

Mary Luehrsen ([02:49](#)):

Hi everyone. My name is Mary Luehrsen. I'm director of public affairs and government relations from NAMM. And I welcome you to this NAMM public affairs webinar, trade delivery, delays, and other updates. It's not new news for most of us that we're having some issues with shipping and ports, ports of entry, um, and delays across the spectrum of the supply side and to consumer management of materials and products. And we hope that we offer you today is an opportunity to chat with some experts and friends and colleagues in the industry, uh, to get some at the end of the day, some practical ideas to how to solve some of these problems. As always in our webinar, I need webinar or meetings. I need to update you with NAMM's. Formal antitrust-NAMM has put in place an antitrust policy governing activity during NAMM sponsored events, an, antitrust policy covers all participants, including speakers and audience members at NAMM events participants in today's webinar must not exchange competitively sensitive information, including information regarding wholesale and retail prices, discounts, credit terms, margins of profits, proposed price increases or decreases price ranges, price formulas, map policies, or RPM policies.

Mary Luehrsen ([04:06](#)):

And today I did read the entire statement. You can count on future webinars. I tend to shorten it up, but, um, it's important to lay that information down officially. I hope this finds you all doing well. We know this is a, uh, and in an intense period for our folks in our music product and pro audio industries. Um, and, um, it's very important that, um, we, uh, carry on, uh, provide information as we can, uh, our delivery that we're what we're going to cover today, or delivery delays and updates and overview legislative solutions report from the shipping professionals and some Q and A, and I encourage you to use the Q and A chat box. We'll be adding our Q and A's in along the way. So please meet our panelists. We have John Gould, the VP supply and customs policy, the national retail Federation extremely important, uh, partner of the NAMM organization. Karyn Booth, the general counsel for the national industrial transportation league, and Armin Zertor and Carley Jones from masterpiece international, maybe well known to many of you because they help with the NAMM trade show shipping. So we're going to jump right into our first conversation with John Gould first, John, tell us a little bit about the national retail Federation.

Jonathan Gould ([05:23](#)):

Sure. Thanks Mary. Appreciate the opportunity to participate in today's, uh, today's webinar. So NRF we're the world's largest retail trade association. We represent everybody from the small single store operators to large format, big box stores, online chain restaurants, and everybody in between, um, you know, retail for those who are not aware is the largest private sector employer in the United States representing about one in four U.S. Workers, uh, about 40 million, uh, workers total, um, and retail contributes to about \$3.9 trillion annually to GDP. So we'd like to think that retail is a major part of the U S economy and to push on that.

Mary Luehrsen ([05:59](#)):

And we so value our relationship to the national retail Federation. We are a member as a NAMM organization and have a very, very, not a dotted line, but a straight dark line between what NAMM seeks to do for our music products and pro audio event, technology retailers, uh, and your important organization. So, you know, we're living in a big media, um, swimming pool here about shipping supplies. What are you hearing across the spectrum? Um, and give us a brief overview of the situation if possible.

Jonathan Gould ([06:29](#)):

Yeah, I, I, I think that spending more time on press calls, anything else these days talking about the ongoing supply chain challenges? I mean, I think in, in general, just the ongoing demand for product services, materials, inputs is as far outpacing the supply of what is needed to move products through the supply chain. Um, you know, the, the consumer demand has been off the charts throughout the pandemic. Uh, we witnessed it early part of last year and things have just not slowed down. Unfortunately, the ability for the supply chain in general to keep up with that consumer demand has been a challenge starting with challenges overseas with overseas factories, meeting the demand once they were able to open back up again. Um, you know, there are still COVID related issues overseas. I think, you know, Vietnam has run into a pretty bad string of the, the Delta variant that has caused factories to, to shut down.

Jonathan Gould ([07:19](#)):

Um, you're seeing a lack of containers, lack of empty containers, lack of space available on vessels. Um, if you're lucky enough to get onto a vessel, then you're running into port congestion issues here in the states. Um, you know, a lot's been written about LA long beach. They've got, I think, close to a hundred ships sitting out in at anchor today, but you're seeing a lot of issues at other ports as well. Savannah, um, as has been backed up, uh, Virginia and Europe, New Jersey, you know, all the ports are feeling the impact as well, but you know, we've got other issues as well, just in general on port operations. Uh, you know, our ports are meant to handle the volumes that we're seeing today. Unfortunately, um, you've got a shortage of, uh, the chassis, which are the critical asset. You need to move the containers out of the port. We've got a shortage of truck drivers, which existed prior to the pandemic, a shortage on warehouse workers. Uh, I mean, you got shortages at every stage along the way. And then you've just got in general inefficient port operations that just continue to hamper the ability to move product as quickly as possible.

Mary Luehrsen ([08:19](#)):

And I think there's a perception or maybe a misconception that these, the whole country, whole continuum of shipping is, uh, has some rules and regulation is regulated, but this is what's I think being revealed right now. Can you tell us a little bit more about how does we're really building on top of, uh, you know, an existing system or infrastructure that is really now because of the way it was really evolved that evolved over time is, um, you know, also contributing to the problem. It's, it's a really inefficient system.

