



MARKET INSIGHTS

Global Logistics Update

June 20, 2022



State of Global Trade

Global trade is facing unprecedented, significant uncertainties regarding both future supply and demand.

China continues to impose its zero tolerance COVID policy after new cases were reported in Shanghai and Beijing, after declaring the outbreak under control. Shanghai has delayed its reopening just 10 days after lifting its harsh two-month lockdown. Under the revised order, any district finding community transmission will be placed back into lockdown. So far, 5 of its 16 districts have been forced back into lockdown. Beijing has also re-imposed localized lockdowns in certain neighborhoods. Both cities are now back to conducting mass testing until the end of July, and people not subject to the lockdown are required to test negative every 48 – 72 hours in order to work, use public transportation, or shop. Highways and roads leading into Shanghai have been closed again, after mass testing over the weekend reveal 66 new asymptomatic cases. It remains unclear how soon China will be able to recover from the impact of the latest round of restrictions on business activity, although manufacturers that are operating on a closed-loop system are allowed to continue operating, if they have enough raw materials to do so. One thing is for certain, the effects on production and supply chains will likely be felt for months. Meanwhile, production in Guangdong has “basically returned to normal” and the resumption of production in Jiangsu, Zhejiang, and Anhui is “better than expected.”

Low productivity levels in China have led to a shortage of raw materials and components in manufacturing hubs across the globe – from Japan and Malaysia to France and Germany. As a result, manufacturing activities have been curtailed, putting pressure on the cost of finished goods.

The U.S. and other major economies are suffering the highest inflation in 40 years, with many economists citing the danger of a 1970s return. In the U.S. overall inflation has spiked to 8.6% in May. While prices on durable goods (sporting goods, home goods, and consumer electronics) fell on the month, it wasn’t enough to slow overall inflation during the month, as energy prices rose

Upcoming Global Holidays / Events

Holiday	Country	Date(s) Observed
Independence Day	U.S.	July 4
Bastille Day	France	July 14
H.M. King’s Birthday	Thailand	July 28 - 29

*For a complete list of holidays by country, visit our website at www.oceanair.net/helpful-links/holidays/

3.9%, gasoline spiked 4.1%, and food soared 11.7%. In addition, the Federal Reserve raised interest rates yesterday by 0.75%, and has announced plans to raise it again in July, mostly likely by 0.50% -0.75%. Many analysts fear the Fed will inadvertently tip the economy into recession in its effort to combat price increases. In Europe, inflation has reached a fresh record high of 8.1%, up from 7.4% in April. In response, the European Central Bank announced plans to raise interest rates in July, while ratcheting up its inflation forecast and downgrading economic growth projections.

American energy exports continue to rise, as domestic gas and diesel prices continue to soar, and many experts expect the rising fuel costs on inflation will likely put a dent in consumer spending. Resource nationalism is on the rise globally. Faced with rising food prices, over two dozen countries have restricted exports of food and fertilizer. At a time when nearly 200 million people are facing crisis-level food insecurity, there’s a huge risk that the trend towards protectionism could aggravate food shortages in low-income countries.

According to Supply Management’s Manufacturing Inventories Index, U.S. inventory levels are at the highest levels since 2018. Many large retailers, including Walmart and Target, have reported excess inventories of durable goods, and will likely take short-term profit hits in order to remove excess inventory.

Consumer confidence among Americans has been shaken under the weight of inflationary pressures. Personal savings have dropped 3.0 pp below pre-COVID levels, while credit card purchases have increased substantially. And the U.S. is not alone. European and Mediterranean consumers have reported the second-lowest confidence level on record. In the UK, retail sales have trended downwards for the past nine months straight.



State of Global Trade (Cont'd)

All in all, conditions appear to be worsening for consumers across most of the world and businesses will most likely be impacted by the economic headwinds. Indeed, the World Bank slashed its annual global growth forecast to 2.9%, from 4.1% in January. The bank also said the situation could get worse if soaring food prices spark social unrest or the war in Ukraine or an invasion of Taiwan fractures global trade. We've seen some early evidence – South Korea, who is viewed as a bellwether for international trade, is showing a marked slowdown in exports.

Demand will likely slow in the second half of the year, with consumers cutting back on discretionary purchases as more of their budgets go on energy, food, and fuel. The good news? The tight capacity issues we've experienced over the last few years will continue to loosen.

Announcements

- The ban of imports from China's Xinjiang province under the Uyghur Forced Labor Prevention Act (UFLPA), takes effect on **June 21**
 - CBP releases [guidance for importers](#) to comply with the UFLPA
 - The Forced Labor Enforcement Task Force (FLETF) publishes [Strategy to Prevent the Importation of Goods Mined, Produced, or Manufactured with Forced Labor in the People's Republic of China](#) (aka UFLPA Strategy)
 - **NOTE: Importers subject to the UFLPA must comply with the guidance contained within the UFLPA Strategy**
 - The Biden administration has signaled that they are prepared to take a tough stance on enforcing the ban, unless companies can provide clear evidence the goods are free of forced labor
 - China warns of dire consequences if the law is allowed to take effect
 - Foreign Ministry spokesperson Zhao Lijian warned, "If implemented, the act will seriously disrupt normal cooperation between Chinese and American businesses, undermine the stability of global supply chains and eventually hurt the U.S.'s own interests. We urge the U.S. to refrain from enforcing the act, stop using Xinjiang-related issues to interfere in China's internal affairs and contain China's development. If the U.S. is bent on doing so, China will take forceful measures to firmly defend its own interests and dignity."
 - In addition, the U.S., Canada, UK, European Union, and Australia have called on the International Labor Organization to launch a probe into whether China is abiding by its commitments to international labor conventions

- The Commerce Department is considering adding more Chinese companies to the Entity List, as investigations into efforts by China to evade U.S. sanctions ramp up
- U.S. [warns](#) of attempts by North Korean IT workers to obtain employment while posing as non-North Korean nationals
 - Many of these workers represent themselves as teleworkers based in the South Korea, China, Japan, the U.S., and Eastern Europe
 - Revenues generated by these workers, who are subject to forced labor, are used to fund North Korea's weapons of mass destruction and ballistic missile programs
- U.S. waives tariffs on solar panels from Cambodia, Malaysia, Thailand, & Vietnam for 24 months
- U.S. launches Indo-Pacific Economic Framework (IPEF) with Australia, Brunei, India, Indonesia, Japan, Korea, Malaysia, New Zealand, the Philippines, Singapore, Thailand, and Vietnam
 - Unfortunately, the IPEF does not remove tariffs with the 12 partners, which U.S. officials said was "by design"
 - Former Malaysian Prime Minister Mahathir Mohamad criticized the new U.S.-led economic grouping on Friday, saying the framework is "intended to isolate China and won't benefit regional economic growth without Beijing"
- Retired General Stephen Lyons to replace John Porcari as head of Biden's Supply Chain Disruptions Task Force, as efforts stall to address supply chain bottlenecks, speed up the movement of goods, and help lower costs for consumers
- China to introduce measures to ease port congestion, boost trade
 - Targeted measures include providing aid from banks on issues relating to shipping costs, currency, and export tax breaks, offering more online trade fairs to help firms secure orders, and taking measures to keep the yuan reasonably stable
- European Parliament rejects proposals to include shipping and road transport in the EU Emissions Trading Scheme (ETS) to lower carbon emissions
 - However, Parliament members did pass a proposal to extend its carbon market to all flights departing the EU in an effort to tackle heavily polluting long-haul flights
 - The Committee on Environment, Public Health, and Food Safety now has until June 23 to resubmit compromised solution to the ETS proposals



