

# THE SHIPPING STANDARD

OUR EXPERTISE YOUR ADVANTAGE

THE DE MINIMIS EXEMPTION IS GETTING MAXIMUM ATTENTION

ASK AHAB

COMIC STRIP

I AM KAI

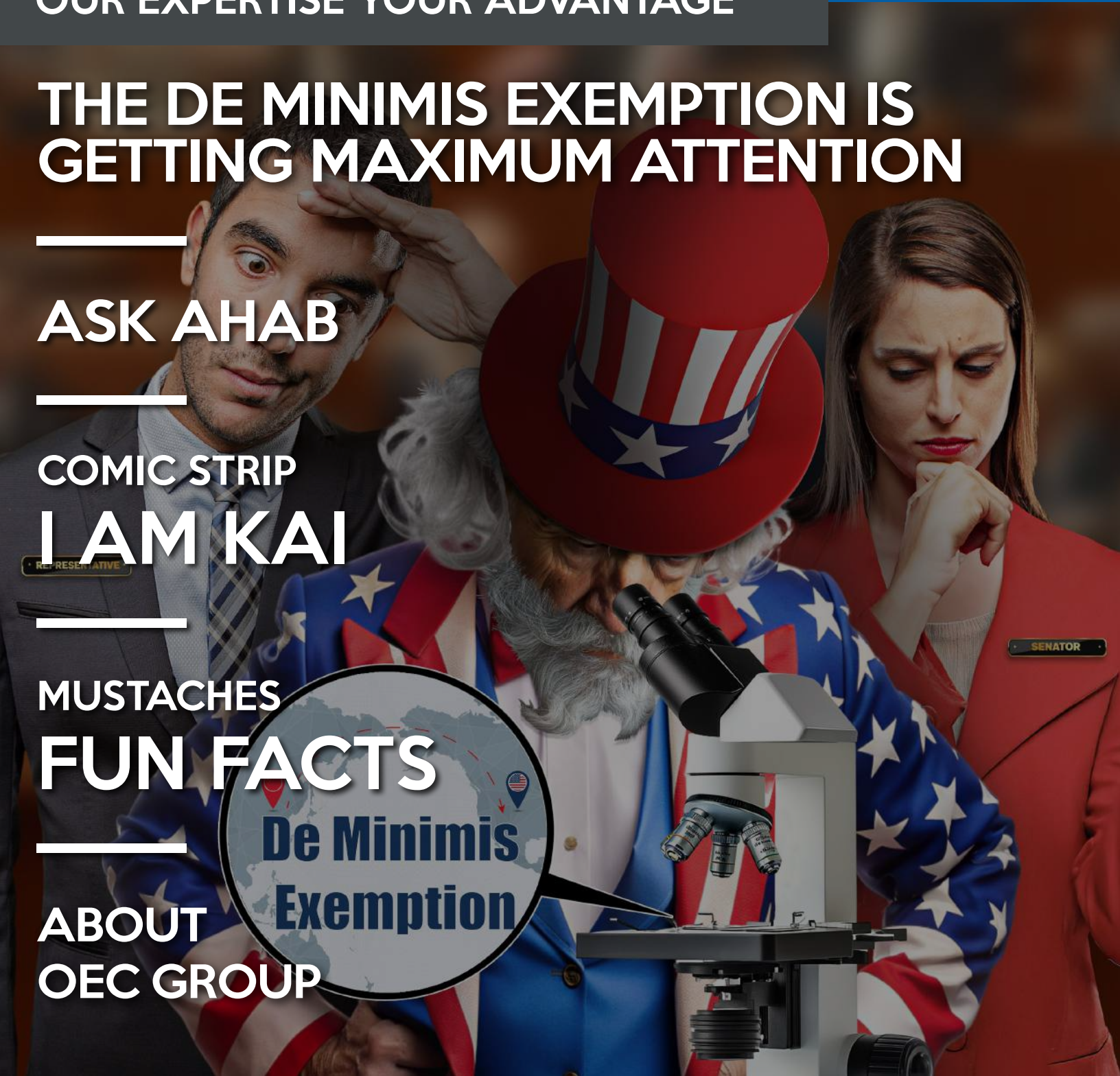
MUSTACHES

FUN FACTS

ABOUT  
OEC GROUP



De Minimis  
Exemption





# THE DE MINIMIS EXEMPTION IS GETTING MAXIMUM ATTENTION

In a new, bipartisan initiative, the Biden administration is taking aim at products manufactured abroad, specifically in China, with values under \$800. The initiative focuses on Section 321 of the Tariff Act of 1930, known as the De Minimis Exemption. The exemption allows shipments valued at \$800.00 or less to enter the United States without duties or taxes, allowing E-commerce companies to circumvent U.S. tariffs and keep prices low.

These E-commerce companies have become so successful with this business model that over the past year, according to the White House, the number of shipments using the De Minimis Exemption rocketed from 140 million packages to one billion packages.

Also helping these companies are shipping options, such as OEC Group's OECommerce, which allows businesses the ability to quickly import small shipments and samples, by either air or sea, at a much lower cost – giving them advantages over much larger companies.

*“The problem is the majority of these E-commerce companies that have taken full advantage of this exemption are Chinese, and their ability to use this duty exemption along with their manufacturing advantage is having a negative effect on many competing American businesses,” said Anthony Fulbrook, president of OEC Group’s North American region. “Fairly or not, this has given American politicians another reason to penalize Chinese E-commerce businesses and assess more tariffs on products entering the U.S. These penalties also create an unnecessary amount of bureaucracy for all shippers to navigate.”*

The Biden administration’s action foreshadows that more loopholes will soon be identified and eliminated and that additional tariffs will be assessed on products in industries that threaten American businesses. These inevitable actions have the potential to create an atmosphere of uncertainty in the industry and create additional pitfalls for shippers in unrelated industries. The potential import laws will be wrought with all sorts of new details, rules, and nuances that they will need to know and follow in order to not have their shipments delayed at the port or prevented from entering into the American marketplace.

