

## Director's Corner



Alison Leavitt  
Managing Director

To all our valued members and friends:

It is hard to write about anything other than the COVID-19 crisis at this difficult time. We normally publish our spring newsletter in April, but with the intense focus on the almost daily updates on the global pandemic and its effect on our industry and all economies, we delayed publication as we all adapted to the new normal. This new normal also means that we will not mail this newsletter as so few of you are in your offices collecting "paper" mail.

First and foremost, we hope that everyone is safe, healthy, and coping with the ongoing devastation of this virus as well as possible. Every day we remain grateful for good health, for our industry, and the fact that we remain working and are busier than ever. Despite where we are right now, we started the year with a bang.

In January we celebrated the renewal of the CBMA/Craft Beverage Modernization Act for 2020 and conducted multiple webinars to continue our education focus for importers to both obtain benefits and comply with the law. In February and March, WSSA and the global management team at Albatrans started the year as usual, with the Q1 focus on our annual rate negotiations with carriers. Traveling from Sydney, Australia, to Rome, Italy, to Santiago, Chile, I met with our steamship line partners. In February and early March, we truly did not anticipate the global lockdown, thinking that the virus would be contained in China, and it would be business as usual for us, planning for growth in the 15-20% range based on significant new volumes added to our roster. We finished up the majority of our contracts on a positive note just as the global meltdown began.

In this issue we will touch on the impact of the pandemic on carriers, truckers, and rates, the future of CBMA/Craft Beverage Modernization Act, risk management during the pandemic, and the EU retaliatory tariffs. We welcome any questions or comments.

Stay safe, stay healthy, and we are here to help you keep your supply chain moving.

Alison

## CBMA – One Year Extension & Refund Status

We are pleased to say that the President signed the Continuing Resolution funding the government and the inclusion of various tax extenders, including CBMA, back at the end of December 2019. Thus, we will have the CBMA benefits continue in 2020.

If you have not already done so, now is the time to collect your assignment letters from your producers and update your Controlled Group Spreadsheets as needed so you can claim the CBMA benefit for your 2020 live entries. Remember, if you are the importer of record, you are held responsible for the accuracy of these documents and must ensure that you have all the details correctly noted. We continue to run webinars, and we can provide complete guides to explain eligibility and the documents.

For 2018 and 2019 entries, Customs is making their way through the claims as quickly as possible, but importers are frustrated at the slow pace. Various groups and associations, including WSSA, have pressured CBP to accelerate the payment of claims but they report that due to the complexity and manual nature of the assessments, there is no way to speed up the process. We are seeing movement in the approval (and denial) of Protests and PSC claims, and importers continue to receive checks. Once a claim is approved it can take anywhere from 3-6 months to receive payment.

The biggest issue that continues to hamper the process is the error rate. CBP reports that the error rate remains extremely high on CBMA claim documentation and advises that close to 80% of all claims have some type of error. We do not have accurate metrics on this, and we believe part of the issue is the inability to locate the documents within the DIS/Document Imaging System. WSSA has met with top officials on the CBP CBMA team regularly in person and via phone, and we continually discuss and review the problems encountered, questions in regards to controlled groups, and all issues relating to CBMA. We can report that the issues are in all areas of the claims process, from simple calculation errors to incorrect dates on letters, to missing documentation. Keep in mind that if errors are found on claims, you may receive tax bills for "live" CBMA entries and may receive denials of claims on Protests and PSCs. Should this occur, discuss with the party who filed the claim as to how to rectify, or contact WSSA for assistance in next steps.

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## COVID-19 Global Supply Chain Impact

The global supply chain is still in the thick of it battling the impact of COVID-19. While there is some light at the end of the tunnel with some loosening of the lockdowns in areas, many countries remain closed to international travel and continue the shutdown of non-essential business operations, keeping people inside in an attempt to flatten the curve of this virus. Countries like Italy, Spain, Germany, and New Zealand were in lock down mode in an effort to eliminate the spread, which has shown effective based on countries like China and South Korea which are showing relief after many weeks.

