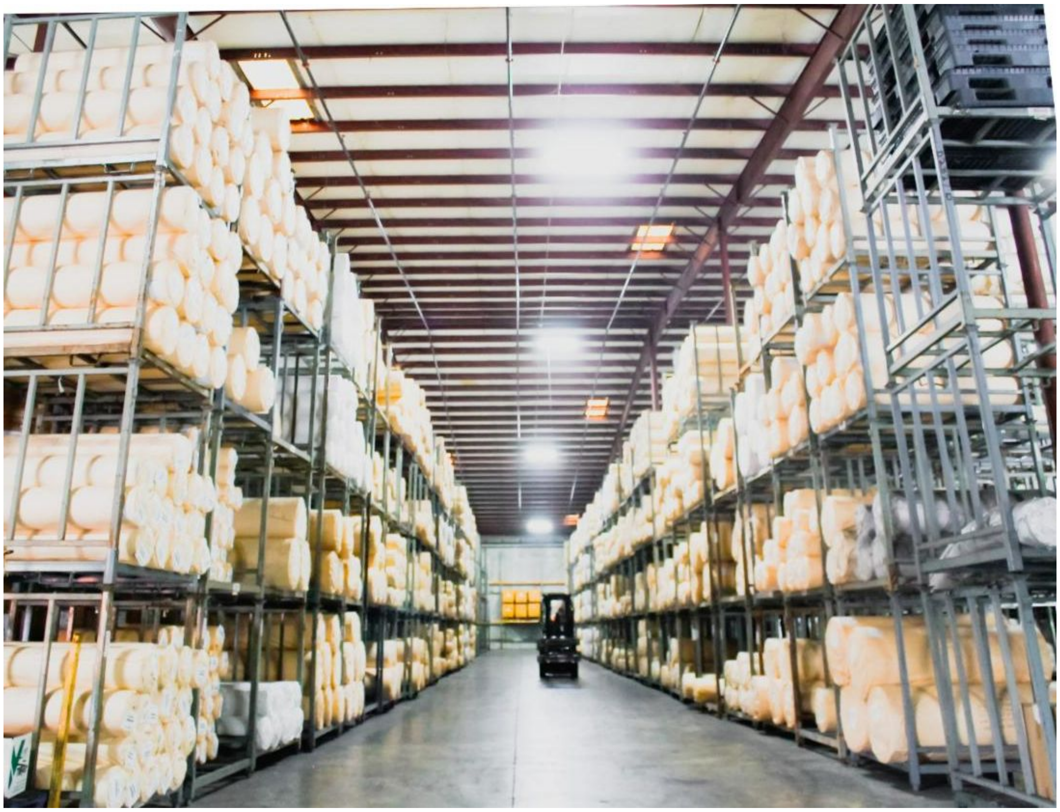
January Newsletter 2022 | Volume II Issue I

Rogers & Brown Newsletter



Brown Distribution Center - Ladson, SC

Inside this Issue:

Regulatory Developments

***Attention Importers of Chinese products subject to Section 301 duties**: *applicable Exclusions have been extended through September 2023.*

See the below official CSMS message from U.S. CBP for more details:

CSMS # 54468100 - GUIDANCE: Extension of Section 301 China Product Exclusions

An extension on the Section 301 China Product Exclusion has been implemented by the US Trade Representative (USTR). Previously, scheduled to expire on 12/31/22 and now extends to September 30, 2023.

"The exclusions listed are available for any product that meets the description as set out in the Annex to 87 FR 17380, regardless of whether the importer filed an exclusion request. Further, the scope of each exclusion is governed by the scope of the 10-digit HTSUS classification and product descriptions provided in the Annex to 87 FR 17380, not by the product descriptions set out in any particular request for exclusion."

"To request a refund of Section 301 duties paid on previous imports of products granted duty exclusions by the USTR, importers may file a Post Summary Correction (PSC) if within the PSC filing timeframe. If the entry is beyond the PSC filing timeframe, importers may protest the liquidation if within the protest filing timeframe. The latest guidance on the process for submitting retroactive claims for product exclusions to CBP is found in CSMS42566154."

For ease of reference, a summary of Section 301 duties and product exclusion notifications is linked here!

Any questions or concerns please feel free to reach out to Rogers & Brown today!