Jonathan Gould ([08:53](#)):

It's a system of systems and there's no overarching, you know, supply chain czar or supply chain agency that touches it because there's so many different pieces that go into this. Every different mode has a different regulation or, you know, really statute you have to deal with. And there are limitations as far as, you know, what, what can be done. You know, the shipping act is a major part of this, especially on the maritime side, but then you've got different trucking regulations, different rail regulations. There are challenges as far as you know, who controls the ports, you've got, uh, owner operator ports and you've got landlord ports and who controls what they do both on the federal and the local and state, state regulatory piece of it. So there's no single lever that can be pulled or single, you know, shiny object, silver bullet that can fix everything.

Jonathan Gould ([09:39](#)):

It's every stage along the way, there are ongoing challenges. And the fact that we are part of a it's a global network makes it that much more complex because it's not just what happens here, but we're seeing it overseas as well. And other markets are being just as impacted. The problem is that you've got other countries that are better and more efficient at getting through some of these port congestion issues because of the way they operate their ports. I mean, you look at some of the Southeast Asian ports, you know, they have technology and automation that helped them move quicker. They operate 24/7, which we don't here. I mean, that's, that's part of the reality.

Mary Luehrsen ([10:10](#)):

Right? All right. So I think that we've done. Uh, the problem is before us, the problem is in front of us, the inefficiencies are the, it was created via sort of a competitive system, right? And a multi, overlapping, uh, you know, different modes of transportation, um, legislation and rules. There is no one, even though we're going to talk about the maritime authorities and we're going to talk about the pending, uh, the laws that are, are attempting, what can we do now to improve the situation?

Jonathan Gould ([10:41](#)):

I mean, I think part of it is, is call for better standards. I mean, call, you know, part of it is the cargo owners need to more be more involved and engaged in the process and work with their, their providers. Um, you know, the issue is existed well before, before COVID, and it seems every couple of years when we'd have some kind of major disruption, usually around a labor negotiation or something, you run into the same problems. The problem is that they would clear out within a couple of months and everybody would forget about it. We're now 18 months into this and things are not getting any better. So I think now calling upon our elected officials, the administration to engage and require better, um, we've got to do this because you know, who knows what's gonna happen with the next disruption? Hopefully this is the last time we see a global pandemic that is this bad, but we know disruption events are going to happen in the future and we've gotta be better prepared.

Jonathan Gould ([11:33](#)):

Part of this is, you know, Congress passing the bipartisan infrastructure bill, that's a part of this moving forward, so we can invest the money that's needed in our ports, roads, bridges, rails, and everything else. But to be honest, we're not gonna be able to build our way out of this with physical infrastructure. We've also got to focus on the it infrastructure and the need for an it highway. You know, part of the challenge here is that once things get into the port, it's kind of in a black box, there's no connectivity among the stakeholders, which is sorely needed. You know, the port of LA has done a good job at kind of stepping out and pushing for the need for a national freight portal that will connect everybody to, so you can have better planning and preparation because right now you don't have that. And that is something that is sorely needed. And that's something that we should all be calling for.

Mary Luehrsen ([12:23](#)):

And one of our meetings that we had with, uh, congressional staffers that are working on the, uh, one of the ports committees, they talked about, it's important if there are difficulties, especially around things that, um, you know, may or may not, um, kind of operating outside of a contract or agreement, you can contact the maritime authorities. It's like, we need to be more vocal with the inconsistencies or the fact that there's a sense of being taken advantage of, or the system, the system, as it's not working now is placing pressures or expectation on payments or fees. Uh, can you maybe address a bit of that?

Jonathan Gould ([13:02](#)):

Yeah. And that's, that's exactly right. I mean, the, the federal maritime commission should be hearing from folks yelling from the rooftops about the challenges that we're facing right now. You know, one of the things that FMC keeps talking about is that, well, they're not hearing from affected stakeholders, even though you're seeing in the press every day, companies talking about the challenges that they're facing. Part of that I think is companies are afraid of retribution from the carriers, but I think it's time for the FMC to step up and do their job and protect the American shipper, which is what their, their job is supposed to be. Um, they've started some investigations, but we need them to wrap up the investigations, actually put some penalties in place. We know there are bad actors. And again, these, these issues existed prior to COVID, you know, we back in 2016 with the help of, of Karyn put together a petition to go to the federal maritime commission to create the, what ended up as the interpretive rule on detention demurrage, because we know those issues have been a challenge for many, many years, and while the, the ports and terminal or the carriers and terminals would say, you know, it's just a market issue.

Jonathan Gould ([14:02](#)):

It's, you know, pointing fingers at each other. And it's only because of, you know, slow downs. No it's because of any kind of disruption issues. So I think the FMCs eyes were opened a little bit when they held their first hearing. And they heard from shipper after shipper, after shipper trucker, after trucker, after trucker broker, after broker, after broker of all the challenges and discrepancies on the detention demurrage system, unfortunately they didn't go far enough. They only did an interpretive rule. I think, you know, hopefully they'll do something more in the future, but they need to hear from folks about the, the, the bad business practices that folks are suffering as a result in these unfair charters that are being placed. If you can't get access to your container, or you can't return your chassis because of issues of congestion caused by the terminal operator themselves or the carrier, you should not be subject to the fines and that have been put in place. And I think the part of the issue is whose responsibility is it to show proof whether or not that charge is legitimate. And I think part of what Karyn will get into this, I'm sure in the legislation that flips the burden of proof that it should be on the terminal or carrier to prove that they actually, the fee is legit.

