



Dear CBFANC board.

Thank you for the wonderful opportunity to join our esteemed members and our sister organizations from San Diego, Los Angeles, Portland and Seattle ports, to the Pacific Coast Council mission to Washington DC between March 31 – April 2, 2019.

This was my first time on a legislative mission to Washington DC, and leaned a lot about how our Federal Government works. The meetings with CBP, FMC and various trade groups all working in conjunction to develop a working policy was educational to me. Additionally, being able to meet congressionals or their staff at their offices was empowering as a citizen, a voter, professional in a industry that matters in the grand scheme of things. So thank you for that.

I did not make it to the Saturday, March 30th party with Peter and Debbie, but came in early on Sunday, March 31 to the Board Meeting & Mission Briefing.

During the morning meeting, a representative from each regional associations reported on what their organizations were doing for the 2019 season. Summary of each association is as follows.

1. San Diego.
 - a. CARB - \$50K penalty for non compliance was a major issue
 - b. In-Bond CF7512 is still a problem, and having issues with perforation machines, and usage thereof.
2. San Francisco
 - a. Joint event in May with WIT-NC
 - b. Questions and exploring how to do a webinar for our education events.
 - c. Golf tournament in September
 - d. Issue of Oakland A's and their effort to develop the Howard Terminal for their new downtown stadium
 - i. It's viewed as a threat to the Maritime Trade Community
 - ii. Toxic clean-up and permission to add housing to Port of Oakland maritime industrial land is the major hurdle as well as a threat.
3. Portland
 - a. Planning CBP & Ag Seminars
 - b. Avalon doing a 'pitfalls of not being insured' seminar
 - c. Port congestion at SEA/TAC – Portland is 7-10 days
4. Los Angeles
 - a. They are planning a new chair for emerging technologies.
 - i. This may have something to do with new BIS regulation on logistics and inventory software.
 - b. Planning 1 webinar a month
 - c. Have 286 members and affiliates
 - d. Planning on board training on bylaws and Roberts rules
5. Seattle
 - a. FDA inspector causing delay for far away clients. Apparently only have one agent that travels.

Balance of the discussion was of 5106 issues, and slow erosion of customs business with DeMinimus going to \$800 which seems like it's a giveaway to Amazon and retailers to ship direct to individual US

consumers. At \$800 dollars, they can sell direct from Canada or Mexico to any US buyer from small consumable items to washing machines and TV's.

I am really not sure why we are for this as a broker association. It seems like the e-commerce companies such as Amazon, and FEDEX/UPS really want this to relieve themselves of the regulatory burden, and CBP also wants it because they can't effectively regulate it. It was openly wondered out loud in meetings with CBP if they want to clear customs at all in their 21st Century framework.

USMCA was decidedly the main issue for our outreach to congressionals. Peter and his staff was very helpful in the general discussion to guide us in how we formulate and discuss the finer points of the trade agreement.

On Monday, April 1, 2019 I was very surprised that no April fools prank was played... Having said that, morning meeting with CBP was just a blur. Quickly went through with CBP reports on 301, 232 TARIFFS, Role of broker was discussed and consolidating the permit to one national permit, De Minimis was discussed, 5106, drawback and 21st Century Customs Framework. Much was already covered amongst our own board discussion on Sunday.

I want to restate the CBP 21st Century Customs Framework. They had a hearing on March 1, 2019 to bring CBP to a modern framework for CBP-TRADE. Part of the Modernization Act to redefine the legal framework of CBP to be a effective regulator and enforcer of trade, technology, data access, supply chain mgmt. totaling 6 themes. They want to be or their computer system to be a self funded system so they don't have to rely on annual budgetary whims from Congress or DHS. There will be a second comment period later this year.

During lunch, USMCA was discussed with various industry representatives, and FDA spoke about import operations. Afterwards, a quick visit to FMC and met Chair Michael Khouri, and Commissioner Rebecca Dye, of FMC innovation Team. She talked about how to "incentivize good behavior" from the maritime community that it regulates. Cerebral lady that explained that carriers are the real players here, they own or manage the terminals and all the problems importers and OTI's face is their bad behavior in trying to ring out last cent from the trade community. She sees her job at the FMC as reminding the carrier to facilitate trade and not make it overly difficult and costly to pull containers in a reasonable time period.

In the afternoon, we went to the Capitol Hill Club and met with Angela Ellard from House Ways & Means Trade Counsel. A real politico that gave us the ins and outs of the USMCA. Which congressionals or senators were working on separate bills to the USMCA and why the democrats were raising issues on certain provisions of the trade agreement such as Pharmaceuticals, and labor issues in Mexican auto workers.

Tuesday April 2, 2019 we met Hun Quach, VP of Trade Policy, Retail Industry Leaders Association. She also mainly talked about USMCA and how important it was for the retail industry to seal the trade agreement. I asked the first question about how and why de minimis was so important to the retail industry. Her answer wasn't very satisfactory, but it is my opinion that between Canada, USA and Mexico, the retailers manufacturing in North America can ship their manufactured goods directly to customers with the minimal customs paperwork. Again, not 'great' for brokers.



We should be mindful about these new trade agreements and free trade agreements as they are really designed to; and with e-commerce technology and postal, courier service, actual buyers can go directly to manufacturers and make their purchases across national boundaries. Generally free trade agreements are designed to bring buyers and sellers together and cut out red tape, regulation brokers, middlemen.

Later in the day I met these congressionals.

1. Jared Huffman,
 - a. I had a personal story about my sister who lives in Santa Rosa that lost her house in the Tubbs Fire in 2017. I mentioned that his district that runs from San Rafael to the Oregon border and that many of his constituents were rebuilding from the wild fires. USMCA and ADD on Canadian Soft Wood Lumber is a major issue and should be repealed as soon as possible.
2. Josh Harder,
3. Barbara Lee,
 - a. It was professionally and personally a great honor to visit my congressional in DC. Met with the staffer Diala Jadallah and discussed PCC mission, USMCA. Scoop is that although she works for one of the most liberal congresswomen in DC, her husband works for CBP so I am hoping that when time comes, Barbara Lee will support USMCA.
4. Jackie Speier,
5. Devin Nunes,
 - a. Ian Foley the congressional staffer for Devin Nunes was interesting. Mr. Nunes is definitely not popular in CA and didn't look like they get many visitors from their district... Having said that, he was a republican and was generally for USMCA so I turned around the conversation and asked how we can convince some of the more liberal congressionals and he said make it personal. Tell a story that ties in with the district, which Peter Freedman was coaching us all day.

Wrapping up, I wanted to thank CBFANC for the opportunity to serve the membership, special thanks to Peter Freedman, his staff Ray Bucheger, Stephen Hudson and Spencer Young.

Sincerely,

Sung Wook Lee

