

THE SHIPPING STANDARD

OUR EXPERTISE YOUR ADVANTAGE

SUPPLY CHAIN SUCCESS IN 2023
IS PREDICATED ON PLANNING
AHEAD

INTERVIEW WITH AN EXPERT

COMIC STRIP

I AM KAI

RABBIT

FUN FACTS

ABOUT
OEC GROUP





Supply Chain Success in 2023 is Predicated on Planning Ahead

It is a new year, and it has become apparent that 2023 will be considerably different and more complex than anything we've seen in the last ten years. As a result, the main resolution all shippers should keep in order to thrive in what could be a rocky year is to work with a logistics advisor to develop short-and-long-term strategies that maintain functional and agile supply chains.

Over the past year, the market has shifted from a mad rush of shippers fighting for any sliver of available space to a complex landscape that features the following:

- Carriers frequently cancelling services to better balance supply and demand
- A lack of infrastructural improvement in the US
- Longer than expected timelines to reduce excess inventory in the US
- A long-term shift from West Coast ports to Gulf-and-East-Coast ports
- Decreased reliance on China as the single dominant trade partner
- Long-term plans to nearshore manufacturing
- Adjustments to customs and brokerage rules
- Air freight regaining momentum as an effective e-commerce tool

These developments will require shippers to have a thorough understanding of how their logistics strategy fits in with the market at large.

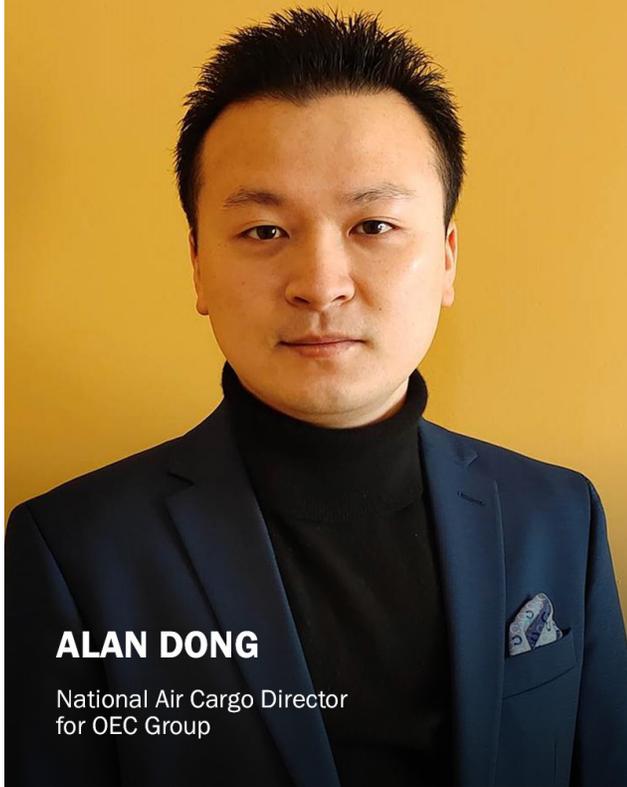
“Understanding the nuances of what is going on in the current market and being able to plan around market fluctuations will be the difference between those who thrive and those who struggle in the year ahead,” said Anthony Fullbrook, President of OEC Group’s Northeast Region. “For most shippers this year’s market will feature many unique challenges and shippers should expect significant surprises in the next six months. Developments could yield higher rates, less space, and increased congestion during the second half of the year.”

Adding to the potential complexities of the 2023 market is the continuous problem that underlying issues at U.S. ports exposed during the pandemic still remain. Infrastructure, dredging, and labor problems persist and could quickly cause significant problems if anything disturbs this very delicate ecosystem.

Finally, 2023 is looking like a year in which environmental initiatives will be prioritized across all sectors of the industry. With the launch of IMO 23, vessels nearing the end of their effective life spans will be much more highly regulated. These ships must steam very slowly so that their emissions more closely match newer and more environmentally conscious ships on the water. This will improve the carbon footprint left by ocean shipping, but operational efficiency will decrease as long as these older ships are operational and additional vessels will likely be needed on certain rotations to preserve reliability.

