

# OEC NEWS

OUR EXPERTISE YOUR ADVANTAGE

EVERYTHING YOU  
NEED TO KNOW ABOUT  
**IMO 2020**

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**5 TRENDS IN DOMESTIC  
TRUCKING THIS YEAR**

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NATIONAL APPLE MONTH  
**FUN FACTS**

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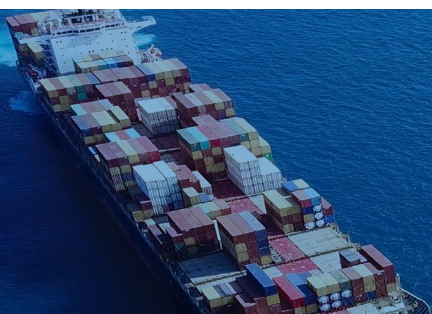
ABOUT  
OEC GROUP

# IMO 2020

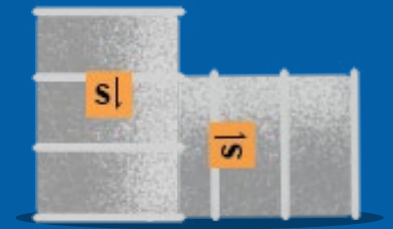
*The International Maritime Organization (IMO) mandated that beginning January 1, 2020, maritime emissions in international waters contain 80% less sulfur than currently. The mandate, commonly referred to as IMO 2020, requires steamship lines to limit the mass by mass presence of sulfur in bunker or marine fuel from 3.5% to 0.5%. As a result, this regulation will see the largest reduction in the sulfur content of a transportation fuel undertaken at once. Considering this action is expected to contribute an additional \$15 billion to annual shipping costs, it is too great for carriers alone to absorb.<sup>1</sup>*

## RESULTING CAPACITY DECREASE

Although the fourth quarter in trans-Pacific trade is typically characterized by overcapacity, carrier efforts to comply with IMO 2020 are taking vessels out of the water for extended periods. Alphaliner projects 80 – 90 containerhips to be inactive due to scrubber retrofits at any given time through the end of this quarter. The resulting reduced capacity during this year's 'off-season' has the potential to inflate rates.



## CARRIER'S EMISSION REDUCTION STRATEGIES



### Low Sulfur Fuel

Cleaner fuel that is expected to increase cost per TEU by \$100-\$200 on trans-Pacific voyages, but implementation requires shortest vessel idle time compared to other solutions.<sup>2</sup>



### Scrubbers

Cleaning systems that remove sulfur oxides from exhaust. Installation costs between \$2.5 and \$4.5 million and idles vessels for 6 to 8 weeks.<sup>3</sup>

# WHO'S PAYING FOR IMO 2020?

Carriers have already begun sharing the burden with shippers since fuel accounts for 60% of a vessels operating cost and emissions mitigation solutions are both expensive and idle fleets.<sup>4</sup> Many carriers outlined their plans to distribute costs with their customers by adding an additional fuel surcharge. Though each goes by a unique name, CMA CGM is using the Bunker Adjustment Factor while ONE the ONE Bunker Surcharge, the end result will be higher costs to shippers.

Shipping is widely considered the most sustainable form of transportation by emissions per ton of cargo carried, but it is still a leading contributor to global pollution. Carriers need

to continue developing greener supply chains to comply with IMO 2020. OEC Group is committed to supporting our partners in meeting new standards, securing a cleaner marine environment.

Source:

1. <https://theloadstar.com/shippers-left-dark-carriers-look-recover-imo-2020-costs/2/>
2. [https://www.joc.com/maritime-news/trade-lanes/trans-pacific/low-sulfur-costs-hamper-trans-pacific-contracting\\_20190124.html?utm\\_source=EI](https://www.joc.com/maritime-news/trade-lanes/trans-pacific/low-sulfur-costs-hamper-trans-pacific-contracting_20190124.html?utm_source=EI)
3. <https://www.drewry.co.uk/maritime-research-opinion-browser/maritime-research-opinions/the-dilemma-of-fitting-scrubbers6>
4. <https://www.supplychaindive.com/news/IMO-2020-low-sulfur-regulations-ocean-freight-rates/546416/>
5. IMAGE: <https://cmacgm-group.com/en/launching-cmacgm-jacques-saad%C3%A9-worlds-first-ultra-large-vessel-powered-by-lng>



## Liquefied Natural Gas (LNG)

Provides the cleanest fuel emissions at an inexpensive fuel price. This strategy requires expensive and time consuming modifications to use in existing vessels and raises concerns that LNG is not widely available for refueling.



# 5 TRENDS IN DOMESTIC TRUCKING THIS YEAR:

## GROWING FEMALE WORKFORCE

Since 2010, the number of female truckers increased 68%, totaling 234,234 in 2018! Women still account for just 6.6% of the trucking workforce, though equal pay continues to attract female drivers.

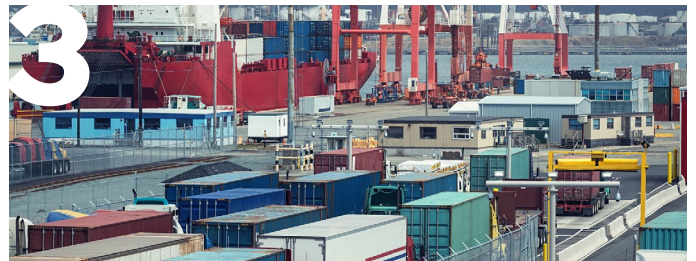


## GOING GREEN

Leading trucking companies are improving their carbon footprint by investing millions of dollars into electric and natural gas-powered trucks.

## CONSOLIDATION

Domestic trucking consolidation is widely attributed to the market normalizing following unusually high volumes and the introduction of Electronic Logging Devices (ELDs) seen last year.



