

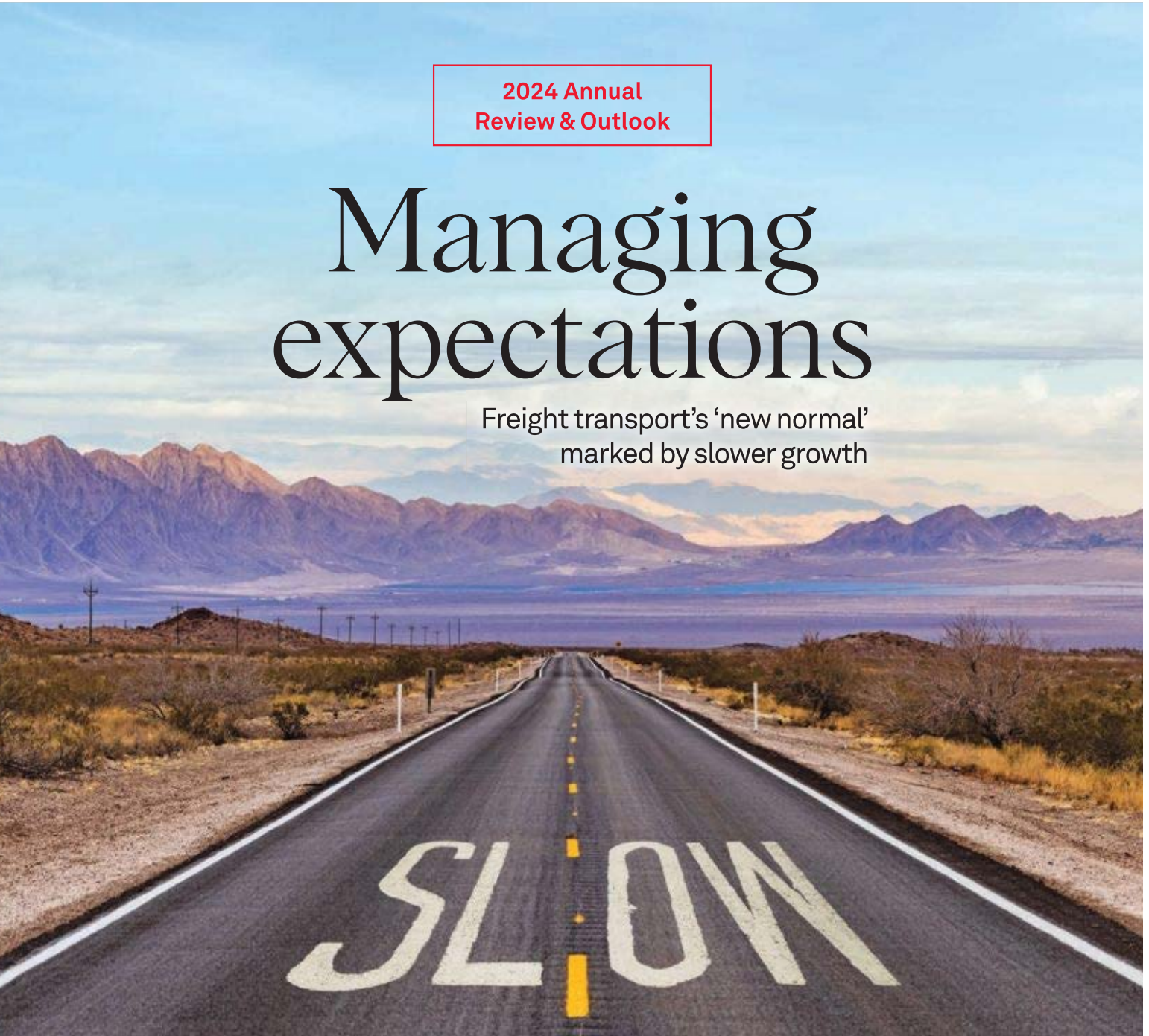
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2024 Annual
Review & Outlook

Managing expectations

Freight transport's 'new normal'
marked by slower growth



SPACE SURPLUS

Overcapacity, limited demand growth to weigh on container shipping

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Low spot rates putting shippers in control of 2024 trans-Pacific contract talks

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Major FMC rulemakings, cases to provide industry clarity in 2024

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Steady rise in passenger capacity undermining air freight rate growth

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Executive Commentary

New York New Jersey Foreign Freight Forwarders & Brokers Association, Inc.