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Source: *US Customs and Border Protection*

Attention Importers of Chinese products manufactured in the Uyghur region of China:

The Uyghur Forced Labor Prevention Act is resulting in enhancements to Customs' operating system (ACE) that will give importers and their brokers notification that their products may be originating in this region.
This enhancement is requiring the trade community to **update all Manufacturer Identification Codes (MIDs) with postal codes**, **not previously required**

R&B is proactively updating all Chinese MIDs currently in our system as you read this notice!!

See the below official CSMS message from U.S. CBP for more details:

Trade User Information Notice: Uyghur Forced Labor Prevention Act Region Alert

U.S. Customs and Border Protection

"On **March 18, 2023**, CBP will deploy the Uyghur Forced Labor Prevention Act (UFLPA) Region Alert enhancement to the Automated Commercial Environment (ACE). This enhancement will provide early notification to importers and their representative of goods that may have been produced in the Xinjiang Uyghur Autonomous Region (Xinjiang or XUAR) and may be excluded from importation into the United States. This enhancement includes electronic data interchange (EDI) impacts.

What will change for trade users?
The UFLPA Region Alert will add three new validations to ACE in specific applications. The validations will be:

- *Postal code will be a required field.*
- *Users will receive an error message if the postal code provided is not a valid Chinese postal code.*
- *Users will receive a warning message when a XUAR region postal code is provided.*

The specific applications impacted will be:

- *Cargo Release (SE) application - only for the Manufacturer (MF) party and only when the country is reported as The People's Republic of China*

(CN) in the SE36 and/or SE56 record.

- *Manufacturer Identification Code ($I) application - when creating or updating a Manufacturer Identification Code with a city located in The People's Republic of China (CN).*

This enhancement will provide the ability to update an existing MID with a postal code.

For further details see the document below:
Trade User Information Notice - UFLPA (Jan 2023)

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Source: *US Customs and Border Protection*

International Freight Market

Vietnam sees surge in deep-sea vessel capacity amid trade sourcing shift

Vietnam is seeing a major shift in trade volumes as China's production levels stay unreliable due to COVID-19 lockdowns within the past year. Allowing more reliable alternatives to emerge.

"Vietnamese ports are seeing faster year-on-year growth in deep-sea capacity than ports in China as carriers add long-haul services as they respond to shipper demand amid a surge in exports from Vietnam."

As we enter the new year, shipping lines have taken unique approaches...
"Cosco Shipping Lines has rejigged its America Asia Container service from this

month to add extra port calls in Vietnam while cutting the number of calls at Chinese ports. Cosco has added calls at Haiphong in northern Vietnam and Cai Mep near Ho Chi Minh City to its AAC service, while dropping calls at Dalian and Shanghai, the carrier's sailing schedules show."

Even high-profile companies such as Apple, have declared a shift in production to Vietnam over China due to the lockdowns in their central manufacturing hub, Zhengzhou in the province of Henen, China.

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Source: *JOC.com*

Container shipping shake-up: Maersk, MSC terminating 2M in 2025

"The 2M vessel-sharing alliance between MSC and Maersk - the world's two largest ocean carriers - is being dissolved. The two carriers said Wednesday that they had mutually agreed to terminate the alliance effective January 2025."

It is to be stated that the alliance services will not be affected waiting upon the arrival of the split in 2025. Collaboration is still key through the agreement period stated by both CEO's.

“Discontinuing the 2M alliance paves the way for both companies to continue to pursue their individual strategies,” said MSC CEO Soren Toft and newly appointed A.P. Moller-Maersk CEO Vincent Clerc in a joint statement.

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Source: *Freight Waves*

How will Maersk-MSC split redraw container shipping landscape?

"The decision by MSC and Maersk - the world's two largest container lines - to terminate the 2M vessel-sharing alliance was predictable. The bigger surprise will be what happens next. Will both MSC and Maersk go it alone after 2M ends in January 2025? Will Maersk join another alliance or create a new one?" (FreightWaves)

As MSC takes the top slot for shipping, over Maersk, with acquiring 271 second-hand ships since 2020 and exceeding HMM's (eighth largest shipper in the world) entire capacity. MSC is big enough to stand alone.

On the other hand, Maersk does not have the drive to expand its fleet to max capacity, but rather a steady rate of long-term customers. Some predict Maersk will not ultimately replace MSC but allow slot charters to make up for where is needed.

