

THE ALMOND CONFERENCE

50

YEARS

THANK YOU TO THE ALMOND CONFERENCE 2022 METAL SPONSORS!



THE ALMOND CONFERENCE

50
YEARS

Logistics and Shipping Situation Appraisal

December 7, 2022

Moderator: Brock Densel (ABC)

Speakers: Stuart McAllister (Terra Nova Trading)

Peter Schneider (TGS Logistics)

Bill Rooney (Kuehne & Nagel)

 **california
almonds**
Almond Board of California

THE ALMOND CONFERENCE

50
YEARS

Logistics and Shipping Situation Appraisal

December 7, 2022

Stuart McAllister,
Terra Nova Trading

THE ALMOND CONFERENCE

50
YEARS

Logistics and Shipping Situation Appraisal

December 7, 2022

Peter Schneider,
TGS Logistics

California & Nevada Drayage Services



The Service You've Come to Depend On



Presentation for



COMMITMENT TO SERVICE • SAFETY • SECURITY • TECHNOLOGY

Drayage Services California & Nevada



International Drayage

TGS services the Ports of Los Angeles & Long Beach & Oakland daily with over 100 trucks serving central and northern California well as northern Nevada.

Domestic Intermodal Drayage

TGS services the rail ramps in northern California (Lathrop, Stockton and Oakland) as well as in Sparks, NV.

LCL Service

Our LCL service runs to/from the ports of Oakland and LA/Long Beach with empty containers daily.

THE SERVICE YOU'VE COME TO ~~DEPEND ON~~ YOU'VE COME TO DEPEND ON



US Customs Bonded



Certified Hazmat Carrier



CARB Certified Trucks

*TGS handles both **dry** and **refrigerated** cargo. We are also a bonded & hazmat carrier.
Of course, all trucks are CARB compliant.*

COMMITMENT TO SERVICE • SAFETY • SECURITY • TECHNOLOGY



TGS's Knows Ag!



TGS has specialized in Ag Exports since 1987

THE SERVICE YOU'VE COME TO DEPEND ON

How do you specialize in International Ag Export Trucking?

•You listen to your customers and do what's in their best interest!

•TGS has specialty chassis for all our ag export partners. We have the newest and largest specialty ag fleet in the central valley with over 300 chassis and growing every year to meet our customer's demands.

•TGS has 40' LW (light weight) chassis to haul up to 46,000 lbs.

•TGS has 20/40 split axle chassis to haul up to 46,000 lb. 20' loads

•These are lighter and more versatile than tri-axle chassis

•All our chassis have GPS (with geo-fencing) – we monitor them daily to make sure your load is where it's supposed to be.

•TGS's team is trained to handle Ag products. Not just our operations team, but our admin, safety team, company drivers, independent contractors and even a lot of our vendor partners all know the difference in handling something Ag related vs. something else.

•TGS's Ops team is lead by veterans in the industry

•All TGS drivers know what to look for when getting a container for Ag.

•TGS hauls the below commodities on a daily, weekly and monthly basis:

•Almonds, Citrus, Corn Flour, Cotton, Grapes, Melon, Milk powder, Pistachios, Pomegranates, Prunes, Raisins, Seeds, Stone fruit, Walnuts

•We also haul ag related products like drip irrigation, fertilizers, bins, trays and other supporting goods.



TGS in the Industry



TGS has a reputation for giving back to the industry.

THE SERVICE YOU'VE COME TO DEPEND ON

Here are some of the industry associations, organizations and groups we are apart of.

- **AgTC** – TGS is an active member and serves on the Board of Advisors. We also help, sponsor and speak at workshops and at the annual meeting.
- **CTA** – TGS is an active member of the California Trucking Association. Peter Schneider is the Chairman of the Intermodal Conference for Northern California, and Robert Loya is the Chairman of the Intermodal Conference for Southern California.
- **HTA** – TGS is very active with the HTA. Robert Loya is the President & Peter Schneider is the Executive Secretary. We have been working with the HTA for several years. We are strong advocates not only for our industry, but for our customers within the industry.
- **IANA** – TGS has been an IANA member for over 25 years. We are now on the IIEC committee which manages the actual UIIA document, amendments and changes.
- **FMC** – TGS has participated on three supply-chain innovation teams since 2016. We stay active and engaged with the FMC, and they call us for advice. We meet with the FMC Chairman & Commissioners no less than 2 times per year in person in DC, as well as on the west coast when they make it west. They usually call us first to check our schedules.
- **Port of Oakland PETF** – TGS is one of only a few drayage companies on the Port Efficiency Task Force at the port of Oakland. This was instrumental in Oakland's turn around in 2016.
- **Other** – TGS was instrumental with the passage of OSRA, writing sections of the law that went to both the House and Senate for approval by the President in June-2022.



TGS at FMC – Oct-22

TGS Works Hard and Fights For Its Customers

CARB and ACF Rules



THE SERVICE YOU'VE COME TO DEPEND ON

Overview

- CARB – slides
- AB5 – slides
- FMC – discussion –
 - OSRA
 - NPRMs

CARB and ACF Rules



THE SERVICE YOU'VE COME TO RELY ON YOU'VE COME TO DEPEND ON

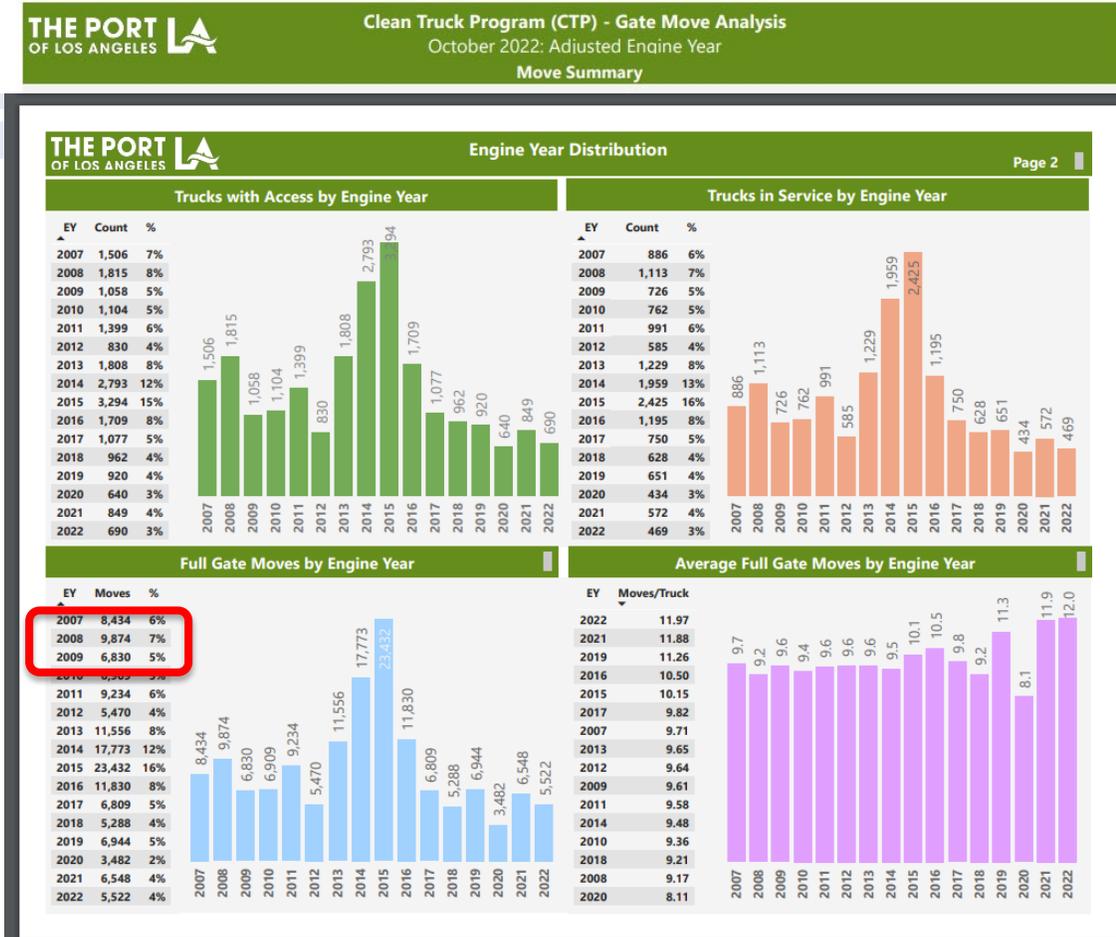
- Drayage Trucks
 - ❖ On 12/31/2022: Diesel-Fueled Trucks equipped 2007-2009 MY Engines will no longer legally be able to access ports and covered intermodal facilities (Railyards within 80 Miles of a port or over 100 truck trips per month)
- HDZEV Drayage Standard
 - ❖ Beginning 1/1/2024: All First time VIN entrants into DTR will need to be Zero-Emissions
 - ❖ Useful Life Reporting (13 Engine Years or 800K Miles up to 18 Years)
 - ❖ 2035 HDZEV Requirement

