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*Employee of the Month*

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# TRADE NEWS:

## *The Impact of Increased AD/CVD Enforcement and Your Bond*

Customs Border Protection (CBP) targets importers who evade and conspire to evade antidumping duties. In FY 2016, CBP levied 13 monetary penalties totaling over $30.6 million on imports for fraud, gross negligence, and negligence for AD/CVD violations. CBP completed over 89 audits of imports of AD/CVD commodities and identified AD/CVD discrepancies with a value of approximately $14.7 million. CBP seized shipments with a domestic value of over $5.3 million.

As of October 31, 2016, CBP enforces 373 AD/CVD Orders on approximately 150 commodities from 42 countries. In the current ACE environment, additional information is available to CBP at a much quicker rate than ever before and they are using this new agility to ramp up AD/CVD enforcement.

In an era of uber-enforcement, it is essential that importers have a comprehensive understanding of the regulations that pertain to the items they are importing. Goods subject to AD/CVD can have a huge impact on an importer's profit margins and overall sustainability.

As a result of increased enforcement and claim losses, sureties are working to reduce their exposure to bond loss ratios for Single Transaction Bonds as well as Continuous Import Bonds (C1 Bonds). Sureties are monitoring Continuous Import Bond activity daily to identify risk at a quicker pace. Some sureties have even begun doing interim reviews to identify AD/CVD risk.

If you are importing AD/CVD goods, here's what you can expect from the surety:

- *Increased fees or surcharges due to the higher risk*
- *The requirement of a written bond application as well as a signed indemnity agreement*
- *Requests for current financial statements*
- *Request for an AD/CVD Questionnaire to obtain further information*
- *In some cases, collateral may also be required.*

Be informed and understand the requirements for your goods. If you have questions pertaining to AD/CVD or your bond, contact Shapiro for assistance.

## *New EPA Guidelines Call for Enhanced HTS Classification*

The Environmental Protection Agency (EPA) covers four main categories: Vehicles and Engines, Ozone Depleting Substances and Hazard Waste, Pesticides and Pesticide Devices, and Chemicals and Chemical Substances under the Toxic Substances Control Act (TSCA). While these categories have been defined for some time, the EPA is likely to become more inquisitive than in past cases when preparing to make entry with any of the above groups. This is due to the implementation of a new mandate, effective May 18, 2017, that requires all EPA programs to be flagged by Harmonized Tariff Schedule (HTS). This update means your Customs Broker will need to know whether to claim or disclaim the programs based on the information you provide them.

It will be the importer's responsibility to know if the EPA will regulate the products or not. It will also be the importer's responsibility to provide the necessary documentation and certification. With Vehicles and Engines (V&E), there are two applicable forms: Form 3520-1 and Form 3520-21. The EPA Form 3520-1 will cover importing light-duty on-road vehicles and engines, while form 3520-21 pertains to heavy-duty highway engines and non-road engines, as well as recreational vehicles and engines for intended installation in recreational vehicles. For recreational vehicle manufacturers to import engines that are sold separately, they will need a valid Certificate of Conformity where the importer will supply a valid Engine Family Name prior to entry.

As for Pesticides and Pesticide Devices, it will be required that your pesticides are registered with the EPA unless exempt under the Federal Insecticide, Fungicide, and Rodenticide Act (FIFRA). Along with registration status, pesticides and devices will require Form 3540-1, Notice of Arrival of Pesticides and Devices, also known as NOA.

Let's not forget about TSCA, which covers manufacturing, processing, using, distributing and disposing of chemical substances and mixtures. The TSCA Certification form contains a field that asks importers to choose between two statements. The first statement is an affirmation that the chemical substances being imported comply with TSCA, while the second statement confirms that the chemicals being imported are not subject to TSCA.

While the EPA still covers the same categories, the importing requirements have gotten stricter and it is important that you work closely with your broker to understand all possible liabilities.

