Samuel Shapiro & Company, Inc.

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"SHAP" TALK

February 2012 Issue No. 118

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TRADE NEWS

President Obama Proposes Agency Reorganization

In order to promote competitiveness, exports, and American business, President Obama has proposed to consolidate six government agencies into one cabinet level department (which has yet to be named). The President feels the current setup is inefficient and redundant, and that the reorganization will be beneficial to American businesses. The government reshuffling is expected to save $3 billion over the next 10 years and to cut over 1000 jobs.

The Department of Commerce's core business and trade functions will be consolidated with the Small Business Administration, the Office of the U.S. Trade Representative, the Export-Import Bank, the Overseas Private Investment Corporation, and the U.S. Trade and Development Agency to form one department responsible for trade and export. Additionally, the National Oceanic and Atmospheric Administration (NOAA), which makes up over half of Commerce's budget, will move to the Department of the Interior. The Census Bureau would remain with the Department of Commerce. The U.S. International Trade Commission would still be an independent agency.

Already there is concern about the role of the U.S. Trade Representative and that moving it to a new agency will be detrimental to U.S. exports. The USTR is successful because it operates as its own agency. Members of Congress are worried that rolling the USTR into a bloated department would impact its effectiveness at opening new markets for the U.S.

The proposal must win Congressional approval first which could be a hard sell in this election year.

DHS Unveils National Strategy for Global Supply Chain Security

Department of Homeland Security Secretary Janet Napolitano unveiled the National Strategy for Global Supply Chain Security on January 25, 2012. The global supply chain that supports U.S. trade is essential to our economy and security and is a critical global asset. Through the National Strategy for Global Supply Chain Security, the government seeks to strengthen global supply chains in order to protect the welfare and interests of the American people and security U.S. economic prosperity.

The focus in the Strategy is the worldwide network of transportation, postal, and shipping pathways, assets, and infrastructures by which goods are moved from the point of manufacture until they reach an end consumer, as well as supporting communications infrastructure and systems. The Strategy includes two goals:

> *Promote the Efficient and Secure Movement of Goods* – The first goal of the Strategy is to promote the timely, efficient flow of legitimate commerce while protecting and securing the supply chain from exploitation, and reducing its vulnerability to

disruption. To achieve this goal we will enhance the integrity of goods as they move through the global supply chain. We will also understand and resolve threats early in the process, and strengthen the security of physical infrastructures, conveyances and information assets, while seeking to maximize trade through modernizing supply chain infrastructures and processes.

Foster a Resilient Supply Chain – The second goal of the Strategy is to foster a global supply chain system that is prepared for, and can withstand, evolving threats and hazards and can recover rapidly from disruptions. To achieve this we will prioritize efforts to mitigate systemic vulnerabilities and refine plans to reconstitute the flow of commerce after disruptions.

DHS's approach is informed by the following guiding principles:

Galvanize Action – Integrate and spur efforts across the United States Government, as well as with state, local, tribal and territorial governments, the private sector and the international community.

Manage Supply Chain Risk – Identify, assess, and prioritize efforts to manage risk by utilizing layered defenses, and adapting our security posture according to the changing security and operational environment.

The DHS will lead a six month engagement period with the international community and industry stakeholders. The purpose of the engagements is to solicit feedback and specific recommendations on how to implement the Strategy in a cost effective and collaborative manner.

DHS has outlined its priorities as:

- Refining its understanding of globally supply chain threats and risks across air, land, and sea pathways
- Improving threat detection and information analysis as well as sharing capabilities
- Building resilient critical infrastructures and fostering a system that can absorb shocks and maintain continuity in the face of disruptions
- Improving its capacity for commerce by modernizing and expanding domestic infrastructures, streamlining government processes, and creating innovative solutions to speed the movement of legitimate goods across the borders
- Embracing and advancing global standards and encouraging collaboration with other stakeholders seeking to contribute to this collective mission.

The document may be found at:
http://www.whitehouse.gov/sites/default/files/national_strategy_for_global_supply_chain_security.pdf

Export.gov's Top 50

As a recap of 2011, Export.gov is highlighting the top 50 search phrases of the year. This is a very handy list for exporters and includes links for each topic.