Mary Luehrsen ([15:09](#)):

Very, very helpful. We've just placed in chat a contact your representative about the reform act that we'll be talking about next, but we'll be sure to put in the chat, this information to the maritime authorities. Um, I think, you know, what we hear from the people who are working with the change the laws are saying, well, we're not getting a lot of complaints about this. It's up to us from the foot soldiers and the people on the field and the grassroots to say these, this is my situation. This is what's happening. And also tell your member of Congress about it.

Jonathan Gould ([15:37](#)):

Exactly. I think it's tell your member of Congress, tell, tell the administration, tell the FMC, tell anybody who's willing to listen. And if you're willing to talk to the press even better, the press is looking constantly for stories, especially from smaller companies about the impacts that they're feeling because of the supply chain disruptions. I think they look and understand, um, you know, bigger companies might have more flexibility in, in navigating through the challenges, but it's the small, medium sized companies, retailers, manufacturers, and others that are really suffering here. So they want to hear

those, those stories. So I certainly encourage talk to the press, talk to your local press, write op-eds all of that is very helpful to get the message out.

Mary Luehrsen ([16:13](#)):

Thank you. And, uh, and we've got to know, is this webinar being recorded? Yes. Yes, yes. And yes, we want you to please carry it forward to other people in your company that could learn from it. Thank you, John. We'll be coming back to you, um, please, to go with, uh, to Karyn Booth now, who is the, with the, um, national industrial transportation league, you have all the right words in your organizational title, including general council. First of all, tell us about your organization.

Karyn Booth ([16:42](#)):

Yeah, thanks, Mary. Very much really appreciate the opportunity to speak on these important issues. And, uh, yes, I am general counsel to national industrial transportation league, otherwise known as NITLY a little bit easier to pronounce. Um, and NITLY has been around since 1907. Uh, this is a trade association that represents a broad cross-section of shippers, right? So the customers of the service providers, but it's also distinguished in that it's, multi-modal so very engaged on these ocean issues, but also, uh, very deeply involved in rail transportation and truck transportation. So NITLY, long standing group, uh, you know, well worth checking out that organization as well. But, but I also, Mary I'm a partner at Thompson Hine, uh, which is a law firm and I'm in the DC office. And then I head up the transportation practice at Thompson Hine. And so NITLY is one of my trade association clients.

Mary Luehrsen ([17:45](#)):

Thanks so much. Um, so tell us a bit about the ocean shipping reform act and what we should be paying attention to in terms of, as it is considered and moves through congress.

Karyn Booth ([17:55](#)):

Yeah, but before I dive into it, I want to just follow on. John did such a great job on the overview. And as I mentioned, you know, NITLY and NRF has been working very closely together. You know, I think what is John described? We have all this myriad of problems. Um, but what we have today is customers of the ocean carriers are paying more than they've ever paid for this transportation service. And yet it's the worst service I think I've ever seen in my career. And that's a problem. And it's a problem because the providers themselves are not out in front trying to solve the problem. They're not working with their customers directly. In fact, the complete opposite, I'm sure a number of the members of NAMM are experiencing breached contracts. They're being forced into the spot market, they're paying higher demurrage costs. And so we don't really pursue legislation until things have really broken down.

Karyn Booth ([18:52](#)):

We always look to the commercial market first to try to solve these problems, but we've seen that breakdown. And when, you know, the shippers can not negotiate contracts when they can't deal with their providers, we really then kind of look to the maritime commission, the FMC they're, the regulators they'd have oversight of this industry, and I'm not being critical of the FMC. Overall, they've done a pretty good job, you know, responding to these detention, demurrage charge issues. They've opened investigations. You know, they've had supply chain innovation teams, they've done a lot of things, but what we realized is that the authority that they have under the current federal law under the shipping act of '84 was just not specific enough. It didn't directly deal with the problems of today because of course it was passed in 84 and then it was updated in 98.

Karyn Booth ([19:46](#)):

But the problems that John outlined and that I kind of overlaid are, were not directly addressed in the law. And so because of that backdrop that really led, NITLY partnering with NRF and others to develop proposals for how to, you know, tweak reform, et cetera, the ocean shipping reform act, they, you know, in the 84 act to try to address these problems specifically. So getting into a little bit of what OSRA 2021 does and doesn't do, um, this is not an infrastructure bill that will invest in our port infrastructure, et cetera. It's that John had mentioned. This is really, um, a piece of legislation that deals with service, deficiencies and unfair business practices. It's targeted in what it seeks to do. It's not, you know, a major overhaul of the law. And then just to mention, before I get into some of the details, the ocean shipping industry is really comprised of foreign global carriers.