## *Possible Changes Coming from Cosmetic Labeling*

The Food and Drug Administration (FDA) is beginning a review of current cosmetic labeling regulations. Some of the changes under review are:

- *The label of a cosmetic product must bear a declaration of the ingredients in descending order of predominance.*
- *The principal display panel of a cosmetic product must bear a statement of the identity of the product.*
- *The label of a cosmetic product must specify the name and place of business of the manufacturer, packer, or distributor.*
- *The label of a cosmetic product must declare the net quantity of contents of the product.*

These changes will be a significant deviation from current requirements. The Food and Drug Administration is accepting comments through July 24 on these changes.

## *Terms of Sale and Their Importance in International Shipping*

Terms of sale are designed to precisely articulate the responsibilities, costs and hazards associated with transporting goods. Moreover, they are utilized in an effort to diminish uncertainties arising from varying interpretations of their meanings. These terms are most commonly known as Incoterms.

The parties involved in a sales transaction jointly create the Incoterms, which outline the responsibilities of cost, delivery and risk. Incoterms also help Customs assess the worth of imported goods.

Incoterms are a vital part of international shipping and using them accurately can help reduce, if not completely eliminate, disputes between suppliers and buyers.

If you have any questions or comments, please contact us at compliance@shapiro.com.

## *Is the U.S. - Mexico Wall a Hindrance to Trade Facilitation?*

Will President Trump's wall impact the efforts to promote trade between Mexico and the United States?

The cross-border trade, by land, amongst Arizona, New Mexico, Texas, and California has been overwhelmed by the growth of NAFTA. In conjunction with this growth, the level of unlawful trafficking of drugs, weapons, people and species in these states has drastically increased when compared to volumes at airports and seaports.

Following the September 11th security crackdown, the Transportation Security Administration (TSA), U.S. Customs and Border Protection (CBP), the Department of Homeland Security (DHS) and other agencies have been understaffed as they each focused on increasing technology and enhancing processes as opposed to staffing. The shortage of staff is now an issue of trade facilitation which President Trump must address in order to diminish unlawful activities, but will the budget he needs to build the Mexico wall allow him to adequately address the staffing issue?

It has been confirmed through various sources that Mexico is not going to pay to build the wall, as President Trump initially hoped. Thus, the Joint Economic report is asking whether the U.S. Government is better off spending U.S. funds on increased staffing for agencies that are already successful at border protection, but are short-staffed, as opposed to spending money on a wall that offers no guarantees.

Spending money to increase the border agencies' staff instead of the wall might be a perfect solution to combat both unlawful trade and immigration. On the other hand, the Mexico wall doesn't provide adequate protection against unlawful cross-border freight flows because it is only designed to deter immigration, not freight.

## *Foreign Trade Regulations Revisions Finalized*

The Census Bureau's International Trade Management Division (ITMD) issued a Final Rule in the Federal Register dated 4/19/17 with an effective date of July 18, 2017. Several sections of the Foreign Trade Regulations (FTR), Title 15, Part 30 are revised. The amendments reflect new export reporting requirements related to the implementation of the International Trade Data System (ITDS), in accordance with the Executive Order 13659, Streamlining the Export/Import Process for American Businesses.

One element that was not adopted and removed from the FTR proposed rules is the Used Electronic Indicator (UEI). Several commenters expressed multiple concerns pertaining to the addition of the UEI. The comments received reflected concerns about the clarity of and the burden related to the proposed requirement. At this time, the Census Bureau has decided to eliminate the requirement to report used electronics in the Final Rule.

Census held two outreach webinars on May 16th and May 22nd going over the changes in the Foreign Trade Regulations (FTR).

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The changes are as follows:

FTR 30.1(c) Definitions

Four New Definitions Added:

- *Automated Commercial Environment (ACE)-A CBP authorized electronic data interchange system for processing import and export data. Census noted that this is the single window through which the trade community reports their import and export data.*
- *Domestic Goods- Goods that are grown, produced, or manufactured in the United States, or previously imported goods that have undergone substantial transformation in the United States, including changes made in a U.S. FTZ, from the form in which they were imported, or that have been substantially enhanced in value or improved in condition by further processing or manufacturing in the United States.*
- *Foreign Goods- Goods that were originally grown, produced, or manufactured in a foreign country, then subsequently entered into the United States, admitted to a U.S. FTZ, or entered into a CBP bonded warehouse, but not substantially transformed in form or condition by further processing or manufacturing in the United States, U.S. FTZs, Puerto Rico, or the U.S. Virgin Islands.*
- *U.S. Postal Service customs declaration form- The shipping document, or its electronic equivalent, that a mailer prepares to declare the contents for the purposes of domestic and foreign customs authorizations and other relevant government agencies. For more information, please see Mailing Standards of the United States Postal Service, International Mail Manual, section 123.*

The full notice can be accessed here.