State of Global Trade (Cont'd)

Announcements (Cont'd)

- Pakistan bans imports of all non-essential luxury goods in an effort to stabilize the economy – the third country after Sri Lanka and Nepal
 - The ban on 38 luxury items - including cars, cell phones, appliances, and cosmetics - been put in place to address the nation's fiscal instability, which has been blamed on former Prime Minister Imran Khan, who was ousted in a no-confidence vote last month over charges of mishandling of the country's economy
 - Pakistan's foreign exchange reserves fell below \$10 billion, threatening to spill over into a full-blown economic crisis as the Pakistani rupee plummets to historic lows against the U.S. dollar
 - Pakistan's finance team is currently in talks with the International Monetary Fund to restart a funding program it began in 2019

Major Disruptions

- Natural gas prices set to soar after last week's explosion shut down a natural gas facility in Texas
 - The Freeport LNG facility, which accounts for 1/5 of all U.S. overseas gas shipments, will remain closed for at least three weeks
 - The U.S. is currently exporting 74% of its natural gas, up from 34% last year
 - The day after the explosion, natural gas prices across Europe soared by nearly 40%
 - This is going to further remove supply from the European market when it's badly needed, especially after Russia cuts the flow of natural gas to European countries
- UK threatens to break Brexit deal – an apparent breach of international law - over customs check in Northern Ireland, claiming the trade rules “hurt the economy and undermine peace in Northern Ireland”
 - The announcement drew sharp response from the EU, who has threatened to respond with “all measures at its disposal” if the UK proceeds with the bill
- Nationwide strike to rock Belgium on **June 20**, as public sector unions protest rising inflation
 - Most impacted sectors will include logistics (ports, airport, and the rail network), customs and administration, public transport, postal, healthcare, education, waste collection, and public radio/television
- South Korea truck drivers return to work following an eight-day strike after reaching agreement with the government (*please refer to the Trucking section for more details*)
 - The strike disrupted cargo transport across the country
 - The steel, automobile, and petrochemical sectors have reported at least \$1.23 billion in damages

- The UK braces for the “summer of discontent” as millions of workers across the nation prepare to strike over pay freezes, longer workdays, working conditions, and changes to pensions
 - The chaos will hit railways, airports, customs, hospitals, universities, and other industries
 - Railworkers will begin a strike action on **June 21**, which could bring the country to a standstill (*please refer to the Rail section for more details*)
 - A coordinated strike action will begin on **June 30**, including the PCS union – whose 300,000 members include customs, border, and immigration officers; air traffic controllers; court employees; and police support staff – and 450,000 members of two teachers' unions
 - Other unions who are preparing strike actions include:
 - The Unison union - with 1.3 million members in local government, healthcare, education, and the voluntary sector
 - Civil servants – including dockworkers, flight crews, postal and sanitation workers – who have threatened the strike actions with would bring disruption to the supply chain by shutting down key infrastructure in the ports and airports
 - Many other unions are waiting for talks between government and union leaders, which are set for **June 27**
 - Business Secretary Vince Cable has warned that coordinated strike actions could lead to tougher union laws against industrial actions
 - In response, 700,000 member of the GMB union, which represents workers across a range of industries in both the private and public sectors, has threatened a massive civil disobedience campaign if London tries to change the rules on strike actions

Requests for Public Comments

- The International Trade Commission has launched a fact-finding investigation into the effects of Section 232 and Section 301 tariffs on American businesses as of March 15, 2022
 - Companies have until **August 24** to file written comments to inform the ITC's investigation into U.S. trade, production, and prices
 - A public hearing will be held on July 21
 - Requests to appear at the hearing are due July 6
 - Pre-hearing briefs and statements are due July 8; Post-hearing briefs and statements are due August 12



Air Freight

Market Expectations, Space, Volume, and Rates

Global air cargo demand has declined 11% and is currently outpacing the overall slowdown in international trade. According to the International Air Transport Association (IATA), the decline has been sparked by inflationary pressures, geopolitics, the war in Ukraine, and the slow ramp up of production in China. New export orders have contracted in all G7 markets except the U.S.

Capacity continues to tighten across most markets, with Asia experiencing the largest drop in space availability. In the U.S., Canada, and Europe, the resurgence of belly capacity is not going as well as planned, with crew availability issues forcing airlines to rein in scheduled summer expansion plans.

Looking at the numbers, capacity was down 12% in May compared to the same period in 2019, while dynamic load factors fell 9 percentage points to 60%, according to Clive Data Services.

Despite the declining volumes, congestion continues to increase at major hubs across the globe amid severe labor shortages and flight cancellations. The congestion is expected to worsen once factory production ramps up in Shanghai.

Following a slight downward trend, overall air freight rates are yet again on the rise as capacity constraints continue.

Demand is expected to slow in the second half of the year, as consumers cut back on discretionary purchases due to escalating food, energy, and fuel costs. If the current economic headwinds are sustained, the air cargo market will enter a downward cycle.

Labor Shortages

Airlines and airports across the globe are struggling to recruit enough staff to cope with demand. Adding to the upheaval, many frustrated workers are walking away from life-long careers due to grueling working conditions and pay cuts, while others are organizing strike actions, demanding better wages and working conditions.

The question now is whether a sector that let go of hundreds of thousands of workers at the peak of the pandemic can lure workers back or even attract new prospects. Many people who left the industry are not interested in returning. Wages are no longer competitive, with many substantially lower than pre-pandemic levels. Working conditions, which require weekends and staggered shifts, are not attractive, especially for ground handling and security personnel, who work outside in all types of weather conditions. According to a recent article by AJOT, a recent job fair hosted by a major airport had hoped to attract 800 candidates – it only got four.



CAPACITY



EQUIPMENT



RATES

Asia – U.S. / Asia – Europe

Air cargo operations at Shanghai Pudong are slowly recovering, as the number of airport personnel operating in the closed-loop system has significantly increased. The biggest challenge remains getting goods to the airport due to the road and highway closures, which were reinstated early this week.

Volumes remain weak as the manufacturing machine slowly ramps up production. While there has been a slight uptick in space to the U.S., capacity to Europe remains tight. Rates on all tradelanes remains stable. The growing backlog of shipping containers at the Port of Shanghai could once again fuel air freight congestion and demand, as customers who need their products quickly will try to get their goods to market as quickly as possible.

