



November Newsletter 2022 | Volume I Issue IX

Rogers & Brown Monthly Newsletter



Inside this Issue:

- Regulatory Developments
- International Freight Market
- Domestic Freight Market
- Port News
- R&B Team Member Highlight
- R&B Service Highlight
- Newsletter Feedback



Regulatory Developments



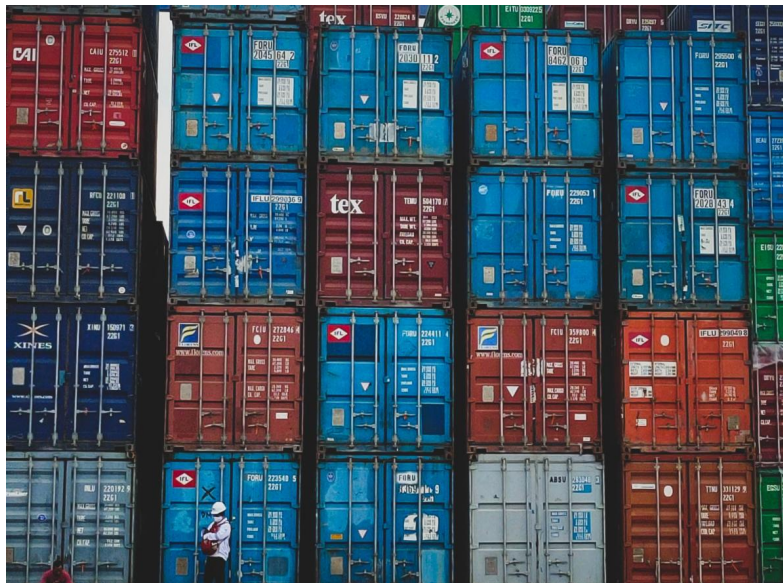
Customs Broker Modernization Regulations 19 CFR 111

Customs Brokers are seeking to confirm definitions and implications associated with updates to Custom Broker regulations (19CFR111). The Final Rule for the Customs Broker Modernization Regulations is to go into effect on **December 19, 2022**. Some elements of these changes will add a burden to the brokers role in conducting Customs business on behalf of their clients. Potential new burden and associated liability to the brokers will in most cases impact how information is collected and confirmed with importers adding to the already complex and sometimes over-burdensome world of import compliance....

The Customs summary version of the regulations is linked below for reference.

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International Freight Market



Prolonged trans-Pacific spot slump has shippers eyeing contract reductions

"Trans-Pacific container lines are accelerating their blank sailings and pulling

back on the deployed capacity for the rest of the year, but the moves still haven't been enough to halt a months-long slide in spot rates." (JOC)

Over the past three years, capacity has been a sensitive topic, but as port congestion continues to ease the increase in availability causes spot rates to dip. "We are starting to see a good improvement on the standard ocean rates even compared to the contracts that we entered into in May, and so we would expect that to carry into next year as well, and do some improvement year over year on the ocean freight side next year," Mike Stornant, Wolverine Worldwide's executive vice president and CFO, said in an earnings call Nov. 9.

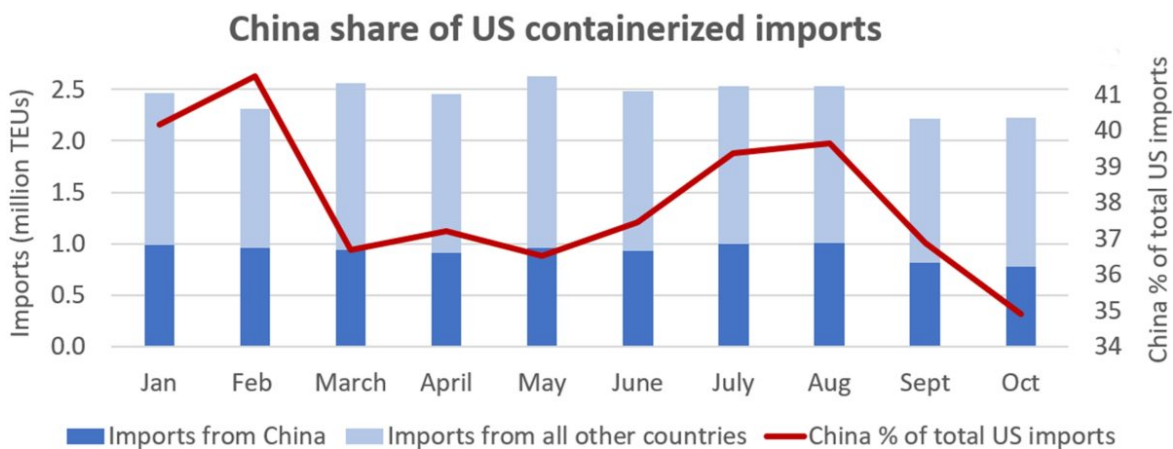
Stephanie Loomis, VP of Procurement at CargoTrans stated "The spot rates will be the interesting market to watch, I fully expect that the carriers will push for contracts on the (eastbound trans-Pacific) in the spring at a rate as high as they can, (so) the seemingly unending erosion of spot rates will give the importers a very strong negotiating position."