1. Safe Harbor
Safe Harbor is a certification program for EU and Switzerland regarding data privacy http://1.usa.gov/rXq9Ar
2. ECCN
If your product fits an Export Control Classification Number (ECCN), then it may need a license http://1.usa.gov/s22Moj
3. Incoterms
International Commercial Terms are a series of sales terms commonly used in international transactions http://1.usa.gov/v0ELsg
4. Certificate of Origin
Not all countries require a Certification of Origin (CO). Also, some COs are prepared by the exporter and some are prepared by the importer http://1.usa.gov/uSeHat
5. Export Documentation
A listing of common export documents is available on Export.gov http://1.usa.gov/qosJ0D
6. Market Research:
Search our database for market research or look for agricultural market research, which is listed separately http://1.usa.gov/uDn7vi
7. Schedule B
HS Classification Numbers and Schedule B Numbers are different. Learn more http://1.usa.gov/vUVaPf
8. NAFTA
North America Free Trade Agreement - As of 1/1/08 all tariffs and quotas were eliminated on exports to Mexico and Canada under NATFA. http://1.usa.gov/snN8dy
9. National Export Initiative (NEI)
Presidential initiative to doubling exports by the end of 2014, supporting millions of jobs http://export.gov/nei/
10. E-Commerce
Selling goods and services internationally thru online transactions. Are you E-Commerce ready? http://1.usa.gov/tkGjxR
11. Country Commercial Guides (CCG)
CCGs give you basic country info, such as which are the best markets and other cultural insights http://bit.ly/rDTRWj
12. International Logistics
International logistics includes packing, labeling, documentation, insurance, shipping, etc. http://1.usa.gov/uL1Z9O
13. Free Trade Agreements (FTA)
FTAs are agreements between two or more countries to reduce trade barriers & enhance the rule of law http://export.gov/fta/
14. Freight Forwarders
Freight forwarders are agents for the exporter who can move cargo from "dock-to-door." They also can provide other, additional services http://1.usa.gov/qDm3cT

15. HS Tariff Classification Number
HS Classification Numbers and Schedule B Numbers are different. Learn more about the differences http://1.usa.gov/vUVaPf

16. Export License
Most export transactions don't require a license. Learn more about when licenses are needed http://1.usa.gov/rFwZsU

17. AES Filing
Export info must be filed electronically thru the Automated Export System (AES) or you may be subject to penalties http://1.usa.gov/pmq8fO

18. Exporting to China
China has many great opportunities to help you expand your business thru exporting http://1.usa.gov/tulkjh

19. USEAC
ITA has 100+ US Export Assistance Centers (USEACs) to help you. A listing of the domestic offices is available http://1.usa.gov/vB9ZBD

20. Trade Information Center (TIC)
The TIC is staffed with trade specialists who can answer your exporting questions http://1.usa.gov/vUlD8m

21. CE Mark
CE Mark certifies that a product has met EU health, safety, and environmental requirements http://1.usa.gov/uTBiAz

22. Declaration of Conformity
Manufacturer use this form to declare their product is in conformity with the European Union essential requirements http://1.usa.gov/un71zO

23. Preference Criterion
Learn about the six preference criterion for qualifying for a NAFTA tariff rate http://1.usa.gov/ssesE7

24. CAFTA-DR
CAFTA-DR is the Dominican Republic-Central America-United States Free Trade Agreement http://1.usa.gov/sdyGZY

25. US Export Data
Trade data helps companies identify the best countries to target their exporting efforts http://1.usa.gov/w2TpzC

26. International Sales
We have a variety of services to help you sell your products abroad. Come see our list http://1.usa.gov/tCXEMH

27. Export Regulations
Some countries have standards that you should be aware of and that you need to comply with in order to sell your products there http://1.usa.gov/vFmhtK

28. Trade Leads
Search our trade leads by country, industry, or region. Export.gov registration is required to access trade leads http://1.usa.gov/thyrTT

29. Shippers Export Declaration (SED)
SEDs should no longer be filed. All export information must be filed electronically with AESDirect or you may be subject to penalties http://1.usa.gov/pmq8fO

30. How to Export

Do you know if you are export ready? Start here and take our self-assessment http://1.usa.gov/p7ZsuW

31. International Finance

Finance programs are available to help you with working capital, financing international buyers, etc. http://1.usa.gov/o30WBv

32. Export Control Reform

Presidential initiative that counters threats & proliferation of weapons of mass destruction thru controlling certain exports http://export.gov/ecr/

33. Terms of Trade

New to exporting and need help with some trade terms? Here is a listing of the common ones http://1.usa.gov/vryEvE

