



pro:Americas

AMERICAS APPAREL PRODUCERS' NETWORK

2022 pro: Americas Annual Conference

Ocean Freight and Beyond

Don Francey

Head of Key Clients

Sealand Americas

The Situation...

- COVID – the sudden pivot.
- “The” Crisis – global impact.
- “Back to the Future”
- “Changing the transactional relationship” and what it means?

How?

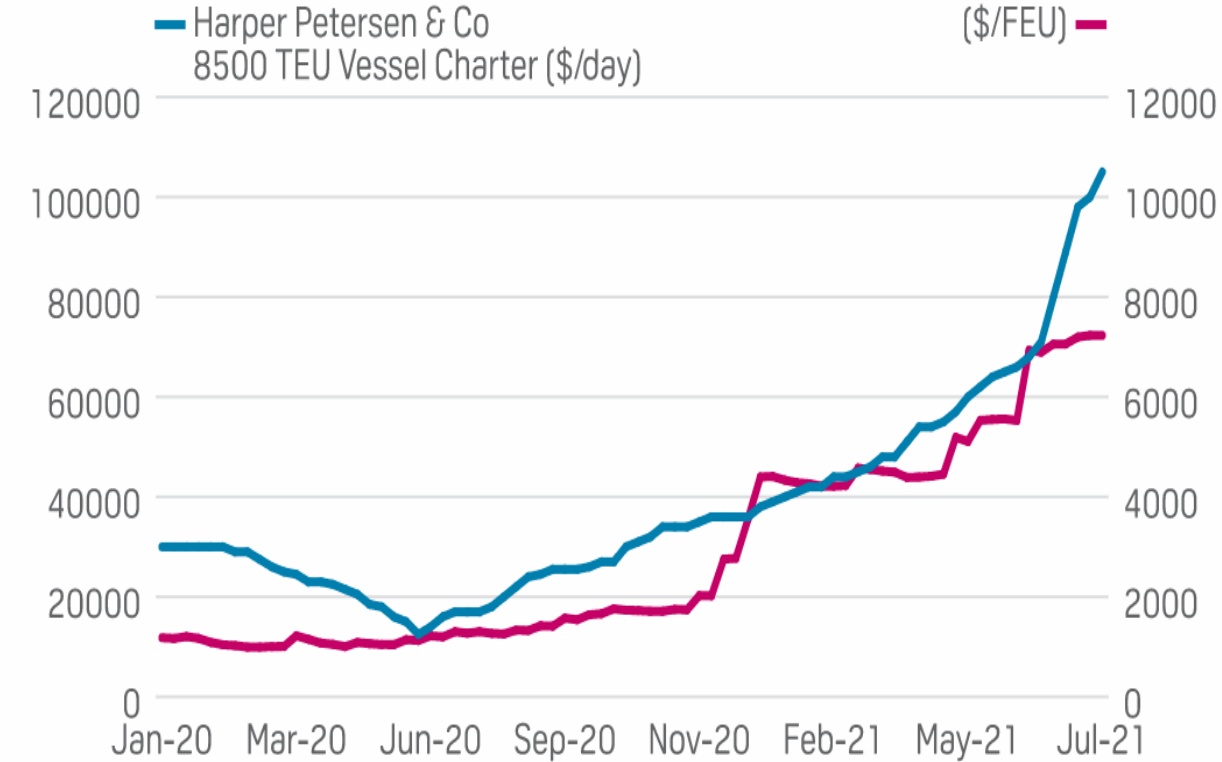
- Extend the reach and partnership.
- Deepen the mutual understanding.
- Evolve as logistics integrators.
- Partner for the long term!



Global impact of Covid in the Last 24 Months...



CHARTER RATES PUSHED TO HISTORIC HIGHS ON CONTINUED VESSEL DEMAND, CAPACITY SHORTAGES



Source: S&P Global Platts, Harper Peterson & Co

BY THE NUMBERS

The Supply Chain Disaster

From skyrocketing costs to substantial delivery delays, the industry is facing significant challenges.

SHIPPING RATES

Since the start of the pandemic, shipping container rates have jumped nearly tenfold.



