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THE SHIPPING STANDARD

OUR EXPERTISE YOUR ADVANTAGE

THE SURGE IN RAIL CARGO THEFT: WHAT IT MEANS FOR SHIPPERS AND HOW TO RESPOND

THE SURGE IN RAIL CARGO THEFT: WHAT IT MEANS FOR SHIPPERS AND HOW TO RESPOND

Cargo theft on U.S. railroads has seen a dramatic surge over the past two years with more than 65,000 reported incidents in 2024. This year the number of incidents continues to climb to unprecedented levels, posing a serious threat to supply chain integrity and shipper profitability.

For shippers, the impact of cargo theft ripple far beyond the rail lines. Retailers must reposition seasonal inventory at premium rates, eroding margins and threatening on-shelf availability. Manufacturers struggle to meet delivery commitments, especially for custom-made products, and companies are now less competitive with pricing because they will have to charge consumers more to make up for the lost income and added expenses.

> *"The increase in rail cargo theft has prompted us to alter our import strategies and favor east coast ports because there is much less evidence of rail theft in those locations," said Anthony Fullbrook, president of OEC Group's North American region.*

Unlike in year's past, today's rail cargo theft is conducted by highly organized criminals who are utilizing a variety of different methods. One method these thieves use, according to industry sources, is to sabotage brake systems to slow trains, pry open containers, and offload goods.

Other tech-savvy criminals use encrypted radios and real-time geofencing data to coordinate thefts , while some thieves are able to easily rob a train by impersonating legitimate carriers with cloned credentials. High-value goods such as electronics, food and beverages, and building materials are prime targets, but with so many reported incidents the reality is that all types or cargo are being targeted.

> *"As problems with rail cargo theft continues to rise, the first step every shipper should take is to purchase cargo insurance, especially as tariffs are making it financially riskier and more expensive to import goods," said Joe Klobus, OEC Group's Regional Insurance and Claims Manager. Shippers. "Additionally, shippers should also work with an expert that has numerous relationships and can help identify and secure alternative shipping routes or modes – such as intermodal or short-haul trucking – for high-value goods. These alternative options can help shippers avoid known hot spots and peak theft seasons."*

PETER HSIEH

Vice President of Sales and Marketing for OEC Group's Northeast Region

Our Supply-Side of the Story
Our Opinion About Current Issues Affecting the Supply Chain

LEGAL BLOW TO TRUMP ADMINISTRATION'S TARIFFS DEEPENS SUPPLY CHAIN CHAOS

By: Peter Hsieh

The logistics industry, already dealing with persistent tariff turbulence, now finds itself in a legal and operational limbo following a series of federal court rulings that have declared the Trump Administration's sweeping reciprocal tariffs unlawful. These decisions have led to severe uncertainty in the industry, leaving many logistic professionals trying to figure out what they may need to do to adapt to the continuously changing landscape.

It all began this past May, when the U.S. Court of International Trade struck down Trump's "Liberation Day" tariffs – blanket duties ranging from 10% to 84% on imports from dozens of countries. The court found that the Trump Administration exceeded his authority under the International Emergency Economic Powers Act (IEEPA), claiming that there was no credible link between the declared national emergency and the tariffs imposed.

The ruling was upheld in August by the U.S. Court of Appeals. The court agreed that Trump's use of IEEPA to bypass Congress and impose universal tariffs was unconstitutional. However, the appeals court allowed the tariffs to remain in effect pending a likely Supreme Court review.

The wait for the U.S. Supreme Court to hear the case and decide on the legality of the reciprocal tariffs has had a chilling effect on logistics planning and continues to create great uncertainty for businesses and supply chain operators. As a result of this continued uncertainty, companies are delaying investments, pausing hiring, and holding off on facility expansions, unsure whether the tariffs will be repealed, reimposed, or replaced by new trade restrictions.