## INCREASED DELAYS

Loading dock wait times of 6+ hours jumped 27.4% last year, causing delays that cut into trucking company earnings and spiked consumer costs. Improving wait times and traffic conditions in and around ports will make them more trucker friendly.



## 5 SWITCH TO A SHIPPER'S MARKET

During the first half of 2019, the domestic trucking market began exiting the 'trucker's market' that began with the adoption of ELDs and increased import volumes last year. Due to forecasted demand, we anticipate a 'shipper friendly' market in the coming year.

Source:

1. [https://www.wsj.com/articles/truckers-are-waiting-longer-at-customer-docks-study-finds-11567706830?mod=djemlogistics\\_h](https://www.wsj.com/articles/truckers-are-waiting-longer-at-customer-docks-study-finds-11567706830?mod=djemlogistics_h)
2. [https://www.wsj.com/articles/trucking-companies-cut-payrolls-for-third-straight-month-in-september-11570209587?mod=djemlogistics\\_h](https://www.wsj.com/articles/trucking-companies-cut-payrolls-for-third-straight-month-in-september-11570209587?mod=djemlogistics_h)
3. [https://www.supplychaindive.com/news/ups-6k-natural-gas-trucks-fleet-2022/564590/?mod=djemlogistics\\_h](https://www.supplychaindive.com/news/ups-6k-natural-gas-trucks-fleet-2022/564590/?mod=djemlogistics_h)
4. <https://qz.com/1712151/amazon-orders-100000-electric-delivery-trucks/>
5. <https://www.wsj.com/articles/drawn-by-the-salary-women-flock-to-trucking-11571045406?mod=djem10point>
6. [https://www.wsj.com/articles/self-driving-truck-startup-einride-raises-25-million-in-new-funding-round-11570716000?mod=djemlogistics\\_h](https://www.wsj.com/articles/self-driving-truck-startup-einride-raises-25-million-in-new-funding-round-11570716000?mod=djemlogistics_h)
7. [https://www.joc.com/trucking-logistics/truckload-freight/trucking-searches-2020-vision\\_20190805.html](https://www.joc.com/trucking-logistics/truckload-freight/trucking-searches-2020-vision_20190805.html)



Archaeologists found evidence that people have been eating apples since **6,500B.C.**



There are more than **7,500** varieties of apples and about **2,500 varieties** grown in the U.S. Apples are the second-most valuable fruit grown in the U.S. (oranges being the first).

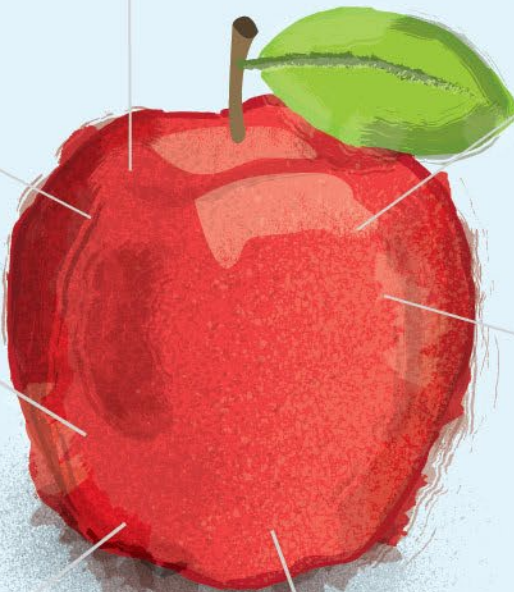


Apple juice was one of the earliest prescribed antidepressants. China is the **biggest** apple juice exporter to the U.S., though U.S. imports of Chinese apples dropped almost **60%** in 2019. (panjiva)

## National Apple Month fun facts



Apples float in water because they are 25% air



In 2005, **36 %** of apples were processed into apple products,

**18%** Juice and cider

**12.2%** Canned

**2.5%** Frozen

**2%** Dried

**0.7%** Fresh slices

### Nutrition Facts

Serving size One Apple

**Calories 80**

Fat 0%  
Cholesterol 0%  
Sodium 0%  
Sugar low

If you're on a low sugar diet, apples can help curb cravings for sweets.

In Disney lore, the poison apple given to Snow White by the wicked queen puts her to sleep. In fact, apple seeds contain trace amounts of cyanide, a deadly poison. Don't worry, it's not nearly enough to harm someone!



- Source:
- <http://craves.everybodysshops.com/25-fascinating-facts-you-never-knew-about-apples/>
  - <http://justfunfacts.com/interesting-facts-about-apples/>
  - <https://web.extension.illinois.edu/apples/facts.cfm>
  - <https://list25.com/25-fun-facts-about-apple-the-fruit/5/>
  - <https://www.medicalnewstoday.com/articles/318706.php>
  - Panjiva

A photograph of a worker in a white hard hat and a high-visibility yellow safety vest, seen from the side, using a handheld electronic device. The background shows a warehouse or shipping yard with stacks of colorful shipping containers (red, blue, and white).

# ABOUT OEC GROUP

At OEC Group, we have demonstrated our commitment to customer service in trans-Pacific trade for more than 35 years. Founded in 1981, OEC Group had a vision to provide comprehensive logistics services to clients. Today OEC Group serves destinations throughout the world and has grown into one of the leading logistics providers in North America. With over fifty offices worldwide, we take pride in being close to your cargo at all times.

OEC Group is monitoring and adapting to the changing market. We are well positioned to make continuous improvements to your supply chain using the fastest, most efficient and cost-effective services available. We work tirelessly to stay on top of the ever-changing logistics industry with the goal of delivering the most current information and services to you, our customer.

Our business is making our logistics expertise, your competitive advantage.