Demand on the backhaul from the U.S. remains strong. High export volumes are being reported in New York, Los Angeles, and Chicago, and export dwell times have increased to 2-3 days. The good news is that capacity has returned to pre-COVID levels, and spot rates have fallen slightly due to the influx of capacity. Demand from Europe is weakening, and spot rates have followed suit.

Hong Kong's volumes continue to improve, as cross-border feeder services with Shenzhen pick up. Cathay-Pacific continues to add long-haul freighter services on transpacific and European lanes, but capacity remain well below the levels seen prior to the lockdown.

The markets from South Asia to U.S. and Europe remain weak as factories struggle with a shortage of raw materials from China. As a result, capacity has stabilized and rates have fallen from all markets, with the exception of Vietnam which has seen a slight increase.

U.S. - Europe

Demand from Europe has stabilized at reduced levels, with demand for high-end fashion out-performing other goods due to the season change. Eastbound transatlantic load factors have fallen to 57%, its lowest level since the start of the year. Westbound demand remains strong with dynamic load factors 27% higher than the same period last year.

Demand from both sides of the Atlantic is expected to slow down over the summer months and pickup again in the fall, as is traditionally the case. Capacity on this



Air Freight (Cont'd)

Market Expectations, Space, Volume, and Rates (Cont'd)

U.S. – Europe (Cont'd)

tradelane continues to take off with the return of summer schedules, although labor shortages are likely to force carriers to cancel additional flights.

For the first time since COVID began, rates across the Atlantic have fallen the level they were last year, with rates from Europe seeing a slightly sharper decline than those on the backhaul.

Oceania

Capacity remains tight to the U.S. and continues to pressure rates. Weakening demand in Europe has led to a softening of rates. On the backhaul from both the U.S. and Europe, spot rates are tending down with the addition of freighter and passenger capacity.

Major Disruptions

- Highway closures have stopped trucks from entering Shanghai Pudong and Beijing Capital airports, while COVID testing requirements have led to staffing shortages at the airports
- Airlines across the U.S., Canada, Europe, and Australia trim thousands of flights from their summer schedules amid pilot and crew shortages
- Airlines, airports across the globe struggle to recruit amid job losses and pay cuts
- Swiss airspace reopens after air traffic control malfunction grounds flights for hours
 - The closures in Zurich, Prague, and Geneva on Wednesday caused widespread delays and forced the diversion of long-haul flights to Lyon, Milan, and Vienna
- The British Government has ordered passenger airlines to trim their schedules, after thousands of flights were cancelled last minute over the last few weeks - creating chaos across Europe
 - British Airways has already slashed 8,000 flights from its schedule through October

Strike Actions

- Amsterdam, Frankfurt, and Paris have been plagued by flight cancellations and delays amid strike actions protesting pay cuts and longer workdays

- British Airways workers at Heathrow Airport have voted in favor of a strike action this summer
 - The workers, who were forced into a 10% pay cut during the pandemic, are demanding their pre-COVID salaries be reinstated
- Nearly 1,000 SAS AB pilots in Denmark, Norway, and Sweden have planned a strike action later this month after failing to reach a new labor agreement with the airline
- Airports across Belgium are likely to face significant disruption – including cancellations and delays – due to the 24-hour nationwide strike on **June 20**
 - Brussels Airport has cancelled hundreds of flights in anticipation of service disruptions
- Brussels Airlines' pilots issue indefinite strike warning after talks over working conditions breakdown
- Belgian and Spanish Ryanair cabin crew to strike **June 24 – July 2** over pay, working conditions

Announcements

- CMA CGM to merge cargo networks and freight capacity with Air France-KLM
- American Airlines Cargo adds direct service from Europe to U.S. for the summer season
 - The additional services connect New York, Boston, Chicago, Los Angeles, Philadelphia, Dallas, Miami, Raleigh, Charlotte, and Phoenix with Amsterdam, Athens, Barcelona, Paris, Dublin, Rome, London, Frankfurt, Lisbon, Madrid, Munich, Milan, and Zurich
- Finnair Cargo offers new Helsinki-Seattle service, with three flights a week
- The Supreme Court has unanimously ruled that a federal exemption for certain transportation workers against mandatory arbitration in labor disputes covers airline cargo handlers, opening the door for Southwest Airlines employees to file litigation against the company for failure to pay overtime
 - The 8-0 opinion found that loading or unloading shipments is so intrinsic to interstate transportation that it is essentially part of the interstate transport of goods
 - The ruling also opens the doors for similarly situated workers in other modes of transport - including last mile delivery - to bring labor claims in federal court rather than be forced into arbitration
- Hong Kong's airline body is pushing the government to scrap pre-flight COVID testing requirements and reduce the 7-day quarantine period upon entry into the city to 3 days



Ocean Freight

Market Expectations, Space, Volume, and Rates

U.S. container volumes have shown signs of weakening. The most recent ocean container booking data reveals that containerized imports from all origins have dropped over 36% since May 24, the lowest level since the pandemic began. East and Gulf Coast ports continue moving record-high imports, leading to congested facilities. The lack of trucking and rail capacity at the ports of New York, New Jersey and Norfolk is contributing to the congestion and delays have been reported. On the West Coast, the lack of rail capacity is threatening cargo flows, with dwell times for rail-bound containers reaching all-time highs.

Port congestion is up across much of the world, with high volumes reported on the U.S. East Coast, Canada, Asia, Rotterdam, Hamburg, the UK, Australia, New Zealand, and the Middle East. Congestion has reached a critical level in Bremerhaven. Meanwhile, significant improvements have been seen on the U.S. West Coast, Italy, Greece and Spain.

Backlogs continue to grow in Shanghai, Vietnam, and across North Europe, especially in Rotterdam, Antwerp, and Germany. Extremely high yard densities at North European ports, along with inland transport bottlenecks, are exacerbating the port congestion issues. An estimated 260,000 TEU of unshipped cargo in Shanghai is set to swamp the market in the coming weeks and will likely make the peak season even more chaotic than last year. Assuming that Shanghai's trucking capacity returns to normal, congestion levels will grow significantly, and many analysts have estimated that it could take between one and two and a half months to clear the backlogs

Schedule reliability continues to deteriorate, with an astonishing 70% of vessels being delayed. Globally, vessels are running an average of 7 days late, while North Europe's average delays have grown to 20 days.

Marine fuel prices have hit another new peak. According to data from Ship & Bunker, the average price of very low sulfur fuel oil (VLSFO) – which the IMO 2020 rule required ships to use in order to reduce their carbon footprint - has soared to \$1,042 per ton, double the price from a year ago. In response, major carriers have announced Q3 bunker adjustment factors (BAFs), which are up 38% from this quarter and up 78% Y-O-Y. These surcharges will be applied regardless of whether the vessel is equipped with a scrubber, which allows the vessel to continue using high sulfur fuel oil (HSFO), which is currently averaging \$741.50 per ton. Average fuel surcharges across all trade lanes have risen close to 50% since February 24 according to rate benchmarking platform Xeneta.

