Samuel Shapiro & Company, Inc.

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"SHAP" TALK

June 2010 Issue No. 98

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SEMINARS

Shapiro's Import Compliance and Textile Seminars – There is still time to register!

There are still seats available for our first public West Coast seminar! The seminar will take place on June 16th, 2010, from 9:00 a.m. to 4:00 p.m., at the Avia Hotel in Long Beach, CA. We will be hosting two seminars: The morning session will cover Import Compliance and the afternoon session will discuss Textiles.

The Import portion will cover the basics of what you need to know to be a compliant importer. The import session will also include 10+2 Importer Security Filing and the Lacey Act. The Textile session will be an overview of importing textiles and apparel into the United States, including classification guidelines, terminology, what documents textile importers need to verify origin, and an update on the multitude of free trade agreements.

Training is an important investment for importers even in a troubled economy. During a Customs & Border Protection audit, you will be asked what kind of training your import staff has received. Did you know that the lack of training is a key cause leading to penalties? Spending a little bit of money on training now will lead to significant cost savings down the road.

You may sign up for the Import class only (morning), Textile class only (afternoon), or both (all day). If you attend both sessions, lunch at Avia's Rooftop Terrace will be included.

Date: June 16, 2010

Location:
Avia Hotel
285 Bay Street
Long Beach, CA 90802-8161
Hotel telephone: 562-436-1047
http://www.aviahotels.com/hotels/longbeach/

Time:

9:00-12:00: Import Compliance Seminar
1:00-4:00: Textile Seminar

Cost:

Import Compliance Session (Morning)
$90.00 per person includes continental breakfast, seminar materials, and refreshments.

Textile Session (Afternoon)
$90.00 per person includes seminar materials and refreshments.

Import Compliance and Textile Sessions (All day)
$160.00 per person includes continental breakfast, seminar materials, lunch, and refreshments.

To register today, visit our website at:
http://www.shapiro.com/html/2010LongBeachSeminar.html or call Jane Taeger at 800-695-9465, ext. 290

TRADE NEWS

FDA Details Concerns about Regulated Product Theft and Seeks Information from the Food Transportation Industry

The Food and Drug Administration (FDA) has issued a letter to manufacturers, wholesalers, and retailers detailing its concerns about cargo and warehouse theft of FDA regulated products such as medications, medical devices, and infant formulas. The intention of the letter is to raise supply chain partner awareness of security issues and practices in relation to food product thefts.

The FDA stated that firms have certain responsibilities to maintain and evaluate security practices, to notify their supply chain partners and the public of stolen products, and to notify the industry of the subsequent FDA action in relation to stolen products.

Specifically FDA stated:

- Providers of regulated products and their partners including transportation providers, carriers, and warehousing facilities have a responsibility to evaluate the security measures they have in place to prevent product theft throughout the supply chain up to the point of sale.
- Providers of regulated products must alert the public of thefts that could endanger the public health. Notifications must include other partners in the supply chain so that all parties can be alerted for the recognition and identification of the stolen products when offered by unidentified parties outside the distribution chain, and/or at suspiciously low prices.
- Providers who have products stolen are advised to publish a notice or a press release to the public. The notification will also be published on the FDA's cargo theft website.
- In some cases a recall or market withdrawal of the products with the same lot numbers as the stolen products may be required on products that could ultimately endanger public health.

- After a theft occurs the provider must immediately contact the FDA's Office of Criminal Investigations. FDA will subsequently proceed in working with the provider to implement a risk assessment and an action plan as necessary.

The FDA has also issued an Advance Notice of Proposed Rulemaking (ANPR) as part of the Sanitary Food Transportation Act of 2005 to implement information collection from the food transportation industry concerning contaminations of transported food items.

The FDA is specifically requesting comments on:

- Current sanitary practices including packing and isolation practices.
- Practices concerning the shipment of nonfood products in vehicles or carriers used in food transport.
- Illness risks as related to food transport.
- Current practices and the identification of areas where food products have the greatest risk for contamination.
- Information exchange between parties involved in food transportation.

