SHAP TALK

May 2016 Issue No. 169

In this issue:

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TRADE NEWS

Newly Required FDA Drug Data Elements in ACE

Shapiro is fully programmed for all FDA filings and has been actively filing FDA though ACE for many months. So far, we have limited this to a subset of customers while FDA and CBP worked out technical and operational issues. Most of these issues have been resolved and Shapiro will be moving to full FDA filing via ACE in the next 30 to 60 days.

While a hard deadline has yet to be set to make FDA filing via ACE mandatory, it is coming and most certainly will be required before the end of the year. In regards to filings for FDA drugs, there are a few new data elements that were previously not required for filing FDA drugs. Below is a list and brief description of the new required elements for FDA drugs in ACE.

Our goal is to assure all of our customers are as prepared as possible, and that there are no delays in facilitating the release of their products. If you have any questions about these new requirements please reach out to your account coordinator for further information.

Brand Name: The brand name the drug is to be sold under

Deliver to Party: U.S. party that physically receives the goods

Agency Processing Code: Possible codes shown below

- *Investigational*
- *Over the Counter*
- *Pharmaceutical Necessities*
- *Prescription*
- *Research & Development*

Intended Use Code: Possible codes shown below depending on Agency Processing Code

Prescription (PRE)		
Finished Form	080.000	For Human Medical Use as a Non-Food Product under Controlled Distribution
Finished Form	970.000	Import for Export
Finished Form	100.000	Importation for Personal Use
Finished Form	155.012	Drug to be used as a constituent part in a Medical Device
Not Finished Form: Active Pharmaceutical Ingredient/Bulk Drug Substance	150.007	For processing into a pharmaceutical product.
Not Finished Form: Active Pharmaceutical Ingredient/Bulk Drug Substance	970.000	Import for Export
Not Finished Form: Active Pharmaceutical Ingredient/Bulk Drug Substance	150.017	Drug to be used as a component in a Medical Device

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Over the Counter (OTC)		
Finished Form	130.000	For Consumer Use as a Non-Food Product
Finished Form	970.000	Import for Export
Finished Form	100.000	Importation for Personal Use
Finished Form	155.012	Drug to be used as a constituent part in a Medical Device
Not Finished Form: Active Pharmaceutical Ingredient/Bulk Drug Substance	150.007	For processing into a pharmaceutical product.
Not Finished Form: Active Pharmaceutical Ingredient/Bulk Drug Substance	970.000	Import for Export
Not Finished Form: Active Pharmaceutical Ingredient/Bulk Drug Substance	150.017	Drug to be used as a component in a Medical Device
Pharmaceutical Necessities & Containers (PHN)		
No intended use codes for this commodity sub-type.		
Research and Development (INV)		
180.009		Chemical for research and development in a pharmaceutical product – ***clinical trial or other human/animal use.***
Research and Development (RND)		
180.017		Chemical for research and development in a pharmaceutical product – ***laboratory testing only, no human/animal use.***

Intellectual Property Infringement and Other Unfair Acts

Section 337 investigations conducted by the U.S. International Trade Commission most often involve claims regarding intellectual property rights, including allegations of patent infringement and trademark infringement by imported goods. Both utility and design patents, as well as registered and common law trademarks, may be asserted in these investigations. Other forms of unfair competition involving imported products, such as infringement of registered copyrights, mask works or boat hull designs, misappropriation of trade secrets or trade dress, passing off, and false advertising, may also be asserted. Additionally, antitrust claims relating to imported goods may be asserted.

The primary remedy available in Section 337 investigations is an exclusion order that directs Customs to stop infringing imports from entering the United States. In addition, the Commission may issue cease and desist orders against named importers and other persons engaged in unfair acts that violate Section 337. Expedited relief in the form of temporary exclusion orders and temporary cease and desist orders may also be available in certain exceptional circumstances.

Section 337 investigations, which are conducted pursuant to 19 U.S.C. § 1337 and the Administrative Procedure Act, include trial proceedings before administrative law judges and review by the Commission.

For more information, please visit the Import Investigations Information System website.

