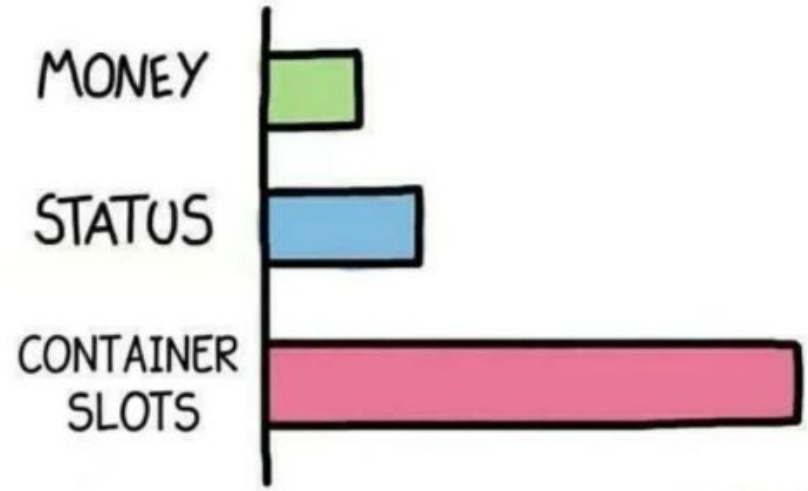




The Current State of Transportation and Logistics



WHAT GIVES PEOPLE FEELINGS OF POWER



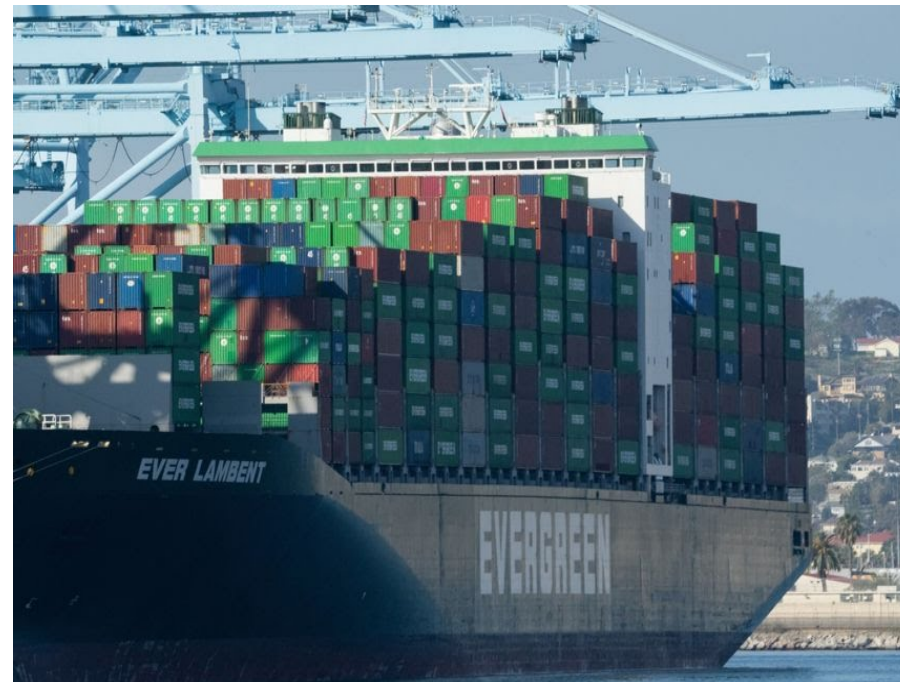
Trucking Top 10 Issues



1. Driver Shortage – COVID, Retirement and Drug and Alcohol Clearinghouse
2. Driver Compensation – Average \$6000.00 increase – not enough
3. Truck Parking – Covid shut down many truck stops
4. Compliance, Safety and Accountability
5. Insurance Cost – 18.3% increase over 5 years
6. Driver Retention – Many retiring
7. Tort Reform – crash litigation and criminal activity
8. Economy – future?
9. Detention and Delay at Client Facility
10. Hours of Service

U.S. Ports See Shipping Logjams Likely Extending Far Into 2022

- With record volumes of goods reaching the U.S., port executives expect a crush of container imports beyond the holidays





Evergreen Ever Given

- The ship that broke global trade on the Suez Canal
- Traffic Jam like no other
- 1 Billion dollar ship – Largest ship ever