The regulations will mandate sanitary food transportation practices for shippers, carriers, receivers, and other parties involved in food transportation.

Comments are due by August 30, 2010.

Additional information on FDA regulated product theft can be viewed by visiting the FDA website at www.fda.gov. The ANPR can be viewed at http://edocket.access.gpo.gov/2010/pdf/2010-10078.pdf

Lacey Act Reporting Quantities

On May 1, 2010, the U.S. Department of Agriculture (USDA) Animal and Plant Health Inspection Service (APHIS) changed the reporting requirements for quantity for the Lacey Act. Quantities such as pieces or number are no longer acceptable. APHIS now requires the actual plant material content for the shipment. Units of measurement must be metric (for example, kg, m, m2, m3). The APHIS announcement may be found at:
http://www.aphis.usda.gov/plant_health/lacey_act/downloads/ClarificationQuantityandUnitofMeasure.pdf

A grace period until July 1st has been granted to comply with the new requirements which apply to both paper and electronic declarations. Please be sure to notify your suppliers to include the plant material content on the commercial invoice or on a separate Lacey Act declaration.

A Lacey Act declaration is required for certain products made of or containing wood or plant material. A listing of the affected HTS numbers may be found in our September 2009 Shap Talk at:

http://www.shapiro.com/docs/ShapTalk/ShapTalk89.pdf

New Schedule B Commodity Search Tool

We receive many questions from exporters asking where their product should be classified under the Schedule B. In order to help exporters and filers determine their correct export commodity code (Schedule B number), the U.S. Census Bureau, Foreign Trade Division has introduced a new and improved Schedule B search tool. The new commodity search tool is powerful and provides a smarter, more intuitive, and more accurate way to classify products. The new search tool can understand and interpret common commercial product information, and it interacts intelligently and intuitively with users to eliminate classification complexity.

Census hopes this will cut down on the time it takes to classify products, help reduce misclassification of exports, provide more consistent results, and lead to more accurate U.S. trade statistics.

The new schedule B search tool is available on the Census website at: http://uscensus.prod.3ceonline.com/#/p=0

Textile Enforcement Legislation Introduced

The Textile Enforcement and Security Act of 2010 (H.R. 5393) was introduced in Congress on May 25, 2010 by Rep. Larry Kissell (D-NC). The purpose of the bill is to combat textile fraud by enhancing Customs and Border Protection's enforcement efforts.

Some of the key measures of the bill include:

- Seizure and forfeiture for textile imports with misdescribed country of origin to avoid duty obligations
- Use amounts from fines, penalties and forfeitures to pay for expenses related to investigations of and criminal proceedings for textile violations; pay a reward to any person who furnishes information on textile violations
- Increase CBP staffing for textile enforcement, including additional import specialists at the 15 largest ports by value for textile entries
- Increase bond coverage for textile shipments
- Establish an electronic system to track textile or apparel articles imported or exported under CAFTA, NAFTA, and other FTA's to ensure compliance
- Establish a non-resident importer declaration program for textile imports where the resident agent will be held accountable. There must be a resident agent in the state of the port of entry authorized to accept service of process; the resident agent must have sufficient assets to ensure payment of any loss of revenue not covered by a bond or for any penalties; the commercial invoice

must include the name, address and contact information for each person in the transaction including the freight forwarder and ultimate purchaser of the goods.

- Establish an Office of Textile and Apparel Trade Enforcement within the Department of Justice

Immigration and Customs Enforcement officials recently described Operation Mirage which targeted undervalued textile imports from China. Shipments had incorrect classifications, underreported quantities, and questionable entry documentation. The Operation focused on 176 importers and identified 90 importers that imported over $418 million in merchandise who either did not have a legitimate interest in the goods or were fictitious importers. CBP officials are reviewing the entries in an effort to collect additional duties.