CARB and ACF Rules

THE SERVICE YOU'VE COME TO DEPEND ON

POLA trucks
2007-09 – Oct22

2007-09 trucks
Still account for
18% of loaded
moves in POLA



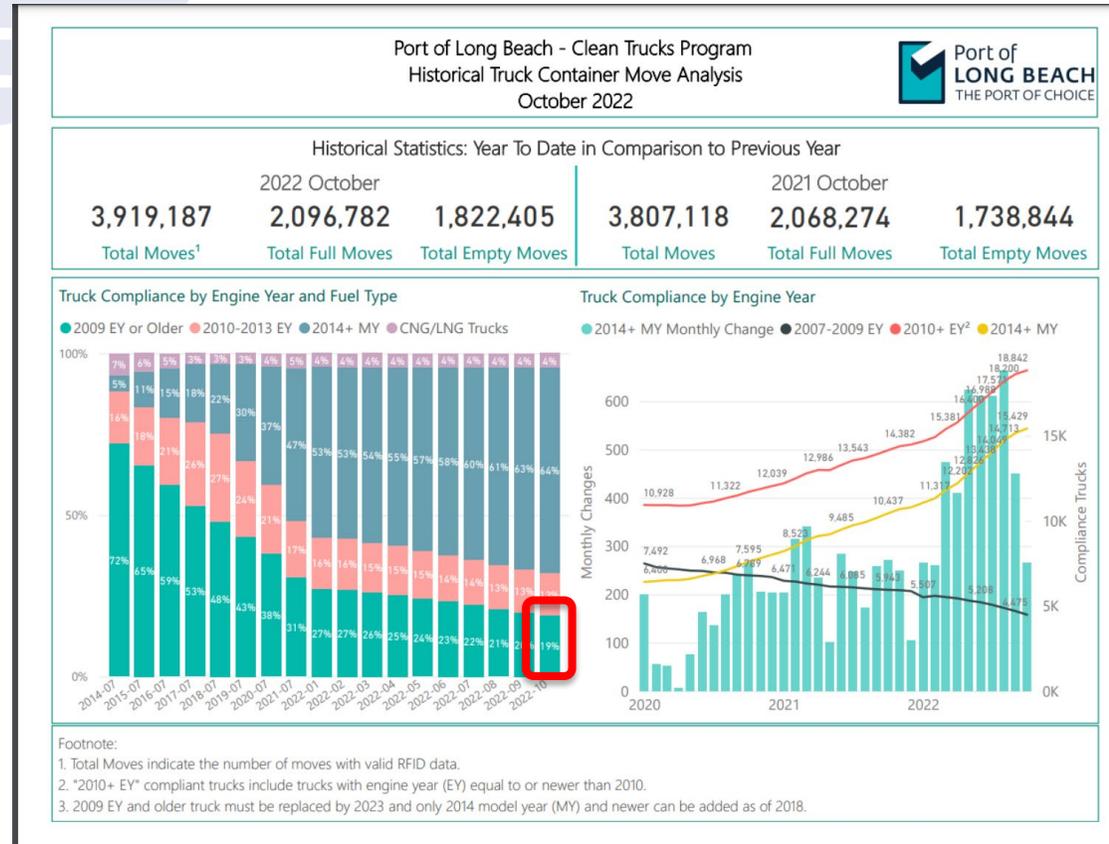
CARB and ACF Rules



THE SERVICE YOU'VE COME TO DEPEND ON

POLB trucks 2007-09 – Oct22

2007-09 trucks Still account for 19% of loaded moves in POLB



CARB and ACF Rules



THE SERVICE YOU'VE COME TO DEPEND ON

Highlighted portions of CARB's website

Are any zero-emission trucks commercially available?

There are more than 70 different models of zero-emission vans, trucks and buses that already are commercially available from several manufacturers. Most trucks and vans operate less than 100 miles per day and several zero-emission configurations are available to serve that need. As technology advances, zero-emission trucks will become suitable for more applications. Most major truck manufacturers have announced plans to introduce market ready zero-emission trucks in the near future.

There are only a few, very limited, options for ZEVs for Class 8 Trucks – and none meet the needs of the drayage industry

Drayage Trucks at Seaports & Railyards

The Drayage Truck Regulation will no longer be in effect as of January 1, 2023. Beginning January 1, 2023, drayage trucks will be subject to the Truck and Bus Regulation. Please visit the [Drayage Truck Regulation Sunset](#) page for more details.

Deadline	Description
Class 7 and Class 8, Ongoing	Trucks with 2007 model year engines or newer are fully compliant through December 31, 2022. Most often, these trucks can be identified by their green 2020 or 2022 label. 2020 labels have the same compliance as 2022 labels. Free registration in the Drayage Truck Registry (DTR) is still necessary for entry in to California ports and railyards. Starting January 1, 2023, trucks must have a 2010 model year engine or newer to continue entering California ports and railyards.
Ongoing	All drayage trucks must be registered in the DTR before they are dispatched to a port or railyard.

AB5 – ABC Test



THE SERVICE YOU'VE COME TO RELY ON YOU'VE COME TO DEPEND ON

Presumes employee status unless hiring entity demonstrates all three of the following:

- A. Worker is free from control and direction of the hiring entity, both under the contract and in fact;
- B. Worker performs work that is outside the usual course of the hiring entity's business; and**
- C. Worker is customarily engaged in an independently established trade, occupation, or business of the same nature as the work performed for the hiring entity.

AB5 Options



THE SERVICE YOU'VE COME TO RELY ON YOU'VE COME TO DEPEND ON

Different Options discussed and used so far...

