

THE SHIPPING STANDARD

OUR EXPERTISE YOUR ADVANTAGE

ASSESSING THE BENEFITS OF THE OCEAN SHIPPING REFORM ACT OF 2021

INTERVIEW WITH AN EXPERT

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ASSESSING THE BENEFITS OF THE OCEAN SHIPPING REFORM ACT OF 2021

The U.S. Congress recently introduced the Ocean Shipping Reform Act of 2021. The purpose of the new bill is to alleviate congestion at marine terminals by addressing issues with detention and demurrage charges.

Specifically, the bill will make the Federal Maritime Commission's recent ruling, which prohibits carriers from charging penalties for dwell times when circumstances to retrieve containers are beyond the control of importers, exporters and truckers, into federal law. The full ruling can be found [here](#).

According to Congressman Dusty Johnson's website, the proposed legislation will also:

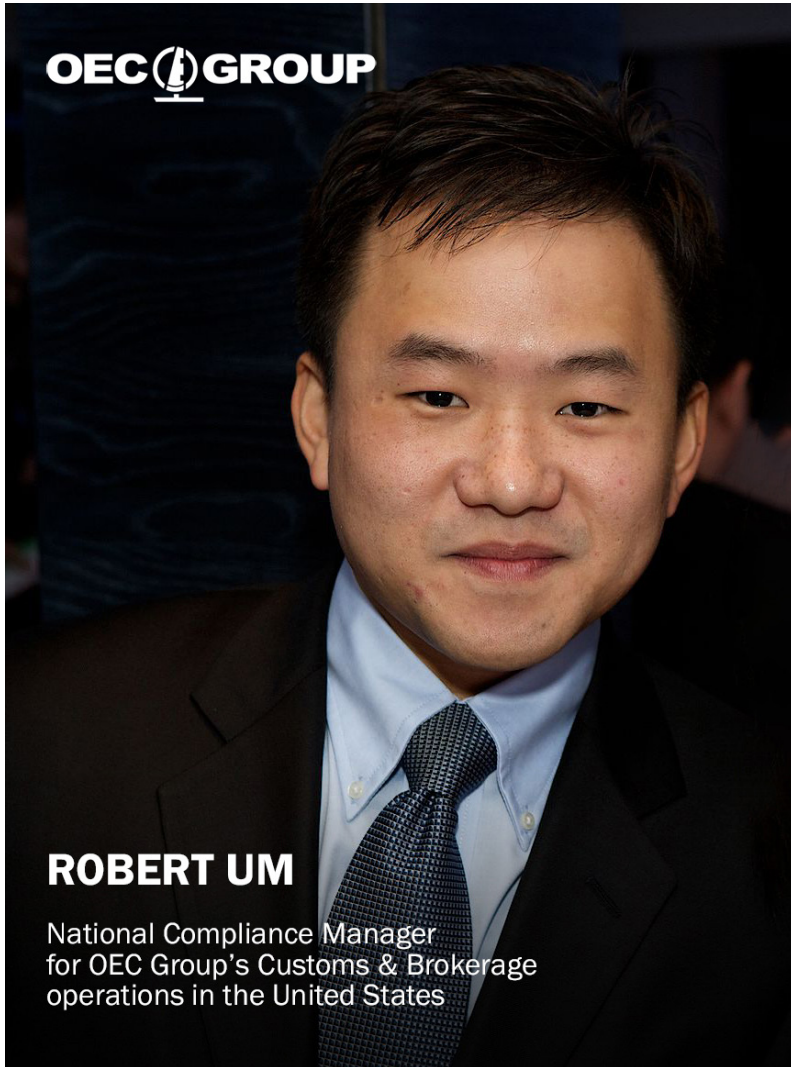
- Establish reciprocal trade to promote U.S. exports as part of the Federal Maritime Commission's (FMC) mission.
- Require ocean carriers to adhere to minimum service standards that meet the public interest, reflecting best practices in the global shipping industry.
- Require ocean carriers or marine terminal operators to certify that any late fees — known in maritime parlance as “detention and demurrage” charges—comply with federal regulations or face penalties.
- Shift burden of proof regarding the reasonableness of “detention or demurrage” charges from the invoiced party to the ocean carrier or marine terminal operator.
- Prohibit ocean carriers from declining opportunities for U.S. exports unreasonably, as determined by the FMC in new required rulemaking.
- Require ocean common carriers to report to the FMC each calendar quarter on total import/export tonnage and twenty-foot equivalent units (loaded/empty) per vessel that makes port in the United States.
- Authorizes the FMC to self-initiate investigations of ocean common carrier's business practices and apply enforcement measures, as appropriate.