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Department of Commerce Urges Greater Sharing of Transportation Data

Penny Pritzker, Department of Commerce Secretary, has called for a common communication platform to connect information sharing amongst the various players across supply chains. The initiative was identified in the first of several roundtable discussions on port competitiveness. The meetings between shipper and carrier stakeholders seek to develop best practices that increase competitiveness of U.S. ports in the global marketplace.

The interagency effort between the Department of Commerce and the Departments of Transportation and Labor will produce a report on U.S. supply chain competitiveness by the end of the year. The goal is to develop solutions to prevent major disruptions and keep U.S. ports competitive, especially after West Coast labor contract negotiations shut down and bottlenecked the industry in 2014-2015 sparking extreme negative public and industry criticism.

Equipment Authorization – Importation

In order to carry out its authority pursuant to Section 302 of the Communications Act of 1934, the Federal Communications Commission (FCC) has developed equipment authorization requirements for radio frequency equipment capable of causing harmful interference before the product can be imported, marketed, and operated. In certain cases it is also necessary to obtain an FCC approval.

In today's technology, more and more devices are equipped with digital electronic logic or wireless capabilities. Electronic and electrical products that are marketed and used in the United States are required to be tested, documented, and managed for continued compliance with FCC rules for each type of electrical function. The rules do not distinguish devices being imported for business or personal use and not for sale. The products must comply with FCC requirements unless subject to one of the exceptions.

The Importer of Record responsibility is for the entry of the goods and to declare that the items comply with the FCC rules. Some equipment cannot be imported into the United States without the proper equipment authorization. Options to remedy the situation are to return the equipment to the originating port or obtain a proper equipment authorization. While the application for authorization is processed, the imported equipment may be placed in a bonded warehouse or moved to a Foreign Trade Zone. After a proper equipment authorization has been obtained, the equipment can then be imported.

To learn more, visit the FCC Equipment Authorization Procedures.

CBP Periodic Monthly Statement

The Periodic Monthly Statement (PMS) is a feature that allows importers to consolidate payment of Customs duties and fees on a monthly basis for flexibility in the management of working capital with potentially significant cash flow advantages.

Importers with a continuous bond on file and an assigned Automated Clearinghouse (ACH) number may establish arrangements for electronic payments. Entry summaries not eligible at this time for inclusion in the Periodic Monthly Statement include NAFTA Duty Deferral, Entry Type 08 and entry summaries with IRS tax class codes.

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Entry of Merchandise and Reconciliation

Reconciliation is a process that allows the importer, using reasonable care, to file entry summaries with the best available information while certain elements remain outstanding. The entry summary is "flagged," thereby providing CBP a "notice of intent" to file a reconciliation.

At a later date, when the specifics have been determined, the importer files a reconciliation entry which provides the final and correct information. The reconciliation entry is then liquidated, with a single bill or refund, as appropriate.

Reconcilable issues include the value, classification, HTS Heading 9802, classification, and certain Free Trade Agreement(s) claims/issues eligible for treatment under Title 19 United States Code (USC) 1520(d).

To learn more, please contact your Shapiro import representative or email compliance@shapiro.com.

Alabama Senator Preventing Ex-Im Bank from Operating at Full Capacity

Despite the major bipartisan breakthrough that occurred last December as the Senate voted to reauthorize the U.S. Export-Import (Ex-Im) Bank, the will of one senator is preventing the bank from operating at full capacity. Alabama Senator and Chairman of the United States Senate Committee on Banking, Housing, and Urban Affairs Richard Shelby (R) is preventing the advancement of the appointment of three of the five board members needed to operate the bank at its most effective level. Without a total of five board members the Ex-Im bank is prohibited from approving transactions over $10 million.

Through the 2015 fiscal year the Ex-Im bank sanctioned 140 deals that involved amounts greater than or equal to $10 million. While 140 deals represents just 5% of all approved bank business, it accounts for 80% of total deals by dollar amount. The inability to appoint the five necessary board members has spawned a stockpile of pending applications that, when combined, are in excess of $10 billion. Shelby announced his ideological opposition to advancing any more nominations to a program he likened to "corporate welfare."

