

OEC NEWS

OUR EXPERTISE YOUR ADVANTAGE

INNOVATION IN GLOBAL SHIPPING
THE PANAMA CANAL

5 RECENT CHANGES
TO US CUSTOMS
BROKERAGE

SUMMER
FUN FACTS

ABOUT
OEC GROUP

OEC  GROUP

INNOVATION IN GLOBAL SHIPPING THE PANAMA CANAL

This month marks the 3-year anniversary of the first transit across the newly expanded Panama Canal by the "COSCO Shipping Panama". Annually, 12,000 to 15,000 ships cross the Panama Canal, making it an integral part of international logistics. The opening of the newly expanded canal in 2016 was the culmination of a 9-year long, \$5.6 billion undertaking by the Panama Canal Authority to create a new set of locks to accommodate some of the world's largest containerships. Although ongoing drought in Lake Gatun, a main source of water used in canal operations, has resulted in limited container ship loadings due to temporary draft restrictions, the Panama Canal and its prominent role in global shipping history is undeniable.

The Panama Canal – A Brief History

The opening of the Panama Canal's newly expanded lock system marked a monumental event in the history of shipping. Canal locks are essential to connecting two different bodies of water with different sea levels, salinity and wildlife, such as the Atlantic and Pacific Oceans. By creating a chamber in which the sea level can be artificially raised or lowered, boats can pass undisturbed without the risk of merging sea life and creating unnavigable currents from the 18' difference in tide levels. The expanded locks allow 14,000+ TEU container vessels, including the 'Evergreen Triton', which on May 15, 2019

US purchases equipment and the rights to build a canal in Panama from France for \$40 million and begins construction on the Culebra Cut through the Continental Divide.

1904

Construction begins on the Gatun and Miraflores Locks. With a total length of over 1.9 miles, this was the largest concrete construction undertaking in the world at the time



1909

August 15 - The "S.S. Ancon" becomes the first vessel to officially transit the Panama Canal. Over a 100 years later the canal is still an integral part of international logistics.

1914

Work officially begins on the newly expanded Panama Canal to allow for the transit of larger vessels by increasing the width and length of the locks by 160%. The original locks are 110' wide and 1,000' long.



2007

October 2010 marked the passage of the one millionth vessel through the Panama Canal. By using the Panama Canal, ships save over 7,800 miles by bypassing the trip around South America.

2010

9 years after construction began, June 26 marked the official opening of the newly expanded Panama Canal with the passage of the "COSCO Shipping Panama."



2016

Water is the lifeblood of the canal, with an average rainfall of 130 inches on Atlantic side and 70 inches on Pacific side. Each transit through the original locks uses 52 million gallons of water. Storage basins alongside the new locks will recycle 60% of the water before it is discharged, resulting in 7% less overall water usage.



2017

became the largest vessel, at 15,000+ TEU, to pass through the canal.

The first concept of the Panama Canal began with the 1513 discovery of the Pacific Ocean by Spanish explorer, Vasco Núñez de Balboa, sparking interest among nations to find a way to connect the Atlantic and Pacific Oceans. As early as 1534, Spain commissioned a survey to find the best route for a canal. Other countries commissioned studies as well, looking for a shorter route to avoid the treacherous journey and the thousands of additional miles around the tip of South America at Cape Horn. It wasn't until 1881 that France, having success building the Suez Canal, embarked on the ambitious project of building a sea-level canal across the Isthmus of Panama. However, by 1889, with the

death toll rising to over 22,000 and financial and engineering problems and floods, mudslides and tropical diseases, France abandoned the project.

The United States then signed a treaty with Panama to construct a lock canal after purchasing the equipment and the rights to build from France and enabling Panama's independence from Colombia in 1903. Due to the intense manual labor involved, this undertaking took almost ten years to complete and is responsible for the loss of an additional 5,000 lives.

Spanning a length of 50 miles from the Atlantic to the Pacific and cutting through the almost impenetrable rock of the Continental Divide, the Panama Canal, which opened on

August 15, 1914, was considered the greatest engineering feat of its time. Since its opening, the canal has provided safe and uninterrupted passage to ships of all the nations of the world and has contributed greatly to the expansion of world trade and commerce.

