

The Journal of Commerce

2021 ANNUAL REVIEW & OUTLOOK

New twists, risky turns

Logistics managers at the epicenter of
make-or-break decisions in 2021

2021

TPM21: 25 February – 3 March 2021 | A Virtual TPM Experience

RATE REVERBERATIONS

Will spot rate strength ripple
into annual contracts?

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FIRST STEPS

Despite 2020 progress, long road
ahead for decarbonization

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3PLs forced to choose between
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Air cargo carriers extend space
guarantees, but at premium rates

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the reasonableness of such charges to ensure they are proportionate to their intended purposes of incentivizing orderly movement through ports and terminals. In addition, FIATA has welcomed the FMC's inquiry into carriers' definition and application of "merchant" clauses in their bills of lading, which will be important to determining the correctness and fairness of liability allocation.

As a leading global economy, the US's trade policies have a critical global influence. The FMC's work and findings are valuable and relevant not only for the US, but for the whole world. For example, FIATA has already called for governments worldwide to follow the FMC's example in increasing scrutiny of demurrage and detention practices. It is hoped that the next US administration will make this a key priority when President-elect Biden takes office in January 2021. This will be critical to ensuring the much-needed economic recovery in these difficult times.

North Atlantic Alliance Association

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Ocean importers continue to experience high demand for products in the aftermath of the

2020 worldwide commerce shutdown due to COVID-19. The demand for import products joined with limited supply on ocean carriers will be a major factor in 2021.

Economic shutdowns decreased import volume for most of 2020. The resulting lower revenue for ocean carriers caused vessel alliances to opt for reduced (blank) sailings as a way to offset costs. The reduced capacity from blank sailings eventually collided with increased demand for space as the world's economy started to replenish seriously depleted inventories. Add to that new demand

for PPE, vaccines, and related equipment, and importers are challenged to move cargo rapidly. Ocean carriers are incapable of increasing supply on short notice fueled by sudden surges in demand. Blank sailings are expected to continue into 2021 until supply and demand have a chance to balance.

Meanwhile, the import shipping boom is adding much-needed revenue to the ocean liners' coffers, depleted in recent years while their infrastructures suffered from cost cuts. Ocean liners may not be too eager to increase capacity any time soon. Even if the worldwide economy returns to normal in 2021, what incentive is there to return to excess supply and big deficits? Blank sailings may be a post-COVID-19 "new normal," at least for the near future.

The industry has seen ebbs and flows in supply and demand over the years, but 2021 will offer a dynamic not seen before in shipping: Peak

seasons will be replaced by peak years. In these circumstances, the NVO's role becomes more valued and continues to offer importers ways to meet the challenges of space, equipment, and pricing concerns during a shipping boom.

World Customs Organization (WCO)

Kunio Mikuriya

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In 2021, the global customs community will unite around the WCO theme of "Recovery,

Renewal and Resilience for a sustainable supply chain." Customs administrations will be invited to further digitize processes at borders,

◀◀ "2021 will offer a dynamic not seen before in shipping: peak seasons will be replaced by peak years."

Joseph T. Saggese

◀ "The way customs administrations clear goods at borders should be considered from a fresh perspective."

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The value of global trade professionals around the country spiked on Nov. 4, 2020.

We all know the simple truth that every time a new administration moves into the White House, there has been a shift in trade policy. President-elect Joe Biden did not spend much campaign time laying out his plans for new trade policy initiatives, but we know his victory will have especially significant consequences. The change is not only a new party affiliation, as has occurred during the last six presidencies, but the replacement of an aggressive president who was very comfortable branding his trade relationships and negotiations a "war." The strategy and tactics that Biden will employ remain to be seen.

But we know this about employment opportu-



◀ "Change is job security, and change creates new career paths."

nities within the global trade community the past few decades: Change is job security, and change creates new career paths. Every trade professional will be tasked with keeping their firm compliant with US import/export trade policy and able to take advantage of our free trade agreements. We will also soon see the details of Biden's \$700 billion campaign pledge to "buy American." Luckily, policy change provides high-visibility, career-invigorating opportunities for trade professionals to advise their corporate brain trusts and to navigate the confusion of new trade agreements, revised regulations, tariff battles, and China and EU trade relationships.

Biden and his former boss were big proponents of the Trans-Pacific Partnership (TPP). Trump walked away from the negotiations the first week in office, and TPP has since been renamed CPTPP. Get used to using that acronym. Expect the US to become active partners in this trade partnership.

With every shipper in need of a team of experts to recalibrate supply chain strategies to account for the inevitable trade policy changes, 2021 will be a year of job security and career opportunities.