- The day was windy, several ships declined to pass
- Ever Given had 2 Pilots and the captain. Pilots spoke Arabic, Ship crew spoke English
- Ship had bow and stern beach blocking entire canal



Evergreen Ever Given

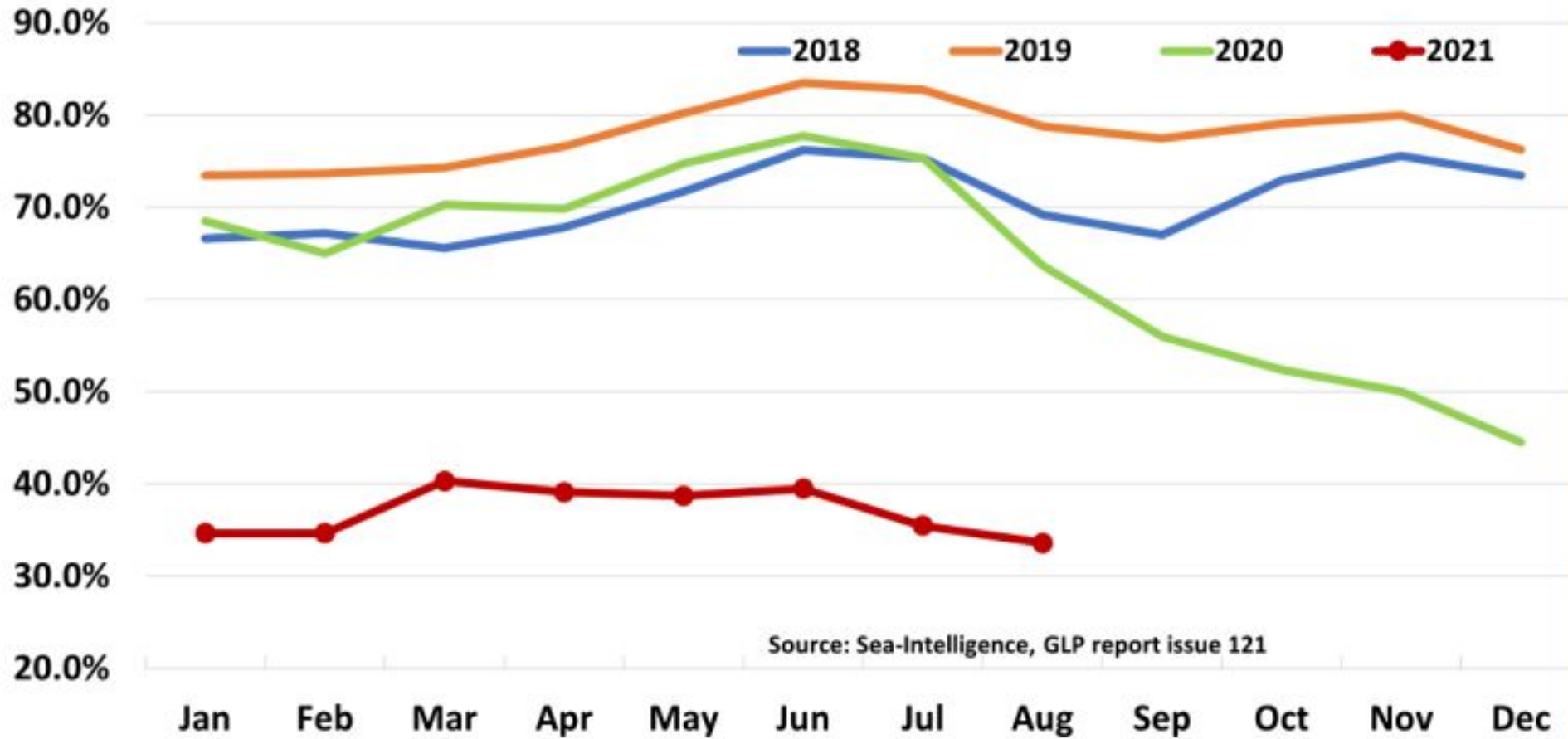
- 50 ships a day arrived at canal to pass through carrying 10 billion of goods
- 1 wrong turn equated to 1 week of global shutdown



14 Trillion reasons you should care about ocean cargo

- 90% of the worlds goods are transported by sea
- 60% of that is via containers
- Ships have doubled in size over the last 20 years
- Ships now can haul 24000 containers – equivalent to how much a train 44 miles long could hold

