

# THE SHIPPING STANDARD

OUR EXPERTISE YOUR ADVANTAGE

AVOID UNNECESSARY RISK AND  
ENSURE YOUR BROKER IS COMPLIANT  
WITH NEW CUSTOMS RULES

INTERVIEW WITH AN EXPERT

COMIC STRIP  
I AM KAI

WORLD CUP  
FUN FACTS

ABOUT  
OEC GROUP



## Avoid Unnecessary Risk And Ensure Your Broker Is Compliant With New Customs Rules

Starting December 18th, 2022, the U.S. Customs and Border Protection (CBP) agency will be enforcing an adjusted set of regulations which will require customs brokers to expand their record-keeping and oversight responsibilities. The new regulations will also require brokers to be nationally certified, and it will compel them to identify and report both physical and electronic breaches.

Updated regulations are vast and detailed. Here are some highlights of these new rules:

- Record-keeping responsibilities are tied together with the reporting of physical and electronic breaches.
- The new codified expectation from CBP is that any sort of breach must be reported within just 72 hours.
- Any affiliated communications must be available for submission or review by CBP.
- Brokers must track any noncompliance—specifically suspicious and/or consistent noncompliance—by all importers that they work with.

- Brokers must document all relevant correspondence related to those instances of noncompliance for submission once their relationship with that importer (or importers) has been terminated.

*“While largely unknown to people outside of our sector, these adjustments are very consequential for any logistics operation. It’s now clear that CBP is shifting toward enforcing more compliance than ever,” explains Matt Haffner, Vice President of Customs Brokerage for OEC Group North America. “I urge importers to increase two-way communication with their broker and have a conversation regarding all changes in order to make sure new regulations are thoroughly understood, because if they aren’t, then this could cause lengthy, costly, and unnecessary delays to your supply chain.”*

In addition to the new regulations detailed above, permits will shift from either port specific or national to solely national. Also, CBP will be examining the ratio of licensed customs brokers to non-certified employees within brokerage offices. If any broker has not studied up on new adjustments or adequately prepared for the roll-out of these changes, then that could lead to a higher level of scrutiny on these brokers and every one of their clients. As a result, importers need to be proactive and protect their interests by advocating for their logistics plan and gauging their current brokers’ knowledge of CBP’s updated rules and regulations.

*“Importers must note that these rules will expand broker engagement with the CBP and generally increase the responsibilities of every broker in the relationship between CBP, broker, and importer,” said Robert Um, National Compliance Manager for OEC Group North America. “Preparing for these new rules and regulations has been three years in the making for our team, meaning our consistently high level of service will remain the same. We feel that preparation and a personal touch can’t be discounted, and for us, this is business as usual.”*



**JASON HAITH**

Sales Manager for OEC  
Group's Louisville office

## INTERVIEW WITH AN EXPERT

---

*Jason Haith, Sales Manager for OEC Group's Louisville office, shares his view of some of the industry's most recent consequential developments.*

**Q: What are shippers inquiring about in the market as it is right now?**

A: Shippers are looking for assistance in getting their freight unstuck in different places around the country. Especially in October through the start of November, containers had been trapped for several months at West Coast gateways like LA, East Coast gateways like New York, Gulf Coast ports like Houston, and inland rail hubs like Dallas, Chicago, and St. Louis. Shippers are looking to leverage provider relationships and market knowledge to give themselves the best chance of solving this and other difficult problems.

**Q: How did all this volatility begin, especially since the West Coast ports are now experiencing minimal congestion?**

A: While space is easier to secure, especially for larger logistics organizations with substantial buying power, ground stacking and rail terminal congestion has increased dramatically across rail lines in the US and at important transportation hubs in Canada including Vancouver, Toronto, and Montreal. Also, while it looks like port congestion has effectively cleared at major West Coast gateways ports like LA-Long Beach, in reality it was simply relocated to New York New Jersey, Houston, Savannah and other East and Gulf Coast ports. Those ports do not have the same infrastructure as the West Coast

ports, contributing to severe inland back-ups. Also, all the containers that are sitting at West Coast ports still need to be moved, which is resulting in back-ups throughout the rail system, as well.