Supporters of the Export-Import Bank claim that the initiative creates an even playing field against international competitors that receive similar support from their governments while critics say the agency risks losing taxpayer money better left in the private sector. Though the delays are primarily affecting larger exporters, it is likely the hindrance will begin to ripple through a variety of supply chains, penalizing many smaller companies in the process.

Congressmen Urge Start of West Coast Port Contract Extension

Earlier this month, Congressional Representatives Dan Newhouse (R-WA) and Dave Rechert (R-WA) penned a letter urging an early start to negotiations between the International Longshore and Warehouse Union (ILWU) and the Pacific Maritime Association (PMA). The letter comes on the heels of the first roundtable on port competitiveness held in Los Angeles/Long Beach by U.S. Commerce Secretary Penny Pritzker, and industry pressure to combat negative perception after crippling slowdowns and delays during negotiations in 2014-2015. Now businesses such as the Washington State Tree Fruit Association, which lost an estimated $95 million in sales, want to see action.

PMA President Jim McKenna formally invited the ILWU to join early contract discussions, and the union president, Bob McEllrath, confirmed that he would present the request to members at the next caucus. The industry isn't quick to forgive the damage the breakdown in contract negotiations experienced last year, diminishing trust between business, ports, and labor. However, efficient supply lines and smooth port operations benefit not only U.S. exporters and importers, but also helps the ILWU create new job opportunities and secures existing jobs for the longshoremen.

Formal Complaints Required to Change Detention and Demurrage Fees

Mario Cordero, the chairman of the Federal Maritime Commission (FMC), told shippers that the agency needs formal complaints or petitions to enable them to investigate the integrity of detention and demurrage charges imposed by carriers. Shippers voiced their objections to demurrage and detention charges levied during the West Coast labor disruption during which congestion and work slowdowns prevented importers from pulling cargo timely.

"Last year, we heard loudly and clearly from multiple parties about detention and demurrage fees being charged as a result of port congestion that appeared to be no fault of the shippers," said Cordero. "These complaints caught our attention, but they fell short of enabling us to initiate the process to formally examine the practices of carriers and terminal operators. To take that step, the FMC needed to receive a complaint or a petition and we made that known as plainly as possible to all concerned parties. One year later, we still have not received a filing from any shipper or association."

Due to the congestion issues during the West Coast slowdown/strike in 2014-2015, new light has been shed on the current landscape of detention and demurrage charges forced upon importers, especially with mega vessels debuting in the supply chain. Unfortunately, if any real changes were to occur, especially with the involvement of Congress, the process could become a long drawn out conflict similar to the revision of the Shipping Act that took place in 1998 after a decade long battle of negotiations.

TRANSPORTATION NEWS

May 2016 Update

Happy New (Contract) Year!

As contract signing frenzy between the carriers and beneficial cargo owners (BCO) comes to a close, non-vessel operating common carriers (NVOCC) and freight forwarders are continuing to bask in historically low rates, while BCO's try to take advantage and squeeze out every dollar from the carriers to sign low fixed-rate contracts. But no one's popping the champagne bottle just yet.

Steamship lines report being battered into signing contracts at, as expected, historic low rate levels. However, not all shippers are taking the route of 'how low can the carriers go.' Some BCO's are playing it safer and signing higher priced fixed deals to stay on the safe side should capacity tighten up over the coming contract year. Their reasoning to err on the side of caution stems from mistakes made during past contract seasons. Shippers worry that if they negotiate too low, if and when capacity tightens back up, they may not be able to get their containers on the vessels and have cargo bumped for higher paying customers.

Another hedging strategy by shippers is to reserve a certain portion of their cargo for NVO's, thus taking advantage of the flexibility NVO's have should the market shift. What does all of this mean for us? While a strong rebound is not fully expected, what we can expect to happen to rates over the next few months is a little bit of uncertainty mixed with a little bit status quo.