Carrier revenues continue to skyrocket as service levels continue to deteriorate. According to their quarterly reports, Zim's revenues have surged by over 340%, Hapag-Lloyd's are up 187%, and Maersk's ocean revenues are up 121%. For more information, click [here](#) to read an interesting article by FreightWaves, called *How we all paid for the shipping giants' \$150 billion windfall*.



CAPACITY



EQUIPMENT



RATES

Asia – U.S. / Asia - Europe

Demand remains soft on all tradelanes as China ramps up production after two months of COVID-related lockdowns. Traffic around the Port of Shanghai has increased, with more than 3% of global freight capacity stuck in vessel queues. While space has opened up on the U.S. tradelane, pockets of low availability remain due to blanked sailings. On the Europe tradelane, severe port congestion at both origin and destination is negatively impact capacity. As China continues to struggle with COVID outbreaks, shippers are advised to check with suppliers often to understand any pandemic-related impacts or changes to production outputs/forecasts.

On the backhaul, blank sailings to Shanghai and port omissions to Charleston and Savannah have severely limited capacity.

Spot rates to both the U.S. and Europe have stabilized after some weakening in recent weeks but remain above pre-pandemic levels. On the backhaul, rates remain flat, although several carriers have announced general rate increases for later in the month. If bookings continue to soften, carriers may go to great lengths to protect their record earnings and will likely cut capacity through blank sailings or reassigning vessels to other services.

Capacity has opened up to all destinations ex-India and, as a result, rates have dropped.

Capacity has been severely reduced all destinations ex-Bangladesh due to the explosions that shut down Chittagong. As a result, carriers are only releasing space on higher tiers with premiums.

Cambodia, Indonesia, and Sri Lanka continue to struggle with capacity and container issues. Space and equipment are subject to carrier's availability at time of booking. Rates remain highly elevated.

Vessel delays continue to hamper exports From Thailand. As a result, space is extremely tight and is reflected in the surging freight rates.

To all destinations ex-Vietnam, space and equipment remain limited, although rates are on the decline.



Ocean Freight (Cont'd)

U.S. - Europe

Demand on this tradelane remains strong. Space remains very tight on both the long haul and the backhaul on most routes, although we are seeing signs of improvement on certain loops to the U.S. East and West Coasts. U.S. West coast coverage to Mediterranean ports will see capacity reduced, as one carrier phases out service on this loop.

Rollings on this tradelane are likely to increase due to a severe shortage of empty containers across Europe. Rejection rates are starting to creep up, especially in Germany, due to the equipment shortages and prebooking windows will be extended.

On the Transatlantic, spot rates on both hauls skyrocketed this week, representing a 420% increase over pre-pandemic levels.

Major Disruptions

- U.S. West Coast ports warn that rail problems threatens to undermine progress in clearing backlogs ahead of the anticipated spike in traffic from China
 - Gene Seroka, executive director of the port of Los Angeles, commented that the port could clear all the rail containers at its terminals within two weeks if Union Pacific, BNSF, and CSX were up to capacity
- U.S. exporters continue to experience challenges getting their goods to overseas markets
 - Empty container moves at the Port of Long Beach continue to see the largest increase in volumes, while loaded export volumes have declined 12.7%
- Berth work causes vessel backlog in Savannah to swell
- The maritime industry is the latest to be hit by labor shortages as the Ukraine conflict, Russian sanctions, and the COVID restrictions in China reduce the global availability of crews
 - Taiwan's shipping industry - including Evergreen, Yang Ming, and Wan Hai Lines - have been especially hard hit by the shortage of seafarers
- Highway closures due to renewed COVID-restrictions prevent trucks from entering the Port of Shanghai
 - Many cargos are being rerouted to Ningbo, which is now facing congestion problems, or other smaller ports along the Yangtze River
- Port of Hamburg stops receiving export trains until further notice amid limited track capacity, service delays due to construction projects
- North European port have announced reefer plug shortages amid severe yard congestion

- Operations crippled at 5 German ports as dockworkers initiate “warning” strike action
 - 12,000 workers participated in the strike action - designed to increase pressure on the ports in the ongoing wage dispute – on June 9 in Hamburg, Bremen, Bremerhaven, Emden, Wilhelmshaven, and Lower Saxony
 - A new negotiation date has been set for June 21, and many analysts expect this could preempt further industrial action
- Antwerp braces for national strike action on **June 20**, which could cripple port operations
 - The strike has been organized by many trade unions demanding better pay, better social dialog, and investment in the public sector
- Striking truck drivers in South Korea paralyzed cargo transport between the country's industrial hubs and major ports
 - Busan and Incheon saw volumes decline 75% and 80% respectively, while container traffic in Ulsan was completely suspended
 - Container dwell times at Busan have jumped from 4 days to 12.49 days and will continue to grow as container movements resume
 - Ports are expected to be overwhelmed due to surging volumes, will like lead to lengthy shipping delays
- Chemical explosions rock container storage facility in Bangladesh's Port Chittagong; 49 people killed, over 300 injured - death toll expected to rise further
 - Bangladesh Garment Manufacturers and Exporters Association is working on an assessment of losses and will update buyers as information becomes available
 - Firefighters initially reported ~100 containers were destroyed in the 61-hour long blaze
 - Port operations have been suspended until further notice as investigations are conducted
 - Concerns have now turned to the dangerous goods that have been stored at the port - some of which are up to 28 years old – and many of which contain hydrogen peroxide

ILWU Contract Negotiations

- Contract negotiations between the International Longshore and Warehouse Union (ILWU) and 29 critical West Coast ports (PMA) have resumed after an impasse led to a temporary suspension of talks
 - The talks will likely last a month or two beyond the contract expiration on July 1
 - Both parties issued a joint statement saying that “neither party is preparing for a strike or lockout”



Ocean Freight (Cont'd)