FedEx will institute a **\$1.50 surcharge** on packages shipped through its **Ground Economy** deliveries during the peak holiday season. The charge jumps to **\$3 per piece** from Nov. 28 to Dec. 12, before going back to \$1.50 from Dec. 13 through Jan. 16. (FedEx)

NOVEMBER							DECEMBER							JANUARY						
S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S
1	2	3	4	5	6		1	2	3	4									1	
7	8	9	10	11	12	13	5	6	7	8	9	10	11	2	3	4	5	6	7	8
14	15	16	17	18	19	20	12	13	14	15	16	17	18	9	10	11	12	13	14	15
21	22	23	24	25	26	27	19	20	21	22	23	24	25	16	17	18	19	20	21	22
28	29	30					26	27	28	29	30	31		23	24	25	26	27	28	29
														30	31					

■ NOV. 1 - NOV. 27 - \$1.50
■ NOV. 28 - DEC. 12 - \$3
■ DEC. 13 - JAN. 16 - \$1.50



PORT CONGESTION
 During Q3, approximately **40 ocean cargo ships** were waiting offshore daily at the ports of **Los Angeles** and **Long Beach**. Before the pandemic, a single ship at anchor was rare.

EXCHANGE RATE

The U.S. dollar depreciated **11%** against **China's yuan** between early September 2019 and early September 2021, which makes it more expensive to manufacture in China and contributes to increasing prices on products.



LABOR SHORTAGES

10.9 MILLION
 Number of **job openings** in the United States on the last business day of July. (U.S. Bureau of Labor Statistics)



Nearly half

(49%) of U.S. small-business owners this summer said they had **job openings they couldn't fill** - the most on record. (National Federation of Independent Business)

43% Increase in cost to **ship products by road and rail** in North America from July 2020 to July 2021. (Cass Freight Index)

4.5 MILLION
 The number of people who live in **Xiamen**, a city in China known for its production of **electronic components** that went into lockdown due to a **COVID-19 outbreak**. Lockdowns hinder factories' ability to function.

MANUFACTURING
40.2
 The reading on the **IHS Markit Purchasing Managers Index** for Vietnam in August. The PMI gauges manufacturing activity in the country. Readings **below 50** indicate contraction. COVID complications have hampered production across Southeast Asia.

The cost of **cotton** increased by **50%** from early September 2020 to early September 2021. (Insider)

Carriers had to evolve to find new “Solutions”

- Boutique ports / Hueneme, Philly, Mobile
- Diversifying ports of entry (redundancy)
- Renegotiate / Procure new trucking sources
- Adapt / Retrofit to government sustainability policies
- Increase use of domestic 53ft and xdock for remote locations
- Digitalization / blockchain... working with ports, governments, truckers, etc.
- Design networks that deliver. **Speed, Flexibility** and **Reliability**



Innovating the Apparel Supply-Chain



End-to-end solution of quality & digitally-enabled products, with options that can be customized to suit



Shipping and cargo services	Landside Transportation	Landside Transportation	Air Freight Services	Landside Transportation	Landside Transportation
	Warehousing & Distribution		Customs House Brokerage	Warehousing & Distribution	Warehousing & Distribution
Supply chain services	Less than Container Load (LCL)				
	Cargo Insurance				
	Supply Chain Management				
	4PL				
	Booking Service				
E-Commerce Logistics, Blockchain					

Warehousing & Distribution



Warehouse

Distribution

Value Added Services



Fulfilment centers

Order fulfilment



Receipt and storage of goods



Inventory management



Picking and packing of pallets or cases

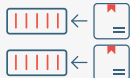


Setting up of regional or domestic distribution centres



Consolidation and deconsolidation centers

Sorting of materials into containers with the same destination



Sorting of materials intended for different destination



Transfer of cargo from shipping containers directly to trailers

Crossdocking & Transloading

Bonded or Non-bonded regime

Full Truck Loads

Less Than Truck Loads

Scanning

Quality control

Re-packaging

Cargo sorting

Returns management

Reporting

Product disposal

Palletizing

Topping of pallets/shaving

Labelling

Yard management

Garments on hangers

Product customization





Thank You!