*“The problem with the Biden administration targeting the De Minimis Exemption is that it creates another layer of fear among shippers about the impact that additional tariffs may have on their businesses, as well as uncertainty about what new laws they need to adhere to,” said Matt Haffner, vice president for OEC Group’s Customs and Brokerage Division. “The best way for shippers to combat this fear and uncertainty is to reach out to their Customs and Brokerage advisor and create an import plan around these potential new regulations. This will not only create peace of mind, but it will also ensure that their supply chains continue to operate in the most economically efficient way possible, which will lessen the blow of any upcoming and unforeseen tariff and regulation.”*

# ASK AHAB

*-This month our resident advice columnist answers questions about artificial intelligence, Red Sea diversions, and East Coast labor action.*



**Q: Dear Ahab: What impact do you think automation, particularly AI, will have on the shipping industry?**

**– Techno Curious**

A: - Dear Techno Curious: much like other businesses, logistics companies are starting to look at their problem areas and asking, “Which functions do we have problems that AI can help us quickly and easily improve?” While we are unlikely to see robots staffing shipping vessels in the short term, some companies may start to use AI to analyze data and build optimized supply chain solutions. Still, while AI becomes more common in the supply chain, there will always be a need in our industry to provide a human touch.

**Q: Dear Ahab: It has been a year since the Red Sea diversions began and the additional two weeks of transit continues to wreak havoc on my supply chain. How much longer do you think these diversions will continue? Is there anything else the FMC can do to help?**

**– Cape of No Hope**

A: - Dear No Hope: Unfortunately, I don’t expect much to change anytime soon. Other than military intervention, which does not seem to be deterring attacks on merchant vessels, the FMC can issue sanctions against the government of Yemen. However, that’s unlikely to have any effect because the Houthi rebels aren’t officials of the Yemeni government.

