

March 31, 2022 Volume 3, Nr. 13

With **three** million refugees (and counting) having fled Ukraine, the country and its people are in need of help. <u>Here is a list of places</u> that you can donate in support of Ukraine in a variety of ways if you're so inclined.

(In case you are wondering, this is going to be a sticky post until Russia's aggression ceases and the recovery and rebuilding begins.)

Number of the Day:

96.7%

Average annual increase in contracted ocean container shipping rates in March, including a 7% gain from February to March <u>according to Xeneta</u>.







FIRMs Code: W517

DISCLAIMER: The weekly FTA Newsletter includes content from

recognized and respected national and worldwide sources. Some of these sources may link a paywall, requiring a subscription.

The Foreign Trade Association joined over 75 other international trade organizations encouraging California State legislation on responsible demurrage and detention charges. Although initiated by agricultural shippers, this bill covers all commodities and encourages carriers in the efficient use of both import and export container and their prompt return for reuse. AB 2406 is tentatively scheduled to be heard in the Assembly Transportation committee on either April 18 or April 25. A copy of the support letter can be seen here.

FMC's Advanced Notice of Proposed Rulemaking

WE WANT TO HEAR FROM YOU

The Federal Maritime Commission (FMC) has <u>announced</u> an <u>Advanced Notice</u> <u>of Proposed Rulemaking</u> seeking feedback on a potential regulation on detention and demurrage billing practices.

The FTA wants to hear from its members on this matter. Please submit your comments to ac@tradeandcargoconsulting.com.

OSRA 21 Update: Senate has passed the Ocean Shipping Reform Act of 2022 (S. 3580)

The Senate has <u>passed</u> the Ocean Shipping Reform Act of 2022 (S. 3580)by voice vote. A copy of a press release from Senators Klobuchar and Thune can be viewed here.

In addition, the House also passed its version of the bill for athird time yesterday as part of the Coast Guard Reauthorization bill.

The bills will now move to conference to reconcile the differences. Still unknown if that will happen as part of the China competition package (which will begin soon) or as a stand-alone process.

We'll continue to keep everyone up to date on the process.

RUSSIAN SANCTION QUESTIONS?

The Treasury Department is now operating a helpdesk line and email inbox to handle all technical questions regarding sanctions with Russia. Here's the general inbox/VM for Treasury:

(800) 540-6322, or ofac_feedback@treasury.gov

We're told that the helpdesk is being actively monitored and that companies are receiving timely responses.

AB 2406 - ACTION NEEDED

The Foreign Trade Association joined over 75 other international trade organizations encouraging California State legislation on responsible demurrage and detention charges. Although initiated by agricultural shippers, this bill covers all commodities and encourages carriers in the efficient use of both import and export container and their prompt return for reuse. AB 2406 is tentatively scheduled to be heard in the Assembly Transportation committee on either April 18 or April 25

We have been advised that the Chair of that committee needs to hear the supply chain industry's support for protecting against unfair detention and demurrage.

There are two ways we are asking you to engage:

 Please consider sharing the below email campaign with your respective members/clients as soon as possible to encourage Chair Friedman to set the bill for a hearing. The chair needs to hear as much support for this bill, as soon as possible.

CLICK HERE FOR EMAIL CAMPAIGN

 For California-based lobbyists/Associations, please take a moment to send a note to the Chair letting her know these unfair fees are impacting your members/clients and urging her to set AB 2406 for hearing.

FTA ADVOCACY MEETING

Do you have import, export and other trade related issues about which you are concerned? FTA's Advocacy Committee is the place to raise those issues. Our next meeting is April 7, 2022 from 4:00 PM - 5:00 PM PT - Meeting link: https://zoom.us/i/93386806211



Time to Transform

Meeting today's challenges, preparing for tomorrow.



Government Actions and Trade

America's Busiest City for International Trade

The first barrier to normal trade rates is supply chain difficulties. One example that stands out is Apple's trouble bringing parts it needs from China. One

reason for this is a surge of COVID-19 that has lowered chip production. This leaves open the question of whether Apple will have the components to build its iPhones and other products.

