**Director’s Corner**

As we move toward the end of our 40th year anniversary, I had the pleasure and honor to spend time with the first Managing Director of WSSA, Mr. Case Pieterman. I have met Case many times in my career, and as I always tell him, he taught me everything there was to know about the structure of the wine and spirits business, guiding me through the morass of details in the three tier system in the USA. Case was visiting Portland, Maine, and we had the chance to spend a few hours together. I learned for the first time the twists in fate that brought him to the USA from Rotterdam, and eventually to start WSSA. Case was working for New England Express Lines in Boston, a steamship line in the transatlantic trade, and as they were planning to relocate him back to Rotterdam, he had decided to look for other employment to remain in the USA. As he was in a long taxi line at LaGuardia Airport heading to an interview at another steamship line, he offered to share a cab with the person in line with him, and this person happened to be Tom O’Neill, Vice President of NABI (National Association of Beverage Importers). That meeting proved to be a fateful moment, as the discussion in the cab ride led to an interview and employment with NABI on their Freight and Insurance Committee, which eventually spun off with support of WSWA to create WSSA. I think we all have at least one moment in our lives that is a turning point, and for me, one of these moments was my first meeting with Case when we spent three days traveling to various importers while he patiently explained the relationships between suppliers, sellers, and distributors as I jumped into what was a new industry for me back in 2002. Fifteen years later, it was great fun to compare notes and share stories from the last forty years of WSSA’s history with Case. WSSA has been fortunate to have started with Case and to have grown under the 31-year-tenure of my predecessor, Geoff Giovanetti. As I go into my fifth year at the helm, I am grateful to both Case and Geoff for the work they did to start and build such a strong association.

In this issue, we will cover the continuing events of this year—with the changing face of the steamship line industry as the top news of 2017—as well as updates on the West Coast ILWU contract, the impact of Brexit, the tequila boom, and various logistics tips and topics. Thank you all for continuing to support WSSA!

**Steamship Line Mergers and Acquisitions Continue**

As we have reported, the steamship line industry has dramatically changed over the last twelve months, decreasing the number of global carriers from seventeen to thirteen. The latest line to fall to acquisition is OOCL, a Hong Kong-based company that was sold to COSCO, China Ocean Shipping Company. This acquisition mimics COSCO’s 2016 acquisition of CSCL (China Shipping Container Line), which resulted in a quick dismantling of the CSCL brand and integration of all operations. However, with OOCL, the expectation is that COSCO will keep the brand name and full operations as is for at least two years.

To recap the events of the last year, CMA-CGM acquired APL, COSCO merged with CSCL, the three Japanese lines (Kline, MOL, and NYK) announced a merger into one line, Maersk acquired Hamburg Sud, Hapag Lloyd merged with UASC, and the industry ended up with three major alliances instead of four, and thirteen major players. WSSA will continue to contract with all key lines and cover every trade lane with multiple carriers.
Maersk Breaks Record for World’s Largest Containership

Earlier this year, Maersk introduced the delivery of their new giant ship, Madrid Maersk, to their Danish shipping line. The Madrid broke records as the world’s largest ship by TEU carrying capacity with a capacity of 20,568 twenty-foot equivalent. The giant ship measures 399 meters in length with a beam of 58 meters.

The Madrid Maersk is the first of eleven second generation Triple-E class vessels that the company ordered back in 2015. The completion of the rest of the fleet is said to be on-going until the second quarter of 2018. Originally, the Triple-E class vessels were planned to have a TEU capacity of 19,630 until the design was later altered to house a remarkably higher capacity.

On March 28, 2017, the MOL Triumph was launched and briefly held the largest container ship record for two weeks with 20,150 TEUs, until the delivery of the Madrid Maersk. The Triumph is owned by Samsung Heavy Industries in South Korea, and measures 400 meters in length and 58.8 meters in beam. MOL is one of the lines that will be disappearing by April 2018 as the three Japanese carriers combine into a new line, with the new name of “One.”

