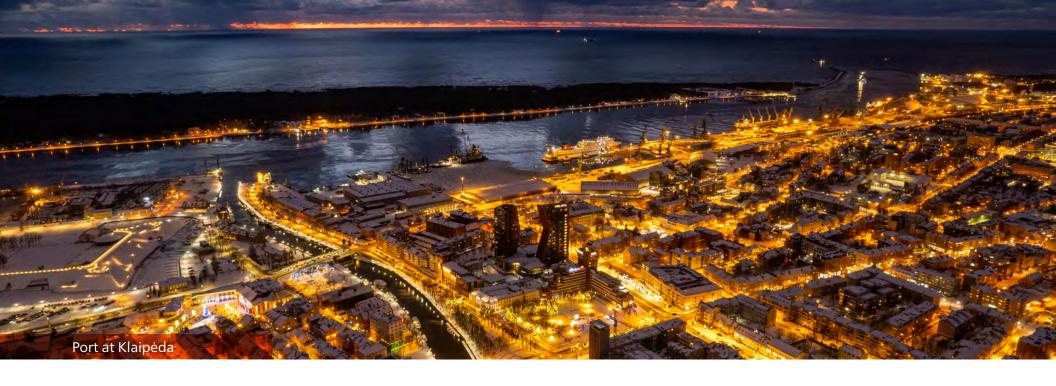


### Shipping from Lithuania to the U.S.

How to minimize costs and maximize reliability





Since 2004, when Lithuania entered the EU, U.S. imports of Lithuanian goods have grown 421% – from \$482 million to over \$2 billion in value (U.S. Census Bureau data). It's become an attractive place for U.S. companies to source furniture, construction materials and other commodities at a good price. But to capitalize on Lithuania's base of quality suppliers, you must first understand how to efficiently and reliably ship cargo from Lithuania to USA.

U.S.-based I.C.E. Transport has maintained an office in Lithuania since 1992, managing large volumes of cargo on the Lithuania–USA trade lane. We put together this guide to help U.S. importers and their Lithuanian suppliers ship smarter, for less.

Top USA Ports of Arrival for Lithuania Imports



## Why are Lithuanian factories becoming a more popular source of supply?

Trade tensions between the U.S. and China – and the related increase in tariffs – have given rise to the "China Plus One" strategy, where companies seek alternative sources of supply in other countries. China's neighbors in Southeast Asia have benefited most from this strategy. But for certain commodities, like furniture and construction materials, Lithuania has become a primary alternative (see accompanying chart of the top USA imports from Lithuania).

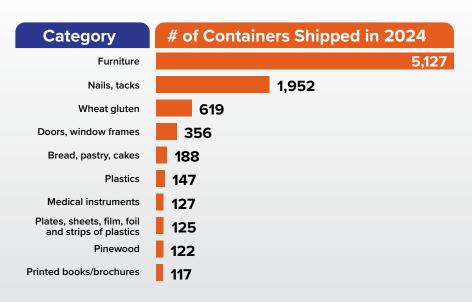
Buyers are recognizing the upside in sourcing from Lithuania:

- Cheaper Products. U.S. tariffs on Lithuanian goods can be as much as 3x to 4x less than equivalent goods from China.
- Reduced Shipping Costs from Lithuania to the U.S. It currently
  costs less to ship a container to the U.S. from Lithuania than from
  China. Container shipping costs are volatile, so this could change.
- Faster Transit Times from Lithuania to USA. Goods from Lithuania arrive approximately 10 days faster to the U.S. East Coast than from China. This transit-time advantage means importers can carry less inventory and improve their cash flow. For companies that shift sourcing from the Far East to Lithuania, that's a huge supply chain advantage.
- Higher-Quality Goods. EU membership ensures adherence to high standards of product safety and quality, Also, Lithuania boasts a strong tradition of woodworking, contributing to the quality of wooden products, in particular.

• **Easier Cooperation.** A high percentage of young professionals with strong English language skills in Lithuania makes crossborder cooperation easier.

As U.S.-based sourcing managers assess the relative advantages of different suppliers across the world, the preceding factors have led many to explore Lithuania as a source of supply.

### Top 10 product categories shipped from Lithuania to USA



## Lithuania-to-USA shipping: the realities of geography

Lithuania, located in North Central Europe, shares a border with Poland, Belarus, Latvia and Russia. From its primary port at Klaipėda on the Baltic Sea, there is no direct shipping route from Lithuania to the USA. Containers must travel via feeder vessel to a major port in Western Europe (e.g., Hamburg, Bremerhaven, Rotterdam) where they are loaded onto a transatlantic vessel. Which transshipment port you use will depend on the carrier or carrier alliance group that moves your freight.

