



Client Advisory

January 11, 2019

Nationwide Terminal Congestion and Delivery Delays

Dear Valued Customer,

Reports of severe terminal congestion, extended driver wait times, and delivery delays at the majority of US gateway ports (including inland rail ramps) have surfaced during the past several weeks. In addition to the persisting issue of a trucking capacity shortage, there are several other factors converging to exacerbate the situation.

Holiday Port Closures

The Christmas and New Year holidays are deemed "no-work" days for all longshoremen nationwide, and Christmas Eve and New Year's Eve are half work days. The loss in productivity due to these holiday schedules have compounded preexisting conditions at all major US gateway ports.

Record High Import Cargo Volumes

Ports are struggling to accommodate a surge in imports resulting from shippers front-loading spring merchandise to avoid increased Section 301 tariff rates. This increase is straining operations and resources at the terminals. We are now observing that cargo arriving at major West Coast ports can experience delays of up to several weeks for movement from terminal to rail. An additional rise in imports is expected in the coming weeks as shippers try to move their cargo out of Asia before the Lunar New Year holiday which falls on February 5th this year.

Equipment Shortages

As a result of full capacity at terminals and importer's facilities, an excessive number of containers are sitting idle at ports and warehouses. These containers are loaded on chassis which are being removed from rotation causing an "artificial" shortage of chassis.

OEC Group is working hard to mitigate the impact on our customers. However, current market conditions dictate that delays on final delivery are to be expected. Should you have any questions regarding this update, please contact your Sales or Customer Service representative.

Sincerely yours,

OEC Group

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