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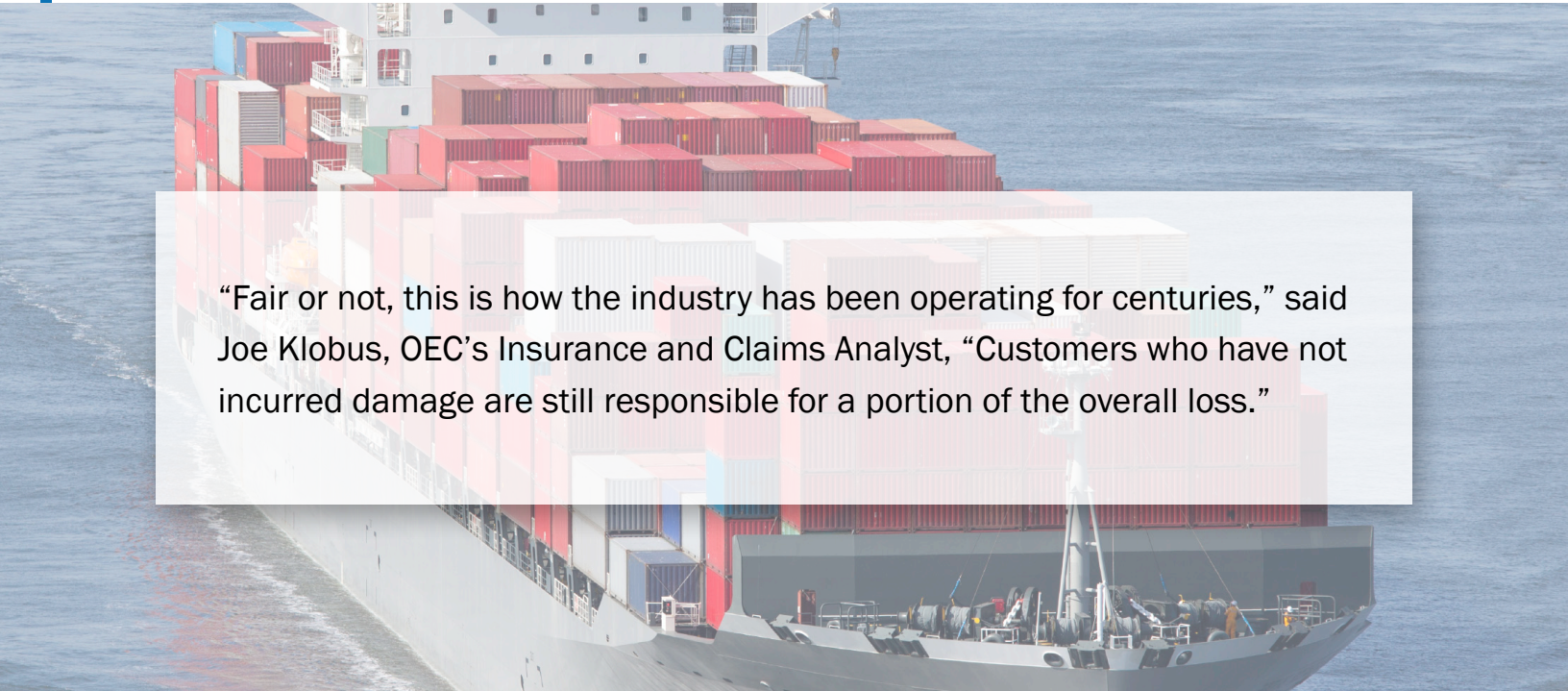


The number of incidences of containers becoming lost or damaged while in transit continues to increase. In fact, the industry has not experienced this much container disruption in the past five years combined.

Undoubtedly, a pattern is emerging. Harsh and hard to predict weather patterns, coupled with record volumes, must be at the root of this surge in the number of incidents. Estimates show more than 9,000 TEUs of freight have been lost since late October, and additional cargo has been physically damaged during that same time.

“It cannot be just coincidence that these accidents are happening at record numbers because shipping companies are under tremendous pressure to quickly transport goods around the globe,” said Anthony Fullbrook, president of OEC Groups North American region. “Since these accidents are triggering the law of General Average, clients are incurring additional costs on top of the historically high rates they are already paying to safely transport their goods.”