The bigger concern that no one is thinking about is what happens when the attacks stop, and vessels start going through the Suez Canal? The vessels that go through the

canal will arrive at European ports well before the vessels sailing around Africa, creating a scenario where double capacity hits European markets at one time. This will cause severe congestion at European ports, rail depots and trucking terminals, none of which have the equipment to handle two times their normal capacity. It will take a long time for patterns and schedules to return to normal, meaning that simply rerouting ships through the Suez Canal will, in the short-term, create another major headache for the industry.

**Q: Dear Ahab: I import and export a lot of cargo through the U.S. East Coast. With no long-term contract signed, what do you think the future holds for labor at East and Gulf Coast Ports?**

**- Looking for a Sign**

A: - Dear Looking: Unfortunately, with no final agreement, once the détente is over, it is very likely we will be right back where we were on October 1. This is based on recent reports that claim that the ILA and USMX are still far apart on contract terms. This makes me think we're likely to see more labor action before an agreement is finalized.



SO ... JUST TO BE CLEAR, THE SAME THOUGHT POPPED INTO YOUR MINDS, CAUSING ALL OF YOU TO COME FROM THE BEYOND AND ATTACK MERCHANT VESSELS IN ORDER TO PLUNDER THEIR CARGO?!

YES!

THAT IS ACCURATE!

OR MY NAME IS NOT MARCO POLO!



SOUNDS A LITTLE FAR-FETCHED, BUT AFTER SOME OF THE THINGS I HAVE SEEN, I WILL BELIEVE ANYTHING!



OEC GROUP

SURPRISE, KAI! WANT A PIECE OF MY HOMEMADE BAKLAVA?

POSEIDON! YOU SCARED ME HALF TO DEATH!



SORRY, KAI BUT I WANTED TO GIVE YOU SOME INFORMATION ABOUT WHY THESE GHOST EXPLORERS ARE BEING SUMMONED.

GREAT! WHAT'S GOING ON?

IT'S ABOUT THE DE MINIMIS EXEMPTION ...



TARIFF CONSULTANT

OF COURSE, YOU'RE THE CLIENT!

YES, SHE IS, SO BEING ABLE TO GET ALL THOSE CLOTHES INTO THE COUNTRY BEFORE THE DE MINIMIS EXEMPTION IS GONE IS CRITICAL. JUST MAKE SURE IT IS ON THE UP AND UP!

## Fun Facts About

# Mustaches



The average man will touch his mustache 760 times a day.



People with pogonophobia have a fear of beards and mustaches.



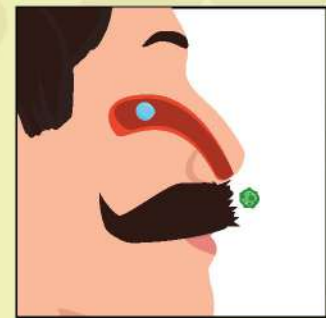
The oldest recorded mustache dates back to at around 300 B.C.



Mustache hair grows faster in the spring and summer than in fall and winter.



In Eureka, Nevada it is illegal for men with mustaches to kiss women.



Mustaches filter the air breathed in through the nose.



The King of Hearts is the only king without a mustache.



The longest mustache ever measured was 14-feet long.

A background image showing a port area with stacks of shipping containers in various colors (blue, red, white) and a large ship docked at a pier. The image is partially obscured by a large blue curved shape on the right side.

# ABOUT OEC GROUP

As an industry pioneer, OEC Group has become one of the world's leading logistics companies. We leverage in-house expertise, carrier partnerships, connections with ports and transportation hubs, and our network of offices in North America, Europe, Asia, India, South America, Australia, and the Middle East, to provide freight transportation, logistics, information, customs and brokerage, insurance, and technical services to over 50,000 customers of various sizes and industries.

We are also highly sought after for the advice we give shippers on how to optimally manage their supply chains. The guidance we provide is based on data analytics, best practices, and decades of industry knowledge.

We believe that relationships matter and treat your cargo as our own. Our experts are always investing in efficient, cost-effective, and cutting-edge services to evolve with the ever-changing market, address the complexities of any client's supply chain, and consistently perform at the highest level for our customers.

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