Global Schedule Reliability



Source: Sea-Intelligence, GLP report issue 121

Today

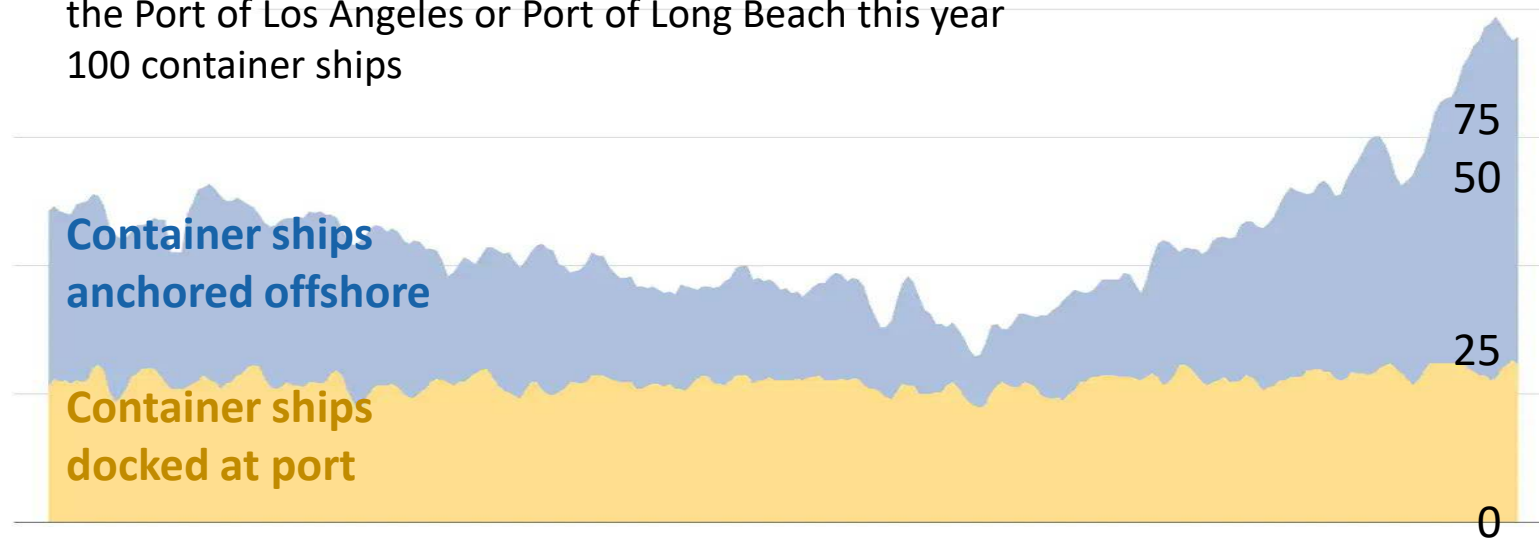


- **Every day last week, key ports in Southern California hit a new record backlog of cargo ships.**
- **This Monday 97 cargo ships were at Long Beach ports. At the time 70 were at anchor.**
- **An aerial view shows how the coast has turned into a parking lot for container ships.**
- **Before the pandemic, the ports typically had zero to one ships waiting to dock and unload.**