Karyn Booth ([20:52](#)):

There are no U.S. Flag carriers remaining that provide the service. And so that's one of the issues, you know, should we have how much power and authority should these global companies have over which U S businesses are getting access to vessel space, et cetera. And clearly exporters' importers are having major problems too, but exporters' at least a couple of months ago really were losing out on, on reaching markets. And so that needed to be addressed. So we basically got together and put together some reforms that, um, are intended to deal with these unfair business practices. And just, I'd like to highlight some of the things that's in this legislation. And then we might talk about where that sits and what can be done, demurrage and detention. John already mentioned, that's a big problem and that the FMC took some initial steps to address it in a policy statement.

Karyn Booth ([21:46](#)):

It actually was a very good policy statement that, you know, told the ocean carriers, you need to notify your customers when a container is available, giving you actual notice of physical access to a container so that you can send your trucker in to pick up the cargo and that you have to incentivize efficiencies with these charges. The under the law, the carriers and terminals are not supposed to use demurrage detention as a revenue stream or as a profit center, but clearly, you know, don't ever let a good crisis go to waste. When this congestion hit, the charges were going through the roof, yet it was harder and harder to get access to cargo or to return empty containers because the carrier community was not following the FMCs guidance. This legislation addresses demurrage and detention in a number of ways. It would seek to codify the FMCs interpretive rule, which was guidance.

Karyn Booth ([22:44](#)):

So it would put teeth behind that proposal and make it mandatory and enforceable through civil penalties. John mentioned the burden of proof today. If a party chooses to challenge a demurrage or detention charge as a reasonably high or unfair, they have the burden of proof before the regulators. And that's challenging because the service providers and the terminals have a lot of the operational data that's needed to support these complaints. This legislation would flip the burden of proof. It would put the onus on the carrier or the terminal to show if a complaint is filed that their practices and their charges are reasonable. And once they do that, the burden would flip. So it really would alleviate a heavy lift in the litigation of these cases. And then it also would require the FMC to put forth some expedited procedures and proceedings around demurrage and detention. A lot of the problems today is folks don't want to take a year to litigate these cases.

Karyn Booth ([23:47](#)):

Obviously there's a high cost to that. And they would like to see the processes more expedited. In addition to detention and demurrage, this legislation would, uh, address service contracts. To some extent, those are individually negotiated contracts between carriers and their customers. But today we're seeing a lot of issues where the carriers are breaching those contracts. They're forcing their customers to go to the spot market, to, um, purchase services. Even though they have a contract they're ignoring minimum volume commitments. And while that's on the one hand, a breach of contract. So that has to be handled in the courts on a one-on-one contract basis. What this would do is apply the FMCs unreasonable practice jurisdiction to service contracts. So if carriers were engaging in more wide-scale practices on a regional or national basis, this would give folks the opportunity or even associations, a chance to challenge that type of behavior in a more direct way.

Karyn Booth ([24:53](#)):

So that's also a very important change. The shipping act also has what I would call a laundry list of prohibited acts. These are things that today ocean carriers are not allowed to engage in an example, unreasonably refusals to deal. Okay. That's very broad. What does that mean? And so, because of that, that's an example of why some of the current provisions in the law, it's a little unclear. Do they address your inability to not get bookings? Do they address cancellations? If you can't get equipment? Instead, what we've done is draft more specific protocol decisions around allocation of vessel space, around interchange of equipment. There's a lot of problems, um, regarding chassis availability of ports, that's leading to inefficiencies. So there's some very specific provisions that are included in OSRA 2021 that are designed to get at these very specific problems that are happening today. Um, there also is some special protections for exporters' around the declinations of bookings.

Karyn Booth ([26:03](#)):

If you could prove that you were next quarter and you could safely and timely load the cargo, this includes some prohibitions around that, but also around retaliation. John mentioned this, this is an important concern that a lot of folks do have these problems, but they're afraid to bring it up to the FMC. They're concerned if they file a complaint, is their ability to get vessel space only going to get, you know, more difficult. Well, their prices go up and technically the carriers are not allowed to do that. But when you're in the middle of a crisis in your company, um, you know, kind of sticking your neck out and assuming the carriers, I can understand why there's some hesitancy around that. A couple other things I'll mention. And, um, you may have some other questions. The ocean carriers under the law are common carriers, and yet it's very unclear what minimum service standards and they shouldn't be required to adhere to.

Karyn Booth ([27:03](#)):

So if you're a smaller or mid-size company, and maybe you can't negotiate a service contract, this legislation would require the FMC to develop minimum service standards, uh, that meet the public interest. That's a very broad standard. It would be done through a rulemaking process where everybody could participate and explain to the FMC what they need. The carriers and terminals could obviously weigh in if they have concerns over that. But this legislation gives a little bit of a laundry list of some basic topics that would have to be included around vessel space, containers, minimum delivery standards, detention, demurrage. That would all be part of this rulemaking proceeding if this legislation were to pass. And then the last thing I'll mention is, um, these carriers have anti-trust immunity. They operate in alliances with the benefit of antitrust immunity, which allows them to collaborate on prices and service and capacity, but yet there's no ability for shippers or individual companies to challenge those alliances under the law today, if they engage in some anti competitive conduct and this legislation

would open that up and allow that to happen in complaints before the FMC. And again, maybe a trade association would do that on behalf of its membership or individual companies could do that. So that's a very high level overview. There's a lot in this bill. Um, frankly, there's a lot of really good things for importers and exporters and, you know, I'm happy to answer any questions about,

Mary Luehrsen ([28:41](#)):

Yeah, thank you for that. And also, I think you, when you started, you talk about the reality of pricing, the challenge around pricing, which is we have heard most from our NAMM members in terms of going to the shipment with a certain expectation and then having to pay additional fees or whatnot because of the urgency of the moment, but a very complicated process to get a bill like this passed. Um, and I think it'd be helpful to know who's the lead sponsors and where is it currently and how should we get involved with advocating for it?