34. Qatar

The trade specialists in our Qatar office can be your eyes and ears in the Qatar marketplace http://export.gov/qatar/

35. Tariff Rates By Country

Different countries have different tariff rates. View the tariffs for a specific country http://1.usa.gov/tE5EkD

36. Export Statistics

Export stats can help companies identify the best countries for their exporting efforts http://1.usa.gov/w2TpzC

37. Methods of Payment

We describe four different payment options that you can use when exporting http://1.usa.gov/smEsEq

38. Fumigation Certificate

A fumigation certification provides evidence of the fumigation of exported goods. This is one of our common export docs http://1.usa.gov/rLRmzj

39. India

India has many opportunities for US exporters http://1.usa.gov/ufeaI9

40. China Compulsory Certification (CCC Mark)

The CCC Mark is a safety license for manufacturers exporting to or selling in China http://1.usa.gov/uCNfRX

41. CE Mark Countries

CE Mark applies to 32 countries. See which countries are on the list http://1.usa.gov/uPWCgc

42. Gold Key Service

Need custom market and industry briefings or appointments with prospective trade partners? Then the Gold Key service is for you! http://1.usa.gov/rNKrUp

43. Basic Guide to Exporting

Are you exporting yet? The Basic Guide to Exporting includes everything you need to know to get started http://1.usa.gov/tHHgQ2

44. Trade Promotion Coordinating Committee (TPCC)

The TPCC includes the 20 federal trade agencies with 7 core agencies http://1.usa.gov/uzh0nT

45. Advocacy Center

The Advocacy Center ensures that sales of US products and services have the best chance competing abroad http://export.gov/advocacy/

46. ATA Carnet

The ATA Carnet is an international customs document that allows the temporary entry of goods duty-free and tax-free. It is accepted by 75 countries http://1.usa.gov/rH7Kjh

47. Export Business Plan

Having an export plan is a good step and it is required if you need financial assistance http://1.usa.gov/qukgiP

48. US Commercial Service (CS)

CS has trade specialists in over 100 US cities and over 75 countries to help you export http://1.usa.gov/sBHHMB

49. International Buyer Program (IBP)

IBP brings foreign buyers to US trade shows giving exhibitors more export sales opportunities http://export.gov/ibp/

50. International Company Profile

Need a credit check on a potential international partner? Then this is for you! http://1.usa.gov/vTySV8

FDA Announces FSMA Progress

The Food and Drug Administration (FDA) has published information regarding its implementation of the Food Safety Modernization Act (FSMA).

Progress included developing regulations and publishing mandated reports to increase overall food safety in the US.

Initiatives included (Note this listing is not all inclusive):

- Participating in and funding the Produce Safety Alliance and the Food Safety Preventative Controls Alliance to aid industry in complying with FSMA requirements
- Participating in global meetings and conferences in countries, over 70 in all, such as China, Mexico, and Canada, and the European Union to discuss the FSMA's global impact
- Holding public meetings to discuss controls, provisions, changes to inspection and compliance programs, and preventive actions
- Participating in farm tours to gather opinions and recommendations on how the FSMA can work at the grass roots level across various commodities and practices
- Participating in over 350 meetings with industry, academics, farmers, and the public to address any perceived FSMA issues and concerns
- Issuing a guide to the seafood industry on hazards and controls associated with fishery products
- Meeting the mandate for foreign inspections as required by the FSMA by conducting more than 20,000 domestic inspections countrywide
- Announcing the year 2012 fee schedules for facility re-inspections and recall order violations

- Enhancing the ability of the FDA and trade to trace tainted or adulterated products by announcing 2 new pilot projects to be completed by the Institute of Food Technologists
- Launching a more user friendly recall search engine on the FDA website and establishing a FSMA web page which includes FAQs, webinars, and presentation materials on food safety topics
- Preventing smuggled foods and food products from entering the U.S. by participating in a joint smuggling initiative with the Department of Homeland Security
- Issuing an interim rule which requires the party filing prior notice on food products to report any country where the product(s) was refused entry
- Using authority to detain products believed to be misbranded or adulterated for up to 30 days

Additional information on the proposed regulations, reporting capabilities, initiatives, and progress successes can be viewed by visiting the FDA website at www.fda.gov

Korea Advanced Manifest System to be Delayed

In our December 2011 Shap Talk, we wrote of the new Korean Advanced Manifest System for reporting manifest information early to enhance cargo security. The start of the program has now been delayed until April 1, 2012.