U.S.-U.K. Trade Dialogue Resumes; Future Meetings Planned

The United States and the United Kingdom resumed trade talks at the end of March, two years after they were frozen and eight months after the U.K.'s "fast track" status to a trade deal, under the Trade Promotion Authority, expired. U.S. Trade Representative Katherine Tai and U.K. Secretary of State for International Trade Anne-Marie Trevelyan met in Baltimore for the two-day event. The pair toured the Port of Baltimore and met with U.S. and U.K. business and labor representatives.

The US-Europe Transatlantic Partnership is Showing its Resilience

Biden's headline venture is a bold transatlantic pact to reduce Europe's reliance on Russian energy and deploy clean technologies. The United States will work with other nations to increase liquefied natural gas (LNG) exports to Europe by at least 15 billion cubic meters this year — which will completely replace Russian LNG supplies to Europe — and to provide Europe with 50 billion cubic meters of LNG annually through at least 2030.

<u>United States and European Commission Joint Statement on Trans-Atlantic Data Privacy Framework</u>

The new Framework marks an unprecedented commitment on the U.S. side to implement reforms that will strengthen the privacy and civil liberties protections applicable to U.S. signals intelligence activities. Under the Trans-Atlantic Data Privacy Framework, the United States is to put in place new safeguards to ensure that signals surveillance activities are necessary and proportionate in the pursuit of defined national security objectives, establish a two-level independent redress mechanism with binding authority to direct remedial measures, and enhance rigorous and layered oversight of signals intelligence activities to ensure compliance with limitations on surveillance activities.

Congress Prepares to Scrutinize Biden's Trade Agenda

The status of trade relations with Beijing is bound to be a key focus for lawmakers as no U.S. trade relationship is as significant or as fraught. Tai initiated talks with her Chinese counterpart, Vice Premier Liu He, in October, and since then there has been little word from USTR on whether progress has been made. Meanwhile, some lawmakers have made clear they're eager to see more action in the face of China's own assertive policies.

<u>China Welcomes US Tariff Exemptions, but 'Symbolic Move' Fails to Tackle Fundamental Trade Issues</u>

China has welcomed Washington's decision to reinstate tariff exemptions on more than 350 Chinese goods, while calling for all Trump-era duties to be lifted "as soon as possible". The exemptions, which were announced by the Biden administration on Wednesday, would help normalise trade, the Ministry of Commerce said.

India, UAE Trade Pact May Come Into Force from May 1

The free trade agreement between India and the UAE is likely to come into effect from May 1 this year, under which domestic exporters of as many as 6,090 goods from sectors like textiles, agriculture, dry fruits, gem and jewelry would get duty-free access to the UAE market, Commerce and Industry Minister Piyush Goyal said on Sunday.

China's 'Unfair' Trade Practices, 'Distortions' in Focus with US to Stress Economic Independence

The United States should focus on achieving economic independence from China rather than pressuring Beijing to change "unfair" trade practices, US Trade Representative Katherine Tai will suggest on Wednesday, marking a shift in strategy toward the Asian giant.

FMC Commissioner Red-flags Congress on China's Container Monopoly

Federal Maritime Commissioner Carl Bentzel, who released a report on the investigation publicly on Wednesday, wants to spark a policy debate on the long-term implications of the country's "complete reliance" on Chinese container manufacturing. "Chinese container manufacturing clearly took steps together to suppress the market prior to the pandemic," Bentzel told FreightWaves.

<u>International Court Determines Scope of Duties on Certain Chinese</u> <u>Imports</u>

The U. S. International Trade Commission determined that an engineered wood product fell within the parameters of the investigative probe into imports of Chinese millwork and wood moulding imported into the U.S. As a result of the ruling, U.S. duties on Chinese wood mouldings and millwork products will remain in place. The trade court sustained the U.S. International Trade Commission's conclusion that these imports are materially injuring domestic industry.