“Government agencies may mean well with this proposed legislation, but it does not address the core problem,” said Peter Hsieh, Vice President of Sales & Marketing for OEC Group’s Northeast Region. “The main issue is not just increased dwell times, which are substantial, but also a lack of equipment, labor shortages, travel restrictions and high consumer demand. All of these issues have played a significant role in our current supply chain challenges.”

Many industry experts believe that this legislation could aggravate congestion further. Detention and demurrage fees were created to cover the cost of storing containers, offset the cost of that storage space being unavailable for additional freight, and generate an added incentive for shippers to pick their goods up promptly. Deleting these penalties may encourage importers to keep their goods at the ports until they are ready to retrieve them, thus taking up vital space for new containers trying to enter the country.

“Carriers are using these fees to encourage shippers to pick up their freight so that ports remain fluid and give others an opportunity to import products,” said Happy Chau, Director of Sales for OEC Group’s Northeast Region. “The bottom line is, the only way out of this situation is to get freight moving more quickly and at a more consistent clip.”



ROBERT UM

National Compliance Manager
for OEC Group's Customs & Brokerage
operations in the United States

INTERVIEW WITH AN EXPERT

Robert Um, the National Compliance Manager for OEC Group's Customs & Brokerage operations in the United States, discusses the main issues with the Food & Drug Administration's (FDA) increasing enforcement of the Foreign Supplier Verification Program (FSVP).

Q: What is the FSVP?

A: The FSVP is one of seven foundational programs included in the Food Safety Modernization Act. The legislation was introduced by the FDA, and it was officially signed into law in 2011. It requires importers to verify that their foreign suppliers of food for human and animal consumption meet applicable FDA safety standards. The purpose of this piece of legislation is to make certain that food safety procedures are consistent across every product meant for human or animal consumption in the U.S., regardless of its place of origin. Additionally, goods in that category must be properly labeled and handled in regard to allergens. Importers are required to uphold standards outlined in the [FSVP](#), and the FDA enforces compliance.

Q: How is the FSVP changing?

A: Midway through 2021, the FDA announced that they will be shifting to the next phase of implementation. All compliance dates have passed, and the government agency is now moving into verification and enforcement. FDA representatives are now reviewing compliance documents for certain importers and conducting numerous on-site inspections. Their goal is to ensure that all entities importing goods into the United States are following all FSVP compliance legislation.

Q: What does this mean for shippers?

