriers continue to struggle with balancing wildly fluctuating vessel capacity with shipper demand. This continued practice, and the volatile rate swings that come with it, will make for a very interesting contract season. To have success, shippers should partner with a third party logistics provider that can tackle their long-and-short-term fluctuating capacity and price requirements, and advanced planning options.

The call for sustainability is another subject that will remain at the forefront, especially as climate issues continue to plague the industry and the movement of vessels. Issues such as draft restrictions and vessel limitations through the Panama Canal will be increasingly impactful as we move into the new year, and experts will consistently monitor other critical waterways around the globe, such as the Mississippi and Rhine Rivers, that have already had problems due to lack of rainfall.

“These highly delicate problems could have volatile consequences that will potentially reverberate throughout the industry for years to come. Simply turning a page on a calendar will not erase these and other serious concerns that are affecting the industry,” said Anthony Fullbrook, President of OEC Group’s Northeast Region. “Shippers need to align themselves with professionals that can give them as many options as possible to ensure the short and long-term viability of their supply chain. Those who fail to do this will suffer severe consequences.”

The last few months of 2024 could be especially volatile due to potential labor action at U-S East and Gulf Coast ports as the International Longshoremen’s Association’s (ILA) contract expires at the end of September. The ILA, led by its president Harold J. Daggett, has been outspoken about its determination to negotiate hard before the current contract ends. Union representation is digging in on port automation, worker pay and benefits, and compensation for working through the pandemic.

If negotiations go awry, then shippers, carriers, and providers could see a situation far worse than what was experienced earlier this year with ILWU-PMA contract disagreements. Slowdowns and other negotiating tactics could occur at any time during 2024, which could significantly disrupt supply chains and drive rates dramatically upward.

“Importers and exporters need to plan ahead and be open to all options as 2024 could be a very rough ride. Having as many options as possible will be the key to succeeding in this environment,” said Peter Hsieh, Vice President of Sales and Marketing for OEC Group’s Northeast region. “The more port pairings, intermodal options, and final trucking and distribution solutions shippers have access to, the better chance they’ll have at minimizing delays, building a reliable supply chain, and beating what promises to be a very challenging market.”



INTERVIEW WITH AN EXPERT

Matt Haffner, Regional Vice President of Customs Brokerage, looks back on 2023 and keys us into a few of his department's initiatives moving forward into the new year.

Q: What are some standout developments in the brokerage sector that you and your team saw in 2023?

A: In terms of increased activity and active development, I think there has been a clear uptick in investigations on potential antidumping and countervailing duty violations. That being said, I think some of the most interesting takeaways from 2023 have to do with policies that have not seen much development. For example, the US Generalized System of Preferences (GSP) has been expired since December 31st, 2020. I don't think the trade preference program has gone this long without being renewed, or even voted on for that matter, since it was established in 1974. It still doesn't seem to be on the agenda in Congress. Similarly, many sanctions on China leftover from the previous administration have not been adjusted in any way. A lot of experts in our field expected some movement on those sanctions and tariffs initially, but at this point it is very unlikely that anything will change this close to 2024 election.

Q: Are there any significant brokerage developments you see on the horizon in either late 2023 or early 2024?

A: There are two very consequential policy issues we are following very closely and have been following for some time now.

The US government consistently updates what's required to be a qualified and trusted broker, and they have yet to release final official guidance on two of those updates. The first change has to do with Power of Attorney and how that process will be validated moving forward. The second change has to do with requirements for licensed brokers to continue their education and stay up to date with all certifications and qualifications. The final rules on these adjustments have been published, but pending final guidance has to do with enforcing and practically applying these new rules. Our team has always operated well above the minimum qualifications mandated by the US government, so these changes will likely have zero impact on our operations.

Q: What is your New Year's resolution going into 2024?

A: Our New Year's resolution for 2024 is to communicate and collaborate more with our clients. Whether we're providing traditional brokerage services or offering expert consultation, my team is eager to help as many importers as possible. Many importers are not aware of our entire suite of brokerage options and the true span of services and solutions we offer. Moving forward, we want help more importers minimize brokerage costs. With all of the tariffs and "tariff wars", sanctions, sourcing changes, and evolving regulations impacting our industry right now, even importers with reliable brokerage services should get another set of eyes on their operation to ensure they do not miss any opportunity to save money through the brokerage process. And if they find that their existing strategy is working perfectly, this will give them even more peace of mind.

Q: What is one piece of advice that you would give importers as we turn the calendar?

