



OLYMPIA
INTERNATIONAL LLC
NEW YORK

*Navigating Ag Business in
International Markets:
Challenges, Risks and Concerns*

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March 13, 2024



Agenda

► Logistical Challenges

- Moving Crops to Port
- Ocean Shipment - Bulk
- Ocean Shipment - Containerized
- Current Risks and Concerns
- Some Other Points

► Financial Challenges

- Trade Finance Challenges
- Counterpart Risks
- Exchange Rate Concerns
- Inflationary Effects
- Hedging and Concerns





Logistical

Challenges, Risks and Concerns

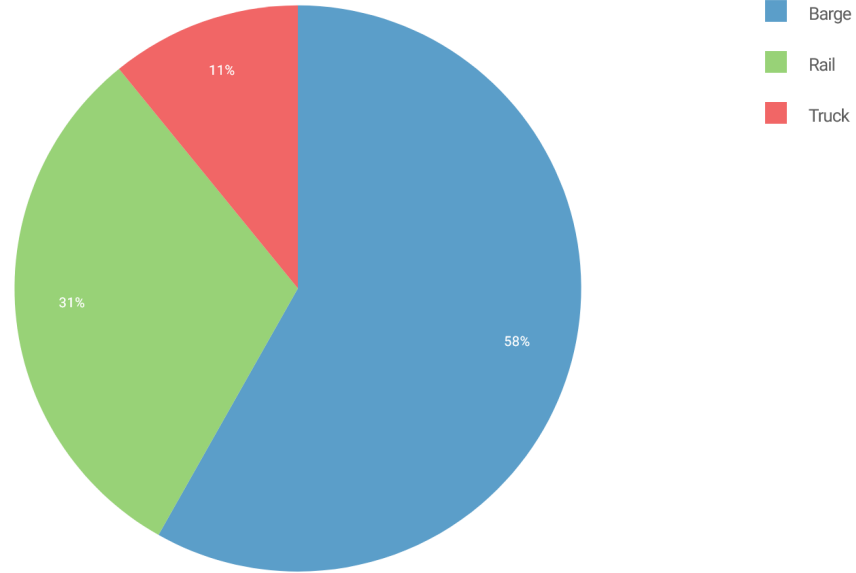
Moving Crops to Port

- ▶ The Mississippi River System is a major part of U.S. transportation system.
- ▶ Drought.. Water levels of inland waterways. When it is too low, it reduces the quantities that can be loaded on each barge.
- ▶ Lock closures due to break down or maintenance. Securing alternative transportation modes during a lock failure has proven to be both expensive and difficult.
- ▶ Freezing of the river north of St. Louis

US Grains Export - Modal Share Summary

Modal Share Summary - Export

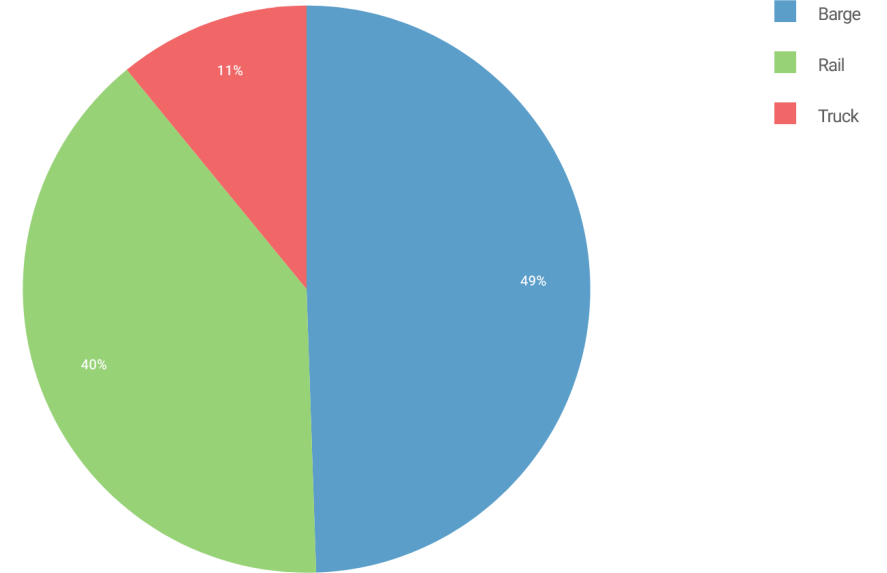
This pie chart represents modal share by barge, rail and truck for export markets.



Source: USDA, Years 1984-2020, Soybeans & Corn

Modal Share Summary - Export

This pie chart represents modal share by barge, rail and truck for export markets.



