

Fireworks Industry Update





Ed Vasel – Marketing Director

12th PGI Convention

VP of National Fireworks Association

Matt Roach – Global Operations Manager

16th PGI Convention



DOMINATOR FIREWORKS

- Office in Liuyang, China
- Over **40 team members**
- Customers in **USA, South America, Europe, Australia, and Africa**
- 1.4G UN0336, 1.3G UN0335, 1.4G UN0431
- 1,000s of items** on our price lists
- 4 Time **"Best of Show"** winner for PGI displays



LIUYANG TEAM

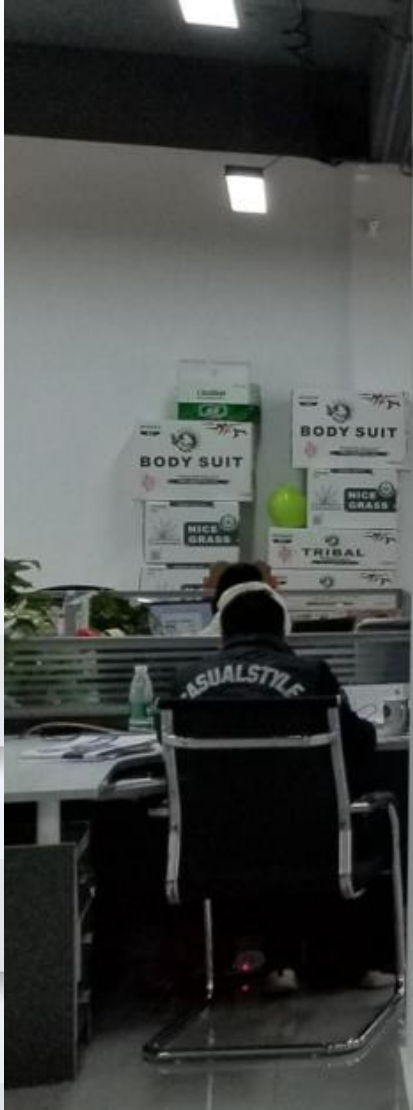
















Over 20 different brands available to importers





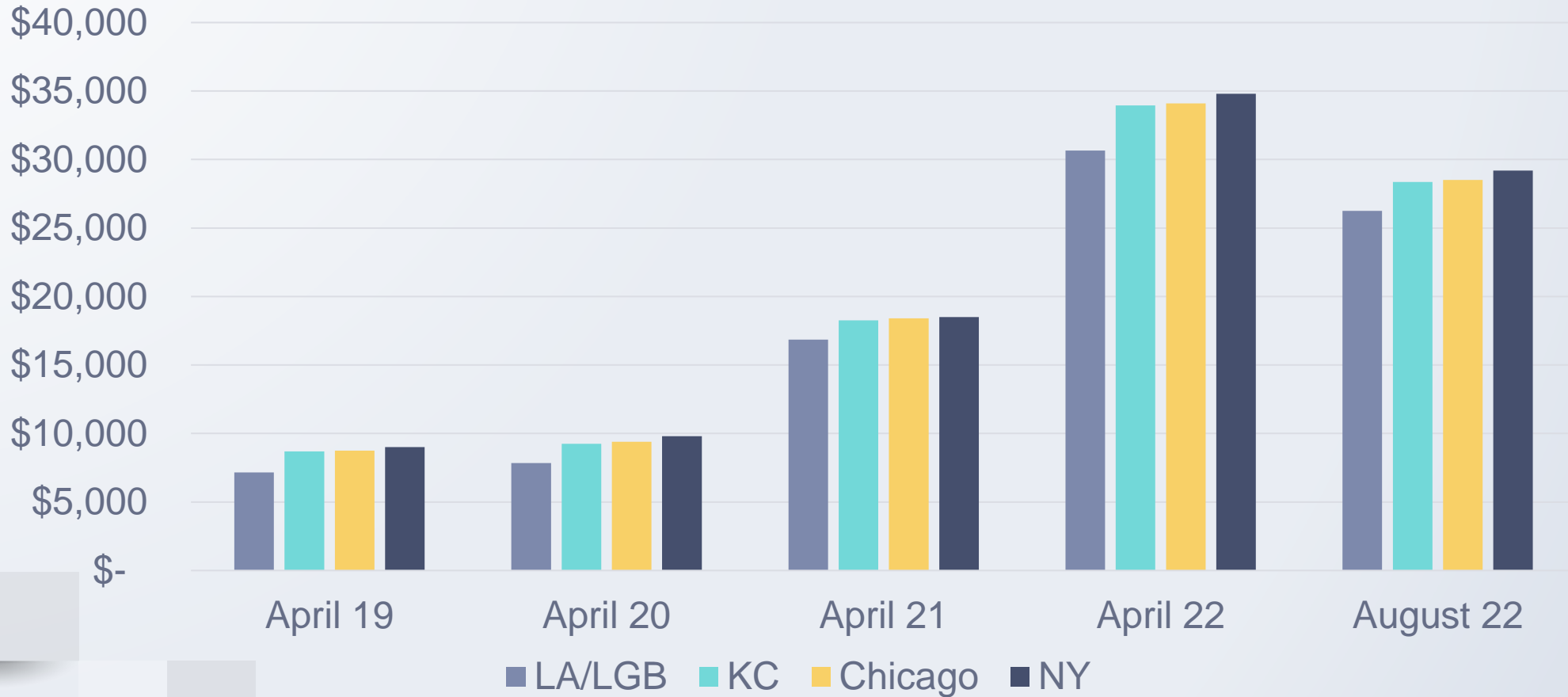
SHIPPING RATES

☐ Rates from April 2019 through August 2022

| | April 2019 | Per Case | April 2020 | Per Case | April 2021 | Per Case | April 2022 | Per Case | August 2022 | Per Case |
|---------|------------|----------|------------|----------|------------|----------|------------|----------|-------------|----------|
| LA/LGB | \$7,150 | \$7.15 | \$7,850 | \$7.85 | \$16,850 | \$16.85 | \$30,650 | \$30.65 | \$26,250 | \$26.25 |
| KC | \$8,700 | \$8.70 | \$9,250 | \$9.25 | \$18,250 | \$18.25 | \$33,950 | \$33.95 | \$28,350 | \$28.35 |
| Chicago | \$8,750 | \$8.75 | \$9,400 | \$9.40 | \$18,400 | \$18.40 | \$34,100 | \$34.10 | \$28,500 | \$28.50 |
| NY | \$9,000 | \$9.00 | \$9,800 | \$9.80 | \$18,500 | \$18.50 | \$34,800 | \$34.80 | \$29,200 | \$29.20 |



SHIPPING RATES





SHIPPING RATES

- Quotes are only **valid for a few weeks**
- Latest quotes were sent out on July 19th and every 2 weeks they have extended them
- Next update on rates will be Sept. 14th
- Unknown** what rates will be in future
 - LA longshoreman contract expired on 7/1/22
 - Executive order signed on 7/15 to keep negotiations going between railroads and their unions



CHARTER VESSELS

- Lack of booking space from traditional shipping companies in fall/winter 2021 led to creating charter vessels going to **new ports**
- 200+ containers per charter
- Mobile, New Orleans, and Miami** were some of the new ports used
- New process had **challenges** with so many containers arriving at same time and the **lack of available chassis**
- Some of the charters arrived too late** for product to be sold this season
- Huayang does not have any plans** to use charters for 2023 based off estimated number of bookings needed



SHIPPING TIMES

- ❑ It takes about 14 days from loading container in Liuyang until it is on a vessel in Shanghai
- ❑ Average time from loading to arrival at importer was **75 days** for 2022 season. Pre-Covid average was **less than 60 days**
- ❑ Fastest arrival to customer was **31 days** after loading
 - ❑ Arizona
- ❑ Longest was **156 days**
 - ❑ Texas



