OUTSOURCE

VOLUME 7, ISSUE 5 May 2019

THE SOURCE

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5 DAY Postal delivery service?

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Post Office Boss Ponders Cutting Mail Delivery to Five Days. Congress Balks.

By Paul Ziobro May 1, 2019

"Republicans, Democrats oppose idea that would save billions of dollars as agency tries to shift to more package deliveries

The head of the U.S. Postal Service floated a new proposal to shore up the agency's finances: deliver mail five days a week while expanding package delivery to seven. Postmaster General Megan Brennan said Tuesday at a congressional hearing that such a schedule was one of the options the agency's board of governors is examining as part of a business plan they intend to submit to Congress in the coming weeks to help stem billions of dollars in annual losses. The schedule would devote one fewer day to its declining business of delivering letters while giving the agency no days off from the growing number of packages the Postal Service is handling for Amazon.com Inc. and others as more Americans shop online.

Members of Congress, however, made clear that the idea likely wouldn't get very far.

"Did you tell the board that dog won't hunt?" Rep. Mark Meadows (R., N.C.) asked Ms. Brennan during a tense exchange at the House Committee on Oversight and Government Reform hearing regarding the quasigovernmental agency's financial condition. Rep. Brenda Lawrence (D., Mich.) added: "I will never support reducing delivery days." Cutting back from delivering six days a week has long been a political non-starter even though doing so would save the agency billions of dollars. In 2013, the Postal Service estimated it could save $2 billion annually by cutting mail delivery to five days and continuing to deliver packages on Saturday. Postal workers unions have also objected to reducing delivery days.

The shipping world has changed dramatically over the past decade. Since 2007, total U.S. mail volume has declined 31% to 146 million pieces, including a 41% drop in first-class mail, its most profitable product.

At the same time, online shopping has exploded, offering a way to plug the lost revenue while also adding strains to Postal Service operations as it processed more packages. The Postal Service has actually started to dip its toes into seven-day a week delivery to manage the 20 million packages it averages daily. It now delivers some Amazon.com packages on Sundays and also does so for more shippers in the weeks leading up to Christmas. The shift in the business, as well as a congressionally mandated requirement to pre-fund retiree health benefits, has hurt the Postal Service's finances. The agency lost $3.9 billion last year, its 12th straight year of losses.

Ms. Brennan has long accepted the political challenges in reducing delivery days. She said the new schedule was one of several proposals the Postal Service was considering to narrow its losses. "We have a responsibility to put forward a plan that closes this gap," Ms. Brennan said. "It would be irresponsible not to."

The Postmaster General said the plan was in final review by the board and would be submitted to the committee in 60 days. Ms. Brennan has advocated for legislative action that would overhaul the structure of the Postal Service, including shifting retirees to Medicare and giving the agency more freedom to raise rates. Committee members on Tuesday seemed to agree that the pre-funding mandate, which is unique among federal agencies, would be eliminated.

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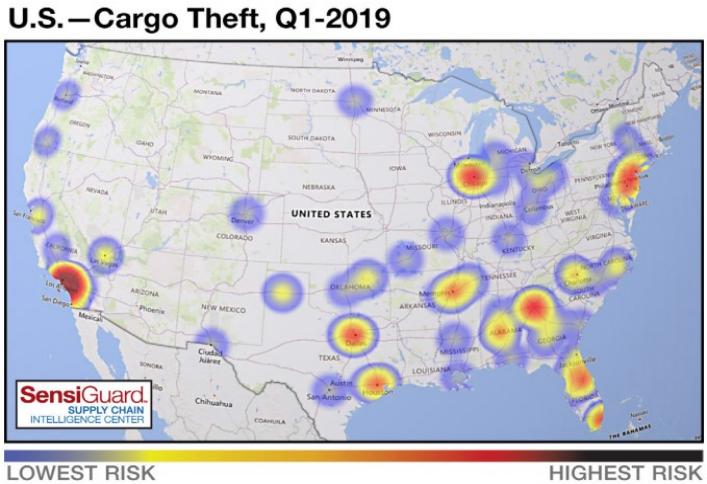
THE FREIGHT MANAGEMENT COMPANY

Post Office Boss Ponders Cutting Mail Delivery to Five Days (Front page article continued)

Ultimately, the parameters of the Postal Service's universal service obligation are up to Congress. While the Postal Service doesn't receive taxpayer dollars for operations, annual federal appropriations that compensate the agency for free and reduced-rate mailing have long contained language that requires the six-day delivery schedule. President Trump has suggested the Postal Service cut back on delivery days in White House budgets, but those ideas haven't advanced. A recent presidential task force also suggested the Postal Service should have greater flexibility to determine delivery frequency.