Source: USDA, Years 1984-2020, Grains
(Soybeans, Corn, Wheat, Barley, Rye, Sorghum)

Moving Crops to Port

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Moving Crops to Port

- ▶ Finding appropriate trucking service.. It has been difficult to find truck drivers
- ▶ Timely booking of railcars, barges for bulk vessel loading
- ▶ Infrastructure issues and related improvements (IIJA / BIL)
- ▶ Distribution / transportation delays. Force Majeur

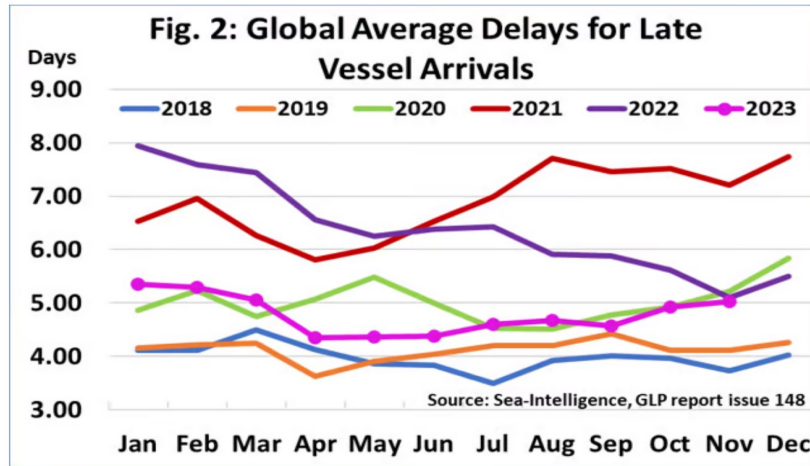


Ocean Shipment (In Bulk)

- ▶ Finding a grain elevator at ports to load bulk vessels
- ▶ Timely loading of vessel, especially for sales with Letter of Credit payment terms
- ▶ Demurrage concerns.. As the shipper of the material, it is important to manage demurrage risks while loading bulk vessels.
- ▶ Rising of freight rates and inflationary effects
- ▶ Port congestions for loading and unloading

Ocean Shipment (Containerized)

► Unstable vessel schedules



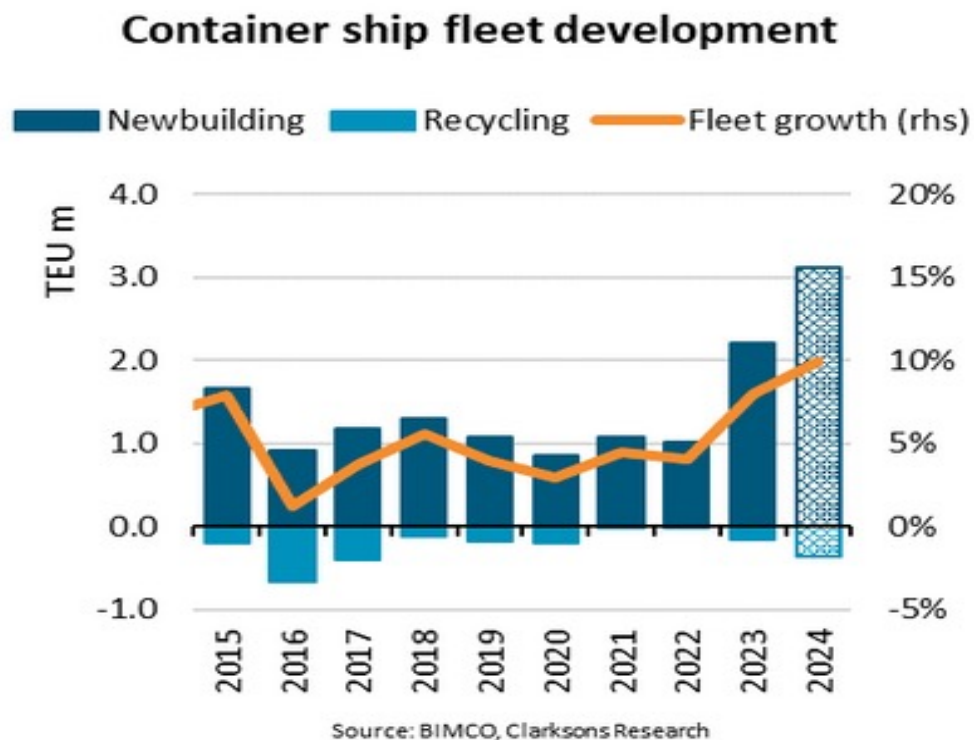
► Fumigation: Insects thrive in the presence of most agricultural products and destroy the cargo. Before shipping any agricultural consignment, shippers should ensure the container is fumigated properly. If the goods arrive at the port of delivery with insect infestation, the products would be destroyed by the customs there and shipper can be held responsible for all costs involved.