Brexit’s Impact on European Trade

Our partner, Albatrans, is keeping a close eye on Brexit and its impact on the wine and spirits industry. Ron Crawford, of Albatrans Scotland, presented the statistics on Scotch Whiskey exports and the looming issue of new “borders” with the biggest importers of Scotch Whiskey including France and Germany. The impact will be enormous, and the new trade agreements that need to be prepared will take time to be developed and ratified. We continue to grow our volume of imports into the London area, while also growing exports of Scotch Whiskey, UK Beer, and other products. To and from the USA, we will not see any great change, but it is the European market that will be greatly affected. Stay tuned as we plan to provide updates on the resulting impacts on import/export traffic in this region.

Trump and Trade

Tensions are high as the news continues to report on Trump’s protectionist stance, exemplified in the way he threatens to renegotiate NAFTA, has slapped duties on Canadian softwood lumber, is considering a border adjustment/import tax, and has a clear dislike for the WTO. Despite the rhetoric, the global economy is improving, and the predictions for global trade are good. Earlier this year marked the confirmation day when Robert Lighthizer was approved as the U.S. Trade Representative. Lighthizer was supported by both parties who felt he was an experienced professional in the field. Filling this position opened the door for trade agreement renegotiations. In mid-October, the NAFTA agreement was opened up again, and the three signatories are talking. Neither Canada or Mexico want to see this three-way trade agreement dissolve, nor do they want it to turn into bi-lateral agreements. We will keep you posted as the process unfolds.
Cargo Loss Prevention Tips

Know the types of cargo loss! When it comes to cargo transportation, there are three main types of cargo loss: total loss, partial loss, and loss due to delay during shipment. When a shipment is delayed due to weather, bumped due to overbooking, or misses a connection at a transshipment point, these delays can lead to damage of the cargo, especially if the container is sitting in the heat. Physical damage to the cargo can include temperature damage, broken bottles, theft, etc. The question is, who should be held liable for each of these types of cargo loss?

Many shippers assume that the carriers take liability for any loss occurred when the goods are in possession of the ocean carrier or on the vessel; however, the carrier can only be held liable if proven negligent, which is not easy to do. Even if negligence is proven, the ocean carrier’s liability insurance will generally only amount to $500 per container. Air and truck carriers have minimal liability coverages as well, only amounting to a small fraction of what the goods are typically worth. For instance, liability rates for cargo damages via truck can be as small as $5 per pound. Carrier liability coverage should not be the only type of financial protection relied upon for risk management.

Damage during cargo transportation can be unpredictable, and it is best to protect your business from all types of financial loss, including cargo loss. We offer our members our very own industry-specific marine insurance program that provides coverage for virtually all types of loss that can occur during domestic or international transit. In addition, we also offer a warehouse insurance program to give you peace of mind that your goods are protected from any loss or damage while they are in storage.

ILWU Contract Update

The ILWU, the longshoremen /dockworker union on the U.S. West Coast, has voted to extend their contract for three years with a few amendments to the deal. While this gives some security to users of the West Coast ports, it does not eliminate the possibilities of work slowdowns and random closures as we continue to witness labor action sporadically. To make sure your cargo is not caught up in these potential delays, check out our “Tips for Port Strikes” on page four!

Electronic Data Logging to Become Law

Electronic Data Logging is finally becoming law after many years of debate and delay. Electronic Data Logging will be required by every truck driver in the USA to monitor hours of service. The ATA is fighting to make sure this law is “reasonable” in terms of what hours are considered. For example, they want to make sure waiting time and time spent moving under five mph is not considered. With implementation not beginning until December 2017, the impact of the new law is still to be seen.

