

News in Brief

Licensed Customs Broker Triennial Status Report Due by February 27, 2015

By: Daniel Meylor

This is a reminder to our customers that are licensed brokers or have licensed brokers on staff. In order to maintain the status of their license, every individual holding a broker's license must file a Triennial Status Report with U.S. Customs and Border Protection (CBP) every three years. The report is due this year and must be filed by February 27, 2015. The report, along with a check of \$100.00 for a document processing fee, must be filed with the Port where the license was originally issued. Failure to file the report would be cause for the suspension of the individual's license. There is no required format for the report, but CBP has produced a template that can be used. It can be found on their website at:

<http://www.cbp.gov/trade/broker/broker-triennial-faq>.

CBP has also issued a list of frequently asked questions about filing the Triennial Status Report. It can also be found on their website at:

http://www.cbp.gov/sites/default/files/documents/triennial_report_form_p.pdf.

ILWA/PMA Contract Negotiations

As was widely reported in the last two days, it appears that the union and employers have come to an agreement of some sort this past weekend. The topics discussed included the critical issue of chassis maintenance and repairs when conducted within the terminal(s). It has also been reported that the talks have picked up speed and could possibly come to a conclusion within the next couple of weeks. This is certainly the most positive news regarding the negotiations since August.

Despite the good news coming out of the negotiations, the congestion at the ports continues and will continue for many weeks after the negotiations are complete. As of Saturday afternoon, when I was in Long Beach, there were 15 container ships at anchor outside the breakwater. As congestion seems to worsen in Oakland, some vessels have resorted to discharging Oakland freight in Los Angeles so they can return to Asia. Besides the many ships already at anchor, there are also many other ships in route and traveling to the west coast. These ships have significantly reduced their sailing speeds so as to avoid the gridlock and hopefully help give the terminals time to catch up. This may cause delays in getting freight out of Asia, which is traditionally busy before the Lunar New Year. Jerry Hall, our Director of International Transportation, has written further on the effects of the Lunar New Year on congestion and rates.

Lunar New Year Space and West Coast Volume Issues

By: Jerry Hall

The Lunar New Year falls later than normal this year beginning February 18/19. Traditionally there are always problems with available space on the ocean vessels as Chinese factories try pushing out all remaining production before shutting down two weeks for extended vacation. Usually the ocean carriers would invoke peak season surcharges and space premiums to take advantage of the high demand. . .

however this year is much different as east coast rates have already reached premium levels since last fall creating a very costly shipping environment. Ocean rates were already increased again on January 15 and are poised to be raised once more on February 8.

This year is looking much different than in the past, space constraints and rollovers will be more common and transit times increased. The main problem continues to be caused by the west coast ports backlogs and continued delays. As of this writing, there are at least 15 vessels waiting to be unloaded in Southern California, as the terminals cannot seem to improve cargo turnover cycle times. The reasons for this are numerous and for the past seven months management and labor cannot seem to agree on a new contract. The key issue appears to be the ongoing chassis shortage problem. Since the carriers are no longer involved in the chassis business as of last year there seems to be less usable chassis and the jurisdiction of maintenance and repair work for these have become a main point of contention with the union.

Since the west coast terminals appear to be reaching a breaking point that is "unsustainable" as quoted by the PMA, it is feared that the carriers will continue to delay or skip more ports of call on the west coast in the near future. This could be disastrous to many supply chains already having major issues. This hits directly in the middle of the peak shipping period, prior to the Lunar New Year volume increases. Please plan accordingly and be prepared for more delays in receiving cargo.

Today there are space problems departing from Chinese ports, in particular to the U.S. east coast ports, where space and cost is at a premium. Many shippers continue to divert to other ports from the west coast. The westbound moves from China to the USA are having noticeable effects on the trans-loading points in Singapore, Sri Lanka, India, Egypt and other European ports causing rollovers and reduced space capabilities. Even if you are not shipping directly out of China, you will be impacted in some fashion. Remain in direct contact with your freight forwarders to track your shipments closely and expect delays.

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The following articles were written by Daniel Meylor:

CIT Rules Audio Consoles are Electrical Machinery

The U.S. Court of International Trade (CIT) recently issued a decision dealing with music audio consoles used to record and edit music by sending signals or data to a computer. They had been entered under automatic data processing machines in HTS Heading 8471. The units allow users to edit and mix music on a computer's hard drive in a digital format using switches, faders, and knobs. The consoles are connected to a computer that has been loaded with a specific software system. No recording or mixing occurs in the consoles themselves. However the consoles also perform functions not related to the input to the computer; they have speakers and headphones that give feedback to a user.

The CIT determined that the consoles "work in conjunction" with the automatic data processing (ADP) machine by functioning or operating in a specified manner while joined with the ADP for a common purpose. Meeting these conditions preclude the console from classification as ADP, according to a chapter note of Chapter 84, and instead are treated as other electrical machinery in HTS Heading 8543.

A copy of the decision can be found at: http://www.cit.uscourts.gov/SlipOpinions/Slip_op_15/15-06.pdf

Senator Preparing New Push against Currency Manipulators

Senator Debbie Stabenow (D-MI) is working with colleagues on a standalone bill to stop trading partners that cheat on their currency practices. Senators from both parties are looking for strong currency enforcement. This push comes at a time that could complicate support for both the Trans-Pacific Partnership (TPP) and the Trade Promotion Authority (TPA). This proposal is still under discussion. We will watch closely for any formal proposals.

CBP Accelerates Trade Authority for Three CEE's

U.S. Customs and Border Protection (CBP) has announced that beginning January 28, three Centers of Excellence and Expertise (CEE's) will be granted expanded authority for post-release trade processes for entry summaries. The three CEE's for Electronics; Pharmaceutical, Health & chemicals; and Petroleum, Natural Gas & Minerals will review entry summaries for the industry HTS lines starting in specific ports of entry. While having this review authority, all entry summaries for non-CEE specific participants will still be filed directly at the ports of release. This new authority does not remove any authority from the Port Directors, but will share the authority with the CEE's. The Ports will still retain all release functions for the entries. The instructions can be found on CSMS message no. 15-0040 at:

http://apps.cbp.gov/csms/viewmssg.asp?Recid=20475&page=2&srch_argv=&srchtype=&btype=&ortby=&sby=



By **John Salvo**, *President*