<u>USTR Supports AD/CVD Rewrite, Dismisses Removing Tariffs to Ease</u> Inflation

U.S. Trade Representative Katherine Tai endorsed the Level the Playing Act during a four-hour hearing in front of the House Ways and Means Committee after one of its House sponsors noted the House and the Senate are about to go to conference, and the proposal to rewrite antidumping duty and countervailing duty laws is going to be on the table.



U.S. TRADE REPRESENTATIVE REINSTATES 301 EXCLUSIONS

After five months of consideration, the U.S. Trade Representative (USTR) released a list of products that would once again be subject for an exclusion from Section 301 duties until December 31, 2022. On March 23, 2022, the USTR reinstated 352 previously extended exclusions. Qualifying products can claim the exclusion immediately, and the exclusions are retroactive to any products entered for consumption, or withdrawn from warehouse for consumption, on or after 12:01 a.m. Eastern Daylight Time on October 12, 2021, which are not liquidated, or to entries that are liquidated, but within the period for protest described in section 514 of the Tariff Act of 1930, as amended. If you would like assistance with filing binding rulings, PSCs or protests related to these exclusions, please contact Cameron Roberts or Jay Acayan at Roberts and Kehagiaras LLP.



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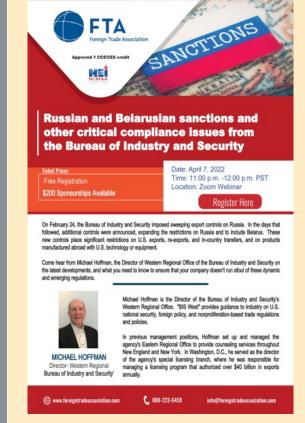
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FTA Events / Courses



WORLD TRADE
WEEK 2022
May 12, 2022

SAVE THE DATE!



Russian and Belarusian sanctions and other critical compliance issues from the Bureau of Industry and Security

> April 7, 2022 11 AM - 12 PM PST

On February 24, the Bureau of Industry and Security imposed sweeping export controls on Russia. Come hear from Michael Hoffman, the Director of Western Regional Office of the Bureau of Industry and Security on the latest developments, and what you need to know to ensure that your company doesn't run afoul.

REGISTER HERE



Environmental

<u>Maersk and Kirby to Install Offshore Wind Turbines for New York Wind</u> <u>Farms</u>

"In signing this contract with Equinor and bp, we are ready to invest in Maersk Supply Service's first Wind Installation Vessel and firmly establish Maersk Supply Service as an offshore wind contractor," says Steen S. Karstensen, CEO of Maersk Supply Service. Offshore wind continues to play an increasingly important role for Maersk Supply Service – both floating wind and bottom-fixed. With our legacy of complex project management and operations in harsh waters, Maersk Supply Service's background and capabilities are well-matched to the offshore wind industry,"

<u>Evergreen Eyes Dual-fuel Neo-panamax Orders to Help Meet Zero-carbon</u> Goal

Evergreen is planning to order ten dual-fuelled 15,000 teu neo-panamax ships

in 2023 in its bid to achieve net-zero carbon emissions by 2050. Company director Chang Kuo-hua told Taiwanese newspapers last week that Maersk Line and CMA CGM had already ordered dual-fuelled environmentally friendly containerships, Maersk opting for methanol and CMA CGM, LNG.

G2 Ocean Commits to 2050 Net Zero Emissions

The company said that in addition to the reduction of greenhouse gas emissions per transported unit by a minimum of 40% by 2030 from 2008 levels, it would also offer net zero transport options within this year and work with customers and partners to test new green technologies and with ports to build sustainable infrastructure and procedures.

Shipping Containers Form Solar-powered Retreat in Australian Bush

From tiny houses to student housing, we continue to be impressed at what architects can make from the humble shipping container. Colo Crossings, from Australian studio Benn + Penna, is definitely one of the better examples of container-based architecture we've seen in a while and takes the form of an attractive solar-powered rural retreat arranged around a plunge pool.



