

INTERNATIONAL MONTHLY MARKET UPDATE

AUGUST 2024



The International Longshoremen's Association (ILA) remains far from reaching an agreement with maritime employees at the East and Gulf Coast Ports. Negotiations came to a halt in June following allegations that Maersk's terminal at the Port of Mobile violated the current contract by implementing technology projects. ILA President Harold Daggett has criticized the United States Maritime Alliance (USMX) for the slow pace of negotiations. With the contract set to expire on September 30, Daggett has stressed that the union's 85,000 members will not work beyond this date without a new deal. The previous contract negotiations in 2018 concluded with an agreement in early September. Shippers have already begun to divert some cargo to the West Coast.

FMC Update

The Federal Maritime Commission denies allegations that it is attempting to regulate rates in its new ruling, which prohibits ocean carriers from refusing to provide capacity to their customers. The final rule, set to take effect on September 23, 2024, under the Ocean Shipping Reform Act of 2022, addresses instances where carriers refuse to negotiate or deal with customers regarding container space. In response to complaints, the agency clarified that it is "simply providing a comparison point between rates a carrier offers in negotiation and the rates the rest of the market is charging for space." The preamble states, "This rule establishes the necessary elements for the FMC to apply federal law with respect to refusal of cargo space accommodations when available."

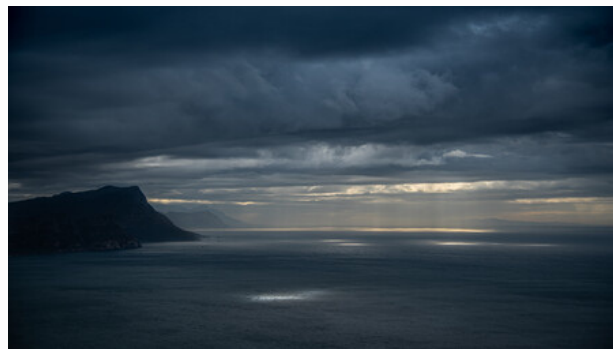
Port News

On July 18, US Transportation Secretary Pete Buttigieg and other officials broke ground on a \$1.5 billion rail yard expansion project at the Port of Long Beach. Dubbed America's Green Gateway, this project aims to connect the port to 30 major rail hubs across the US and expand the existing rail yard. With 40% of all shipping containers entering the US through the Port of Long Beach or Los Angeles, Long Beach remains one of the busiest seaports in the country. Scheduled for completion by 2032, the

project plans to add 36 rail tracks to the existing 12 and increase daily train capacity to 17. Additionally, the project emphasizes community health by aiming to reduce pollution, as one train can carry the equivalent of 750 truckloads of cargo. Without this rail connection, cargo would need to be transported by truck to the rail yards in downtown Los Angeles, thereby increasing truck pollution in the surrounding communities.

After the Panama Canal experienced its third driest year on record in 2023, the rainy season arrived early this year. This has allowed authorities to increase the number of ships authorized to cross. The Canal's deputy administrator announced this past week that the number of daily transit slots will increase to 36 for vessels.

Delays



Stormy weather off the Cape of Good Hope in South Africa

As global transit times continue to be disrupted by diversions away from the Red Sea, severe

weather is now impacting conditions off the coast of South Africa. Extreme weather conditions, including high winds and waves exceeding 33 feet, caused a complete stop at the Cape of Good Hope in mid-July. This disruption affected container ships traveling both eastbound and westbound. The high waves were generated by a strong cyclone that passed through the region. It is estimated that over 6,000 container ships could be impacted by these extreme weather conditions.

Customs

US CBP released the June monthly operational statistics, which include:

- More than 2.8 million customs entries were processed, valued at more than \$272.1 billion, with estimated duties of nearly \$6.7 billion to be collected.
- Ocean accounted for \$42.2% of all international entries.
- CBP completed 19 audits in June and identified \$9 million in duties and fees owed from improperly declared goods.
- CBP seized 1501 shipments containing counterfeit goods valued at over \$395 million.
- 291 entries valued at more than \$39 million were stopped for further examination due to suspicion of being made with forced labor. The CBP is the leader in the US government in eliminating goods made with forced labor.



On June 26, during the public meeting of the Commercial Customs Operations Advisory Committee, it was announced the 5 entities who will help the CBP develop and implement the accreditation standards for the Customs Broker Continuing Education program.

United States Trade Representative (USTR) released the second report on the United States-Mexico-Canada Agreement (USMCA) and found that the agreement has had a positive economic impact on the US auto industry in the four years since it went into effect.

Norfolk CBP seized 305 window air conditioners for bearing counterfeit Energy Star certification marks.

On July 1, the Census Bureau announced that effective immediately, the Schedule B, Harmonized Tariff Schedule (HTS), and HTS Codes that are not valid for AES tables have been updated to accept the changes to the July 1 codes.

USTR announced that Section 301 (China) Tariff Modification, scheduled to be implemented on August 1, has been delayed. These modifications included a number of tariff increases on many items, including battery parts, lithium-ion electric vehicle batteries, critical minerals, medical products, solar cells, and ship-to-shore cranes. USTR hopes to announce its status sometime in August with a decision on the final modification.

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Sources: FreightWaves, Journal of Commerce, Shipco, Transport Topics, G Captain, Supply Chain Drive, Reuters, cbp.gov; customsandinternationaltradelaw.com; cvinternational.com