

THE SHIPPING STANDARD

OUR EXPERTISE YOUR ADVANTAGE

NOT AGAIN! A PERFECT STORM OF
DISRUPTIONS AWAIT SHIPPERS FOR
PEAK SEASON

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A PERFECT STORM OF DISRUPTIONS AWAIT SHIPPERS FOR PEAK SEASON

In his opening remarks at last year's International Longshoreman's Association South Atlantic and Gulf Coast District Education Conference, ILA President Harold Daggett told a Nashville crowd to prepare for a strike at east and gulf coast ports. Based on the union's recent cancellation of contract talks due to Maersk's usage of an automatic gate system without employing union labor, it looks like the ILA is serious about staging a major labor action if its demands are not met.

As the ILA careens towards a labor action after its current contract expires on September 30, 2024, many industry veterans are recommending that shippers institute the same strategy they did when the ILWU was threatening a labor action last year: ship early and, if possible, route cargo through alternate ports.

“Up until this month it looked like the last year’s declaration by the ILA would not come to fruition, as many local unions have already reached agreements with their hometown ports,” said Peter Hsieh, OEC Group’s Vice President of Sales. “However, modernization has always been a major issue, and any modernization that does not use union labor will always generate significant pushback.”

A potential ILA strike is not the only thing that is creating real concern in the industry. Container availability and service disruptions at ports has quickly started to remind shippers of the problems that plagued them during the pandemic. Additionally, West Coast vessel dwell times are increasing and causing delays, and giving a preview of what might happen if an ILA labor action becomes reality. Red Sea diversions have also led to capacity problems causing prices to rise. Finally, tariffs are being increased on many goods being manufactured in China, leading many shippers to wonder if they are keeping up with the latest requirements and if the increased tariffs will negatively affect their businesses.

“Rates are starting to approach post-COVID levels, meaning that every shipper needs to refer back to their COVID playbooks and employ the strategies that allowed them to survive, namely, plan ahead, ship early, and maintain the same velocity despite the fluctuating rates to ensure the supply chain remains constant,” said Peter Ku, Vice President of Sales and Head of OEC Group’s Seattle Office. “Needless to say, it is going to be a rough time for shippers and it will probably remain difficult until at least the end of the year. The best way to thrive in this market is to work with a provider with deep industry relationships and significant buying power.”



ASK AHAB

This month our resident advice columnist answers questions about cargo insurance and questions about whether or not vessel seizures are covered.

Q: Dear Ahab, I saw recently that Iranian military forces seized a Mediterranean Shipping Co. vessel in the Persian Gulf at the Strait of Hormuz. How can I make sure my shipments aren't impacted by instances like this? — Cargo Curious.

A: - Dear Cargo Curious: Great question! I know it's easy to get all "doom and gloom," when reading the headlines, but you're running a business here. You don't have the luxury of curling up into a fetal position and not shipping anything. However, barring complete avoidance, the only reasonable and inexpensive option you have to ease your mind and keep your business viable is to purchase cargo insurance.

Quite frankly, everyone should have it, because events like the MSC Aries seizure aren't exactly broadcasted on social media or AM radio before they happen. While purchasing cargo insurance will add a small cost to your shipments, it will give you peace of mind because if something unforeseen happens to your cargo you'll get reimbursed for whatever you lost. Keep in mind, war-restricted waters like the Strait of Hormuz aren't covered by every insurance plan. However, some plans do cover these areas. Therefore, check with your insurance agent before you buy anything and they will work with you to figure out the best coverage plan to address those concerns.

Remember, in a supply chain this big and interconnected, threats are everywhere. The chances of having a month without something happening are pretty low. Therefore, do yourself a favor and buy cargo insurance. Your mind, and business, will thank you for it later.

Q: Dear Ahab, when I pay for car insurance, my premium goes up if insurance has to cover repairs on my car. Is that the case with shipping insurance? Will I have to pay more after my ship gets seized? – What's the Difference.

A: –Dear What's the Difference: The short answer is, no. Cargo insurance rates differ from your home insurance or car insurance plans in that the rates really don't fluctuate. Over the past decade, there have been minimal adjustments in insurance rates, but, otherwise, the cost to insure containerized cargo really doesn't fluctuate.

What does fluctuate, however, is the cost of what you're shipping. As we approach peak season, consider the cost of what's in your containers. Would you rather pay a pretty static price to keep those containers insured every time they sail, or risk the cargo – and the potential profit you could make selling it – to save a fraction of the cargo's value?

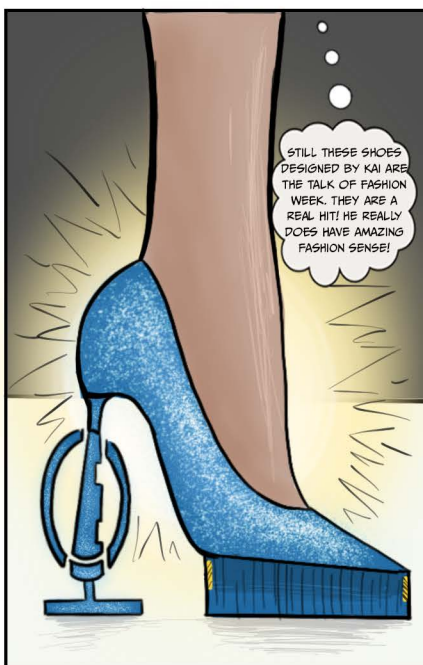
Q: Dear Ahab, The world has become an increasingly dangerous place, and I think it makes sense to stop shipping goods for now. What do you think? – Scared Strait

Dear Scared Strait: I don't know everything about your business, but I know one thing: not having anything shipped is a surefire way to go out of business – FOREVER! Remember, it's impossible to predict the future, and it's impossible to completely eliminate disruptions to the supply chain. Therefore, buy some cargo insurance, hedge your bets, and for God's sake stop being so scared!