Essential businesses such as food and beverage production have been allowed to continue in most countries, and thankfully wine and spirits production and distribution has been considered essential. All logistics and supply chain business are also considered essential and WSSA and all Albatrans global offices are fully functional operating with teams in office and working remotely as needed. Operations are continuing at 100% but reporting some delays in receiving updates from truckers and carriers due to businesses operating at half-staff and from home.

Initially, we expected a severe shortage of equipment in many wine and spirits production areas due to the lack of inbound containers from China. However, this has not proven out, and, other than a lack of refrigerated containers, we have not seen any significant problems with equipment availability. Responses from carriers on rate requests and bookings are slower, and there are reports of delays in intra-European movement as truckers are stopped and tested at borders. From Mexico, we are seeing a lack of truckers at the Laredo border going into various USA areas, and we expect this to get worse before it gets better. From Chile, we are evaluating the border situation in Argentina and also seeing a short supply of space to the US West Coast. Nevertheless, we keep shipping and are here to help you with any questions or concerns during this difficult time.

From Europe to the USA, carriers cancelled many sailings in April and will continue to cancel sailings if cargo volumes are not available to fill the ships. The 2M (Maersk/MSK) cancelled 5 weeks of port calls in Liverpool, and this service will not resume until May. These blank sailings may cause congestion on the following weeks vessels so be aware of this potential and also make sure your insurance coverage does not limit your “duration of risk.”

On the USA side, we are participating in conference calls with various USA ports, and receiving a constant flow of information from ocean carriers, ports, and truckers. The goal of all of us in the logistics industry is to keep business flowing. Ports have repeatedly stated that they will not close, but they have limited hours of operations due to the overall lack of cargo. Measures to maintain sanitization and safe working conditions are in place at all locations.

### AgTC Annual Meeting—A Virtual Event

WSSA is an annual sponsor and speaker at the Agriculture Transport Coalition conference normally held in June. This year, AgTC is going virtual and will conduct a 2-day event with over 40 top industry speakers and over 500 attendees. WSSA will sponsor its annual run-walk, with participants sending “selfies” to prove their efforts and receiving their prize via mail. Alison Leavitt, Managing Director of WSSA, will speak on our strategies to deal with ocean carriers during the pandemic. We have circulated information on registration for this event to all of our members, and we hope you will join this dynamic virtual conference.

### WSSA Webinar: COVID-19 and Risk Management Event

In March, in response to the impact of COVID-19, WSSA conducted a webinar in conjunction with Roanoke Trade, the leading company involved in cargo insurance and risk management in the shipping industry. WSSA's Managing Director, Alison Leavitt, provided an update on global trade flows, problem areas, border delays, port issues, equipment availability and Q2 outlook followed by a summary of potential new risk factors resulting from the COVID-19 spread. Rick Bridges, Senior VP of Roanoke Trade, conducted the second half of the webinar and focused on various tactics and ways shippers can protect their cargo during this global crisis. Insurance companies are being hit hard once again. After multiple years of skyrocketing claims due to natural disasters, the pandemic impact is causing further issues for the industry. Theft is clearly on the rise, and we are seeing weekly issues of “mysterious disappearance” due to both economic factors and lower levels of security due to social distancing. We finished off the webinar with an extensive Q&A, answering some of the top questions our members submitted regarding the impact of COVID-19 on the shipping industry. The webinar was attended by over 80 individuals, from small importers to the top global beverage alcohol organizations. We were pleased to be able to assist our attendees by providing key information to help in their supply chain management. Should any of our members want a copy of the webinar, please contact us.

## EU Tariff Update

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In February, the USTR advised that there will be no change in the status of the current list of items hit with the 25% tariff. While our industry fought to remove all of the retaliatory tariffs on alcoholic beverages from EU Countries and did not win this fight, the outcome could have been much worse. For instance, the threat of US tariffs on French goods has been postponed for the time being after discussions between President Trump and French President, Emmanuel Macron took place. Back in December 2019, the Trump administration announced that they would be imposing taxes of up to 100% on French goods including wine, champagne, cheese, and handbags in retaliation to France's digital service tax. However, according to a French report published January 21st, Trump and Macron decided to hold off on tariffs for the remainder of the year while they continue to negotiate. Thus, for now, the situation is status quo, and in theory, we are within a six-month phase before any further changes are considered. The next review based on the normal carousel schedule will be mid-August.