Cargo theft recording firm reports increased first quarter theft

By Matt Cole, @MattColeRR, May 16, 2019



There were a total of 144 cargo thefts in the United States during the first quarter of the year worth an average of $116,717 per theft, according to SensiGuard's quarterly cargo theft analysis that consists of only reported thefts.

The cargo theft recording firm says these numbers represent a 25% increase in cargo theft volume and a 1% increase in theft value when compared to the same quarter a year ago. SensiGuard collects its cargo theft reports from transportation security councils, insurance companies and law enforcement agencies. According to SensiGuard's report, miscellaneous freight was the most-targeted during 2019's first quarter, according for 17% of total thefts for the quarter. The firm says miscellaneous freight thefts were primarily comprised of mixed load shipments, which are typically mixed freight for big box stores.

Electronics were the second-most-targeted items, according for just over 15% of first quarter thefts, followed by food and drinks and home and garden products, which tied for third at just under 15% of all thefts. California holds the top spot for cargo theft in the first quarter with 25% of all thefts in the quarter, followed by Florida and Texas, which accounted for 12% each. Thieves targeted full truckloads most with 60% of thefts in the quarter with an average loss value of $82,337.

ILWU Canada urges members to vote for strike authorization

Bill Mongelluzzo, Senior Editor 5/07/19

The leadership of International Longshore and Warehouse Union (ILWU) Canada Local 500 in Vancouver is urging the membership to approve a strike authorization in voting that will take place Wednesday and Thursday in contract negotiations that began in February 2018. However, even if the ILWU Canada local votes this week to authorize a job action, an actual strike at Canada's largest port would require a 72-hour notice to employers, under the existing labor rules.

Management, represented by the British Columbia Maritime Employers Association (BCMEA), said Tuesday negotiations with ILWU Local 500 are ongoing, with the assistance of Canada's Federal Mediation and Conciliation Service. "We are aware of the strike vote, but we remain focused on reaching an agreement," said Jeff Scott, BCMEA chairman, and president and CEO of Fraser Surrey Docks. An ILWU Canada spokesperson was not immediately available for comment, and Scott wasn't able to disclose the issues that have separated the two sides in negotiations that have been under way for more than a year now.

Regardless of the reasons, the patience of the union appears to be wearing thin. In a message to the membership, Rino Voci, ILWU Local 500 president, urged the rank and file to approve a strike authorization vote. "A YES vote gives your negotiating committee the support it needs to bring us closer to getting a new industry agreement deal without a strike. A strike vote is a common and useful part of the collective bargaining process, and a strong mandate shows the employer that you are serious, and that you fully support your negotiating committee," Voci said. He added that voting "yes" does not mean that dockworkers will go on strike. "It means the union can go on strike in the next 60 days with a 72-hour strike notice to the employer," he said.

ILWU Canada and BCMEA are negotiating to replace the eight-year contract that expired on March 31, 2018. In a statement to member companies last month, BCMEA confirmed that the Federal Mediation and Conciliation Service conciliator who has been involved in the negotiations was reappointed, which is consistent with the experience of previous rounds of collective bargaining. ILWU Canada is autonomous from the ILWU international, and its con-

TRIVIA QUESTIONS

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1) What shape is "farfalle" pasta?
A. Tube shape **B.** Flat shape **C.** Bow or butterfly shape **D.** Twist shape

2) What is *CHIPOLATA (food)*?
A. Chips **B.** Spice **C.** Coffee drink **D.** Sausage

3) Pad Thai is a dish containing predominantly which food item?
A. Spiced Beef **B.** Noodles **C.** Chicken **D.** Broccoli