Shippers who want to have a greener logistics strategy and ensure their cargo is transported on more environmentally friendly vessels should work with a consultant who has privileged knowledge of which air, ocean and trucking vessels have the best emissions ratings. Not only can the right provider directly assist with environmental goals, they can also help avoid older vessels that will be forced to steam slowly.

“On its face, planning ahead can sound overly simplistic, but it’s something that can help shippers save dramatic amounts of time and money moving forward,” said Jason Haith, Managing Director of OEC Group’s Louisville office. “Therefore, working with seasoned experts to plan out a comprehensive logistics strategy will help shippers improve reliability, cut costs, and possibly even help improve the environment.”



INTERVIEW WITH AN EXPERT

Alan Dong, National Air Cargo Director for OEC Group, outlines the current state of the air market and what shippers should expect moving into 2023.

Q: What can we expect for the future of air freight?

A: Traditionally, air freight was used to ship highly valuable cargo, like electronics and garments, or cargo that needed to be delivered within a tight timeframe like general perishables or pharmaceutical products. During the pandemic air freight was frequently used to ship personal protective equipment (PPE), COVID test kits, and other urgently needed medical supplies. Simultaneously, more and more shippers were switching from ocean to air to avoid port congestion and other supply chain restrictions in the US. Many shippers were frequently faced with slim delivery windows and emergency shipping scenarios, so people were willing to pay more to ship by air and meet deadlines. Today, air freight is returning to its pre-pandemic role as a necessary piece of a well-rounded overall logistics strategy. It's becoming apparent that it will return to its original role in every shipper's logistical plan. I believe it will become increasingly popular, particularly regarding e-commerce.

Q: Are shippers still using air as an emergency option to meet tight deadlines?

A: As things slowly return to normal, it's clear that many supply chain weaknesses exposed by the pandemic still exist. Air freight is a very useful tool in avoiding those weakness and their symptoms (congestion, backlogs, equipment shortages, etc.). It's also still very practical when it comes to meeting tight deadlines or shipping in emergency situations. As inventory issues taper off, I also think we'll see a marked shift

back to zero inventory models, and air shipping can be extremely helpful in successfully maintaining those strategies. Additionally, air freight has emerged as an essential solution when shipping e-commerce products. Air freight timelines are well-suited for e-commerce, and building consolidated shipments with a wide variety of e-commerce goods can actually minimize air shipping costs. While air is not always the least expensive option, it is a terrific, reliable and cost-effective choice when a shipper needs their cargo faster than any ocean service can provide. For shippers who predominantly use air freight, they can avail themselves to more cost-effective solutions as long as they develop and follow a comprehensive supply chain strategy.

Q: Are there any cost-cutting strategies associated with the air market?

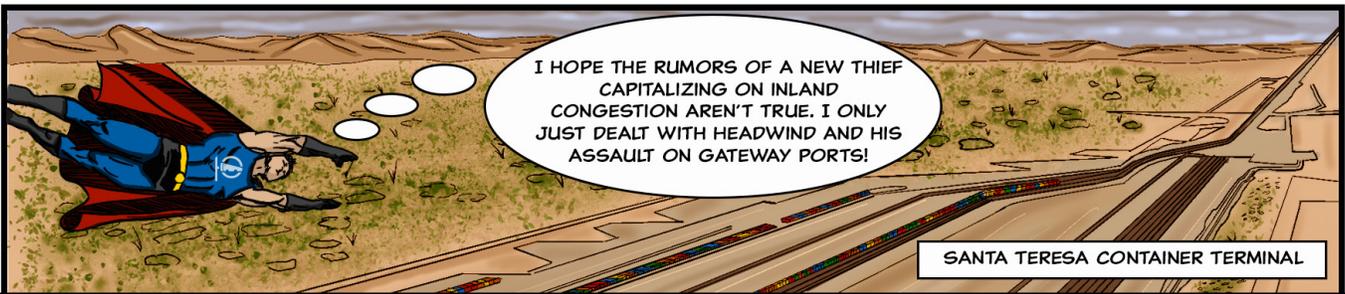
A: Last-minute air shipping is almost always an expensive investment. However, consistency makes a huge impact on cost. The more consistent a shipper's air freight orders are, the more effectively providers can plan. More effective consolidation directly leads to lower rates. Certain commodities and categories of air shipping grouped with high levels of consistency and proper advanced planning can minimize costs even further, as well, and in some cases that approach will offer substantial savings.