**Q: What impact have prolonged West Coast labor negotiations had on the market?**

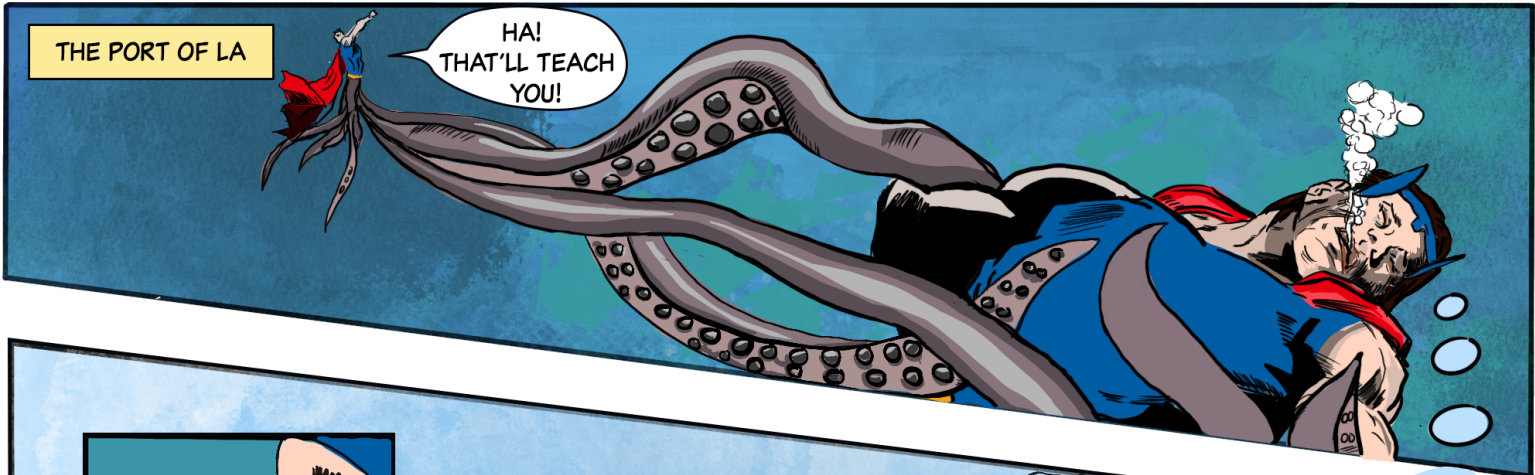
A: One extremely clear impact of these prolonged negotiations has been the marked shift by shippers to alternative gateway ports. New York-New Jersey overtook LA-Long Beach as the most popular US gateway, Gulf Coast ports have processed historic volumes relative to that region, and alternative gateways on the East Coast, like Savannah, have also processed similar amounts of freight relative to traditional averages. Also, the fact that these negotiations are still unresolved has introduced a significant degree of uncertainty. As a result, some shippers and logistics providers may not have sufficient experience to navigate these complexities and are unable to offer clients accurate strategies on how to proceed, which is negatively impacting the market. Fortunately, all of us at OEC have seen so many different types of market conditions over the years that we are able to help our clients successfully plan their supply chains – even when others are compounding the problems.

**Q: Do you think we're any closer to a "normal" market?**

A: Generally, when people refer to a normal market, they are talking about the market as it was pre-COVID about three years ago. To be more specific, I'd qualify a normal market as a market in which shippers can accurately predict both costs and transit times across the vast majority of trade lanes. Right now, most shippers can't do that, and I expect that the overall field will continue struggling through, at least, Lunar New Year – possibly longer. While larger logistics providers with access to greater space allocations, more routing options, and more internal data on those routes (transit times, costs, etc.) may be able to predict more effectively during that span of time, there is no telling what will happen if these labor disputes erupt into organized action.