4) What type of sauce is on EGG BENEDICT?
A. Hollandaise **B.** Au Jus **C.** Alfredo **D.** Bolognese

5) Prior to the 16th century carrots were not the color we know today, orange. What color were carrots?
A. Red **B.** White **C.** Purple **D.** Green

6) Which food was the first to be consumed in space by an American Astronaut?
A. Beef & Vegetables **B.** Applesauce **C.** Spaghetti **D.** Birthday Cake

Answers Later In The Newsletter

FUEL REPORT

U.S. On-Highway Diesel Fuel Prices* (dollars per gallon) http://www.eia.gov/petroleum/gasdiesel/

	4/29/19	5/6/19	5/13/19	Change from week ago	Change from year ago
U.S. National Average	$3.169	$3.171	$3.160	↓-0.011	↓-0.079

U.S. Gasoline Traders Would Rather Export Than Ship to New York

By: Jeffrey Bair AJOT 5/16/19

The busiest U.S. fuel pipeline is running below capacity, as Gulf Coast refiners get fatter margins exporting to Latin America than shipping to New York.

Colonial Pipeline Co.'s Line 1, which carries as much as 1.37 million barrels a day of gasoline from the Houston area to North Carolina, has been full less than half the time this year, and not since March, according to shipper notices. The line, which feeds into another pipe running to New York Harbor, has been overfilled in April and May the past three years, Colonial data show.

Demand from Latin American countries whose refineries aren't able to meet domestic fuel demand, such as Mexico, has pulled supply from the Gulf Coast that would otherwise end up in Colonial. At the same time, readily available cargoes from eastern Canada and Europe have kept New York prices in check, even with stockpiles below normal.

The arbitrage—or profitability of buying fuel in the Gulf Coast and selling it in New York—has been closed for most grades for long enough that less fuel is being shipped on the line, according to traders. Reformulated gasoline, or RBOB, in New York on Thursday was the weakest seasonally relative to the Gulf Coast in six years, data compiled by Bloomberg show.

East Coast gasoline markets have been adequately served by refineries from Philadelphia north that were running near full capacity before the last few weeks, said Andy Lipow, president of Lipow Oil Associates LLC in Houston. More Gulf Coast and Midwest barrels are finding a path onto ships, he said.

"The arbitrage is closed because New York Harbor has a more-than-adequate supply of gasoline," Lipow said. "There is really no need to pull any of it off the Gulf."

Claims that Maersk has started a new rates war, as carriers slash FAK prices

By Mike Wackett 17/05/2019

Asia-North Europe carriers are continuing to slash FAK rates as the container spot market records another weekly decline. APL and parent company CMA CGM announced today that from 1 June, the 40ft FAK rate would be cut by $100 to $1,800 for the Le Havre-Hamburg range of ports and to $1,850 for the UK ports of Felixstowe and Southampton. The decision follows Maersk Line confirming last week it would lop $300 off its 40ft rate from the middle of this month.

According to The Loadstar's forwarding contacts, most other carriers immediately matched the Maersk move with immediate discounts on existing agreements. "It looks like Maersk may have started another rate war," said one source. "I have had several calls offering discounts since the news broke last week." And today's Shanghai Containerized Freight Index (SCFI) recorded a further decline in spot rates between Asia and Europe.

For North Europe, there was a 5.9% drop to $723 per teu, and for Mediterranean ports rates a 4.1% fall to $696 per teu. Spot rates on the trade have now fallen by 27% and 30% respectively since the start of the year. The impact from the slide in rates will hit ocean carriers hard in the second quarter, after a generally satisfactory first three months. Indeed, during the Hapag-Lloyd Q1 earnings call last week, chief executive Rolf Haben Jansen gave a nod to the pressure on results in the second quarter. He said: "I would not be disappointed if the result would be a little bit lower in Q2 that it was in Q1."

The soft market headwinds in Q2 will add more pressure to serially unprofitable carriers such as Yang Ming and HMM, which posted losses in the first quarter, albeit recording improvements on the previous period. And there was also bad news for carriers serving the transpacific market, with the US west coast component of the SCFI recording a 7.1% drop to $1,340 per 40ft, following an 8.1% slump the previous week. Rates from Asia to the US east coast also fell, by 4.2% on the week, to $2,597 per 40ft, having been supported in previous weeks by tighter capacity resulting from temporary draught restrictions on the Panama Canal.

