

## Surging Export Volumes Continue to Create Outbound Logistics Pressures

### As Trade Ebbs and Flows, Problems Shift from Inbound to Outbound Logistics; Georgia-Pacific Building Products Sees Export Surge, but Execution Challenges Rise Too

SCDigest Editorial Staff

With the falling US dollar, US export volumes have continued to strengthen – good for many US-based companies, but creating a variety of challenges in terms of export logistics.

The inbound global supply chain continues to present challenges to many Western companies, but in some respects, with flat or declining import container volumes, the pure inbound logistics execution issues have moderated substantially due to more capacity throughout the supply chain. The exact opposite has occurred in export logistics.

Georgia-Pacific's buildings products unit is a prime example. In recent times, its international sales and export volumes have risen dramatically – but fulfilling those orders has become increasingly challenging.

"In this environment, it's critical to well communicate how outbound logistics works to customers and your sales team," said **Lloyd Rich**, director of Import/Export and Compliance for GP, at a recent meeting of the Atlanta CSCMP roundtable. "For example, just because you have a "booking" on an ocean container doesn't guarantee the space or the departure."

In fact, just getting sufficient outbound containers for shipping continues to be a real supply chain constraint for many companies. A large percentage of the export volumes from the US are coming from inland regions or other areas far away from the major inbound ports, such as LA/Long Beach. Getting them to where they are needed for export is itself a huge logistics and cost challenge.

Agricultural exports are a big source of the outbound volume growth and focal point of the con-



### Container Shortages, Scheduling Issues, and Costs Are Causing Export Logistics Challenges for Georgia Pacific

tainer shortage. U.S. agricultural exports have jumped 20% by weight in the six months ended Feb. 29, compared with the same period last year, according to the Department of Agriculture.

### Container Shortages Impacting Sales

But they might have been even more, if not for these logistics constraints. For example, **Peter Friedman**, executive director of the Agricultural Transportation Coalition, believes agricultural exporters could have shipped 20% to 30% more products in the past six months if more shipping containers were available. Other companies are similarly reporting lost sales due to container shortages.

GP's Rich also said it is critical for shippers to monitor export container availability at key ports to have the best chance of catching potential container shortage issues before it's too late.

## **Surging Export Volumes Continue to Create Logistics Pressures (Con't)**

Even if exporters secure the booking and the containers, stuff happens – and ocean carriers are much less likely today to try to catch up to the schedule as a result of the tremendous rise in fuel costs.

“The ships are slowing their average speeds down to save on fuel,” Rich said. “They will not speed up now as they did in the past to try to make up lost schedule time.”

Container availability and shipping capacities/schedules are two key issues. Inevitably, cost increases are also a growing concern, as fuel surcharges rise and guaranteed pricing windows shrink.

“The rate validity with the ocean carriers is now one quarter, and it may go less than that,” Rich said. “Not long ago, the rate you paid could be locked in 6-12 months. We’re lucky to get one quarter now.”

***Getting sufficient outbound containers for shipping continues to be a real supply chain constraint for many companies. A large percentage of the export volumes from the US are coming from inland regions or other areas far away from the major inbound ports, such as LA/Long Beach. Getting them to where they are needed for export is itself a huge logistics and cost challenge.***

---

Obviously, this environment can play havoc with absolute logistics costs and costs relative to budget – and ultimately to the bottom line.