

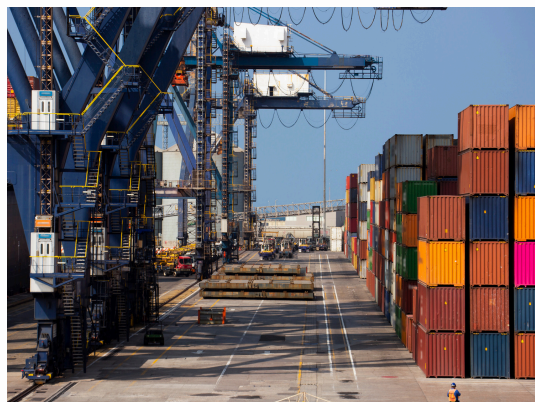
INTERNATIONAL MONTHLY MARKET UPDATE

OCTOBER 2024



The International Longshoremen Association (ILA) initiated a work stoppage

at midnight on October 1, impacting 36 marine terminals along the East Coast and into the Gulf. This strike, classified as a force majeure event, is causing significant disruptions at the affected ports and terminals. Customers should brace for delays and service interruptions, including booking suspensions or cancellations, cargo delays, equipment shortages, and other complications. The last strike of this magnitude happened in 1977, which lasted six weeks. The stoppage followed unsuccessful last-minute negotiations between the two parties. ILA President Harold Daggett announced that the union is demanding a \$5.00 per hour wage increase for each of the six years in the new master contract. Additionally, the ILA insists on contract language prohibiting any automation or semi-automation at the ports. Daggett emphasized the union's readiness to continue the strike for as long as needed to secure what its members deserve.

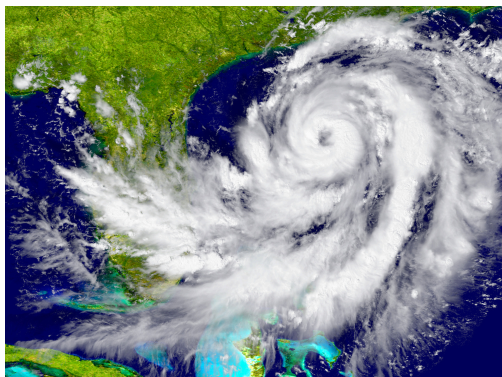


As a result of the strike, ocean carriers have increased ocean freight rates and introduced Emergency Congestion Surcharges based on vessel arrival dates, along with force majeure clauses for specific ships. This disruption is also expected to drive a surge in air freight demand, leading to constrained capacity and higher rates.

Carriers Crowley and Trail Bridge have informed their customers that they are not signatories to the ILA Master Contract. Their terminals in Jacksonville, Port Everglades, Philadelphia, and San Juan are not affiliated with the ILA. While they anticipate some disruptions due to the strike, they expect cargo booked with them to move normally through these ports.

If you have any questions or need immediate assistance with planning around this disruption, please reach out to [IL2000's International team](#).

Storm Helene Recovery Update



CSX continues its efforts to clear debris and address power outages. While their dedicated teams have been working around the clock, there are still areas that are being affected. As of October 2, here is the latest update:

- Florida, Midwest, and Southern Zones are fully operational
- Georgia Zone is operational but expect delays

- Carolina Zone, due to the catastrophic damage, will take longer.
 - Augusta, Monroe, and Columbia Subdivisions are expected to be back online this week.
 - Blue Ridge Subdivision remains severely affected by infrastructure damage and severe flooding, with two bridges washed out. This will result in a long-term outage with no return date of operations until further notice.

China Update

We're currently in the middle of Golden Week (Oct 1 – 7), and many factories, ports, and businesses in China and Japan are closed, leading to significant delays in international shipping. Shippers may experience longer transit times, bottlenecks at ports, and slower customs processing. The ripple effects are expected to last through October as supply chains gradually return to normal. Companies should prepare for potential backlogs and consider alternative shipping routes or timelines to mitigate these disruptions.

Air Freight



The Transportation Security Administration (TSA) announced new regulations effective August 21, 2024. These new changes will bolster air cargo security, with a focus on the Air Cargo Advance Screening (ACSA) program and will expand the Certified Cargo Screening Program (CCSP).

Carriers will now be required to provide additional information about shippers and consignees to US Customs and Border Protection. The goal is to give authorities more time to identify any potential threats before cargo arrives in the US.