Information about the program may be found on the Korea Customs website at: http://english.customs.go.kr/, and click on the Advance Manifest System and Guidelines under News and Notice on the home page.

Mandatory Electronic Reporting for Canadian Exporters Effective April 1, 2012

On January 18, 2012, The Canadian Border Service Agency (CBSA) issued a notice detailing its new policy for Mandatory Electronic Export Reporting requiring all exporters to declare their export shipments destined to non-U.S. destinations according to timeframes and modes of transportation.

Effective April 1, 2012, the CBSA will take steps to eliminate the manual reporting process form (B13A) for exporters and implement mandatory electronic reporting. This will eliminate costly steps for preparation, presentation and courier expense to present the B13A form. CBSA notes that electronic reporting aligns Canada's Export Program with the reporting processes in other countries and is consistent with the overall direction of the CBSA's commercial program.

Similar to the United States Electronic Export Reporting through the Automated Export System, Canada requires specific timeframes for each mode of transportation as noted below. All modes must be reported prior to export according to the following timeframes:

Marine – no less than 48 hours before the goods are loaded onto the vessel;
Air – no less than two hours before the goods are loaded onto the aircraft;
Rail – no less than two hours before the railcar containing the goods is assembled to form part of the train for export;
Postal – no less than two hours before the goods are delivered to the post office where they will be mailed;
Any other mode –immediately prior to the exportation of the goods

There are two options available for exporters who choose to report electronically. The Canadian Automated Export Declaration (CAED) and the G7 Export Reporting Electronic Data Interchange (G7-EDI). The CAED is downloadable software available free of charge on the Statistics Canada website at: www.statcan.gc.ca/exp. The G7-EDI option requires an investment from the exporting company and provides a direct link to the CBSA's ACROSS System. (The Accelerated Commercial Release Operations Support System (ACROSS) uses advanced electronic technology to streamline the way goods are imported into Canada.)

The implementation date is targeted for April 1, 2012. In order to provide exporters sufficient time to register for CAED or G7-EDI, the transition period will be in place until the regulations are implemented.

This does not impact exporters who have been approved to report their exports using the Summary Reporting Program option. In addition, when electronic permit reporting options are not available, the requirement to present a paper copy of the electronic export declaration and OGD permit at the CBSA office closest to the point of exit remains unchanged.

For additional information contact:
Canada Border Services Agency
Export Programs
150 Isabella Street, 10th Floor
Ottawa ON K1A 0L8

Telephone: 613-954-7160
Email: export@cbsa-asfc.gc.c
The entire notice from the Canadian Border Service agency may be accessed at: http://cbsa.gc.ca/publications/cn-ad/cn12-001-eng.html

U.S. International Trade in Goods and Services- November 2011

In January 13, 2012, the Commerce Department issued the November 2011 Trade in Goods and Services Report. The Nation's international trade deficit in goods and services increased to $47.8 billion in November from $43.3 billion (revised) in October, as imports increased and exports decreased. Below are the release highlights for Export and Import.

Exports of goods and services decreased $1.5 billion in November to $177.8 billion, reflecting a decrease in exports of goods. Exports of services were virtually unchanged.

- The decrease in exports of goods was more than accounted for by a decrease in industrial supplies and materials. An increase in consumer goods was partly offsetting.
- Exports of services were virtually unchanged from October to November. Decreases in travel and passenger fares were mostly offset by increases in royalties and license fees and other private services (which includes items such as business, professional, and technical services, insurance services, and financial services).

Imports of goods and services increased $2.9 billion in November to $225.6 billion, reflecting an increase in imports of goods. Imports of services decreased.

- The increase in imports of goods was more than accounted for by increases in industrial supplies and materials and automotive vehicles, parts, and engines. A decrease in consumer goods was partly offsetting.
- The decrease in imports of services was more than accounted for by decreases in travel and other transportation (which includes freight and port services).

View the full release with charts and tables or past reports dating back to 1992 from Census and the Bureau of Economic Analysis at: http://www.bea.gov/newsreleases/international/trade/tradnewsrelease.htm

TRANSPORTATION UPDATE

February 2012 Update

INDUSTRY NEWS:

Reaching Back to Sea-Air

In the January 20, 2012 Journal of Commerce article entitled "Sea-Air Comes Into Its Own," Peter Tirschwell shares his thoughts on the resurgence of a growing interest in "sea-air movements"-the transportation option of using a combination of sea and air cargo, in an effort to balance cost and transit time. Thirty years ago Japanese forwarders utilized sea-air transportation modes in order to accelerate transit times, and to circumvent limited air freight capacity in the movement of higher value goods, by transshipping.

