"SHAP" TALK

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In this issue:

TRADE NEWS

Wood Packing Material Update

The final enforcement phase for wood packing material (WPM) regulations went into effect on July 5, 2006. But what happens if your WPM is marked and Customs or USDA finds pests anyway? If marked WPM is found to be infested with any live wood-boring pest of the families *Cerambycidae* (longhorned beetle), *Buprestidae* (wood-boring beetles), *Siricidae* (woodwasps), *Cossidae* (carpenter moth), *Curculionidae* (weevils), *Platypodidae* (ambrosia beetles), *Sesiidae* (clearwing moths) or *Scolytidae* (bark beetles), the shipment is considered violative and will be ordered for immediate re-export. Customs and USDA will not permit the shipment to be fumigated and released. They may do a partial fumigation only to minimize pest dispersal prior to re-exportation. The importer is responsible for all costs and charges associated with the re-export.

DR-CAFTA Effective July 1, 2006 for Guatemala

The U.S.-Dominican Republic-Central America Free Trade Agreement Implementation Act ("the Act"; Public Law 109-53; 119 Stat. 462; 19 U.S.C. 4001 note) was signed into law on August 2, 2005. The Act allowed for the agreement to take effect upon determination by the President, for those countries that have taken measures to comply with the requirements of the agreement. The agreement is in effect for goods of El Salvador effective March 1, 2006, Nicaragua and Honduras effective April 1, 2006, and Guatemala which entered into force effective July 1, 2006.

Presidential Proclamation #8034 of June 30, 2006 is posted on the White House website, implementing the U.S.-Dominican Republic-Central America Free Trade Agreement (CAFTA-DR) for goods of Guatemala entered, or withdrawn from warehouse for consumption, on or after July 1, 2006.

http://www.whitehouse.gov/news/releases/2006/06/20060630-8.html

Federal Register Vol. 71, No. 129 Thursday, July 6, 2006:

http://a257.g.akamaitech.net/7/257/2422/01jan20061800/edocket.access.gpo.gov/2006/pdf/06-6064.pdf

Effective with respect to goods that are entered, or withdrawn from warehouse for consumption, on or after July 1, 2006, Guatemala no longer qualifies for GSP, CBERA or CBTPA. Effective July 1, 2006, claims under GSP and/or CBERA or CBTPA for Guatemala will be denied.

The Office of the U.S. Trade Representative has determined that Guatemala is an eligible country for purposes of retroactive duty treatment as provided in Section 205 of the Act. Section 205 provides that importers may claim retroactive duty treatment for imports of certain textile or apparel goods entered on or after January 1, 2004 and before the entry into force from DR-CAFTA signatory countries that are willing to

provide reciprocal retroactive duty treatment, or an equivalent benefit for U.S. textile and apparel goods.
http://a257.g.akamaitech.net/7/257/2422/01jan20061800/edocket.access.gpo.gov/2006/pdf/E6-11065.pdf

The United States International Trade Commission (USITC) has issued Publication #3861 dated June 2006, Modifications to the Harmonized Tariff of the United States to Implement the Dominican Republic-Central-America-United States Free Trade Agreement With Respect to Guatemala

- Publication 3861 for Guatemala, effective 7/1/06:
  http://usitc.gov/tata/hts/other/rel_doc/annex/PUB3861.pdf

  Previous USITC publications for El Salvador, Honduras and Nicaragua are available at:

- Publication 3829 for El Salvador, effective date 3/1/06:
  http://usitc.gov/tata/hts/other/rel_doc/annex/PUB3829.pdf

- Publication 3845 for Honduras and Nicaragua, effective date 4/1/06:
  http://usitc.gov/tata/hts/other/rel_doc/annex/PUB3845.pdf

Sources: http://www.whitehouse.gov/ (navigate news and proclamations); U.S. Customs and Border Protection; United States International Trade Commission Publication 3861; Federal Register

New China "Catch All" Military Proposed Rule

On July 6, 2006, the Bureau of Industry and Security (BIS) published a proposed rule in the Federal Register that planned amendments to the Export Administration Regulations (EAR) that would revise and clarify the United States' policy for exports and reexports of dual-use items to the People's Republic of China (PRC). Specifically, the proposed rule states that it is the policy of the United States Government to prevent exports that would make a material contribution to the military capability of China, while facilitating U.S. exports to legitimate civil end-users in China. Consistent with this policy, BIS proposes to amend the EAR by revising and clarifying U.S. licensing requirements and licensing policy on exports and reexports of goods and technology to China.

