



What to Expect from Ocean Carriers in 2022



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President

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- ❑ **Founded in 1988 – 34 Years in Business**
- ❑ **Headquarters in Oakland, CA (Port HQ)**
 - **Largest Port Tenant (non MTO or Class 1 Rail)**
- ❑ **Servicing Northern California & Pacific Northwest**
 - **Expanding into New Markets**
- ❑ **3rd Party Logistics Service Provider**
 - **Drayage**
 - **Cross-dock Deconsolidation & Transload**
 - **Storage**
 - **Chassis**
 - **Truck Brokerage**
- ❑ **Delivering Certainty- High Service & High Tech**

For Further Details Visit: www.gsclogistics.com



Ocean Carrier Trends in '22



**Ocean Carrier Contract Negotiations Underway
(May thru April General Market Timeline)**



Setting the Stage for '22 Contracts

- ❑ The COVID-19 Pandemic Continues to Disrupt Global Supply Chains Unlike Any Other Event in History
- ❑ Backlog of Pent-up Demand Compounded by Strong Volume Growth Forecasts
- ❑ Record Level Vessel Capacity Deployment Tonnage & High Utilization Factors
- ❑ Limited New Build Tonnage Scheduled for Delivery Limiting Short Term Supply
- ❑ Cargo Owner's Supply Chains Have Been Under Stress During The Past 2 Years
- ❑ Supply vs. Demand Favoring Ocean Carriers in '22 - '23 Contract Cycle





Contract Priorities

- ❑ **Minimum Quantity Commitment (MQC)**
Redefined to also be **Maximum Quantity Commitment = Increased Importance**
- ❑ **MQC / 52 = Total Weekly Allocation**
 - **Historically Total Volume**
 - **Increased Origin-Destination Specifics**
- ❑ **Highest Volume Accounts Not Always Most Favorable – Must Fit Network**
- ❑ **Carrier Strategies to Determine Contract Volume vs. Spot Market Fill-up Ratios**
 - **Limiting NVO Contracts with “Named Accounts” As Carriers Engage Directly**
- ❑ **Limited Success with Multi-year Contracts**
- ❑ **Capacity Commitments #1 Requested Contract Criteria vs. Rates & Terms**
 - **Based on Actual Fill Ratios**





Free Time Isn't Free

- ❑ **Significant Reduction in Demurrage Free Time Exceptions for Storage on Terminal**
 - Cost Exposure to Carrier – “Just In Case”
 - Increased Terminal Congestion – Deterrent
- ❑ **Reductions in Detention Free Time for Ocean Carrier Equipment on Street**
 - Velocity Impact on Returns to Origin
 - Lost Opportunity Cost
- ❑ **Increased IEP Role as Ocean Carriers Continue Exit From Chassis Provisioning**
 - Express Service Exceptions
 - Shippers Directly Engaging IEPs for Chassis
- ❑ **New Vessel Charter Entrants Have Limited Equipment Logistics Experience**
 - Particularly Lack Export Infrastructure
 - 1-Way Trade Focus





Exporter Challenges



- ❑ **Vessel Schedule Volatility => Cargo Delv'y**
 - Early Receipt Date (ERD) Dynamics
 - Cargo Cut-off Dynamics
 - Storage Space Requirements
- ❑ **Rates are Going Up => Backhaul**
 - Economics of Moving Load vs. Empty
- ❑ **Reductions in Equipment Free Time**
 - Velocity Impact on Returns to Origin
 - Evacuating Empties from US
- ❑ **FMC Investigation**
 - Forced Acceptance of Export Bookings
 - Detention & Demurrage Practices
- ❑ **Howard Terminal => Pop-Up Yard**
 - Empty Container Receipt & Dispatch
 - Special Services – Reefers & Loads
 - Centerfield of Proposed Ballpark – Vote NO
 - Must Maintain Terminal for Maritime Use





Partnerships Tested



Are You a Shipper of Choice?

- History of Contract Negotiations Approach
- Reasonable Approach to Rates & Terms
- Forecast Accuracy
- Booking Fill-Ratios

Are You an Ocean Carrier of Choice?

- Honoring MQC Space Commitments
- Reasonable Approach to Rates & Terms
- Equipment & Cargo Roll-over Performance
- Pro-Active Communications & Accuracy

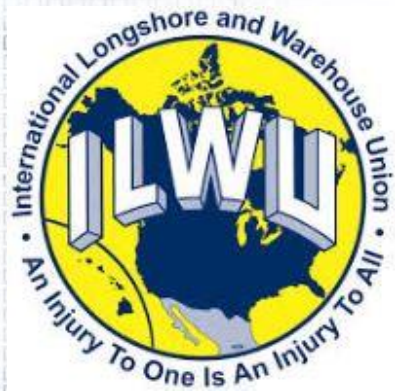
Mutual Desire to Expand or End Partnership

- 2-Way Street with Long Memories
- Walk the Talk
- Multi-level Global Relationships (C-suite Access)





Labor Contract Negotiations



- ILWU Contract Expires July 1st, 2022**
- PMA Request to Extend Current Contract Was Rejected by ILWU**
- Potential for Contentious Negotiations**
 - **Strong Cargo Volumes**
 - **Record Carrier Earnings**
 - **Pro Labor Administration**
- Contributing to Early Negotiations With Alternative Routing Options via ECAW**
- Workforce Deemed Essential and Worked Throughout the Pandemic**
 - **Demonstrated High Level of Support and Cooperation Between Labor & Management**
 - **Higher Level Visibility & Engagement**



A Look Ahead in 2022





Q & A

Thank You



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