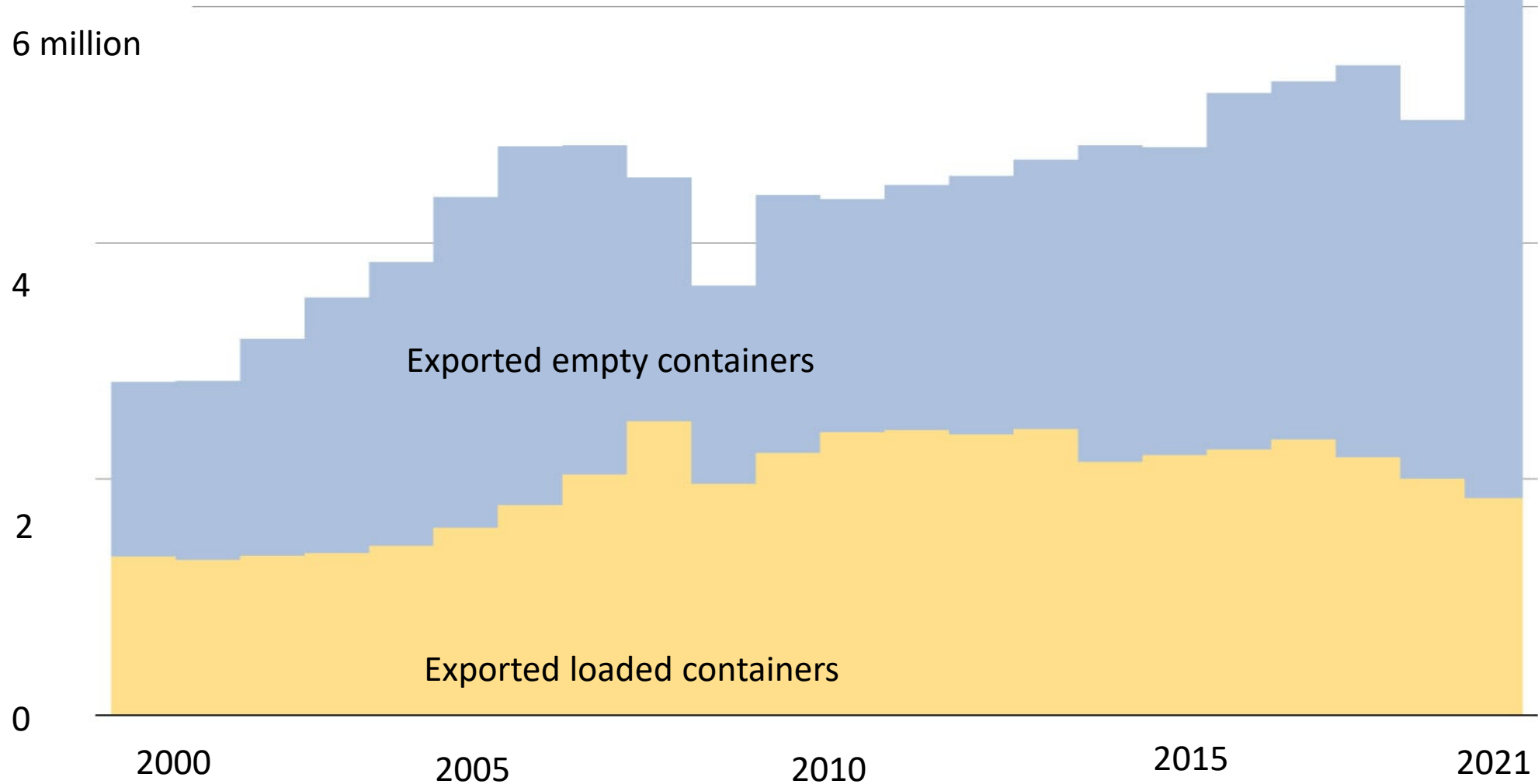
Unprecedented number of ships are waiting to dock at Southern California ports

Three-day rolling average of container ships offshore and docked at either the Port of Los Angeles or Port of Long Beach this year
100 container ships



The Los Angeles and Long Beach ports exported a record-breaking number of empty containers in 2021 to keep with shipping demands

Annual count of exported empty and loaded shipping containers between January and August



What Happened?

- The Covid pandemic has brought what is known as the ‘perfect storm’ to the container shipping industry. The combination of:
 - a) the overall and ever-present trade imbalance between overwhelming US imports and relatively low exports (which can be containerised)
 - b) the Chinese export machine which faltered when China experienced the pandemic in early 2020 and a slow-down of industrial capacity, coinciding with the effect of Chinese New Year,
 - c) a consequent reduction of vessel sailings (‘blanked schedules’),
 - d) a reduced inventory of goods in the warehouses and shops in the US (Europe also but not as pronounced as in the US), meaning that re-stocking was necessary to fill the shortfall,

What Happened?

- e) the delayed effect of the pandemic in the US which created an unexpected surge in demand for all sorts of goods because people were stuck at home and ordering different and more products on-line,
- f) the delayed response of China getting back to full production capacity, causing shipping lines to return more ships into full and extra scheduling, but without having the containers to fulfill the cargo flows, (see later)
- g) the absenteeism effect that caused labour shortages at (especially) west coast ports in the US, meaning that their ability to respond to more vessels and containers was limited by their workforce availability,
- h) many containers still stuck in the US in various places - many at inland locations because they were waiting for low-paying agricultural export commodities such as soy beans or corn**

What Happened?