Announcements

- Regulators in the U.S., EU, and China find no evidence of rate collusion by carriers
 - “I’m confident that illegal competition problems did not cause the extreme ocean shipping rates and capacity shortages that we have experienced, rather sustained demand, largely from the US, overwhelmed the suppliers shipping capacity and rates have increased to historic levels,” said FMC commissioner Rebecca Dye
 - “So far, the EC had not seen any evidence of price collusion and there was no basis for our intervention,” said ED director Henrik Morch
 - Speaking at the Port of Los Angeles on Friday, Biden laid the blame on the carriers for raising rates by as much as 1,000% while raking in \$190 billion in profit last year, totally contradicting the report issued by Commission Dye, which found no evidence of collusion
- Biden signs the [Senate version](#) of the Ocean Shipping Reform Act of 2022 into law, marking the first major change to the federal regulation in more than two decades
 - The legislation will help to address the long-standing supply chain and port disruption issues and the unfair business practices by ocean carriers and marine terminal operators
 - Speaking at the Port of Los Angeles on Friday, Biden laid the blame on the carriers for raising rates by as much as 1,000% while raking in \$190 billion in profit last year, totally contradicting the report issued by FMC’s Commission Dye, which found no evidence of collusion among the carriers
- Rates from the Far East to the U.S, are about to skyrocket as multiple carriers announce astonishing general rate increases (GRIs) on all shipments from Bangladesh, India, Pakistan, and Sri Lanka, effective **July 15**
 - 20’ container (all types) \$1,000
 - 40’ container (all types) \$2,000
 - 40’ high cube (all types) \$2,000
 - 40’ reefer and types \$3,000
 - 45’ container (all types) \$3,000
 - In addition, MSC will levy a peak season surcharges of \$500/box on India-U.S. connections
- The U.S. National Retail Federation (NRF) urges the EPA to freeze the Renewable Fuel Standard, which has raised the mandate level of biofuels needed for U.S. transportation purposes by 22%
 - The NRF argues the increase will drive up inflation and cause significant food shortages, as crops such as corn and soy would be diverted to fuel production at a time when food manufacturers can’t get their hands on enough of these agricultural goods to make everyday foods from breads and cereals to condiments and dressings

Continued on next page

Congress Passes Ocean Shipping Reform Act

Biden Plans to Sign Soon

By a vote of 369-42, Congress passed the [Senate version](#) of the Ocean Shipping Reform Act of 2022. President Biden is expected to sign the bill into law shortly.

The legislation, which broadens the powers of the FMC, helps to address the long-standing, systemic supply chain and port disruption issues and to address the unfair business practices by ocean carriers and marine terminal operators.

Among the bill’s provisions, it aims to:

- Shift the burden of proof from the invoiced party to the ocean carrier regarding the reasonableness of the detention and demurrage (D&D) charges
- Prohibit ocean carriers from unreasonably declining shipping opportunities for U.S. exporters
- Establish new authority for the FMC to register shipping exchanges
 - Boosts the FMC’s funding from \$32.9 million to \$49.2 million by 2025 to increase agency staffing levels needed for its expanded oversight
- Require ocean carriers to provide quarterly updates to the FMC on total import/export tonnage per vessel making calls to the U.S., including data on loaded vs. empty twenty-foot equivalent units
- Study best practices for intermodal chassis pools to deal with chassis supply and positioning issues

FMC launches three new initiatives aimed at assisting U.S. shippers

The new initiatives will focus on remedies to supply chain issues and improving legal and regulatory compliance.

1. Establishing a new International Ocean Shipping Supply Chain program
2. Re-establishing the Export Rapid Response Team
3. Requiring all ocean carriers and marine terminal operators to designate an FMC Compliance Officer

Ocean Freight (Cont'd)

Announcements (Cont'd)

- The IMO proposes a change to its greenhouse gas emissions policy, which will force carriers to cut emission by 100% by 2050, instead of the 50% decrease initially sought
 - One measure would be to impose a carbon levy, which will raise the cost of fossil fuel by \$100/ton initially, rising to \$300/ton by 2030
 - The move is expected to be backed by major nations, including the U.S., Japan, and the EU
 - Shippers in the U.S. and Europe have raised concerns, claiming the carbon tax could turn into “the world’s biggest BAF surcharge” and would lead to increased inflation
- UKs ports – including London, Southampton, Teesport, and Tilbury - levy new customs clearance fees, ranging from £17-£25 per entry, while DP World London and Southampton impose a £18.74 customs clearance fee per entry alongside a £11 removal fee
- UK government terminates contract with P&O Ferries - with immediate effect – due to the “unacceptable behavior” of sacking 800 seafarers to replace them with cheaper agency staff
- The Port of Singapore stops accepting hydrogen peroxide following the Chittagong blast, after observing a significant spike in the number of containers of the explosive precursor

Port Call / Rotation Changes

- Maersk and MSC add a port call to Zeebrugge, Belgium on two of their Asia – North Europe loops in order to ease pressure on Antwerp and Rotterdam
 - Lion service: Sines – Zeebrugge – Antwerp – Felixstowe
 - Shogun service: Zeebrugge – Rotterdam – Bremerhaven – Rotterdam – Port Tangiers
- Hapag Lloyd resumes port calls to Oakland on the PS4 service, beginning with the June 10 sailing
 - Ningbo - Qingdao - Kwangyang - Shanghai - Busan - P.Rupert - Vancouver - Seattle - Oakland
- Hapag Lloyd adds Tacoma to its weekly PN3 service
 - Kaohsiung - Hong Kong - Yantian - Shanghai - Busan - Vancouver - Seattle

Blank Sailings

- Carriers continue to blank sailings or skip port calls from Asia, despite Shanghai’s reopening
- Blank sailings continue on the Transatlantic due to severe port congestion in Europe and Sri Lanka

Contract Negotiations

- With the closure of the annual contract season, carriers appear to have succeeded in locking shippers into significantly increased deals
 - On the Asia – U.S. tradelane, long-term contracted rates soared 30% in May, up 150% YOY, while rates to Europe jumped 11.3%, up 122% YOY

Port Congestion

Region	Country/State	Vessel Backlog	Wait Times to Berth	Average Container Dwell Times
North America	Los Angeles / Long Beach	20 ↓	2.3 days ↓	5 - 13 days
	New York / New Jersey	23 ↓	15+ days ↑	6 - 8 days
	Seattle / Tacoma	2 ↑	1 - 5 days ↑	2+ weeks
	Oakland	4 ↓	8-12 days ↔	12+ days
	Houston	12 ↑	3 days ↓	9.7 days
	Savannah	25 ↑	5 - 7 days ↓	9 – 11 days
	Norfolk	2 ↓	4 days ↓	8 days
	Charleston	0 ↓		13 days
Asia	China	314 ↑	2+ days ↑	16 days
	Bangladesh	23 ↑	*	*
	Australia	* ↑	3 – 7 days ↑	*
Europe	Antwerp	* ↑	3 days ↑	*
	Rotterdam	* ↑		*
	Hamburg	40 ↑	5 days ↑	*

*Data not available, as ports are not forthcoming with timely data.

** Aggregate turnaround time compared to five-year normal levels

Equipment Shortages

- U.S. IPI locations continue to struggle with container shortages, with special equipment very hard to come by
- The critical shortage of containers in North Europe – especially in Germany – and Southeast Asia are affecting export shipments
 - Calls have gone out for carriers to send empties to Europe and Southeast Asia, rather than back to China
- India has reported an overall improvement in container availability



FMC's Fact Finding 29 Investigation

On May 31, FMC Commissioner Rebecca Dye released her long-awaited [final report](#) summarizing her [Fact Finding 29](#) investigation into accusations of anti-competitive behavior by the major ocean carriers. The investigation, which began back in March 2020, involved hundreds of supply chain stakeholders, including U.S. importers, exporters, truckers, and others.