► Demurrage and detention cost risks, if you are the receiver of the cargo.



Ocean Shipment (Containerized)

- Container capacity issues.. Scarcity and oversupply cycles



Ships under construction in Kaohsiung, Taiwan. Some analysts expect a robust supply of new ships to push down shipping rates this year. Credit...Lam Yik Fei for The New York Times

Current Challenges, Risks and Concerns

- ▶ Uncertainties
- ▶ Geopolitical risks : Red Sea Crisis and Houtis attacks
- ▶ Rising of freight costs, insurance costs, voyage times
- ▶ Panama Canal : Slowing down due to water level
- ▶ Political Risks : Russia-Ukraine war in Black Sea
- ▶ Rising input rates..



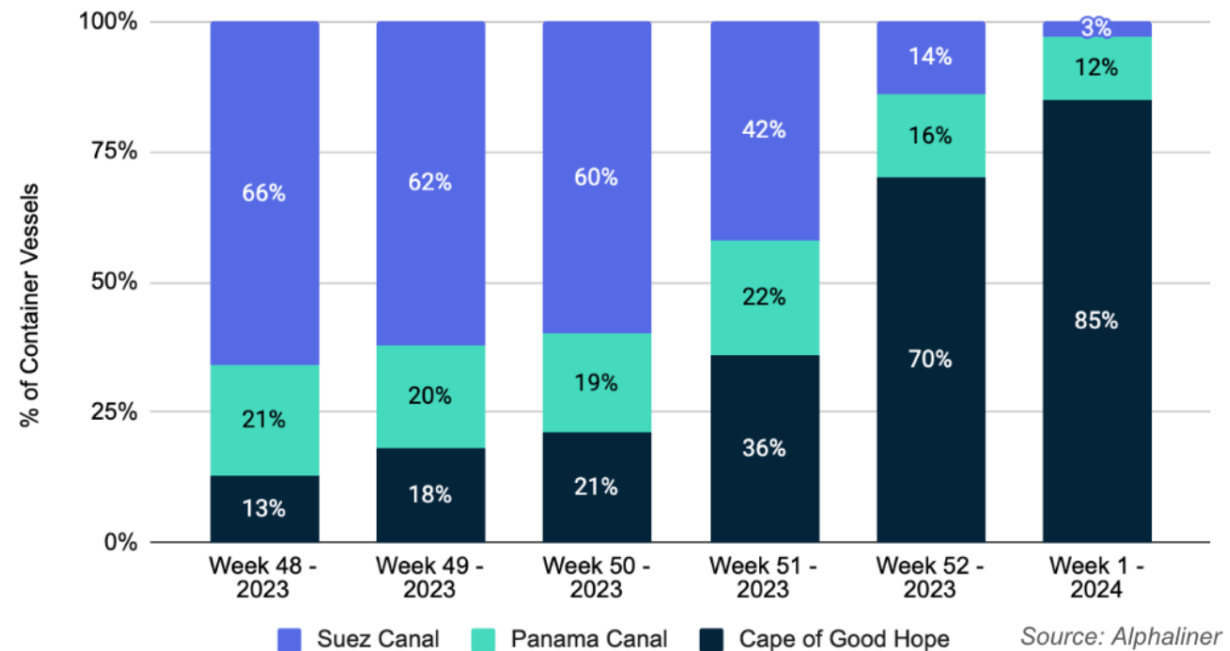
Red Sea Crisis/Rerouting via Cape of Good Hope



Route	Distance (nautical miles)	Expected Transit Time (days)*
LA + Rail	8,500	25-30
via Panama	11,000	35-45**
via Suez	13,000	35-40
via Cape	15,000	40-44