A: Talk to expert brokers. I know it sounds simple, but it's actually extremely important for your business. In this context, it can be helpful to think of us as accountants during tax season. Some do-it-yourselfers try as best they can with claims and deductions, but with as much government regulation and bureaucracy as there is involved with international customs, it's always best to consult with an expert. OEC in particular has decades-long relationships with customs offices around the world, we're well-known and established in the space, and clearance protocols are second nature to our licensed team. If you communicate more with a great broker, then you can be sure that your brokerage plan is as efficient and effective as possible while staying in strict compliance with all governmental laws.



KAI, HAVE YOU EVER SEEN ANYTHING LIKE THAT BEFORE?

YOU'D BE SHOCKED BY WHAT I'VE SEEN UP HERE, BUT DEFINITELY NOTHING QUITE LIKE THAT.

COOL! LET'S GO CHECK IT OUT!

YOU KNOW IRINA, JUST BECAUSE YOU CAN FLY SOMEWHERE DOESN'T MEAN YOU SHOULD



WE'VE GONE OVER THIS! WE BOTH KNOW YOU COULD USE NEW SHOES...

YOU DIDN'T GET ME ANYTHING?

OH! TODAY IS THE 24TH!

WE DO THIS SONG AND DANCE EVERY YEAR JACK FROST! YOU KNOW HOW THIS WILL END! YOU'RE NOT GETTING THESE GIFTS!

I DON'T KNOW, NICK! I THINK YOU'VE LOST A STEP!



THE LAST CHRISTMAS FIGHT I WAS IN WAS AT MY UNCLE'S HOUSE. I GOT A LUMP OF COAL IN MY STOCKING.

SANTA KNOWS!

WOULD YOU TWO STAY OUT OF THIS?

SORRY JACK! I'VE GOTTA SCHEDULE TO KEEP. I WOULD HAVE TAKEN IT EASY ON YOU! THAT'S WHAT YOU GET FOR BEING SUCH A SCROOGE ALL THESE YEARS!

OH, MAKE THEM STOP, NICK! I GIVE I GIVE!

POW!



Happy Holidays
From **OEC GROUP**

THANK YOU SO MUCH IRINA AND KAI FOR HELPING ME OUT BACK THERE. MY WHOLE IMAGE IS BASED ON ON-TIME RELIABILITY!

HAPPY TO HELP! GOTTA MAKE SURE THOSE PACKAGES GET DELIVERED ON-TIME.

IT WAS SO MUCH FUN! I CAN'T WAIT TO DO IT AGAIN!



WE KNEW YOU COULD TAKE HIM SANTA!

I CAN'T BELIEVE HOW STRONG YOU ARE. TOTALLY OPPOSITE OF HOW YOU ARE PERCEIVED.

THANK YOU, BUT I HAVE ADMITTEDLY LOST A FEW STEPS.

I DON'T KNOW ABOUT THAT. I'M NOT EVEN SURE I COULD DELIVER ALL THESE GIFTS IN ONE NIGHT AND DEFEAT JACK FROST.

OF COURSE YOU COULDN'T. DON'T BE RIDICULOUS, BUT BOTH OF YOU HAVE CERTAINLY MADE THE NICE LIST!

THANKS SANTA!

HO, HO, HO!

Fun Facts About Wrapping Paper



Americans spend over \$8 billion annually on wrapping paper.



2 Studies show that giving friends nicely wrapped gifts results in less appreciation of the gift, while giving sloppily wrapped gifts results in greater appreciation for the gift.



Up until the early 1900s, brown paper was typically used as wrapping paper for gifts and purchased goods.



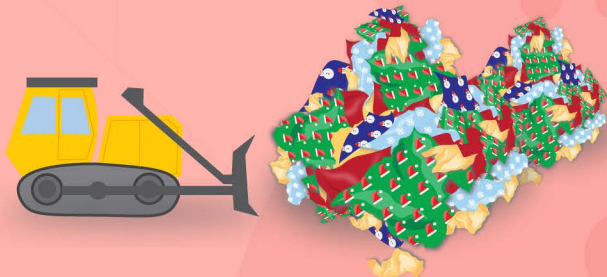
Wrapping paper was first used around 100 BC in Ancient China.



The average person spends \$56 on gift-wrapping materials for the holidays.



When given a choice, people tend to pick colorful and beautifully wrapped gifts over sloppily wrapped ones.



Most wrapping paper is not recyclable, and as a result, nearly three-million-pounds of wrapping paper ends up in U.S. landfills every year



The global gift-wrapping market is expected to be worth \$24.9 billion by 2025.

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.