With all of this enforcement focus on textiles, be sure to sign up for our Import Compliance and Textile Compliance seminars in Long Beach on June 16th! See the article at the beginning of this Shap Talk issue. You can register at:
http://www.shapiro.com/html/2010LongBeachSeminar.html

EU Adds More Products Subject to Retaliatory Sanctions on U.S. Exports

Effective May 1, 2010, the European Union added 19 additional tariff numbers to the list of items where the EU will be charging an additional 15% import duty on items from the United States. Most of the products added are apparel items. This is a retaliatory duty to offset the antidumping and countervailing duty revenues distributed to U.S. industry under the Byrd Amendment (Continued Dumping and Subsidy Offset Act of 2000-CDSOA). Based on the data published by U.S. Customs and Border Protection, the level of injury caused to the European Union is calculated at over US$95 million.

The entire list of tariff numbers affected by the additional duties is shown below for your reference:

0710.40.00	6104.63.00	6202.93.00	6204.49.10
4820.10.50	6201.12.10	6203.42.31	6204.63.11
6101.30.10	6201.12.90	6203.43.11	6204.63.18
6101.30.90	6201.13.10	6203.43.19	6204.63.90
6102.30.10	6201.13.90	6203.43.90	6204.69.18
6102.30.90	6201.92.00	6204.42.00	6204.69.90
6103.43.00	6201.93.00	6204.43.00	8705.10.00
6104.43.00	6202.11.00	6204.44.00	9003.19.30
			9406.00.38

View the entire EU Notice *COMMISSION REGULATION (EU) No 305/2010* on the Europa website dated April 14, 2010 at: http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2010:094:0015:0018:EN:PDF

News for Wine and Spirits Importers

The Alcohol and Tobacco Tax and Trade Bureau (TTB) has issued two notices to importers. The first states that TTB will no longer issue country of origin certification requirements for imported wines and spirits via Industry Circular. Instead, TTB will publish updated guidance on country of origin certification on its website at http://www.ttb.gov/itd/index.shtml. TTB will notify any updates to these certification requirements through a press release or through the TTB Industry Newsletter.

The second notice concerns importations of Pinot Noir from the Languedoc-Roussillon region in France. The importer must have a declaration from the Government of France for shipments of both bottles and bulk where pinot noir is the single grape varietal.

Origin Industry Circular 2010-04:
http://www.ttb.gov/industry_circulars/archives/2010/10-04.html

Pinot Noir Industry Circular 2010-05:
http://www.ttb.gov/industry_circulars/archives/2010/10-05.html

FAQ's on Pinot Noir Industry Circular 2010-05:
http://www.ttb.gov/industry_circulars/archives/2010/10-05-faqs.html

Final Webinar on TSA Certified Cargo Screening Program

The Transportation Security Administration is having its final webinar on the Certified Cargo Screening Program (CCSP) planned for Thursday, June 10th at 1:00 pm EDT. You can join Marc Rossi (TSA Certified Screening Program, Branch Chief) to hear firsthand how the Certified Cargo Screening Program (CCSP) can help you comply with the Congressional mandate for screening 100% of passenger aircraft cargo.

This FREE final webcast marks 50 days from the effective date of the mandate. TSA will discuss what lies ahead with respect to industry trends and likely scenarios come August 1st. If your organization has not applied to the CCSP by June 1st, attend this webinar to learn about potential alternatives to complying with the mandate. If your organization has already applied but you are in the queue for certification, attend this webinar to understand how you can efficiently prepare your application for certification.

This webinar will discuss:

- A look ahead: Screening after August 1st
- Options remaining if you have not yet applied
- Tips to expedite the certification process should your organization remain uncertified after June 1st

You can register for this seminar at: http://www.surveymonkey.com/s/Z2QJBDX

For additional information on the Certified Cargo Screening Program (CCSP), please refer to the TSA website at: www.tsa.gov/ccsp.

BIS Requesting Comments for Voluntary Self-Disclosure

The Bureau of Industry and Security is asking for comments from the public and other Federal government agencies on the procedure for Voluntary Self-Disclosure of Violations of the Export Administration Regulations.

Comments are invited on:

a) Whether the proposed collection of information is necessary for the proper performance of the functions of the agency, including whether the information shall have practical utility;
b) The accuracy of the agency's estimate of the burden (including hours and cost) of the proposed collection of information;
c) Ways to enhance the quality, utility, and clarity of the information to be collected; and
d) Ways to minimize the burden of the collection of information on respondents, including through the use of automated collection techniques or other forms of information technology.