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Source: JOC.com

US imports from China falling faster than from other countries

"America and China remain intimately intertwined via trade despite worsening tensions over Taiwan and the Russia-Ukraine war. More than a third of all U.S. containerized imports arrive from China. More than a sixth of China's export value derives from U.S. purchases. But there are growing signs of at least some decoupling. Other Asian countries are increasingly taking U.S. market share from China, a trend that began before the pandemic and has continued." (FreightWaves)



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Source: Freight Waves



MSC Air Cargo moves up start date for global freighter service

Freight Waves states "Ocean carrier Mediterranean Shipping Co. will debut its freighter service in early December, sooner than previously indicated. A new air cargo schedule posted on the company's website shows MSC Air Cargo will begin weekly around-the-world service with a Boeing 777 freighter in early December."

Atlas Air is leasing four 777-200s (made by Boeing) to MSC. The first plane has officially been delivered. This aircraft will move cargo from "Mexico City to Indianapolis and then to Frankfurt, Germany, twice a week, and one time per week will continue from Germany to Hong Kong and back to Mexico City via Anchorage, Alaska" (FreightWaves).

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Source: *Freight Waves*

Domestic Freight Market



Biden calls on Congress to prevent rail strike, addresses unions' sick leave grievances

Joanna Marsh released through Freight Waves "Biden urged Congress to pass a bill that would compel the railroads and the unions to adopt the new agreement and to do so "well in advance of December 9th so we can avoid disruption."

"All four unions — the Brotherhood of Maintenance of Way-Employees Division (BMWED), the Brotherhood of Railroad Signalmen (BRS) and the International Brotherhood of Boilermakers (IBB) and the Transportation Division of the International Association of Sheet Metal, Air, Rail, and Transportation Workers (SMART-TD) — are currently at the negotiation table with the freight railroads, and both sides have until **Dec. 8** to reach a new labor agreement that would build upon the one that was rejected. These unions represent over 56% of unionized railroad workers affected by contract talks."

These unions have requested over \$160,000 in benefits and a 24% wage increase from 2020 to 2024. "Then Biden appointed the PEB to take in testimony and provide recommendations that would serve as a starting point for a new labor agreement." (FreightWaves)

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Source: *Freight Waves*



5 things you should know about a potential rail strike

"A rail strike - or a lockout by the railroads - could occur in early December if unions and railroads can't reach a labor agreement that satisfies everyone. Congress has the ability to stop a strike. So why is it so hard for everyone to come to a resolution? **Here are five things to consider...**"