Drewery shapes two scenarios for possible rate outcomes for the future spilt:

"In one, an independent MSC faced with rapid fleet growth could "return to its old market-share/low-cost model, which could destabilize the market."

In another, Drewry speculated that "a radical shake-up of the alliances" while "a remote possibility," could "lead to the carnage in the freight-rate market as new members court shippers over to their new teams."

But Verberckmoes and Murphy do not see the alliance situation as lowering shipping costs." (Freight Waves)

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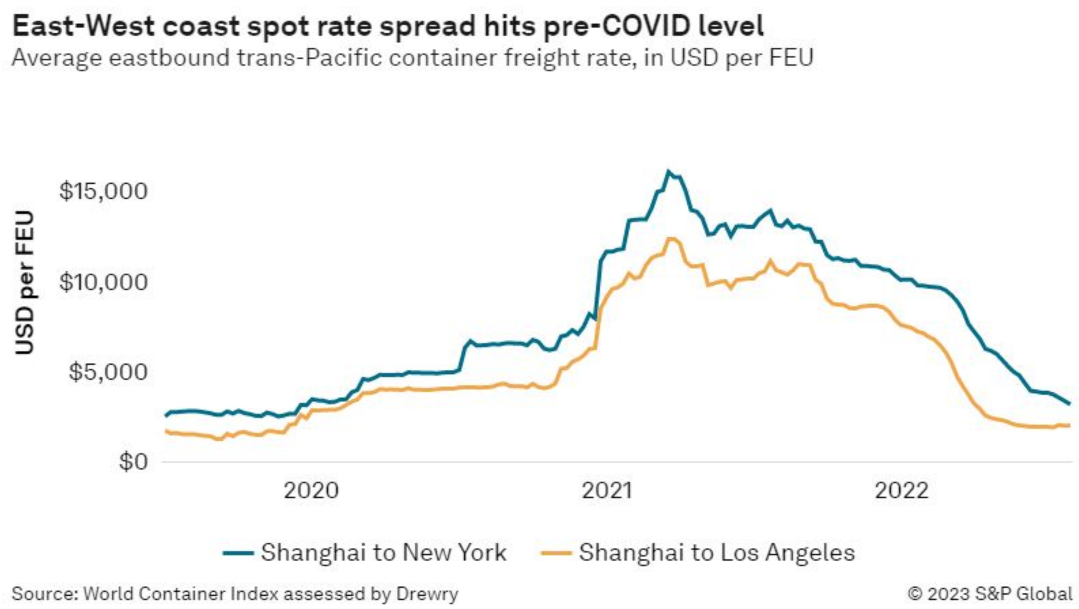
Source: *Freight Waves*

Spread between East, West coast ocean spot rates returns to pre-pandemic levels



"The spread between ocean spot rates to the East and West coasts in the eastbound trans-Pacific has narrowed to its pre-pandemic [levels]"

Throughout January of 2023, rates have been primarily flat with predictions in the upcoming months of little to no change. The rate increase is likely to start happening when Asia fully reopens facilities post Lunar New Year.

"While US import volumes are expected to increase in the second half of the year, retailers say the strength of the recovery will depend on whether the economy experiences a “soft landing,” with declining inflation and stabilizing interest rates, or a “hard landing” in which the Federal Reserve continues to increase borrowing costs and consumers pull back on spending for merchandise." (JOC)

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Source: *JOC.com*

Domestic Freight Market

The Outlook for Diesel: Supply Woes Aren't Going Away Soon

While most predict that the U.S. retail diesel prices will not reach what was seen in 2022, some events will take place in the future that will keep fuel prices unsteady. Such as the U.S. refining maintenance season (Phillips 66 Bayway Refinery is scheduled to begin important work Feb 2. possibly affecting output) and European Union's restrictions on Russia's refined products (scheduled to begin Feb. 5th).

"Prices for diesel have been relatively stable in January thanks to a mild winter in the Northern Hemisphere, save for a few blasts of Arctic weather. But those patterns are forecast to change in February, with temperatures in the Northeast expected to fall to below-average levels, adding to demand for heating oil."

"Based on the most recent U.S. average price of about $4.60 a gallon, a run to more than $5 should not be ruled out in the near term. By the end of January, retail diesel prices should be approaching $4.75 a gallon.