SHIPPING PENALTY FEES

- ❑ Many importers had **\$1000s in additional fees** added because of the lack of chassis and containers sitting too long
 - ❑ No fault of the importer, but they had to pay the penalty
- ❑ July 14th **Federal Maritime Commission Advisory**
 - ❑ Importers now have simplified process to **fight the additional charges** that incurred after June 16th signing of the Ocean Shipping Reform Act of 2022
 - ❑ <https://www.fmc.gov/industry-advisory-interim-procedures-for-submitting-charge-complaints>



FEDERAL MARITIME COMMISSION

COMPETITION AND INTEGRITY FOR AMERICA'S OCEAN SUPPLY CHAIN

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Industry Advisory — Interim Procedures for Submitting "Charge Complaints" Under 46 U.S.C. § 41310

Posted July 14, 2022

The Federal Maritime Commission gives the following guidance for parties wishing to dispute charges assessed by common carriers that they believe may not comply with the *Ocean Shipping Reform Act of 2022*, which became Public Law 117-146 on June 16, 2022.

Parties interested in filing such "Charge Complaints" at the Commission may do so by following the below steps:

- Identifying the common carrier
- Identifying the specific alleged violations of 46 U.S.C. §§ [41102](#) and/or [41104\(a\)](#).
- Gathering and submitting supporting documentation, as appropriate, including:
 - Invoices
 - Bill of Lading Numbers
 - Evidence of whether the charge(s) have been paid
- Confirming that the disputed charge was incurred on or after the enactment of P.L. 117-146
- Submitting all relevant materials in one email (if possible) to chargecomplaints@fmc.gov

When the Commission receives sufficient information, it will promptly initiate an investigation, which could ultimately result in a civil penalty and order for a refund of charges paid.

Investigations by the Commission are for law enforcement purposes and do not constitute representation as attorney for the complainant or a guarantee of refunds. If the filer chooses to pursue and control their own legal case, including with the assistance of their own attorney if desired, they may do so under 46 U.S.C. § 41301(a) and Part 502 of the Commission's regulations.

To do so, filers must submit a [formal](#) or [informal](#) complaint. Persons may also seek alternative dispute resolution services by contacting the [Office of Consumer Affairs and Dispute Resolution](#).

This guidance communicates the timely implementation of a self-executing provision of PL 117-146. The Commission reserves the right to amend processes related to "Charge Complaints" at any time.

