

# CORDSTRAP INSIGHTS

ON CARGO SECURING FOR THE CHEMICAL INDUSTRY



Turning the post pandemic  
recovery to your advantage

*cordstrap*



The Covid 19 pandemic hit the chemical industry hard. Its products lie at the heart of virtually all of the world's production processes and, as they slowed, so did demand for chemicals. The most dynamic chemical companies reacted quickly by "pivoting" to take advantage of emerging demands for products such as PPE, health care equipment and vaccines.

Now, as those vaccines are distributed and deployed, the future is looking brighter. Optimistic forecasts suggest growth rates that will take us back towards normal, pre-pandemic levels during 2021. However, the shape that "normal" will take is still up for debate. Leveraging the new, post-pandemic, opportunities will depend on identifying which customer behaviors are temporary and those which are permanent.

Recovery is likely to be uneven across end markets and geographies. The APAC region, which handled the pandemic more successfully than Europe and the US, is forecasting particularly strong growth. Similarly, it is predicted that health care and electronics will perform well while the automotive and aerospace sectors will have a much slower recovery. Recognizing those trends will be essential in developing dynamic growth and supply chain strategies.

Whatever form recovery takes, everyone driving chemical supply chains will have to sustain the heightened agility levels, achieved during the pandemic, to adapt to fast-changing commercial landscapes and capitalize on new global opportunities as they emerge. Efficiencies created by the pandemic will have to be sustained, and improved upon, to protect or increase margins and competitiveness.



In this edition of Cordstrap Insights, we examine:

- The role of automation and heightened visibility in driving logistics efficiencies.
- The impact of Brexit and shifting attitudes to trade tariffs.
- The importance of Health and Safety procedures in a hazardous world.

## 4PLs can provide greater efficiency and visibility but can they manage the complex safety and security needs of the chemical industry?

When handling materials as dangerous and sensitive as chemicals it is natural to be cautious and the industry has been slow to adopt fourth party logistics (4PL). However, seeing the benefits that 4PL services are bringing to other sectors, larger multinational chemical companies are beginning to explore the advantages of outsourcing their global supply chain strategies.

4PL has seen a huge growth in interest across all sectors as the pandemic has highlighted supply chains' vulnerability to bottlenecks, disruption and sudden shifts in demand. A study by The Insight Partners which valued the 4PL market at over \$56 billion in 2019 predicted it to rise to \$78 billion by 2027<sup>1</sup>.

There have been lots of buzzwords flying around in chemical logistics forums over the past few years. Digitization, visibility, blockchain, IOT are all up there but 4PL has the potential to bring all these things together. 4PL providers have the technical resources, personnel and computing infrastructure to fast-track the development of your logistics operations to give end-to-end visibility of your supply chain from a single dashboard.

4PL providers help optimize the efficiencies of your supply chain by handling everything from order management and legal compliance to warehousing, and supplier management. This leaves you free to focus on your core business while they minimize costs and improve competitiveness by resolving weaknesses in the supply chain. In the past, chemical businesses have worried that this will compromise quality and control but, as more 4PL providers work with major chemical companies, they have refined the specialist skills and expertise necessary to address those concerns.

They recognize that, while cost cutting and efficiencies are a key goal, 4PL providers must safeguard the security and specifications of all chemicals logistics processes. Standardizing best practice across all subcontractors and 3PLs servicing the business, is essential to maintain quality and protect their client's reputation on the ground. We work closely with both 3PLs and 4PLs to ensure that their cargo protection operations comply with regulations and meet the same high standards of efficiency and safety wherever they are in the world.

<sup>1</sup> [www.theinsightpartners.com](http://www.theinsightpartners.com)

## Does automation have its limitations?

Risks of workplace infections and labor shortages during the pandemic reinforced the advantages of automation. Investment in automating logistics, especially warehousing, had been steadily gathering pace prior to the pandemic but this was turbocharged in 2020.

Automated warehousing facilities have huge potential to improve productivity and turnaround times. Robotics can ensure that inventory is stored with maximum efficiency – utilizing every inch of warehouse and minimizing wastage. However, automation also requires massive levels of capital expenditure.