Comments will become a matter of public record and must be submitted by July 23, 2010.

The complete Federal Register Notice can be viewed at: http://edocket.access.gpo.gov/2010/pdf/2010-12352.pdf

TRANSPORTATION UPDATE

June 2010 Update

Industry News:

Ocean Carriers make financial comeback and raise rates
Maersk Lines reports a first quarter turnaround with reported earnings of $234 million in the first quarter after losing $457 million in 2009. Revenue in the first quarter increased 23.3 percent to $5.7 billion with container volumes up 20 percent. Maersk also reported average container price levels rose 18 percent in the first quarter to $2,863 up from $2,424 in the previous quarter.

CMA CGM is currently projecting $1.8 billion in profit on operations in 2010. They are building on a $270 million profit in the first quarter of 2010 due to effective cost cutting and a particularly strong recovery of demand on cargo space. This follows a $1.4 billion loss in 2009.

From April to May 2010, the Trans-Pacific "spot" rate level from Hong Kong to Los Angeles jumped by 10.8% in one week due to the May 1 GRI and overbooking in the market for an average increase of $213 per 40' in the first week of May.

LCL carriers from Asia to the U.S. raised their rates $8 per cubic meter or per 1000 kilos as of June 15.

Ocean Freight:

Carriers face critical equipment shortages from Asia to USA
Carriers in the Asia to USA trade are facing critical shortages of equipment; particularly 20' containers from Shanghai and other N. China ports to the USA but all major ports are experiencing shortages adding to the woes of importers, NVOCC's, and Customs brokers in the USA at a time when space is very difficult to get. Backlogs are between 2 and 6 weeks in many cases. Carriers are forcing importers to pay higher rates for any guaranteed space to a point where in many cases vessel space goes to the highest bidder. It's going to be a particularly tough Peak Season this year.

Carriers announce Peak Season Surcharge (PSS) for Asia to USA Import Trade
The carriers serving the Trans-Pacific trade are going to implement a PSS in the coming month due to the current critical space situation. In order to provide a better picture about the coming PSS, we have listed below the current PSS quantum charged by different carriers and their implementation date for your reference:

Carrier	PSS Quantum	Effective date
CSCL	USD320/400/450/505 per 20'/40'/40'HC/45'	1st June 2010
Evergreen	USD320/400/450/506 per 20'/40'/40'HC/45'	15th June 2010
NYK	USD320/400/450/506 per 20'/40'/40'HC/45'	1st July 2010
Maersk	USD320/400/450/506 per 20'/40'/40'HC/45'	15th June 2010
CMA-CGM	USD320/400/450/510 per 20'/40'/40'HC/45'	15th June 2010
ANL	USD320/400/450/510 per 20'/40'/40'HC/45'	15th June 2010
Cosco	USD320/400/450/506 per 20'/40'/40'HC/45'	15th June 2010
Hanjin	USD320/400/450/506 per 20'/40'/40'HC/45'	21st June 2010
Yang Ming	USD320/400/450/506 per 20'/40'/40'HC/45'	15th June 2010
Zim	USD320/400/450/510 per 20'/40'/40'HC/45'	15th June 2010
MOL	USD400/500/565/633 per 20'/40'/40'HC/45'	15th June 2010
MSC	USD320/400/450 per 20'/40'/40'HC (USEC/RIPI)	15th June 2010
MSC	USD400/500/565 per 20'/40'/40'HC (USWC/IPI/MLB)	15th June 2010

In addition to the space, equipment is another critical problem that carriers are now facing, so some carriers have already introduced an equipment repositioning charge or emergency equipment surcharge. Please note below surcharges from NYK & CSCL:

NYK
20' Equipment Positioning Surcharge – effective 15th June 2010
Ex PRC (including Hong Kong) to USA (except NY/NJ port & RIPI via NY/NJ) – USD100/20'
Ex PRC (including Hong Kong) to NY/NJ port & RIPI via NY/NJ – USD250/20'

CSCL
Emergency Equipment Surcharge – effective 1st July 2010
Ex Asia to USA destination – USD320/20' USD400/40' USD450/40'HC

We'll closely monitor the market situation and keep you updated if there are any changes to the above surcharges.