Most notably, throughout the course of the investigation, American importers and exporters continued to highlight three primary areas of concern:

- 1) the increase in the price of ocean shipping
- 2) the ongoing unreasonable detention and demurrage (D&D) charges and other fees imposed by ocean carriers, seaports, and marine terminals, and
- 3) the supply chain bottlenecks and disruptions, including the lack of information concerning blank sailings

Shockingly, the results of the FMC's investigation relieve the carriers of profiteering blame. Commissioner Dye found the pricing of ocean transportation to be a product of market forces of constricted supply and unusually strong demand – not price gouging or the lack of competition – as the cause of the soaring ocean freight rates.

According to the Commissioner's findings, the number of ocean carriers in the trans-Pacific and Atlantic trades decreased from 20 in 2015 to 11 by 2022. Yet despite this consolidation, the market for container shipping services to the U.S. is either "not concentrated" or only "minimally concentrated", and that competition among the major carriers is "vigorous."

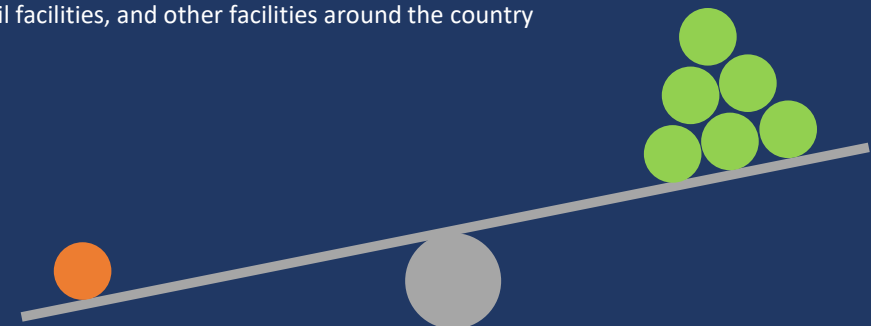
On the issue of D&D charges, Dye expressed concern that some carriers were not in full compliance with the "incentive principle" of the Interpretive Rule of Demurrage and Detention, which states that D&D fees must incentivize the flow of cargo.

In conclusion, Commissioner Dye writes, "The historically high freight rates experienced recently by U.S. exporters and importers have been devastating to many, but I want to emphasize that the Commission has done its job during the COVID-19 pandemic to enforce our competition authority. Our markets are competitive and the high ocean freight rates have been determined by unprecedented consumer demand, primarily in the United States, that overwhelmed the supply of vessel capacity. Congestion further constrained available capacity."

Fact Finding 29 Recommendations

In her final report, Commissioner Dye outlined 12 recommendations she believes will "alleviate pressing problems experienced by stakeholders and allow the Commission to achieve its objective of eliminating obstacles to a smooth and efficiently operating international ocean supply chain." These are:

1. A new Commission "International Ocean Shipping Supply Chain Program"
2. A rulemaking to provide coherence and clarity on Empty Container Return practices
3. A rulemaking to provide coherence and clarity on Earliest Return Date practices
4. Continued Commission support for the new FMC "Ocean Carrier Compliance Program" including a new requirement for ocean common carriers, seaports, and marine terminals to employ an FMC Compliance Officer
5. An FMC Outreach Initiative to provide more information to the shipping public about FMC competition enforcement, service contracts, forecasting, and shippers associations, among other topics
6. Enhanced cooperation with the federal agency most experienced in agricultural export promotion, the Department of Agriculture, concerning container availability and other issues
7. A Commission Investigation into practices relating to the numerous charges assessed by ocean common carriers and seaports and marine terminals through tariffs
8. A rulemaking to provide coherence and clarity on merchant haulage and carrier haulage
9. A new "National Seaport, Marine Terminal, and Ocean Carrier Advisory Committee" to work cooperatively with the Commission's National Shipper Advisory Committee
10. A revival of the Export Rapid Response Team program as agreed by all ocean carrier alliance CEOs
11. An FMC Supply Chain Innovation Teams engagement to discuss blank sailing coordination and information availability
12. A reinvigorated focus on the extreme supply chain equipment dislocations in Memphis railheads, other rail facilities, and other facilities around the country



Trucking

Market Expectations, Space, Volume, and Rates

Overall, national capacity has expanded for a second straight month, marking the sharpest rate of expansion since the downturn in October 2019, with the exception of the South and Southeast markets, who have seen a tightening due to produce season.

Tender volumes have climbed to levels not seen since March, although overall volumes are down 20% YOY. Tender rejection rates have taken a nose-dive, falling 9% as carriers are squeezed by rising diesel prices and other operational costs. Reefer volumes remain steady, after a brief rise during Memorial Day week, but are down 33.5% YOY.

Despite the rise in capacity, contracted rates continue to increase as operational costs soar. While spot rates have amazingly remained unchanged, indications seem to show a slight decline in rates given that diesel prices are built in. Spot rates on the East Coast, especially in Atlanta, are gaining traction, but at a slow rate.

While freight demand seems to be in a good spot right now, there are several warning signs for a drastic tumble in volumes on the horizon. U.S. import demand looks set to fall, not only because of lower manufacturing output from China, but also because inflationary pressures are backing Americans into a corner. In addition, consumer spending habits have switched away from goods back to services, leaving shocked retailers with an “inventory glut.”

China

COVID-related highway closures in Shanghai and Beijing have halted traffic flows in and out of the cities. Capacity has yet to return to pre-lockdown levels, due to the shortage of truckers. Rates have dropped due to weakened demand but are expected to rise in the coming weeks as manufacturing ramps up.

Europe

Trucking capacity remains tight across Europe. Severe port congestion in Italy, Germany, Rotterdam, and Antwerp poses challenges to trucking operations, and delays should be expected.

Mexico / Canada

The cross-border freight market remains tight. Inbound rates have seen a substantial increase due to the tight capacity and rapidly rising diesel fuel prices. Outbound rates are also rising and are almost inline with inbound costs.