Jeanette Gioia

President
nynjforwarders-brokers.org



The US maritime industry will be pushed towards greater transparency, accountability and efficiency with the Federal Maritime Commission's (FMC) final rules on detention and demurrage and unreasonable refusal of ocean carriers to provide vessel space.

What will change is that the parties who are billing detention and demurrage will have to be more careful to ensure that the charges are correct, valid, timely and compliant.

The burden will now lie with the billing party and not the billed party to disprove a charge. The huge amount of time lost in verifying and disputing invoices will hopefully be lessened.

The new rules will also make clear that only the correct party should be billed. It should rein in the unreasonable practice of charging detention and demurrage to any party, even just customs brokers, appearing on a bill of lading under the justification that they fall within the definition of "merchant." Carrier bills of lading have generally defined "merchant" so broadly that it has led to an abusive practice of billing any or multiple entities simultaneously whether they are a party to the contract of carriage or even named on the bill of lading. The proposed rule on the proper billing party essentially removes the unlimited liability created by the use of the term merchant for uninvolved parties.

The commission is to be commended for tackling this complicated issue. It has been a long road to get to this point from the 2016 Coalition of Fair Port Practices' petition, followed by the brilliant Interpretive Rule in the spring of 2020, and then the Ocean Shipping Reform Act of 2022 making the FMC's legal authority to write clarifying regulation. This just needs to be extended to the interior ports and rail ramps.

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Jeanette Gioia

OSRA-22 has been a catalyst for creating a level playing field, which is vital for ensuring equal conditions of competition. However, the maritime industry is global, and FIATA has consistently advocated for effective regulation, requiring coordination and harmonization among various authorities worldwide. As OSRA-22 continues to shape the maritime industry in the US, it serves as a model for other nations demonstrating how regulatory reform can lead to a more transparent, fair and efficient global shipping network.

National Customs Brokers & Forwarders Association of America (NCBFAA)

Jose D. (JD) Gonzalez

Board President
ncbfaa.org



The vision is bold: digitalization of the supply chain with trade data reflecting the natural flow of the supply chain in near

real-time. End-to-end visibility and faster, deeper insights into data. A

virtual model that mirrors the physical movement of goods. Better quality data on imports made available to the government early in the process, sometimes even before manufacturing begins. Faster government responses to the trade with earlier determinations about shipments.

Still only a vision, but the impetus to get there is real. Known as ACE 2.0, US Customs and Border Protection's (CBP) reimagined entry process benefits from a vigorous CBP-trade collaboration.

A fundamental first step is well underway: interoperability, a feature to which CBP is strongly committed. The agency is making progress in international forums to establish global interoperability standards. Ultimately, this will allow all types of technology to participate in supply chain activities, whether the technology of choice is blockchain, a legacy system or some future development.

The concept is intriguing to the trade, even though it is early days and many details have yet to be fleshed out. We see enticing opportunities for more efficient and compliant trade. And, of course, we see the challenges, namely collecting the data, linking the data, data privacy and a true single window.

We within in the trade stand ready to take on these challenges. We know that more compliant supply chains become more efficient supply chains. Technology and data are the keys — better, earlier data from the right person at the right time and analyzed with the right technology. We are ready.

Tyler Search

William Conroy

Executive Director
tylersearch.com



Two factors of monumental importance are trending and molding the market for global trade professionals.

First, corporate America's attempts and commitment to complying with government trade regulations. Sanctions and export controls are the big concerns. Intellectual property sharing, OFAC and foreign trade regulations. Technology export control, specifically semiconductor manufacturing in China. Russian sanctions. ITAR compliance requirements. What a bundle of worries. Any

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"A lack of internal cooperation to stay compliant can shut down your supply chain, cost millions in fines and create a public relations nightmare."
William Conroy

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"We know that more compliant supply chains become more efficient supply chains."
Jose D. (JD) Gonzalez

Executive Commentary

Sandler, Travis & Rosenberg, P.A.