Please visit the [Implementation Guide for Air Cargo Advanced Screening \(ACAS\)](#) for more information.

This program was initially launched in December 2010 after an incident in which concealed explosive devices were discovered on board an aircraft destined for the US. At the time, CBP and TSA partnered to determine a way to review details prior to departure. As a result, regulations implementing the ACSA Program (19 CFS 122.48b) required advanced data to be transmitted before the aircraft departed.

A preliminary deal has been made between Air Canada and the union representing more than 5,200 pilots. The announcement in mid-September outlined a tentative agreement on a four-year contract covering compensation, retirement, and work rules. This action successfully averted a potential strike.

Carrier News

Maersk and Hapag-Lloyd announced a new long-term collaboration called the Gemini Alliance. The agreement, filed with the Federal Maritime Commission in May and set to take effect in February 2025, allows vessels to be shared across seven trade lanes connecting the United States, Asia, Europe, and the Middle East, offering up to 59 services. The Gemini Alliance will focus on three core areas:

- Reliability: Industry-leading schedule reliability of >90%.
- Connectivity: Excellent network coverage with connects and competitive transit times.
- Sustainability: Accelerate decarbonization efforts.

The Alliance will have over 300 vessels, 85 unique ports, up to 3.7 M TEU capacity, and over 6000 port-to-port combinations.

Customs

The changes to Section 321 are making headlines, particularly with the upcoming elections, as both political parties have expressed dissatisfaction with the current \$800 de minimis loophole, which many companies—especially those importing from China—are exploiting. Major beneficiaries of Section 321, such as Shein and Temu, are seen as undermining US industries and contributing to environmental issues, concerns prioritized by Republicans and Democrats, respectively.

Even before the elections, the Biden-Harris administration advocates for stricter regulations and permanent legislation, particularly regarding tariffs under Section 201 and 301, to ensure that de minimis exemptions under Section 321 are either limited or subject to additional tariffs. Although US Customs and Border Protection has already implemented new rules for Section 321 entries, the government is pushing for further regulation.

A new bill called the "Fighting Illicit Goods, Helping Trustworthy Importers, and Netting Gains for America Act" has been proposed. If passed, it would close the current de minimis loophole for textile and apparel imports, impose stricter penalties for violations, enhance data collection to better identify and penalize offenders, and introduce a \$2 per package fee for more thorough inspection of goods under Section 321. This bill is seen as the best long-term solution for reform.

Regardless of the election outcome, changes to Section 321 are expected, and the loophole for importers will likely be significantly reduced.

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

- More than 2.9 million customs entries were processed, valued at more than \$289 billion, with an estimated duties of nearly \$7.5 billion to be collected.
- Ocean accounted for 41.8% of all international entries.
- CBP completed 53 audits in August and identified \$48.7 million in duties and fees owed from improperly declared goods.
- CBP seized 1,997 shipments that contained counterfeit goods valued at more than \$993 million.
- 400 shipments valued at more than \$53 million were stopped for further examination due to suspicion of being made with forced labor. CBP is the leader in the US government to eliminate goods made with forced labor.
- August nationwide seizures of cocaine, meth, heroin, fentanyl, and marijuana increased by 31% from July. CBP has seized over 19,600 pounds of fentanyl this year through the end of August.
- CBP is working with DHS and the Department of Treasury to ensure that the de minimis regulatory package enters interagency review.
- CBP is continuing to modernize to help officers quickly and accurately determine which of the nearly 4 million daily de minimis packages need to be examined.



US Customs and Border Protection (CBP) is collaborating with the US Department of Agriculture (USDA), the Animal and Plant Health Inspection Service (APHIS), and the

International Air Transport Association (IATA) to develop policies and procedures in partnership with airlines and port authorities at US international airports. This initiative aims to support a new CBP recycling program, allowing airlines to recycle single-use aluminum, paper, and plastic items from international flights arriving in the United States.

The United States Trade Representative announced the final tariff modification of the Section 301 tariffs. The final modification calls for tariff increases on several products, including critical minerals, batteries and semiconductors.

The international team is here to help with your logistic needs! Making Logistics Happen!
international@il2000.com

Sources: FreightWaves, Shippersry, The LoadStar, Maersk, Hapag-Lloyd, FMC, CSX, JAS, Crowley, HMM, CBP, Customs and International Trade Law