Carriers announce Bunker Fuel (BAF) increases and General Rate Increases (GRIs)

MSC has announced several new BAF increases as follows:

- From North Europe and West Mediterranean port to USA: New levels as of June 1 are $155/TEU to U.S. East and Gulf Coasts and $230/TEU to U.S. West Coast (for 40' containers, the rate is doubled). In July, the BAF will be $158/TEU to the U.S. East Coast and $233/TEU to the U.S. West Coast
- Effective June 2, MSC will have a BAF from South Africa and Indian Ocean ports to the USA at $390/20, $780/40.
- Effective July 1, MSC will impose a GRI of $250/20' and $350/40' for Exports to Europe and the Mediterranean and they will have a GRI of $300/20' and $400/40' for imports from the Mediterranean and Europe to the USA. Shipments from Egypt, Russia, Turkey, and the Eastern Mediterranean will have the same GRI effective July 1.

CMA has announced new BAF and GRI increases as follows:

- Effective June 1, BAFs will be $247/TEU from Europe to the USA
- Effective July 1, CMA will have a GRI of $150/20' and $200/40' from Europe to the USA

Maersk has announced a GRI in the Europe to/fm USA trade:

- Effective July 1, rates to/fm Europe will increase by $400/20' and $500/40'

Hapag Lloyd has announced a GRI in the Europe to/fm USA trade

- Effective July 1, rates to/fm Europe will increase by $320/20' and $400 per 40'

CMA changes detention rates, import customs storage, detention charges, and free time

Effective June 17, CMA will apply the following detention free time and charges for all import and export cargo inside the United States:

Free Time: 5 working days (day of interchange plus 4 working days) for dry Cargo; 3 working days (day of interchange plus 2 working days) for specialized cargo and refrigerated cargo. The charges for detention are $85 per day from day 6 to day 10 and $125 per day thereafter for dry cargo; and $150 per day from day 6 to day 10 and $200 per day thereafter for specialized (Open Top/Flatrack/Tank) or refrigerated cargo.

For import Customs storage, upon expiration of free time the demurrage rate of $85 per container per day will apply until the cargo leaves the exam site to move to the inland location.

Airfreight:

Air Cargo volumes increase
As Ocean Carriers struggle to meet the demand with reported over booking situations of up to 6 weeks delays, air carriers report an increase in cargo volume. For example, Cathay Pacific and sister airline Dragonair reported an increase of 24.1 percent in the month of April. Demand across the network remained strong throughout the month, particularly out of Hong Kong and Shanghai. Cathay Pacific is bringing its three remaining parked freighters back into service to meet the rising demand in air cargo.

Continental Airlines and United Airlines to merge

Continental Airlines and United Airlines are expected to merge by the close of the fourth quarter of 2010 only after approval by shareholders of both companies. Until the merger is approved they will both operate independently. The new airline will be called United Airlines and the company will operate in its Chicago headquarters while maintaining a significant presence in Houston which will be the largest hub for the airline. This merger will create the world's most comprehensive route network. The new airline will serve more than 144 million passengers per year and will fly to 370 destinations in 59 countries.

Domestic

Truck Rates on the Rise
Rate trends for trucking are on the rise according to a recent Journal of Commerce article reporting the finding of a recent National Conference of Truckers. There are many reasons for the trend for rates to be on the rise. Truckload carriers have reduced their capacity in the past year about 14 to 18 percent and LTL carriers have reduced capacity about 8 to 12 percent. The nation's truck fleet is aging to a point where the carriers have to replace their trucks to remain legal, which is impacting the cost of doing business. Truck rates need to rise in order to keep the carriers healthy and right now, the majority of them are not.

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, Atlanta Import Coordinator, 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!

Do you have suggestions for an article? Is there a topic you'd like us to cover in a future issue? Please let us know! Send your feedback to shaptalk@shapiro.com.