According to Brian Clancy, managing director of Logistics Capital & Strategy, "what the Japanese freight forwarders did a long time ago was to figure out how to get stuff into Europe in a cost-effective basis." Similarly, electronics manufacturers in Singapore and Malaysia were doing what the Japanese forwarders were doing through Dubai, resulting in what has become a major sea-air hub for Asia-Europe freight. Emirates, the largest air freight carrier of sea-air cargo, gets approximately 20 percent of its cargo volume from sea volumes transshipped to air at its Dubai hub.

Tirschwell attributes the growing interest in sea-air movements and the marketing of sea-air solutions to a number of trends, including "…weak revenue growth forcing consumer product shippers to focus more on supply chain costs, lower margins on consumer electronics as retail prices fall, and shippers hedging against higher oil prices that drive up the cost of air freight." Falling retail prices of goods traditionally shipped by air freight is a big part of the story. Clancy states that, "In the past, air freight rates were sky high because of regulatory constraints…now the story is not so much air freight regulatory issues, but a hedge against rising oil prices and rising air freight prices relative to other modes, and, simultaneously, it's a way for high-tech manufacturers to have a more cost effective supply chain option for all these products that were new 20 years ago and could afford premium air freight, but now are all mature products and need a cheaper way to get to market." High-tech manufacturing companies are looking at more cost effective ways to ship goods that are getting cheaper and cheaper, leading them to contemplate the use of ocean options and subsequently the use of sea-air.

Sea-Air options provide an opportunity to offer value added service to shippers looking to eliminate waste in their supply chains, by decreasing inefficiencies that arise out of an exclusive air freight supply chain in scenarios when cargo arrives before it is needed. In a speech to the JOC TPM Asia Conference in Shenzhen last October, Damco CEO Rolf Habben-Jansen talked about the level of inefficiency and waste that exists when goods are shipped earlier than necessary. He advises that often the solution to this is the flexibility of supply chain options "where goods are flowed through the supply chain at a pace commensurate with when it's needed at destination," with the ability to utilize options allowing for the changing of transportation modes en route. Habben-Jansen sees sea-air options as a means of achieving that flexibility. "To do sea-air correctly, you have to work out the operational challenges in the transfer…you can't chase air freight rates all the time; you want to keep your skill set exercised all the time and not falling into atrophy."

Analyst Recommends "Cold Idling" of Ships to Keep Rates High

Analysts at Macquarie Capital Securities are advising ocean carriers to consider the "full decommissioning" of vessels if they want to continue to push rate hikes throughout the coming year. Alphaliner reports less than 1 percent increase in idled vessels in mid-November, with the totaled proportion of the idled fleet at 2.9 percent. "Hot" layups-vessels with a small crew remaining on board, ready to re-enter the market at short notice, made up the biggest portion of this percentage. A "cold" layup involves dismissing the vessel's crew and shutting down the ship's electronics; and while "cold" layups can significantly reduce overhead costs, machinery and electronic systems can degrade, with reactivation often taking weeks and usually involving drydock. Citing numbers revealing trans-Pacific rates to be their lowest in 23 months, analysts at MSC view this as a battle for market share that will only support rates with a "significant withdrawal of capacity-probably at least 15 percent." Janet Lewis of Macquarie believes that because "the liners have still not been taking out capacity at a rate need to support future increases, [container lines] will struggle to maintain recent rates gains after the Chinese Lunar New Year."

Conversely, carriers fear loss of market share if they commit to "cold" layups, advising that there is little potential for the scrapping of container ships because most of the existing fleet is modern.

OCEAN FREIGHT:

Maersk Line to Charge Cargo Declaration Amendment Fee
Maersk Line will begin charging a cargo declaration amendment fee on shipments to destinations that require advanced manifest, starting March 1st. The size of the fee will be set locally and will apply to a second or any subsequent submission of the shipping information to customs authorities. Destinations that include advance manifest include the European Union countries, the United States, Canada and Mexico.

Evergreen Resurrects UAM pendulum to North America, Asia and Med
Taiwan's Evergreen Line has resumed its west coast of North America-Asia-Med pendulum service (UAM) after its suspension in October when it split into two services.