The proposed amendments include a revision to the licensing review policy for items on the Commerce Control List (CCL) for reasons of national security, including a new control based on knowledge of a military end-use on exports to China of certain CCL items that otherwise do not require a license to China. The items subject to this license requirement will be set forth in a list. Nearly fifty ECCNs (mostly controlled for anti-terrorism, or AT, reasons) will now require export licenses to China. This rule further proposes to revise the licensing review policy for items controlled for reasons of chemical and biological proliferation, nuclear nonproliferation, and missile technology for export to China, requiring that applications involving such items be reviewed in conjunction with the revised national security licensing policy.

This rule proposes the creation of a new authorization for validated end-users in certain destinations, including China, to whom certain, specified items may be exported or reexported. Such validated end-users would be placed on a "good" list in the EAR after review and approval.

Finally, this rule proposes to require exporters to obtain End-User Certificates, issued by the PRC Ministry of Commerce, for all items that both require a license to China for any reason and exceed a total value of $5,000.00. The current China End-Use Certificate applies only to items controlled for national security reasons. This rule also proposes to eliminate the current requirement that exporters submit China End-User Certificates to BIS with their license applications, but provides that they must retain them for five years.

The July 6th Federal Register Proposed Rule can be viewed at:
http://a257.g.akamaitech.net/7/257/2422/01jan20061800/edocket.access.gpo.gov/2006/E6-10504.htm

All comments on the proposed rule must be received no later than November 3, 2006.

Written comments on this rule may be sent to the Federal eRulemaking Portal:
http://www.regulations.gov, or by e-mail to publiccomments@bis.doc.gov.

Include RIN 0694-AD75 in the subject line of the message. Comments may be submitted by mail or hand delivery to Sheila Quarterman, Office of Exporter Services, Regulatory Policy Division, Bureau of Industry and Security, Department of Commerce, 14th St. & Pennsylvania Avenue, NW., Room 2705, Washington, D.C. 20230, ATTN: RIN 0694-AD75; or by fax to (202) 482-3355.

Changes to the 2006 Harmonized Tariff Schedule, Supplement

The U.S. International Trade Commission Office of Tariff Affairs and Trade Agreements is responsible for publishing the Harmonized Tariff Schedule of the United States Annotated (HTSA or HTSUS). The HTSUS provides the applicable tariff rates and statistical categories for all merchandise imported into the United States; it is based on the international Harmonized System, the global system of nomenclature that is used to describe most world trade of goods.

Supplement 1 of the 2006 Harmonized Tariff Schedule of the United States (HTSUS), dated July 1, 2006 is now available. The complete edition or individual chapters can be viewed or downloaded from the USITC web site.

- http://www.usitc.gov/tata/hts/

- http://www.usitc.gov/tata/hts/bychapter/index.htm

The primary changes in Supplement 1 of the HTSUS reflect modifications to the Generalized System of Preferences; Presidential Proclamations with respect to DR-CAFTA for Guatemala, Honduras, Nicaragua, and El Salvador; revisions to provide permanent normal trade relations (PNTR) to the products of Ukraine; to reinstate Liberia's duty-free status as a least-developed beneficiary developing country under the GSP; modifications to correct technical errors and conforming changes to the HTS; modifications due to the United States Trade Representative's (USTR) determination that Chad is eligible for the textile and apparel benefits provided under the AGOA; changes due to the reinstatement of duty-free GSP benefits for Ukraine; Committee changes creating statistical breakouts to the HTS as well as corrections of typographical errors in the basic edition.
http://hotdocs.usitc.gov/docs/tata/hts/bychapter/0610_preface.pdf

For the nature of the changes, the effective dates and comments please see the "Change Record".
http://hotdocs.usitc.gov/docs/tata/hts/bychapter/0610chgs.pdf

Source: http://www.usitc.gov/tata/hts/

PierPASS Changes Export Container Handling Procedures

PierPASS Inc. has announced new procedures for handling export containers under the OffPeak program at the ports of Los Angeles and Long Beach. Beginning Monday, August 7, 2006, exporters delivering containers during peak hours will be required to claim their booking numbers before the containers arrive at the marine terminals.

Under the revised procedure, exporters must claim their booking numbers by visiting the PierPASS website and entering the booking numbers into their accounts. Export containers subject to the Traffic Mitigation Fee (TMF) that arrive at terminals during peak hours (Monday through Friday, 3:00 a.m. to 6:00 p.m.) without having been claimed in this manner will be turned around and encouraged to use the OffPeak hours of operation.

TMF payments must be made electronically through the PierPASS website by registered OffPeak users; no OffPeak payments are accepted at the terminal gates. The cargo owner (the shipper) is responsible for payment of the fee, not the trucking company or other carrier. The website for declaring booking numbers and making TMF payments is <http://www.pierpass-tmf.org/>www.pierpass-tmf.org.

