

G7N News

LOGISTICS NETWORKS www.g7networks.com 2022/1

Navigating the
current disruption
in containerized logistics



Keeping up
with rising
consumer demands
and preparing for
the future of
the movement of goods

**MEMBERS
NEWS**

RICHARD'S MESSAGE

Richard Overton
Director



Dear G7 Colleagues,

Hello to all G7 members and welcome to our first quarter report of 2022.

In the first quarter of the year of the Tiger we hoped it would welcome in a fresh new start in our lives and business, but we have not succeeded in seeing an end to Covid, and the industry has seen little relief from the vessel or airline owners.

Despite this continuing setback, our membership has again found ways round, over, or under the obstacles in its path and has risen to the occasion, continuing to convert business opportunities into good profit.

The community spirit has continued to show its determination to succeed regardless of the negative cards fortune has dealt us and I am pleased to see the collective temperament and character of the membership prevail, as envisaged by me when starting up the Networks 5 years ago.

We have seen an attack on our business by former employees who have disregarded contractual restrictions on them. The attack created inconvenience to many of our members as we were obliged to suspend part of our service on our web platform while our technicians investigated the situation to determine the route cause and to add protective measures.

We have now returned to service as normal and I'd like to apologize for the disruption and thank you for your patience.

On an international front, the situation in Ukraine is giving rise to serious concern and we hope that common sense will find a way to end this unnecessary bloodshed.

Our thoughts go out to our members in Ukraine who are constantly in imminent danger. It is indeed a tragic and unnecessary situation and we hope our members there

can come through this unharmed.

Somewhat reluctantly, I bowed to pressure from some of the membership and went ahead with our second virtual conference in March.

Many thanks to all who registered and participated, but I have to express disappointment at the number of members who registered, but did not show.

I did receive some positive feedback from members who did join, but given the numbers registered, the overall outcome was disheartening, and therefore I have decided that we will re-consider additional virtual events as we now look forward to our physical conference after three and half years we will be reunited once again!

With the disappointment of the virtual conference behind us we can now look forward to the physical conference planned for September in Thailand at our popular location in Hua Hin.

We already have a total number of 115 attendees who have confirmed their participation.

I am looking forward to seeing you in September as we see restrictions on travel, and testing procedures easing substantially here.

I'd like to thank all of you who have contributed to this issue with your news, projects, updates, opinions and interesting news of your individual business developments.

I would also like to take this opportunity to extend a friendly and warm welcome to all new members and I wish you success as you join us as valued members.

This year, we have decided on a program of growth, and have already taken on additional personnel to increase the Networks' size and ensure we continue to provide you with best in-class service.

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3rd Virtual Conference

Our aim as always is to deliver global reciprocal business between our members with leads turning into real deals based upon professionalism, community and financial security, backed by a team that provides the highest level of personal service compared to any other network in the world.

Take care, remain safe and don't forget, we are a community and you are a highly regarded and essential part of it.

Thanks to you all and see you all at the conference in September!

Regards,
Richard

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G7N

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G7N 4th ANNUAL
CONFERENCE
20 - 23 SEPT 2022
HUA HIN, THAILAND





G7 Logistics Networks announces third Virtual Conference

G7 has announced their 3rd virtual conference from March 7th March. The virtual conference will have Zoom meetings, member industry forums, and 1:1 meetings for our members to interact with each

other. Amidst pandemic, the virtual conference is a good way of interaction between members.

G7N VIRTUAL CONFERENCE

7 MARCH 2022

Thank You Attendees!

G7N VIRTUAL CONFERENCE
7 MARCH 2022

G7N Richard James Overton

Members News



Collaboration between G7 members at its Highest

We would like to share with you a recent collaboration between AGS Global Forwarding Ltd from the United Kingdom and ACE Global Logistics Ltd New Zealand, in successfully transporting shiny new McLaren 712S

GT3X from the UK to New Zealand! Well done guys! We hope to see more Santa gifts be delivered throughout the year with excellence!

AGS

**GLOBAL
FORWARDING**



ACE GLOBAL LOGISTICS

Members News



From Austria to Japan Fabulous Project handled by Global Express Graz Austria

We would like to share a recent project that was handled by Global Express Graz Austria, which has a fabulous Project team, and can find any solution from Austria to any country!

Global Express Graz Austria picked the cargo of turbines, cases for turbines and generators in Hall Tirol and Linz Austria and delivered with a special transport to Hamburg!

At the port of Hamburg, they have a great support and packaging center that has stuffed and prepared everything for final Flat tracks delivery.

The cargo had dimensions:

1x 40' FR with total 10,85 x 3,50 x 3,50m – 12150kg
(Colli 1, 7, 8)

1x 40' FR with total 11,50 x 3,50 x 2,50m – 14400kg
(Colli 2, 5, 6)

1x 40' FR with total 8,40 x 2,60 x 3,80m – 27570kg
(Colli 11, 12)

The cargo was then delivered to its final destination POD Nagoya Japan!

We would like to embrace our new members in their efforts to beat big guys winning the bids of such projects, which shows how important is that smaller Freight Forwarders stick together in competing with the MNCs'.

Well done guys and we at G7 wish to see more of these projects in the future!

Members News



JAG UFS assisting with multiple time-sensitive shipments of COVID-19 test kits via full charters

Our G7 Member JAG UFS from the United Kingdom is assisting with multiple time-sensitive shipments of COVID-19 test kits via full charters.

As we all know COVID-19 Tests are critically important in reducing the spread of the SARS-CoV-2 Virus!

They are one of many risk-reduction measures, along with vaccination, masking, and physical distancing that protect you and others.