And with the trade negotiations between the US and China in a state of flux – and the rhetoric suggesting a further escalation of tit-for-tat duty skirmishes – transpacific headhaul shippers have no idea if new 25% tariffs on Chinese imports yet to be targeted by the Trump administration will be rolled out on 1 June. In fact, digital start-up Freightos reported today that air freight searches had spiked by 35% as BCOs researched options for possible last-minute attempts to beat new tariffs imposed by the US. George Griffiths, editor, global container freight market, at S&P Global Platts, noted that importers with containers loaded on ships discharging at US east coast ports on or after 1 June could be hit hard if the US followed through with the new tariffs.

Drought forces further draft restrictions on the Panama Canal

May 7th, 2019 Sam Chambers Americas, Operations SPLASH 24/7

The unprecedented drought hitting Panama has forced authorities to make a sixth draft restriction change this year. Effective from May 28, ships transiting through the new neopanamax locks will have a maximum authorised draft of 13.11 m, shaving another 30 cm off from the last restriction issued at the end of last month.

The latest ruling means ships transiting the waterway will be more than 2 m less in draft than the original design capacity of the new locks. The Panama Canal Authority cited the dropping water levels in Gatun Lake for the latest directive.

Gatún — one of the largest artificial lakes in the world, with an area of 436 sq km located near the Atlantic end of the canal — is more than 1.4 m below normal levels for this time of year. Images of trees that used to be submerged but are now exposed due to the low water levels of Lake Gatún have been recorded in recent days. A smaller lake that also supplies the waterway, Alajuela, is more than 2.2 m below usual water levels. The flow of rivers to the lake is down approximately 60% on the back of one of the driest periods in the canal's history where there has been almost zero precipitation this year with local authorities citing the El Nino weather phenomenon for the drought.

Answers to Trivia

Stanley to Make More Craftsman Tools in U.S.

By Bob Tita WSJ 5/15/19

Automated Texas factory to produce wrenches and sockets at costs similar to work now done in China

Stanley Black & Decker Inc. plans to move production of Craftsman wrenches from China back to the U.S., the latest manufacturer looking to use automation to increase domestic output as tariffs raise the cost of imports from overseas. Stanley is investing $90 million to open a plant in Fort Worth, Texas, by late next year that will employ about 500 people to make 10 million Craftsman wrenches and ratchets and 50 million sockets annually. Robots and fast-forging presses will help boost output about 25% above the older forging machinery now used to make Craftsman wrenches in China, helping keep production costs at the new plant in line with those in China, Stanley said.

The company's strategy mirrors moves by other manufacturers in recent years to bring some foreign production back to more automated factories in the U.S. Whirlpool Corp. is making some small KitchenAid appliances in the U.S. again after they were made by a contractor in China for years. Caterpillar Inc. has moved the assembly of excavators and small bulldozers from Japan to new plants in the U.S. to free up production capacity for the Asian market. "We're pushing very hard to manufacture where we sell it," Stanley Chief Executive James Loree said in an interview. Stanley is facing higher tariff costs and weakening demand for tools from a slowing U.S. housing-construction industry and a slowing economy in Europe. The company beat sales and net-income expectations in the first quarter, though, and shares are up 14% this year, slightly better than the gain in the S&P 500.

The Connecticut-based maker of hand-and-power tools bought the Craftsman brand in 2017 from Sears Holdings Corp., which moved production of Craftsman products to China several years ago to reduce costs after decades of contracting with manufacturers in the U.S., including Stanley. Stanley sells Craftsman tools and lawn equipment through Amazon.com Inc. and home-improvement retailer Lowe's Cos., as well as Ace Hardware Corp. stores. The brand isn't sold in some other chains including Home Depot Inc. to avoid competition between Craftsman and other Stanley-owned brands sold there. As part of the purchase agreement with Stanley, Sears continues to contract with suppliers for the Craftsman-branded tools sold at its stores and keeps the profit from them. Mr. Loree said restoring Craftsman's made-in-America credentials will strengthen a brand with broad appeal to customers as diverse as homeowners and professional mechanics. Craftsman sales are forecast to increase fourfold to $1 billion by 2021, analysts estimate. Stanley's tool business generated $10 billion in sales last year.