Despite continuing supply pressures, however, the steep highs of 2022 are likely to stay in the record books and not be exceeded this year." (WJS)

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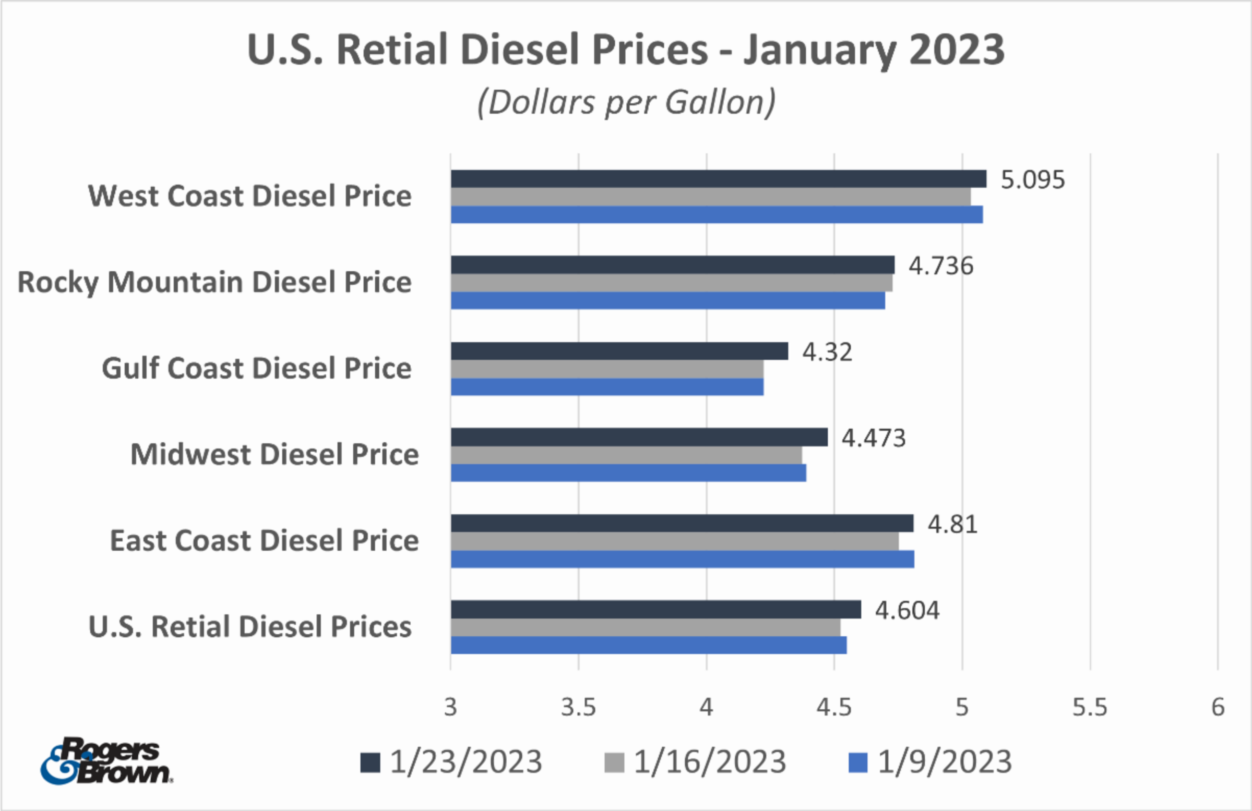
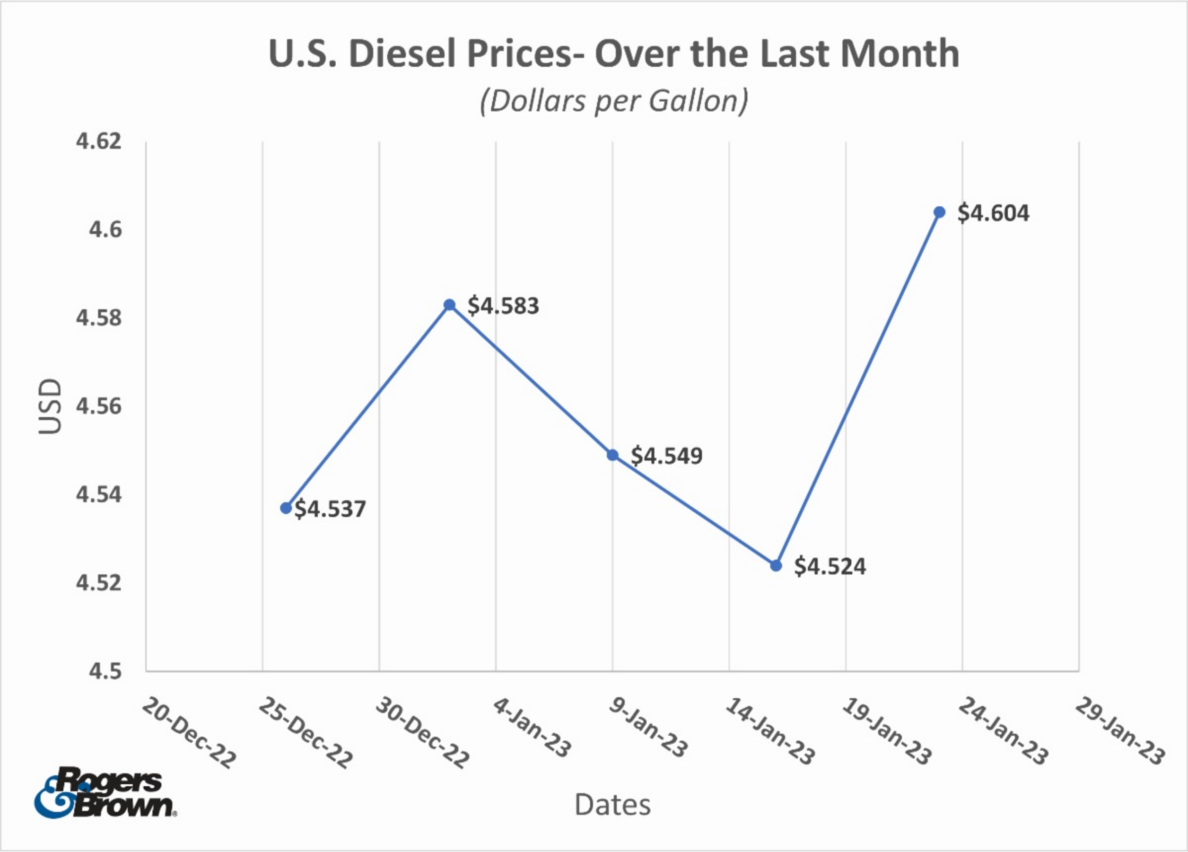
Source: *The Wall Street Journal*



