

Tim Clarke, President of Vanguard International USA, provided a frank assessment of how the supply chain crisis is impacting the company's business, with specific examples that demonstrate how the situation is adding costs and tensions on a daily basis.

“We deal with logistics issues every hour of every day in every single trade lane,” Clarke said.

“The view from my home office gives me a front row seat of the problems plaguing our ports as I look out over the Port of Seattle.”

“The biggest difference now versus say six to eight months ago is that now some carriers have opted to not call on certain ports. For example, our Latin American team cannot get a carrier to route through the Port of Seattle, so instead we are having to truck down product to a port in Southern California that ships to the Dominican Republic, adding on upwards of \$5-7 extra fees per box. Who is going to pay for that? The customer doesn't want to and the growers is already making major concessions. It is incredibly tricky”.

Clarke shared a few more recent examples of logistical troubleshooting their team has undertaken because of the clogged supply chain.

“We do a lot of business with a major retailer in Asia. We found out late last week that there were four weeks' worth of citrus shipments arriving at the same time. Even being a lead retailer, there was no way they could sell or store this level of volume at one time. The carriers are also contacting us telling us they are not going to hold the product as they need their containers emptied. There is not a retailer in the world who can handle four times the expected delivery at one time. So, we have to find an expensive solution to extend the demurrage time.”

“The situation in Southeast Asia is even worse. As an example, getting a carrier to even go to SE Asia from Peru is almost impossible. If you can convince the carriers, you are looking at a 60+-day transit period instead of 32 days. You have containers arriving in China with Peruvian grapes, for example, that were harvested up to 3 months ago. It is a cascading effect.”

“Seasonality and timing holiday shipments is also wreaking havoc for our team. We saw this firsthand with the Chinese New Year. We worked with our Asian retailers for our Chilean Cherries to be in market leading up to Chinese New Years, but due to delays some of the product arrived after the holiday when demand was much less since cherries are a customary fruit that is included with holiday meals. The carrier simply shows us the back of

their bill of lading that reads the carrier is not responsible for delays, and instead we were left addressing thousands of dollars of claims.”

Clarke says that this situation has also had an impact internally on his team.

“It’s a strain on everyone. It’s a strain on relationships with our growers, carriers, and all our internal team members. When you work in sales it is a fast pace, you have a product to sell and you do that and move on. Now, it’s a different business. Your tasks take ten times more work to produce the same result and that puts a lot of added pressure on everyone.”

“It is very gratifying and impressive to see our team’s determination right now. I’m impressed daily at what they are producing and how they are navigating our industry’s current conditions.”

“Luckily at Vanguard, we are a large grower and exporter, we are a leader in the industry and with that comes very long and nurtured relationships with customers and our logistics groups that is helping us weather this on-going storm. It’s hard to see what is happening with some of the other groups in our industry. If you don’t have a strong culture and an even stronger balance sheet, god help you”.