

## News In Brief

### Trans-Pacific Partnership (TPP) Talks Stall

Last Friday evening I was online waiting for the supposed “big announcement” coming from the TPP ministerial meetings taking place in Hawaii. Instead of a breaking news story I was treated to staring at the logo of the Office of the U.S. Trade Representative. Not surprisingly the negotiations were stalled on the more politically sensitive issues for several countries, such as more access to Canada’s dairy markets, the U.S. sugar market and Japan’s rice market, as well as rules of origin for automobile products. There is another chance for the negotiations to conclude at the meeting of ASEAN trade ministers in Malaysia later this month. Stay tuned.

### Federal Maritime Commission (FMC) Action on Port Congestion

The FMC issued two detailed and useful reports which may help our clients to understand and evaluate the most important causes and effects influencing the international supply chain of ocean movements.

The first report was issued in April 2015 with the title “Rules, Rates, and Practices Relating to Detention, Demurrage, and Free Time for Containerized Imports and Exports Moving Through Selected United States Ports.” This report focuses on the extra expenses which have to be paid before the container can be moved to its destination. These extra expenses are substantial and have a negative effect on the landed cost of the merchandise shippers, particularly for medium size and small size shippers.

The second report was issued in July 2015, its title is “US Container Ports Congestion & Related International Supply Chain Issues: Causes, Consequences & Challenges” and it focuses on the following topics:

- Capital Investment & Planning
- Chassis Availability and Related Issues
- Vessel Terminal Operations
- Port Drayage & Truck Turn-Time
- Extended Hours, PierPASS, and Congestions Pricing
- Collaboration and Communication
- Demurrage & Detention
- Class I Railroads
- Federal Partners in U.S. International Supply Chains
- Congestions Cost
- Port/Supply Chain Congestion Diagnostics as Identified by FMC Forum Participants

We believe that both reports contain useful information for any person or entity using international ocean transportation as a means of transportation or being part of the process. Shippers, ocean carriers, marine terminals, truckers, railroads, port authorities and others such as local elected politicians may profit by reading and absorbing this information.

The reports can be found on the Federal Maritime Commissions website at:

- [http://www.fmc.gov/assets/1/Page/PortForumReport\\_FINALwebAll.pdf](http://www.fmc.gov/assets/1/Page/PortForumReport_FINALwebAll.pdf)
- <http://www.fmc.gov/assets/1/Page/reportdemurrage.pdf>

We noticed the absence of comments or suggestions from labor organizations participating in the international supply chain. This absence of input will continue to impact the productivity and performance of terminals and a successful, acceptable system to deliver containers on time.

The renewal of this year’s contract between the PMA and the ILWU affected every port on the Pacific Coast. These ports are presently handling 46.6% of all containers destined for and being exported from the United States.

I have been working with Los Angeles/Long Beach Ports for the last 60 years and observed the evolution of ocean transportation and its effect on labor practices. It appears to me that the labor agreement system needs to be modernized before the present infrastructure of the ports complies with their needs.

I agree with expert observers and users that the PMA and ILWU must achieve some significant progress and seriously work hard to find an acceptable solution for their members. Good pay in labor is not the problem. The quality of the work performed on the docks, the lack of uniformity and flexibility among ports, the slow downs and the interference from the other labor representatives are all contributing to congestion and delays.

Mexican Ports will soon be restructured and Canadian ports are moving on! FMC and local authorities need to intervene, leave the politics out of the process, a process that the typical landlord ports seem to ignore.

- **Enrico Salvo,**  
**Guest Editorial**

*The following articles were written by Daniel Meylor*

## **CPSC Issues Final Rule for Extension Cords**

The Consumer Product Safety Commission (CPSC) has issued Federal Register Notice (FRN) with a final rule that pertains to extension cords for both indoor and outdoor use. Extension cords that do not contain one or more of four applicable and readily observable characteristics for all cords, as well as a fifth characteristic for two specific types of cords, as addressed in a voluntary standard, are deemed a substantial product hazard under the Consumer Product Safety Act.

The five characteristics deal in question are:

1. Minimum wire size
2. Sufficient strain relief
3. Proper polarity
4. Proper continuity
5. Outlet covers (for indoor cords) and flexible jacketed insulation (for outdoor cords)

The Federal Register Notice explaining this can be found at: <http://www.gpo.gov/fdsys/pkg/FR-2015-07-27/pdf/2015-18294.pdf>

More information on the new extension cord requirements can also be found on the CPSC website at: [http://www.cpsc.gov/en/Regulations-Laws--Standards/Rulemaking/Final-and-Proposed-Rules/Substantial-Product-Hazard-List-Extension-Cords/?utm\\_source=rss&utm\\_medium=rss&utm\\_campaign=Final+and+Proposed+Rules](http://www.cpsc.gov/en/Regulations-Laws--Standards/Rulemaking/Final-and-Proposed-Rules/Substantial-Product-Hazard-List-Extension-Cords/?utm_source=rss&utm_medium=rss&utm_campaign=Final+and+Proposed+Rules)

## **IMO Moving to Container Weight Verifications Requirement**

In May of 2014, the International Maritime Organization's (IMO) Maritime Safety Committee approved changes to the Safety of Life at Sea convention by putting mandatory container weight verification requirements on shippers. This new requirement, which makes container weight verification a condition for loading a container on a ship, will go into effect on July 1, 2016. Shippers have always had to provide a weight on the bill of landing, however far too many container weights are not accurately listed on the bill of landings and proper balance in loading of ships have been compromised.

The final format for the verification has not been finalized. The World Shipping Council has pressed for weighing to take place at the terminal before loading. Other shipper groups have opposed this, leading to compromises that would put the responsibility on the shippers.

Shippers should be aware that container weight issues are being addressed and policies are being developed. More information on this new mandate is forthcoming and we will watch for announcements closely.

## **COAC Recommends a Measured Delay of ACE Cargo Deadline**

The Advisory Committee on Commercial Operations (COAC) to U.S. Customs and Border Protection (CBP) has advised CBP that they should utilize a phased adoption schedule for the implementation of the Automated Commercial Environment (ACE). Currently CBP has a drop-dead approach to the ACE implementation. They have set a November 1, 2015 deadline for all entries to be filed electronically in ACE. The longstanding Automated Customs Systems (ACS) that has been in use since the 1980's will no longer be allowed. Any entries that are not filed in ACE will be expected to be filed in paper form.

COAC recommended that CBP not completely abandon its November 1 deadline for the types of entries that have been in production and fully functional for a long time. They did suggest that CBP have a more staggered timer for entries requiring other Government Agencies, allowing them to complete their pilot programs and have them fully tested and in production.

CBP has responded that these are similar to requests which they have heard from the trade community. However, CBP has not made any formal recommendations on any change of the mandatory date for the use of ACE. Such a change would have to go through the White House and would have to be done within an interagency process.



By **John Salvo**, *President*