If you have any questions, please contact compliance@shapiro.com.

## *Japanese Carriers Merge into ONE, Ocean Network Express*

Japan's three major shipping lines announced plans to merge into a single, consolidated joint-venture company; the timing, however, remains in question. Although "K" Line, MOL, and NYK Lines intended to establish the Ocean Network Express (ONE) by April of 2018, U.S. 'gun jumping' laws may force a much sooner launch.

Earlier this month, the U.S. Federal Maritime Commission (FMC) rejected the carriers' joint venture proposal, citing that the Shipping Act of 1984 does not provide the FMC with the authority to approve mergers. This 'tripartite' agreement included provisions to prematurely transfer U.S. marine terminal shares and ownership interest within the new entity, which would violate the sharing of competitive information, already a major concern since the dawn of shipping alliance and vessel sharing agreements (VSA). The ONE must turn to the U.S. Department of Justice (DOJ) and the Federal Trade Commission to render a verdict.

The Ocean Network Express intended to operate as a joint venture alliance in the interim period leading up to the merger, but attention from U.S. Congress has the carriers rethinking their strategy. Third-party maritime service providers are adamantly lobbying against the industry's new penchant for alliance formation and the joint contracting pressures that come with it. The DOJ has already opened investigations into carrier collusion at the request of U.S. domestic industry. FMC commissioner William Doyle noted that third-party joint contracting language has been attempted in almost every alliance and vessel-sharing agreement proposal. Since the ONE merger will hold only 7.2 percent of the market, it is not at risk to be blocked on the grounds of market concentration, but as subpoenas are issued to fellow shipping lines, these three Japanese carriers must plan their next move carefully as U.S. industry and lawmakers take interest.

# TRANSPORTATION & OCEAN FREIGHT NEWS

*Industry News:*

## *Despite Low Profits in Q1, Shipping Lines Expected to See Significant Profits in 2017*

The steamship line industry experienced an estimated $3.5 billion in operating losses in 2016, the first overall deficit in almost five years. The cumulative Q1 losses for the industry were an estimated $500 million in 2016. Despite experiencing operating losses in Q1 for the second year in a row, industry speculators are confident that shipping lines are set to experience a return to significant profits.

Drewry Shipping Consultants, an independent maritime research consultancy operating in the UK, projects an aggregate operating profit of around $1.5 billion in 2017. The shift to profitability has been facilitated by rapid growth in demand, which is bolstering freight rates.

According to Drewry's Global Freight Rate Index, spot freight rates in Q1 of 2017 were 35% higher than they were in Q1 of 2016. Despite rates being significantly higher than this time in 2016, the industry still experienced a net operating loss of $16 million. Drewry notes, "While we were expecting better for the first three months, our profit forecast already built in that the market recovery would only really push on from the second quarter onwards, when new contracts roll over."

A contributing factor to the losses accumulated in Q1 of 2017 is the annual contract season, which has a standard effective date of May 1st. Last year's contracts maintained their validity through April 30th, 2016 at the historically low rates shippers enjoyed throughout 2016, having a significant impact on Q1 2017 profit reports. Those contracts have since expired, allowing for the steamship line industry to approach the new contract year with significant bargaining power relative to last year.

Optimism for industry profits is also strengthened by recent mergers and acquisitions, which will likely lead to a "greater homogenization of operating margins" among carriers," notes Drewry.

