

Be...

...Growing, Learning and Inspiring
Local and International information



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9/11/2017

Hello. As we are all reminded, life is short and should be appreciated. This month, we have added an article on Hurricane Harvey, from a logistic and personal perspective. We also just had Hurricane Irma come to Florida and on the move. **Let's give a big THANKS to the men and women who work to help in times of need and serve our country.**

One of my favorite sayings is: **FEAR...** It has 2 meanings.

**Forget Everything And Run
Or
Face Everything And Rise**

I hope we can keep **GROWING, LEARNING and INSPIRING** each other!

For your reference, this will be on the website:

www.servinglogistics.com

Enjoy!

^B

A Global Glance:

Canada is 150 years

Port of Virginia Virtual Tour

<https://www.youtube.com/watch?v=KCwdrB6Q5FY>

Here's another video as to what the opening of the new NIT North gate means to the industry (just opened last month) -

<https://www.youtube.com/watch?v=81BCF1LGGv4>

Sect 301 Investigation on China

Border Adjustment Tax dies

Panama Canal Press Release:

<http://www.pancanal.com/eng/pr/press-releases/2017/07/05/pr629.html>

CMH/ LCK- 21% cargo growth, update from CRAA



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Hurricane Harvey: Close to Home



Flood waters from Tropical Storm Harvey, surround homes in Port Arthur TX, Aug 31 2017- Gerald

Two of our largest operating companies, GIS (Gulf Intermodal Services) and NDS (National Drayage Services) based in Houston, Texas, reported that all 300 of our team members are safe and accounted for. Several employees have lost homes, cars and precious items, but all thank goodness are unharmed. In certain areas of Houston, some neighborhoods were still struggling with floodwaters receding, but by last Friday both GIS and NDS were operational. Our drivers continue to deal with the scarcity of diesel fuel. Long lines are seen everywhere. The

problem of fuel started with Gulf oil refineries closure for the storm, but escalated with Colonial Pipeline's closure of major lines supplying gas, diesel and aviation fuel last week. Colonial is expected to re-open lines this week.

Despite the hardship, spirits are resilient. In speaking with Will Connell, President of GIS, he stated: "**As bad as it is with over 100,000 homes lost and impacted by the storm, it is so moving to see communities rallying together.** Our neighbors in Corpus Christi got hurt so badly with the winds, but it was the rain that got us here in Houston. As the storm came North the rain persisted for days. The rivers, lakes and bayous flooded the city. You hear about it on the news, but what is staggering is that the water is everywhere. The good news is that the city drains faster because it is above sea level and areas are becoming passable. It is inspirational to see the citizens, churches, volunteers out working. People are coming together. As difficult as it is, it is amazing what a team can do. Streets look like a war zone, but recovery is immediate. The sun is out and all communities are rolling up their sleeves to move forward."

For those of you in the Columbus area that may have cargo routed through Houston, it is important to note that vessels that did not re-route to New Orleans or Mobile during the storm, were worked over the Labor Day weekend. We are told that there is "little to no damage" at the Port due to the storm. The JOC reported that the Port of Houston did state that "free time would be extended for 7 days for cargo that arrived on August 25th before the terminals closed." Please be mindful that labor is short staffed in Houston and lines at the Port will be long.

The rail situation is still yet to be fully determined. American Shipper reported last week that the "BNSF's Houston (Pearland) Intermodal and Automotive facilities are

open, but the current road conditions are preventing any cargo from reaching the facilities, the railway said in a statement. As a result, train loading and unloading operations are currently suspended and "customers should expect continued delays on shipments scheduled to move through the area," BNSF said. The integrity of rail track for all railroads servicing Houston is not yet confirmed. The UP was expected to re-open prior to the Labor Day weekend.

For all of us in the transportation business expect delays across all modes, compounded by labor and fuel shortages in the days and weeks ahead. For our friends, family members and all people impacted by Hurricane Harvey, it will be a long road ahead. We are sending them our full support.

Donna Lemm [-dlemm@imcc.com](mailto:dlemm@imcc.com)

Friendly Chatter HIGHLIGHT:



So, I recently had the privilege to work with a local Non-Profit company called "**A Touch of Comfort**". It is a great group of volunteers that make a variety of items such as **crochet hats**-sample on left... for newborn children, blankets for children, Veterans, or people with Alzheimer's. They worked about 12 hours



on Sunday and made over 130 blankets for Autistics kids in Houston!

Nobody gets any money for their efforts. They take donations and materials and use every bit of it to help others. I really would appreciate any efforts you or your companies could make to either donate material or funds so they can replenish things when they get low. I would be happy to help get anyone more info if interested. 😊

**We will be updating the web and other info, but here is the contact info for reference:

<https://www.facebook.com/touchofcomfort/>

This is the ATOC e-mail: touch_of_comfort@yahoo.com



\$\$\$ Trends in Global Trade and Finance \$\$\$

Chris Pilkington, International Banker for 32 Years

The opinions expressed in this article are those of the author and do not reflect the opinions of the Huntington National Bank.

