

# WSSA Grapevine

VOLUME 5, ISSUE 2

SUMMER 2014

## Director's Corner



Happy Summer!

What a relief the warmer temperatures are to those of us in the north east and Midwest. It was a brutal winter and certainly the worst I have seen in terms of weather related delays, congestion, equipment failures and lack of availability of truckers. We have seen the port issues in the NY/NJ and other ports slowly clear up, but we are still seeing congestion moving goods inland on the rail and truck shortages in certain areas. There are many news-worthy items to report in this

issue, from the potential for labor disruption on the west coast to new US Customs programs to an outlook on the rates and new steamship line alliances.

We are wrapping up our "busy season" at WSSA and have finished all of our global shipping contracts. I have spent time in each major wine and spirits producing region, traveling to Chile, Europe, and Australia, and we are pleased with the results of our annual negotiations. We have more contracts than ever before and adding new lanes to include major developments in Mexico and Canada. We have the rates, service options, and capacity for our members' ship-

ments—import, export, LCL, finished products, empty bottles and bulk juice shipments. WSSA also exhibited at the WSWA conference and attended the WSD Summit. I am next off to the west coast to participate in the AgTC conference, a timely event on the eve of the ILWU contract expiration and with the breaking news on the quick demise of the P3 alliance.

We look forward to a busy summer and as always, thank you for your support and loyalty,

Warm Regards,  
Alison

### INSIDE THIS ISSUE:

West Coast Labor Dispute	1
WSWA Convention	2
South America Update	2
P3 Alliance	3
Transatlantic Update	3
New CBP Programs	3
W&S Daily Summit	4
Mexico is Growing!	4

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## West Coast Labor Dispute

As we get closer to the expiration date of the ILWU contract (June 30, 2014), we are keeping our eyes on all news surrounding this situation. The talks began on May 12, 2014, and there has been minimal information shared with the media at this time. There are low expectations for a speedy settlement. We have seen most of the steamship lines file congestion surcharge notices with



the FMC, enabling them to legally charge surcharges should a labor disruption occur. The charges filed are approximately \$800/20' container and \$1000/40' container. Lines are indicating that surcharges can be applied to ANY U.S. port, not just the west coast ports. The West Coast ports have proven to be inefficient over the last year, with unpredictable closures of terminals, minor dis-

ruptions, and generally antiquated work rules. The ILWU has not taken into consideration the needs of importers and exporters in the last 12 months, so we shall see if the pressure from the import community does anything to support an efficient settlement. We will keep you closely posted.



## WSSA at WSWA Convention 2014



The 71<sup>st</sup> annual Wine & Spirits Wholesalers of America Convention and Exposition was held in Las Vegas on April 9-11 and WSSA was proud to be exhibiting once again. Alison Leavitt and Heather Randolph of WSSA attended, and were joined by Terri Hanko of Albatrans to meet and greet our members and talk to new potential members throughout the exhibition hall, the suites, and the various events. The general sessions featured powerful speakers, including Captain Richard Phillips, the man behind the story of kidnapping and survival aboard a Maersk vessel, and the “real” Wolf of Wall Street, Jordan Belfort. More importantly,

we were proud to see long-time industry icons honored for their successful careers and contribution to our industry. Rocky Wirtz, President of Wirtz Beverage Group of Chicago, was recognized with the Lifetime Leadership Award. The Lifetime Leadership award is presented each year to a wholesaler who has contributed to WSWA, to the community, and to the beverage industry. Another award winner was Max Shapira, President of Heaven Hill Distilleries of Bardstown, KY who received the annual Sidney Frank Award. This award is presented to a



person who has made exceptional contributions to the industry in addition to broad philanthropic and community service contributions.

It was great to see many of our members as well as see new innovations on the exhibit floor and a the “Taste of the Industry” event.

Many exhibitors appreciated our constant supply of bottled water at our booth donated by WSSA member, Symi International. We were also pleased to supply hundreds of 6 bottle wine totes to visitors to our booth. We look forward to the next convention in Orlando, FL April 12-14, 2015!

**For up to the minute news, check the Members Only section at [wssa.com](http://wssa.com)!**

## South America Update

During our week of meetings in Santiago, Chile, a new president was being inaugurated, Ms. Michelle Bachelet. It was an interesting time to be in Chile, and when we were not discussing rates and services, we were discussing the various leaders attending the inaugural event and how their policies affect the regional economies. We also discussed the reasons for the 3 week strike this past January and the outlook for future labor disruptions. The January strike was held due to negotiations

for a “snack break”. They finally resolved the break issue, but it was recently revealed that the resolution was not clear—they had not resolved whether the agreed pay was net or gross. So, rumblings of disruption were publicized but the hope is that with the new President a member of the Socialist party, labor may not wish to cause problems right off the bat. In terms of the rates and services, we expect to continue with all of our current carriers and add one more to the mix, thus covering all service options from



both east coast and west coast of South America to both coasts in the USA. Hapag and CSAV have finalized merger talks, and the expectation is that these two carriers will become one by the end of 2014. We are also going to see two new direct services to the east coast, with APL, MOL, and HMM launching a new direct service, and the “ex” P3 carriers (MSC/CMA/Maersk) also launching a new service. The result of the overall market capacity is stable rates and plenty of service available.