** Transit time could have higher variance given slot restrictions

Routings of Container Vessels with More Than 7.5k TEU Capacity



Sources: Alphaliner / Flexport

Red Sea Crisis - Effects on prices

Shipping costs rise in major trade lanes

How maritime freight rates had changed in a week, as of Jan. 3

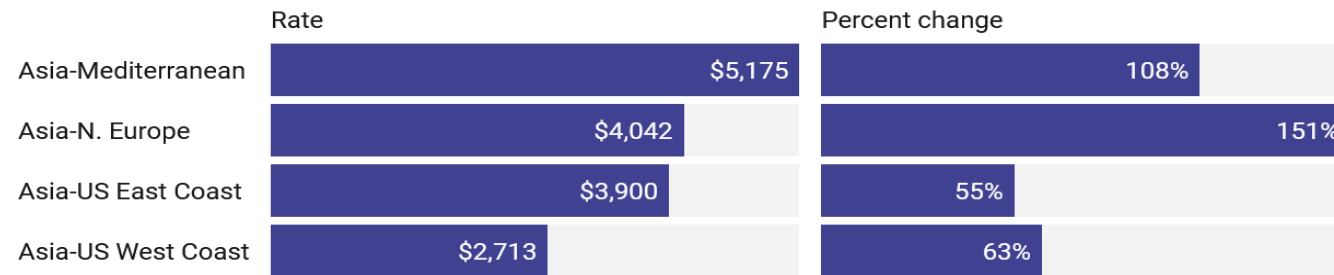
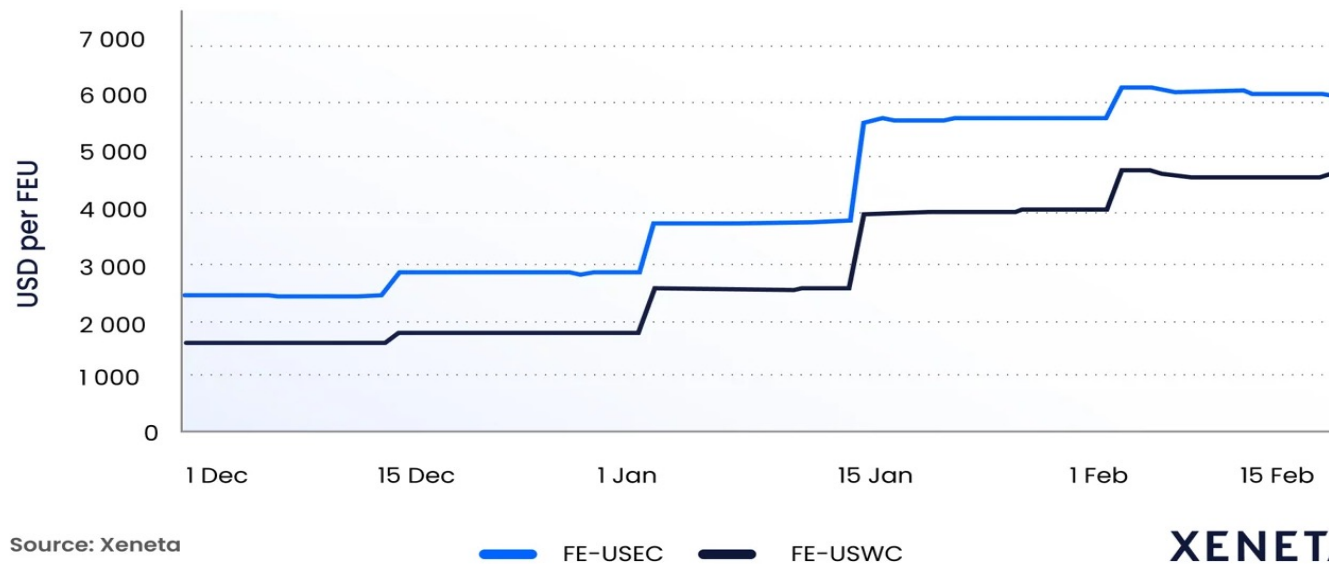


Chart: Edwin Lopez / Supply Chain Dive • Source: [Freightos](#) • [Get the data](#) • Created with [Datawrapper](#)

Spot rates from Far East to US



Source: Xeneta

XENETA

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Some Other Points...

- ▶ Correct price calculations... Freight, loading, agency costs, import taxes..
- ▶ Moisture level below 10%
The average moisture content of grain cargoes should be between 10% and 16%. Each cargo may have different critical limits. For example, corn/maize should not exceed 14% and soya beans should not exceed 13%. Cargo and cargo hold ventilation should be applied to mitigate the sweat risk.
- ▶ The specifications of the material should match the agreed quality specifications with the buyer. Lab testing is crucial before purchasing, to ensure that the cargo stays within the limits.
- ▶ Proper documentation
- ▶ Knowledge about importing country's requirements and regulations
- ▶ Knowledge of the buyer, proper due diligence
- ▶ Quotas, tariffs imposed by governments





Financial

Challenges, Risks and Concerns

Financial Challenges, Risks and Concerns



- ▶ Trade Finance Challenges
 - Reduction in bank finance capacity
 - More non-bank solution providers
 - Higher rates
- ▶ Counterparty Risks
- ▶ Exchange Rate Concerns
- ▶ Inflationary Effects
- ▶ Hedging and Concerns



Thank you!



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