## *Sneak Peek into Peak Season*

Ahhh, finally. Summer is just about here. And so are all the things we love and hate about summer, such as barbecues, long days at the pool, sunburns, and Peak Season announcements. June historically marks the beginning of the Trans-Pacific, eastbound, peak shipping season. A season that brings higher rates along with tighter space.

The early outlook for this year's peak season does not look too sunny for the carriers. Carrier vessel utilization levels on these lanes remain low with the first week of June averaging 90% utilization. A June 1st GRI, which was mitigated as quickly as it was announced back in May, has stuck at a fraction of what was predicted. Although a Peak Season Surcharge (PSS) announcement is on the books for June 15th, the weak demand forecast and steady 90% vessel utilization rate is likely not strong enough to support it. As far as June goes, you probably don't have to worry about any rate increases, but you should keep an eye on that sunburn.

## *Megaships and Our East Coast Ports of Call*

The largest vessel to ever call U.S. East Coast ports arrived last month. The COSCO Development arrived and departed at each port of call without a hitch. With the arrival of this vessel, it is very apparent that significant infrastructure investment is still needed if our East Coast ports are to handle ships of this size on a regular basis.

Although the ship was handled in Georgia, South Carolina and Virginia without any problems, special considerations had to be made at each stop due to the vessel's size. For instance, the Development could only call Savannah during high tide with a 3 to 4-hour window to berth. There is no way the vessel could have been handled at all three ports if the vessel was at capacity. Only Virginia's Hampton Roads facility had the 50-foot harbor depth needed to appropriately accommodate the Development. The ports of NY, NJ, VA, Baltimore and Miami are the only ports along the East Coast with depths of 50 feet.

In New York and New Jersey, the raising of the Bayonne Bridge by end of this month will enable carriers with up to 18,000 TEUs to have full access to those ports. Until the bridge is raised, only GCT Bayonne can handle these larger capacity ships coming through the Panama Canal.

Today there are 15 ports on the East Coast and Gulf Coasts seeking infrastructure funding in the billions of dollars. Only three of those ports, Savannah, Charleston and Jacksonville have cleared the permit requirements needed to start dredging.

As trade patterns continue to shift with the new alliances, shippers move more cargo, and shipping lines deploy larger vessels to Southeast and East Coast gateways, the funding will need to be approved sooner rather than later. Without appropriate funding, the mega vessels could run into some "tight spots" as they meander through our East Coast ports.

## *Growth Slows at Nhava Sheva Port Despite Productivity Push*

Following a rebound in April after months of slow growth, due to a slew of productivity-boosting efforts, volume growth at the Indian port of Nhava Sheva (Jawaharal Nehru Port Trust [JNPT]) lagged in May. Data collected by the JOC suggested a 2.9 percent reduction in volumes. While productivity metrics, such as dwell times, have improved at the port, Nhava Sheva continues to face fierce competition from the port of Mundra.

Mundra, which is further north in the state of Gujarat, has redoubled its focus on improving intermodal capacity to accept additional cargo from northwestern states and has also invested heavily in capacity improvements. Both Mundra and Nhava Sheva are expected to benefit from the shift towards mega-ships, with Nhava Sheva currently deepening its fairway to 15 meters and adding a fourth container terminal to prepare for expanded capacity.

For shippers, the competition between Nhava Sheva and Mundra is likely beneficial, driving both ports to make much-needed investments in capacity and productivity improvements, resulting in lower port charges. Nevertheless, the increase in volumes that will occur with the arrival of mega-ships is certain to lead to a drop, at least initially, in productivity measures. This unpreparedness was evidenced by the congestion at the port of Shanghai earlier this year, when seasonal fog, coupled with mega-ships, led to severe congestion issues. This threat makes the necessity of sustained investment in productivity improvements that much more pressing.

### *U.S. Containerized Export Growth Loses Some Steam*

Despite a strong dollar and growing competition from the excellent agricultural production of South America and the Black Sea Region, U.S. Exports have been increasing at a steady pace, up 6.8% from last year. When compared to export growth in Q1 of 2015, 2016 showed an increase of 4.3%.