Q: How do you see air freight fitting in to a shipper's overall supply chain strategy in 2023?

A: Generally, as air cargo rates revert to pre-pandemic levels, air shipping will largely return to its traditional role with some evolution regarding e-commerce demand. There are many ways to incorporate air freight into multifaceted supply chain strategies that could ultimately make them more cost-effective and reliable overall, especially for shippers who have a little leeway with their delivery times. Exactly how it fits into a shipper's strategy obviously depends on that individual shipper's needs, but it's expected that more shippers will leverage air freight strategies moving forward. Experts are predicting ocean freight to become busier in the third and fourth quarter, so right now—while the market is in a slower phase—is the time to strategize with an expert provider and capitalize on current conditions.

Q: What advice would you have for shippers looking for air solutions in the new year?

A: As I said before, consistency is absolutely key. Additionally, the ability to plan ahead—something that isn't always easy for your average shipper—is absolutely necessary to minimize costs. The final impact varies across sectors and shipping timelines, but if a shipper needs cargo more quickly than can be achieved through ocean shipping and they can plan ahead, then they should partner with an expert and investigate more cost-effective air shipping solutions.



I HOPE THE RUMORS OF A NEW THIEF CAPITALIZING ON INLAND CONGESTION AREN'T TRUE. I ONLY JUST DEALT WITH HEADWIND AND HIS ASSAULT ON GATEWAY PORTS!

SANTA TERESA CONTAINER TERMINAL



HELLO! IS EVERYTHING ALRIGHT AROUND HERE? I'VE HEARD CRAZY REPORTS OF SOME MODERN-DAY THIEVES POSING AS OLD-WEST TRAIN ROBBERS AND STEALING RAIL CONTAINERS ON HORSEBACK.

IS THAT SO? NO, EVERYTHING IS JUST FINE AROUND HERE. HONESTLY, SIR, THAT SOUNDS MADE UP TO ME.

YOU KNOW, I THOUGHT THE SAME THING. MAYBE YOU'RE RIGHT.

IT'S LUCKY YOU'RE HERE, KAI. WE JUST RECEIVED THIS PACKAGE. IT'S ODD, THERE'S NO ORIGIN ADDRESS ON HERE, JUST THE NAME 'PAYDAY'.

ISN'T THAT WEIRD?
LET ME TAKE A LOOK...
BY THE WAY, WHERE IS EVERYONE?



I THINK THEY'RE ON THEIR WAY OUT RIGHT NOW. WHAT A PROFITABLE DAY!

WAIT...IS THIS...PAPER WORK?

YOU GOT THAT RIGHT.



IT WAS VERY NICE TO MEET YOU KAI! SOMETHING TELLS ME I'LL BE SEEING YOU AGAIN...

TO BE CONTINUED

OEC GROUP

Rabbit FUN FACTS



Rabbits have the ability to see what is happening behind them without turning their heads



Wild rabbits can reach speeds of nearly **35 mph**



In the Chinese tradition, rabbits represent kindness, courage, and strength



People born during the Year of the Rabbit are considered to be very goal-driven, careful with their next moves, good at socializing, and adept at paying close attention to detail



More than **50%** of all rabbits in the world live in North America



The longest rabbit ear ever recorded was **31.5 inches**



American rabbits live alone, while all other species usually exist in groups



A rabbit's teeth never stop growing

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.