## P3: The Biggest Alliance in the World Collapses!

The P3 network plans have collapsed as a result of the decision of China's Ministry of Commerce to reject the vessel-sharing agreement proposed by Maersk, CMA CGM, and MSC—the world's top three carriers. Maersk Group CEO Nils Anderson stated "The decision does come as a surprise to us, of course, as the partners have worked hard to address all the regulators' concerns". The Chinese Ministry did not provide any

reasons on the date the news was published. The P3 partners have agreed to stop work on the network and this marks a sudden halt to what the industry viewed as a "game changing mega alliance". CMA CGM and Maersk have already published notices to the trade regarding the cancellation of implementation. Marc Bourbon, President of CMA CGM (America), stated "Outside of the P3 project, the Group has contin-

ued to develop our global presence and continuous upgrade of our assets. Our existing partnerships, be they with Maersk, MSC, or other companies, are still in effect". We will keep our members posted as the trickle down from this momentous news affects the market.



## Transatlantic Update

adjustments in their agreements and schedules as the result of the P3 arrangements. With that said, WSSA has contracts with virtually every steamship line, including the "ex" P3 carriers, as well as the other alliances and independent players. We just finished our meetings with the carriers in Barcelona, Spain, and are

pleased with the results as we have achieved our goals in continuous coverage and competitive rates. Our sales team will be updating individual members on any changes and schedule updates, and feel free to contact WSSA with any questions.

The announcement of the P3 collapse will have a ripple effect in the transatlantic trade, as carriers in other alliances such as the G6 and CHYKE have made

2014 WSSA/Albatrans Carrier Discussions in Barcelona, Spain: Vicki Geraci/USA, Anna Rita Ginepro/Italy, Alison Leavitt/WSSA, Tanja Schott/Germany, Emmanuel Sanchez/Mexico, Giovanni Chiarelli/USA, Maja Vukos/Canada

## CBP: New Customs & Border Protection Programs

### CEEs

US Customs has formed 10 CEE's (Centers of Expertise and Excellence) throughout the country, virtual centers specializing in specific areas of the harmonized tariff schedule or product groups. The most recent CEE was formed for Agricultural products, and wine and spirits fall into this category. WSSA's MD, had a chance to visit the Miami based CEE with Bill Earle, president of NABI and Jacob Hegeman, legal counsel for WSWA. They met with Gregory McCann, the CEE Director, as well as many members of the CBP Trade Enforcement team and Agricultural Operations team during our

visit to the office and to the port facilities. It was a great opportunity to learn more about the local port and the national program. Eventually, all of the wine and spirits import entries will be run through the Center. Subsequent to the visit to the CEE, Ms. Leavitt attended a trade conference in Rhode Island, featuring many speakers from CBP. Elena Ryan, the CBP Director, Centers of Excellence and Expertise Transition Team, offered the suggestion that now is the time to join the centers, to get in on the ground floor and get to know the

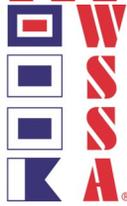


CEE. The CEEs will centralize all major functions of CBP, an unprecedented change in the structure of US Customs and Border Protection.

### Trusted Trade

CBP is launching a new Trusted Trader program, which is planned to eventually manage both supply chain security and trade compliance. The first phase is launching with a pilot program, with a limited number of participants. The Trusted Trader program will expand the C-TPAT (Customs Trade Partnership Against Terrorism) program and will add further benefits for low-risk partners.

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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*

## Wine & Spirits Daily Summit

Alison Leavitt, Managing Director of WSSA, attended the WSD Summit in Denver, Colorado on June 4<sup>th</sup> & 5<sup>th</sup>. The second annual Summit was organized by Wine and Spirits Daily publication with the intention of bringing together top executives in the wine and spirits industry and providing thought provoking content to all attendees to inspire improvements in individual businesses and the industry as a whole. Speakers included Kevin George, SVP and Global CMO of Beam Suntory, David King, President and COO of Anchor Distilling, a State of the Industry Panel including John Beaudette, President and CEO of

MHW, Danny Brager, SVP Beverage Alcohol Practice at Nielsen, and many other top industry executives continued throughout the



day. While the industry professionals shared their latest innovations, another industry also had a chance to present their views. A panel representing supporters of legalizing recreational marijuana held a lively and informative discussion in a state where any adult can buy a marijuana product in the same way they can buy an alcoholic beverage. The cannabis panel included Chris Walsh, Man-

aging Director of Marijuana Business Daily, Mason Tvert, Director of Communications, Marijuana Policy Project, and Tripp Keber, president and CEO, Dixie Elixirs & Edibles LLC. All of these panelists support legalizing marijuana throughout the USA and there is certainly a lot of discussion as to the impact of legalized cannabis on the wine and spirits industry. Harry Schumacher, publisher of Wine and Spirits Daily, provided his usual witty and insightful remarks, along with other members of the WSD staff. The next WSD Summit is scheduled for June 8-9, 2015, in Scottsdale Arizona.



The launch of our NAFTA blue product in 2013 has been hugely successful and growing rapidly. Converting over the road business to ocean freight has proven to be a cost savings measure, as well as a

## Mexico is Growing!

green alternative to truck freight. For any of you shipping from Mexico, please contact us for more information! We also offer ocean LCL shipments from Mexico to the USA!

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