Karyn Booth ([29:13](#)):

Okay. So this, um, bill has been introduced in the house and the two initial and primary sponsors were John Garamendi, a Democrat from California and Dusty Johnson, a Republican from South Dakota. So right out of the gate, it was nice to have a bipartisan approach to the introduction of this bill. And since then, and that was introduced in August. I believe, I think we're up about 30 co-sponsors now. And so that's been a process that they've been working hard on, and I know NRF and NITLY have been helping to try to build that support in the house and it is growing. So right now we've got that, you know, bill introduced in the house, you know, NAMM members, please come out, contact your congressmen and women and, you know, support this legislation. And then the next piece that we're working on is trying to get a companion bill introduced in the Senate.

Karyn Booth ([30:09](#)):

And we've started a number of those discussions. We have more meetings John this week on that. Um, but you know, there's a lot of interest on the Senate side. And so really it's, uh, obviously a longer process, but we need to get the house bill with Meyer support. The Senate bill started and then, you know, continue to work at very hard. There's a coalition of gosh, quite a large number of organizations that have come together to discuss these issues, to coordinate on meetings. Um, there's a tracker of meetings being held that John put together. And so we can get that information to you. If any, if NAMM wants to be a part of those discussions, we've now got weekly meetings, John, to kind of keep everybody updated. There's been a support letter that was filed that had, I think over 150 organizations and companies on it. There's a grassroots letter that's been put together and we have a myth fact sheet so that when you do talk to your congressmen and women or senators, you're armed with kind of the background of the bill. And also if you get some tough questions that the opposition maybe, um, arming, uh, you'll, you'll have some tools to, to address those as well. And we can share some of that information with you, if you're interested.

Mary Luehrsen ([31:27](#)):

That would be great. We thought to include that on our page where we have the recording of this webinar, that would be great. And along the way, we've put some, um, uh, some links in the chat for you to follow up those of you that are interested. I think I've heard a couple of times now that, uh, you're having difficulties. You need to have conversations with your member of Congress and it could include a conversation about the reforms that are needed in being addressed in this act. But also again, going back to the federal maritime, um, authorities, and, and, you know, we know that when dealing with

other regulatory concerns like CITES or Lacey throughout the year, you know, there, there is that hesitation to, uh, you know, to file a formal complaint, right. Um, but uh, we need to bring this information forward, um, in, in, in a certain way and welcome your thoughts on that. Karyn.

Karyn Booth ([32:19](#)):

Absolutely. I will beat the same drum that, that John beat and I will say the FMC has not only a formal complaint process, which basically is a litigation of a dispute. That's, you know, a longer-term process that takes more time. They have an informal dispute resolution office known as CADRS. You can file that informal complaint. It's a free service. They will do everything they can to assist you with resolving a specific problem you may have with a service provider. And so that's the upside it's cheap, it's fast. It's, you know, it's free, as I said, anybody can use it. The, I guess, downside to it is that because it's a voluntary process, they don't have authority through the CADRS arm to issue orders, right? They can't order a carrier or a terminal to take specific action or not take specific action. Um, but it's basically a mediation type service that you can use for free and it can be effective. No one likes when the federal government starts, you know, calling them up and saying, Hey, I have this complaint about you. Can we talk about it? And sometimes being the squeaky wheel, you actually can, you know, get, get the problem resolved, right?

Mary Luehrsen ([33:35](#)):

It also can be cumulative. If enough people are, are doing an informal complaint, it just adds more data to the more logs on the fire, right. For them.

Karyn Booth ([33:44](#)):

I think they are hearing from folks on an informal basis. I think what John was alluding to on the retaliation are formal complaints, and some of the other side, the opposition to this legislation is using that to say, Hey, if this was really a big problem, you know, folks are going to be filing formal complaints or, you know, suing us for breach of contract. And we're just not seeing that. So how big of a problem can this really be? So you get into that chicken and egg scenario, but I do think the informal dispute resolution office is hearing from folks, but, you know, we need to keep it coming and you might even, you might even get your problem solved if you, if you decide to use them.

Mary Luehrsen ([34:25](#)):

And that's a call to action for anyone that's having import shipping issues. That's and we'll be sure to put the federal maritime commission, uh, w the CADRS we'll find that link, and we'll put it in chat and make it available to all of you. Thank you so much, Karyn we'll come back to you, but that was a really, really terrific, you know, there's a bunch of policy wonks on this call, so we always love to know how the sausage is being made. So, uh, thank you so very much. Um, so I'm happy now to move on to two very, uh, wonderful NAMM friends, colleagues, um, Armin Zertor and Carley Jones from masterpiece international. Welcome to both of you. Um, we welcome, welcome a quick update about your company and your ongoing relationship with NAMM and NAMM members.