The uncertain part? Capacity. The large May 1st general rate increase (GRI) announced by most carriers ranging from $1,000 -$1,200 per FEU has mostly deteriorated. We originally expected the carriers to implement at roughly 50% of the announced level, but extra capacity and continued weak demand has lowered base rates and eroded any rate gains, making the May 1st GRI obsolete. The status quo? If this continues, we are likely to see a repeat of last year's large monthly GRI announcements and implementation, followed by quick erosion.

SOLAS Verified Gross Mass Implementation FAQ

With the new Verified Gross Mass (VGM) requirement now less than 100 days from implementation, we are beginning to see various players emerge with policy and best practices to accommodate this new process.

How can shippers provide the VGM to the carrier?

Although hard copy documents will be accepted, electronic transmission is preferred as this will expedite the process for all involved. There are various methods for transmission including EDI messages to the carrier, using a portal service such as INTTRA, using the carriers' web portals, email for some carriers, and other methods yet to be determined.

What information must be supplied?

We expect the carriers will all require the following:

- *B/L Number*
- *Container Number*
- *VGM Weight*
- *Unit of Measurement*
- *Date of Declaration*
- *Shipper or Responsible party (Name, Address, Contact info)*
- *Name of Authorized Signatory*

When must a VGM be supplied?

By the VGM cut off, which is determined by the carrier based on the method of transmission. For electronic VGMs it will likely be by noon on the day of cut off. All other VGM methods will have deadlines set forth by the carrier. These will be advised at time of booking.

What happens if the VGM is not received by the time of loading?

The carrier is not permitted to load any container for which the VGM has not been certified. Any costs associated with this "No VGM/No Load" policy will likely be the responsibility of the shipper.

What happens once the shipper's responsibility is complete?

The carrier will then provide this VGM to the marine terminal operator, who will use this information in developing the vessel stow plan.

What U.S. ports have proposed a solution for the SOLAs mandate?

- *NY/NJ - No VGM, no in-gate; no weighing service to be offered*
- *LA/LB - No weighing service to be offered; individual terminals may change policy at the request of carriers*
- *Oakland - No weighing service to be offered*
- *Charleston - Will offer the service as part of standard best practices; estimated cost $25*
- *Baltimore - Will offer weighing services*

Which methods are available to determine the VGM?

There are two permissible methods for weighing:

- *Method # 1: Weigh the packed container*
- *Method # 2: Weigh the cargo and other contents and add tare weight of the container*

Estimating weight is not permitted. Shipper must weigh or arrange for weighing of the packed container or its contents.

For more information, check out Shapiro's Verified Gross Mass Confusion Infographic!

SOLAS VGM Charges Debate in Brazil

In the beginning of the year, Brazilian terminals and maritime professionals confidently proclaimed that Brazil was ahead in terms of SOLAS implementation. This was expected as much of South America already has the infrastructure in place at the terminals to weigh containers, largely due to regional anti-drug efforts as well as post 9/11 U.S. anti-terrorism efforts. Many of South America's ports already verify not only container weights, but also truck and chassis weights in an effort to identify weight discrepancies that would help identify illicit cargo. According to the terminal and maritime professionals, the International Maritime Organization's (IMO) new SOLAS mandate is just asking terminals to report the information it already has in place. Marianne Von Lachmann, President of SindaRio, the association for shipping agents in the state of Rio de Janeiro, stated, "Because we started doing this many years ago, all containers in the organized port areas have to be scanned and weighed and the costs for these have already been paid out over the past five years."

As we get closer to the SOLAS verified gross mass (VGM) July 1st deadline, a debate has erupted within Brazil over whether terminal operators should charge for inputting the VGM declaration. Brazilian container terminal operators are now proposing a new surcharge of between 40 – 50 BRL (roughly $12 USD) per container to the carriers that will likely trickle down to shippers. Shipping lines and other stakeholders have pushed back, claiming there is no reason for the additional charge. In their eyes, inputting an additional keystroke should not entail any extra costs. Some terminal operators claim verifying and inputting the gross mass is not the problem they are facing but rather the certification process. The additional costs, they argue, will be incurred by complying with the government body INMETRO, which is supposed to be overseeing the certification process, the details of which have yet to be released. Others believe the terminal is providing a service, and that costs will be recouped from container lines, or if necessary, exporters directly.

