YOU CAN’T TRAVEL, BUT YOUR PRODUCTS CAN. Shipping and logistics during a pandemic.

MAPIT Alliance
Maryland Partners in International Trade

Webinar
May 19, 2020
Agenda

• Introducing the MAPIT Alliance
  • Pathway to exporting

• Shipping and logistics
  • Incoming/outgoing cargo: Report from the Port
  • Overcoming shipping challenges: Advice from DEC/John S. Connor
  • Case in point: DEC/Ellicott Dredges

• Resources to help
  • Trade counseling on logistics, due diligence reports, virtual services (U.S. Department of Commerce/ U.S. Commercial Service – aka USEAC)
  • ExportMD, 16 global offices (MDOC)
  • Summer interns, fall consulting, video (UMD)

• Q&A
MAPIT Alliance

- U.S. Export Assistance Center (USEAC)
- Center for Global Business, CIBER, University of Maryland
- MD Department of Commerce (MD)
- MD District Export Council (MD/DC DEC)
Pathway to exporting: manufacturing & services

Tips
• Get interested!
• Get top management buy-in from the beginning and along the way
• Leverage MAPIT resources
• Report your success MAPIT partners
The Port of Baltimore

- The POB is considered to be critical infrastructure by Homeland Security.
- The POB has remained open for business for the most part throughout the Covid 19 crisis. Keeping the supply chains moving and consumer good flowing in support of the region and the nation.
- Maritime is playing an essential role in the response of COVID 19
- Suffice to say that we are all concerned about the health and welfare of our employees, co-workers, customers and service providers.
- Social distancing / Temperature checks / hand washing - a must.
Cruise

- Cruise Terminal has been closed since March 12th by order of the Governor.

- Cruise lines are working with the CDC to come up with new procedures to ensure the welfare of passengers and crew.

- Both Royal Caribbean and Carnival Cruise Lines have not yet given us any indication as when they anticipate being back in Baltimore.
Containers

• Volume has dropped but not as significantly as originally anticipated.
• Supply side of the business (China) is up and running albeit and lower capacity.
• While the factories have re-opened not at full capacity.
• Trucking capacity to the Ports in China has become an issue.
• Worries about the demand side of the business – US Consumer.
• Exports ex US have been weak since the crisis first started.
Maritime

- RoRo Vessel owners are trying to up some ships, returning chartered vessels, reducing the number of vessels in a rotation in effort to keep the vessels full.

- Container lines are doing the same, returning charters, pushing for delay of new builds from the shipyards and in some cases – unsuccessfully trying to negotiate better terms.

- Tankers – due to the fall in oil prices and the speed in which it happened, tankers are being used as floating storage and are charging monstrous prices – reaching over $200,000 per day.
Covid – 19 Logistics Impact

Background – Fast Moving Virus/Economy Dance
- January - "Normal"
- February - Lunar New Year + Covid-19
- March – China production drop continues/starts rebound
- Mid March - U.S. Economy in decline
- April – U.S. Deteriorates Seriously (China resuming)
Carrier Action

Ocean Freight
- Lunar New Year Cuts - "normal"
  - Continued with reduced factory cuts - U.S.
  - Poor vessel utilization - Start blank sailings
- March/April blank sailings = Reduced U.S. imports May/June
Air Freight - Pax Driven

- Flights cancelled, freight capacity reduced 30-40%
- Huge demand W/W - PPE, Medical - URGENT!!!!
  - Charters
  - Pax Conversions
  - Sky High rates/back-logs
Results/Current Status

- Volatility
- Uncertainty - How Deep, How Long?
- Transition Signs Starting?
  - rolled bookings
What To Do?

- Watch Carrier Schedules
- Book early, budget high
- It's The Economy - return to "Normal" or "New Normal"
TYPICAL APPLICATIONS

- **Mining projects**: Removing materials such as sand, gravel, tin, phosphates, potash, tailings, industrial waste, coal, etc.

- **Land reclamation**: Filling swamps for real estate development, island creation, beach/resort building, coastal protection.