The impact on supply chains is profound. Importers are stockpiling goods to hedge against future tariff hikes, leading to warehouse congestion and inflated inventory costs. Freight forwarders and customs brokers are navigating a maze of shifting compliance rules, while manufacturers are reconsidering sourcing strategies, often at great expense.

Legal uncertainty has also disrupted reshoring and nearshoring efforts. While some firms have accelerated moves to Mexico and Southeast Asia, others are hesitant to commit without clarity on long-term trade policy. The result is a fragmented logistics landscape, where agility is prized but stability remains elusive.

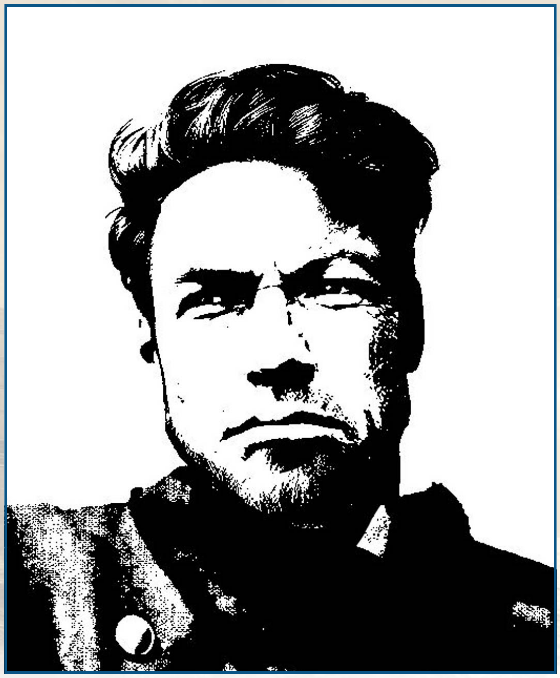
The broader consequence is what economists call an "uncertainty tax" – a drag on growth caused by delayed decisions, reduced investment, and eroded consumer confidence. For the logistics industry, this "tax" manifests in volatile shipping volumes, unpredictable demand, and strained relationships with international partners.

The Supreme Court's upcoming decision could be pivotal. If it upholds the lower courts' rulings, it could upend all of the Trump Administration's completed and impending trade agreements, forcing a rapid recalibration of trade policy. If it reverses them, the administration may gain sweeping authority to impose tariffs unilaterally and impose its will on global commerce.

Either way, the logistics industry needs clarity. Tariffs may be a tool of economic policy, but without a consistent legal framework, they become a source of chaos – especially in the logistics industry. Any policy pertaining to tariffs and trade must prioritize stability and predictability. Let us all hope that is the outcome of the upcoming decision.

Ask Ahab

This month our resident advice columnist answers questions about workforce shortages and whether or not the BNSF-CSX intermodal expansion is a reactionary move.



Dear Ahab

BNSF and CSX responded to the proposed Union Pacific-Norfolk Southern merger by introducing some expanded intermodal offerings between the West Coast and Southeast of the United States. Will this create a true competitor to that UP-NS merged company, or is it simply a reactionary move?
– *Rail Mix*

The BNSF-CSX intermodal expansion is more than a reactionary move – it is a strategic counterpunch to the proposed Union Pacific-Norfolk Southern (UP-NS) merger.

Already BNSF-CSX is trying to replicate the single line efficiency that is being touted by UP-NS by offering customers enhanced connectivity from Kansas City to U.S East Coast ports, which should benefit many importers and exporters. The BNSF-CSX partnership is also promising to integrate infrastructure investments and digital platforms to improve reliability and operational flexibility.

However, the jury is still out as to whether or not this alliance will develop into a true competitor, as CSX's rising costs could become an impediment to executing their plans properly. However, if things go right, this new partnership can offer shippers a compelling alternative.

Dear Ahab:

I recently read a study that said workforce shortages are one of the most serious problems in the logistics industry. What is being done in the logistics industry to address this concern?

Dear Workforce Wonderer:

Workforce shortages continue to be a concern in the logistics industry, prompting many companies to adopt a range of strategies. For example, warehouses are investing in automation, like robotics, to reduce reliance on manual labor and boost efficiency.