I AM SO HAPPY TO BE BACK TO MY DAY JOB AS A SUPER-MODEL!

THIS IS SO MUCH MORE ENJOYABLE THAN FLYING AROUND THE WORLD WITH KAI TO DEFEND THE SUPPLY CHAIN FROM ALL THOSE WHO SEEK TO DESTROY IT.

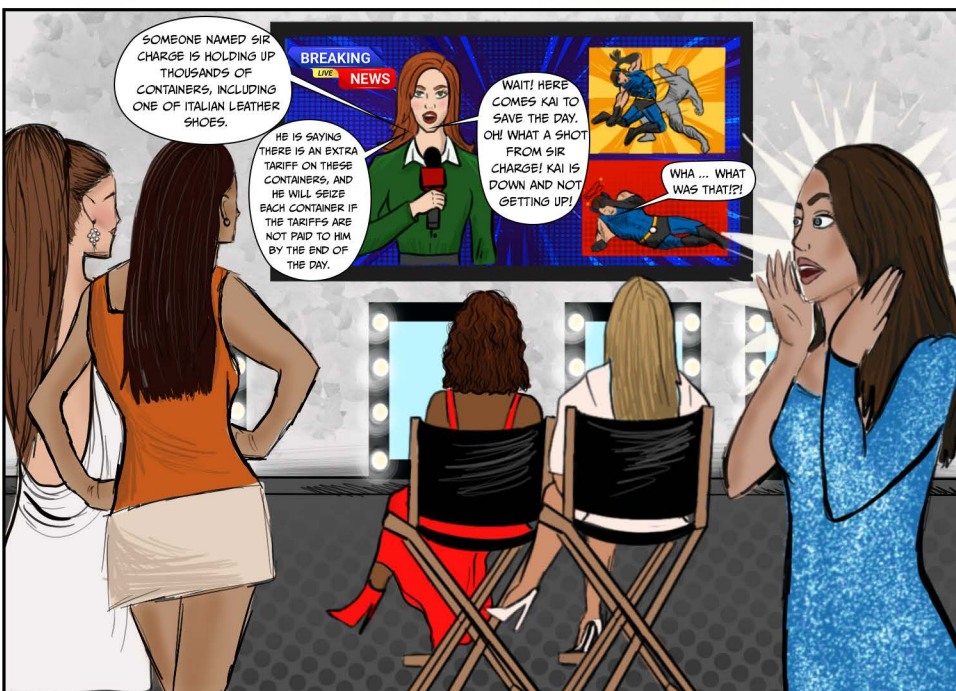


STILL THESE SHOES DESIGNED BY KAI ARE THE TALK OF FASHION WEEK. THEY ARE A REAL HIT! HE REALLY DOES HAVE AMAZING FASHION SENSE!



STILL! MY LIFE FEELS KIND OF EMPTY. IT WAS REALLY NICE TO BE ABLE TO SAVE THE WORLD FROM THE EVIL PAYDAY, EVEN IF NO ONE REALLY HEARD ABOUT IT.

THAT REMINDS ME, I MUST HIRE A PUBLICIST TO DEAL WITH THAT!



SOMEONE NAMED SIR CHARGE IS HOLDING UP THOUSANDS OF CONTAINERS, INCLUDING ONE OF ITALIAN LEATHER SHOES.

HE IS SAYING THERE IS AN EXTRA TARIFF ON THESE CONTAINERS, AND HE WILL SEIZE EACH CONTAINER IF THE TARIFFS ARE NOT PAID TO HIM BY THE END OF THE DAY.

BREAKING NEWS

WAIT! HERE COMES KAI TO SAVE THE DAY. OH! WHAT A SHOT FROM SIR CHARGE! KAI IS DOWN AND NOT GETTING UP!



WHA ... WHAT WAS THAT?!



OH NO! POOR KAI! I HAVE TO HELP HIM!

WHAT CAN YOU POSSIBLY DO?

YEAH, IT'S NOT LIKE YOU'RE A SUPERHERO, TOO!

COME ON IRINA! YOU'RE ON!



STAY HERE, IGNORE WHAT IS GOING ON AT THE PORT, AND CONTINUE MODELING?

OR GO TO THE PORT OF NEW YORK AND HELP MY FRIEND KAI?

I GUESS I HAVE A CHOICE TO MAKE.



I'VE MADE MY CHOICE!

WHAT A PERFORMANCE! I'VE NEVER SEEN AN ENDING LIKE THAT!

LOOKS LIKE HER CAREER IS REALLY TAKING OFF!

THEY'LL BE TALKING ABOUT THIS FOR YEARS!

I DID! I WONDER WHO THE DESIGNER IS?

MAYBE, BUT DID YOU SEE THE SHOES SHE WAS WEARING? THEY'RE FABULOUS!

SHE REALLY HAS A WAY OF MAKING ALL OF US LOOK BAD!

THERE GOES IRINA, SHOWING OFF ... AGAIN!

Fun Facts About Mermaids



Mermaids have the power to take on human form by transforming their tails into legs.



Legend has it that a mermaid's kiss can grant the ability to breathe underwater.



Mermaids are believed to be the souls of those who have drowned at sea.



The most recent reported mermaid sighting happened in Israel in 2009.



Mermaids can see into the future.



Many believe mermaids can live forever.



A mermaid's preferred weapon is a trident made from whale bones and coral.



Historically, seeing a mermaid has been considered very bad luck. Many cargo vessels in the past would cancel their sailing if someone on the ship spotted a mermaid.



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.