- Brokerage Model
 - Strictly use ICs
 - Use Fleet Operators with Employee Drivers
 - Settlement Carrier Model
 - Prop 22 Model (Uber/Lyft)
- Conversion to Company Drivers
- Two-Check System – pay for services and truck and related costs separately

Questions?



THE SERVICE YOU'VE COME TO RELY ON YOU'VE COME TO DEPEND ON

Contact info

Peter Schneider

pschneider@tgstrans.com

THE ALMOND CONFERENCE

50
YEARS

Logistics and Shipping Situation Appraisal

December 7, 2022

Bill Rooney,
Kuehne & Nagel

Sea Logistics Update for: The Almond Board

Bill Rooney

December 7th, 2022

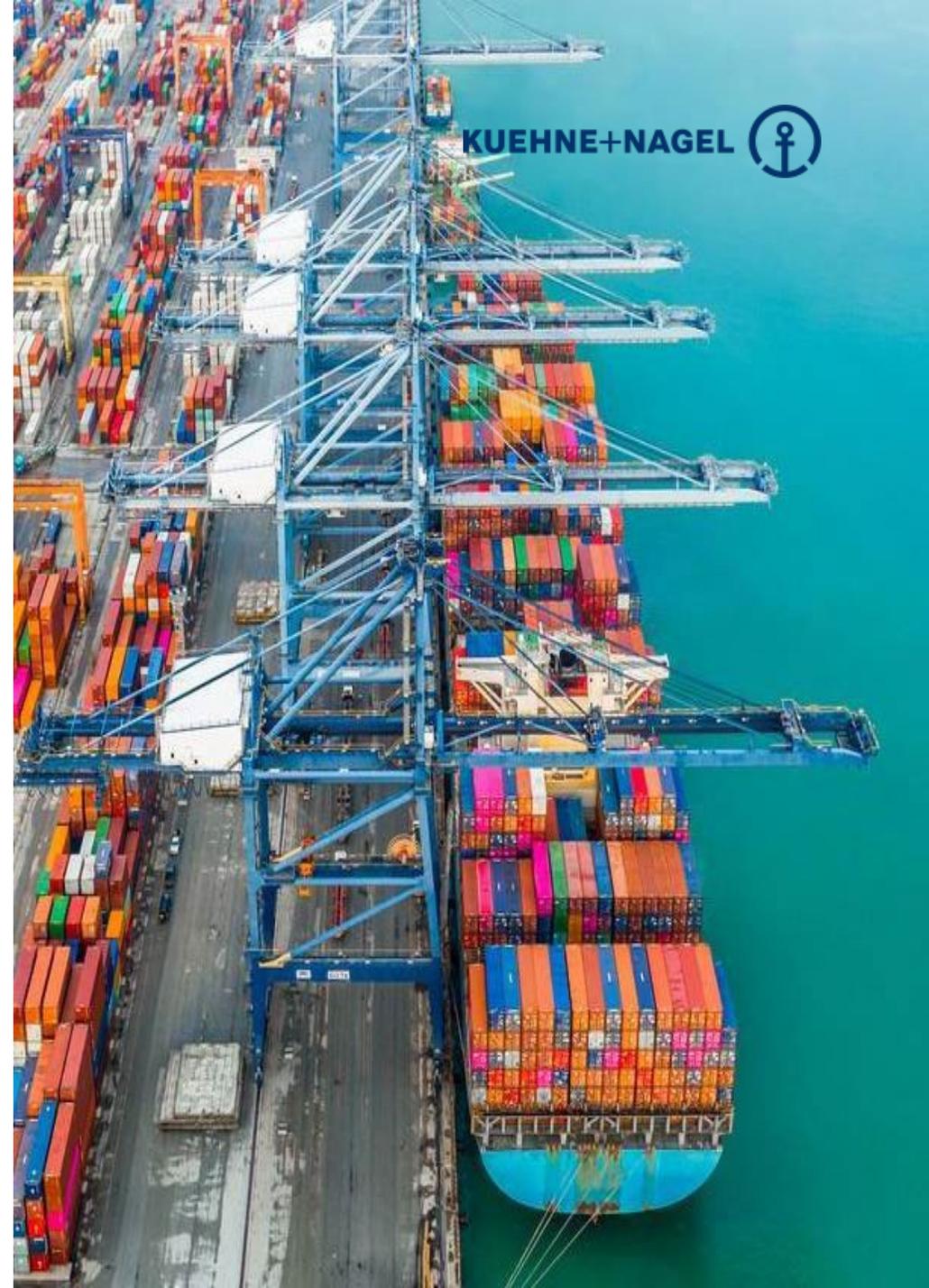


So, a dumpster fire.....



This Is What It Has Come To

➔ **Mississippi River Barge and Freight Train Collide: NTSB Report**



Agenda: Current State of Sea Logistics

1. Labor
2. Cargo Volume
3. Congestion



Section 01

Labor

Developments: ILWU Labor

→ Imports Into Southern California's Ports Plunged 26% in October

Port of Los Angeles executive director says protracted contract negotiations are pushing importers to Gulf and East Coast gateways

Importers appear to be rushing away from the biggest U.S. ocean gateway complex. Combined inbound volumes into the ports of Los Angeles and Long Beach plummeted 26% last month, the WSJ Logistics

Source: WSJ 11.16.22



Developments: ILWU Labor

- ILWU halts vessel operations at Oakland's largest terminal
- OICT resumes vessel operations after ILWU job action
- Irreconcilable issues prolonging West Coast longshore labor talks

Source: JOC 11.2/14/16.22



Developments: Rail Labor

- Largest U.S. rail labor union votes against contract, raising strike risk
- Top unions split on tentative agreement with US rails

Source: JOC 11.21.22



Developments: OCU (Office Clerical Unit)



Dispatcher Newspaper ▾ About ▾ Co

→ **Office clerical workers at Port of Los Angeles go on strike to stop outsourcing good jobs needed by working families in Harbor community**

Nov 27, 2012 | Uncategorized

→ **The current OCU contract expires on June 30, 2023**

Note: The OCU (ILWU local 63-Office Clerical Unit) represents approx. 600 clerical workers in the LALB port area. The ILWU has honored OCU picket lines in the past

Source: ILWU

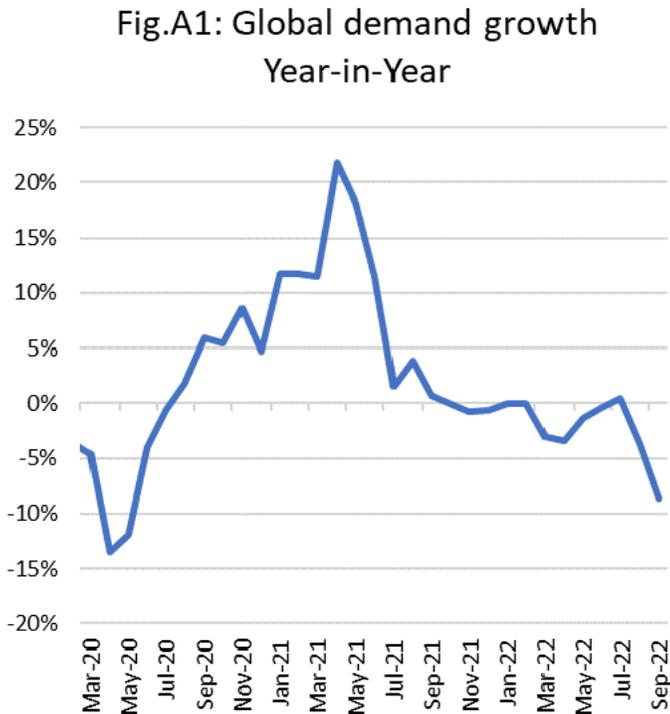


Section 02

Cargo volume

Demand collapse in September 2022

The new demand data for September 2022 can at best be described as a complete collapse in demand growth – and is a very clear indicator of why spot rates have been so quick to normalize.