Ensuring the Timely Logistics of these kits is essential. Jag UFS has kits arriving massively to their

warehouses for daily sorting and delivery to clients across the country!

As the UK national fight continues, JAG UFS is proud to keep being part of the solution as we are all at G7 for their amazing work, in finding solutions to keep the United Kingdom safe.

Well done guys, you deserve a medal

Members News



Urgent Covid Relief delivered by JAG UFS

JAG UFS chartered Antonov 225 aircraft for a special client with urgent COVID relief to Billund Airport for the Danish Government.

The project included 43 million test kits and 28 charters for the Danish Government!

Outstanding accomplishments coming from team JAG UFS!

G7 is extremely proud and wishes continued success! Congratulations!

Members News



Marinair Cargo Services: Your Trusted forwarding partner in Greece

Our G7 Member Marinair can provide a wealth of experience as well a one-stop-shop for international Freight services, by Land Sea Air Rail or combined Logistics Solutions, they can find any solution for your needs!

We always love to embrace our members on their journey to success.

Members News



G7 Member Marinair from Greece has introduced a new program to support their clients with the best possible services available

Logitude provides them with a cloud-based software that includes the most updated freight management capabilities and covers all aspects of cargo transportation. It's a user-friendly program that includes various freight forwarder models which allow us to improve our functional abilities around the globe.

Moreover, the system gives them the ability to work shipments directly through default selections or by using customized options. With Logitude, they can improve our services through freight software wizards which meet global requirements as well as the online freight forwarders service from planning to shipping.

To support our clients with the best possible services available and solve problems that often occur

between freight transportation; we keep evolving internal procedures by upgrading our logistics with Logitude's SaaS freight forwarding software.

Logitude provides us with a cloud-based software that includes the most updated freight management capabilities and covers all aspects of cargo transportation. It's a user-friendly program that includes various freight forwarder models which allow them to improve our functional abilities around the globe.

Marinair is always aiming to reassure every partner for their cargo transportation because they are committed to providing their clients the safest and most up-to-date freight forwarding service.

Well done Marinair

Members News



Owakhe-Reputable Logistics Solutions 10 Years Anniversary

We are delighted to share that one of our early members Owakhe-Reputable Logistics Solutions from South Africa has Celebrated 10 Years on their Journey!

All of us at G7, would like to embrace you for another Milestone and with the reputation, you have built over these 10 years, most definitely the 10 Anniversary won't be the last Milestone, and more will follow.

Members News



CHS Air & Sea for Beijing Winter Olympic Games 2022

G7 is proud to announce CHS Air & Sea involvement in the transportation of the Finnish Olympic Committee, Suomen Olympiakomitea. The shipment of containers is now happening and heading to the competition villages of Beijing Winter Olympic Games 2022. One container in this Olympic Cargo circles through the Four Games, such as Tokyo 2021 Olympics and Paralympics and 2022 Winter Olympics and Paralympics in Beijing.

CHS Air & Sea has done an amazing job in carefully planning the entire project. A unique environmentally sustainable solution was required to minimize the

emissions. Thanks to CHS's special logistics unit and collaboration with the Finnish Olympic Committee, the whole logistical chain was executed successfully. At the end of the Beijing Olympic and Paralympic Games, CHS work will continue and containers will be returned to Finland to wait for the next 2024 Paris Olympic Games.

Best of luck future and keep making us proud team CHS! Congratulations!

Members News



Collaboration between the G7 Members results in well completed air-shipment

We would like to share that our G7 Members Liyana Logistics Pvt. Ltd from Kolkata/India and Cargoconnect Pty. From Australia have successfully completed a move of an airfreight of special equipment ACTIVE HARMONIC FILTER.

The shipment had abnormal heights and NON-Stackable, so a lot of airlines have refused the shipment due to abnormal height, however Liyana Logistics Pvt. found a solution and carried on with the shipment which was nominated to them by Cargoconnect!

1) POL/POD:

Place of Receipt: Kempegowda International Airport Bengaluru (BLR), INDIA

Port of Loading: CHHATRAPATI SHIVAJI-MUMBAI (MUM), INDIA

Place of Delivery: INTERNATIONAL-BRISBANE (BNE), AUSTRALIA

2) Weight:

Gross Weight: 1503 Kgs

Volume Weight: 2850 Kgs

We would like to embrace any collaboration between the members, as that is what G7 is all about!

Guys well done, keep them coming



Members News



Collaboration between Active Freight Management and GHS International Logistics

Successful Collaboration between Active Freight Management and GHS International Logistics from Cameroon ended in a well-completed shipment.

GHS International Logistics has carried out the unloading operations of the plane which landed at Douala International airport which was followed by the completion of administrative and customs formalities and final delivery to the consignee premises.

The cargo essentially consisted of Dangerous Goods

(UN3082) which was intended for one of the Active Freight customers in Cameroon.

Well done Team, keep the spirit of the G7 Community and keep on with the collaborations.



Members News



Woodland specialized machinery shipped from Southampton England to Brisbane Australia

We would like to share with you a recent collaboration between G7 Member Woodland from the United Kingdom and a member of X2 Australia Global Freight, which included specialized machinery packed into a 15-meter crate, weighing circa 24 tonnes and then shipped Southampton UK to Brisbane Australia.

The above shows how important is in having reliable agents across the world who can assist you in all aspects needed from Packaging to Loading and documents preparation and more.

Well done team Woodland keep the rolling!



Members News



From Slovenia to Japan cooperation between G7 Members

G7 is happy to share the latest collaboration of a Shipment that was delivered in February to the final destination in between 2HM Logistics from Slovenia and Knot Global from Japan.