Exporters who are not current on their accounts will not be allowed to deliver additional containers.

Samuel Shapiro & Company, Inc. is already a registered PierPASS user with credit, so if your export shipment is being arranged by us, you are in good hands.

Customs and EPA Safeguarding our Air Quality

The Environmental Protection Agency (EPA) has issued a press release stating that the EPA and Customs and Border Protection (CBP) have seized and prevented the import of over 11,000 pieces of illegal gasoline and diesel-powered vehicles and equipment in the past nine months. EPA has also assessed nearly $800,000 in civil penalties against the importers. This is in addition to Customs penalties and storage fees. The seized goods include tractors, lawn and garden equipment, off-road motorcycles, all-terrain vehicles (ATV's), and generators.

CBP is responsible for enforcing the laws of over 40 other government agencies, including the EPA. The federal Clean Air Act requires new gasoline and diesel engines sold or distributed in the United States to meet EPA emissions requirements to protect against air pollution. EPA reports there has been a recent and dramatic increase in imports of gasoline and diesel equipment, primarily from China, that do not meet standards.

An emissions label certifying conformity with EPA requirements must be on imported gasoline and diesel-powered vehicles and equipment. Goods imported without the label will be subject to seizure and the importer subject to fines and penalties.

EPA press release available at:
http://yosemite.epa.gov/opa/admpress.nsf/a8f952395381d3968525701c005e65b5/b29833aaafbef0fc852571ab005d1ffb!OpenDocument

Impact of a Probable Year End Expiration of GSP & ATPDEA

The probability is great that the Generalized System of Preferences (GSP) program and the Andean Trade Promotion and Drug Eradication Act (ATPDEA) will not be renewed or extended before they are scheduled to expire on December 31, 2006. It is likely that the two programs will be retroactively reinstated at some point in 2007 after a strikingly significant revamp in product and country eligibility.

The two programs provide significant benefits to importers and exporters. GSP provides duty-free entry for more than 4,650 products from 144 beneficiary countries and territories, although most textiles, watches, footwear, handbags, luggage, flat goods, work gloves and other leather apparel are excluded. GSP imports exceeded $26.7 billion in 2005 and have increased another 19% so far this year. ATPDEA provides duty-free access to about 5,600 products from Bolivia, Colombia, Ecuador and Peru and was amended in 2002 to cover many previously excluded products, including certain textile and apparel articles, tuna, petroleum and petroleum derivatives, watches and watch parts, and leather goods.

Importers and exporters who benefit from the two trade programs should act now to prepare for the probable expiration of those programs on Dec. 31, 2006.

For additional information on how the potential expiration of GSP and/or ATPDEA may affect you and what to do about it, please contact compliance@shapiro.com.

If you are importing and not aware of the Generalized System of Preferences Program or the Andean Trade Promotion and Drug Eradication Act and are uncertain as to whether your product is eligible, we can help. Please contact compliance@shapiro.com.

Export Control Publications

The Bureau of Industry and Security (BIS) has added to its website homepage popular export control publications. These publications include:

- Don't Let This Happen To You
- The Export Administration Regulations with a quick link directly to the Commerce Control List (CCL)
- BIS Annual Report
- Introduction to the Commerce Department Export Controls
- Major Cases
- How to Request an Export Control Classification Number
- Guidance on Commerce Department's Reexport Controls

These are all accessed by quick links on the BIS website. For more information please go to http://bis.doc.gov

Antidumping Duty on Wooden Bedroom Furniture from China Revoked In Part

The International Trade Administration (ITA) released the final results of an antidumping (AD) changed circumstances review, in order to revoke in part the AD duty order on wooden bedroom furniture from China with respect to certain armoires, cabinets or other accent items for the purpose of storing jewelry.

The ITA is taking this action based on the request of the American Furniture Manufacturers Committee for Legal Trade (AFMC) and its individual members which state that they no longer have any interest in antidumping relief from imports of such jewelry armoires. The affirmative statement of no interest by petitioners concerning jewelry armoires, as described herein, constitutes changed circumstances sufficient to warrant revocation of this order in part.

As a result of this decision the ITA has amended the scope of the AD duty order to read, jewelry armoires that have at least one side door, whether or not lined with felt or felt like material from China (PRC). In addition they have added to the scope a footnote which reads as follows: any armoire, cabinet or other accent item for the purpose of storing jewelry, not to exceed 24'' in width, 18'' in depth, and 49'' in height, including a minimum of 5 lined drawers lined with felt or felt-like material, at least one side door (whether or not the door is lined with felt or felt-like material), with necklace hangers, and a flip-top lid with inset mirror.