Are panicked, overbuying American shippers the reason for today's container crisis?

"If there were real shortages as many would have you believe how come every warehouse in the US is full to the rafters? Panicked overbuying, questionable forward sales predictions and weak, none too transparent procurement systems among American shippers are in fact the greatest reasons for this year's supply chain disaster,"



Rates

- freight is really expensive, but with close to no capacity many importers and exporters are willing to pay premiums in addition to these rates just to keep their goods moving
- Carriers offering “Premium Service”



Ocean freight rates remain extremely high but stable

- Asia – US prices went unchanged this week, but are still **5X** their level a year ago.
- Asia – US East Coast rates are still more than **\$20K/FEU**.
- Asia – Europe rates are at record levels – **8X** this time last year – but have also remained stable.

Containerized Freight Rates from the [FBX](#)

FBX Lane	Global	Asia-US West Coast	Asia-US East Coast	Asia-North Europe	North Europe-US East Coast
This Week	\$10,903	\$19,182	\$22,186	\$14,756	\$6,869
Last Week	-2%	-7%	0%	3%	0%
Last Year*	403%	417%	393%	621%	320%

** Compared to the corresponding week in 2020*

Pricing?



The Economist

Freightos Baltic Index (FBX) Global Container Index

Year on Year: FBX Global Container Freight Index

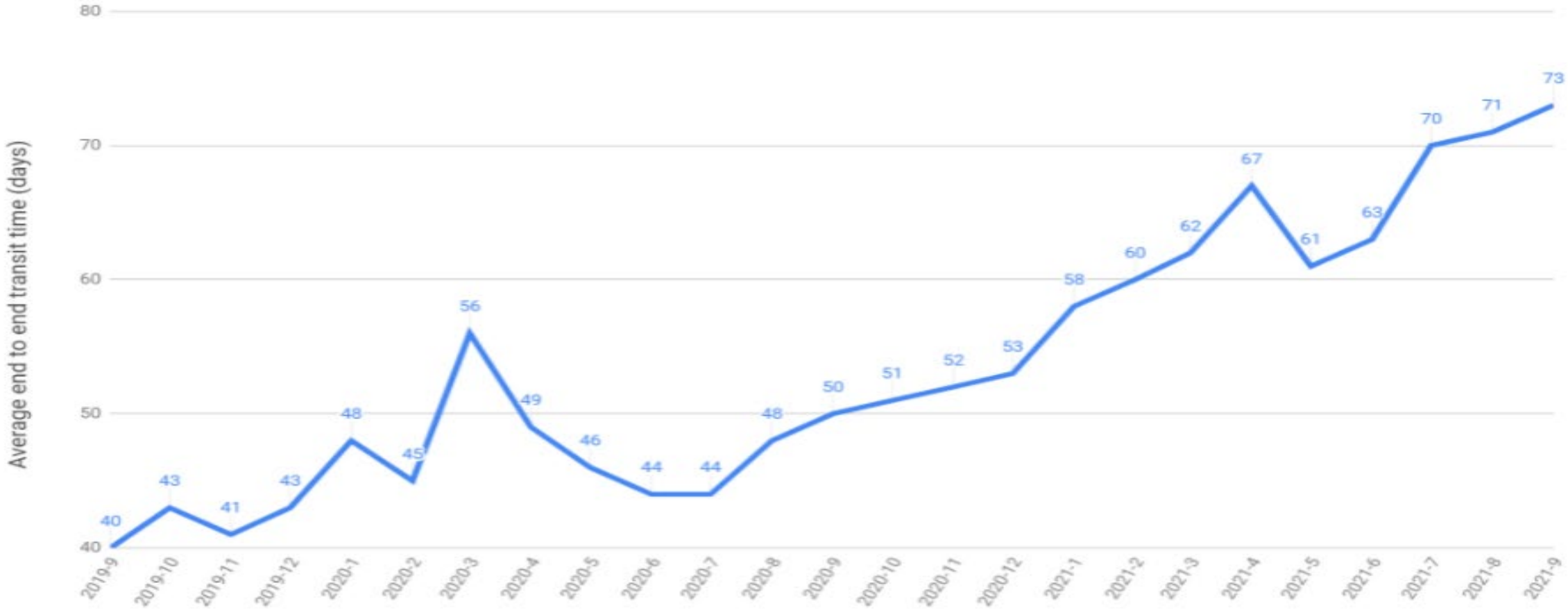
03-Sep-21

— This year
— Last year



Transit Time

End-to-End Transit Time for China-US Ocean Freight





How to navigate the current freight market

- Compare at least a few quotes and modes
- Use FCL vs LCL if possible
- Buffer your freight budget and transit time – be prepared for increases in both spend and time
- Pay attention to profitability – remember to factor in freight cost when accessing profitability
- Book now if you can