Exports were in decline in both 2014 and 2015, so the growth was a bit unexpected, but can be explained by the fact that U.S. farmers lowered their prices to keep their market shares intact. The lowered price of goods in conjunction with the depressed freight rate market for U.S. Exports has helped make U.S. agricultural exports more attractive to overseas clients.  These two economic forces have negated the stagnating effect of the strong dollar. Furthermore, Asia and its growth in middle class appetites for American products has also been a contributing factor in export growth.

Other growth commodities include metals, which increased between 160 to 300% in 2016 from the previous year, and resins, which increased 6.5% in the same period.  U.S. East Coast and Gulf Coast ports benefitted from the growth of the European Union, which developed faster than the U.S. for the last two quarters. The very low ocean rates from the U.S. East Coast have helped matters for U.S. trade with the E.U as well.

When compared to that of 2015, export growth in 2016 was so strong that the statistics thus far for 2017 are pretty meager at first glance. In the second quarter of 2017, U.S. Exports contracted 1.1% on the heels of a 6.8%, year-over-year increase in the two previous quarters.  It is too early to tell if this is something U.S. exporters need to worry themselves with, but it is something to keep a wary eye on as the new administration flexes its muscle on trade inequities.

## AIRFREIGHT NEWS:

### *British Airways Disruption on Memorial Weekend*

British Airways had to cancel London flights on Saturday, May 27th due to a large-scale computer systems outage.  The outage happened just at the start of a holiday weekend for both the U.S. and the UK, and left thousands of passengers, bags and cargo stranded.

The carrier worked to regain schedules on Sunday, but did not attain full schedule until Monday, May 30th. Due to the severity of the outage, cargo could not be recovered over the weekend.

British Airways believes the root cause was a power supply issue, and have no evidence of a cyber-attack.

### *Above Average Air Cargo Growth Slows*

Reports from the International Air Transport Association (IATA) indicate that global air cargo growth is staying strong, but starting to slow in comparison to the increases seen earlier in 2017. Back in March of this year, air capacity growth increased by 4.2% as measured in available freight tonne kilometers, while March's air freight traffic reached a 7 year high with an increase of 13.4% as reported by the JOC. April's numbers reflect a market that may be slowing down, as April shows only a 3.9% increase in capacity and an 8.5% year-over-year increase for global air traffic. In comparison to the average annual growth recorded over the last five years, April's report is still over the 3.5% rate that has been the average gross baseline.

IATA notes that the reason for the continuation of these strong increases in capacity growth may be due to the market being bolstered by steadily developing sectors like pharmaceuticals and ecommerce, as global trade continues to expand. Air carriers are continuing to modernize their technology to become more efficient in terms of handling and improving yields, even though portions of the industry are still working on updating their processes to include newer technological resources.

While confidence indicators are still pointing towards more robust growth for the second quarter, there may be signs that this growth has peaked, but it is too early to tell. What does this mean for importers and exporters? As air traffic continues to increase, the industry is working on enhancing capacity growth to meet demands. Keep a weathered eye on the skies.

# DOMESTIC NEWS:

## *New Dray Challenges at the Seattle-Tacoma Port Areas*

The deadline for the Seattle-Tacoma clean truck program is getting closer, and per the port authority, only 46 percent of the trucks that pick up and deliver containers in Seattle and Tacoma are complaint. Some truckers are pushing back and they believe the Northwest Seaport Alliance will delay the implementation.

Needless to say, the truckers who have invested in compliant trucks are opposed to giving extra time to other carriers who fail to purchase compliant vehicles before the January 1, 2018 deadline. The port, in cooperation with the Puget Sound Clean Air Agency, provided subsidies to truckers who replaced their older vehicles; however, all available funds have now been accounted for.

The clean truck effort was originally created when Seattle and Tacoma operated separately and each had its own program. The first phase of the program banned pre-1994 model year trucks. Under the current phase, pre-2007 engine trucks will be banned from the marine terminals.

The Northwest Seaport Alliance is not the first major port to experience push-back from truckers. The Port Authority of New York and New Jersey experienced similar resistance last year and in return they agreed to relax their truck ban that had been scheduled to take effect on January 1st, 2017.