As it stands, there is uncertainty as to whether these additional charges will trickle down to shippers/carriers and will likely not know until closer to the July 1st deadline. With the current political climate and economic pressure in conjunction with declining container volumes in Brazil, terminal operators are unlikely to back down anytime soon and see an opportunity to recoup some of their declining revenues by charging for a service which, to an extent, they already provide.

OCEAN FREIGHT NEWS:

Container Lines Announce New Ocean Alliance

Changes are coming to the container shipping industry in the form of new mergers and acquisitions that are altering the current structure of ocean carrier alliances. Earlier this year, COSCO and China Shipping merged to form China COSCO Shipping Corporation as China Shipping stepped out of the commercial shipping business in favor of the ship leasing business.

CMA CGM, Evergreen, OOCL, and the newly merged China COSCO Shipping Corp. have announced the formation of a new shipping alliance called OCEAN Alliance. This alliance, scheduled to launch by April 2017, was created to compete against the 2M comprised of MSC and Maersk. While vessel sharing is not a new concept, the degree of integration between alliance partnerships and their reach is relatively new. Today, carrier alliances make up roughly 90 percent of the container capacity on major trade lanes, and like traditional vessel sharing, are strictly operational, which means joint marketing and sales are forbidden. Carriers join highly integrated vessel sharing agreements, or alliances, because they allow members to mitigate overcapacity by sharing the use of their larger vessels and avoid financial loss accrued by operating less-than-full ships.

The OCEAN Alliance includes Asia-Red Sea and Asia-Middle East in recognition of the growing size of those trades. The regions are typically served by large container ships making intermediate stops on the Asia-Europe routes. OCEAN still requires regulatory approval from authorities in the U.S., Europe, and China.

The announcement will impact carriers in the CKYHE and G6 alliances as well. The veterans will now have to search for new members to counter the 2M and impending OCEAN alliances. COSCO and Evergreen's decision to join OCEAN will leave K-Line, Yang Ming, and Hanjin as the remaining members of the CKYHE. CMA CGM & China Shipping's departure from the Ocean 3 for the OCEAN also means abandoning UASC without alliance partners. OOCL's exodus and APL's merger with CMA CGM will reduce the G6 to four carriers: Hapag Lloyd, NYK, MOL and Hyundai. It is predicted that a third major alliance will form with members from the remaining carriers.

According to industry analyst Alphaliner, Maersk and MSC combined control 27.7% of the global container ship fleet. The combination of CMA CGM, China COSCO Shipping, Evergreen, and OOCL would control

23.5% of the global fleet, with the combination of both major alliances controlling a total of 51.2% of the global container ship capacity. In terms of capacity, the OCEAN alliance currently owns and charters 1,113 ships (444 owned, 669 chartered) which combined have 5,381,333 TEU's capacity. Additionally, there are 102 ships on order with a combined capacity of 1,305,682 TEU's. 2M alliance members MSC and Maersk have 1,085 ships (457 owned, 628 chartered) for a combined 5,707,535 TEU's. 2M also has 67 ships on order that have a combined capacity of 908,000 TEU's. Of course, only a portion of the total OCEAN alliance capacity is involved in the alliance. Carriers have yet to announce any fleet restructuring news.

Two U.S. Ports Open Intermodal Facilities

Jacksonville Port and the Port of New Orleans have opened new truck-rail transfer services to expedite the movement of cargo by rail and make them more attractive shipping options.

The Intermodal Container Transfer Facility (ICTF) in Jacksonville's port has an estimated cost of $30 million and has been funded by the Florida Department of Transportation. Its official opening to commercial container movements is expected by the end of summer as it's currently been used to handle military cargo. Local industry views this truck-rail transfer station as critical to boosting container business and economic growth by making it easier and more affordable to serve shippers in the Southeast, and potentially even the Midwest. With this new facility, containers will not have to be drayed 16 miles out of the port to local rail yards, which will improve efficiency and lower operational cost.