On December 31, 1999, the U.S. transferred all the assets and full control of the canal to the Republic of Panama. Over 1 million ships have transited the Panama Canal since its opening and with ongoing maintenance and modernization efforts, it will continue to be a vital transportation artery well into the future.

Special thanks to the friends of the Panama Canal Museum collection at University of Florida.

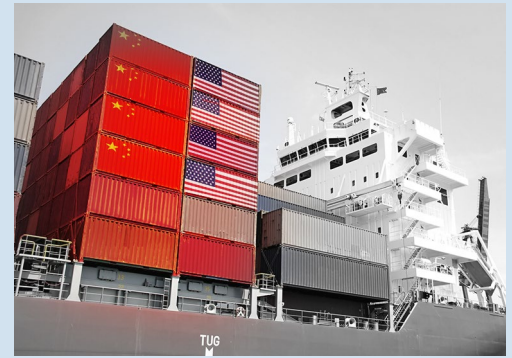


Original art work by Celine Wang

5 RECENT CHANGES TO US CUSTOMS BROKERAGE

1 SECTION 301 LIST 3 DUTY INCREASE TO 25%

On May 8, the United States Trade Representative (USTR) announced that the 10% tariff rate on List 3 impacted goods would increase to 25% effective May 10. The increase has been attributed to a breakdown in ongoing trade negotiations between US and Chinese government officials.



2 UPDATE TO LIST 3 INCREASE TIMEFRAME

Departing from the prior implementation standard for Section 301 tariffs, the USTR provided importers with a brief period before the 25% tariff rate was applied. Originally, imports with a departure date prior to May 10, 2019 and arrival date prior to June 1, 2019 were eligible for 10% duty rate; this has since been extended. Now, shipments eligible for 10% duty rate are those that departed prior to May 10, 2019 and arrived at Ocean Port of Discharge (POD) prior to June 15, 2019.

3 SECTION 301 LIST 4 ANNOUNCED

Shortly after the List 3 tariff increase was announced, the USTR issued a notice to impose tariffs of up to 25% on an additional List 4 of goods valued at approximately \$300 billion. Commodities on this list include but are not limited to livestock, foodstuffs, chemicals, plastics, garments, footwear, housewares, ceramics, glass, steel, iron, aluminum, tools, machinery, electronics, computers, toys, and exercise equipment.

4 ANTI-DUMPING DUTY ON MATTRESSES FROM CHINA

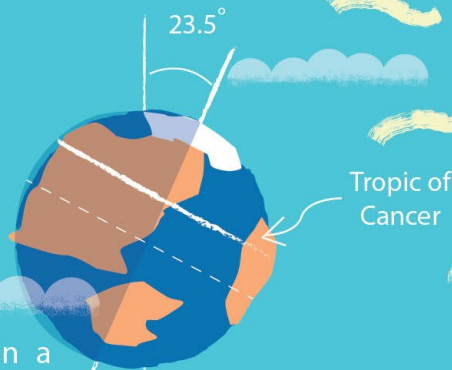
At the end of May, the US Commerce Department released an affirmative preliminary determination in an anti-dumping investigation on mattresses imported from China, concluding most companies are subject to an import duty rate of 1,731.75%. For more information on antidumping please refer to the following [\(Click here to read more newsletter article\)](#)

5 INDIA LOSES GSP STATUS

Effective June 5, India was removed from the list of Generalized Systems of Preferences (GSP) as a beneficiary developing country. With \$5.7 billion in shipments in 2017 under the GSP program, thousands of Indian goods will no longer be eligible for duty free imports.



The Summer Solstice is also known as midsummer or the beginning of summer in some countries. It occurs when the Northern Hemisphere reaches its maximum tilt toward the sun and marks the longest day of the year.



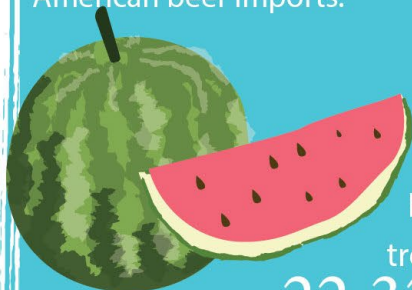
There is nothing better than a cool beer and BBQ on a summer weekend. Did you know? In 2018,

82% of all beer was domestically produced in USA,

and **18%** was imported from more than **100 different** countries around the world.