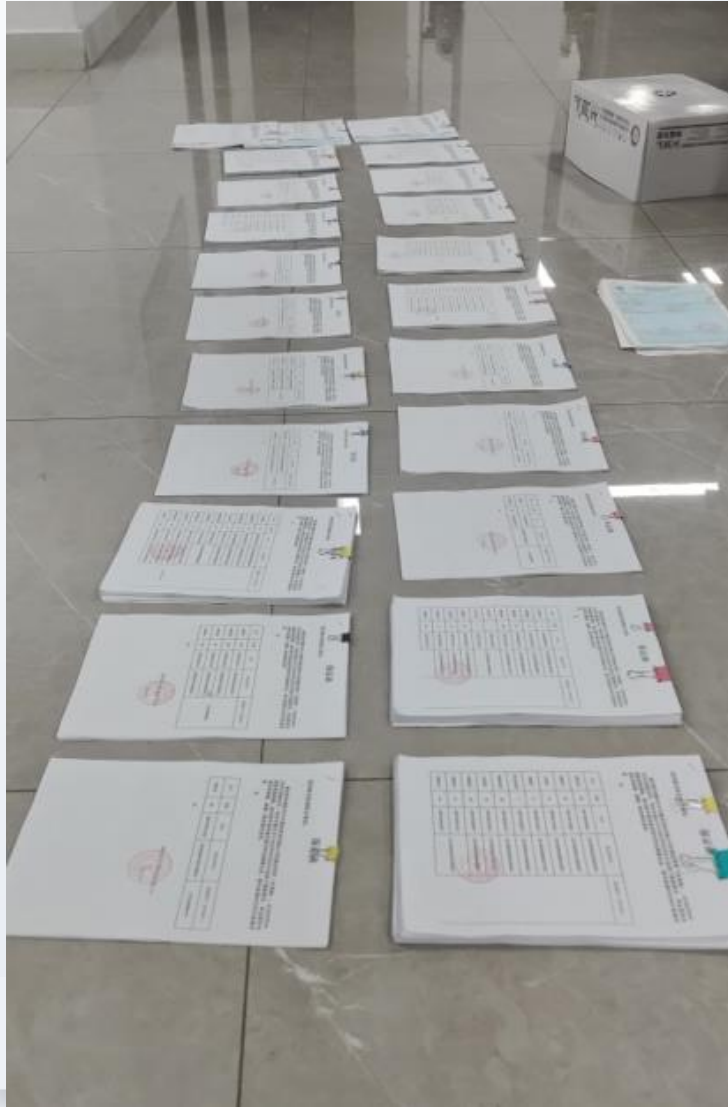


LOADING CONTAINERS

- ❑ CIQ (China Customs) **closely inspects each item** loaded onto containers
 - ❑ **Stop loading** to open case, weigh, take pictures and verify paperwork is valid
- ❑ **Fewer amount of skus** per container will get priority and load faster
 - ❑ High sku containers **add hours of additional loading time** and **paperwork**
- ❑ Hunan and Jiangxi CIQ **operate separately**
 - ❑ **Mix of items** produced in Province outside of where container is being loaded is monitored
 - ❑ This prevents some items from being able to be loaded



LOADING CONTAINERS







PRODUCTION

70 DAYS OF PRODUCTION
FOR 2023 PRODUCT
GOVT MEETING IN OCTOBER



ORDER NOW FOR 2023!!