It was a door-to-door LCL shipment of new spare batteries (DG cargo - UN3480, Class 9) with controller components for the electric airplane from 2HM client in Slovenia to their consignee in Aichi, Japan.

2HM Logistics has organized and collected export documentation in Slovenia and did the ocean freight to Nagoya/Japan where Knot Global took over and arranged a coordinated delivery to the final consignee.

Jernej Hribar from 2HM would like to give a big shout-out to Knot Global for their professional service and recommend them for any service in Japan.

What is more important than members having a business together and servicing each other in all parts of the world.

AMAZING!



Members News



Sobel Network Shipping Co., Inc. Announces the Launch of OrcaTrax

We are glad to inform you that our G7 Member Sobel Network Shipping Co., Inc. has announced the release of OrcaTrax, a state-of-the-art software tracking system. A Fully Automated Tracking System That Takes Transparency to the Next Level.

With the current state of supply chain problems plaguing the global community, Sobel has taken an initiative-taking approach by launching OrcaTrax. The innovative software lets suppliers and customers connect in real-time to effectively leverage creative solutions.

Sobel's goal remains to revolutionize the shipping industry by optimizing global operations to meet the needs of the ever-changing logistics industry. They state, "We are excited to launch this feature to make the Sobel experience seamless. It is our hope that the system will revolutionize the experience of our customers through complete transparency."

OrcaTrax enhances the shipping experience with real-time tracking. Shipments are effectively tracked from departure to arrival. Customers can check the Sobel website using the PO# and container numbers to view the continued status of each shipment. In addition, the information provided is fully downloadable to Excel for additional recordkeeping.

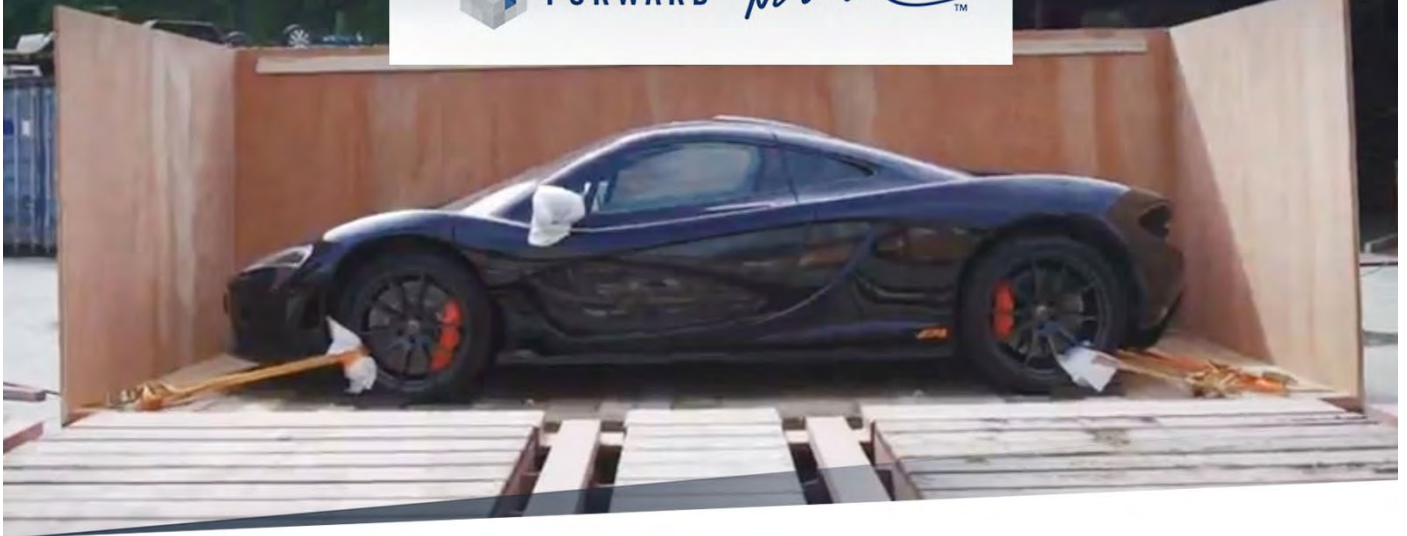
The fully automated and integrated OrcaTrax tracking system is instigated across the ocean, air, rail, and more. Customers can view and track the vessel (even on water) using map technology for real-time information all the way up to the moment of arrival.

Sobel hopes to revolutionize the industry with OrcaTrax. They are offering a free demo on their website: www.sobelnet.com

Members News



NETWORK NEWS



Another Car Shipped by Forward by Norman

We would like to share the latest project to load a McLaren P1 on a flat rack by our member Forward by Norman. It is complex shipping no matter done by air or sea and it involves high precision and planning as the cars have great value.

Need to ship your luxury car to and from Hong Kong, Forward by Norman can do it!

Members News



Vigonorte Cargo moves 2 CNC Machines from Qingdao to Leixões

Vigonorte Cargo had successfully moved 2 CNC machines in a 40"HC from Qingdao to Leixões. Each Machine had 5 meters long for 2.25 meters wide and 7 tons each. We had displaced the container to the ground level and use forklifts together to move the machines out of the container. Normally

these machines arrive in OT containers, but due to shortage, we had decided to move to DRY HC to have a fast solution!