Some Craftsman tools are already assembled at eight Stanley plants in the U.S., including power tools in North Carolina, tape measures in Connecticut and utility knives in South Carolina. Mr. Loree said he wants 50% of Craftsman tools to be made in the U.S. a few years from now, up from 30% today. Stanley remains reliant on foreign-made components for some of those tools, such as motors for its power tools.

After the Trump administration raised U.S. duties on components imported from China to 25% from 10% last week, Stanley said its tariff costs on components from China this year will increase more than 60% over 2018 to about $250 million. Mr. Loree said he is ready to shift to suppliers outside of China if the two countries don't reach a trade deal. "If we knew that the tariffs were going to be permanent, we would make sweeping changes to the supply chain," he said.

To Avoid Tariffs, This Japanese Copier Maker Plans Less 'Made in China'

By Megumi Fujikawa, WSJ 5/16/19

TOKYO— Ricoh Co. said it plans to shift some production of copiers intended for American customers out of China to avoid potential U.S. tariffs, an early example of what could become a wider push by manufacturers. Days after President Trump said the U.S. might impose 25% tariffs on almost all Chinese imports—an action that would affect Ricoh's copiers—the Japanese company said it would move some production of high-speed copiers to Thailand from China.

Copiers are a case study of how the U.S.-China trade dispute spills over to third countries like Japan. Many copiers sold in the U.S. carry Japanese brand names such as Ricoh or Canon, and Japan-based Fuji Xerox Co.—75% owned by Tokyo's Fujifilm Holdings Corp. —makes copiers sold in the U.S. under the Xerox brand. The brand names aren't Chinese, but the copiers themselves are often made in China. Ricoh said it risks losing tens of millions of dollars if the new tariffs take effect and "is trying to minimize the impact." It and other printer-copier makers are already dealing with a decline in demand from offices trying to go paperless.

Economists say Ricoh's case may be only the beginning of Japanese firms' flight from China. "The shift in production sites to places outside of China is accelerating and it's unavoidable," said BNP Paribas economist Ryutaro Kono. He said companies would be cautious about investing in China even if Washington and Beijing reach a truce. "The latest tariff increases, which happened when they were seen as close to reaching an agreement, made business owners strongly believe that there is always a risk President Trump would reverse himself," Mr. Kono said.

Last week, the U.S. raised tariffs on $200 billion of Chinese goods to 25%, and it is working on a new round of tariffs that would apply to about $300 billion of imports from China including copiers. Mr. Trump has said he hasn't decided yet whether he will impose them. A Ricoh spokesman said the company plans to continue production in China for customers in Europe and Asia. Because the volume of shipments to the U.S. is relatively small, overall volume at the plants in China and Thailand won't change much, he said. Ricoh's competitors said they are weighing similar steps. A Fujifilm spokesman said the company wants to see if Mr. Trump actually imposes the tariffs. "There will be an impact that cannot be ignored" if he does, said a Canon Inc. spokesman, adding that its digital cameras and laser printers would also be affected.

UPS 'supersizes' Kentucky package hub

By DC Velocity Staff May 17, 2019

UPS has completed the expansion of its Louisville, Ky., package operations, more than tripling the size of its ground sortation and distribution hub, the Atlanta-based company said this week. The project is part of a multi-year plan to modernize and expand the logistics company's global network. The Louisville Centennial operation now covers more than 1 million square feet and has nearly doubled its package sorting capacity, the company said. The expansion adds support for UPS' express service packages routed to nearby Louisville Muhammed Ali International Airport, as well. The "supersized" hub can insert packages into UPS's air operations as late a 1:30 a.m. for same-day delivery across the country, UPS officials said.

"Tripling the size of our Centennial hub provides companies with distribution centers and operations in Kentucky and the surrounding areas with more opportunities to better serve their customers," Joe Boyle, president of UPS's Ohio Valley District, said in a statement announcing the project's completion.