Source: EIA



"US Retail Diesel Price is at a current level of 4.604, up from 4.524 last week and up from 3.725 one year ago. This is a change of 1.77% from last week and 23.60% from one year ago." (YCharts)

Source: EIA

SC Ports handles nearly 3 million TEUs in record 2022 - SC Ports Authority

"SC Ports moved nearly 2.8 million TEUs (twenty-foot equivalent units) in 2022, a 1.5% increase over 2021. When accounting for containers of any size, SC Ports moved more than 1.5 million pier containers in 2022, a 1% increase from 2021."

“South Carolina Ports serves as South Carolina’s **gateway to the world**, giving companies direct access to global markets,” Melvin said. “We proudly move goods for advanced manufacturers, retailers, farmers, medical providers, grocery stores, solar panel producers, and small businesses, helping to support 225,000 jobs in South Carolina.”

Inland Port Greer and Inland Port Dillon handled a combined 167,147 rail moves in 2022, enabling more companies throughout the Southeast to quickly move goods to and from the port via rail.

And it does not stop here...

South Carolina’s economy is booming as companies make big investments to expand operations and open new facilities to take advantage of the state’s strong business climate, excellent workforce, expansive infrastructure network, and world-class port. (SCSPA)

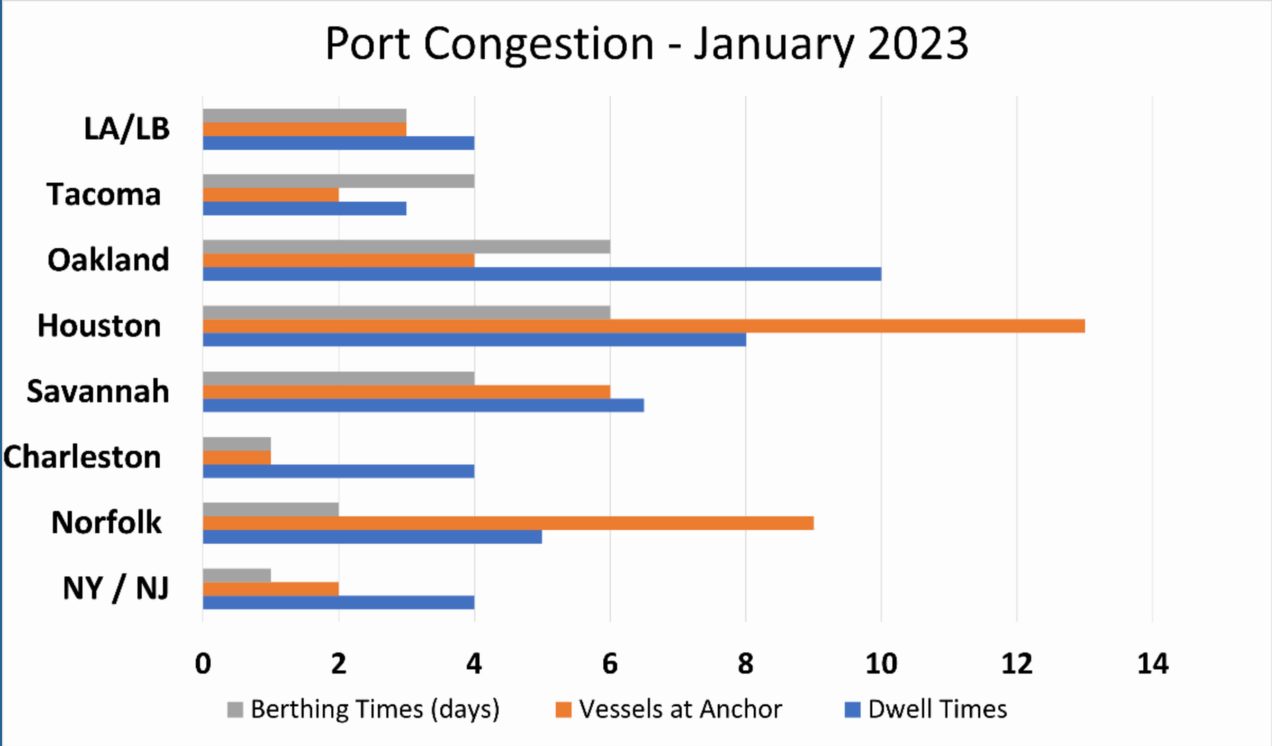
Over the next decade SC ports are predicted to spend $2.5 billion in infrastructure improvements, with the help of state and port funding.

Construction is now underway on SC Ports’ Navy Base Intermodal Facility, a modern cargo yard in North Charleston that will be rail-served by CSX, Norfolk Southern and Palmetto Railways. Creating near-dock rail at the Port of

Charleston will make South Carolina more competitive as an import gateway to the United States. (SCSPA)

Read More

Source: scspa.com



As of January 27th, 2023

**No bar present indicates zero or information not provided.*

**Data collected from multiple sources, points may vary.*

Source: *Hapag-Lloyd and Marine Traffic*

R&B Service Highlight

Marine Cargo Insurance

As we enter into another year, it is a good time to evaluate insurance needs. We do this for our personal and commercial needs each year and should also review **insurance needs for your cargo**! It is easy to ignore because it is hard to imagine a boat sinking or some type of other terrible event taking one's cargo; or we count on the packaging to protect our goods; and there is a common misperception that carrier liability will cover most damage and losses..... well, it is probably better to always have the right coverage for your cargo.

Rogers & Brown can provide Marine Cargo Insurance, seamlessly and with ease. We can provide coverage for that one special shipment with an extra-high value or put into place continuous authorization such that each transaction moving through R&B is covered without specific instruction. Depending on the products, value, and trade lanes, we can offer a range of coverages that will best fit your needs.

Please note the following benefits of Marine Cargo Insurance:

- ***Protects your financial interests***
- ***Provides for door-to-door coverage in most cases***
- ***Supplements carrier limited liability***
- ***Affordability***
- ***All-risk coverage in most cases***
- ***Covers all modes of transport***

Please reach out to your representative or email sales@rogers-brown.com today to discuss this product and/or to get a quotation.

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