GET NOTICED

Want to make it
into the next

G7N News

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**contact the team
and submit your content!**

members@g7networks.com

New Members Q1 2022



VIXEN
LOGISTICS



Vixen Logistics
Brazil, Sao Paulo

www.vixenlogistics.com.br



ConnectionCargo
IMPROVING LOGISTICS



Connection Cargo
Brazil, Belo Horizonte

www.connectioncargo.com.br



AGS
WORLD FREIGHT & LOGISTICS
GO BEYOND



AGS World Freight & Logistics
India, Mumbai

www.agswfl.com



ELITE
MARITIME CO. W.L.L.



Elite Maritime Co. W.L.L
Kuwait, Farwaniya

www.elitemaritime.me



PHOENIX
INTERNATIONAL
www.phoenixintlco.com
2022 member



Phoenix International Co
Kuwait, Kuwait City

www.phoenixintlco.com

New Members Q1 2022



Leb Freight SAL

Lebanon, Beirut

www.lebfreight.com



NeWays Logistic Solutions BV

Netherlands, Arnhem

www.NeWaystransport.com



Freight Movers (Private) Limited

Pakistan, Sialkot

www.freightmoverss.com



GOV Cargo S.A.

Paraguay, Asuncion

www.govcargo.com.py/en/home/



rb Logistics, Inc

Philippines, Manila

www.rblogisticsinc.com

New Members Q1 2022



ertransit



Ertransit
Spain, Madrid

www.ertransit.com



butransa



Butransa, S.A.
Spain, Barcelona

www.butransa.es



MANUPOINT
LOGISTICS



Manuport Logistics Services Co. Ltd
Turkey, Istanbul

www.manuport-logistics.com



NICHE
NICHECAPE SHIPPING SERVICES LLC



Niche CAPE Shipping Service LLC
United Arab Emirates, Dubai

www.nicheme.com/logistics/



CALEDONIAN
FREIGHT



Caledonian Freight Ltd
United Kingdom, Falkirk

www.caledonianfreight.com

New Members Q1 2022



NFI Industries Inc.
United States of America, New York

www.nfiindustries.com



SupplyIQ Logistic Solutions
United States of America, Tampa

www.supplyiqlogisticsolutions.com



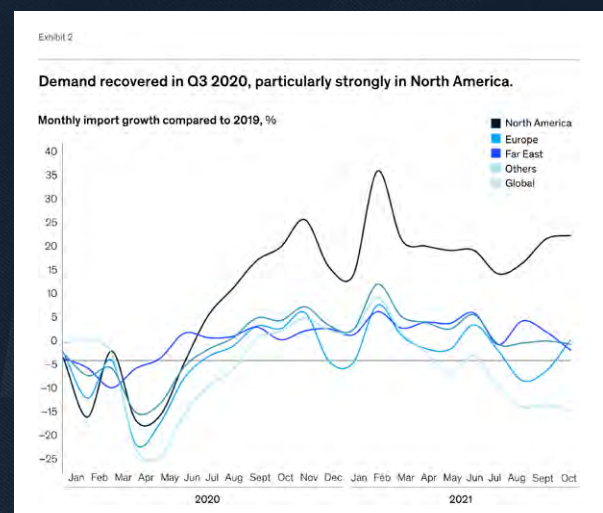
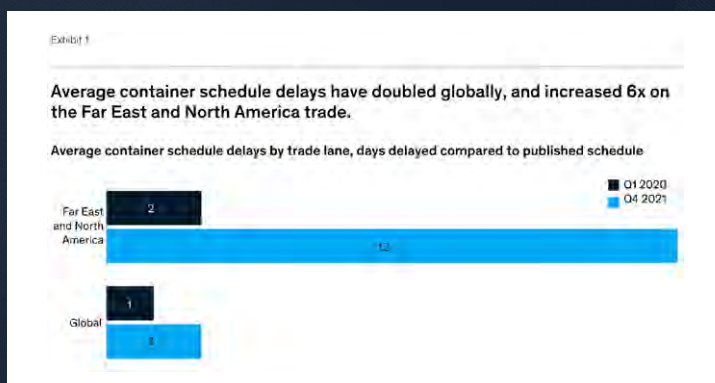
Navigating the current disruption in containerized logistics

Container freight rates will remain elevated throughout most of 2022 while the containerized logistics disruption persists. This article presents future scenarios that could help shippers in planning and offers levers to navigate through the disruption to emerge stronger.

Global supply chains have seen unprecedented disruption, and container freight rates are at record highs. COVID-19 led to a boom in US containerized consumer goods demand, causing congestion, and reducing effective container logistics capacity. Global container shipping rates have, on average, increased to four to five times their 2019 levels while some spot markets have seen even higher rates.[1] Shippers have struggled to locate capacity, with acute shortages of vessel space, container boxes, chassis, warehouse space, intermodal capacity, and labor. Shippers that managed to find access to the constrained capacity have experienced record low reliability both at sea and on land. Average container schedule delays have doubled globally, and increased by six times on the Far East and North America trade from two days in the first quarter 2020 to 12 days in the last quarter of 2021 (Exhibit 1).