Meanwhile, the Port of New Orleans has invested $25 million in building an intermodal terminal along the Mississippi River. This ICTF will be jointly operated by Ceres Global and the New Orleans Terminal and has the capacity to move 160,000 TEU's per year by rail. The new railyard features four tracks with 1,550 feet of working pad for each track, in addition to a runaround track and two new rubber-tired gantry cranes built by Kone-cranes. A new marshalling yard of 18-inch concrete paving will provide an additional 64,000 TEUs of capacity in the Napoleon Avenue Container Terminal. Additionally, the new terminal design will make five more acres available for the planned expansion of the Napoleon Avenue Container Terminal.

Northwest Seaport Alliance Exports Rise

Containerized exports from Seattle and Tacoma ports showed continuous growth during the first three months of 2016. According to statistics provided by the Journal of Commerce, the movement of international export containers rose 3.1 percent compared to the same time period last year.

January and February alone were extremely busy months in Seattle and Tacoma resulting in positive first quarter statistics. The strong performance is attributed to increases in overall international container volume, which climbed 4.4 percent in the first three months, and in exports, which rose 18.4 percent during the first two months of the year.

By comparison, March 2015 was the busiest time of the year on the West Coast due to the backlog of ships anchored off the coast pending results of the contract negotiations between the International Longshore and Warehouse Union and the Pacific Maritime Association. Once a preliminary contract agreement was reached and the ships started entering the ports, the ports had to process double the volume of containers they did in January and February 2015 in order return ports back to working order.

Much of the container volume that had been lost to East and Gulf Coast ports as well as Canada during the first quarter of 2015 as a result of the extreme port congestion has since gone back to the West Coast, so year-over-year comparisons of container traffic at West Coast ports in the second quarter are expected to return to normal.

AIRFREIGHT NEWS:

Japanese Air Cargo on the Slide

Japan's air cargo trade is expected to decline for the second consecutive year in a row. Contrary to their previous forecasts, the Nittsu Research Institute and Consulting (NRIC) has recalculated that Japan's air freight will drop approximately .5 percent, which is in sharp contrast to their initial prediction of a 1.3 percent growth rate for 2016. While 2016 is slated to be a depressing year for Japan's air freight community, it pales in comparison to their 2015 fiscal numbers where the market dropped 5 percent.

On a more hopeful note, Japan's air imports are expected to increase, helping to minimize the overall impact on the industry. The overarching effect of this slow-down is a large drop in the import of clothing and food products, which happen to be two of Japan's primary imports. Food import prices are particularly alarming, as 61 percent of food in Japan is imported. As Japan continues to evolve and the younger generations come into their own, the taste for typically non-Japanese food is growing, exacerbating the problem.

Slow Growth Predicted for World Air Cargo in 2016

The global air cargo story is unfolding slowly as many analysts predicted for the first quarter of 2016. Daunting but explainable, February was dismal with reported declines from 3.8%-5.6%, the most in three years. Year-over-year February numbers should be tempered with quarterly results, adding into the mix the effects of Chinese New Year and abnormally high volumes from last year's West Coast port strike.

European and Africa regions report declining volumes month-after-month; however, this is not the case for all with standouts like Turkish, Air Bridge, and Emirates all reporting growth as they expand their fleets and schedules. Latin America cargo carriers posted declines, mostly affected by Brazil's economy slump; however, we see capacity being added in ramp up to the 2016 Olympics and steady demand from North America. All factors considered, globally we have about a 3% growth year-over-year. With nothing on the horizon to suggest otherwise, slow and steady is still 2016's air cargo outlook.

Air Canada to Offer Freighter Service into South America and Europe

A new commercial arrangement between Air Canada and Cargojet will offer dedicated freighter services from Canada to Latin America and Europe using cargo aircraft operated by Cargojet Boeing 767-300ER. With a capacity of 52 tons, Air Canada Cargo will be the only freighter connecting Canada to Latin America with a direct, scheduled freighter service. This will offer significant advantages, including greater control over timing, routing, and a variety of services for oversize cargo, hazardous materials, and other types of cargo that cannot be accommodated in passenger airplanes.