The International Chamber of Commerce Banking Commission just released its 2017 Global Trade and Finance Survey. It is a detailed 264 page document covering Trade Finance and Development; Trade and Supply Chain Finance; Policy, Advocacy and Inclusiveness; and Digitization and the State of Fintech. The complete document is at located at <https://cdn.iccwbo.org/content/uploads/sites/3/2017/06/2017-rethinking-trade-finance.pdf>. To help you navigate the document, I have summarized some of the key information in the document applicable to all parties in the logistics sphere. I have also sprinkled in a few editorial comments from a 30 year trade banking veteran.

General Comments on Trade

Don't get too concerned when you hear that global trade has been shrinking. While the dollar value of trade has shrunk between 2014 and 2016, the reduction is almost entirely due to lower prices on oil and other commodities. Trade flows, adjusted for commodity prices, have been growing slowly right along with the growth in world GDP over the last couple years. However, trade as a percentage of world GDP is shrinking and this is distressing. The survey offers numerous commentaries on increased regulation, lack of credit, increased protectionism and other possible contributors to the reduction in the importance of trade.

The Boston Consulting Group, which contributed to the survey, estimates that global trade will grow by between 5% and 10% a year through 2020 in the southern corridors between Asia, Africa and Latin America, and in intra-Asian trade. With the political environment in the US and parts of Europe becoming nationalistic and sometimes antitrade, growth of 1% to 3% a year is expected. This could be dampened even further if more trade barriers are enacted.

State of Global Banking

This survey is commissioned by banks and much of its focus is on banking. While the majority of folks reading this newsletter aren't bankers, I did want to note a couple issues you may have heard about. The multi-billion dollar fines levied on the world's largest banks over sanctions violations, as well as the increased overall regulatory burden on banks since the financial crisis, has caused a phenomenon called de-risking. The world's largest banks, that control the vast majority of the financial flows and financing of global trade, have exited relationships with a huge portion of their smaller

correspondent banks. There have been two reasons for this. One is simply financial, the cost of compliance to review the activities of a correspondent bank is now estimated at as much as \$75,000 a year. Correspondent banks need to have a great deal of mutual activity to generate enough revenue to overcome this cost. Second, high-risk countries have been exited by all the global banks because of the high perceived risk of money-laundering and terrorist financing in those countries.

Interestingly, and I'm sure in contrast with what the banks wanted to see, this study did not find that de-risking by the banks had been a drag on global trade growth. While there is concern about a lack of trade financing available, the merchants found a way to keep their businesses moving. So as a practitioner, de-risking may not have affected you.

The regulators are concerned about de-risking and are working with banks to slow and reverse the trend. Despite the desire by regulators to spread the risk in banking and reduce the number of "too big to fail" banks, de-risking has concentrated almost all funds flows and trade risk at the world's global banks. De-risking has also forced the movement of funds in and out of high-risk countries into non-regulated channels and out of sight of the regulators.

Digitization as a Driver of Growth

Half of corporations and banks surveyed believe that over 60% of trade flow processes will be digitized within 10 years. And many global companies have already gone paperless for majority of their trade processes with their key suppliers. Interestingly, most of the entities surveyed believe digitization of trade will be led by Asia and Western Europe and only 17% believe North America will be a leader in this space.

Even in instances where documents cannot be digitized, banks are quickly adopting optical character recognition software that allows machines to "read" paper documents and process them as though they were digital.

With the adoption of digital documents and OCR and other artificial intelligence applications, the Boston Consulting Group estimates that 20-35% of the overhead costs associated with trade flows could be eliminated.

Impediments to Growth

Not surprisingly, the top three impediments to growth cited by the respondents were compliance requirements, increasing regulations, and increasing protectionist and trade-restrictive measures. There was also a study done by the Asian Development Bank showing a trade financing gap of approximately \$1.6 trillion. The gap was primarily in the developing markets and particularly developing Asia. When the bankers responded to a survey question about rejected trade transactions, 29% cited Know Your Customer concerns as the reason for the rejection, 20% cited the applicant

was unsuitable for financing. Interestingly, over 21% of the time a transaction is rejected, the banks said the transaction could have been completed with additional collateral or clearer financial requirements.

Banking/Finance/Trade Data

The last half of the survey is exhaustive information about trade finance provided by banks, supply chain finance initiatives, and Multi-Lateral Agency and Export Credit Agency initiatives in selected markets. There are also several white papers written by the sponsors of the survey. If you are not a banker, you might want to skip it.

Conclusion

I hope you find the information in the survey interesting. If you have any questions on the survey, or international banking and business in general, please contact me, chris.pilkington@huntington.com, 614-429-7440.