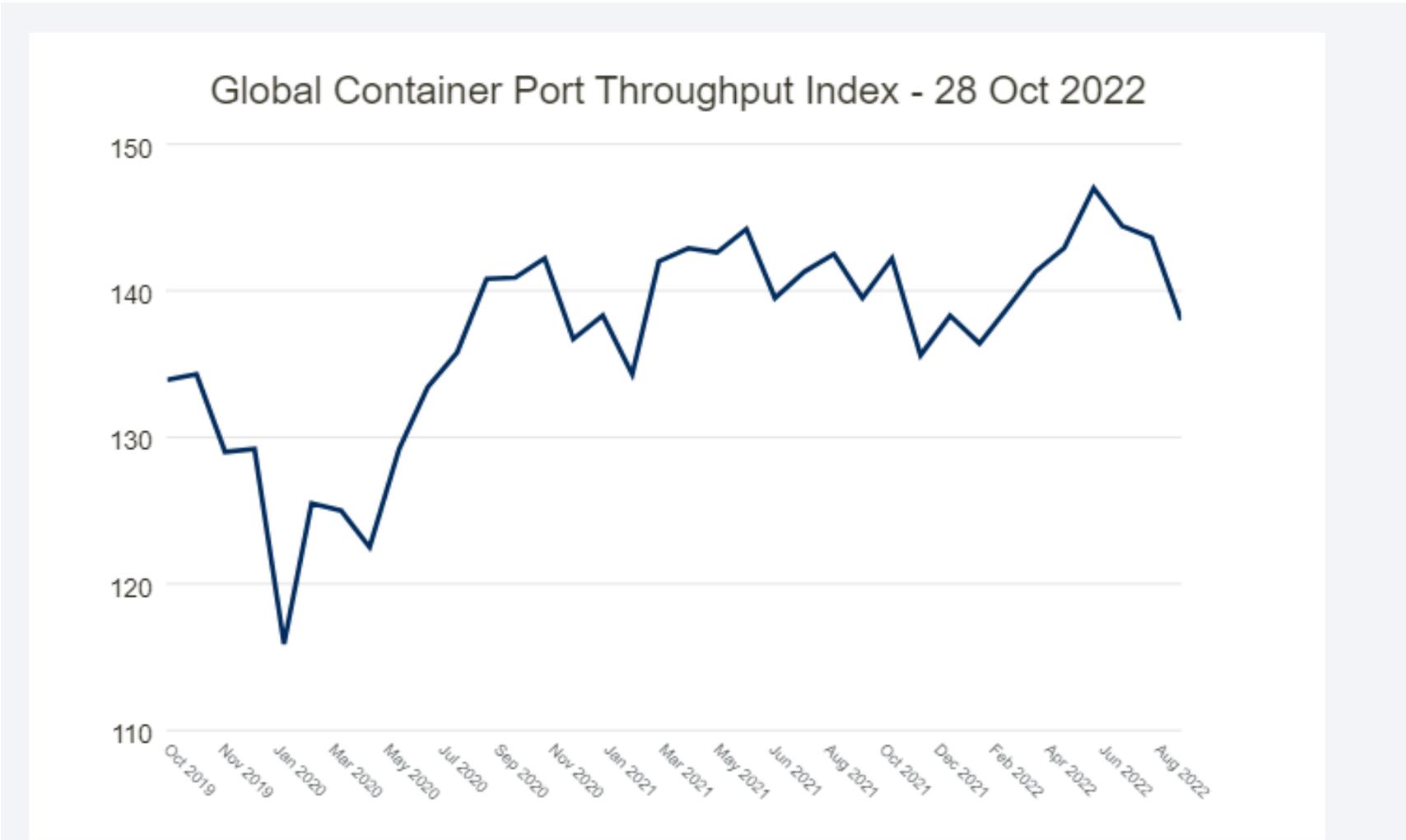
Developments: US Cargo Volume

- Falling U.S. Container Imports From China Hit West Coast Ports in October -Report
- Chinese Trade Unexpectedly Drops as Demand Slowdown Worsens

Source: gCaptain, Bloomberg



Port Throughput

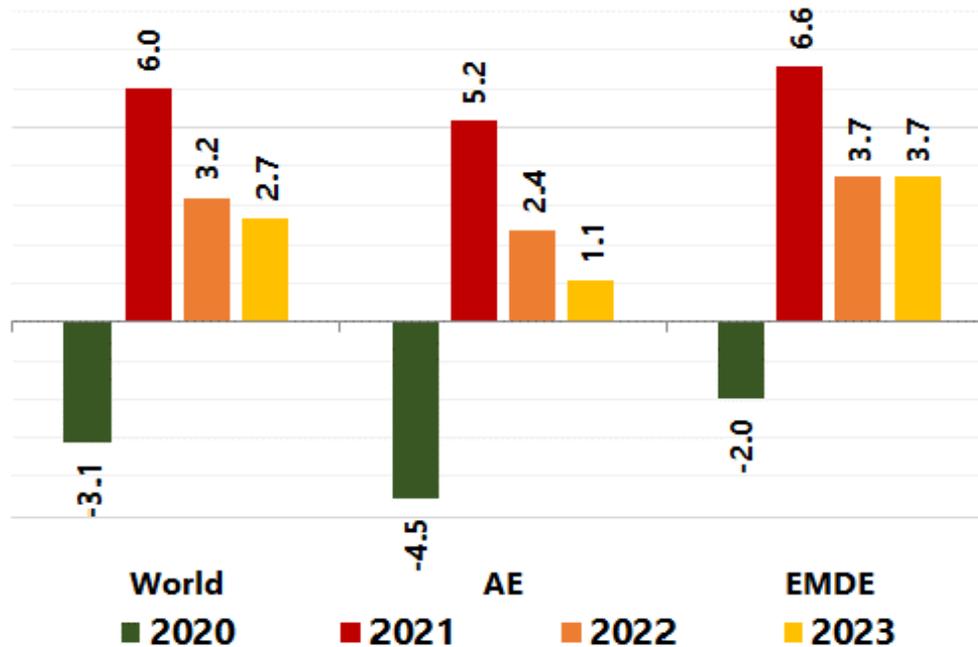


Source: Drewry Ports and Terminals Insight (Jan 2012 = 100, calendar adjusted)

➔ IMF: Further economic slowdown in 2023

Continued spill-over effects of the Ukraine war, rising energy prices, and inflation is projected to cause further slowdown in the global economy in 2023, with Germany projected to enter a recession.

