CARMICHAEL INTERNATIONAL SERVICE
An APL Logistics Company

MEMO TO CLIENTS
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NEWS IN BRIEF

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President Trump Announces Tariffs on Steel and Aluminum

Last week, President Trump announced that he intends to proceed with increased tariffs on certain imported steel and aluminum products, based on recommendations contained in the Department of Commerce's Section 232 investigation. The reports issued on January 11th and 17th, for steel and aluminum respectively, both recommend increased tariffs or import quotas.

Quotas were suggested at:
86.7% of 2017 import for aluminum
63% of 2017 imports for steel

For a world-wide tariff the report suggested:
7.7% for aluminum
24% for steel

The report also suggested country specific rates:
Aluminum - 23.6% for imports from China, Hong Kong, Russia Venezuela, and Vietnam. All other countries would be limited to imports of 100 % of their 2017 volumes.

Steel - 53% for imports from Brazil South Korea, Russia, Turkey, India, Vietnam, China, Thailand, South Africa, Egypt, Malaysia and Costa Rica. All other countries would be limited to 100% of their 2017 import volumes.

The Section 232 law gives the President 90 days from receiving the reports to take action, but he can act sooner. President Trump has indicated that he will proceed with duties of 25% on steel and 10% on aluminum, with exception to some countries. While this now seems most likely, we will not know the final determination until there is a Presidential announcement. Nonetheless we have the HTS numbers that were recommended. They deal mostly with shapes and forms of the metals and not finished products. Carmichael can run a report upon request of the classifications we have used for any of our importers for the last 2 years and filter out any of the proposed HTS numbers for the additional duties.

Certificate of Origin No Longer Required for U.S. Export to Israel

Israel and the U.S. removed the requirement for a Certificate of Origin (a.k.a. the "Green Form"), for exporting to Israel. The Certificate of Origin for Exporting to Israel is being replaced with a declaration completed by the producer or exporter. However, the declaration must be embedded in the invoice, packing list or on any other commercial document for the shipment stating product description and quantity.

For exporters to Israel that want their products to qualify for duty-free treatment under the trade agreement, a declaration must be included in the shipping documents. It is important to note that it is the shipper's responsibility to have the required declaration included in the shipping documents. It cannot be added by the shipper's forwarder, 3PL or agent. The shipper/producer details are required in the declaration, including the Tax ID number, name, title, email address and signature. With the new rule the U.S. made percentage is not required with the declaration, but it still must be made available upon request. If a shipment has a mixture of qualifying and not qualifying products, that must be clear marking to identify which products do comply.

Here is an example of the declaration text format:

I, the undersigned, hereby declare that unless otherwise indicated, the goods covered by this document fully comply with the rules of origin and the other provision of the Agreement on the Establishment of a Free Trade between the Government of Israel and the Government of the United States of America

( ) The Exporter (whether the exporter is the producer or not)
( ) The Producer (is not the exporter)

Tax Identification: ____________
Name: ______________________
Title: _______________________
E-mail: _____________________
Signature: ___________________

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Trucking and Drayage Challenges are Hitting the Supply Chain

As we have seen in recent trade journal articles and from notices from carriers, drayage from the Ports and overland trucking are facing service pressures that are leading to less free times and rising costs.

First, there are new government regulations that include Electronic Log Devices (ELDs). Under the regulations, drivers are limited to a sixty-hour work week and twelve-hour work days with a maximum of eleven hours of driving per day. Combined with longer wait times at ports and rail heads, drivers are having a much harder time making multiple pickups in a day. These multiple pickups are what make their jobs profitable. Due to these problems, some independent drivers are leaving the industry. With fewer drivers and demands on the available pool of drivers increasing, we can expect costs to rise in an effort to attract new drivers to come on board.

Secondly, there is a need to improve pickup lines at the terminals. Often there is a shortage of chassis at the right locations, impeding pickup. Many ports are experimenting with systems that will allow truckers to receive advance information on availability of containers, so that this issue of chassis availably can be solved preemptively. One example is a venture with the Port of Los Angeles and G.E. Transportation to develop a system that will let cargo owners and truckers know up to seven days in advance when a container will be available. This way an appointment could be made earlier than the typical two days before cargo arrives. Other ports are watching this development and have shown interest in emulating it.

In the meantime, there are still challenges at the terminals and railyards such as wait time and availability. In response, we have seen some truckers changing their policies. Dry runs and waiting will be more costly. One trucker announced that they will still give one hour of free wait time but will charge $100.00 per hour thereafter. We have been advised that, for long haul runs when a driver reaches the maximum hours and must stop, some carriers are beginning to include a surcharge for the driver's overnight accommodations. This cost could be up to $400.00.

We are hopeful that some of these challenges will be short term as truckers try to bring new drivers on. However, we will have to see how the ELDs affect transportation in the long run before we can be certain.

By **Todd Boice**, President