MARKET INSIGHTS

August 2, 2022

BREAKDOWN OF COSTS: WHY ARE WE PAYING ALL THESE FEES?

- **Demurrage**
  - Terminal - Charged for the use of the land **inside** the terminal, it is applicable after the free time expires until the container leaves the terminal
  - Container – Charged for the use of the container **inside** the marine terminal or rail ramp, it can also be applicable while the container is undergoing a custom examination, or reworking of cargo for safety reasons. It is applicable after the free time expires until the container has been out gated.
  - Via ocean terminal usually includes both the use of the land and the container. While if moving via a rail ramp you will could see a separate container demurrage and storage fee

- **Detention**
  - - Charged for the use of the carrier's container (full or empty) **outside** the marine terminal, rail ramp or container yard, applicable after the free time expires until it is returned to the carrier's custody

- **Storage**
  - Ramp/Container Yard - charged for the use of the land **inside** the rail ramp or container yard, it is applicable after the free time expires until the container has been out gated
  - Trucker - Charged for the use of the truckers yard while waiting to pick up/deliver/return empty or full containers

- **WHY?**
  - ***Shortage of chassis*** at yards – struggle for truckers to secure… delays impacting the above timeframes. Leading to additional charges
  - Congestion – longer waits for truckers – impacting their hours of operation – time outs
  - Terminals requiring double moves – import paired with export (keeps chassis moving)
  - MAX Capacity for truckers – additional attempts and scheduling making it difficult on truckers/drayage providers

BREAKDOWN OF COSTS: What's Being Done?

- **Steps in the right direction via regulation – below JOC article highlights:**
    - Federal Maritime Commission Chairman Daniel Maffei said the new US law governing container equipment fees and exports will make his agency more "capable, robust, and active" in investigating how ocean carriers treat US shippers, adding that the groundwork for its enforcement is already under way.
    - FMC's audit program for ocean carriers, which initially focused on detention and demurrage, will be expanded to cover agriculture exports as well. The agency also hired new staff for its consumer complaints division, including a staff member dedicated to exports, and bolstered anti-retaliation measures for shippers who file complaints.
    - **HOWEVER:** the head of a major West Coast terminal operator said OSRA will mean more paperwork, and ultimately more costs for everyone in ocean transportation.
        - "They came up with a shipping act that everyone is happy with, but we weren't involved," DeNike said. "It's going to cost us a lot of time and a lot of money. In the end, it's going to cost shippers because it's going to slow things on the docks."
- **Mainfreight Action:**
    - Partner with drayage providers owning abundance of chassis
    - Monitor relentlessly for availability at port, rail yard, truckers capacity, etc..

JOC: https://www.joc.com/regulation-policy/transportation-policy/fmc-ready-hit-ground-running-osra-maffei_20220617.html?utm_source=Eloqua&utm_medium=email&utm_campaign=CL_JOC%20Daily%206/21/22%20NONSUBSCRIBER_PC015255_e-production_E-140301_KB_0621_0617

Port Updates

U.S. West Coast

Long Beach: Vessel waiting time is 9-12 days due to high import dwell and labor shortage.

Los Angeles: Vessel waiting time is 5-24 days due to berth congestion, high import dwell and labor shortage.

Oakland: Vessel waiting time is 5-10 days due to high import volume, labor shortage. Yard utilization is at 90% of capacity.

Seattle: Vessel waiting time is 2 days due to high import volume and labor shortage.

U.S. Gulf Coast

Houston: Vessel waiting time is 2-16 days due to high import volume, labor shortage & vessel bunching.

Canada

Prince Rupert: Vessel wait time is 2 days. Yard is at 126% capacity.

Vancouver: Vessel wait time is 14-56 days. Yard is at 100% of capacity.

U.S. East Coast

New York: Vessel waiting time is 0-2 days at APM Terminal due to severe berth congestion. Vessel waiting time is 1-3 weeks at PNCT Terminal due to severe berth congestion.

Baltimore: Vessel waiting time is 1-3 days due to berth congestion.