The feeder vessel journey can add considerable time – from 5 to 7 days – since the feeder line may also make stops in Gdynia or Gdansk in Poland, Riga in Latvia, Tallinn/Muuga in Estonia, as well as Scandinavian ports. And if the feeder vessel misses its connection at the transshipment port, you might wait another 7 days to set sail.

That said, transit time from Lithuania to New York will still be faster than Shanghai to NY by about 10 days.

For faster container shipping from Lithuania, you can bypass the feeder vessel and truck the container directly to the main port in Western Europe. This adds about 30% to 50% to the cost of standard ocean shipping from Klaipėda, but sometimes it's necessary.

When a Lithuanian manufacturer fell behind on production and was at risk of missing a crucial deadline for an important customer, I.C.E. Transport arranged for loading of four 40' containers at the factory; trucked cargo direct to Hamburg; picked up the containers at the Port of NY/NJ; then immediately trucked them to the Maryland consignee to meet that customer's deadline.

#### **Shipping Modes**

Small-volume shippers (loads less than half of a 20-ft container) can save money by shipping less than containerload (LCL) out of Lithuania. A freight forwarder like I.C.E. Transport can load your goods together with goods from their other customers shipping from Lithuania to the USA. By sharing the cost of this container shipment, you pay less.

For urgent shipments or for high-value, high-demand commodities like high-tech equipment and perishable products, air freight can be arranged. But air freight is not a common shipping option from Lithuania to the U.S. because the predominant commodities are heavy products like furniture and construction materials with high chargeable weights.



### Transit time from Lithuania to the USA

Ocean shipping transit time from Lithuania to New York averages between 25 to 28 days, depending on carrier schedules and conditions. For other U.S. ports, transit times obviously vary.

Many ocean carriers provide Europe-to-USA service, but some do not offer service to/from Klaipėda. In other cases, the connection is cost prohibitive. For these reasons, the best carriers between the U.S. and Klaipėda currently are Hapag Lloyd, Maersk and OOCL.

The following chart shows approximate transit times from Klaipėda to various U.S. ports for these carriers. Note that chart transit times include **both** the voyage from the transshipment port in Northern Europe to the U.S. port **plus** an estimated seven days for feeder vessel transit from Klaipėda to the transshipment port. You should also keep in mind that, with little notice, carriers may elect to change the transshipment port in Northern Europe for a variety of reasons and this could impact transit time.



### Transatlantic westbound scheduled ocean carrier service from Klaipėda, Lithuania to USA

NOTE: Transit times include 7-day estimate for feeder service from Klaipėda to transatlantic port.

LINE & SERVICE	TRANS-SHIPMENT PORT/ DAY OF CALL	ARRIVAL PORT / TRANSIT DAYS / DAY OF CALL									
		North Atlantic				South Atlantic			Gulf	West Coast	
		Montreal	Newark / New York	Philadelphia	Norfolk	Charleston	Savannah	Miami	Houston	Los Angeles	Oakland
GEMINI AL1 Maersk and Hapag	Rotterdam -Thursday		22 Sat	25 Tue	28 Fri						
	Hamburg - Sunday		19 Sat	22 Tue	25 Fri						
	Wilhelmshaven - Tuesday		16 Sat	18 Tue	22 Fri						
GEMINI AL2 Maersk and Hapag	Antwerp - Thursday				22 Sat				29 Sat		
	Rotterdam - Saturday				20 Sat				27 Sat		
	Bremerhaven - Tuesday				17 Sat				24 Sat		
GEMINI AL3 Maersk and Hapag	Antwerp - Monday				35 Tue	27 Mon	32 Sat				
	Hamburg - Monday				28 Tue	20 Mon	25 Sat				
	Rotterdam - Thursday				25 Tue	17 Mon	22 Sat				
GEMINI AL4 Maersk and Hapag	Antwerp - Sunday							36 Tue			
	Rotterdam - Tuesday							32 Tue			
	Hamburg - Sunday							31 Tue			
	Wilhelmshaven - Friday							29 Tue			
Hapag CES (Caribbean Express)	Hamburg - Friday				25 Tue						
	Rotterdam - Monday				23 Tue						
	Antwerp - Tuesday				22 Tue						
OOCL (ATE2), ONE (AT2), YML (AL3)	Bremerhaven - Saturday					17 Tue	20 Fri				
OOCL (ATW), ONE (AT5), YML (AL5), HMM	Hamburg - Monday							22 Tue		38 Thu	42 Mon
	Antwerp - Thursday							19 Tue		35 Thu	39 Mon
Hapag Lloyd AT1 / OOCL COSCO GEX1	Antwerp - Saturday	27 Fri									
Hapag Lloyd AT2/ OOCL COSCO GEX2	Antwerp - Friday	25 Tue									
	Hamburg - Tuesday	21 Tue									
Maersk Canada Express plus CMA- CGM St Laurent	Bremerhaven - Monday	20 Mon									
	Rotterdam - Wednesday	18 Mon									
	Antwerp - Thursday	17 Mon									