Fig. B1: Global Economic Outlook



Source: SeaIntelligence 10.16.22



Global trade projections

Table. B2: Revisions in World Trade Projections

					Diff. From July 2022 report		
		2020	2021	2022	2023	2022	2023
World Trade Volume		-8.2	10.1	4.3	2.5	0.2	-0.7
Advanced Economies	Import	-9.0	9.5	6.0	2.0	-0.2	-0.8
	Export	-9.4	8.7	4.2	2.5	-0.3	-1.0
Emerging Economies	Import	-8.0	11.8	2.4	3.0	1.3	-0.3
	Export	-5.2	11.8	3.3	2.9	0.1	-0.4

Section 03

Congestion

Developments: Congestion

→ Container shipping congestion declines as world trade volumes drop in October

Source: International Shipping News 11.9.22



Port congestion

Ships waiting at anchor as of 11.17.22:

Los Angeles/Long Beach: 5 (on Nov. 16, inside and outside the SAQA)

Oakland: 1

SEA/TAC/VAN 3

Savannah: 29

Charleston: 0

Norfolk: 6

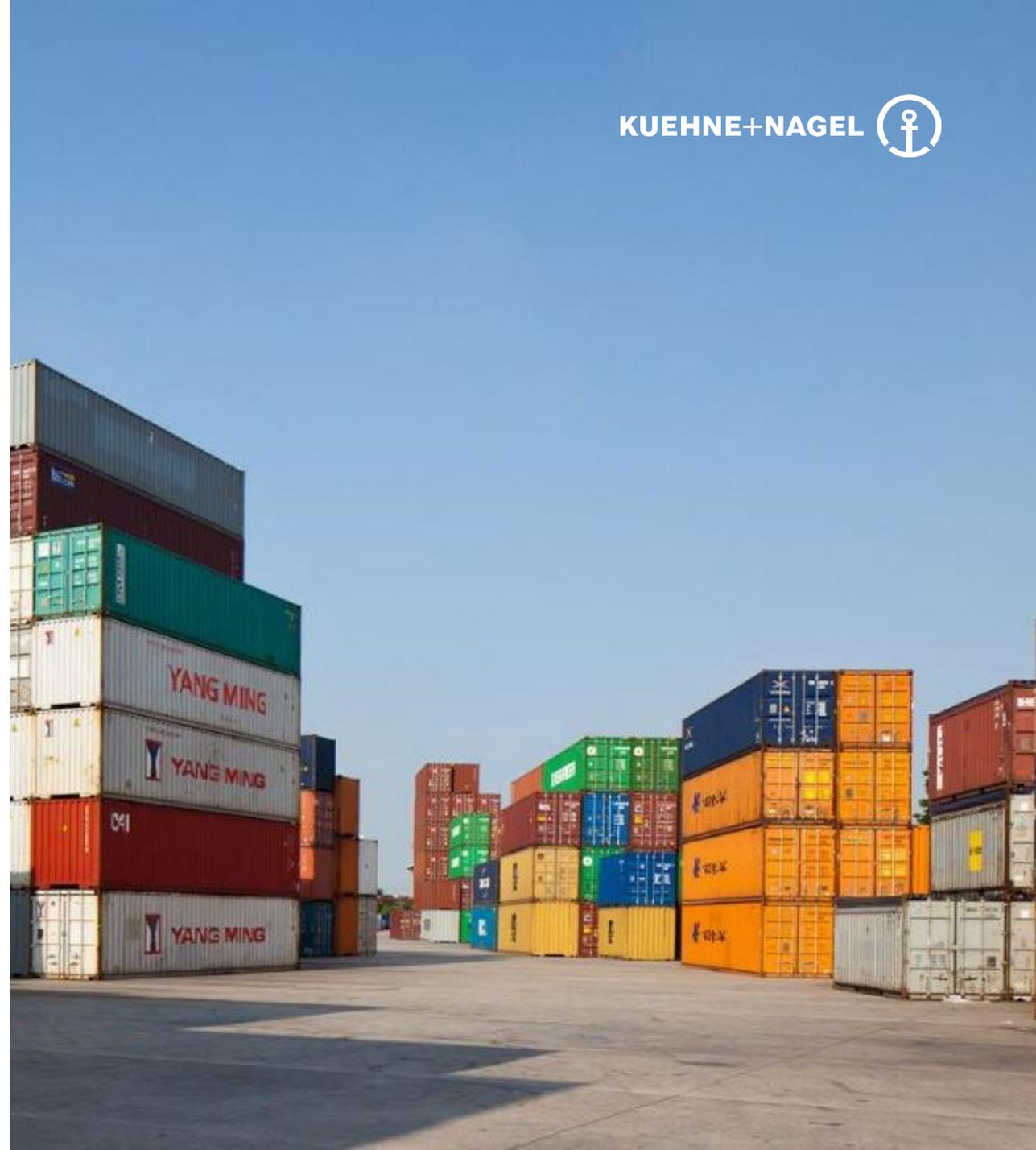
Houston: 9

New York/NJ: 3

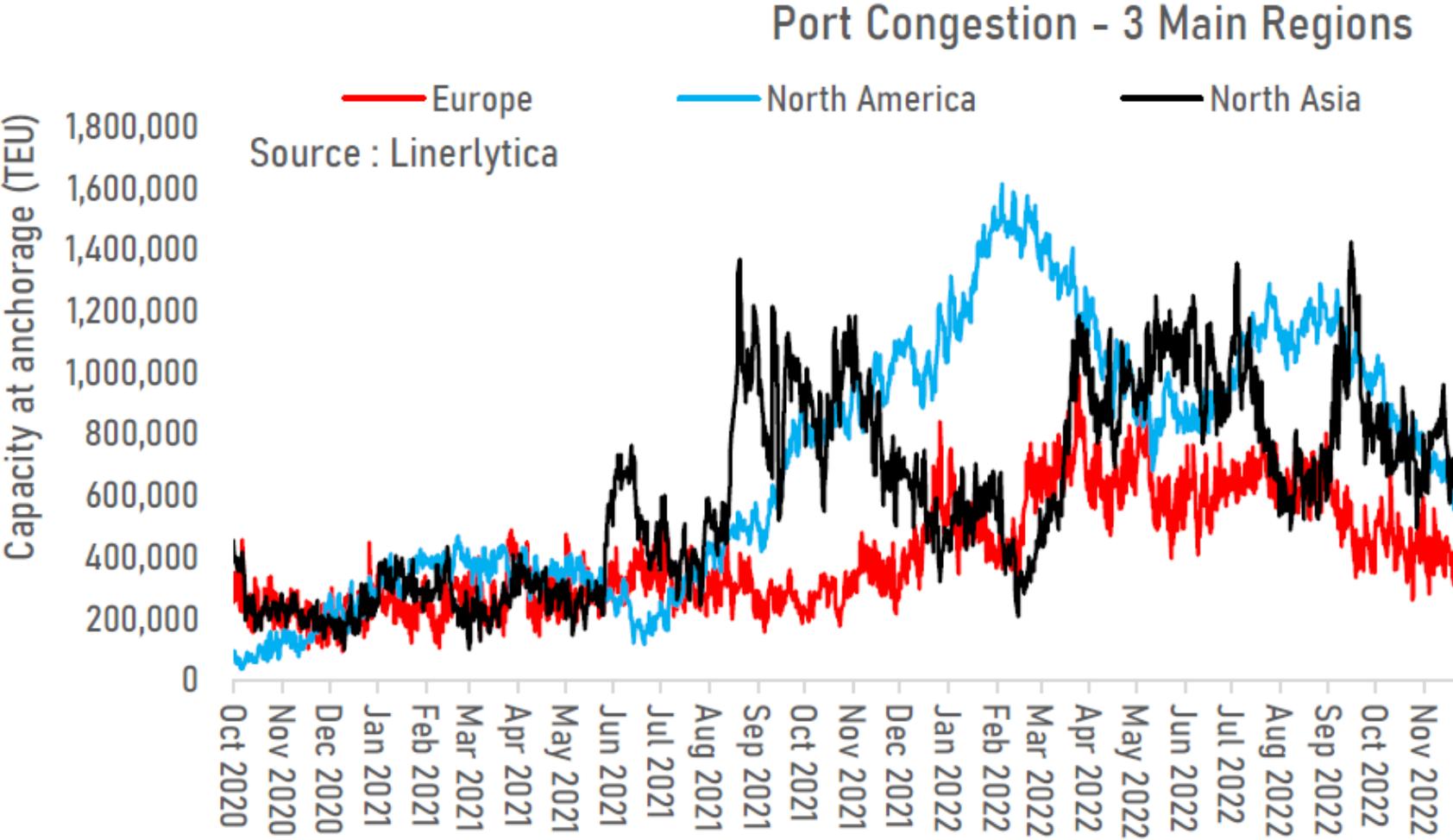
Antwerp/Rotterdam: 16

Bremerhaven/Hamburg: 6

Source: Marine Traffic, PMSA, Marine

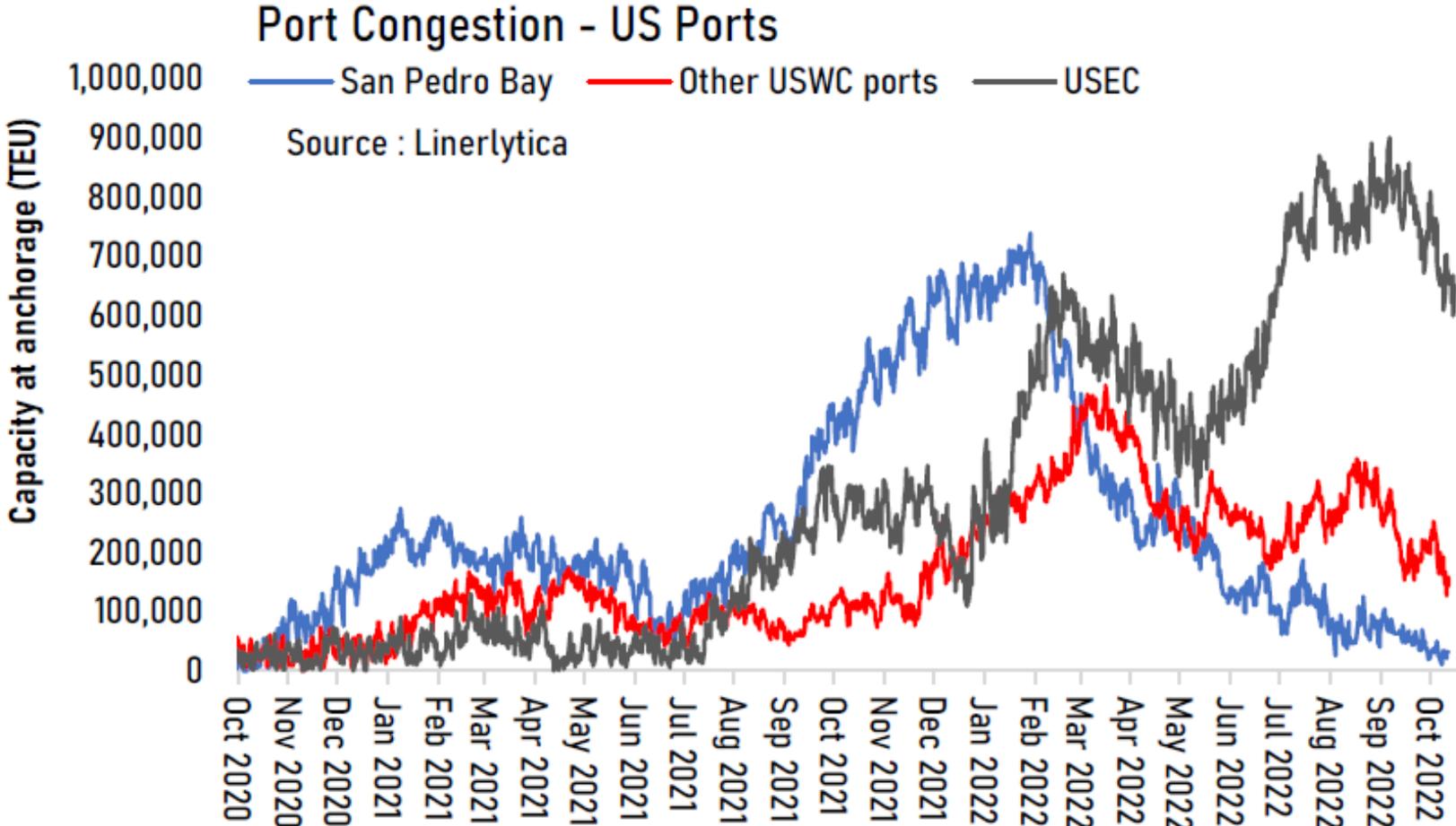


Port Congestion by Region: Week 46, 2022



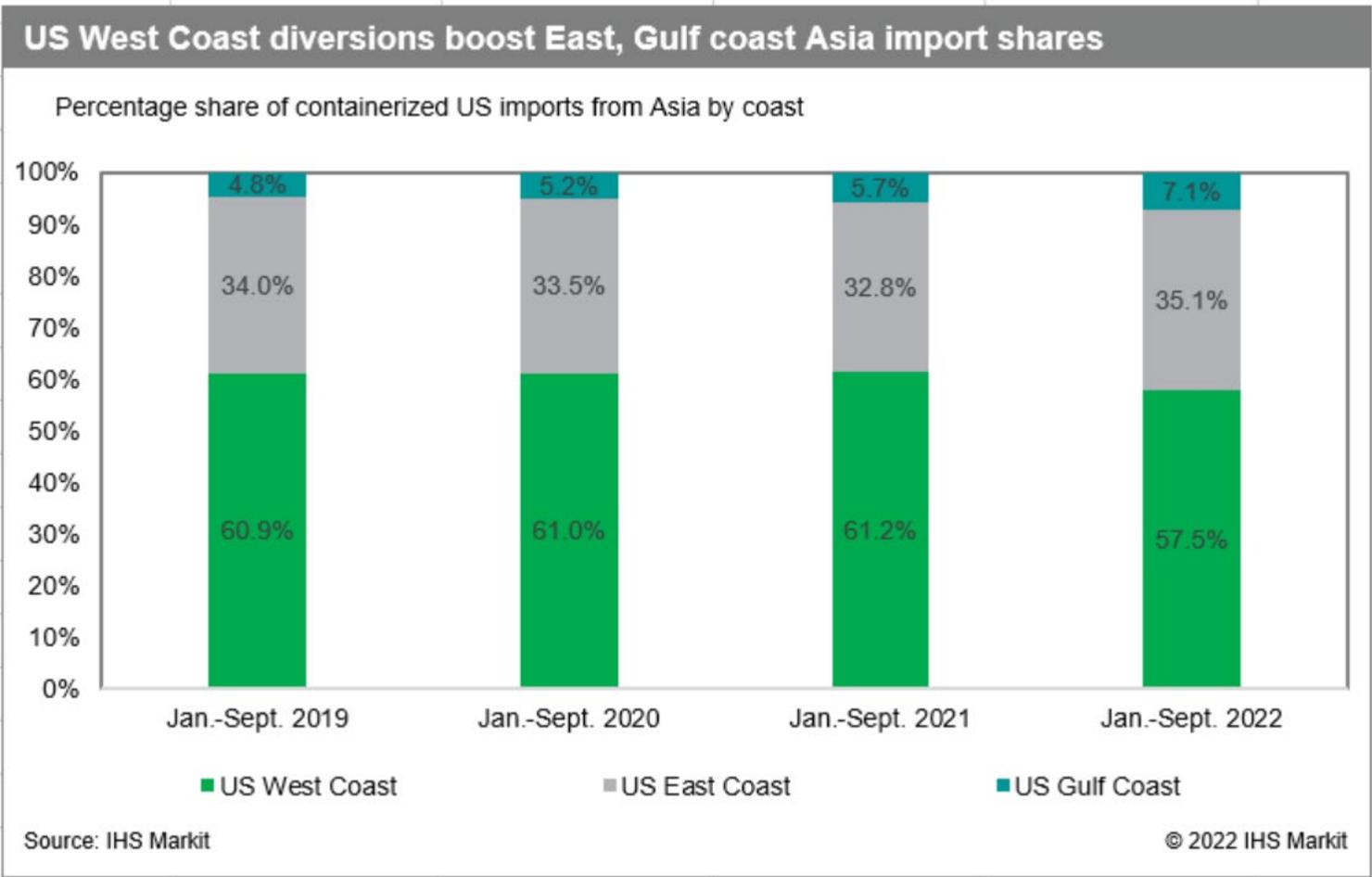