Norfolk: Vessel waiting time is 0-1 day due to certain level of import volume.

Charleston: Vessel waiting time is 0-1 day due to certain level of import volume.

Savannah: Vessel wait time is 10-15 days due to high import volume, vessel bunching and extra loaders.

Miami: Vessel waiting time is 1-2 days due to high import volume.

Rail / IPI

Canada

Fraser Surrey Vancouver: Due to congestion issues at the CN Toronto Facility, CN is metering Toronto import containers loaded to rail at our facility (Vancouver). In addition to metering, CN is requesting that the Vancouver Terminals hold off on releasing units inbound to Toronto.

U.S. West Coast

LAX/LGB: Due to gate capacity restrictions, limited reservations (RVs), rail car shortages and daily ingate restrictions at our major rail facilities in LAX/LGB (BNSF & UP), import rail units (both on-dock and off-dock) are experiencing increased delays.

SEA: Due to severe terminal congestion, we continue to observe operational delays, resulting in extended dwell time.

Chassis Shortage Santa Teresa/Houston: Availability of DCLI equipment continues to be extremely limited. TRAC chassis should be utilized as an approved secondary provider; inventory has been observed to be very low, as well.

Mid-West / IPI Points

Chicago: Due to a shortage of available chassis in Chicago, we continue to observe extended delays in pick-ups and deliveries. CSX Railroad has advised that congestion remains an operational concern at the Bedford Park Facility in Chicago and the 59th Street Facility and is requesting further assistance in arranging pick up of dwelling units.

BNSF Limited Embargo: In response to significant ongoing service challenges, BNSF plans to issue a temporary permit embargo affecting some westbound traffic moving to destinations in California.

U.S. East Coast

Charleston Chassis Shortages: Due to a continued shortage of available chassis, Atlanta, Charleston, Jacksonville, Nashville, and Savannah are experiencing extended delays in pick-ups, deliveries, and drayage to/from the rail facilities.

CSX Update - Due to continued congestion in Jacksonville, we have observed delays in train operations for cargo arriving in Jacksonville ICTF for load out of Trapac.

CSX Philadelphia: Effective Monday, July11, due to Chassis deficit and congestion at CSX Philadelphia Terminal, rail reservations have been reduced to Zero from all origin locations for cargo destined to the facility. With further increase of Chassis inventory and reduction in congestion, rail reservations will be restored.

Local Port / Rail Conditions

Branch	Truck power & Lead-time	Equipment availability & Waiting time	Congestion	Additional information
TORONTO/ MONTREAL	Toronto trucking capacity: at its peak. Dray companies asking for at least 1 week prior of container arrival. Chassis shortage Montreal: no issues with trucking capacity	Montreal: Import dwell: 2-3 weeks (increasing) Toronto: CN RAIL Brampton: extremely backed up. Truckers waiting 5-6 hours for pickup	Montreal congestion: 2-3 weeks dwell Toronto rail congestion: +3 days for full discharge after ATA into CN/CP	
SAN ANTONIO, CHILE	Valparaíso is a place that most trucks do not want to go, it is recommended to move loads through San Antonio, a port without problems.	Units available, No problems for withdrawal	With a lot of congestion to go out with the cheapest shipping companies, we only have spaces available with high rates.	For FCL cargo we need a window of 2 weeks to confirm booking to North America.
LOS ANGELES / LONG BEACH	AB5 short-lived protests in small pockets – no major disruptions to report. Pre-booking with truckers is always highly recommended as they are booked up weeks or months in advance.	Equipment scarce, 7–10-day turnaround with waiting times at 1-3 hrs.	Some delays due to AB5 protests. Some sailing delays due to continuous congestion. No rolls or cancellations to report.	AB5 - Will be a hot topic for months to come as truckers have shown some discontent with this legislative decision. ILWU Port Strikes - Unlikely to happen as Biden Administration has been heavily involved in ensuring that negotiations do not affect port operations.
NORFOLK	Trucking is fully booked 3-4 weeks in advance.	Chassis availability: low but improving	Dwell time: 1-3 days	Fuel surcharges are levelling off and congestion surcharges from trucking carriers are still in place.
SEATTLE / TACOMA	Limited Availability.	Limited chassis available.	Improving. 2 Days dwell time.	
ATLANTA / SAVANNAH	Trucking remains fully booked for weeks in advance.	Limited equipment and chassis available.	Delays at the port has reduced however port congestion effecting terminal, congestion fee being applied to all shipment	Congestion leading into the Savannah river continues to be a concern. Rail : Lack of 20' and 40' equipment to load in addition to above backlog of rail reservations to in-gate loaded containers. Switching bookings to pull/return direct from/to the port.
VANCOUVER/ PRINCE RUPERT	Truck power is readily available. Due to the major port congestion, new vessel arrivals are extremely delayed leaving truckers with an excess of trucks and chassis.	Equipment situation is still steady. Not too much trouble to find empties for exports.	All terminals/yards in the ports of Vancouver and Prince Rupert are above 100%. We are seeing delays upwards of 45-60 days for vessels coming into Vancouver ports.	Inland container movement is extremely slow moving as Toronto and Montreal are backed up with excess inbound containers. Vancouver port is overwhelmed with the IPI containers that cannot be moved to rail causing vessels to wait at anchor for extended periods of time.