Global demand growth is moderate; the challenges are caused by a North American import demand boom

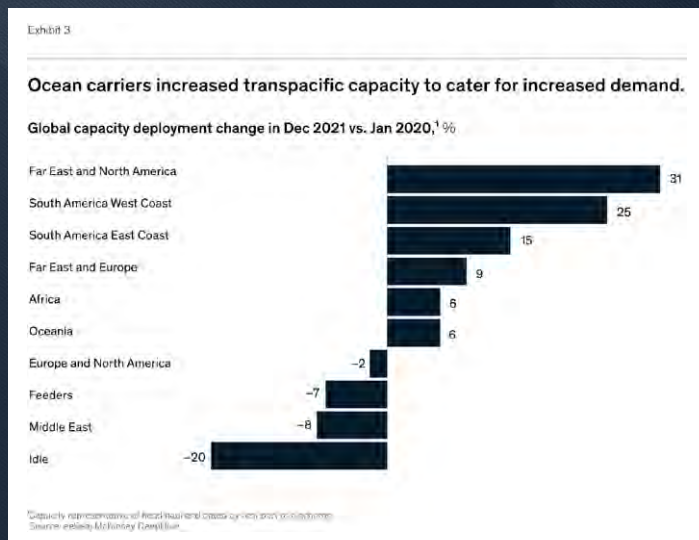
COVID-19 caused substantial fluctuations in containerized goods demand that upset the global containerized logistics supply. Restrictions and shutdowns imposed by most countries early in the pandemic decreased container trade and demand. Demand recovered in Q3 2020 across the globe, particularly in North America that saw import volumes jump an average of approximately 20 percent throughout 2021 when compared to 2019. By comparison, global import volumes have grown around 3 percent when compared to 2019 (Exhibit 2).



The spike in rates is driven by a sharp reduction in effective supply, caused by congestion

When China went into lockdown at the beginning of 2020, export volume slumped. Retailers feared a global recession and cut back orders. Ocean carriers responded by cancelling sailings and idling vessels to match the logistics supply with demand. This measure allowed ocean carriers to protect rates from crashing, but it failed to reposition empty containers back to Asia effectively.

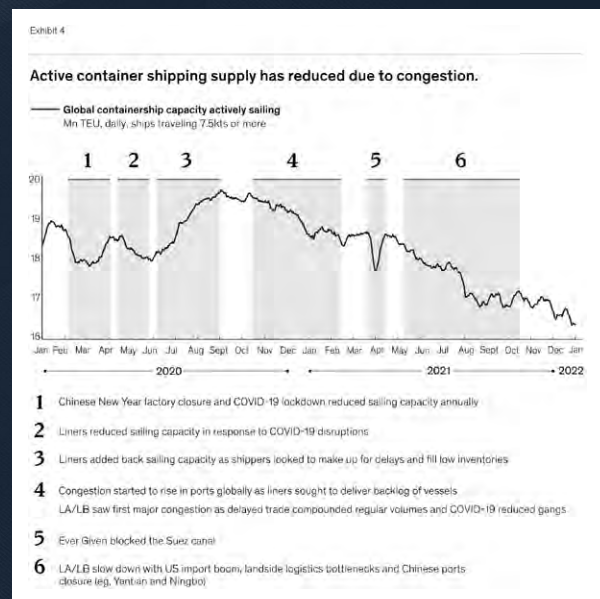
Once China's factories restarted, demand for containerized goods recovered by Q3 2020. Container box shortages at export locations increased rates as shippers scrambled to secure access to the limited boxes. Lockdowns in North America saw a strong rebound in consumer demand and ocean carriers captured this surge in demand by shifting vessels and container equipment to the Transpacific and Transatlantic trade lanes. Allocated container vessel capacity on the Transpacific trade lane—Far East and North America—increased by 31 percent between January 2020 and December 2021, which is more than three times the growth of the next largest East-West trade lane by capacity, Far East and Europe (Exhibit 3). Idle capacity, and smaller North-South trade lanes, contributed to vessel and equipment capacity being diverted to North American import-related trade.



As imports from Asia poured into North American ports, cargo operations started to slow down at container terminals. By September 2020, the hinterland intermodal subsystems, particularly in the US West Coast, became overwhelmed and failed to keep cargo moving out of the congested terminals. Slowdowns

in Los Angeles and Long Beach began to radiate across the industry and other short-term shocks such as the Suez Canal blockage in March 2021, and closure of Yantian in May 2021 and Ningbo in August 2021 due to COVID-19 outbreaks, exacerbated the situation.

By December 2021, congestion had removed around 16 percent of global container ship sailing capacity when compared to September 2020 (Exhibit 4). Ocean freight rates climbed higher in all major trade lanes as shippers continued to show willingness to pay premium rates to secure capacity, especially for containers carrying high-value goods.



Framing the outlook

It is almost impossible to predict exactly when supply chains will normalize. Efforts are being put in place to remedy the situation, however, massive uncertainty remains.

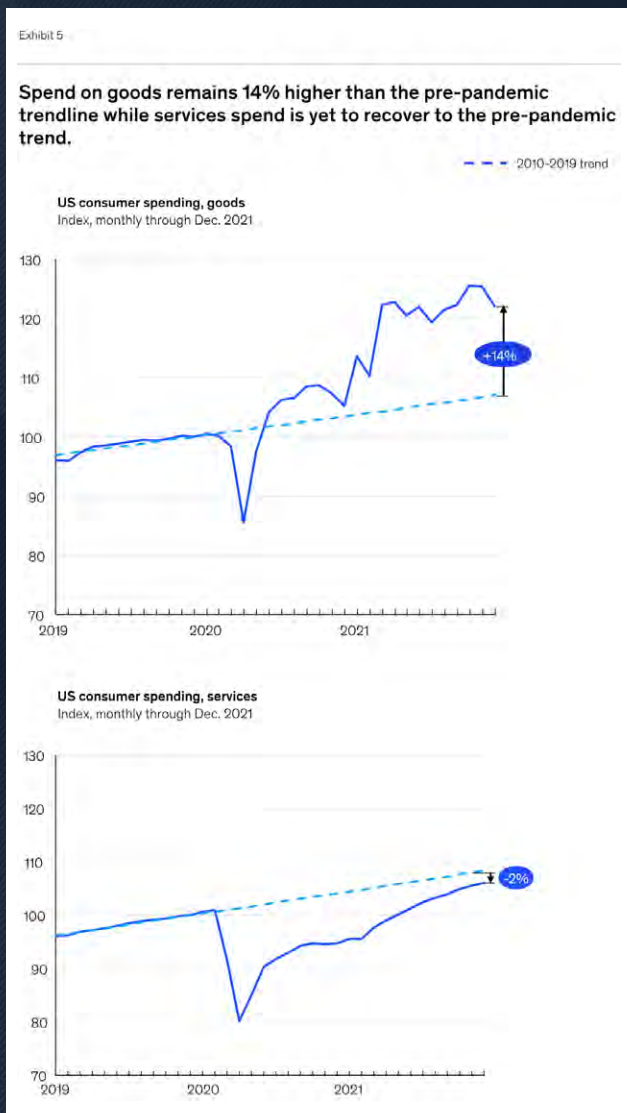
To help shippers navigate the path towards normalization, we have developed four possible scenarios of rate outcomes. The scenarios were developed by considering drivers of container demand and containerized logistics capacity that form the basis of the current industry and market dynamics.