Other companies are also improving employee benefit packages to attract and retain top talent. Some organizations are being more open-minded in who they hire and are offering training programs to prepare employees for evolving technologies and improve their skill set.

Additionally, firms are partnering with universities and vocational schools to recruit from talent pools that are educated and trained to solve problems.
Still, shortages exist and will probably be around for quite some time.

This means you should look to work with companies that have a history of attracting and retaining top-tier industry talent, which is generally a good indication that they are treated well. This typically means that the company probably treats their customers well, too. That is a company I would want to help me find solutions to today's extremely complicated problems.


WHAT IS TAKING KAI SO LONG TO RETURN? I HAVE JUST ABOUT RUN OUT OF PATIENCE!
IT IS NOT LIKE SUSTAINABILITY HAS IMPROVED AND NOW WE HAVE TRADE WARS, TARIFFS, AND CARGO THEFT – ESPECIALLY ON THE RAILS – IS ON THE RISE! IT'S PRIME SEASON FOR A GUY LIKE ME!
TIME TO ROB SOME TRAINS! YEE-HAW!
WHAT'S WRONG IRINA?
KAI NEVER CAME BACK TO HELP. HE JUST LEFT US WITH THE TARIFFS.
I'M SURE THERE IS A GOOD REASON.
THERE BETTER BE!
HAVE SOME HOT CHOCOLATE. IT ALWAYS MAKES ME FEEL BETTER!
Santa's Workshop
YOU'RE HIRED. CONGRATULATIONS!
I AM REALLY LOOKING FORWARD TO THIS ROLE OF LOGISTICS REPORTER. I CANNOT WAIT TO INTERVIEW SOME OF THE INDUSTRY'S LEADING EXPERTS!
THIS JOB WILL GIVE ME GREAT COVER. I CAN FIND OUT EVERYTHING THAT IS HAPPENING IN THE INDUSTRY WITHOUT GIVING AWAY MY IDENTITY. BESIDES, IT WORKED GREAT FOR SUPERMAN AND SPIDERMAN!
OEC GROUP
YES, I AM PART OWNER OF THE RAIDERS
YES, A RAIDER IS A TYPE OF PIRATE.
THE LOGISTICS INDUSTRY!?! NOW THAT'S AN INTERESTING IDEA!

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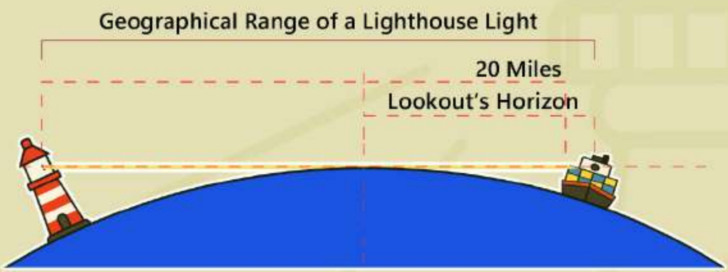
Fun Facts About Lighthouses

The Tower of Hercules in Spain is the oldest existing lighthouse, and it is still in use.

Egypt's Pharos of Alexandria was the first lighthouse ever built in Egypt.



The light from a lighthouse can be seen up to 20 miles away

Florida's St. Augustine Lighthouse is considered the most haunted lighthouse in America

There's a lighthouse on every continent – including Antarctica

National Lighthouse Day is celebrated on August 7

Between 1886 to 1902 the Statue of Liberty operated as a lighthouse

Portland Head Light is the most photographed lighthouse in the world

OEC WORD SEARCH

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I	H	O	O	I	R	E	A	I	O	O	L	N	E	R	I	O	L	N	N	Y	I	P	E	I

Coordinator	Planner	Dispatcher	Driver
Supervisor	Operator	Scheduler	Analyst
Procurement	Compliance	Forecasting	Lead time
Inspector	Training	Metrics	Vendor
Audit	Timeline	Benchmark	

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.