Armin Zertor ([35:16](#)):

Carley, you want to give a little background on masterpiece and then I'll continue with our involvement with NAMM and them members.

Carley Jones ([35:24](#)):

No problem. Uh, so I've been with masterpiece for 16 years. Um, a little background about our company. Uh, we were founded in 1989 and sort of started our venture in the fine art shipping world. Um, that's, you know, focused on high value, cargo time sensitive work, and now we are here 17 offices later and have branched out into other divisions, um, like general cargo, some renewable energy, uh, Armin and I are working with the trade show and entertainment divisions. Um, so that is a little bit of background with masterpiece.

Armin Zertor ([36:08](#)):

Well, thank you very much for the opportunity to speak. Um, I've been involved in the freight forwarding industry for only about 40 years. So, uh, actually started when I was 15. Um, but seriously, um, after being in the industry for 40 years, and most of that time in the trade show industry, I have to say that I've never seen anything remotely close to the situation as it is now. Um, this, you know, it's kind of amazing that now when you turn on, um, the major news networks, uh, particularly over the last couple of weeks, everybody is talking about the supply chain disruption, primarily in the ports. And, uh, it's great that, you know, um, everybody has kind of woken up to the, uh, reality of what's going on. Unfortunately, I think that everybody's coming kind of late to the game and now we're having to play catch up. And, um, you know, there's numerous factors, uh, that have contributed to this supply chain, uh, disruption. Um, COVID certainly is one of the major factors. Um, and, um, you know, it's, it has a far reaching effects, not only on the ports and the United States, but ports, uh, worldwide. So, you know, Carley, if you could maybe, uh, go into some of the, uh, uh, causes of this congestion on a worldwide basis,

Mary Luehrsen ([37:58](#)):

I think, um, uh, if I, if I may, uh, Carley, if the, have anything to add to the causes, I think John, John gave us a good background. Um, if you have anything more to add, of course, uh, would welcome your thoughts. I think while we would love to hear from both of you is some practical solutions short-term solutions, certainly while we're working on the legislation side and, and fixing, and people are filing complaints, both formal and informal. Uh, the big question, I think we want everyone on the call to take away what are some of the practical things that they can do to really advance of their cargo and their materials, um, moving from, uh, moving into the country, regardless of court, uh, Carley, any other thoughts about what's causing this disruption from your point to,

Carley Jones ([38:46](#)):

I think that John really covered it. I mean, the vessels are at capacity, there's a shortage and chassis. So, um, I don't think we have to spend too much more time going over that he, he really did a great job of covering that. I mean, we, we have ports like Los Angeles that have seventy-five ocean containers or vessels sitting outside of the port waiting to be unloaded. So, um, I mean, that's a massive problem that we haven't seen in 10 to 15 years. There's not been this type of shortage happening. So,

Mary Luehrsen ([39:20](#)):

So what, so, so what is a, uh, an importer or a shipper to do let's know, and you all, you are really sitting, you're sitting in the cross hairs of customer and customer support, right. And what would be the rec, what are some of the recommendations you are making, um, to, to the folks who are working with you?

Carley Jones ([39:40](#)):

Yeah, I think things that we would tell customers right now, I mean, communication is communicating with your brokers and your forwarders, and really just getting a sense of what's available to you. Um, um, I've always been, I have been advocating to our own clients, you know, advanced bookings, if you have time sensitive cargo that has a strict deadline. For example, we all know that the, um, you know, NAMM trade show is coming and we work in trade shows, but in general cargo, we have the holidays coming. So, um, advanced bookings, you know, have your forwarders and brokers book or anticipate to book your freight as far as an advance as possible, because vessels are sailing, schedules are being delayed. Um, vessels are rolling your bookings. Why space is an issue, just even getting a booking as an issue at this point. So the more that you can plan to, you know, get a booking in advance, or if you know that you have freight, that will be returning after an event, or it's coming in for a repair that needs to return, you know, try to book your space as soon as possible. Um,

Mary Luehrsen ([40:53](#)):

I think I saw on your notes somewhere that even if the space that your space reservation has to be altered, you still are in line as opposed to waiting a right. Is that a fair way,

Carley Jones ([41:06](#)):

Right? Yeah. I mean, you can always amend a booking. So, um, you know, if you just reserve the space, you can always go back in there and, you know, change the piece, count or change, you know, the number, uh, containers. It's a little bit harder to be that because they're really allotting per specific amount of containers per vessel. But if we're talking air freight, you know, that can be changed. That can be amended. So just securing the space is really my biggest advocate right now. I think also getting creative with where you're unloading, if you have freight coming in from Europe, um, you know, think about the possibility of perhaps going to an east coast, uh, destination and trucking it across the country, rather than, you know, sending it all the way through to the west coast and having it sit out in the Harbor for several weeks at a time.