Got a story idea?

The FTA wants to hear from you! Is there a topic or industry that we're not covering that you'd like to see more of? Drop us an email by clicking the button below with your suggestions.

> **EMAIL YOUR STORY IDEA**



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INSIGHT INTO ACTION



FTA New Member Thank You!

The FTA would like to acknowledge our new members each week in our newsletter. We sincerely appreciate their support and participation. Your

FTA leadership continues to focus on delivering value during this time of social distancing and know that as we move back to in-person events that the opportunities will only continue to expand.

Your Name Here!



Maritime

<u>Ukraine Says Russia Planting Mines in Black Sea as Shipping Perils</u> Grow

Russia's military took control of waterways when it invaded Ukraine on Feb. 24, in what Moscow calls a "special operation". In recent days Turkish and Romanian military diving teams have been involved in defusing stray mines around their waters. Ukraine's foreign ministry said Russia was using naval mines as "uncontrolled drifting ammunition".

<u>Ukraine Considering Farming Exports from Romanian Black Sea Port of Constanta</u>

Ukraine, among the world's leading exporters of grain and vegetable oils, has enough stocks to meet its food needs for two years but will lose \$1.5 billion a month in farming exports due to the Russian invasion, the ministry said. Romania's agriculture ministry confirmed the talks over how to help Ukraine deliver its exports through Constanta port "as soon as possible".

Ocean Carriers' Shift to Owning More Ships Depletes Containership Charter Market

According to the consultant, the flight of tonnage controlled by NOOs (non-operating owners) began in August 2020, when carriers, flush with cash from soaring freight rates, began tapping into their fleets. In just 18 months, a staggering 500-plus containerships have been sold to liner operators through the second-hand market, "a massive fleet exodus", says Alphaliner, "which finds its root cause in the post-Covid cargo demand bonanza".

Bid to Refloat Ever Forward Leaves Box Ship Still Stuck in Chesapeake Mud

Ever Forward ran aground on 13 March while departing the port of Baltimore. The ship is in shallow water, around 7 metres deep, and the muddy seabed is hampering the salvage of the ship. Dredging the mud from around and underneath the vessel was done in a bid to help.

<u>Container Traffic Going Ro-ro Hits New Highs on China-South Korea</u> <u>Trades</u>

he vessels, commonly labelled "car ferries" in South Korea as they mainly carried passengers and cars pre-Covid, have been filled by cargo as tourism ground to a halt in the pandemic. Exports accounted for 225,600 teu of 2021 volumes, while imports comprised 445,500 teu. Ro-ro ferry services commenced between China and South Korea in 1990, when the countries established diplomatic relations in the last days of the cold war.

Shanghai Goes Into Lockdown

For shipping, congestion at the port – already very high – is expected to increase in the coming days, while overseas, terminals in Europe and North America will have to brace for an even larger whiplash effect when the city regains normal productivity – and comes as global supply chains absorb the fallout from a seven-day lockdown in Shenzhen to the south earlier this month.

Biden Earmarks \$236M to Complete Texas Ship Channel Projects

More funding is on the way for several ship channel improvement projects in Texas, which aim to attract larger tanker and container vessels to the Texas Gulf Coast. The Port of Corpus Christi ship channel improvement project was included in President Joe Biden's proposed \$5.8 trillion spending plan for the 2023 fiscal year announced Monday. Biden recommended \$157.3 million for the project under the U.S. Army Corps of Engineers coastal navigation construction category.

Container Market Seeks to Ride Out Rough Weather

Tight shipping capacity and high freight rates will continue to dog the global market this year as there is still no end in sight to the impact of the COVID-19 pandemic on the world's supply chains, said the top executive of China International Marine Containers (Group) Ltd, or CIMC, the world's largest supplier of shipping containers by production volume.