The two services were a transpacific loop, the Pacific North West (PNW) service and the Far East-Mediterranean service (FEM), both of which ended in late November. Nine 5,492-TEU ships from the FEM joined the return to the UAM which operates 14 vessels in the 5,557-TEU range. The PNW's five vessels in the 4,960-TEU range will now be deployed here, according to American Shipper's affiliate ComPair Data.

UAM operates a 98-day roundtrip, FEM sailing time of 70 days and the UAM's Asia-PNW loop a sailing total of 35 days. The port rotation will be Tacoma, Vancouver, Tokyo, Osaka, Qingdao, Shanghai, Ningbo, Kaohsiung, Hong Kong, Shenzhen-Shekou, Shenzhen-Yantian, Tanjung Pelepas, Colombo, Ashdod, Alexandria, Taranto, Genoa, Barcelona, Valencia, Taranto, Colombo, Singapore, Tanjung Pelepas, Kaohsiung, Hong Kong, Shenzhen-Yantian, Shanghai, Ningbo and back to Tacoma.

U.S. Containerized Imports Rise 5 Percent in November
In the fastest year-over-year increase since May, U.S. containerized imports, led by a spurt in furniture shipments, rose 5 percent in November.

Furniture imports rose 7 percent to 144,823 TEU's, and according to PIERS data, this increase in furniture imports, the largest category of container imports, followed eight straight months of year-over-year declines. Housing starts and permits, which have remained at historically low levels, are starting to inch up over recent months, and shippers are responding by stocking more furniture and home goods, confirming Journal of Commerce Economist Mario O. Moreno's advice that, "November's import data supports the view that a healthy housing market is key to the revival of U.S. box imports, as many of the goods consumers purchase to furnish a home are imported." Moreno said the sustainability of the increase in furniture shipments hinges on the housing market, heavily influenced by employment trends, and advises that while the 132,000 jobs a month added in the 12 months through November are not quite the 150,000 needed for a "modest" sustainable recovery in housing, we are getting closer.

Moreno also points out that although the housing market has begun to recover, consumer spending overall remains constrained with growth in real consumer spending decelerating in the third quarter of 2011 to 2 percent from 2.2 percent in the second quarter and 2.8 percent in the first quarter, causing shippers to remain cautious, and trimming orders for major consumer goods such as apparel and footwear. Imports of women's and infant wear declined 15 percent in November, menswear was down 19 percent, footwear was off 8 percent and miscellaneous apparel fell 7 percent. Toy shipments, weak through much of 2011, fell 9 percent.

Imports of cooking and heat appliances rose 13 percent, lamps and parts increased 4 percent, and kitchenware was up 1 percent. Demand for sheets, towels and blankets were down 12 percent year-over-year, but the decrease was smaller than in previous months.

Solid gains were also seen in auto parts, up 16 percent, miscellaneous electronic products, up 17 percent, miscellaneous plastic products, up 9 percent, and metal ware up 19 percent.

Imports from Northeast Asia showed the biggest gains, up 4 percent to 907,606 TEU's in November. Imports from China rose 4.1 percent to 706,399 TEU's spurred by gains in furniture, cooking and heat appliances. This increase in volume followed eight consecutive months of year-over-year declines.

Imports rose 8 percent from Northern Europe, to 139,170 TEU's; from the Mediterranean to 66,339 TEU's. Shipments from the Indian Subcontinent declined 5 percent and Southeast Asia saw 2 percent decline.

3.5 Percent Rise in Savannah Container Traffic
Container volume handled by the port of Savannah in December dropped 1.9 percent year-over-year, but did not dispel the Georgia port's total throughput increase in 2011 by 3.5 percent to 2.95 million 20-foot equivalent units. Breakbulk traffic at the port of Brunswick expanded 7.5 percent year-over-year to 209, 656 tons. In the same period roll-on, roll-off cargo rose 23 percent to 495,000 auto and machinery units. Both ports of Savannah and Brunswick achieved record volumes in 2011.

Carriers are Raising U.S. to Far East Rates and from Indian Subcontinent
Effective March 1, 2012, Mediterranean Shipping, the world's second-largest container carrier will implement a GRI increase of $50 per 20-foot container and $100 per 40-foot containers for shipments out of West Coast Ports. Shipments originating from inland intermodal sites to West Coast ports will double. Rates on shipments from U. S. East Coast and Gulf ports will increase by $100 per 20-foot container and $150 per 40-foot container. The price on 40-foot containers will go up $50 if the shipment originates from an inland intermodal site.