Armin Zertor ([42:02](#)):

I'm sorry. Um, I think right now the, the key is talk to your suppliers in your factories. Get a good idea of when the production ready date is. And at that time work together with either the steamship line or your freight forwarder to determine what ports are having the least issue with, uh, congestion, uh, knowing that Los Angeles and long beach are the biggest ports in the country. You might, if even if your goods need to come to Southern California, you might be better off to book a container to Oakland, for example, and truck it down. Um, because all of these delays are, you know, costs, which add to unit prices. And even if you have some costs on the back end, it might offset, um, you know, the port congestion and all the things that, uh, are going, uh, delaying and causing additional costs. So check the ports. And as Carley said, if you have cargo, that's destined for the Midwest or for, um, um, inland points, look at the alternatives and talk to your freight forwarder, they have the best, um, knowledge as to which ports have the best possibilities at that time.

Mary Luehrsen ([43:32](#)):

In other words, it's really, it's really not business as usual. This is the time to look at all the Domino's and move the Domino's around things that were, have been consistent and reliable for you in the past. Really have to be, you know, things may need to be substituted or moved around. Um, Carley back to you, any thoughts about what our NAMM members can do practically as they're planning these shipments?

Carley Jones ([43:56](#)):

Um, I would also just add that, you know, and when possible I would consider shipping air freight versus sea freight. Now, um, you know, we've seen several, um, clients wait for several weeks and if you have time sensitive cargo, um, I think air freight is a better solution and a better option. You know, we used to say air freight was so much more expensive, but I think, you know, as some of the other panelists have mentioned, it's extremely expensive right now to book, you know, an ocean container that used cost, you know, \$500 is costing tens of thousands of dollars at this point, and they're not available. So, um, I would just mention that considering your option to ship air freight is, um, something that they should keep in mind.

Mary Luehrsen ([44:48](#)):

So Armin, you've been in this business a long time and you've worked with a lot of, uh, NAMM members and, you know, you've never seen kind of anything like it before. What do you think the end will look like? Armin, what are we going to, uh, uh, how are we going to get our, get our way out of this?

Armin Zertor ([45:04](#)):

Well, that's, I think that's a very intriguing question because, uh, um, unfortunately, um, you know, John did a great job of, um, pointing out all the domino pieces that, uh, are, um, um, causing the entire situation. And, um, and, and he's absolutely right that other countries have, um, you know, kind of consolidated and talk to all the moving parts that being importers, terminals, steamship lines, et cetera, trucking companies, and, and share information. Whereas, uh, currently in the U.S., every port sort of operates under their own, um, procedures and policies. So, um, unfortunately I don't see a real, um, positive solution in the next six months. I think what's really needed is the parties that, that influence the entire supply chain must come together and must talk and communicate. And that being, for example, the port of Los Angeles long beach, those are actually two separate ports.

Armin Zertor ([46:23](#)):

They should talk as one entity. They should be talking to the trucking companies because a 24/7 port opening does not resolve this issue at all. There are so many moving pieces, you know, if a trucker picks up a container at midnight, what do they do with it while the warehouse isn't open to receive it so he can return the empty? So it's, it's a very complex situation. Um, I think the main thing is as a, anybody who's involved in importing or exporting now reach out to your representative in your area and ask them to make it a very important point that they bring up this supply chain issue. Um, pressure on our representatives hopefully will cause a further discussion and bringing all parties together. That's really the crux that bringing parties together now, as far as, um, exhibitors wanting to bring their goods to the NAMM show, um, we're advocating, if you want to ship by ocean freight ship early, we will find a solution to store your goods. And if you have those, uh, prototypes or new products, don't hold up your entire shipment, just for those, send something early, we'll find you the cheapest solution possible to store your goods. And if there's important prototypes or new products, ship them by air freight. And, uh, for those exhibitors coming from Europe, you have the possibility to ship to the east coast. The ocean transit time is much shorter and we can truck it across country with not too much problem. So I would advocate everybody communicate, um, that will help ease the situation.

Mary Luehrsen ([48:33](#)):

And that's, uh, those ideas for, um, how, how you can help, folks is, why you've been helping them members for over a 40 year. So, uh, is this really a great, so we're see a couple of comments in the, in

the chat. We've given you a summary of the tips. We hope that we'll take, you can take that away with you. I summarize, and I'm going to go back to the panel for a final thoughts in a moment, but I've summarized a few things that I think are call to actions for all NAMM members affected by this. The first is, is be in touch with your member of Congress. And NAMM has tools on our site that can help you to do that. You have to log, if you've got a problem, you've got to log it in, not just with your wife or your neighbor or the other people you work with, but log in with someone that, maybe can make a difference and that there is a law moving through, uh, Congress starting to move through Congress.

Mary Luehrsen ([49:24](#)):

Now that could actually create some change. These laws take a long time to complete sometimes multiple times of Congress from different sessions of Congress to the next, but if we can identify and help with the problem, um, help identify the problem, we can't expect a solution. So one thing that I think is the lowest hanging fruit is this informal complaint option with the federal maritime commission. Um, and if we're not logging in complaints that they can actually see that are not binding with legality and lawsuits and things like that. Um, again, they're not being noted and they're not being considered to be a problem. So then we, we can't help solve the problem. And from what, um, Armin was saying too, I think the system that created this problem is a system that's also gonna correct this problem, right? The system was created through competition and a network of providers, and those providers have to come together and actually create some of their own, uh, solutions, um, because it, it's not all going to be legislated or a ruled into, into place. So I'll go back to, um, and great comments about moving things from Europe, um, uh, through Europe, from China, that actually that's a reasonable solution and that train transport is important, has been important as well. So let's go back for a quick round Robin, Karyn, since you're on the legislative front lines, what's your final thoughts about how we're going to shop solve the shipping problem?