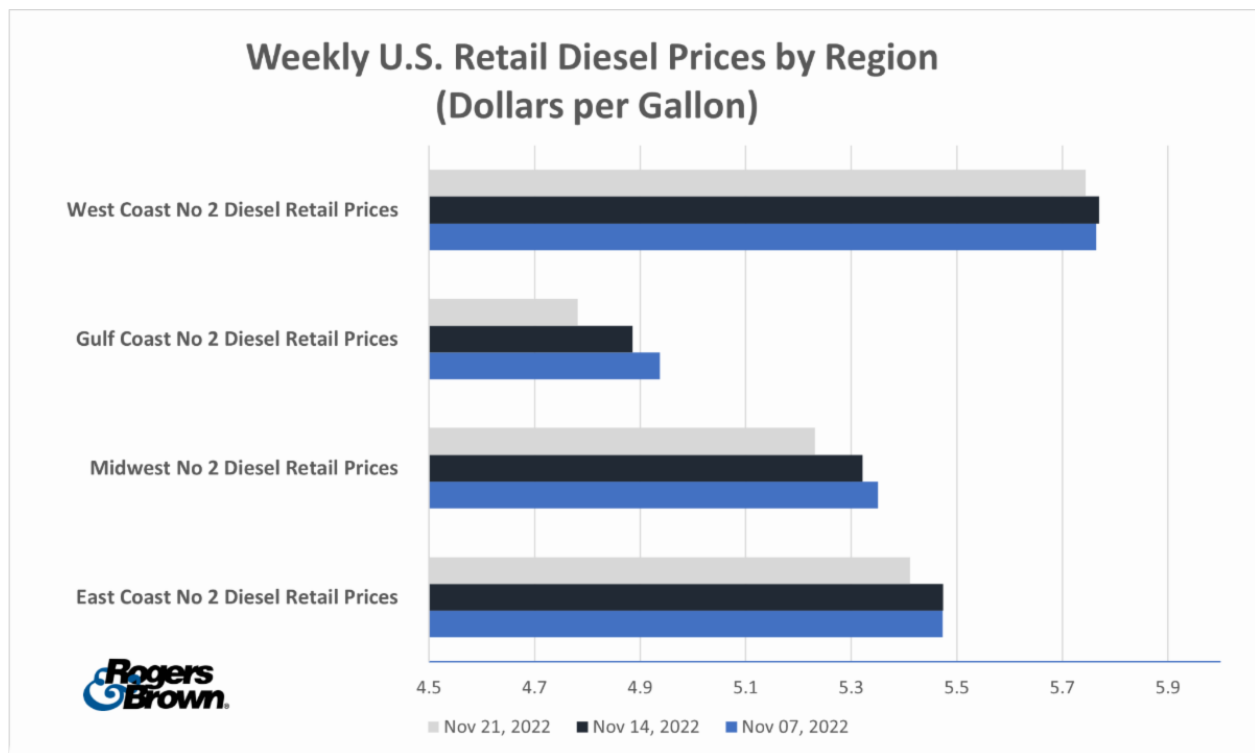
- "A new labor agreement for each of the 12 unions has been in the works since January 2020, but negotiations between the unions and the railroads failed to progress." Eight unions have voted to favor the agreements, while four have not.
- "Cooling-off periods (union members and the railroads are not allowed to engage in any strikes or work lockouts until a certain number of days after the rejection of a labor agreement has occurred, per the Railway Labor Act) for the four unions end on Dec. 8; right after midnight on Dec. 9, the unions or the railroads may take corrective action."
- Agreeing can be difficult and the sick leave topic is the outstanding term that looms around a potential rail strike. "The PEB's recommendations remain

the framework for an agreement. Now is not the time to introduce new demands that rekindle the prospect of a railroad strike. The carriers have therefore advised the unions that the latest proposal will not be accepted and that they must accept agreements based on the PEB-recommended framework,” NCCC said.

