

News In Brief

U.S. Port Congestion

An extremely interesting report has been issued by the Federal Maritime Commission (FMC) on "Causes, Consequences & Challenges" of seaport congestion in the USA, which can be found on the FMC's website at: http://www.fmc.gov/assets/1/Page/PortForumReport_FINALwebAll.pdf

We encourage our clients to take the time and consider how certain problems affecting the ports will influence the supply chain

Pier Pass Fee Increase Announced

The Marine Terminal Operators at the Ports of Los Angeles and Long Beach have announced that, effective August 1, 2015, there will be an increase in the Traffic Mitigation Fee (Pier Pass). The increase will change the current fee of \$66.50 per TEU (20' equivalent) to \$69.17 per TEU. This extends out to \$138.34 per TEU (40' equivalent). The announcement can be found at: <https://www.pierpass-tmf.org/Documents/TMF%20adjustment%202015%20release%2030%2015%20final.pdf>

FMC Requests Information from Ocean Carriers GSP – Update

Several news agencies are reporting that the Federal Maritime Commission (FMC) is making ocean carriers supply documentation on how they are implementing service agreements on the West Coast. They are also concerned over the collaboration the carriers formed when addressing the congestion this past year.

The FMC did not oppose the Pacific Ports Operational Improvements Agreement this past April. The agreement authorizes carriers and terminal operators to work together to help resolve the congestion issues that took place at the West Coast Ports. Although the FMC approved the agreement it they want to maintain the monitoring to be sure there are no anticompetitive activities between the carriers.

We have a copy of the FMC's request if you are interested.

Port of Oakland – Congestion

The past couple of months have seen a considerable drop in productivity at terminal at the Port of Oakland. It appears to be directly related to a shortage of labor which is unique to the ILWU local at the port. The union does not allow "casuals" (those who are not yet full time members of the union) to drive terminal trucks as other locals allow at other ports on the West Coast. This is forcing the terminals to try to hire more regular members of which there are not enough to fill the demand. As a result they will be hiring up to 400 more dockworkers but admit it will take a few months to get the new workers up to speed on the operation of the equipment in the terminal.

Last year at this time there was generally no waiting for vessels when they arrived however lately there has been at least a two day wait with some lines skipping Oakland until the congestion eases.

In a follow up from our previous memo we would like to update you on the status of the GSP program:

1. Duty-free treatment under the GSP program will resume July 29, 2015, thirty days after the President reauthorized the program.
2. Refund checks for eligible GSP products should begin in the next couple of months. Refund checks will be sent directly to the importers. Carmichael will be sending to all our customers, a list of entries for which GSP eligible products were entered. As you receive the checks, please keep track and after such time that all the checks have been issued by Customs, please notify us which entries are missing and we will follow up with Customs. We are providing this service free of charge to our customers. We will be attaching a letter to the list of entries we will be sending which will explain in a bit more detail.

The Trans-Pacific Partnership Agreement: An Update

All of the countries participating in the agreement will meet in Hawaii at the end of July to continue negotiations. All of the participating nations have goals and objectives which may encounter opposition during negotiations. Japan in particular has several issues such as farm imports and exports, reduction of customs duties, trade marks etc., which may not be resolved until the end of this year.

The Ways and Means Committee of the House of Representatives will work on the legislation once an agreement is reached.

The following articles were written by Daniel Meylor

Correction to Update on Trans-Pacific Partnership Negotiations'

In our last Memo to Clients, dated July 2, 2015, we made an error in the list of countries that are partners in negotiating the Trans-Pacific Partnership. **Chile** is also a party of the TPP negotiations. The twelve Asia-Pacific nations that are currently part of the negotiations are Australia, Brunei Darussalam, Canada, **Chile**, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, United States and Vietnam. We apologize for this error.

USTR Announces a GSP Product Review

With the passage of Generalized System Preferences (GSP), the office of the United States Trade Representatives (USTR) has announced the annual review of eligible products under GSP for competitive need limitations (CNL) based on 2014 import data. The International Trade Commission (ITC) is asking for comments by July 30th so it can present a report to the USTR by August 28th, which interested parties are invited to comment on.

Currently there are two subheadings for goods from Thailand that are set to be removed. Unless CNL waivers are issued the two subheadings are 2008.19.25 for coconuts otherwise prepared or preserved and 7408.29.10 for certain copper alloys.

There are also five HTS subheadings that are being considered for eligibility, if from least developed beneficiary countries. They are all cotton fibers and/or strips under 5201.00.18, 501.00.28, 5201.00.38, 5202.99.30 and 5203.00.30. The Federal Register notice with the information can be found at: <http://www.gpo.gov/fdsys/pkg/FR-2015-07-06/pdf/2015-16498.pdf>

Industry Groups Push for MTB Reform to be Included in Customs Reauthorization

Several industry groups, including the National Association of Manufacturers, the National Retail Federation and the Consumer Electronics Association, have signed on a letter to both houses of Congress asking for action on the Miscellaneous Trade Bill (MTB) to be taken in the Customs Reauthorization Bill that is moving into conference.

The MTB, which expired in 2012, consists of specific tariff suspensions approved by Congress to aid specific industries. The reform that is expected to be included would allow U.S. domestic petitioners the opportunity to request tariff suspension directly through the International Trade Commission (ITC). This reform could then lead to a timeline for the enactment on the renewal of the MTB with some additional relief to be included. The Senate has already approved this for the Customs Reauthorization conference markup. The House of Representatives is expected to vote to begin conference in the coming days.



By **John Salvo**, President