### 4 Common mistakes when shipping from Lithuania to the USA

#### 1/ Not maximizing container weight

A common misperception in container shipping is that the weight of a container should not exceed 44,000 pounds – the standard weight that would keep it below the U.S. DOT's 80,000-pound gross vehicle limit for truck + cargo. That's a problem if you're shipping dense freight like furniture that can't nearly fill a container at that weight. The actual container weight limit is the maximum gross cargo weight listed on the container door – typically 10,000 pounds or more beyond 44,000 pounds. Carriers charge by the container, not weight, so the more you can put into each container, the fewer containers you must ship.

By maximizing container payload, you can cut 20% off ocean shipping costs. Sure, you'll pay a little more for landside transportation since you'll need specialty truckers with permits for heavy hauls. But that cost is dwarfed by the savings you'll realize by reducing the number of containers you ship as much as 25%.

To minimize the impact of reciprocal tariffs on a customer, I.C.E. Transport converted a number of 55,000-pound container shipments to 59,500 pounds. By finding trucking partners with the right permits and equipment, we achieved significant cost savings while moving the goods safely and legally.

Check out the other case example later in this eBook on how a Lithuanian plywood company uses a heavyweight shipping strategy to save nearly \$100,000 per year. Also check out this <u>Heavyweight Shipping Calculator</u> to learn how much you can save.

#### 2/ Shipping door to door with the steamship line

Whether you're a U.S.-based buyer or a Lithuania-based supplier, your first decision is how to book the door-to-door shipment. It can be a mistake to have a steamship line manage the entire journey.

Ocean carriers know how to move containers across the ocean, but they often let customers down when it comes to getting containers to or from the port. They contract this service out and, unless you are a large-volume importer, it will be hard to get the attention of the carrier should problems arise. Here's a real example of where problems can arise shipping door-to-door with a steamship line.

For a slightly heavy (47,600 lbs) 40' container shipping from Lithuania to Arizona, the line's Lithuania agent accepted the booking. Upon arrival, the line's U.S. office refused to handle final delivery due to the weight and the shipment terminated at a New Mexico rail terminal. I.C.E. Transport was called in to rescue the stranded container with a local transloading solution – but only after significant delays and cost overruns.

For <u>door-to-door cargo shipping</u> from Lithuania to the USA, you're better off working with a non-vessel operating common carrier. An NVOCC does everything a steamship line can do except operate its own vessels. An NVOCC whose portfolio also includes trucking services taps its network of service partners to find the transportation you need for every leg of the trip. Also, because it does business with multiple steamship lines, an NVOCC can offer a wide range of routing and pricing options.

### 4 Common mistakes when shipping from Lithuania to the USA

### 3/ Relying on a Lithuania-based freight forwarder to manage a door-to-door shipment

Just like a steamship line might not be the best choice to manage your door-to-door shipment, be wary of partnering with freight forwarders that only operate in Lithuania. When it comes to managing door-to-door moves, many will avoid working with U.S. agents to manage final delivery and, instead, subcontract directly with U.S. truckers. That strategy maximizes the forwarder's profit, but it's not the best formula for an on-time, trouble-free delivery.

These trucking partners tend to be poorly vetted, so quality service is hit or miss. There's also the seven-hour or more time difference. If there's a problem getting your container out of the Port of New York/New Jersey in the afternoon, is that forwarder going to be working at 10:00 PM local time in Lithuania to troubleshoot the issue or dispatch a truck?

The best solution, if you're a U.S. buyer, is to buy under the incoterm Ex Works, which means you have responsibility for transportation management from the supplier's factory. This gets you the absolute lowest purchase price (the supplier doesn't add on any transportation costs). If you're a smaller business sourcing from Lithuania, there's no need to manage the added logistics responsibilities on your own. Look for a freight forwarder that has operations in both Lithuania and the U.S. They can handle logistics, paperwork, customs clearance, and tracking – from factory to consignee – on your behalf.