Video of the Week

Former California Governor has a message for Russians

Before he was Governor of California (and a movie star), Arnold Schwarzenegger was a bodybuilder and as a young man, one of his idols hailed from Russia. In this context, he recorded a video directly for the Russian people in hopes of sharing with them what was really happening in Ukraine - and getting past Russian censors - to tell them the truth.



Logistics and Trade

Class I Railroads Donate Over \$2 Million for Ukraine Relief

Union Pacific (NYSE: UNP) is the latest to announce that it will support relief efforts in Ukraine by providing \$500,000 to the American Red Cross and Save the Children. The donation will be split between the two groups. UP also said it is conducting a 2:1 match for employees, with nearly \$50,000 as of Tuesday. Donations have been provided to the Salvation Army, American Red Cross,

UNICEF, Global Giving Foundation, Doctors Without Borders and Save the Children.

America Can Use Supply Chains to Achieve New Foreign Policy Goals

In late February, the White House released a plan to revitalize American manufacturing and secure critical supply chains, which details how to rebuild domestic supply chains by invigorating the U.S. industrial base. This policy shift towards restoring American competitiveness and manufacturing is also seen in the United States Innovation and Competition Act (USICA), a 2021 Senate bill aimed at countering China's influence, and the House-passed America COMPETES Act of 2022.

<u>Supply Chain Shortages Affecting Food Service at Wind River Schools;</u> <u>Beef Donations Helpful</u>

The food service program at Wind River schools has been dealing with weekly supply chain shortages, according to a report to the Fremont County School District 6 Board of Trustees this month. The products affected by the supply chain shortage change every week and are hard to predict, food service coordinator Kylie O'Neal said. "Typically, we are finding out what we are shorted on when the truck arrives on Mondays," she wrote.

Untangling Supply Chains for Those in Need

The rapid rebound of consumer demand in the U.S. has also boosted pressure on supply chains as factories, shipping companies and warehouses throughout the world contend with shortages, hiring troubles and shutdowns imposed by their home governments. Energy prices have also risen rapidly over the past year and spiked further during the run-up to the invasion, boosting shipping costs and creating long backlogs.

Retail Boss Warns on Supply Chain, Likens Demand Risk to 'Big Short'

"Everybody thinks supply chains are getting better. I don't think they've gotten better at all," said Gary Friedman, CEO of luxury home furnishings brand RH (NYSE: RH), formerly known as Restoration Hardware. "Product is on the water for a long time, getting ships into port. We've got about five extra weeks in our supply chain right now. That's a lot of time, a lot of money. And that's the average. Some stuff's coming on time and some is 10-12 weeks behind.

"Many of us thought we'd have been caught up by now. We'll be lucky to be caught up by the end of the year," he said, pointing to heavy omicron impacts on supply chains in China, Vietnam and other sourcing countries.

<u>European Unilateralism as a Tool for Regulating International Trade: a</u> Necessary Evil in a Collapsing Multilateral System

The carbon border adjustment mechanism (CBAM), the fight to prevent illegal foreign subsidies, the ban on trade in deforestation products, the due diligence obligation imposed on European companies, the anti-coercion regulation, the reciprocity instrument in public procurement, the foreign investment screening regulation, not to mention the set of exceptional trade measures implemented in the context of the Covid-19 pandemic and the invasion of Ukraine; there is a long list of decisions adopted and under discussion that mark the European Union's determination to decide alone on the regulation of trade between itself and the rest of the world.

STB Poised to Decide Reciprocal Switching Rules as Shippers, Railroads Remain at Odds

Federal regulators seem inclined to adopt some form of reciprocal switching

rules, with Surface Transportation Board Chairman Marty Oberman saying the proposal could be a way to address high rates and service concerns in the rail industry without the need for more "granular regulation."

FedEx Supply Chain Closing Four Facilities as Customer Contracts Expire

FedEx said in a statement that the closures were "part of the normal course of business," although the company did not have any closures in California, Pennsylvania or Tennessee last year that warranted WARN notices. FedEx Supply Chain did not disclose the names of the customers with expiring contracts. Major layoffs aren't rare occurrences among 3PLs providing warehousing services, especially when major customer contracts aren't renewed.