Effective February 1, 2012, OOCL and Yang Ming have announced increases of $160/20', $200/40' from USEC ports to Asia and $80/20', $100/40' from USWC ports to Asia.

Effective February 1, 2012, CMA is hiking rates from the United States to the Far East by US$75 per 20' dry container and US$150 per 40' dry and 40' HC dry. Also on February 1st, rates from the Indian Subcontinent and Pakistan to the U.S. East Coast will go up by US$320 per 20', US$400 per 40', and US$450 per 40' HC.

Shenzhen Seeks Partnership with Hong Kong to Develop $45 Billion Hub
The Southern China municipality of Shenzhen is proposing a partnership with neighboring Hong Kong to develop a $45 billion logistics hub, slated to rival Shanghai and become one of the world's largest port complexes. The master- planned Qianhai Port City, a 5-square-mile zone in the Pearl River Delta, is slated to include investment in 475 new and current projects, and is scheduled for completion by 2015. Qu Jian, deputy director of the Shenzhen-based China Development Institute told the South China Morning Post, "Our cooperation, [between Shenzhen and Hong Kong], would be crucial for us to become the leader in the global logistics business."

Shipco Transport Turkish Advance Manifest TAM Fee
Effective sailings January 1, 2012, ocean carriers will be applying a documentation surcharge due to the Turkish Advanced Manifest (TAM) Rule. In order to cover costs from the carriers Shipco will be introducing a TAM B/L Fee to that will apply to all U.S. Origin shipments going to Turkey and all transshipments via Turkey. The TAM Fee will be USD 7.00 per b/l.

The TAX ID for the party listed on the B/L as the consignee needs to be noted. To ensure cargo is loaded as booked please see below list of required information:

Tax ID of consignee listed on Bill of Lading
First six digits of the H.S. code for all commodities in a shipment.
Complete cargo description.
Automated Export System (Export Declaration) details

DOMESTIC:

LA/Long Beach "Dirty Truck" Fees End Leaving Fleet in Compliance
The ports of Los Angeles-Long Beach's Clean Truck Fees-penalties for the operation of older trucks-expired on January 1, giving the ports the distinction of becoming the first in the nation to have a fleet comprised totally of trucks 2007 or newer. Supporting its assertion that it is the "Green Port," emissions standards show the truck fleet serving the ports registered a 92 percent reduction in sulfur oxides, 89 percent reduction in diesel particulate matter, and a 77 percent reduction in nitrogen oxides compared to 2005. In addition, according to the Port of Los Angeles, all 11,000 drayage trucks operating in Los Angeles-Long Beach harbor are now 2007 or newer clean-diesel trucks, or trucks that operate with clean alternative fuels such as liquefied natural gas. The clean-truck fee of $35 per 20-foot equivalent unit, was introduced three years ago, and was charged directly to importers and exporters who contracted with motor carriers operating non-compliant trucks. Under the program's

initiative the use of drayage trucks that did not meet Environmental Protection Agency emissions standards for 2007 model trucks were phased out.

New compliant trucks cost about $100,000 each, and many importers and exporters throughout the life of the program negotiated contracts with motor carriers that included surcharges designed to compensate the truckers for their investments in new trucks. Harbor Trucking Association, the group that represents the membership of motor carriers serving the two ports, noted that its members collectively invested about $750 million of private capital in the purchase of new trucks, and advised that the surcharges contained in their contracts with trucking companies will remain in effect. HTA President Fred Johring told the group that, "While we are pleased to see the ports' tariff-based fee on dirty trucks eliminated, this does not absolve our financial investment in our clean equipment and our need to use a surcharge to help pay off the equipment."

ILA Says No to Technology Upgrades

Expansion plans slated to include the installation of rail-mounted gantry cranes and optical character recognition scanners at the Global Terminal in Bayonne N.J. have met with protests from International Longshoremen's Association rank and file. More than 200 ILA members have opposed the container terminal's "labor saving" technology plan citing that the innovations could result in the elimination of ILA jobs in terminal yards and at truck gates staffed by union clerks.

Global Terminal president Jim Devine has said that, "the primary goal is to maximize production…and to improve worker safety, not to eliminate jobs." The expansion set to be completed in 2014 will install the rail-mounted gantries only in the terminal's new section, but Virgil Maldonado, president of ILA Local 1588 in Bayonne, is concerned that the technology will be eventually installed throughout the terminal as well as other locations. Citing that, "We've been to other terminals that have gone through this process and seen how it eliminates jobs," Maldonado plans to ask for "guarantees to protect jobs that allow members to earn a decent living," in the face of technological innovations.

