

# The Journal of Commerce

2020 ANNUAL REVIEW & OUTLOOK

2020 VISION

Finding balance  
amid volatility



20th Annual TPM Conference: 1 – 4 March 2020 | Long Beach, CA

**UNDER PRESSURE**

Trans-Pacific carriers aim to manage capacity, pass on fuel costs

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BCOs, carriers at odds over FMC detention and demurrage proposal

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3PLs searching for new ways to make products 'stickier'

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Air cargo buffeted by weak demand, geopolitical tensions.

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we look at the calendar each morning, but we know enough to buckle up for what is sure to be an exciting ride.

#### US Meat Export Federation (USMEF)

##### Dan Halstrom

President & CEO  
www.usmef.org



Exports of US beef, pork, and lamb posted a solid performance in 2019, bolstered by exceptional beef demand in

South Korea and Taiwan and strong growth in pork shipments to China, Oceania, and Latin America. But as the United States continues to make progress in reducing tariffs and other trade barriers, 2020 holds an even brighter outlook for the US red meat industry.

The new US-Japan trade agreement, which is under consideration by the Japanese Parliament and expected to enter into force in January, will

**“These duties, along with China’s other import restrictions, have given other pork-supplying countries a tremendous advantage over the US.”**

level the playing field for US beef and pork by immediately reducing tariff rates to the same level as our major competitors. Japan is already the leading destination for US red meat, with exports in 2018 reaching \$3.7 billion. But with the tariff relief achieved in this agreement, USMEF estimates that exports could reach \$4 billion in 2020 and approach \$5 billion by 2025.

The US has also reached an agreement with the European Union that will provide better access for US beef from non-hormone treated cattle. While US beef exports to Europe have held fairly steady in recent years, this agreement will help expand the presence of US beef in this very high-value market.

USMEF is hopeful that US-China

#### Wine & Spirits Shippers Association

##### Alison Leavitt

Managing Director  
www.wssa.com



We are continuing to ride the roller coaster of trade, and whether you love it or hate it, the turbulence has no end in sight. Here at the Wine & Spirits Shippers Association (WSSA), we have never had as many calls, emails, and web inquiries as in the past year, and the work we are doing in the alcohol beverage industry to communicate, advocate, and adjust to changes has never been more important. In the past year, the most crucial issues involve trade legislation and international legal cases that brought 25 percent tariffs to our industry.

The critical nature of the changes in trade have brought WSSA closer to other associations involved in our industry and organizations involved in the broader regulatory scope. Every industry association has their focus and skill set, and in these turbulent times, we all need to work together. Due to legislative changes

under the Craft Beverage Modernization Act, we found ourselves working directly with CBP on process and policy issues. Due to the WTO Airbus case decision, we found ourselves working with a coalition of associations to fight against retaliatory tariffs affecting an industry that had nothing to do with civil aircraft. For our tequila and mezcal importers, we found ourselves lobbying for passage of the USMCA. And for US beverage exporters, we supported the trade agreement with Japan.

Right now, the transportation piece, while still challenging, is more predictable and easier to deal with than the trade issues. Threats of dramatic increases due to IMO 2020 have faded for the moment, but as we have all learned in the past couple of years, anything can happen, and certainty is a word we cannot use. In the world of trade, we all need each other to navigate through the morass of changes in front of us, sharing information, ideas, and best practices and fighting for what the industry needs.

trade talks will continue to progress, and that the end result will be the removal of retaliatory duties on US pork and beef. These duties, along with China’s other import restrictions, have given other pork-supplying countries a tremendous advantage over the US in capitalizing on China’s growing need for imported pork as it deals with African swine fever. China’s beef imports have also grown tremendously in recent years, but US beef holds only a small share of this extremely promising and rapidly expanding market.

#### Welmed

##### David Pearlman

Vice President, Logistics & Inventory Management  
www.welmed.us



International logistics and trade professionals have grown used to chaos. Uncertain and unplanned

outcomes over the past 20 years have become the new normal. This year

proved no different, and 2020 will likely prove to be more of the same. Global geopolitical tensions, new IMO low-sulfur fuel regulations, looming labor issues in the digital age, and growing populist and protectionist ideology are the new normal.

Such issues cannot be discounted as immaterial to global supply chains. It’s fascinating to see the breadth of opinion of non-trade pundits when trying to explain the impact of the very real trade war between the US and China. Opinions espousing that punitive tariffs implemented on both sides have not had a material impact on industry, companies, or consumers are misguided. Landed costs have risen. Budgets have been blown. Consumer costs have or will increase, absent any resolution to protectionist, political, and reactionary dogmas currently in fashion. Industries have suffered, and consumers will, too.

2020 will be a transformative year, testing global supply chains and the resiliency of globalism. Will the world revert to a bilateral, isolationist existence? Or will the world continue its march to a global, inclusive future of growing markets and increased opportunities for both industry and

consumers? Companies operating global supply chains can expect difficult trading conditions, increased transport costs, more political influence on business outcomes, and chaos to continue to reign.

Protectionism and digitization will be hot-button issues, and how

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carriers — ocean, rail, and over-the-road — adjust to the chaos will prove monumental to how industry reacts. Carrier networks and service offerings will continue to rationalize in the face of difficult trading environments and technology innovations. Global trade will not get easier in 2020, but perhaps the march towards globalism will continue and innovation will help the industry weather the storms to come. **JOC**