Service is scheduled to begin June 9, 2016 connecting Toronto to the following destinations:

- *Bogota, Colombia and Lima, Peru via Atlanta, GA, once a week*
- *Mexico City via Dallas/Fort Worth, TX, twice a week*

Details regarding the specifics or frequency of the European destinations are not available at this time.

Within the past few decades, the gross domestic product (GDP) of the South has doubled to about 40 percent of the world's total, and the share of global trade from the South has doubled to 51 percent. Therefore, we are safe to say, freighters are becoming essential to these markets.

Air Cargo Growth Expected in Vietnam

According to the International Air Transportation Association (IATA), Vietnam will be the fastest growing air cargo market in the world over the next three years. Vietnam has seen an increase in technology and electronics manufacturing as jobs shift out of the increasingly expensive Chinese labor market. In combination with increased consumer spending, Vietnam's GDP is expected to keep growing at a rate of 6-7% through 2020.

To keep up with this growth, Vietnam's government recently moved forward with plans to build a $15.8 billion U.S. dollar airport outside of the country's largest city, Ho Chi Minh. The new airport will be able to carry 100 million passengers and 5 million tons of cargo per year by 2050.

Looking to capitalize on the growth, several cargo carriers have increased operations into and out of Vietnam. Cargolux Airlines recently added a third weekly 747 freighter to Ho Chi Minh. Lufthansa Cargo created a weekly 777 freighter from Frankfurt to Ho Chi Minh late in 2015, and in March, rapidly expanding Qatar Airways added a twice weekly A330 freighter from its hub in Doha to Ho Chi Minh.

DOMESTIC NEWS:

Los Angeles-Long Beach Improve Terminal Gate Procedure

According to the Harbor Trucking Association (HTA) of Southern California, terminal operators in Los Angeles-Long Beach are finally able to solve some of their yard and gate issues. The HTA mobility numbers show that in March, the average truck visit time in all terminals was 82 minutes, a 10-minute improvement from the previous months. Some of this improvement could be a result of the seasonal drop in cargo volume that followed the Chinese New Year; however, changes by the terminal operators are also a big factor in these new lower visit times.

One of the key factors in this improvement is the launch of a supply-chain optimization effort that involves regular meetings with terminal operators, truckers, and labor, allowing terminal operators the ability to address inefficiencies in the delivery of containers to truckers, chassis availability, and chassis "roadability" inspections.

Some terminals are using creative measures to free-flow containers by organizing them in separate piles for participating truckers, resulting in improved turn times. Terminal operators are also taking monthly turn-time numbers seriously. Each month they ask how they compared to past months or other terminals.

In the coming months, terminal operators will be challenged to maintain their service levels as peak season starts and bigger ships call the port of Los Angeles-Long Beach.

Trucking Volumes Weak and Rates are Falling

Although trucking tonnage gave an optimistic view for the rest of the year, according to the CASS freight index, both freight volumes and shipper spending have fallen to negative levels once again. "Slow economic growth is not a good environment for rate increases," Roslyn Wilson, President of FreightMatters, commented about the declining market. Truck rate changes have been extremely moderate and most shippers are not expecting much of a change in the first half of 2016. Shippers also benefited from lower fuel surcharges in the quarter. Although transportation costs continue to drop, shippers are weary to invest more in moving importing more goods due to the economic uncertainty and high inventory levels. Companies are pushing for more cuts in expenditures across the board, which could prove detrimental for the logistics industry in 2016.

SHAPIRO NEWS:

Employee of the Month

As previously featured in Shap Talk, Shapiro has been sharing with you the names of employees who have been recognized for their exceptional efforts and contributions to our Company. At Shapiro, we continually work to develop, challenge, and inspire all of our employees to grow individually and with the Company. This month, we would like to recognize Sherry Oerman-Combs, Global Logistics Specialist in Baltimore for her outstanding performance and contributions.

Please email us at hr@shapiro.com.

WE WANT TO HEAR FROM YOU!

Do you have suggestions for an article? Is there a topic you'd like us to cover in a future issue? Please let us know! Send your feedback to shaptalk@shapiro.com.