Analysts Predict Rise in Truckload Rates

Truckload rates in 2011 rose less than expected by some carriers but more than shippers wanted, with spot market rates rising on average 7.4 percent and contract rates an average 6.5 percent, and according to Mark Montague, industry pricing analyst at TransCore Freight Solutions, those rates are likely to resume climbing through 2012. Citing the two-edged sword that will inevitably drive rates up early this year, as soon as mid-March, Montague said, "If the economy improves, the demand will increase pressure on scarce capacity-if the economy stalls carriers will park more trucks or exit the market entirely."

TransCore research shows shippers hoping to hold rate increases in the 4 to 5 percent range last year, while carriers looked to see increases of 8 percent or more. Spot market rates shot up but then rose unevenly over the year, with contract rates taking off in the second half. December spot market dry van rates were up 5.5 percent year-over-year, reefer rates were up 4.1 percent, and flatbed rates increased 5.7 percent. Dry van rates dropped 0.7 percent and reefer rates 2.5 percent from November, with flatbed rates remaining flat month-to-month.

Similarly, Noel Perry of Transport Fundamentals and Benjamin J. Hartford of Robert W. Baird, share predictions of an upcoming year of steady if slow freight demand coupled with rising costs and a depletion of available drivers. The analysts advise that the industry will see transportation hikes unlike any previously experienced, amidst an improving (albeit slowly) economy. Perry said, "We are no longer trailing GDP growth, we are actually exceeding it-trucking continues to outperform the general economy." Hartford sees the economy improving, but advises that "economic swings are becoming more volatile, with less time between the peaks and troughs of boom and bust, making it necessary to balance trucking capacity against freight demand."

AIRFREIGHT:

Cathay Pacific Cargo Traffic Plunges

Cathay Pacific and sister carrier Dragonair cargo transports dropped 11.9 percent year-over-year in December but grew 7.3 percent from November. According to James Woodrow, general manager of cargo sales, "Demand out of key markets in Hong Kong and mainland China remain soft, with no sign of upturn as we move into 2012." Cathay's load factor dropped 9.6 percentage points year-over-year to 67.8 percent, while capacity rose 3.9 percent in the same period. In 2011 cargo traffic fell 8.6 percent year-over-year and capacity shrank 5.2 percent.

Woodrow is optimistic that the contributions from recently added destinations such as Chongqing, Chengdu and Zaragoza will continue to afford new business opportunities.

Air France-KLM Restructures, Faces Cuts

Europe's largest airline, Air France-KLM, has announced a three-year restructuring plan designed to secure long-term profitability. While the plan focuses primarily on passenger operations, the carrier has significantly cut freighter capacity, and has introduced an immediate two-year pay freeze. It also plans to shrink its fleet to cap capacity growth through 2014. Cargo lost $50.3 million in the three months to end September compared with Lufthansa Cargo's $50.4 million profit.

Lufthansa Puts Freighter Capacity Behind Recovering Automobile Industry

Lufthansa has launched a weekly freighter flight between Frankfurt and Detroit and plans to increase frequency to twice weekly in March. The service comes as the U.S. auto industry rebounds from the recession.

Cargoitalia Suspends Operations

Cargoitalia, the all-cargo carrier that had been recently slashing routings and trying to evolve amid the departure of commercial director Roberto Gilardoni, has suspended operations. The carrier was born from Alitalia's cargo division and counted three MD-11Fs among its fleet. A note on the company's website reads that operations have ceased "due to the company winding-up," and the carrier's contract with its long-time press agency, Pilot Marketing, was terminated on December 23.

SAMUEL SHAPIRO & COMPANY, INC. NEWS

Employee of the Month

As previously featured in "Shap" Talk, Samuel Shapiro & Company, Inc. has been sharing with you the names of employees who have been recognized for their exceptional efforts and contributions to our Company. At Shapiro, we continually work to develop, challenge, and inspire all of our employees to grow individually and with the Company. This month, we would like to recognize Caroline Wisdom, Transportation Service Representative, for her outstanding performance and contributions.

We encourage you to provide us with employee feedback! Please email us at hr@shapiro.com.

WE WANT TO HEAR FROM YOU!

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