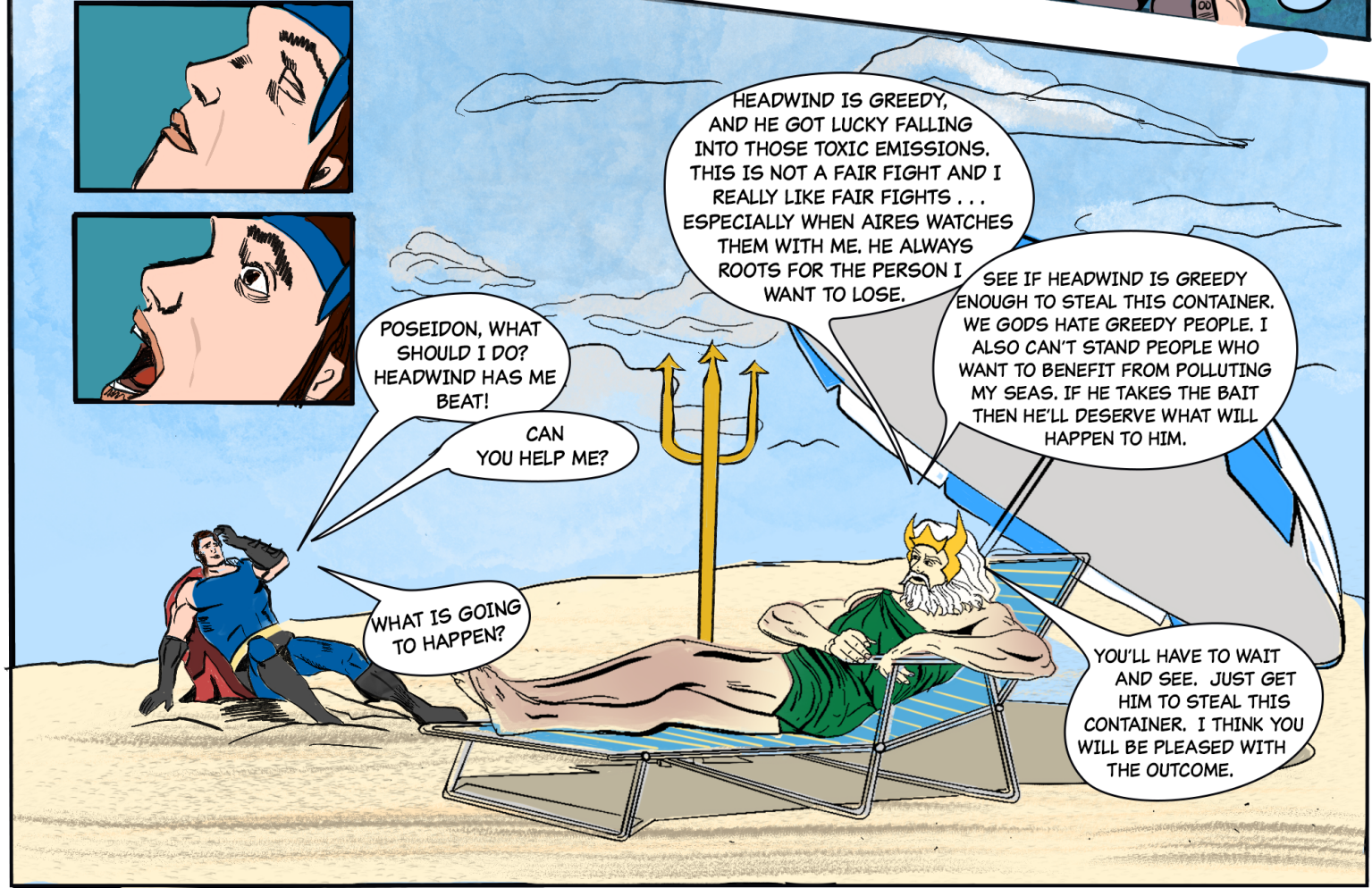
**Q: What advice would you give to shippers under these conditions?**

A: Although it may be easier and less expensive to get space on some lanes right now, this likely will not be the case moving forward. Capacity is shrinking to better match current demand, and some uncertainty remains regarding labor relationships. Now is the proper time to reach out and work with your logistics advisor to create effective and predictable logistical strategies that can either minimize or negate the negative impacts of a volatile market.



THE PORT OF LA

HA!  
THAT'LL TEACH  
YOU!



HEADWIND IS GREEDY,  
AND HE GOT LUCKY FALLING  
INTO THOSE TOXIC EMISSIONS.  
THIS IS NOT A FAIR FIGHT AND I  
REALLY LIKE FAIR FIGHTS . . .  
ESPECIALLY WHEN AIRES WATCHES  
THEM WITH ME. HE ALWAYS  
ROOTS FOR THE PERSON I  
WANT TO LOSE.