Source: LinerLytica week 46 2022

US Port Congestion (Week 41)

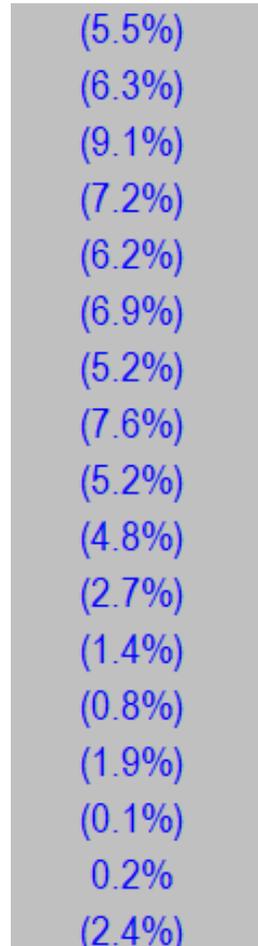


Source: Linerlytica 2022 wk 41

Developments: US Coastal Market Share Movement



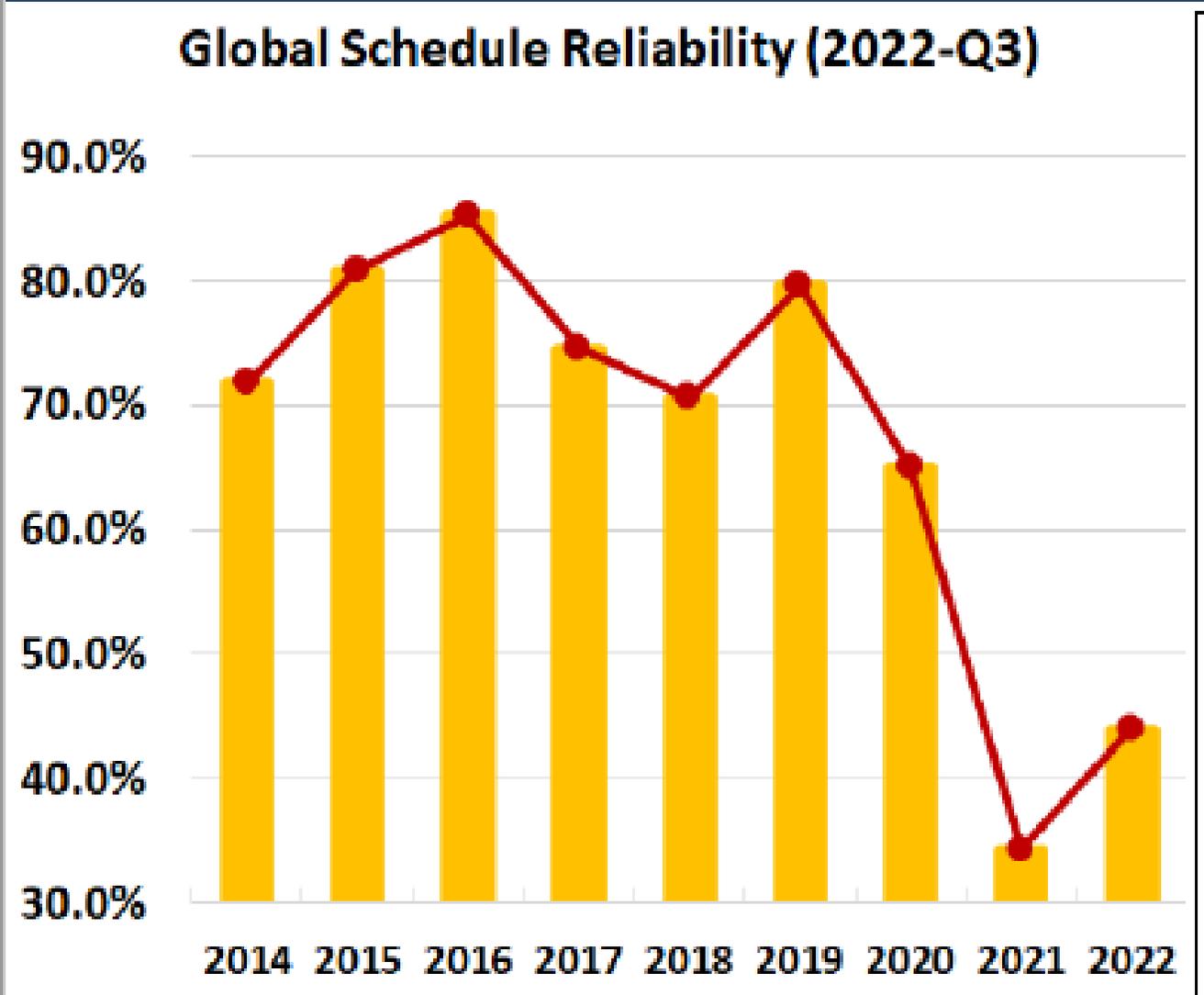
Train speed & car
dwell wk 29 to wk 45
2022 vs. 2021



**Trains are 20% slower in 2021/22 vs. 2015/16. 20.2 MPH vs. 25.5 MPH
A mixed bag for 2021/2 vs. 2020.**

Intermodal volume in Q2 2021 was 25% to 30% higher in 2021 vs. 2020 & overwhelmed the network

Global Schedule Reliability



Source: SeaIntelligence 11.1.22

Is Congestion Getting Better?

