

April 7, 2021

Dear Valued Clients,

Since the start of the pandemic a year ago, global economy has been in a global trade turmoil and supply chains experienced some extreme changes. Landert Bread felt it was imperative to provide a clear and concise picture of what is really going on in the global trade arena.

As most of you experienced, delays in all products are occurring often. Until now, Covid and the government have been the go-to explanation. After researching and fact checking, we would like to provide the results of our quest to understand and process the cause of delay in Global Trade. To substantiate our summary, references are provided as well.

Reasons of the Container Shortages

At the beginning of the pandemic, it was expected that consumption will be much reduced, and economies will slow down. That is why China did not get all the containers immediately back to their ports. However, since US consumers do not go out and spend on services such as holidays et cetera, they bought much more physical goods. And these goods are shipped in containers around the world, especially coming from China to the USA and Europe. Now China wants to satisfy these export orders and needs containers. So, what they do is they order each container back to China. Even empty containers which normally will be filled on the way back. Now, there is a huge imbalance of containers on global trade lanes. Since other countries also want to export by container shipping, prices skyrocketed.

What causes Delays in Shipping Containers?

Because of the increased shipping frequency, ports are clogged at US ports; they do not have enough cranes and workers to handle everything. Congestions and delays occurred since a high percentage of workers are out of job because of Covid. This results that the turnaround times in US ports reportedly rising from around a week to sometimes almost four-times that length.



- *Increased demand of consumer goods since US consumer do not go out and spend on services, holidays et cetera, but more in physical goods which are shipped in containers.*
- *China wants to export and orders every container (also empty!) back to China. This causes a shortage in containers. Shipping cost are skyrocketing.*
- *Clogged US ports do not have enough cranes and/or workers to handle everything. As a result: huge congestions, and delays.*
- *With turnaround times in US West Coast ports reportedly rising from around a week to sometimes almost four-times that length, carriers have been desperate to rectify the imbalance of containers on global trade lanes.*
- *As a result, there have been new strategies imposed by carriers to not take loaded containers on backhaul trips to Asia so that there is a quick turnaround to alleviate the logistical delays there.*
- *The record high container rates seen in December and into January may mark a fundamental shift in the way the market operates. In recent years, the cost of freight represented a substantial but not significant proportion of an importing company's costs.*
- *The number of containers produced fell by 40 per cent in the first half of 2020 compared to 2019 as countries like China grappled with the coronavirus pandemic. Meanwhile fewer containers are being sent back from Europe and North America, which is causing availability to fall and prices to rise.*

References/Source:

- <https://www.bloomberg.com/news/articles/2021-03-16/shortage-of-new-shipping-containers-adds-to-global-trade-turmoil>
- <https://mises.org/wire/what-shipping-container-shortage-reveals-about-us-china-trade>
- <https://abc7ny.com/costco-cheese-imported-cheese-shortage/10401557/>
- <https://www.mhlnews.com/global-supply-chain/article/21126535/there-arent-enough-containers-to-keep-world-trade-flowing>
- <https://www.freightwaves.com/news/hapaq-lloyd-ceo:-covid-congestion-container-shortage-form-perfect-storm>

Our Strategy Going Forward

As dire as it appears, Landert Bread is constantly searching for options to obtain products for your establishment. We have fortunately been able to keep an adequate supply of the most desired products and have at least 3 containers arriving in Miami this April.

To provide clarity, the initial ETA (Estimated Time of Arrival) of the container which arrived yesterday, was 03/16/2021. This container was ordered 01/19/2021. Under normal circumstances it would take approx. 6-7 weeks for door-to-door delivery.

To secure supply for our clientele in the future, our products will be ordered about 4 – 6 weeks earlier than in the past, i.e., we will keep an inventory for at least 3 months out, based on rolling demand. We have also engaged additional manufacturers in Europe for timely and proper product supply.



With the arrival of the most recent and immediate containers to come, we again will be able to fully satisfy your product requests.

Thank you for allowing Landert Bread to be your “European Bread and Pastry Specialist”. We are continually committed to providing you with top quality products and unsurpassed services.

We remain at your disposal for any questions you may have.

Sincerely,

Jürg R. Landert

Landert LLC.
P.O. Box 7825
Naples, Florida 34101

Landert Bread

Fine European Bread & Pastry

Phone: (239) 961 6116

juerq@landert.us
www.landert.us