The massive operation incorporates high-tech automation and material handling equipment. Covering more than 19 football fields, the expanded facility can process about 85,000 packages per hour via 25 miles of conveyors. High-speed label applicators can place "smart labels" on packages at a rate of 3 per second, increasing accuracy and speeding the routing of packages for both local and nationwide delivery. The $310 million expansion project created 300 full- and part-time jobs, the company also said.

FOR IMMEDIATE RELEASE May 14, 2019

ATA Welcomes Proposal for New Pilot Program for Non-Military Younger Drivers

Industry Supports FMCSA Effort to Design Test for 18-20-Year-Old Interstate Drivers

Arlington, Virginia — Today, the American Trucking Associations applauded the Federal Motor Carrier Safety Administration for taking a first step toward a new pilot program to allow non-military commercial drivers under the age of 21 to operate in interstate commerce. "ATA supports FMCSA's efforts to expand on its current work examining younger commercial drivers," said ATA President and CEO Chris Spear. "Right now, 18-, 19-, and 20-year-old drivers are driving trucks in the United States. What these pilot programs will do is set out a path for these drivers to fully participate in our industry by allowing them to drive interstate."

In a Federal Register Notice, FMCSA announced it was seeking comments on what "training, qualifications, driving limitations, and vehicle safety systems that FMCSA should consider in developing options or approaches for a second pilot program for younger drivers."

This would become FMCSA's second younger driver pilot program, following a program announced last July to allow younger veterans to drive in interstate commerce. "Allowing younger drivers, who are already moving goods intrastate, to drive interstate is a commonsense step that has support not just from the trucking industry, but from a broad coalition," Spear said. "Between FMCSA's proposed pilot project and the bipartisan support for the Drive SAFE Act in Congress, we hope we will soon create a path for more young people to fully

Number of the Day

1.3%

Year-over-year increase in the U.S. Bureau of Transportation Statistics Freight Transportation Services Index in March.

*The Transportation Services Index (TSI), created by the U.S. Department of Transportation (DOT), **Bureau of Transportation Statistics (BTS), measures the movement of freight and passengers**. The index, which is seasonally adjusted, combines available data on freight traffic, as well as passenger travel, that have been weighted to yield a monthly measure*

Number of the Day

3.4%

Year-over-year decline in the Cass Freight Index in April, the fifth straight drop in the measure for U.S. shipments.

*Cass Freight Index is a **measurement of the monthly aggregate deliveries of U.S. freight**. Cass Information Systems, a provider of automated payment systems, compiles the index. The company claims to be the nation's largest payer of freight bills, on behalf of its shipping clients.*

Spotlight on ... Pallets, containers, and tracking systems

Material Handling 5/14/19

Here are some recent product announcements that have crossed our editors' desks.

Hybrid wood/corrugated pallet: Startup pallet maker NextPallet has developed a new hybrid wood/corrugated pallet that supports 2,400 pounds. Weighing 26.5 pounds, the heavyweight version of the NextPallet hauls and racks like much heavier wood pallets. (To support that claim, the company notes that test results from Gaynes Labs are available at http://www.pipallet.com/wp-content/uploads/2018/06/GaynesTesting-6-4-18.pdf.) The basic structure is a wood skeleton with recycled corrugated material wrapped around it. The materials are bonded with an industrial adhesive, a hot-melt glue. The unit is both reusable and recyclable, the manufacturer says. The company also offers lightweight and standard versions of the pallet. (NextPallet)

International container tracking: Project 44 has announced the addition of "ocean visibility" to its Advanced Visibility Platform. The new feature enables shippers, beneficial cargo owners, freight forwarders, and third-party logistics service providers to track North America-bound container shipments as they arrive in port for shipment, travel across the ocean, and are discharged from vessels for transfer to rail or trucks. Users have access to real-time container-level tracking from departure through arrival. According to the company, the ocean visibility feature is a comprehensive solution for international shipments that enables next-level operational efficiency and an improved customer experience. Ocean visibility includes direct connections to over 75 ports and terminals; live vessel tracking to all containerized ships around the globe; shipment details, including location, ETA, and container status; and direct API (application programming interface) integrations to ocean carriers. (Project 44)