Container demand drivers

Container demand is driven by end consumer spending on goods, shippers' desire to continue stocking inventory, and an economic re-opening that may shift spend back to services.

The container demand surge seen in North America is tied to consumers' spend on goods. COVID19 lockdowns shifted the share of US personal expenditure on goods from 31 percent to 35 percent. Between September 2019 and September 2021, goods spending increased and remains 14 percent higher than the prepandemic trend.[2]

In the wake of the pandemic, governments provided stimulus payments to mitigate the impact of the economic shutdown, allowing consumers' spending power to remain in place while almost all service-industry associated activities were heavily restricted.[3] Overall spending has increased, with US consumer spend on services only 2 percent below the prepandemic trend (Exhibit 5). Full economic reopening may spur spend towards services leading to prepandemic levels of spend and demand for goods.



Containerized logistics capacity drivers

Containerized logistics capacity can be defined

as the volume capable of being processed and transported by the system at any time. This capacity is dependent on hinterland logistics and equipment availability, ocean capacity and equipment availability, and labor availability. The lack of effective capacity—caused by congestion across the supply chain—is the biggest driver of the current spike in rates.

The recovery of port and hinterland logistics capacity from current congestion will depend on landside operators working together. The unexpected surge of US container imports after Q3 2020 overwhelmed the system. While part of the congestion came from lower labor availability, our analysis suggests that slower trucking equipment turnover—including tractors and chassis—is the main factor driving the current congestion. Trucking plays an important role in container hand-offs. Fixing trucking and improving equipment turnover requires a respite from the continuing volume surge and a relaxation of the pinch-points that delay trucking. This cannot be achieved if warehouses continue to be at full capacity, empty storage at terminals is congested, and shippers are not receiving and releasing equipment as quickly as possible.

Several interventions could mitigate current congestion and improve containerized logistics capacity. Regulators are extending ports' working hours and number of shifts, adjusting stacking height regulations, and prompting shippers to commit to moving containers out of terminals at a faster pace. Railroads are improving dwell times at ports, and incentivizing shippers to use weekend in-gates.[4] These interventions will help stakeholders re-establish the coordination needed to get the value chain moving again.

Supply will also increase as ocean carriers invest their record profits to order new vessels, with around 5.5 million TEUs of new capacity expected by the end of 2024. Availability of container boxes has already increased, and an additional 4 to 5 million new containers are expected in the coming year.[5]

The pandemic has amplified labor shortage across all economic sectors, leading to lower capacity across containerized logistics. Logistics employers are responding with increased wages which could

attract workers back to the sector. This, combined with the acceleration of automation projects at warehouses and ports, should help the industry become more resilient in times of labor shortage.

Four possible scenarios for containerized logistics recovery

Trends in container demand and logistics capacity inform four scenarios—each with different implications as to how long the supply/demand imbalance will last (Table 1). A brief look into two selected scenarios, is as follows.

Rapid market recovery to 2019 levels	Market economics play out	Slower capacity recovery	Failed recovery with elevated rates
<p>Full normalization of capacity and rates return to 2019 levels by Q3 2022</p> <p>Successful interventions from regulators, improved labor availability, and coordination between stakeholders along the logistics value chain come together to unlock ocean and landside logistics capacity</p> <p>Demand returns to prepandemic trends</p> <p>There are no significant external shocks or interruptions that disrupt operations</p>	<p>Full normalization of capacity by Q3 2023 with rates remaining ~25 percent above 2019 levels</p> <p>Interventions from regulators, ports and railroads create some improvement and release additional ocean capacity back into the system. This is supplemented by new vessel deliveries entering the industry in 2023</p> <p>Demand continues to show modest, stable growth</p> <p>Congestion at terminals and inland facilities is gradually resolved with only minor, short-term disruptions to port and railroad operations from possible weather events and labor challenges</p>	<p>Full normalization of capacity by Q1 2024 with rates remaining ~50 percent above 2019 levels</p> <p>Interventions from regulators, ports and railroads create marginal congestion relief. New vessel deliveries have little effect on improving the effective capacity in the system</p> <p>Demand for Asian imports to North America and Europe from Asia continues to demonstrate modest growth, with some materialization of pent up demand (notably auto parts)</p> <p>Congestion at terminals and inland facilities is gradually resolved with only minor, short-term disruptions to port and railroad operations from possible weather events and labor challenges</p>	<p>Full capacity recovery does not return, and rates remain elevated through 2024</p> <p>Interventions intended to improve logistics fluidity are ineffective. Ports are unable to improve yard capacity and hinterland logistics systems continue to face setbacks, restricting vessel and equipment turnover (box and chassis)</p> <p>Demand for Asian imports to North America and Europe from Asia continues to demonstrate modest growth, with materialization of pent up demand from several currently underperforming sectors</p> <p>Chronic congestion becomes the norm as carriers optimize for lower terminal productivity and emission regulations by scrapping or slowing steaming vessels. External shocks from weather or labor challenges continue to interrupt operations</p>