- Make sure you have manpower to receive goods to avoid delays and cost



How to navigate the current freight market

- Inventory stockage vs JIT
- Strategic Planning – To survive and thrive you must plan for the long term. Have a vision to guide operations through daily as well as future disruptions.
- Supply Chain Risk Mgmt & Continuity of Operation. Simply stated, business that take SCRM & COOP seriously will survive and thrive.
- Resilience – Businesses that can bounce back from disruptive events will outperform their competitors.



CARM

CBSA Assessment and Revenue Management

The vision of CARM is to deliver a globally leading Customs experience that is customer centric, facilitates legitimate trade, improves compliance and revenue collection and contributes to securing the borders of Canada



What is CARM?

The CBSA Assessment and Revenue Management (CARM) project is a multi-year initiative that will transform the collection of tax and duty for goods imported into Canada.

Through CARM, the CBSA will modernize and streamline the process of importing commercial goods into Canada.



What is CARM

AN ONLINE PORTAL CREATED BY CBSA TO GIVE IMPORTERS REAL TIME DATA

Importers will be able to access:

- All import transactions
- Duty and tax calculations
- Amounts owing to CBSA/CRA
- Any refunds or adjustments



CARM RELEASE 1 – MAY 25 2021

- Create and manage account on the CARM client portal
- Classify Goods and estimate duties and tax
- Make secure payments online
- Delegate access to Customs Brokers
- Submit Ruling Requests

CARM Client Portal Functionality at Release 1

The CARM Client Portal will serve as the primary hub for accounting and revenue management with the CBSA. Release 1 offers basic functionality that allows users to set up their business account, and begin to familiarize themselves with the portal in advance of full implementation of CARM's Release 2.