Local Port / Rail Conditions (continued)

Branch	Truck power & Lead-time	Equipment availability & Waiting time	Congestion	Additional information
NEW YORK	Pre-booking of 1-2 weeks required to secure trucking capacity. Truckers unable to accommodate last minute volumes.	Very limited equipment and chassis available. Empty returns are a huge issue as terminals are reluctant to accept empties leading to additional demurrage and chassis charges.	2-5 days vessel wait time at port. Multi-week at certain terminals.	Increased dwell time continues to hamper terminal operations and currently averaging 8 days.
MIAMI	Limited Availability. -2 weeks' notice required.	Shortage in special equipment such as flat rack and reefer containers. Chassis available upon request	Terminals congested causing drivers in line for at least 2-3 hours. All trucking companies currently charging port congestion fee.	Export bookings are taking 2-3weeks to secure space. No guarantee for special equipment
CHARLESTON	Trucking is fully booked 4 weeks in advanced of ETA. Continuing to dispatch upon departure for imports.	Chassis availability: low improving	Operating normally Dwell time: 0-1 days Much of the congestion has shifted to Savannah.	Fuel surcharges are levelling off and congestion surcharges from trucking carriers are still in place.
CHICAGO	Loads need booked with truckers at least 2 to 3 weeks out, there is no last-minute trucking readily available. Haz drivers are still in short supply. Drops and loads at our facility can be scheduled within 1 week.	Chassis shortage is still severe. If picking up containers at overflow sites you MUST have your own chassis with you. Some truckers have their own chassis which we are working with.	Embargo possibility to Philly with CSX. Working with Port Authorities to get an update. Delays at in-gating due to lack of reservations.	West coast is starting to become a viable option for Exports from the Midwest once more.
DALLAS	Most truckers currently accepting loads with lead time as short as 2-3 days .	Massive chassis shortage at both rail yards. Most chassis providers are re-positioning equipment into DFW area to meet the demand	Experiencing huge congestions at both BNSF and UP rails, with containers moving to the stacks with no movement for up to 20-30 days	In some cases, BNSF is allowing container gate-outs on private chassis. UP not accepting private chassis.
ATLANTA / SAVANNAH	Trucking remains fully booked for weeks in advance.	Limited equipment and chassis available.	Delays at the port has reduced however port congestion effecting terminal, congestion fee being applied to all shipment	Congestion leading into the Savannah river continues to be a concern. Rail : Lack of 20’ and 40’ equipment to load in addition to above backlog of rail reservations to in-gate loaded containers. Switching bookings to pull/return direct from/to the port.