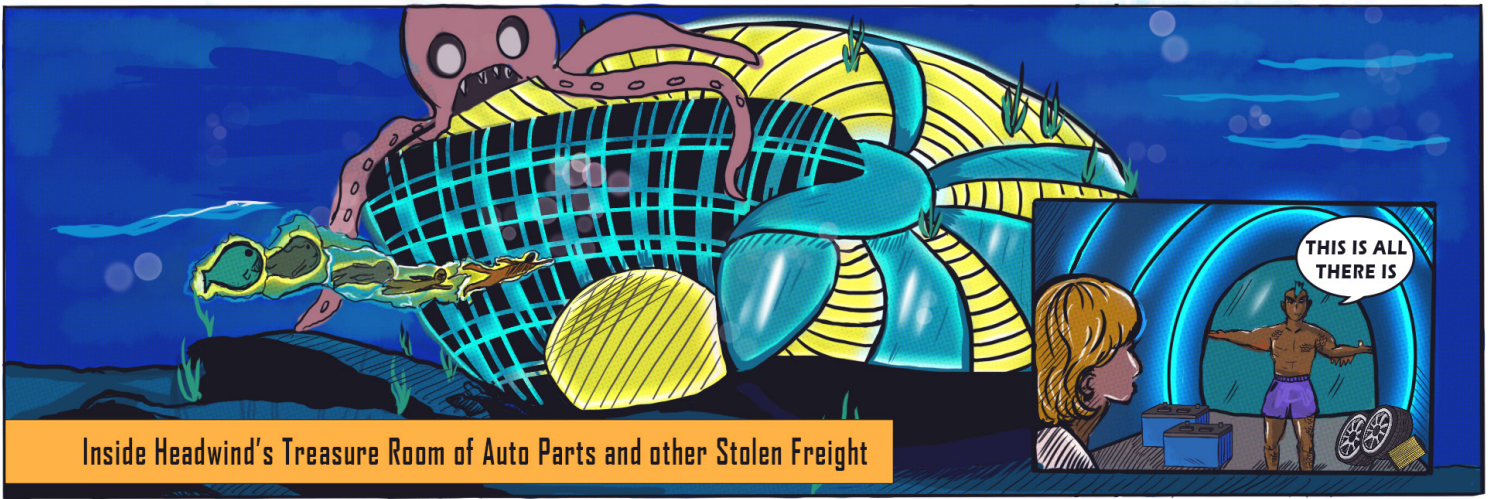
A: As long as shippers follow the FSVP rules and pass all inspections, there will not be any transit delays. However, if shippers are not compliant with FDA rules and regulations, the FSVP has the potential to cause major issues and significant delays. As a result, your Customs & Brokerage team could get tied up attempting to fix issues that are largely out of their hands.

Q: What can you do to avoid FSVP issues?

A: To avoid severe problems from potential delays and spoilage, now would be the time to ensure your FSVP program is in place and running. You can find training for importers through a number of online portals made available by the FDA and other organization. Training is designed to provide the knowledge required to successfully comply with the FSVP. This information is also available to others who have an interest in ensuring that FSVP requirements are met, such as brokers, foreign suppliers, and representatives of foreign governments.

Q: What happens if you are not compliant?

A: If you are not compliant expect the FDA to come for an inspection. The main focus of all agents who will visit will be to discuss your daily operations, ask questions, and gather official information. With these on-site inspections, investigators are going to root out any potential FSVP deficiencies regarding physical procedure, document handling, or any other part of an importer's process. Once all relevant information is gathered, investigators will point out and give detailed explanations of any issues that the importer may have. Then, they will be given the opportunity to fix any of the issues discovered by the FDA on an agreed upon timeline.



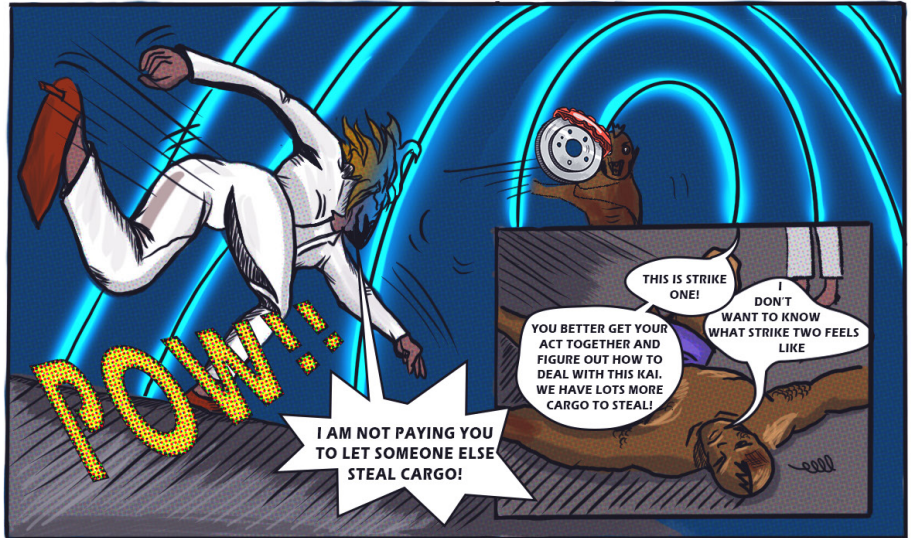
Inside Headwind's Treasure Room of Auto Parts and other Stolen Freight