CAPACITY



EQUIPMENT



RATES

Major Disruptions

- Diesel shortages – the worst energy crisis since the oil shock of the 1970’s
 - The national diesel supply has been shrinking at an alarming rate - down 43% since 2020
 - U.S. East Coast stockpiles have fallen to 18.8 million barrels, their lowest level since 1990
 - Many experts feel that the East Coast squeeze is no longer the outlier, its just the first to go
 - Inventories in the central Atlantic region have slumped 89% since the beginning of the pandemic
 - Lower refining activity and higher demand both domestically and abroad are part of the problem, according to U.S. Energy Information Administration
 - In the rush to convert to clean energy (biofuels), U.S. refineries have shut down their plants, reducing the production of diesel by more than a million barrels a day – equivalent to 50% of national output
 - An additional 1.78 million barrels a day is targeted for shutdown by 2023
 - Currently, the US. is exporting half of its diesel fuel supplies to Europe
 - The Biden Administration has been drawing down distillate reserves (the nation’s oil reserves which are supposed to be used in the event of a national emergency, such as war or natural disaster), which have now hit a 17-year low
 - Diesel shortages in various African counties are limiting transport
- Demand for diesel fuel is exceeding available supplies, leading to an unprecedented rise in diesel prices, which are hitting new highs every day
 - Truckers are worried that the rising diesel costs - and possible rationing - may put many trucking companies out of business, creating a crisis for the national supply chain
 - Some companies across the country have already been forced to lay off drivers
 - Smaller trucking companies are warning that we will see more empty store shelves - leading to a rise in the cost of ever day goods - as the higher operating costs make it “not worth it haul goods”
 - Many small trucking companies are losing money on each load, spending \$1,700 a day refueling their trucks
 - With diesel prices expected to continue rising, the situation is likely to get much worse



Trucking (Cont'd)

Major Disruptions (Cont'd)

- 25,000 South Korea truck drivers return to work following an eight-day strike after reaching agreement with the government
 - After days of talks, the Ministry of Land, Infrastructure and Transport (MOLT) agreed prolong the “freight system,” which ensures minimum wages and prevents overwork and dangerous driving; It is still unclear how long the freight system will be extended
 - The MOLT is also considering offering more fuel subsidies to truckers
 - The strike disrupted cargo transport and manufacturing across the country
 - Busan and Incheon saw volumes decline 75% and 80% respectively, while container traffic in Ulsan was completely suspended
 - Major South Korean factories suspended shipments due to difficulties in securing trucks, while others saw production levels plummet due to lack of parts and raw materials

Truck Driver Shortage

- Minnesota faces its largest truck driver shortage ever; the Minnesota Trucking Association warns the shortage could soon start to create a strain on the state’s supply chain
- Nationally, the U.S. added 22,5000 new trucking employees in May
- The shortage of drivers and vehicles due to COVID restrictions continues to hamper the delivery of goods to and from Shanghai Port
- UK logistics firms are finding it increasingly difficult to recruit new drivers, as younger generations shun the profession due to the challenging lifestyle
 - The issue has reached critical importance as the nation’s supply chain struggles to keep up with demand
- Trucking companies across Poland have been forced to park thousands of trucks due to the shortage of drivers
 - Over 100,000 truck drivers employed in Poland are from the Ukraine, and a large portion of them returned home to enlist in the armed forces
- The shortage of drivers across Europe is leading to increased dwell times for import containers, severely impacting port operational efficiency

Equipment Shortages

- The chassis shortage continues to worsen due to increased volumes at terminals and inland rail facilities
 - Severe delays in pick-ups and deliveries have been reported in Los Angeles, Long Beach, New York, Philadelphia, Atlanta, Chicago, Memphis, Cleveland, Columbus, Saint Louis, and Nashville

U.S. Chassis Availability

Port	20' Chassis	40' Chassis
Chicago	Critical	Critical
Charleston	Critical	Critical
Denver	Constrained	Critical
Houston	Constrained	Critical
New York / New Jersey	Constrained	Critical
Oakland	Critical	Critical
Seattle / Tacoma	Critical	Critical
Los Angeles / Long Beach	Critical	Critical

Announcements

- Proposed legislation aimed at guaranteeing overtime pay for truckers faces pushback
 - The National Industrial Transportation League (NITL) argues that “drivers would have to be paid for a lot of time that they’re not currently paid for, which would not be sustainable”
- New York and Houston container terminals open Saturday gates as imports surge
- Georgia extends diesel fuel tax moratorium until July 14
- Schneider acquires Wisconsin-based deBoer Transportation



Rail

Market Expectations, Space, Volume, and Rates

Despite pressures from the Surface Transportation Board, Class 1 railroads continue to fail in keeping pace with consumer demand, putting additional undue pressure on the nation's supply chain. Trade groups representing agricultural and energy producers argue that rail service disruptions, caused by the lack of equipment and a depleted workforce, are continually delaying shipments of raw materials, driving up costs of food, gas, and other goods, and worsening inflation.

U.S. rail traffic remains below 2021. Weekly carload volumes were down 2.8% from the same period last year, while intermodal volumes dropped 4.4%. Year-to-date figures show overall traffic down 3.5% and intermodal down 6.5%. North American figures, including Canada and Mexico, show carloads at down 1.4% Y-O-Y, with year-to-date figured down 3.7%.

Schedule reliability continues to deteriorate, with turn times increasing at interior rail hubs - most notably in Chicago, Memphis, and Kansas City. If the expected surge in volumes from Shanghai plays out as many supply chain analysts predict, we are likely to see a repeat of the challenges we saw last year, with the crippling congestion at inland hubs leading to a metering of traffic flows from West Coast gateways. If that happen, ripple effects will again be felt at West Coast ports, including severe yard congestion, longer vessel queues, and increased berthing times.

High demand and severely restricted capacity have kept premium rates at historically high levels, with increasing fuel surcharges further pressuring rates. Pressure on shippers to drive down transportation expenses will likely trigger increased interest in intermodal. Walmart, Target, and other major retailers will most likely soak up every bit of intermodal capacity through the remainder of 2022, adding further pressure to the already broken sector.

Europe

Rail freight volumes have begun to bounce back, although they are still 10% below volumes over the same period last year. The upcoming strike action in the UK will most likely bring the supply chain to a standstill, while major construction efforts in Germany will likely cause service delays and disruptions regionally.

Asia - Europe

This tradelane saw the steepest drop in volumes amid market uncertainty, although volumes have slightly rebounded as more shippers switch to the middle corridor across Kazakhstan.



CAPACITY



EQUIPMENT



RATES

Major Disruptions

- Federally-mandated mediation between unions and Class 1 railroads fail
 - The Biden Administration ordered the three-day federally mediated contract talks after three+ years of “bad faith” negotiations by the railroads railed
 - The National Mediation Board sought to move negotiations to binding arbitration, but the union – who has not had a pay increase in over three years - rejected the offer
 - The talks will now enter a 30-day cooling off period; strike actions are likely to follow
 - Congress and the Biden Administration are likely to intervene, including imposing legislation that would ban railway strikes, a move that will only infuriate the unions more
- Severe congestion has been reported in Chicago, Columbus, Los Angeles, Memphis, & Kansas City
- Nearly two thousand BNSF workers have resigned since February over the railroad's HiViz attendance policy
 - BNSF management has refused to accept the majority of resignations and claimed at last month's STB hearing that it had only received 300 resignations
- CSX struggles to retain, hire workers; turns away freight as the railroad struggles to meet demand
- UP's rail yard in Idaho experiences two train derailments in two weeks
 - 20 cars derailed this week, while 15 cars derailed last week
 - Obviously, the HiViz policy isn't affecting safety levels at the rail yards
- Railway cable theft on the rise in Yorkshire, UK; freight operations experience lengthy delays which are having a knock-on effect across the network
 - Network Rail and the British Transport Police begin cracking down after responding to daily theft of signaling cables, electric wires and metal equipment in April
 - Since April, over 280,000 pounds of cable have been stolen as the price of copper skyrocketed