Mexico Makes Strides as Tequila Booms and Wine Exports Grow

Tequila consumption continues to grow, and, subsequently, we continue to expand our services from Mexico to handle tequila, mezcal, and even wine. We recently presented the basics of border crossing to a group of shippers and compared the procedures at the Tijuana/Otay Mesa/San Diego crossing with the Nuevo Laredo/Laredo crossing. Should any of you want a breakdown of the process and requirements at each crossing, please contact us. On another note, Mexican wine has barely been a contender for importing into the U.S. marketplace until now. Slowly, wines from Mexico are popping up around the country, mostly in bordering states of California and Texas. Initially being prominent in Mexican restaurants, the wine is moving into other bars and eateries that do not centralize themselves around Mexican cuisine. While the process may be slow for Mexican wine to gain global popularity, we are able to add the wine into our tequila consolidations to the USA and to other global destinations.
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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 or 800-368-3167

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New FSVP Rule is Implemented

The new rule in the Foreign Supplier Verification Program (FSVP) is a complex regulation that, as of May 30, 2017, is now in effect. The FDA states that this final rule will require those importers who perform certain risk-based activities to verify that the food they are importing into the U.S. has been produced in a manner that meets U.S. safety standards. Most alcoholic beverages are exempt from this new regulation.

WSSA’s Winter Wine Program

The season of frosty days and frigid nights is here! If you are concerned about finding an economical way to ship your wine through the winter months, let WSSA help! Protect your cargo from temperature extremes with WSSA’s Winter Wine Program. Through our Winter Wine Program, your cargo will be shipped in a standard or insulated container to a warm-weather U.S. port then loaded into a heated container for transport to your door! Call or email us today for more information or to get started!

Tips for When Port Strikes Occur

- Determine the location of your cargo relative to the strike. Will your cargo be passing through the strike area?
- How will this impact the shipment schedule of your cargo? Contact your freight forwarders and alert them of delays.
- If the strike is expected to last a significant amount of time (more than a couple of days), find alternative cargo routes. Be aware of additional terminal charges that may occur!
- Strikes can be difficult to avoid and predict. It is best to plan ahead when shipping your cargo through a frequent strike zone by always having a contingency plan!
- Consider the type of container your cargo is in; does your cargo require refrigeration?
WSSA Celebrates 40 Years!

WSSA is wrapping up the celebration of our 40th year in business! 2017 was not just a celebration of business longevity, it was also a record-breaking year for membership, marine insurance, and industry involvement. It has been our privilege to serve the importers, exporters, and distributors in the wine and spirits industry these past 40 years, and we would like to thank our dedicated members for their loyalty and support. We hope to continue our service for many years to come. As a celebration of our 40th anniversary, we decided to expand our offerings and connect with our members more than ever before. Here is just a glimpse of what the past year has looked like for us:

WSSA’s Brand New Look!

Through our logo, newsletter, marine insurance brochures, and email updates, we have created a brand new look in honor of our 40th year. We aren’t finished! Stay tuned as we launch the new and improved WSSA website in December!

New Insurance Offerings!

As we do every year, we went to the table and negotiated the most comprehensive marine insurance coverage at the lowest rates in the industry for our members. But this year we were excited to add even more coverages to our offerings! In addition to the standard marine coverage, OTC (Optional Temperature Coverage), DIC/CIF coverage and duty/tax coverage, we added warehouse insurance, foreign inland coverage and domestic inland coverage. Land, sea, or air, we have you covered! Rest assured your cargo is protected at any point during transit. If you have not yet experienced the incredible advantage of insuring your cargo through WSSA, contact us today for more information!

WSSA Industry Involvement

For our 40th year, we decided to connect with our members by hosting and attending more events than ever before. Engaging with our members face-to-face and increasing our industry involvement proved to be the most rewarding aspect of the year, and we were thrilled with the opportunity to see old friends and make new ones. Over the course of the year, WSSA attended, exhibited and sponsored a number of exceptional events:
In addition, WSSA hosted many events for our members and industry professionals:

WSSA and top wine and spirits shippers met with Customs and Border Protection, TTB, and National Finance staff members at the Agriculture and Finished Products CEE (Center for Excellence and Expertise) at the CEE Headquarters in Miami, Florida in mid-October. Dina Amato, Director of the CEE worked closely with WSSA’s Alison Leavitt to organize the meeting and arrange a dynamic interchange of information and Q&A with our industry. While direct participation in the pilot program of the CEE is closed, we discussed the needs of the industry, consistency of treatment at all ports, and other CBP programs that can be useful for our members. We look forward to continuing the dialogue with the CEE and increasing visibility of the needs of our industry to CBP and the OGAS involved, primarily TTB and FDA.