General Average is a centuries-old piece of maritime law designed to fairly distribute costs associated with loss at sea. It was developed in a time when goods were lost more frequently and was put in place to protect those involved from unpreventable losses. As a result, anyone who has goods on a vessel that experiences damage is partially financially responsible.



“Fair or not, this is how the industry has been operating for centuries,” said Joe Klobus, OEC’s Insurance and Claims Analyst, “Customers who have not incurred damage are still responsible for a portion of the overall loss.”

Recently, customers have been inquiring about cargo insurance because it covers the loss of a client’s cargo and any cost resulting from General Average. Clients have realized that this minor expense gives them peace of mind when their goods are in transit because the insurance reimburses them for any unexpected accident or loss.

“Purchasing cargo insurance is the only way for clients to fully protect themselves from any incident that occurs while their goods are in transit,” said Mr. Klobus. “Customers are already paying a premium to ship their goods. The insurance is one of the few things that gives them peace of mind in this highly unusual climate.”



ALAN DONG

OEC Group's North American
Air Manager

INTERVIEW WITH AN EXPERT

Alan Dong, OEC Group's North American Air Manager, is one of the company's experts in Air Freight. He shares his views about the current state of the industry:

What do you think we'll see in the 2021 air freight market?

Air charter opportunities for large consolidators have increased significantly. I predict a healthy air freight market in 2021. New trade lanes being established will challenge the traditional networks we've seen in recent years that piggyback on recreational flights, using a significant amount of passenger plane capacity. That rivalry will make the market more competitive than ever.

What items do you think will be shipped the most via air freight in 2021?

In 2020 PPE dominated the air shipping market, but in 2021, I believe the huge growth in e-commerce will have a lasting, evolving impact on the products that will be hot commodities in the air freight market.



What does Amazon's purchase of 11 planes mean for the industry?

Amazon's recent acquisition reflects the dramatic growth of the stay-home economy. Before the pandemic, we started to see many different department stores closing retail locations and shifting toward online shopping. As the pandemic continued to rage, people began to rely on and prefer online purchasing. This purchase is further evidence detailing how Amazon is trying to capitalize on the global consumer shift toward ecommerce.

But Amazon is not alone. I have seen that a lot of carriers are purchasing new cargo planes, which I find very interesting. UPS purchased eighteen 747-8 freighters and four 767 freighters. Atlas Air took four 747 freighters, China Airlines acquired two 777s, Qantas Airlines purchased two 777s, and Cargolux is considering the purchase of 777 freighters, as well. More and more large airlines are realizing that even though passengers are not flying, significant demand for air trade persists and they should participate.

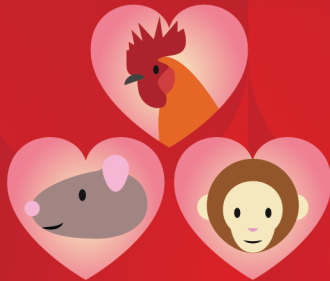
What does Air Korea's acquisition of Asiana mean for the air market in Asia?

Asiana Airways was the singular, most direct competitor of Korean Air. They overlapped in many trade lanes and provided similar services at similar costs. I think this acquisition will create a broader network for Korean Air and much needed financial stability for the new entity. However, on the downside, the acquisition could also lead to a monopoly in the Korean air freight market and a hike in rates.

How will vaccine distribution affect the air market in 2021?

The vaccine will take priority to deliver around the world. The entire operation, with government incentives to deliver the vaccine, should take about two-years. During that time, a significant amount of freighter aircraft will be removed from the market, reducing overall capacity. Consequently, many older freighters will come out of retirement and passenger aircraft will be temporarily reconfigured to move cargo.

YEAR OF THE OX FUN FACTS



Any Ox looking for love should try matching up with either a Rat, Monkey or Rooster



Lucky numbers are 1 and 4 along with any number containing 1 and 4



Ox is the second animal in the 12-year Chinese Zodiac cycle



Lucky colors include white, yellow, and green



People born during the year of the Ox are dependable, calm, modest and stable



A person born in the year of the Ox is the best friend you could choose



Celebrities born in the year of the Ox include: Dustin Hoffman, George Clooney, Jane Fonda, Bruce Springsteen, Meryl Streep and Barack Obama

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.