- **Waterway maintenance**: Maintaining water depth in navigable waterways such as channels, harbors, marinas or canals.

- **Environmental cleanup**: Removing contaminated sediments or refreshing stagnant waterways.
ELLICOTT FACILITIES

Ellicott Headquarters, 150,000 sq ft (14,000m²) manufacturing space in Baltimore, MD

107,000 sq ft (10,000m²) manufacturing space in New Richmond, WI

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Transporting a Dredge

- Dredges are designed to be truck transportable
- Most shipments include a minimum six (6) or more trucks + ocean container
- Ship via Break Bulk, common by project carrier
Transporting a Dredge
On-Site Assembly

- All sites and assemblies are different
Considerations Prior to Shipment

- Compliance – do you need a license or certification to ship? (Commodity jurisdiction (CJ) determination or EAR 99)
- Choice of Mode of shipment (truck, ocean, air)
- Choice of Port/Airport – routing is important (handling time & expense)
- Terms of Sale (Incoterms)
- Paperwork!!

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Tips During the Pandemic

• Keeping the Sales process in motion
  • In absence of travel, stay connected with Customers – Communicate
  • Utilize technology to replace customer visits (virtual factory tours)
  • Let your customers know you are still there for them

• Be diligent about financing and payment terms
  • Banks are getting tough but competitive

• Expect shipments to not be business as usual
  • Check and double check port statuses, customs delays
  • Terms of your booking
  • Hire a freight forwarder
The Maryland-DC District Export Council is one of more than 60 District Export Councils or "DECs" throughout the United States. Members are volunteers, appointed by the Secretary of Commerce.

Members include successful exporters, accountants, lawyers, freight forwarders, bankers, trade professionals, academics, and members of local government.

The DEC pools its knowledge to provide a source of professional real-world advice to exporters and to the Maryland international trade community.

ExporTech™ applies a structured export strategy development process that assists companies to accelerate growth. It is the only national program where each company develops a written export plan, that is vetted by a panel of experts upon completion.
Resources: U.S. Export Assistance Center

• **Trade counseling** - provide guidance on export documentation (certificate of origin, commercial invoice, etc.), landed cost calculation and third-party tools available, what to consider when choosing your freight forwarder, Incoterms, export regulations and compliance, and export pricing.

• **Due diligence reviews** – fee-based service known as the International Company Profile (ICP) through which we provide in-depth or basic background check information on a specific foreign company to help determine its suitability as a potential business partner.

• **U.S. Department of Commerce / U.S. Commercial Service virtual services** ([https://trade.gov/virtual-services](https://trade.gov/virtual-services)) – virtual matchmaking, etc.
Resource: ExportMD Grant Program

• Up to $5,000 in 2/3 reimbursement for expenses ($7500 spent for full reimbursement)
• Eligible expenses: trade show fees, travel expenses, translation, website localization, shipping marketing & sample products, digital marketing, compliance testing for export markets, export research tool subscription
• Qualifications:
  • Have business operations in Maryland
  • In good standing with the Maryland Department of Assessments and Taxation
  • In existence for at least one year
  • Has not received an ExportMD Award in the last 12 months
  • Is a “small business” as defined by the SBA
  • Is planning an eligible international business initiative
  • For digital marketing activities: must have existing website
• Deadlines: First of every month

MAPIT Alliance
MARYLAND GLOBAL EXPORT CONSULTING

LEAD WITH A GLOBAL MINDSET

• Work with a student team to expand your global business, solve a challenge, or get a consultant’s perspective

• Get actionable recommendations customized for your company

• Consulting projects may be aligned with a traditional functional area (logistics, marketing, etc) or cross-functional areas involving data analytics or strategy

• Teams are supervised by highly ranked Maryland Smith faculty and MD’s team in the Office of International Investment and Trade (MD Dept of Commerce joint program)

The Coronavirus Supply Chain Crisis: How best in class organizations battle pandemic risks (video)

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Resources: Center for Global Business
Questions?

MAPIT Alliance and presenter contact information

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