Litco molded wood palletExport-grade pallet: Pallet supplier Litco International Inc. has introduced the Exporter, an engineered molded wood pallet unit-load solution for one-way and export shipping. During the manufacturing process, the pallets are heated to more than 350 degrees Fahrenheit to eradicate insect pests and contaminants. Because the Exporter is considered "processed wood"—meaning it's approved for export as-is per IPPC-ISPM 15 (International Planet Protection Convention, International Standard for Phytosanitary Measures No. 15)—shippers avoid additional costs to heat-treat wood pallets and the need for a license stamp to demonstrate compliance. According to the company, the Exporter contains 86 percent less moisture than new traditional hardwood pallets and has a higher resistance to mold, moisture-sensing insects, and bacteria in high-humidity, low-air-flow environments such as overseas shipping containers and tropical destinations. Litco's Exporter pallets are available in 10 sizes and up to five different weight-bearing options. (Litco International Inc.)

Portable cooling containers: Coldtainer USA, a maker of portable containers that can be used for temperature control in any transportation application, has introduced its standalone Coldtainers. According to the company, Coldtainers don't require insulated vans or trucks, reducing fleet owners' capital costs and improving resale values because non-converted units appeal to a wider range of used-vehicle buyers. Available in front-opening or top-loading models in a range of capacities and with numerous cooling, freezing, and heating options, Coldtainers can use battery, shore, and solar power sources on vehicles and at facilities to operate on AC (alternating current) or DC (direct current) power. Equipped with refrigeration units designed to withstand vibrations related to vehicle use, the standalone containers are made from durable molded polyethylene and food-grade materials, are easy to clean, and are in compliance with health and safety standards, the manufacturer says. All Coldtainer temperature-controlled container models feature an integrated battery monitor and a user-friendly digital display to view temperature and status, and for precise temperature set-point control. The portable cooling containers also record temperatures and have a mobile Bluetooth capability for downloading data for recordkeeping purposes. (Coldtainer USA)

Refrigerated container monitoring: Orbcomm Inc., a provider of machine-to-machine and Internet of Things solutions, has launched its next-generation solution for remote monitoring and control of refrigerated containers traveling by land, rail, or sea for uninterrupted visibility of operations, improved efficiency, and reduced costs. Orbcomm's CT 3000 series provides wireless connectivity through its ruggedized hardware and a cloud-based analytics platform and information management engine for asset management and utilization.

Orbcomm's CT 3000 series solution supports built-in and external sensors, cellular connectivity, and wireless technologies to deliver data on asset location, status, performance, cargo-area temperature, and more. The new series comes in two variants: the CT 3100 and the CT 3000. The CT 3100 can be temporarily installed to monitor assets for a specific duration while on a trip, aboard a vessel, or at a terminal, while the CT 3000 is permanently installed on an asset for continuous tracking.

This next-generation container monitoring solution connects directly to the reefer to enable real-time alerts and two-way control, allowing operators to react to discrepancies and remotely adjust temperature and humidity levels to ensure temperature compliance and minimize spoilage. In addition, Orbcomm's refrigerated container solution automates pre-trip inspections to facilitate quicker turn times, lower operational expenses, and reduce safety risks to personnel. (Orbcomm Inc.)

Shippers warned to plan for more US-Mexico border congestion

By William B. Cassidy, Senior Editor 5/16/19

Business is returning to "normal" along the US-Mexico border after weeks of freight congestion and delays at truck crossing points in Laredo, El Paso, and McAllen, Texas; Otay Mesa, California; and Nogales, Arizona. Eight- to 10-hour delays in getting trucks into the United States are gone, for now. But shippers shouldn't assume they're gone forever. Exporters and importers alike need to plan ahead for the next spate of disruption, logistics executives said at the 2019 Transplace Shipper Symposium in Dallas last week. That includes shipping through more border entry ports and using more modes, even if that means diverting only a small amount of cargo, to ensure there are alternatives in place.

"Every time something like this happens, we'll try to send shipments to different border entry ports to try to alleviate the issue. That never works," said Jose Minarro, senior vice president of Customs, Mexico, for third-party logistics provider (3PL) Transplace. That's because it takes more than a map to route shipments through new entry points on the US border. You need to have everything that goes around moving shipments to a different port of entry," he said, including the correct paperwork and new customs agents at that border port. "There's a lot of formalities that need to be checked from a customs perspective, and from a logistics perspective there's even more stuff that needs to be aligned and set up properly beforehand."

