



# Mid-December 2022 North America Freight Market Outlook

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## Top News

### **Changes to CN and CP Free Storage Time**

The CN and CP has changed their free storage time to 24hrs, this change means all containers will require the pre-pull service on trucking companies chassis to avoid extra demurrage and detention charges. The CP has also increased their terminal yard storage fee from \$225 to \$350. The trucking companies have also announced that the prepull service no longer includes the free time and the storage fee is \$100/day.

### **Peak Freight Season Rally**

The Peak Freight Season started to rally in early December as the holiday season and Chinese New Year approaches. Importers have made bookings to ensure they have enough stock to meet their projected demand as retail sales

are expected to increase by 20% year over year from the 2021 holiday season. This increase in retail sales is expected as majority of restriction have been lifted in North America allowing consumers to visit retail centers to purchase holiday gifts.

Importers have also made bookings to prepare for Chinese New Year which should prevent any substantial freight delays. Chinese New Year takes place on Sunday January 22, 2023, and the festival lasts until February 5th, 2023. During this time many corporations will be understaffed causing supply chain bottlenecks. Importers are recommended to make booking 3 weeks prior to January 22 to minimize potential delays.

China has also implemented policies to loosen COVID-19 restrictions. This should help the fuel the December peak freight season as it will prevent bottlenecks in supply chains and increase shipment reliability time for imports into North America. This policy will also create a stronger international business environment going into the new year.

## **Canadian Single Use Plastic Ban Update**

The Single Use Plastic Ban will come into force on December 20, 2022. This new piece of regulation will prohibit items containing problematic plastic in the form of checkout bags, foodservice ware, cutlery, stir sticks, straws, and ring carriers for importation into Canada. This regulation will not be enforced by the CBSA but instead will be enforced by the Environment and Climate Change Canada (ECCC). Importers must find alternative goods to import to prepare for the single use plastic ban.

For further information please visit the [Government of Canada Website](#).

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## **Canadian Customs Update**

### **New Exportation Certificate for Fish and Seafood when Exporting to India**

Canada is now requiring new export certificates for shipments arriving in India for **Molluscs, Eviscerated finfish and their product, and Crustaceans.**

The Current Certificates that Canadian exporters hold will not be valid going into 2023. The Canadian Food Inspection Agency will no longer accept the following certificates for Molluscs, Eviscerated Finfish and their product, and Crustaceans when exporting to India:

- **Molluscs:** Aquatic Animal Health and Sanitary Certificate for the Export of Molluscs for human consumption from Canada to India (AQAH-1045)
- **Eviscerated finfish and their products:** Aquatic Animal Health and Sanitary Certificate for the Export of Eviscerated FinFish and their Products for Human Consumption from Canada to India (AQAH-1046)
- **Crustaceans:** Aquatic Animal Health and Sanitary Certificate for the Export of Crustaceans for Human Consumption from Canada to India (AAH-1047)

Canada and the CFIA will begin to negotiate requirements for food and safety that will be included in the new export certificate in preparation of next year's implementation.

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## North American Freight Update

### Ocean Freight

#### **Canadian West Coast Ports and Dwell Times**

The Vancouver and Prince Rupert ports are seeing an improvement in port delays heading into December, delays are as follows:

- The **Vancouver Port** is currently experiencing an average delay of **22 days**.
- The **Prince Rupert port** is currently experiencing an average delay of **5 days**.

#### **United States Port Delays**

Currently the United States is experiencing port delays, the delays are as follows:

- **Houston** is experiencing an average delay of **18 days**.
- **Los Angeles/ Long Beach** is experiencing an average delay of **8 days**.
- **Oakland** is experiencing an average delay of **23 days**.
- **New York/ New Jersey** is experiencing an average delay of **4 days**.

We recommend that importers incorporate the Canadian and United States port delays into their estimated time of arrival to prevent supply chain shortages. If you need assistance to navigate these delays, please contact DTS Advance Logistics.

## **Air Freight**

### **Air Freight Rates Climb into December**

There has been a significant increase in air freight rates as China has fully reopened and has put new policy in place to lessen all COVID-19 restrictions. Since this policy came into effect there has been a shortage in air freight space which has made the market more competitive once again.

If importers are planning on making any rush orders before the holiday season, we suggest that bookings be made as soon as possible to secure space and ensure their shipment arrives on time.

## **Land Freight**

### **CN and CP Congestion Continues into December**

The Canadian Terminals are experiencing heavy congestion which is preventing trucking companies from returning empty containers to the CN/CP. The CN Malport terminal is currently not accepting any empty container returns. This congestion has caused driver to wait an average of 4-5 hours to drop off an empty container. For this reason importers must be prepared to incur added demurrage and detention charges for their containers.

Truck drivers are also having a difficult time picking up containers at both the CN and CP terminal due to the ongoing terminal congestion. Drivers are waiting an average of 5-10 hours to pickup a container and trucking companies have implemented waiting charges.

The CP is also not currently accepting any container returns on weekends and is not providing an alternative drop off location. This can cause the last free date to pass and detention charges to be incurred. Trucking companies have also asked forwarders to verify shipment gate appointments before it arrives at the terminal.

## Largest United States Rail Union Rejects Deal

The largest United States rail union named Smart Transportation Division along with three other unions rejected a deal from the U.S rail. This could cause a potential rail strike which has not happened since 1992. A United States rail strike could cost the United States 2 billion per day as trucking could not handle the overflow of containers.

The effects of the rail strike would almost be felt instantly as suppliers would only have a few days' worth of raw material and it is unknown how long it would take them to acquire more. We are hopeful that an agreement will be met, and the strike action will be averted.

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## Main Takeaways for December 2022

- The CN and CP has changed their free storage time to 24 hours causing pre-pull services to be needed to avoid extra demurrage and detention charges
  - The Freight market has seen an early rally going into early December as importers are trying to import their goods before the Holiday Season and Chinese New Year.
  - Canadas single use plastic ban will come into force December 20, 2023, prohibiting plastic checkout bags, foodservice ware, cutlery, stir sticks, straws, and ring carriers from being imported into Canada
  - Canada is now requiring new export certificates for shipments arriving in India for Molluscs, Eviscerated finfish and their product, and Crustaceans
  - North America is experiencing another month over month improvement for port delays by **50%**, the Vancouver Port has an average delay of 22 days while Prince Rupert is experiencing an average delay of 5 days.
  - Air Freight rates climb into December as China enacts new policy to loosen all COVID-19 restrictions, this has caused space for air freight to decrease as more bookings are being made
  - The CN and CP continues to experience heavy congestion going into December as truck drivers are still experiencing an average wait time of 5-10 hours to pick up a container
  - The largest rail union in the United States has rejected the U.S rails deal and a possible strike may take place causing the United States economy to lose 2 billion per day.
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## Additional Considerations

- Forecast 6-8 weeks minimum.
- Bookings are recommended to be placed at least 4 weeks in advance of sailing date.
- Prioritization solution: FCL convert to LCL, air (air freight has the ability to fill orders quickly and re-establish some level of safety stock).
- Variability of SKUs/ parts.
- Smooth volume week to week.
- To complete CBSA CARM client portal by Winter 2022.
- To obtain the importer direct customs release bond by fall 2022.
- Regular communication with DTS Advance Logistics.