Fig.C1: Global schedule reliability

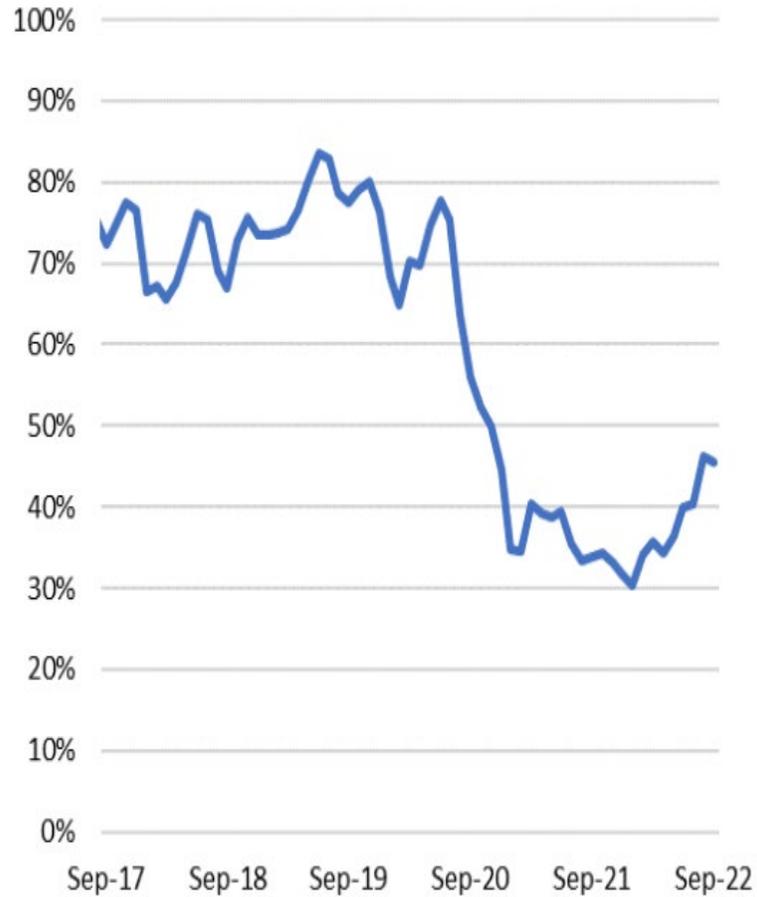


Fig.C2: Average delay of late vessels

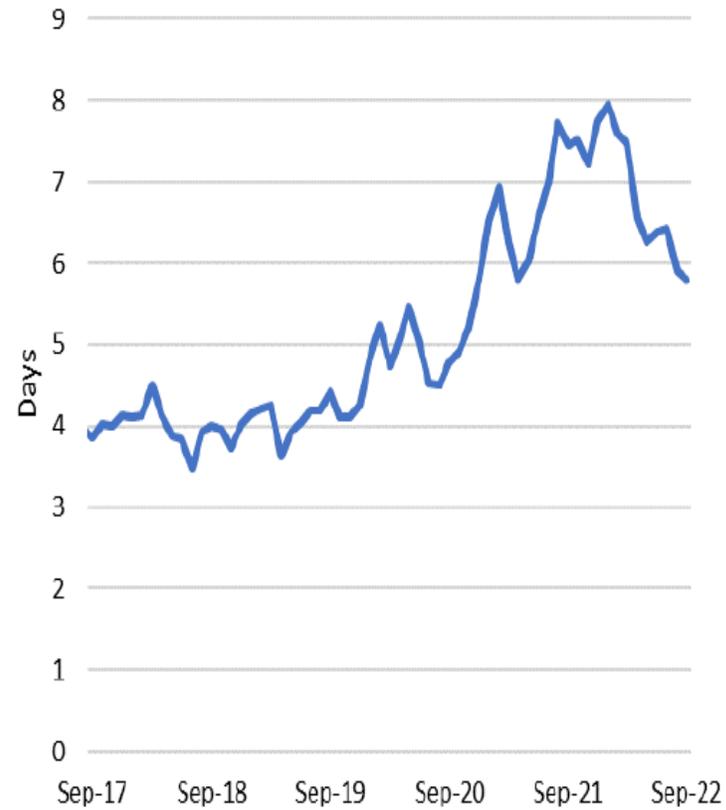
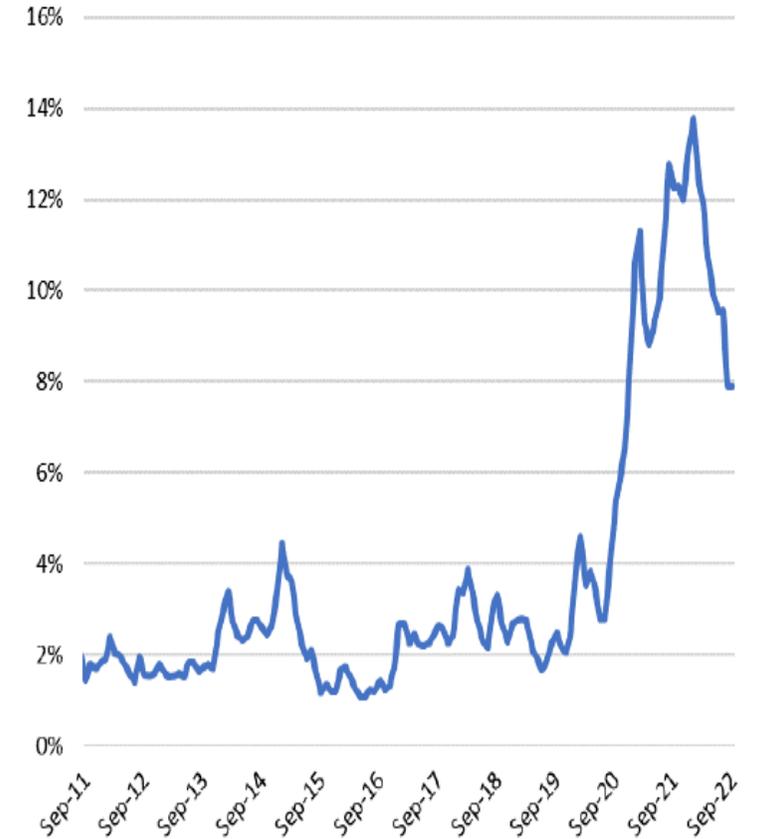


Fig.C3: Absorption of global fleet due to delays



Disclaimer

- This document has been prepared and approved by Kuehne+Nagel or one of its affiliated companies and is for informational purpose only.
- The information presented in this document is intended for the recipient to whom it was delivered. Reproduction or distribution of this document in whole or in part is not permitted without the express written consent of Kuehne+Nagel or one of its affiliated companies.
- This document contains forward-looking statements. We caution the reader that forward-looking statements are no guarantees of future performance. Past returns are no indication of future returns. The development of the industry and markets described in this document may differ materially from the forward-looking statement contained herein.
- Information and opinions contained in this document have been compiled from sources believed to be reliable. Unless otherwise stated, any statements herein are based on our own estimates at the time of publication.
- Kuehne+Nagel or any of its affiliated companies make no representation as to the accuracy or completeness of any of the information contained herein and accept no liability for loss arising from the use of the information provided.
- This document is not an offer of any kind and of educational nature only. It had been prepared separately from any proposed offering of any security.

Thank you

Bill Rooney

Vice President Strategic Development

bill.rooney@kuehne-nagel.com

201-693-0183

THANK YOU