Local Airport Conditions

Branch	Import	Export	Additional Information
YUL, YYZ, YVR	Airports and warehouses are operating as usual, following the CoviD-19 restrictions. Terminal fees have been increased and storage guidelines are more strict.	Space to China and Oceania is tight, requiring priority rates for some cases.	
JFK/EWR	-Most airlines are only providing a 24 hour of free time before picking up freight. -Waiting time is looking standard long waits between 2-4 hours in some occasions. -Overall standard procedure other than seeing more airlines only giving 24 hours for pick up.	EU: everything going steady experiencing minimal if any delays China: Opened up but still need appointments into PVG for dangerous goods AU/Surrounding area: Qantas has not bumped a shipment into au in a while, SIN still a little congested, AKL minimal delay	
ORD	Delays around a few days due to congestion, flights that are multiple leg are slowed down more than direct. Airlines facing delays in breaking apart ULD due to lack of manpower, can take 1-2 weeks.	Running smoother than import, space is tight to Australia in particular,! Bookings need made as much in advance as possible as they might not get released for consecutive days! There is also backlog into AKL ex US.	Some airlines cancel flights do to pilot/crew shortage and this is affection some European destination and causing some backlog and delay.
SCL	No problems and no congestion	Working normally.	
MIA	Congestion and long lines to recover freight. A little improvement depending on the airline. Trucking companies charging waiting time	Space has improved but still tight. Depending on the destination it takes 3-7 days to find space.	
LAX	There is also now an increase on Unit breakdown fees, some terminals are charging $370 per unit. The storage free time in LAX has changed from 48 hrs to now only 24hrs, with no Exceptions. There is mild congestion at the terminal, we are seen wait times between 2-4 hours depending on the airline terminal	Market to Europe is opening up more with the arrival/return of airlines ITA and rates look to be decreasing somewhat. Asia capacity is still tight and congested to most destinations. Carriers continue to have issues with flight crews. Destinations like HKG & NRT/KIX has good capacity. New Zealand and Australia congested as capacity is tight and demand very high. Most carriers are backlogged currently. Due required more fuel due to winter head winds in flying to AU.	
DFW	Air freight rates from Asia have softened, but fuel remains high and are expected to increase. Capacity out of Asia and Europe is normal. Inland trucking capacity from LAX and ORD remains tight and backlogs continue to happen. Working to avoid airlines storage fee upon cargo arrival and to minimize overtime & hot shot delivery during weekends. Ground agents are only giving 24 hours free time and any delays of import clearance and/or wrong estimated flight schedule will result in storage fees.	Delays due to screening requirements have improved. We are now getting shipments out within a few days of booking.	

12 Week Capacity Snapshot – Trans-Pacific Inbound

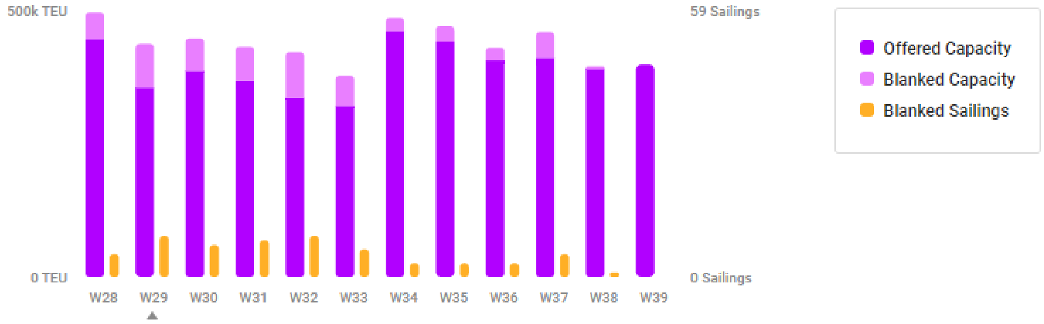
Asia - US West Coast

Offered Capacity - Avg / Week
389 395 TEU / week

Blanked Capacity - Total / 12 Weeks
10.1% (523 616 TEU)