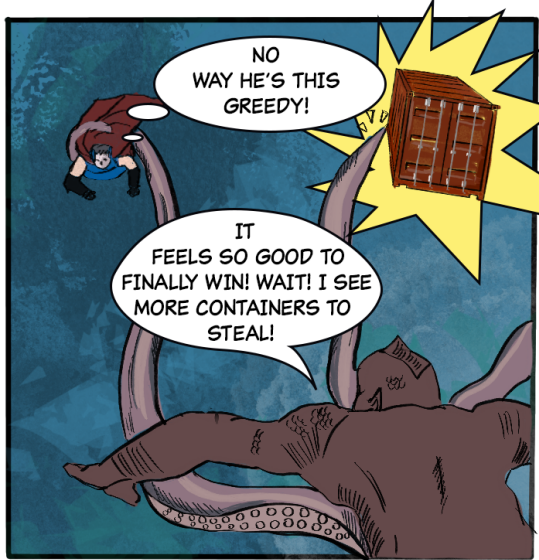
SEE IF HEADWIND IS GREEDY  
ENOUGH TO STEAL THIS CONTAINER.  
WE GODS HATE GREEDY PEOPLE. I  
ALSO CAN'T STAND PEOPLE WHO  
WANT TO BENEFIT FROM POLLUTING  
MY SEAS. IF HE TAKES THE BAIT  
THEN HE'LL DESERVE WHAT WILL  
HAPPEN TO HIM.

POSEIDON, WHAT  
SHOULD I DO?  
HEADWIND HAS ME  
BEAT!

CAN  
YOU HELP ME?

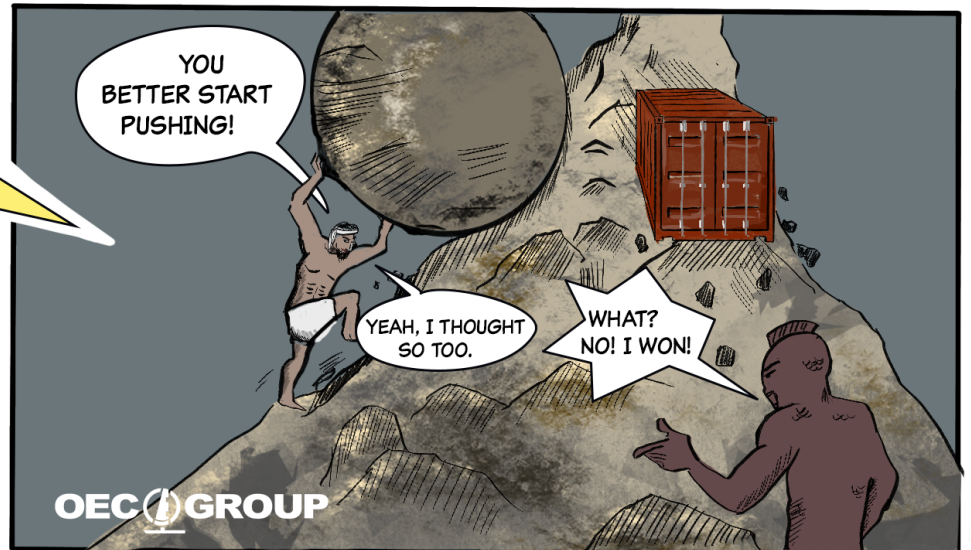
WHAT IS GOING  
TO HAPPEN?

YOU'LL HAVE TO WAIT  
AND SEE. JUST GET  
HIM TO STEAL THIS  
CONTAINER. I THINK YOU  
WILL BE PLEASED WITH  
THE OUTCOME.



NO  
WAY HE'S THIS  
GREEDY!

IT  
FEELS SO GOOD TO  
FINALLY WIN! WAIT! I SEE  
MORE CONTAINERS TO  
STEAL!



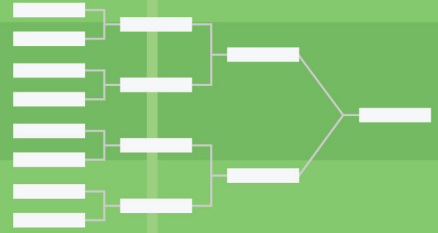
YOU  
BETTER START  
PUSHING!

YEAH, I THOUGHT  
SO TOO.

WHAT?  
NO! I WON!

OEC GROUP

# World Cup FUN FACTS



The highest finish ever for the U.S. was third place in the 1930 World Cup

Oceania is the only regional grouping to have never had a team make the quarterfinals



World Cup winners have only come from Europe and South America



Brazil is the only country to participate in every World Cup tournament



This year's World Cup is the first and only to be played during the Winter



2002 was China's only appearance in the World Cup



Nine months after Germany finished third in the 2006 World Cup, the country's birth rate rose 10%



200,000 people attended the 1950 World Cup final between Brazil and Uruguay, which happens to be the largest attendance for a football match – ever!

# 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.*