Indiana Trucking Company Files Bankruptcy after FMCSA Orders Operations Halt

The FMCSA data cites "denial of access" as the reason JCB Trucking Enterprises was placed out of service on Feb. 18. The agency updated its authority history to state the Indiana-based trucking company's contract carrier authority was revoked because of a "safety suspension" on March 21. The company's operating authority had been revoked and reinstated three times previously since 2007, according to the FMCSA website.

Upcoming Events

April 5 - Custom Bonds - Sound Practices for Custom Brokers In A
Challenging Time - 11:00 AM - 12:00 PM PT - This program will help you
understand the current Customs bond environment, including claims situations,
statistics, and underwriting - Register here

April 5 - WITOC - Recovery and Resilience of Women in Trade- 11:00 AM - 12:00 PM PT - Join the Organization of Women in International Trade (OWIT) chapters in the USMCA/T-MEC/CUSMA region - Orange County, Los Angeles, Mexico, Ottawa, and Toronto - in collaboration with LA SBDC Go Global to discuss recovery and resilience in the international trade community, and to highlight the voice of women in trade - Register here

April 7 - FTA FREE WEBINAR - Russian and Belarusian sanctions and other critical compliance issues from the Bureau of Industry and Security - 11:00 AM - 12:00 PM PT - Come hear from Michael Hoffman, the Director of Western Regional Office of the Bureau of Industry and Security on the latest developments, and what you need to know to ensure that your company doesn't run afoul - Register here

April 14 - LACBFFA Webinar - CBP 28s and Prior Disclosures: How to Serve & Protect Importers - 11:00 AM - 12:00 PM PT - This 1-hour webinar will go over all of the basics around CBP Form 28's (Requests for Information) and prior disclosures - Register here

<u>April 21 - 2022 International Seafarers Center Spring Fling - 5:30 PM - 8:00</u> <u>PM PT - This years International Seafarers Center's Spring Fling is being held</u>

- at the Lions Automobilia Foundation Museum Register here
- <u>April 25 LATC Spring 2022 Scholarship & Fund Raiser Golf Tournament 10:00 AM 3:00 PM PT Industry Hills Golf Club at Pacific Palms Resort Register here</u>
- April 27 FREE LACBFFA Town Hall: Dealing with the Challenging Times-What th ePCC Does For You - 11:00AM - 12:00 PM PT - The PCC provides multi-faceted services to the brokers and forwarder - Register here
- May 1 May 4 NCBFFA Annual Conference 9:00 AM 5:00 PM PT Fort Lauderdale, FL Register here
- May 12 Air Cargo Day at The Proud Bird 11:00 AM -2:00 PM PT-Network with industry professionals and strengthen partnerships by attending Air Cargo Day 2022. This annual conference features 45 plus exhibitors presenting their new products and services!. Join us for this free event of networking, booth giveaways and raffle prizes! Register here
- May 20 HTA's Tech Conference DRAYTECH 9:00 AM 5:00 PM PT-Hotel Maya, Long Beach, CA - Register <u>here</u>
- May 24 CITT Town Hall 7:30 AM 10:00 AM PT- Hyatt Regency Long Beach Register here
- May 25 May 27 2022 I-NUF 9th METRANS International Urban Freight
 Conference The conference brings together researchers and practitioners in
 urban freight, supply chains, and logistics from around the world. It is a
 showcase for cutting-edge research and dynamic information-sharing and
 provides a forum for researchers, policy makers, and practitioners to reimagine
 and guide the future of the industry Register here
- June 13-15 AAEI 2022 Conference Fort Lauderdale Marriott Harbor Beach Resort Register here
- <u>July 19 20 CBP 2022 Trade Symposium</u> Hilton Anaheim, Anaheim, CA Register <u>here</u>
- October 6 9 WESSCON 2022 Loews Coronado Bay Resort, San Diego, CA Register here