#### 4/ Equating the lowest cost with the best value

Lithuanian businesspeople have the reputation of being... well, let's say tough negotiators. But squeezing forwarders and other logistics partners for rates that cut into their own fair profits may not be the best strategy if you also want:

- A single point of contact that answers phone calls and responds to emails
- A partner that gets to know your product and business so they can provide sound, money-saving recommendations
- Fast responses to questions or problems when you're in a bind

The largest freight forwarders can afford to sell at the lowest rates because their businesses are based on high volumes, not personal service. But a smaller freight forwarder, while they may charge just a little more, offer what most shippers want from a shipping partner: guidance based on deep logistics expertise and a "go-the-extra-mile" service culture.

#### **CASE STUDY**

# How a U.S. importer saves nearly \$100,000 yearly by maximizing container weights from Lithuania

A large U.S. importer brings plywood to the U.S. from Lithuania. Starting in 2010, this importer began losing market share to competitors that bought plywood for less from competing mills in Eastern Europe. There was no shipping solution that could help with the price of the actual goods, but smarter shipping could help achieve the lowest total import cost per unit, which is what the company's buyers wanted.

Enter I.C.E. Transport, a global freight forwarder with offices in New Jersey (HQ), Lithuania and Poland. I.C.E. saw that the importer was not maximizing container weight and was, therefore, shipping many more containers than needed. To go from 44,000 pounds to 55,000 pounds per container, the importer, with I.C.E.'s guidance, asked its mill to stack more plywood on each skid, thereby utilizing the full height of each container.

Then the focus turned to filling the space that remained empty after laying skids flat

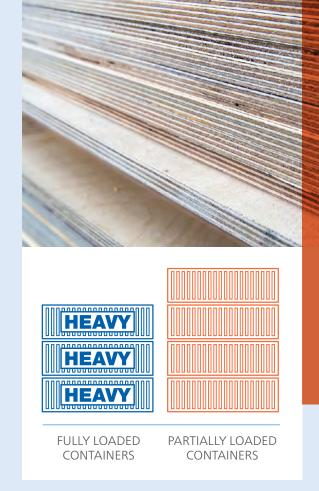
in a container. Just as you'd turn books on edge to fit a few more into a box, this plywood importer asked the mill to turn some skids on edge to fill every possible space.

Once that piece of the puzzle was solved, I.C.E. found a trucker in Lithuania with the authority and capacity to haul heavy loads from the mill to the port, and also located heavyweight truckers in the U.S. for final delivery.

### Lower cost per unit = more sales

Using this strategy, the customer has been loading ocean containers with 55,000 lbs. of plywood – and paying exactly what it would pay to ship 44,000 lbs. It's like moving 11,000 pounds for free.

Because the company must use heavyhaul carriers on land, it pays a bit more for truck transportation. Initially, fitting



more product into each container saved \$40.95 on every metric ton. Based on total shipping volume, that amounted to \$93,000 in annual savings – a figure that is even greater today.

By increasing container payload and lowering its total cost per sheet of plywood, this importer matched its competitors' prices and has gained more sales.

## Managing U.S. customs and documentation

You can manage all the physical aspects of shipping to perfection, but if the required documentation for U.S. Customs and Border Protection (CBP) is inaccurate or late, you'll pay the price – in both delays and dollars.

It starts with submission of the Import Security Filing (ISF) by a customs broker on behalf of the importer of record (IOR). The IOR is typically the U.S. party responsible for filing the ISF and arranging U.S. customs clearance, unless the purchase terms are Delivered Duty Paid (DDP). The ISF, also known as a 10 + 2, contains important shipment details. CBP must receive the filing at least 24 hours before the container departs on the vessel bound for the U.S. Failure to file on time results in a \$5,000 fine to the IOR. A proactive freight forwarding partner will monitor this closely and may even submit the data to the customs broker on your behalf.

When clearing Lithuanian imports on the U.S. side, you want a reliable customs broker that manages the details on your behalf. Typically, the broker is only as good as the information it receives from the importer. Knowledgeable and proactive brokers can work with you to gather the necessary data.

Recently, for a shipment of hazardous paint between the U.S. and Lithuania, the shipper failed to place the appropriate warning placard on the pallets, causing officers at the transshipment port in Bremerhaven, Germany to hold the shipment. This resulted in added costs to apply the right placards and a 10-day delay.

Things get more complicated if goods are purchased under DDP terms and the shipper is the importer of record. That leaves the Lithuania supplier to find a reliable customs broker in the U.S. In these situations – and, frankly, for all Lithuania-to-USA freight – it can be easier to find an NVOCC that can directly source customs brokerage services in both Lithuania and the U.S. Such logistics providers have influence on how customs clearances are done on both sides and, as a result, can achieve a faster, smoother process.