 PARTIAL PRODUCTION

 FULL PRODUCTION

| | HIGH HEAT SHUTDOWN | | | GOVT MT | 2023 PRODUCTION | | | CNY | 2024 PRODUCTION | | | |
|-----|--------------------|-----|-----|---------|-----------------|-----|-----|--------|-----------------|-----|-----|------|
| | JUL | AUG | SEP | OCT | NOV | DEC | JAN | FEB | MAR | APR | MAY | JUNE |
| MON | | 1 | | | | | | | | | 1 | |
| TUE | | 2 | | | | 1 | | | | | 2 | |
| WED | | 3 | | | | 2 | | 1 | 1 | | 3 | |
| THU | | 4 | 1 | | | 3 | 1 | 2 | 2 | | 4 | 1 |
| FRI | 1 | 5 | 2 | | | 4 | 2 | 3 | 3 | | 5 | 2 |
| SAT | 2 | 6 | 3 | 1 | | 5 | 3 | 4 | 4 | 1 | 6 | 3 |
| SUN | 3 | 7 | 4 | 2 | | 6 | 4 | 5 | 5 | 2 | 7 | 4 |
| MON | 4 | 8 | 5 | 3 | | 7 | 5 | 6 | 6 | 3 | 8 | 5 |
| TUE | 5 | 9 | 6 | 4 | | 8 | 6 | 7 | 7 | 4 | 9 | 6 |
| WED | 6 | 10 | 7 | 5 | | 9 | 7 | 8 | 8 | 5 | 10 | 7 |
| THU | 7 | 11 | 8 | 6 | | 10 | 8 | 9 | 9 | 6 | 11 | 8 |
| FRI | 8 | 12 | 9 | 7 | | 11 | 9 | 10 | 10 | 7 | 12 | 9 |
| SAT | 9 | 13 | 10 | 8 | | 12 | 10 | 11 | 11 | 8 | 13 | 10 |
| SUN | 10 | 14 | 11 | 9 | | 13 | 11 | 12 | 12 | 9 | 14 | 11 |
| MON | 11 | 15 | 12 | 10 | | 14 | 12 | 13 | 13 | 10 | 15 | 12 |
| TUE | 12 | 16 | 13 | 11 | | 15 | 13 | 14 | 14 | 11 | 16 | 13 |
| WED | 13 | 17 | 14 | 12 | | 16 | 14 | 15 | 15 | 12 | 17 | 14 |
| THU | 14 | 18 | 15 | 13 | | 17 | 15 | 16 | 16 | 13 | 18 | 15 |
| FRI | 15 | 19 | 16 | 14 | | 18 | 16 | 17 | 17 | 14 | 19 | 16 |
| SAT | 16 | 20 | 17 | 15 | | 19 | 17 | 18 | 18 | 15 | 20 | 17 |
| SUN | 17 | 21 | 18 | 16 | | 20 | 18 | 19 | 19 | 16 | 21 | 18 |
| MON | 18 | 22 | 19 | 17 | | 21 | 19 | 20 | 20 | 17 | 22 | 19 |
| TUE | 19 | 23 | 20 | 18 | | 22 | 20 | 21 | 21 | 18 | 23 | 20 |
| WED | 20 | 24 | 21 | 19 | | 23 | 21 | 22 | 22 | 19 | 24 | 21 |
| THU | 21 | 25 | 22 | 20 | | 24 | 22 | 23 | 23 | 20 | 25 | 22 |
| FRI | 22 | 26 | 23 | 21 | | 25 | 23 | 24 | 24 | 21 | 26 | 23 |
| SAT | 23 | 27 | 24 | 22 | | 26 | 24 | 25 | 25 | 22 | 27 | 24 |
| SUN | 24 | 28 | 25 | 23 | | 27 | 25 | * 22 * | 26 | 26 | 28 | 25 |
| MON | 25 | 29 | 26 | 24 | | 28 | 26 | 27 | 27 | 24 | 29 | 26 |
| TUE | 26 | 30 | 27 | 25 | | 29 | 27 | 28 | 28 | 25 | 30 | 27 |
| WED | 27 | 31 | 28 | 26 | | 30 | 28 | | 29 | 26 | 31 | 28 |
| THU | 28 | | 29 | 27 | | | 29 | 26 | 30 | 27 | | 29 |
| FRI | 29 | | 30 | 28 | | | 30 | 27 | 31 | 28 | | 30 |
| SAT | 30 | | | 29 | | | 31 | 28 | | 29 | | |
| SUN | 31 | | | 30 | | | | 29 | | 30 | | |
| MON | | | | 31 | | | | 30 | | | | |
| TUE | | | | | | | | 31 | | | | |



PRODUCTION

- ❑ About **6 months** of production time per year
 - ❑ Need to be planning 18 months in advance of delivery
- ❑ **Chinese domestic market is growing** for smaller items
- ❑ **Fewer factories** available
- ❑ **Most workers are older** and not many younger workers entering the field
- ❑ **Automation** will help for some items
 - ❑ Other more labor-intensive items will take longer to produce or become extinct



PRODUCTION

- ❑ 1.3G shell factories are **limited**
- ❑ Booking availabilities of 1.3 are minimal – **No Central locations**
 - ❑ LA, Portland, NY, Baltimore, Norfolk, Charleston, Savannah, Jacksonville
- ❑ **Many late 1.3 containers for 2022 season** were on charters
- ❑ Product **prices continue to rise**
- ❑ **Weights of containers** are now very closely monitored



PRODUCTION

- ❑ **Factories requiring payments up front**
 - ❑ Domestic market paying in cash and shipping their items immediately after finishing are **given priority**

- ❑ Importers requesting **credit do not get priority**
 - ❑ **Payment at time of order** or upon loading are given **priority** for production and bookings