## *Officials Hopeful about Howard Street Tunnel Expansion*

CSX and Port of Baltimore officials are highly optimistic that the Federal Government will approve a $115 million grant under the U.S. Department of Transportation's (USDOT) FASTLANE program. The endowment would be used by CSX and the Port of Baltimore to adjust the height of the Howard Street Tunnel to safely accommodate double stacked trains, or trains that have the ability to carry one container stacked on top of another, as well as provide other key enhancements along the Baltimore CSX line.

In conjunction with financing from CSX, the FASTLANE program would help the project attain its fund goal of $445 million. The improvements would serve to bolster growth at the Port of Baltimore by providing a new gateway to the Midwest, a huge market that is currently inaccessible via the Baltimore port, and create thousands of local jobs in the process. If the project is greenlit, then Baltimore will be primed to be on par with the port of New York/New Jersey and Virginia's Hampton Roads facility in regard to volumetric capability. Seagirt Terminal alone is capable of handling upwards of 150,000 containers per year, with current averages indicating that it handles between 25,000 and 30,000 containers annually. Port officials believe an additional 80,000 to 90,000 containers per year could be quickly realized with the enhancement of the Howard Street Tunnel.

Maryland Department of Transportation's initial application to FASTLANE in 2016 was denied on the basis that the program needed to more equitably spread funding to other ventures and did not have enough reserve cash to provide the full amount needed for the Howard Street Tunnel project. However, the USDOT has signed a petition to provide the FASTLANE program with $850 million in new funding that will become available as of September 30th, 2017. It is on this basis that local officials were urged by the Federal Government to resubmit their FASTLANE application with the hopes of a positive outcome.

The timing of the Howard Street Tunnel project is nearly perfect as infrastructure, equipment and market trends point to substantial growth potential for the port of Baltimore. Seagirt has a 50 foot berth and super cranes that can accommodate the larger loads of the new mega vessels, the new Panama Canal lock system is operating and making trips to East Coast ports easier than ever, the recent raising of the Bayonne Bridge helps to further attract larger vessels to the East Coast and new carrier alliances are creating a plethora of East Coast volume.  According to CSX officials, "Over the first 30 years of the completed project's life, between $640 million and $1.4 billion in value will accrue to Maryland, Florida, New York, Pennsylvania, Virginia, New Jersey, South Carolina, North Carolina, Illinois, Ohio, 13 other states, and the District of Columbia."

## *E-Commerce Last-Mile Business Booms*

As we all know, the Final-mile is the last leg of any product's trip before it arrives at the customer's doorstep. Operators of truckload, less-than-truckload, logistics and parcel owners are all jostling to get involved in this last leg of the trip, which involves deliveries to residential roads, curbsides, driveways and even doorsteps.

Ever more – The Amazon effect is real.  Businesses are ordering equipment and supplies online, and they expect the same type of fulfillment experience in the office or on the plant floor as consumers receive at home. Logistics operators and carriers are shifting resources to last-mile efforts in order to accommodate demand as a means of diversifying to provide coverage for this very profitable freight move.

LTL carriers, such as Werner, YRC, Estes and ABF are all immersed in this new opportunity. We are seeing new divisions and service covering the final-mile market as well. There are even efforts underway to implement new software that explicitly covers final-mile moves.

"Last-mile and cartage, it's a great time to be in that business," said Justin Hall, chief customer officer at YRC Worldwide, at the ALK Transportation Technology Summit in Philadelphia on May 23.

## *E-Warehousing: The Next Tech Startup to Take on Amazon*

As the eCommerce market continues to dominate the consumer marketplace, it has also galvanized a new space for commerce service providers. Meet Flexe.com, the eWarehouse with its sights set on taking on Amazon through a unique offering of next day delivery services.

Flexe, a Seattle startup, introduces a market for eCommerce sellers to source warehousing for their inventory. Unlike traditional providers, Flexe owns no physical warehouses. Instead, Flexe has built a network of unused space in 550 warehouses, and in turn, has built warehouse coverage that is more comprehensive than that of Amazon without any investment in their own facilities.