It's better to have alternative options in place before a crisis than to look for them once the crisis hits. "I had customers ask about intermodal, because intermodal was flowing normally, but guess what? The existing intermodal customers had already taken all the intermodal boxes," Ben Enriquez, senior vice president of logistics for Mexico at Transplace, told JOC.com. "If customers have a small operation shipping through Eagle Pass (Texas) and suddenly Laredo shuts down, they're already set up with Customs, they know the local carriers, or if they do rail intermodal, they can do that," Enriquez said. "We even had some customers with ocean access and they used that," though ocean transit times were often longer than border delays.

Unfortunately, it often takes a crisis to convince people to change. To date, relatively few customers have changed how they move freight across the border, Minarro said. Those shippers may be constrained by the demands of their own customers. But even small changes could make a difference — shipping more freight over the border mid-week, for example. "These are the situations that make people aware of the things they're not doing," Minarro said. "I had many interesting phone calls in this period but the one I will remember was from the senior vice president of operations of many plants in Mexico, who called me to ask me why more of his carriers weren't using the FAST (Free and Secure Trade) lane. The truth was, we'd had numerous discussions with that customer urging them to use C-TPAT (Customs-Trade Partnership Against Terrorism, a CBP program) certified border draymen," he said. "They'd never listen to that recommendation — until now. So guess what they're doing? Every one of their carriers now is using the FAST lanes under that executive's mandate."

More congestion ahead?

Congestion may have eased, but the underlying factors that caused it are still in place. Migrants from Central America continue to arrive at the southwestern US borders in massive numbers, and US Customs and Border Protection (CBP) is still scrambling to find the resources to deal with those seeking asylum and those trying to enter the United States illegally. Everyone from CBP to shippers on both sides of the border is looking for a contingency plan. "I've been doing this for 25 years, and it was the first time I've heard US Customs say there is no contingency plan for what was going on," Minarro said. "If flooding happens, if a computer system goes down, there are standard operating procedures for managing contingencies." There was no SOP in this case. The freight backups and delays began when CBP pulled customs officers from truck lanes and reassigned them to roles supporting Border Patrol Agents overwhelmed by the high number of migrants taken into custody. "For this, CBP had no contingency plan, and on the shipper side that created panic," Minarro said.

Freight-processing capacity at the US-Mexico border dropped 30 to 40 percent by one estimate, as CBP shut down truck lanes. Trucks backed up for miles in Mexico. The number of cross-border turns that drayage drivers in Laredo could expect to make in a day dropped from 2 or 3 to 1, or even 0.5, said Jesus Ojeda, vice president of Customs, Mexico, for Transplace. "Some drayage drivers would cross the border, deliver their load, and stay in the US until the following day, because they had run out of hours," Ojeda said during an interview along with Minarro and Enriquez. That meant less volume in Mexico for northbound shipments the following day, Ojeda added.

The situation made an existing equipment imbalance caused by the higher number of northbound shipments, compared with southbound freight, even worse, and reduced available capacity as far away as the manufacturing region of El Bajío. "If 6,000 trailers didn't make it back across the border, there were 6,000 shipments held up in Monterrey," said Minarro. That affected transportation throughout Mexico, Miguel Gomez Tapia, co-CEO of Fletes México Carga Express in Ciudad Juarez, told JOC.com. "This has impacted the economics of the carriers at the border as well as customers in the US," he said in an email. "The cost of a crossing service rises about 20 percent because of the delays and shortages of trucks."

The congestion began to ease in the third week of the crisis, as CBP transferred more customs officers back to freight duties, said Enriquez. "This is going to be the first normal week of transportation after all this mess. So what started four weeks ago created huge chaos at multiple border crossing points that barely is being solved today, four weeks later." CBP is still trying to find enough personnel to handle the wave of migrants and would-be immigrants arriving at the southwest border. The Trump administration is looking for volunteers from the Transportation Safety Administration — like CBP, part of the Homeland Security Department — to take a temporary assignment on the US-Mexico border.