## Considerations When Using Flexitanks

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We have seen a rise in the use of flexitanks to ship bulk product over the last few years. Many of our members opt to transport their bulk wine in flexibags, which allows for greater efficiency in bulk transport. Unfortunately, with this rise in flexi transport, there has also been a rise of claims due to faults in the flexi bag – leaking valves, punctured flexis, or condensation build up. It is in your best interests as a shipper to ask several questions before you decide to ship in a flexi.

### **Can you ensure that your flexi will not be overfilled?**

Overfilling can lead to bulging containers and excess pressure on the valves.

### **Is your flexi provider reputable and responsive?**

Using a flexi provider who has a history of successful shipments and works with multiple freight forwarders and shippers is more likely to ensure your product arrives in tip-top shape.

### **Does your flexi provider have a presence around the globe?**

In case an issue does come up with the flexitank, it is important that a representative from the company be available to survey the flexi and provide additional equipment if cross-pumping is needed. WSSA is here to answer all of your questions on how to protect your cargo when it is shipped in a flexitank. Let us help you and your product gets to its destination without issue!

## USMCA Signed into Law

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On January 16th, the USMCA (United States – Mexico – Canada Agreement) was passed by the Senate with strong bipartisan support. The deal was then passed to President Trump's desk and signed into law. Canada ratified the agreement on March 13th, which was the last step in finalizing the new trade deal. Originally, U.S. Trade Representative Robert Lighthizer sent notice of an entry-into-force date of June 1st for the USMCA, but that date may be pushed due to the global pandemic that is significantly disrupting supply chains and production. We will continue to keep our members up to date on this agreement and its impact on global trade, and will provide updates as they come through.



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The Wine and Spirits Shippers Association (WSSA) negotiates shipping contracts on behalf of importers and distributors in the beverage industry. Our dedication to providing efficient and economical transportation by land, sea, or air, enables our members to tap into a marketplace efficiently and affordably.

WSSA was founded by the Wine and Spirits Wholesalers of America (WSWA) and the National Association of Beverage Importers (NABI) in 1976 as a shipping cooperative. Today, WSSA serves as a not-for profit shippers' association that is managed by a board of industry executives. WSSA combines the total volume of its member shipments to achieve preferential rates and service from each of its carriers and vendors. These rates improve the opportunities for our members to compete in the global wine and spirits marketplace.

Together with Albatrans, WSSA provides complete logistics management from door to door. WSSA also provides a comprehensive marine insurance program unmatched by any others in the industry. Our members can quantify the savings with each shipment and our commitment to personal service makes WSSA unique.

For more information on the benefits of a WSSA membership, contact us at [info@wssa.com](mailto:info@wssa.com) or 800-368-3167.

## **WSSA Napa Event – Postponed**

In light of the global pandemic of Coronavirus, WSSA postponed our annual Napa event which traditionally takes place the first Thursday of every May. Our primary goal is to make sure that all of our members and colleagues stay safe and healthy during this time of uncertainty, and following required protocols, it is not the time for face to face gatherings. Thus, our collaborative meeting for the Northern California import and export community will be postponed until May of 2021. While we are disappointed, we are looking forward to the discussion points and interaction that will take place when we can meet again. Save the date for May 13, 2021, at the Vista Collina Resort at the Merture.

## **WSSA Initiative to Clean the Oceans**

WSSA continues our campaign to clean the world's oceans – one piece of trash at a time. We are choosing to support the efforts of 4ocean – a leading nonprofit with locations all over the world whose main goal is to eliminate trash from the globe's oceans and beaches. The 4ocean bracelet is a symbol of their company's commitment to clean up our oceans, and we are working with them in their initiative. New WSSA members in 2020 will receive a 4ocean bracelet in their membership packet – which equates to eliminating one pound of trash from the ocean or beach. We are working on beach day clean up events and other enterprises to involve our members in this initiative. Together we can make a difference! Stay tuned for more details coming this summer!

***We make shipping affordable, efficient, and possible for all members!***