DELEGATE ACCESS

to your employees and third-party service providers



VIEW ACCOUNTING INFORMATION AND MAKE PAYMENTS

electronically, through the CARM Client Portal



USE SELF-SERVICE TOOLS

to classify your goods and calculate duties and taxes



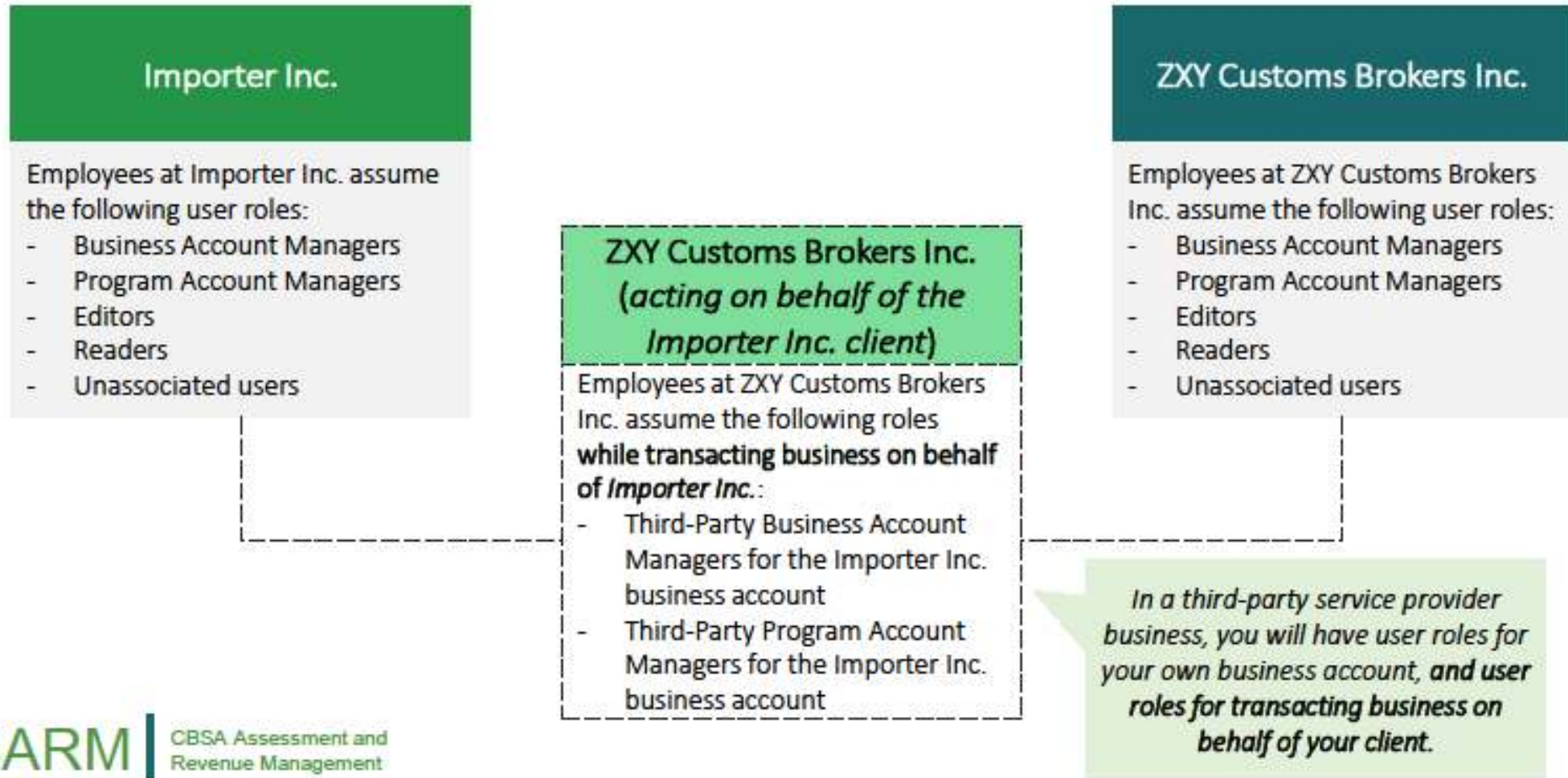
SUBMIT RULINGS

and track the status of these requests

All individuals conducting business with the CBSA, on behalf of their own organization, **must create an individual user account in the CARM Client Portal.**