The right customs broker can also help manage issues related to tariff schedules. For instance, when an HS Code (code noting the exact commodity being shipped) in Lithuania does not have a corresponding U.S. tariff number, it helps to have an experienced broker that will find a number that is not only accurate but could reduce duty charges.



## Choosing the right logistics partner for Lithuania-to-USA shipping

Okay, you've found a reliable supplier in Lithuania that provides quality products at a good price. Congratulations, you're half-way there! But to truly capitalize on this sourcing advantage, you must also develop an effective Lithuania-to-USA shipping strategy. For most companies, that means partnering with the right logistics company.

What qualities should you seek in such a partner? Here are some suggestions:

#### Owned offices in both the U.S. and Lithuania

U.S.-based businesses or freight forwarders sometimes rely on freight agents in Lithuania to manage details on that end. Such agents are also handling shipments for many other forwarders and may not give your shipment the attention it deserves. It's best to work with an NVOCC that operates in both Lithuania and the U.S. Your shipment then becomes a high priority for in-country experts who speak the language and can leverage their local market expertise on your behalf. For freight tendered door to door, you would have full oversight every step of the way.

#### **Licensed NVOCC**

Let's look at the essential <u>difference between an NVOCC and a more</u> <u>general freight forwarder</u>, and why it might matter to you.

A freight forwarder is a global freight specialist that works with ocean carriers, truckers, warehouses, and customs brokers to get your product where it needs to go. They're like travel agents, but for freight.

NVOCCs can do everything a freight forwarder can do in terms of managing international shipments door to door, but they do a couple of important things that general forwarders do not:

- NVOCCs buy space up front and in bulk from carriers and resell
  this space at favorable rates to lower-volume shippers who lack
  negotiating clout. When you work with an NVOCC, your contract
  is directly with them, so you've got one point of contact in the
  event problems arise. If a freight forwarder books your shipment,
  your contract is with the shipping line.
- NVOCCs issue the bill of lading (BOL). This is the legal document
  that describes the cargo and defines the transportation
  agreement. When you work with a freight forwarder, the
  steamship line issues the BOL. So, for a door-to-door shipment,
  the forwarder might arrange landside transportation at origin
  and destination, but the steamship line is responsible for the portto-port move. That means you deal with two different companies,
  creating opportunities for errors and finger pointing.

NVOCC's will have closer partnerships with carriers and the various alliances. More than a general freight forwarder, they will know what alliances yield the best combination of transit speed, sailing flexibility, and service.

#### **Experience shipping from Lithuania**

There is no substitute for having direct operating experience in Lithuania. A company like I.C.E. Transport, for instance, has managed freight between Lithuania and the U.S. since 1992. Companies with long experience in Lithuania will:

- Know the most reliable trucking companies
- Access better rates due to long-term relationships with these truckers
- Communicate clearly with factory personnel in their own language to manage shipment details
- Understand export customs requirements to avoid delays

Local expertise in landside transportation is especially important for a market like Lithuania, which does not offer direct transatlantic service. Such providers help do the analysis on the best way to get to the transshipment port in Western Europe – road, rail or, most commonly, feeder vessel.

#### **Customs brokerage services**

You'll need a customs broker to clear your shipment through export customs in Lithuania and import customs in the U.S. You could have your NVOCC work with a different broker on each side of the Atlantic, but the more parties involved in a transaction, the more chance that something will slip through the cracks, delaying the shipment and maybe increasing costs. An NVOCC with its own customs brokerage capabilities in both Lithuania and the U.S. is best positioned to move your goods seamlessly. That partner will make sure you provide all the data needed for clearance. It can also help you choose the right HS classification code.





# Seek in-country experts to optimize Lithuania-to-USA shipping.

Today's supply chains are in a state of flux as trade tensions have led sourcing managers to look beyond China to find cost-effective suppliers. That search has led many to Lithuania – a pro-democracy, EU-member country that has come a very long way since it was last part of the Soviet-controlled communist bloc in 1990.

The reputation of Lithuanian manufacturers for providing quality products at a good price is well earned. But, for buyers, unless you can ship that product efficiently and on time, any sourcing advantage you gain is moot.

That's why it's wise to find a logistics partner that fully understands the challenges of shipping from Lithuania to the USA, offering not only competitive transportation rates but in-country logistics expertise in both countries.

#### **About I.C.E. Transport**

I.C.E. Transport makes global shipping easier for small and midsize shippers – particularly for freight shipping between the U.S. and countries in Central and Eastern Europe. We combine truly global scale with the personalized service of a family-owned, professionally managed business.

If you want more efficient global shipping from a true partner that sweats the details on your behalf, let's talk.

- > Download company overview
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