

OEC NEWS

OUR EXPERTISE YOUR ADVANTAGE

WHAT ARE
BLANK SAILINGS?

**5 FREIGHT RELATED
CHARGES SHIPPERS MIGHT
NOT BE FAMILIAR WITH**

ICE CREAM
FUN FACTS

ABOUT
OEC GROUP

OEC  GROUP

BLANK SAILINGS

Carriers deploy blank sailings to change the balance of supply and demand in container shipping by removing capacity from a market with excess supply and redirecting vessels to more highly sought out

routes; this directly impacts available space and market prices. Last winter, carriers used blank sailings as a tool to reduce capacity in what was forecasted to be a slow market. By removing 7% of capacity during the 2018 winter months, carriers

maintained trans-Pacific rates during traditionally slow shipping months.¹ Similarly, Alphaliner reported significant projected blank sailings exemplified by just one of the three major alliances removing over 34,000 TEUs in July, traditionally peak shipping season.² Blank sailings have always existed in the past, but have recently been used with increased frequency, indicating a willingness by carriers to temporarily remove slack capacity to maintain stable market pricing.



What is a blank sailing?

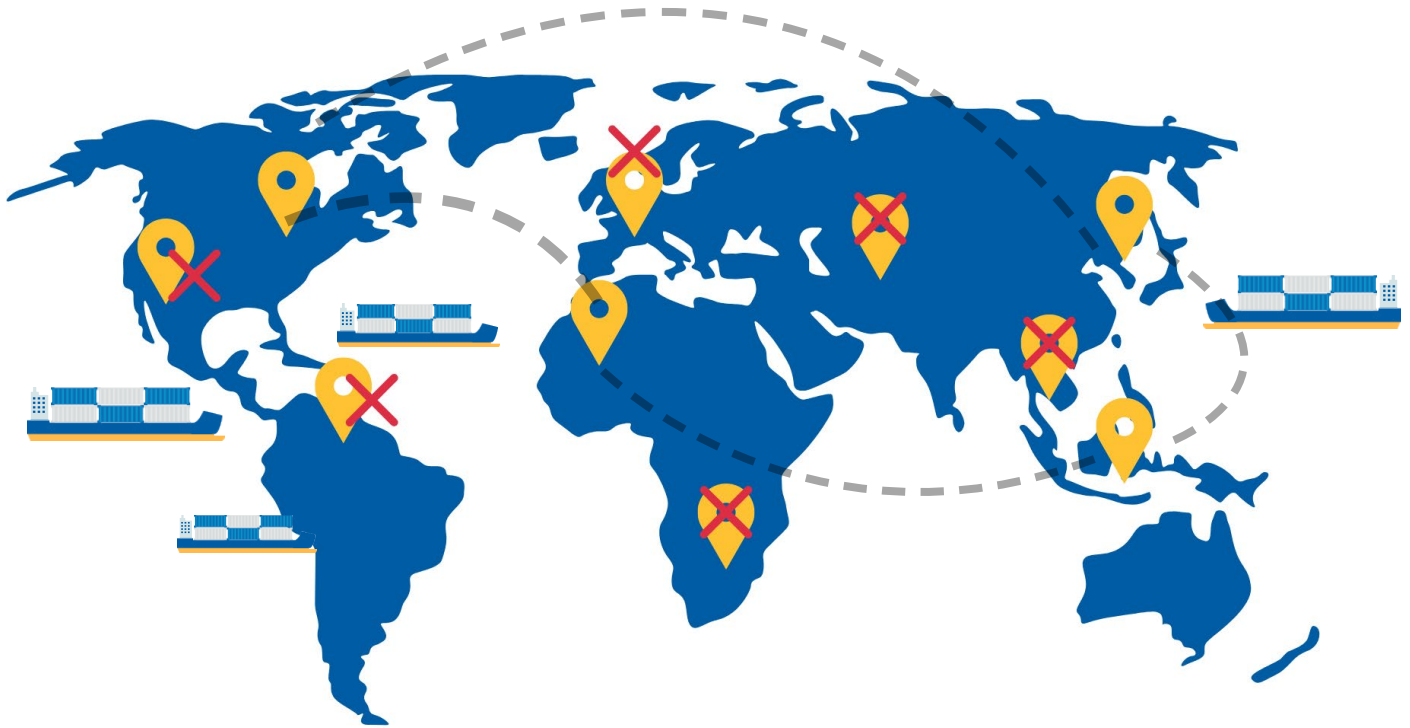
Steamship lines operate fixed sailing schedules, also called strings or loops, specifying fixed days a vessel is set to arrive and depart from a port. When carriers operate a blank sailing, they cancel a vessel's call, or stop, at one port or completely remove a vessel for an entire sailing loop. Doing so removes capacity from the market and is done for a variety of reasons.