To maximize the ROI on that investment, it is important to work with expert partners so you fully understand what robotics and automation can, realistically, achieve and where well-trained humans still offer a safer, more practical solution.

Establishing the best ways to integrate human activities successfully with automated ones is critical. To deal with the massively heightened flowthrough that automation creates, operations like cargo securing need to become faster, and more efficient. Staff must be trained to know precisely what techniques to use for different loads and packaging and machinery must be programmed to deliver shipments in precisely the right format for loading.





## Global trade frictions continue – increasing the likelihood of inspections and delayed or refused cargo.

The transitions required in a post-Brexit world are proving more difficult than hoped, with significant drops UK imports and exports to the EU in early 2021. It reinforces the need to improve both visibility and automation to speed up the flow of goods between one regulatory area and another.

But automation will not completely remove friction at borders. Tariff adjustments and regulatory changes will continue to be made by countries attempting to protect their economies from the worst impacts of globalization. The trade wars that Donald Trump started have not ended with his departure from the Whitehouse. With China's economy rebounding faster than most other nations following the crisis, there will continue to be protectionist activities around the globe and chemicals are often chosen as an easily definable target.

As we have seen with Brexit, this will increase the likelihood of inspections. To avoid a quick inspection turning into a costly delay or rejection, it is vital that shipments are properly packed and secured in line with both IMO and local regulations.

## Health and safety is more critical to the chemical industry than any other, so April 28th should have a special place in your diary.

The 28th of April is the ILO's World Day for Safety and Health at Work. This year they are looking to raise awareness and stimulate dialogue on the importance of creating and investing in resilient Occupational Safety and Health (OSH) systems. It is something very close to our hearts at Cordstrap and we have spent many years protecting not just cargo, but everyone who works with it. Chemicals are often the most hazardous cargo and even less volatile chemicals can cause severe damage if they are incorrectly stored, loaded or secured. Failure to protect chemical shipments properly has led to fires, deaths and ecological disasters in the past, so April 28th is a great opportunity to remind everyone working along the whole length of your supply chain, of the risks all of your shipments pose.

Part of your OSH policy should be periodic checks that everyone operating across your supply chain fully understands precisely how loads should be restrained and secured in line with company policies and international regulations. There should also be a routine inspection regime for containers and anchorage points. And it's important to communicate regularly with your whole supply chain to ensure everyone understands the standards required. We'll happily provide materials and support to help you implement this. With a global network, we can support your supply chain wherever it extends.



## Safe, secure, reliable cargo protection in an unpredictable world.

With new levels of automation, technology and digital visibility transforming the ways that logistics are operating, it is important to keep your feet on the ground and your cargo in the right place. At Cordstrap, we engineer sophisticated cargo protection solutions to deal with basic laws of physics and those remain fundamental to your operations however they are managed. One of our greatest strengths is our international support network which will ensure that, no matter where your supply chain goes, you know it will be safe and secure.

- We engineer innovative, cargo protection solutions designed to protect any load type on any modality across the world.
- These can all be tailored to match specific cargo and packaging types.
- Our strapping systems and dunnage bags have been designed to be simpler and faster to apply saving time and labor while delivering unparalleled strength and security.
- Our Cargo Monitoring service enables our customers to know what is happening in their container from the moment the doors are closed to when it arrives at its destination.
- Our market-leading moisture control solutions deliver the most effective absorption rates currently available.
- As the world's only truly global cargo protection specialist, we are in a unique position to support you as you deploy new supply chain routes.
- Our cargo protection solutions are all CTU code compliant and have won the approval of the world's leading regulators and insurers including: Germanischer Lloyd, the IMO, Mariterm AB, Eurosafe and the Association of American Railroads (AAR).



**MariTerm AB**



Chemical supply chains are among the most complex and challenging in the world and we go out of our way to protect them for you. To talk to us about how we can help you rise to the challenges of the post pandemic recovery, get in touch.

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