LOOKS A LITTLE SHORT

I HAD A LITTLE TROUBLE

SOMEONE NAMED KAI TOOK ALL THE CARGO AWAY AND BROUGHT IT TO THE U.S. ON-TIME!



POW!!!

I AM NOT PAYING YOU TO LET SOMEONE ELSE STEAL CARGO!

THIS IS STRIKE ONE!

I DON'T WANT TO KNOW WHAT STRIKE TWO FEELS LIKE

YOU BETTER GET YOUR ACT TOGETHER AND FIGURE OUT HOW TO DEAL WITH THIS KAI. WE HAVE LOTS MORE CARGO TO STEAL!



ANOTHER DAY STUCK ON THE TRAIN. WILL WE EVER MOVE?

IF WE DO NOT START MOVING TODAY THEN NO CHILD WILL GET A HALLOWEEN COSTUME.

Meanwhile, somewhere in middle America, a train, carrying Halloween costumes for children, has been stuck on the tracks for many days and in danger of not being delivered on time - effectively cancelling the holiday and making children (and parents) miserable

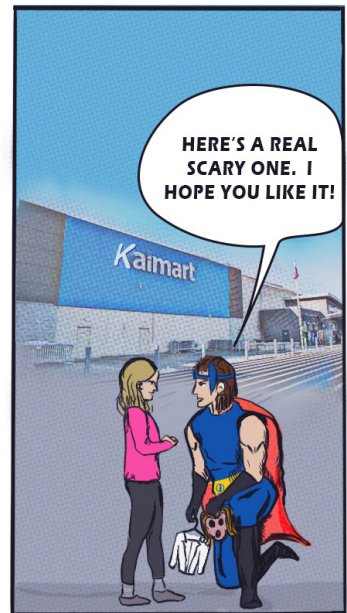


FEAR NOT! I'LL MAKE SURE THESE COSTUMES GET DELIVERED ON TIME!

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I WISH SHIPPERS WOULD PLAN AHEAD AND AVOID THESE DELAYS



HERE'S A REAL SCARY ONE. I HOPE YOU LIKE IT!

DOLLY PARTON

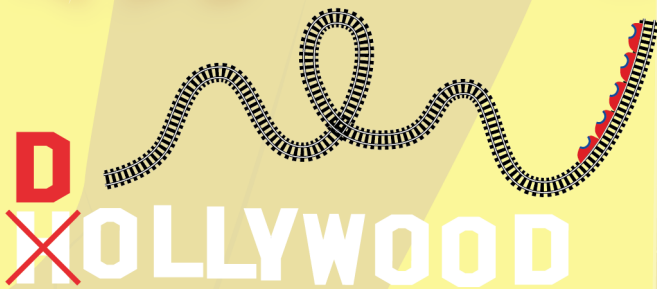
Fun Facts



She once entered a Dolly Parton look-alike contest . . . and lost



Her hit song, "Jolene," was inspired by watching a redheaded bank teller flirt with her husband every time they went to the bank



Her theme park, Dollywood, attracts more than 3-million visitors a year



She is Miley Cyrus's Godmother

She holds the record for the most top albums (10) by a Country Music performer and the Country Music record for most number-one hits (25) by a female artist



She owns more than 300 wigs



Her \$1-million donation to Vanderbilt University's COVID-19 research fund partially funded Moderna's COVID vaccine.



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.