

# INTERNATIONAL MONTHLY MARKET UPDATE

JULY 2023



Mid-June, the International Longshore and Warehouse Union (ILWU) and the Pacific Maritime Association (PMA) reached a tentative agreement on a new six-year contract. The negotiations went far longer than expected, as the workers have been without a contract since July 1st, 2022. PMA's President James Mckenna stated the new contract recognizes the heroic efforts and personal sacrifices of the ILWU Workers during the pandemic. This allowed the ports to remain open, keeping the supply chain moving for the US. With peak season approaching, reaching an agreement was crucial for all parties. As part of the contract, the ILWU will receive a 32% wage increase over the six-year period and a "covid" bonus of \$70 million to be split across the 20,000 ILWU members.

Earlier in the month, labor stoppages by the ILWU stranded multiple vessels at berth due to the lack of lashers and key positions needed for unloading. This prohibited new vessels from entering, and several vessels slowed their arrival to port to try and control the backlog.

Now, the focus has moved to Canada, where ILWU Canada has served a 72-hour strike notice effective July 1st, 2023. Negotiating parties are scheduled to continue with the Federal Mediation and Conciliation Service (FMCS) assistance. The port is expected to be affected, and many carriers are reviewing contingency plans to try and limit the impact on customer supply chains. More information to come.

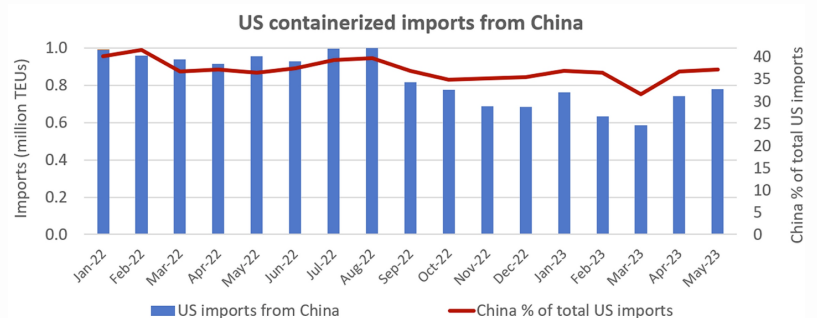
## West Coast:

- Now with the agreement in place for the ILWU members, the question has been raised if shippers should reroute cargo through West Coast ports to help relieve some congestion on the East Coast. The Panama Canal draught is facing more restrictions for July, with possible threats of a complete halt to container shipping. The future is uncertain as the rainy season, which usually fills the lakes that supply the canal, never came.

## China

- Data just released from Descartes shows imports from China continue to fall. January to May 2023 was down 26% from the same time last year. The slight uptick seen recently was mainly due to manufacturers catching up on back orders

when the Zero-Covid Policy was in effect. With global demand continuing to slow, China is trying to manage its exports by diversifying into nontraditional markets.



Source: [FreightWaves](#)

## Air Freight:

- TSA Security Exemption for unwieldy air cargo expires October 31st, 2023. Two years ago, the US implemented a new requirement that all air cargo must be screened, even if cargo moved on a freighter. The TSA granted a temporary allowance for shipments that were difficult to screen, such as drums, large machinery, and engines, allowing shippers to provide paperwork that the goods were secured. With the exemption ending, TSA urges shippers to quickly sign up for the Certified Cargo Screening Facility (CCSF) program. This allows non-airline companies that follow TSA-approved criteria to inspect cargo and tender to the airlines, with a very strict chain of custody requirement. Since it takes several months to get approval, John Beckius, Executive Director of TSA, is pushing to get the word out to avoid any supply chain disruptions come November 1st.
- As global demand for air cargo continues to decline, Amerijet announced layoffs as the company has been struggling due to market shifts and reduced capacity. Earlier this year, the airline had already shut down its small freight forwarding division to help eliminate internal costs. The company has 24 cargo jets, including several operating for DHL and Maersk Air Cargo.

## Customs:

- On June 23rd, US CBP announced the new continuing education requirement for customs brokers. This will require individual customs brokers to earn 36 hours of continuing education every three years on evolving customs rules and related US trade laws for customs brokers to maintain a valid license.
- On June 14th, Commercial Customs Operations Advisory Committee held its quarterly meeting and unanimously passed 24 recommendations to CBP, marking a major milestone for the committee. Sixteen recommendations were on the agency's trade modernization efforts, which also marked the conclusion of CBPs 21st Century Customs Framework Task Force.
- Released June 23rd, CBP provided an update on the Uyghur Forced Labor Prevention Act implementation. This act is going into its second year, and CBP continues to lead the US efforts to eliminate goods from the supply chain made with forced labor. This year, CBP has stopped nearly 4300 shipments valued at over \$1.3 billion.

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*Sources: American Shipper, FreightWaves, JOC, The Load Star, CBP.gov, Maersk, Descartes*