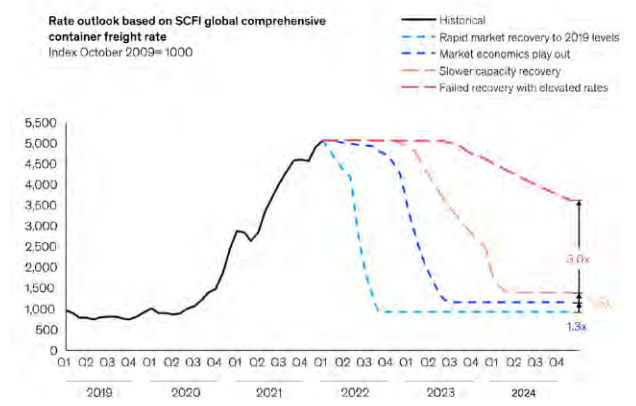
Rapid market recovery to 2019 levels

In this scenario, logistics capacity recovery begins in Q1 2022 with full quick recovery possible by Q3 2022. Three things must occur for this early recovery: 1) demand slows down and pent-up or unexpected demand shocks must not materialize to overwhelm supply chains; 2) logistics operators utilize the drop in demand to execute coordinated efforts to clear container inventories; 3) no further external disruptions interrupt operations (such as COVID-19-related terminal shutdowns, weather impacts, or labor challenges).

Rates are expected to remain elevated throughout the 2022 contracting season and decline rapidly after Q3 2022 when competition between the ocean liners picks back up. Ocean tender and spot rates could come down close to prepandemic levels by Q3 2022 (Exhibit 6).

Exhibit 6

Rates are expected to remain elevated throughout the 2022 contracting period and for most of the year.



Slower capacity recovery

In this scenario, containerized logistics capacity recovery is expected by Q1 2024. Three things would occur for this scenario to materialize: 1) interventions from regulators and operators have only marginal success; 2) container trade volumes continue to demonstrate modest growth and some pent-up demand from underperforming commodity sectors materializes (notably auto parts); 3) containerized logistics operations are interrupted by minor, short-term disruptions from weather and/or labor challenges.

Freight rates on both the ocean and hinterland side are expected to remain elevated until normalization is robust. Ocean shipping rates will remain elevated through the contracting season of 2022 and 2023. Similarly, railroads will maintain current rate levels to keep operating ratios low while trucking and drayage rates may witness a slight decline. While ocean rates will come down, ocean carriers will better match capacity with demand, and shipping spot rates could stabilize at around 50 percent higher than prepandemic levels after Q1 2024.

Building shipper resilience and responsiveness

All four scenarios assume disruption to last at least another five to six months. Regardless of which scenario occurs, shippers can take steps to improve supply-chain resilience right now.

Shippers are operating in a world where disruptions have become regular occurrences. Averaging across industries, businesses can expect supply-chain disruptions lasting a month or longer to occur every 3.7 years, and the most severe events can take a major financial toll.[6]

In the short term, shippers can look for creative alternatives and adjust contracting to continue moving goods

There is space available on container ships, but at high spot prices asked for by forwarders and ocean carriers. Some shippers could decide that it is better to defer or cancel shipments, especially when moving lower-value goods. This may lead to lost business in some sectors. But there are opportunities to be creative with supply routes. For instance, some shippers have found Canadian ports (e.g., Prince Rupert) to be less congested than those in Southern California and still provide rail services into the US Mid-West. Other shippers are using all-water services to East Coast ports, where congestion is less severe. As another alternative, some shippers have shifted away from inland point intermodal container movements, towards transloads in the immediate port vicinity.

Some larger shippers have made the move to chartering their own vessels. These efforts have primarily focused on general cargo ships as there are no cellular container ships available for charter beyond those already in use by the ocean carriers. Shippers looking to charter their own vessels need to find other ship types which, while not designed specifically for container carriage, can carry between 500 and 1,000 containers. Multi-purpose ships or open-hatch bulk carriers, previously used for breakbulk, can be used. But this does not remove the fundamental challenge of finding available ports. Even with a chartered vessel, shippers need to find a US port that can unload it. A ship chartered by a large US retailer recently waited for 25 days outside Los Angeles, before giving up and unloading in Portland. Some shippers have managed to use smaller second-tier ports that are not on the major container trade routes. For example, the port of Everett outside Seattle is usually used for moving parts for Boeing. It has now received several special container charters. Dedicated charters can offer emergency help, but this is unlikely to be a long-term solution.

Contracting for 2022 is complex

The other challenge facing shippers now is how to contract for volumes in 2022 and 2023. Ocean carriers are offering contracts, but at considerably higher rates than in previous years, and often proposing these higher rates for several years on a take-or-pay basis. The future rate environment is

uncertain. In some scenarios, rates could normalize by end of Q3 2022. In other scenarios, rates could remain high until 2023 or even beyond that.

One potential solution is a mixed approach, hedging the risk. Shippers could contract some volumes now and potentially for the next two years, while leaving some to contract in the usual April-May 2022 rate season. They could also leave some volumes to secure on the spot market. The right mix of contracted and spot will be different for each shipper. To find the right balance, shippers should consider the value of goods in the container, substitute products, and the business trade-offs between high rates and supply-chain interruptions.