Insiders Voice:

A request for information on RMA- Return Material Authorization

I was given a request from one of our readers for best practices on the RMA process

Here are some basics she is working with:

- 1. Is this for a particular commodity?** Aerospace Industry. Aircraft items that move quickly
- 2. Is it for customers online?** Yes
- 3. Do you have a particular area of the process you are looking for? - financial- when to pay, moving the goods, or time periods to accept/ approve?** Mainly related to the import process of the return and documentation to support the return

***If you have any suggestions or ideas on how to review/ improve the process, please email me so I can forward accordingly or even post. 😊

Job Opportunity:

Local CMH Contract Manufacturing Company seeking a Sales Representative. For more details, please check on the below :

<http://www.889globalsolutions.com/wp-content/uploads/2017/06/Updated-Sales-Job-Description.pdf>

Section 301 Investigation of China Launched; Companies Should

Consider Options to Protect Interests

SANDLER, TRAVIS & ROSENBERG, P.A.
International Trade, Customs & Export Law

The Office of the U.S. Trade Representative has initiated a Section 301 investigation of China's acts, policies, and practices related to technology transfer, intellectual property, and innovation. While the practices to be examined in this investigation will be specific, any potential relief (e.g., additional tariffs or import restrictions) could be imposed on a broader basis. As a result, any company doing business with China should participate in this investigation to ensure that its interests are protected.

A public hearing will be held Oct. 10, written comments and requests to appear at the hearing are due by Sept. 28, and post-hearing rebuttal comments are due by Oct. 20. USTR's determination on whether and what kind of action to take against China is due by Aug. 18, 2018.

In this investigation USTR will evaluate whether the acts, policies, and practices at issue are unreasonable or discriminatory and burden or restrict U.S. commerce. Unreasonable actions are those that, while not necessarily in violation of or inconsistent with the international legal rights of the U.S., are otherwise unfair and inequitable.

This investigation will examine four specific types of conduct by the Chinese government.

- using tools such as administrative approval processes, joint venture requirements, and vague or unwritten rules to require or pressure U.S. companies to transfer technologies and intellectual property to Chinese companies
- policies that deprive U.S. companies of the ability to set market-based terms in licensing and other technology-related negotiations with Chinese companies
- directing or facilitating investment in and/or acquisition of U.S. companies and assets by Chinese companies to obtain cutting-edge technologies and intellectual property in specific industries
- conducting or supporting unauthorized intrusions into U.S. commercial computer systems or cyber-enabled theft of intellectual property, trade secrets, or confidential business information

However, interested parties may also submit information on other Chinese acts, policies, and practices relating to technology transfer, intellectual property, and innovation that might be included in this investigation and/or addressed through other applicable mechanisms.

Relief under Section 301 is normally not limited to the specific industry against which the action is brought but instead affects other sectors in an effort to influence a change in the offending behavior. For example, in a previous dispute the U.S. responded to



European Union restrictions on imports of hormone-treated beef by imposing retaliatory duties on chocolate, water, tomatoes, cheeses, and similar products.

Companies interested in avoiding the imposition of such measures on their imports should participate in this investigation to advise USTR on why relief under Section 301 would not be appropriate. For more information or assistance, please contact Kristen Smith at (202) 730-4965 or David Craven at (312) 279-2844.

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Top 10 Languages – From Babel

<https://www.babbel.com/en/magazine/the-10-most-spoken-languages-in-the-world>

1. **Chinese: 1.2 Billion**- roughly a billion of whom speak Mandarin
2. **Spanish: 400 Million**
3. **English: 360 Million**- 360 million native English speakers, or one of the half a billion people who speak it as a second language.
4. **Hindi:** India has 23 official languages, with Hindi/Urdu chief among them. Whether this is one language, *Hindustani*, or two dialects, is still fiercely contested.
5. **Arabic 250 Million**
6. **Portuguese: 215 Million**
7. **Bengali: 170 Million** Admit it: you didn't expect Bengali to be on this list. The Partition of Bengal by the British in 1947 divided (mainly Hindu) West Bengal, now part of India, from its (mainly Muslim) counterpart East Bengal, now Bangladesh.
8. **Russian: 170 Million**
9. **Japanese: 130 Million**
10. **Punjabi/Lahnda:**- Sorry, German got bumped years ago...

CALENDAR

- **Sponsor opportunity for Race for the cure- Bouncin Buckeye team, Danielle Gropitch:**
http://www.the3day.org/site/TR?px=7754494&fr_id=1985&pg=personal

Sept 18-20: Discover Global Markets, US Manufacturers Europe and Beyond.

<https://connect.eventtia.com/en/dmz/europeandbeyond/website/page/cfe9f205-d>.

**September 26th, The Latest in Administration and Congressional Trade Actions by 2:00 - 2:30 EDT
Cost: \$50**

Learn more and register:
<http://www.strtrade.com/events-Update-Webinar-092617.html>

Oct 1-8: Golden Week- China

Nov 11: Veteran's Day-USA

Nov: 23: Thanksgiving- USA

2018

**May 16, 17- CLC 2018 –
Columbus Logistics Conference
www.servinglogistics.com**

SAVE THE DATE/ SIGN UP