With unlimited access to warehousing space, Flexe is not only able to quickly grow its warehousing capabilities, but also expand its delivery services. Flexe offers overnight delivery – a huge advantage for eCommerce sellers looking to shift from the Amazon fulfilment model. The network allows Flexe to minimize shipping expenses via low-cost, local deliveries.

"You can get goods to your customers as fast or faster than you can through Amazon Prime," says Flexe co-founder Karl Siebrecht. "And it will show up in your own branded box rather than an Amazon box."

Flexe shows promising, long-term potential as a major new player among eCommerce service providers. Flexe will need to continue to expand its network as its user base grows. Moreover, it will need to overcome a lessened surplus in warehouse availability during the peak holiday season. Its ability to directly connect consumer to brand is perhaps its greatest appeal, allowing companies to manage their supply chain from purchase to delivery directly. Through a diverse network of warehouses and strategic positioning, Flexe leverages itself to be the alternative fulfilment solution.

## *Ocean Carrier Alliances' Effect on Domestic Transit*

Ocean carrier alliances are agreements that allow carriers to offer more sailings with fewer vessels. They exist because the cost of operating enough vessels to fulfill sailings to every port a carrier services is extremely prohibitive. Earlier this year, a shuffle in these alliances reduced the total number from four to three: Ocean, 2M and THE.

The restructuring occurred in April of this year and the by-product has been major congestion in the Chinese ports and also in some of the biggest U.S. ports, such as Los Angeles and Seattle. The bottlenecking has had a trickle-down impact on the ability of domestic carriers to make swift pickups or 'turns.' These carriers rely on a certain frequency of turns to make a profit and these delays have forced carriers to charge for waiting time or 'detention.' Additionally, intermodal transit has been slowed due to the carrier shakeup as vessel terminal callings are reassigned.

The terminals are taking measures to alleviate the congestion by issuing pre-notifications of arrival, but believe the issue will correct itself as the port operators adjust to the new volumes.

# SHAPIRO NEWS:

## *Shapiro Represents NVOs, Applauds Federal Maritime Commission (FMC)*

Shapiro, the 102-year-old leader in international logistics and Customs brokerage, welcomed 23 staffers of the Federal Maritime Commission (FMC) to their offices on May 18, 2017, as part of an FMC visit to the Baltimore port area.

The FMC's delegation was comprised of a diverse representation of the agency's departments, including individuals who work in the Office of the Chairman, a Commissioner's office, Office of the General Counsel, the Bureau of Trade Analysis, and the Bureau of Certification and Licensing.

The day trip started with a tour of a roll-on/roll-off vessel and a visit to a local importer. Shapiro, a freight forwarder and ocean transportation intermediary (OTI), was the next leg of the journey. Shapiro's Directors of Supply Chain and Transportation, Angela Czajkowski and Matthew Kobussen presented to the visiting group.

Shapiro detailed the structure of an international agent network, the non-vessel operating common carrier (NVOCC) operations process, role of technology, as well as an overview of the industry, its progress, and a look to the future. The Shapiro presentation included discussions about the effects of steamship alliances, mega-vessels, U.S. infrastructure, and intermodal developments on the importing and exporting communities.

"The Commission is always interested in learning from those involved in the supply chain and this was an excellent opportunity to hear from one such stakeholder," stated an FMC representative.

The FMC is responsible for regulating the nation's international ocean transportation for the benefit of exporters, importers, and the American consumer. The commission's mission is to foster a fair, efficient, and reliable international ocean transportation system while protecting the public from unfair and deceptive practices.

"Shapiro is honored to host the FMC's freight forwarding/OTI delegation," said Margie Shapiro, Shapiro's third-generation owner and President. "One of our core values is to continually collaborate with the trade in the spirit of partnership, enduring relationships, and mutual growth – and that includes regulatory bodies, customers, and vendors. We applaud the Federal Maritime Commission's commitment to staying connected with the industry and the stakeholders they regulate."

## *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 Maria Barbieri, Global Logistics Specialist in Baltimore for her outstanding performance and contributions.

We encourage you to provide us with employee feedback! Please email us at hr@shapiro.com.