Mary Luehrsen ([50:59](#)):

Karyn, you need to unmute Karyn.

Karyn Booth ([51:04](#)):

That was my best comment. Um, I was just going to say, since I've already said it we've said it, we'll say it again. Please get involved, do not be shy, get involved with the coalition to move this legislation on the legislative front and talk to the federal maritime commission about individual problems. And don't be shy even about talking to your carriers. You've got to communicate, don't be afraid to call them out. If they're not treating you fairly, if they're breaching your contracts, call them out on it, and you'd be surprised you'll get their attention.

Mary Luehrsen ([51:37](#)):

Thanks so much, Karyn, for all that you're doing and your expertise. We really, really appreciate it. Look forward to working with you, uh, Armin and Carley, your final thoughts from you as you go back to the drawing board, I can only imagine what your desk must look like. You're trying to move materials around the world. I think my job's hard. That's an interesting job. Carley would like to go first, your final thoughts.

Carley Jones ([51:58](#)):

I think, um, what Karyn said, you know, communication is, is key. Just communicating with the carriers and communicating with your forwarders and brokers and, you know, just making sure that they're

giving you the information that you need to be efficient and planning, you know, to get your goods in and get it out. So just communicating and, you know, being really upfront about the needs of your deadlines. And, um, that's all you can do at this point. I mean,

Mary Luehrsen ([52:29](#)):

You can't go out and pull a ship faster into port right Armin? And how about you?

Armin Zertor ([52:36](#)):

Well, again, planning communication is the key. I mean, communication has solved many, many issues in many areas and, uh, you know, we can't stress that enough. Um, you know, I would also advocate talk to your warehouse people plan, uh, for shipments coming in. There's too many, um, containers sitting around that are empty, which can't be returned. I mean, it's, uh, it's, it's really a unique problem and it's very complex. There are no easy solutions. So you need to communicate with your factories, your carriers, your trucking companies, your warehouse people, um, that may help.

Mary Luehrsen ([53:23](#)):

Thanks. And thanks again for all. We've how many NAMM members you've helped over the years and the great relationships you've established with NAMM and its members. Thank you, Armin. Great to see you welcome. Thank you, Jonathan national retail Federation. Last word from you.

Jonathan Gould ([53:39](#)):

I'm going to sound like a broken record here, but communicate, communicate, communicate. I mean, it really is essential to communicate one, not only through the supply chain, with all of your partners, your vendors, your transportation providers, but your customers as well, make sure they're fully understanding of what's what's going to happen. What's that what the issues are, but again, communicate with your elected officials, uh, in the press. It's important that folks truly understand what's happening here. You know, there is no unfortunate, there's no silver bullet. That's going to fix everything. There are a lot of challenges here that need to go forward. And I think the more we can talk about those challenges, the more we can push forward to make change, which is sorely needed. You know, the one thing we keep hearing from the carriers and terminal operators is that the market's going to fix itself once consumer demand goes away.

Jonathan Gould ([54:21](#)):

So, you know, blaming the American consumer for buying too much is not the way to fix this. Um, you know, we've got a really kind of focused on how do we make ourselves more resilient in the future? And that's through communication, fix the issues at hand, let's make ourselves let's change the systems because they're not working anymore, to be honest. So communicate, communicate, communicate. We're all in this together. You know, let's we're, while we're in competition, we're all in this together as well. We've got to have a system that works for everybody going forward. So I'll leave it at that.

Mary Luehrsen ([54:49](#)):

John, Karyn, Carley, Armin, thank you so much for lending your expertise to today's webinar to help our NAMM members. We thank you. So, so very much, uh, all our NAMM members, I think you've heard some very important call to actions today in terms of how we need to hear from you are a federal maritime commission needs to hear from you, your member of Congress, you need to document and also communicate directly with your whole chain of, of carriers, uh, and let them know that guitars

under the Christmas tree really matter. They really matter to, uh, ukuleles harmonicas keyboards, sound systems, zoom, zoom materials. Under the Christmas tree, really mattered to our connectivity into our world and to every NAMM member. We promise you at NAMM public affairs, that we're going to keep a close eye on this. We'll have a portal at NAMM.org where we'll have a recording of this webinar and a link to these resources. And we invite your ongoing participation with us to our panelists. Thank you to our about 75 NAMM members joining us today. Thank you for joining us. And we wish you all a very wonderful day. And I thank you to my special team who helps me, Eric Ebel, Claire Kreger-Boaz, Sharon Bryant. They want to say hi there, welcome to turn on their cameras. It's always wonderful to know the great people that make us a really work the way we work. Thank you guys, and everybody have a wonderful day. Thank you. Thank

Jonathan Gould ([56:16](#)):

You very much. Thank you, Mary. Thank you.