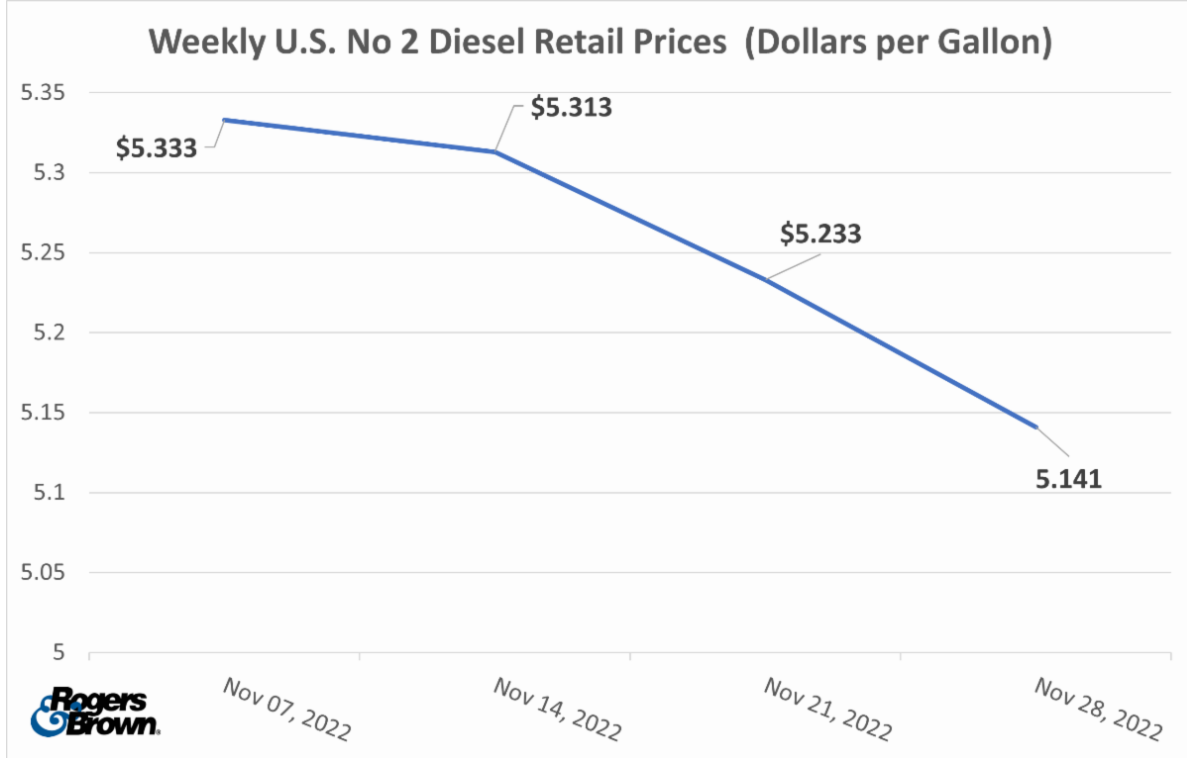
- While neither party wants Congress to intervene... if a strike occurs "Chemicals shippers say a monthlong strike could pull out \$160 billion from the U.S. economy, while agricultural shippers say a potential strike would have disastrous timing since low water levels on the Mississippi River are hampering barge transport and shippers need the rail option."
- Congress could make this messy due to the multiple options at hand. "The three likeliest options are, one, they pass a bill imposing a longer cooling-off period, two, they pass a bill ending the strike — if there is a strike — and, three, they pass a bill that ends the strike and imposes terms on the parties, basically legislating a collective bargaining agreement for the parties," Seth Harris (senior fellow at Northeastern University’s Burns Center for Social Change) told FreightWaves.

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Source: [Freight Waves](#)



Source: [EIA](#)



Source: [EIA](#)

"US Retail Diesel Price is at a current level of 5.141, down from 5.233 last week and up from 3.724 one year ago. This is a change of -1.76% from last week and 38.05% from one year ago." ([YCharts](#))