Rail (Cont'd)

Major Disruptions (Cont'd)

- UK shippers brace for the biggest rail strike in modern history
 - The Rail Maritime and Transport union has announced that 50,000 of its railworkers will strike, beginning on June 21, bringing much of the nation to a standstill
 - The unions voted overwhelmingly for the strike action last month over the historic assault on jobs, working conditions, pensions, and pay under the plans for the new Great British Railways, which include:
 - eliminating thousands of positions across the networks – including guards, ticket agents, customer service, maintenance, and security
 - slashing payrolls through an overhaul of terms, conditions, and grades
 - downgrading driver training
 - impose labor “flexibility,” which would force staff to work unsociable hours
 - In addition, railworkers across the country have not received a pay raise since 2019, while the railways have raked in huge profits
 - The move has already sparked other rail unions to initiate strike ballots, which will likely spread across train operating companies, the Network Rail, and the Tube
 - Coordinated strike actions between the unions would most likely further the disruptions later this summer
 - 80% of services will most likely be cut; supply chains will be severely impacted
 - Industry is warning the strikes could lead to empty supermarket shelves
 - Airplanes could also be grounded if fuel supplies go undelivered
 - Cargo trains will be prioritized to ensure supply chains keep running, specifically critical deliveries of food and fuel; passenger trains will most likely be sidelined
 - The British Government has warned that it would bring in legislation to prevent a national rail shutdown and that “militant” rail union ringleaders could be held liable for damages
 - The Transport Secretary, Grant Shapps, also announced rail workers could be banned from overtime to make up back pay lost during the industrial action
 - The move has only inflamed the unions, who have vowed to fight the ministers with the “fiercest resistance”
- Belgian rail network braces for severe disruption as SNCB-NMBS workers join the nationwide strike on **June 20**
- Delays have been reported in Ontario, Canada amid a surge in intermodal volumes destined for Vancouver as trucking capacity drops nearly 20%

- Major construction projects on Germany’s railway infrastructure will reduce network availability, leading to service disruptions and delays
 - The construction projects will remove 25% - 30% of capacity across much of the country throughout the remainder of the year, with the biggest impacts to be felt on the Rhine - Alpine and Scandinavian - Mediterranean corridors

Announcements

- The Biden Admin. announces a \$368 million grant to modernize rail infrastructure in 32 states
- Lawmakers urge the Surface Transportation Board (STB) to address freight delays and surface disruptions affecting shippers across the U.S.
 - In a **letter** to the STB, the senators warned “If these problems persist into summer and fall, significant portions of the world’s breadbasket could be cut off from assisting those most in need, yielding waste rather than solutions. The same applies to the transport of critical energy supplies in high demand across the United States and the globe.”
- The Federal Railroad Administration (FRA) is now requiring freight and passenger railroads to submit **worker fatigue risk management plans** to ensure “employers are providing working conditions that keep workers and the public safe”
- BNSF revises its Hi Viz attendance policy, after thousands of railworkers walk off the job
 - The unions say the adjustments “do nothing to address the policy’s fundamental flaws... This abusive and punitive attendance policy is breaking apart families and causing locomotive engineers and other railroaders to come to work dangerously fatigued”
 - The unions will now seek arbitration to address their issues with the attendance policy - going against the wishes of its union members - after the federal courts ruled earlier this year that a strike would be too disruptive to the supply chain
- Norfolk Southern announces new OceaNS Bridge Express partnership with Hapag Lloyd, the Port of Virginia, and Union Pacific to provide expedited intermodal service from Virginia to the West Coast
 - The service will originate in Norfolk and interchange with UP in Chicago to provide connections to Seattle, Oakland, Los Angeles, and Long Beach
- New container shuttle connects the Port of Gothenburg with Northern Sweden
- Nippon Express launches weekly intermodal service from China to Europe via the Caspian Sea



Rail (Cont'd)

Announcements (Cont'd)

- Surface Transportation Board (STB) slams Class 1 railroads over gaps in recovery plans
 - BNSF, Norfolk Southern, and UP plans lacked the level of detail mandated by the STB
 - Four of the seven railroads left out details to address their deficiencies, and UP and NS flat-out refused to provide six-months targets for achieving performance goals required by the board's order
 - The railroad have until June 23 to respond with the supplemental information and data
 - The STB continues to receive reports about “persistent, acute, and dramatic problems in rail transport”

Equipment Shortages

- Severe chassis shortages have been reported in the West Coast, Chicago, Dallas, Kansas City, Memphis, and Pennsylvania
- Norfolk Southern chassis shortages strand hundreds of containers in eastern Pennsylvania
- Union Pacific warns that it will be forced to “stack containers” at West Coast gateways due to the lack of chassis
- Union Pacific warns that it will not extend free storage time or waive demurrage and detention (D&D) fees for cargos left stranded due to the chassis shortage
 - NOTE: UP does not allow BCOs or their agents to use their own chassis

Container Dwell Times

Rail Terminal	Average Dwell
Charleston	9 days
Chicago	10 days
Houston	11 days
Kansas City	10 days
Los Angeles / Long Beach	10 days
Memphis	8 days
New York / New Jersey	9 days
Savannah	9 days

BNSF Grain Car Backlog Status Update

BNSF has released its grain car backlog status update, as required by the Surface Transportation Board following last month's hearing on “Urgent Issues in Freight Rail Service.”

The update clearly highlights the carrier's service failures and shows that there is zero evidence of continuing quality improvement - and absolutely no benefit to customers - from the highly controversial Precision Scheduled Railroading (PRS) model.

Week Ending	Total Grain Cars Loaded and Billed (All Ordering Systems)	Weekly Average Dwell Time at Origin (in Hours)	Running Total Orders Placed	Running Total Orders Filled	Number of Unfilled Orders	
					1-10 Days Past Due	11+ Days Past Due
5/20/22	1,558	18.8	194	503	698	2,709
5/13/22	2,335	24.3	154	606	1,246	2,351
5/6/22	2,088	21.2	229	802	920	2,816
4/29/22	1,123	35.1	28	393	327	3,263
4/22/22	1,671	38.1	209	351	826	3,033
4/15/22	1,625	31.4	348	800	1,159	2,496
4/8/22	2,031	31.3	106	496	1,188	2,631
4/1/22	2,210	19.0	470	865	910	2,651
3/25/22	2,686	21.1	368	642	870	2,910
3/18/22	2,169	18.4	93	418	1,289	2,721





Thank You

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www.oceanair.net



OCEANAIR, Inc.
186A Lee Burbank Highway
Revere, MA 02151



Phone
781.286.2700



Email
solutions@oceanair.net