Blanked Sailings - Total / 12 Weeks
59 Sailings

Weekly Breakdown : Offered vs Blanked Offered per Alliance



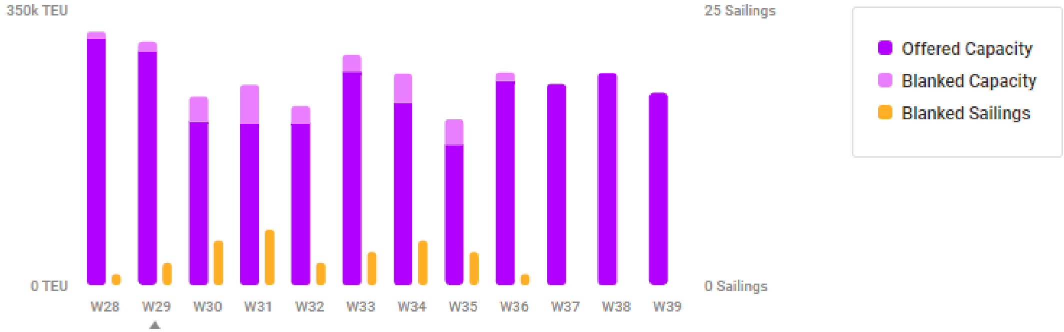
Asia - US East Coast

Offered Capacity - Avg / Week
242 274 TEU / week

Blanked Capacity - Total / 12 Weeks
7.1% (223 173 TEU)

Blanked Sailings - Total / 12 Weeks
25 Sailings

Weekly Breakdown : Offered vs Blanked Offered per Alliance



Alliance & Carrier Capacity

Alliance	Offered Capacity - Avg / Week	Blanked Capacity - Total / 12 Weeks	Blanked Sailings - Total / 12 Weeks
2M	43 608 TEU / week	33.0% (256 101 TEU)	25 Sailings
Ocean Alliance	124 494 TEU / week	8.0% (134 601 TEU)	16 Sailings
THE Alliance	98 927 TEU / week	8.0% (102 368 TEU)	12 Sailings
Other Carriers	122 366 TEU / week	2.0% (30 546 TEU)	6 Sailings

- *The spot market continue to contract. At time of writing we're seeing the second half of July spot rates being released below the current spot/FAK rates.*
- *Further contraction is possible. The expected post Shanghai influx has not brought the expected congestion.*
- *Specific to the West Coast. The recently signed AB5 regulation have caused smaller, regional protests that have caused terminal congestions.*

Alliance & Carrier Capacity

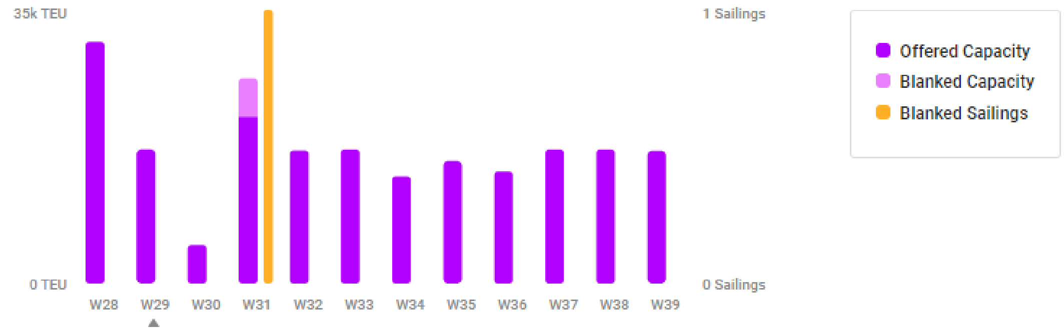
Alliance	Offered Capacity - Avg / Week	Blanked Capacity - Total / 12 Weeks	Blanked Sailings - Total / 12 Weeks
2M	47 090 TEU / week	15.0% (101 673 TEU)	12 Sailings
Ocean Alliance	93 616 TEU / week	2.0% (25 377 TEU)	2 Sailings
THE Alliance	50 843 TEU / week	9.0% (60 878 TEU)	5 Sailings
Other Carriers	50 726 TEU / week	5.0% (35 245 TEU)	6 Sailings