Port News



Pandemic offers opportunity to improve US port flow

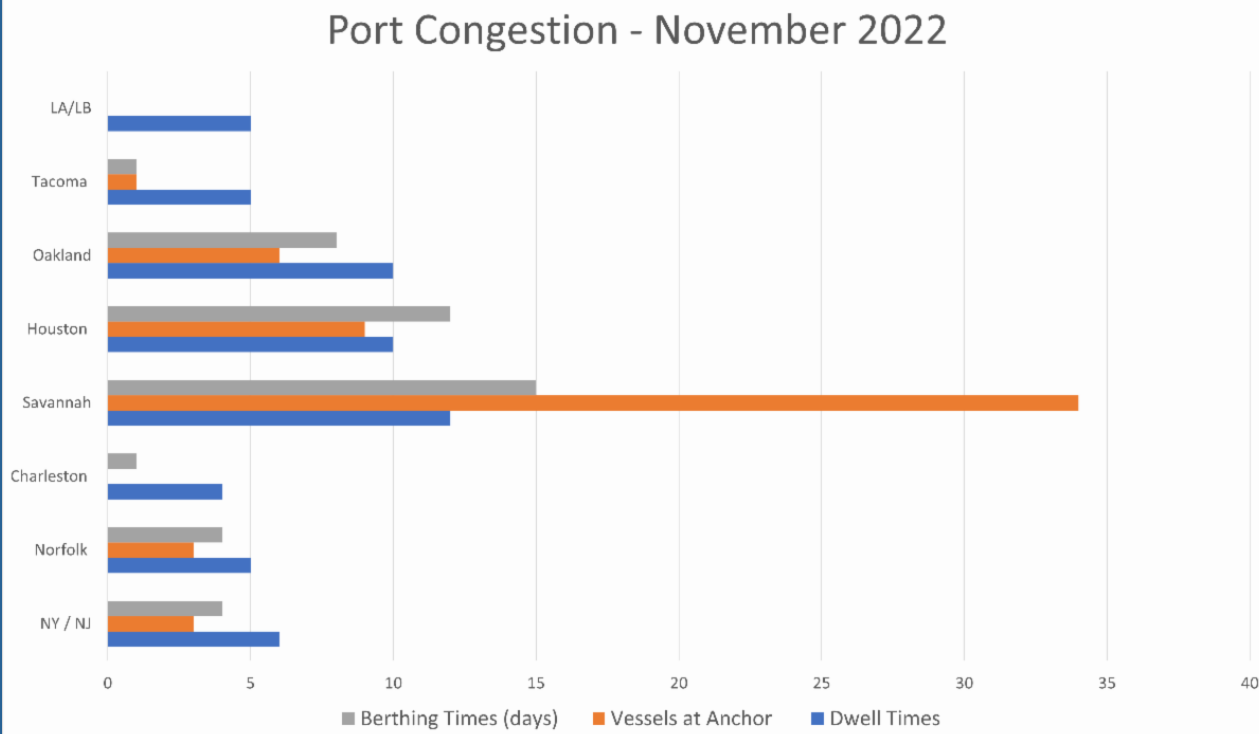
While the pandemic cultivated many supply chain issues, some would make the point that these matters were already present, the pandemic just brought these flaws to the surface...

“You’ve ended up before COVID with more space on the ocean side than you had the capacity to handle it on the landside in a completely efficient way and that’s always caused some congestion,” Federal Maritime Commission Chairman Daniel Maffei told JOC.com. “Once COVID and the resulting boom in demand hit, that became more acute and resulted in such a differential between ocean-side capacity and land-side capacity that you had lines of dozens of ships stuck waiting sometimes weeks for a berth to open up.”

"Many point to extenuating circumstances unique to the pandemic that may never be repeated. These include a historic surge in trade combined with greatly elongated lead times and the resulting bullwhip effect of inventory over-ordering that filled up warehouses with slow-moving goods often mismatched to current demand... But others believe it was precisely those conditions that should lead the industry toward a more resilient future."

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Source: [JOC.com](https://www.joc.com)



As of November 19th, 2022

**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 Team Member Highlight



Beth Morris
VP of Compliance

Beth Morris came to work for Rogers & Brown shortly after finishing high school in March of 1981. Her first position was in the printing room for the export department. From there she moved to the receptionist role and later took a job with the accounting team where she eventually worked every position in the department on her way to the Accounting Manager role. Beth moved from accounting into operational roles eventually managing the Entry and Compliance teams as well as managing R&B's Drawback program.

Beth attributes much of her success to her thirst for knowledge and over the years Beth has bettered herself through continuing education both outside and inside the industry. Her strive to learn and grow has made her one of R&B's senior leaders today as the VP of Compliance. She loves this fast-paced and ever-changing industry, and fact that there is always something to learn but more than that she loves Rogers & Brown.

"I never realized how many jobs it took to bring product to our shelves until I got into this industry. It still amazes me to this day."

-Beth Morris

R&B Service Highlight



DUTY DRAWBACK & TRADE CONSULTING

There is a lot more to Customs clearance than just an entry submission these days! Importers are burdened with maintaining and understanding an ever-expanding list of compliance requirements. The more complex the global trade environment becomes, the more liability an importer carries in terms of risk and cost of doing business. While your Customs broker/freight forwarder cannot make specific determinations for an importer, they can offer guidance.

Rogers & Brown has a strong team of entry professionals, transportation specialists, and drawback experts that can offer valuable insight and guidance to our customers who do not have the expertise or bandwidth to research or manage import compliance or large import projects.

Drawback & Consulting services:

- Duty Drawback Programs
- Consulting Services (Project / Hourly)
- Tariff Classification Services
- Binding Rulings
- Post Entry/Protests
- Reconciliation
- Recordkeeping

Please contact our team with your next project, compliance review, tariff guidance, and transportation analysis.

Please email sales@rogers-brown.com for a quotation today.

[**Contact Us Here!**](#)

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