Mexico is the **#1** beer exporter to America,

contributing **35%** to American beer imports.



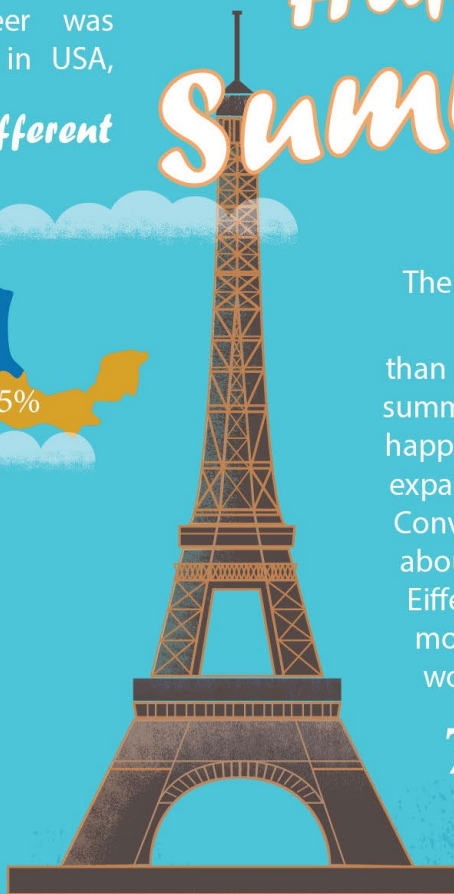
Watermelon is one of the most popular summer

treats, last year the US imported **22,323 TEUs** of

watermelons from around the world, **75%** of which originated in Guatemala and Honduras.



Happy Summer!

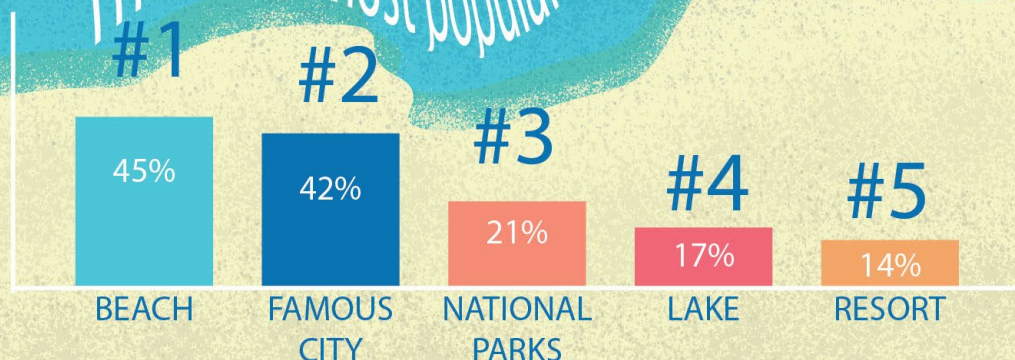


The Eiffel Tower grows more

than **6 inches** in summer. It is said that this happens because the iron expands with the heat. Conversely, it shrinks by about 6 inches in winter. The Eiffel Tower is one of the most visited attractions in world. It welcomes about

7 million visitors each year.

The top 5 most popular summer vacations in the United States are



Source:
<https://livelearn.ca/article/living-in-manitoba/8-summer-fun-facts/>
<https://www.factretriever.com/summer-facts>
 TTB and U.S. Commerce, 2019
 Panjiva



A photograph of a worker in a white hard hat and a high-visibility yellow safety vest, holding a handheld device, standing in a warehouse filled with stacked shipping containers. The background is slightly blurred, emphasizing the worker in the foreground.

ABOUT OEC GROUP

At OEC Group, we have demonstrated our commitment to customer service in trans-Pacific trade for more than 35 years. Founded in 1981, OEC Group had a vision to provide comprehensive logistics services to clients. Today OEC Group serves destinations throughout the world and has grown into one of the leading logistics providers in North America. With over fifty offices worldwide, we take pride in being close to your cargo at all times.

OEC Group is monitoring and adapting to the changing market. We are well positioned to make continuous improvements to your supply chain using the fastest, most efficient and cost-effective services available. We work tirelessly to stay on top of the ever-changing logistics industry with the goal of delivering the most current information and services to you, our customer.

Our business is making our logistics expertise, your competitive advantage.