Beth Ring
Senior Member
strtrade.com



Two major geopolitical factors in the past five years jolted businesses all over the world, especially US companies, into diversifying their supply chains to minimize previous reliance on one single-source — i.e., China — for their manufacturing operations: the pandemic and its follow-on disruptions caused by the cascading lockdowns throughout the entire supply chain; and the trade war started by the Trump Administration that has resulted in an additional 25% tariffs on most goods imported from China, which have continued in the Biden administration because there is no political constituency in an election year for appearing to “go easy” on China.

Most importantly, however, diversification out of China was driven not just by the financial benefit of avoiding the dreaded “Section 301” China tariffs, but because Congress enacted the Uyghur Forced Labor Prevention Act in 2021 to combat the massive human rights violations the Chinese government has been

promoting in the Xinjiang region, but also spreading to other manufacturing centers in China. US Customs and Border Protection has been rigorously enforcing this law with opaque policies and targeting measures that have challenged

even the most compliance-oriented companies that have not been able to completely disengage from China-based sourcing.

This trend began in 2020 with the pandemic but has escalated dramatically since. Sourcing is no longer driven so much by “just-in-time” inventory management to reduce costs as the need for “resilience,” 2023’s word of the year, defined by the World Economic Forum as “the ability of a global supply chain to reorganize and deliver its core function continually, despite the impact of external or internal shocks to the system.” Whether it be diversifying parts suppliers among several in a region, leveraging new technologies like AI and data analytics, revisiting shipping contracts or shifting production to regions closer to where companies expect to sell their goods, we can expect this focus on “resilience” and adaptability to continue to shape trade flows in 2024 and beyond.

< “Sourcing is no longer driven so much by ‘just-in-time’ inventory management to reduce costs as the need for ‘resilience.’”

Beth Ring

COVID-19 lockdown. Fully remote is rare for new hires. Be careful with the hybrid employment agreements that include opt-out clauses at a company’s discretion. Buffett, Musk and now even Zuckerberg say it’s not good for business. Yet their companies provide that option. It’s not changing; hybrid is here forever, fully remote for some.

Waterways Council, Inc. (WCI)

Tracy Zea

President & CEO
waterwayscouncil.org



> “Ensuring the cost of these projects remains 100% federally funded will allow the nation to realize economic return more quickly, reduce the supply chain’s environmental footprint and address uncertainty in global agriculture and energy markets.”

Tracy Zea

The biennial Water Resources Development Act (WRDA) is underway for 2024. It is expected to be considered by

the House of Representatives in the May–June time frame, with the hope of enacting a final law by September.

The Senate’s process is already underway, considering Members’ WRDA 2024 requests. As stakeholders worked to identify their priorities, Waterways Council, Inc. (WCI) focused specifically on an issue that is presenting significant challenges to the future of the inland waterways’ construction program.

The Infrastructure Investment and Jobs Act (IIJA) allocated \$2.5 billion to inland waterways lock and dam priority navigation projects across the system, funding seven projects to completion. However, given the challenges of inflation, supply chain delays and a lagging workforce, those navigation projects now require additional funds to be considered on the path to completion.

WCI’s WRDA 2024 request is to adhere to Congress’s intent in IIJA to complete those construction and major rehabilitation projects and that they be funded 100% by the federal treasury and not cost-shared as the rest of navigation projects currently are via a fuel tax on tow-boat operators.

Ensuring the cost of these projects remains 100% federally funded will allow the nation to realize economic return more quickly, reduce the supply

one item is guaranteed to keep your chief trade compliance officer in fits. A corporate culture that begins with top-down support is absolutely essential. Lack of internal cooperation to stay compliant can shut down your supply chain, cost millions in fines and create a public relations nightmare. Best in class trade compliance programs will be discussed in every meeting, in every board room across America. Keeping compliant is not new. Its importance in today’s hostilities cannot be understated.

The second issue in the board room getting a lot of attention and press coverage is the cultural and

professional tsunami change occurring in the work week. Working hybrid or remote? Arguably this is the biggest change in the American labor force since Henry Ford popularized the 40-hour work week in the 1920s, and women entered the workforce by the millions during WWII. It seems companies have settled into a 3/2 hybrid, but not really for everyone. This change is in the white-collar world of workers that pound laptops all day and not the community of people who actually make and build stuff. Many companies are attempting to renege on remote employment agreements made during the