Why do blank sailings occur?

Implementing a blank sailing decreases capacity, or 'supply' in the traditional supply and demand model; carriers use this strategy for different situations. Blank sailings are sometimes an unplanned response to delays resulting from port congestion, labor issues, harsh

weather or vessel repairs. In these cases, vessel operators skip a port to get back on schedule. More commonly today, blank sailings are used to remove capacity in a strategy to sustain market pricing. Container carrier consolidation through a wave of mergers and acquisitions over recent years has resulted in an oligopoly with fewer global carriers operating on just three alliances. Having fewer competitors allows the remaining carriers to adjust

market capacity more closely in line with supply and demand. When US imports from China dropped 6% Year over Year from January to April 2019 as a result of the current tariff actions, carriers reacted quickly to prevent rates from plummeting by implementing blank sailings.³ This year, over 80 voyages have been blanked, removing more than 740,000 TEUs of capacity from the Asia to the US trade lane.



How do blank sailings affect shippers?

Blank sailings can be an unavoidable headache for shippers. If your cargo has been booked on a blank sailing, you may have to wait a week or more to catch the next available vessel. These delays can trickle down the supply chain and cause missed connections, trucker appointments and missed delivery dates. Be sure to work with a service provider who is proactive about communications and can help to mitigate the impact



should you find yourself in a situation where your cargo is affected.



Sources:

1. <https://www.joc.com/market-data-landing/container-pricing>
2. <https://www.joc.com/node/3610791>
3. https://www.joc.com/maritime-news/container-lines/falling-imports-wont-guarantee-lower-trans-pac-rates_20190604.html

1

DDC – DESTINATION DELIVERY CHARGE

This fee is typically rolled into ocean freight rates and is a charge that covers the cost to lift the cargo off the vessel, drayage within the terminal and gate fees.

2

ISPS SURCHARGE – INTERNATIONAL SHIP AND PORT FACILITY SECURITY CODE

Sometimes called the Carrier Security Fee, this surcharge covers the costs associated with implementing the ISPS code which is a set of security measures issued by the IMO (International Maritime Organization) intended to prevent malicious attacks on the sea and at seaports worldwide.

5 FREIGHT RELATED CHARGES SHIPPERS MIGHT NOT BE FAMILIAR WITH

Even the most seasoned shippers will sometimes scratch their head in confusion when reading their freight invoices. Freight rates are not always simple and can encompass a variety of extra fees and accessorial charges. We have put together an explanation of some of the most common charges shippers may be unfamiliar with.

3

AUTOMATED MANIFEST SYSTEM (AMS)

Operated by US Customs and Border Protection, AMS is the electronic transmission system used to file detailed information about air and ocean shipments for security measures. AMS fees are typically charged per Bill of Lading or Air Way Bill.

4

CHASSIS SPLIT

A chassis split fee is charged on a shipment where a container must be returned to one location and the chassis is returned to a separate, different location.

5

PORT SURCHARGES

If your cargo is arriving into a select few US ports you may be required to pay specific fees to those ports which include Mass-port fee to all cargo arriving at Conley Terminal in Boston, Pier-PASS for all cargo arriving at the ports of Los Angeles or Long Beach, Extended Gate Fee for cargo arriving at the Port of Oakland and the Terminal Landing Fee for Cargo arriving at the Port of Miami.

Did you know? July is National Ice Cream Month

This was declared by former president Ronald Reagan in 1984. However, some places in Canada join in and celebrate National Ice Cream Day which is the third Sunday of July.



Most of the **vanilla** used to make ice cream comes from Madagascar and Indonesia, and vanilla ice cream is the **#1** most popular flavor in the US.



In the 1700's ice cream was introduced to America as a delicacy enjoyed by the high society.



In 1776, America's first ice cream parlor open its doors in New York City.

In the 1880's the ice cream sundae was invented for eating on Sundays.



The world's tallest ice cream cone was over

9 ft tall and it was scooped in Italy.

The waffle cone was invented by accident **in 1904**.



Refrigerated trailers have been a revolutionary invention created by Frederick McKinley Jones **in 1938** making it possible for people to eat ice cream made thousands of miles away.

- Source:
- <http://smartwaytrans.com/wp/keeping-cool-party-logistics-companies-transport-ice-cream>
 - <https://www.icecream.com/icecreaminfo>
 - <http://justfunfacts.com/interesting-facts-about-ice-cream/>
 - <https://www.frozendessertsupplies.com/p-910-fun-facts-about-ice-cream-that-will-surprise-you.aspx>



A photograph of a worker in a white hard hat and a high-visibility yellow safety vest, seen from the side, holding 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.