Shippers may also want to sign firmer contracts with forwarders or ocean carriers. Historically, agreements in container shipping have been called “contracts”, but they were not enforceable. They are rate agreements, not firm contracts. These rate agreements indicated minimum quantities shippers commit to move, but typically were not enforced by the ocean carriers with no punishment for not meeting commitments. In many cases, over 10 percent of cargo booked on a ship was not honored, with no penalties for the shippers who had booked space and failed to use it. This flexibility suited shippers well in the last ten years, but it came at a cost, and that cost is that ocean carriers typically do not guarantee space. Consequently, bookings with ocean carriers are subject to space being available, or container equipment being available, and the rates exclude surcharges. Ocean carriers have been honoring only the minimum level of these rate agreement volumes. There has been a shift toward enforceable contracts, in which shippers make firm take-or-pay commitments of volumes, and in return ocean carriers and forwarders give commitments that capacity will be available. These contracts could help stabilize the industry over the longer term and reduce the uncertainty in the industry which has not been positive for either ocean carriers or shippers.

In the medium term, shippers could shift their supply chains or rethink product design

In the short term, manufacturers may have little option when it comes to changing their current suppliers and existing manufacturing footprint, but in the medium term they could cultivate alternative

suppliers. Some successful strategies could evaluate near-shoring options, or use suppliers in India and South America that reduce exposure to the main Transpacific trade lane.

Manufacturers can also rethink product design, particularly to limit highly customizable components that are complex to source. Assessing products and redesigning packaging is often a quick win and can help to improve efficiency in container space utilization.

Shippers can also re-evaluate their overall supply-chain design and strategy. The last 12 months have reminded shippers that relying on just-in-time supply from container shipping can be risky. Companies

may need to increase inventories and safety buffers, both at departure and at arrival ports. This adds costs to the supply chain, which may lead to broader redesigns in product sourcing and manufacturing.

While the outlook for containerized logistics and global supply chains remains uncertain, there are actions that shippers could consider to bolster supply-chain resilience and aid recovery. The future may be uncertain, but shippers' ability to react is controllable and known.

Source: McKinsey



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LOGISTICS NETWORKS



How do transportation and logistics providers keep up with rising consumer demands and prepare for the future of the movement of goods

Three pillars for an emerging movement-of-goods ecosystem

Meeting consumer demands has become more of a challenge over the last few years. Even simply maintaining today's delivery speeds amid rising global parcel volume points to an enormous throughput challenge. How to prepare for the future of the movement of goods?

An ecosystem issue

With the global population swelling, urbanizing, gaining purchasing power, and shifting to e-commerce, the amount of daily parcel deliveries is increasing rapidly. In China alone, the volume has almost tripled since 2015. To make matters more complicated, roads, ports and airports are already overstretched. Over the past two decades, container ships have nearly doubled in capacity, but many ports have not kept up. This is not a problem for ports only - it's an ecosystem issue. First-mile delays also affect intermodal rail and drayage operations, regional

warehouses, and retailers.

Solving the limitations of the physical infrastructure

A global shipment can involve up to 30 different organizations and more than 200 different interactions. Without horizontal connectivity to each other, it is difficult to tap into unused capacity. The result: higher costs and dissatisfied customers. The limitations of the physical infrastructure could be solved by a new digital infrastructure and processes to increase throughput, reduce friction, and improve transparency and coordination. We have identified three pillars for an emerging movement-of-goods ecosystem: connected community, holistic decision-making, and intelligent automation.



Connected community for end-to-end transparency

The first strong examples of connected community already exist, for instance in horizontal partnerships forming around ports. Integrated data platforms powered by the cloud – e.g. in Hamburg and Rotterdam – exchange critical port information (like ship arrival and departure times) to participating ports, shipping lines, and marine terminals coordinating drayage. This collaboration has already reduced dwell times for ships by 20%.



Intelligent automation for continuous movement and supply

The foundations of a global, touchless supply chain are actively forming. Some ports already offer an entirely robotic ship offloading process, some warehouses use robotics that lift, move and sort, autonomous cargo ships are being developed, and there are pilots for last-mile automation (from drones to droids). Eventually, this will create a fluid system of continuous movement and supply.



Holistic, data-driven decision-making for agility

Many of today's global movers are already data-driven. The next step is: limiting the time between data collection and meaningful action. This will enhance agility. One of the biggest players in shipping already commands a fleet of 270,000 IoT-enabled cold containers that are transmitting data on temperature, location, and refrigeration power supply to the cloud to help automate oversight, exception alerts and quality control processes at ports. Eventually, data-driven decision-making will become more sophisticated, with smart city sensors, predictive traffic flow models, and other data sources.



Where to begin

For global movers, building a solid foundation around these pillars is pivotal. Leaders should be looking to build businesses toward a movement-of-goods network that is adaptable to change. It is difficult to predict exactly what will work best in the long run, but we have compiled a list of strategic questions for leaders as they continue their journey to the future. Even incremental digitization of logistics operations can deliver plenty of benefits.

Source: Deloitte



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Invoice No.	Received by	Issue date	Due date	Amount	PDF	<input checked="" type="checkbox"/>	<input type="checkbox"/>
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Ongoing Invoices

Invoice No.	Received by	Issue date	Due date	Amount	PDF	<input checked="" type="checkbox"/>	<input type="checkbox"/>
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Paid Invoices

Invoice No.	Received by	Issue date	Due date	Amount	PDF	<input type="checkbox"/>	<input checked="" type="checkbox"/>
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