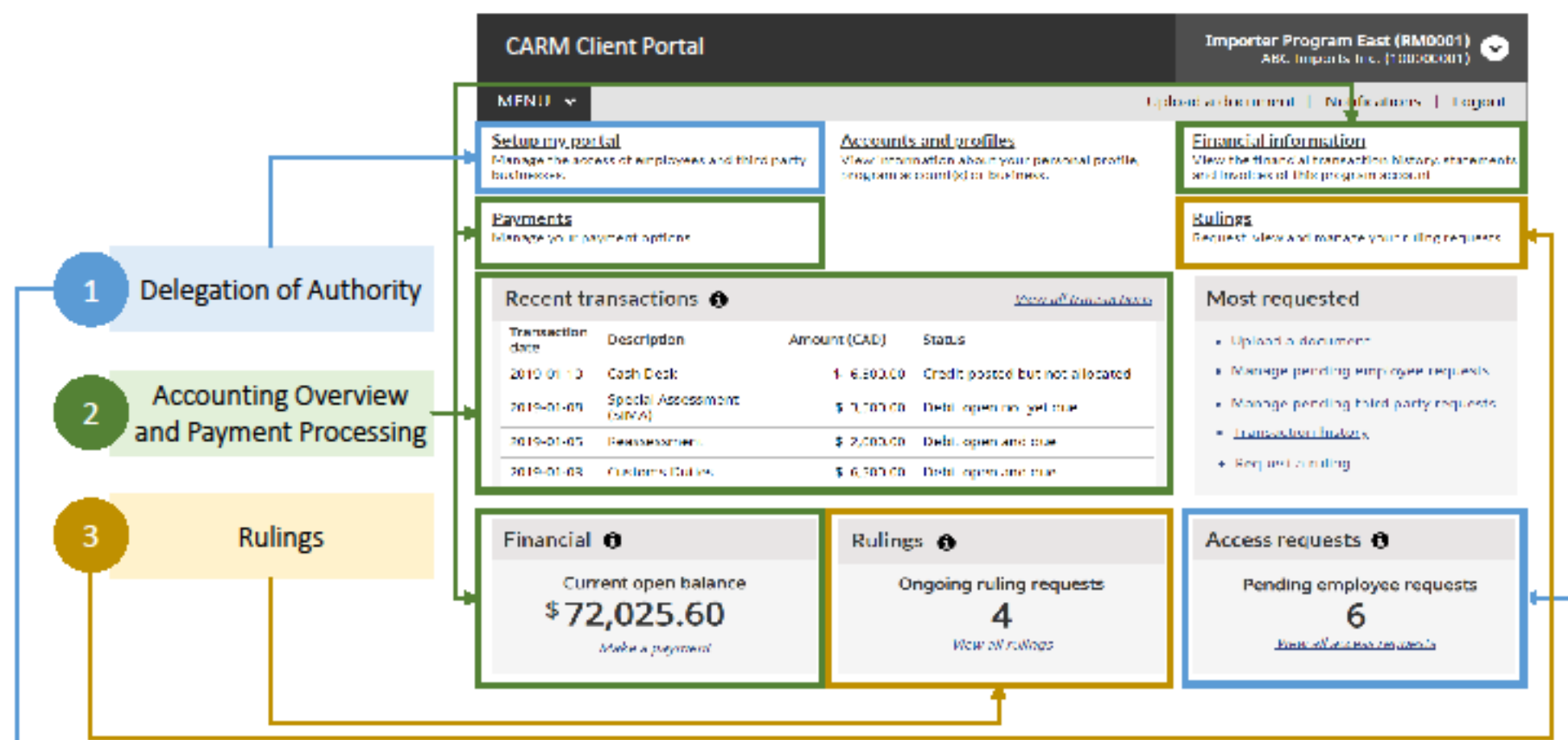
Delegation of Authority example

The following diagram illustrates how delegation of authority will work, using an importer-customs broker delegation of authority relationship as an example.



CARM Client Portal Main View

The following illustrates what the CARM Client Portal will look like to importers in Release 1, when they access their account.



CARM Client Portal

COAST CUSTOMS BROKERS ... (RM0005)
COAST CUSTOMS BROKE... (722942893)

MENU ▾

[Upload a document](#) | [Notifications](#) | [Logout](#)

Last logged in 2021-08-18 14:47 ET

Setup my portal

Manage the access of employees and third party businesses.

Accounts and profiles

View information about your personal profile, program account(s) or business.

Financial information

View the financial transaction history, statements and invoices of this program account.

Payments

Manage your payment options.

Declarations

View information about commercial account declarations (CAD).

Rulings

Request, view and manage your ruling requests.

Recent Transactions ⓘ

[View all transactions](#)

Transaction date	Description	Amount	Status
2021-09-02	Cheque Lot	[REDACTED]	Receivable Paid
2021-09-02	Cheque Lot	[REDACTED]	Receivable Paid
2021-09-02	Cheque Lot	[REDACTED]	Receivable Paid
2021-09-02	Payment Lot	[REDACTED]	Receivable Paid

Most requested






- [Upload a document](#)
- [Manage pending employee requests](#)
- [Manage pending third party requests](#)
- [Transaction history](#)
- [Request a ruling](#)

Statement of account

Statements that outline the transactions with the CBSA. To view the details of a account, select from the list below by clicking on the PDF link.

Date range

2021-05-23 – 2021-10-06 

Filter items <input type="text"/>		
Date posted	Billing period	Actions
2021-05-25	2021-05-20 to 2021-05-30	 Download
2021-06-25	2021-06-20 to 2021-06-30	 Download
2021-07-25	2021-07-20 to 2021-07-30	 Download
2021-08-25	2021-08-20 to 2021-08-30	 Download
2021-09-25	2021-09-20 to 2021-09-30	 Download



CARM RELEASE 2 – May/Spring 2022

- New forms on Customs Declaration
- Importers must have their own Surety Bond in place or post cash with CBSA for Release Prior to Payment
- New Billing Cycle will take effect

NEED TO KNOW



1. During the period between Release 1 and Release 2, your current importing processes will remain the same until the date of CARM implementation is completed (Spring 2022).
2. Importers who do not properly register in the CARM portal will not be able to import goods into Canada after CARM Release 2.

Questions?