12 Week Capacity Snapshot – Europe Inbound

North Europe Main - US West Coast

Offered Capacity - Avg / Week	Blanked Capacity - Total / 12 Weeks	Blanked Sailings - Total / 12 Weeks
16 965 TEU / week	2.3% (4 883 TEU)	1 Sailing

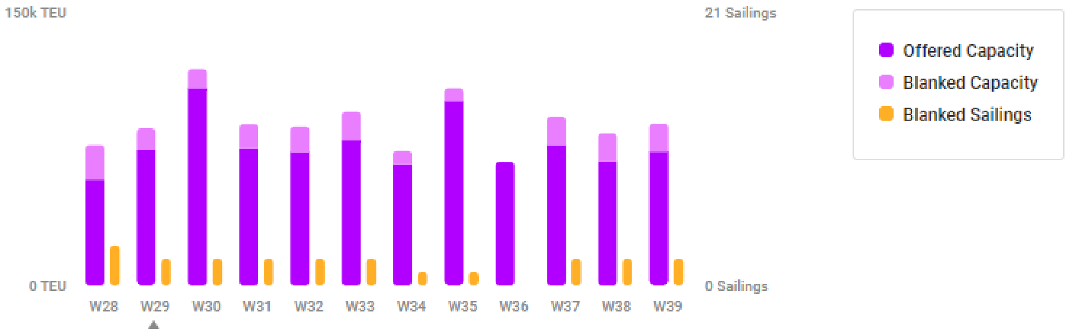
Weekly Breakdown : Offered vs Blanked Offered per Alliance



North Europe Main - US East Coast

Offered Capacity - Avg / Week	Blanked Capacity - Total / 12 Weeks	Blanked Sailings - Total / 12 Weeks
75 995 TEU / week	13.6% (143 137 TEU)	21 Sailings

Weekly Breakdown : Offered vs Blanked Offered per Alliance



Alliance & Carrier Capacity

Alliance	Offered Capacity - Avg / Week	Blanked Capacity - Total / 12 Weeks	Blanked Sailings - Total / 12 Weeks
THE Alliance	4 922 TEU / week	8.0% (4 883 TEU)	1 Sailing
Other Carriers	12 043 TEU / week	0.0% (0 TEU)	0 Sailings

- *High container yard congestion at key ports and terminals combined with unreliable and inadequate availability of labor, continues to plague North European ports. Some shippers are being slow in picking up containers, extending the dwell times, while some carriers are discharging boxes in alternative ports, dislocating European imports.*
- *Generally speaking European Trucking is also performing below par, meaning the lower volumes from Asia to Europe has not eased strained supply chains.*

Alliance & Carrier Capacity

Alliance	Offered Capacity - Avg / Week	Blanked Capacity - Total / 12 Weeks	Blanked Sailings - Total / 12 Weeks
2M	10 951 TEU / week	47.0% (117 386 TEU)	16 Sailings
Ocean Alliance	15 071 TEU / week	4.0% (6 831 TEU)	1 Sailing
THE Alliance	22 110 TEU / week	0.0% (0 TEU)	0 Sailings
Other Carriers	27 864 TEU / week	5.0% (18 920 TEU)	4 Sailings

Ocean Freight Seminar

Friday August 12th, 2022 from 10am – 12pm

- The Residence Inn Saratoga Springs
  - 295 Excelsior Avenue Saratoga Springs, NY 12866
  - Light fare included: Cookies, Coffee, Tea & Water

Hosted by Matt Bloom: Ocean Director, Mainfreight Americas

- History of Ocean Freight
- Current Global Overview
- Contract Season Review: 2021/2022 vs. 2022/2023
- Forward Looking Ocean Strategies

Post Seminar Event at the Saratoga Race Course

- 1pm: Food and Beverage provided by Mainfreight Albany

MAINFREIGHT SARATOGA

Thank you!

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