The ITA states it will instruct U.S. Customs and Border Protection (CBP) to liquidate without regard to AD duties and to refund any estimated duties collected for unliquidated entries of the newly excluded merchandise described above, which is not subject to final results of an AD administrative review as of July 7, 2006.

(For more information see link to ITA notice issued on July 7, 2006)

http://a257.g.akamaitech.net/7/257/2422/01jan20061800/edocket.access.gpo.gov/2006/pdf/E6-10655.pdf

COMPLIANCE CORNER

EAR Regulations Regarding International Boycotts and Embargoes

During the mid-1970's the United States adopted two laws that seek to counteract the participation of U.S. citizens in other nation's economic boycotts or embargoes. These "anti-boycott" laws are the 1977 amendments to the Export Administration Act (EAA) and the Ribicoff Amendment to the 1976 Tax Reform Act (TRA).

The anti-boycott laws were adopted to encourage, and in specified cases, require U.S. firms to refuse to participate in foreign boycotts that the United States does not sanction. They have the effect of preventing U.S. firms from being used to implement foreign policies of other nations which run counter to U.S. policy.

The Arab League boycott of Israel is the principal foreign economic boycott that U.S. companies must be concerned with today. The anti-boycott laws, however, apply to all boycotts imposed by foreign countries that are unsanctioned by the United States.

The anti-boycott provisions of the Export Administration Regulations (EAR) apply to all "U.S. persons," defined to include individuals and companies located in the United States and their foreign affiliates. These persons are subject to the law when their activities relate to the sale, purchase, or transfer of goods or services (including information) within the United States or between the U.S. and a foreign country. This covers U.S. exports and imports, financing, forwarding and shipping, and certain other transactions that may take place wholly offshore.

Conduct that may be penalized or prohibited under the regulations includes:

- Agreements to refuse or actual refusal to do business with or in Israel or with blacklisted companies.
- Agreements to discriminate or actual discrimination against other persons based on race, religion, sex, national origin or nationality.
- Agreements to furnish or actual furnishing of information about business relationships with or in Israel or with blacklisted companies.
- Agreements to furnish or actual furnishing of information about the race, religion, sex, or national origin of another person.
- Implementing letters of credit containing prohibited boycott terms or conditions.

The EAR requires U.S. persons to report quarterly requests they have received to take certain actions to comply with, further, or support an unsanctioned foreign boycott.

U.S. taxpayers are required to report "operations" in, with, or related to a boycotting country or its nationals and requests received to participate in or cooperate with an international boycott. The Treasury Department has updated the quarterly list of "boycotting countries." The countries include:

Kuwait	Saudi Arabia
Lebanon	Syria
Libya	United Arab Emirates
Qatar	Republic of Yemen

Bahrain and Oman have been removed from the list due to actions taken by their respective governments. Iraq is not included in this list, but its status with respect to future lists remains under review.

The EAR stipulates the penalties for violations of the Anti-boycott Regulations as well as export control violations. The penalties imposed for each "knowing" violation can be a fine of up to $50,000 or five times the value of the exports involved, whichever is greater, and imprisonment of up to five years. During periods when the EAR are continued in effect by an Executive Order issued pursuant to the International Emergency Economic Powers Act, the criminal penalties for each "willful" violation can be a fine of up to $50,000 and imprisonment for up to ten years.

For each violation of the EAR, any or all of the following may be imposed:

- General denial of export privileges;
- The imposition of fines of up to $11,000 per violation; and/or
- Exclusion from practice.

The $10,000 maximum per violation specified in the EAA is adjusted periodically pursuant to law for inflation. The maximum civil penalty for any violation committed after October 23, 1996 is $11,000 per violation.

Additional information, including a link to the anti-boycott regulations, examples of recent boycott requests, etc., are available on the Web site of the BIS's Office of Anti-boycott Compliance at http://www.bis.doc.gov/antiboycottcompliance/default.htm. In addition, the BIS also posts to its Web site (http://www.bis.doc.gov/) press releases of actions it takes against U.S. companies for violations of its anti-boycott regulations.

Source: Treasury Notice (FR Pub 07/07/06) available at http://a257.g.akamaitech.net/7/257/2422/01jan20061800/edocket.access.gpo.gov/2006/pdf/06-6032.pdf

TRANSPORTATION UPDATE

Maher Terminals New York Encourages Use of Extended Hours

The management of Maher Terminals in New York has announced they are experiencing extremely high truck volume due to post holiday vessel bunching as well as an increase in import volume. During this time they are encouraging terminal users to utilize Maher's extended hours as well as the Saturday gates.

There has been speculation among some New York area truckers that since Maher Terminals is holding their gates open on Saturdays, free time at this location may be dropped to three days rather than the already tight four days. At this point there is nothing further, but if this does go into effect, it will squeeze customs brokers and importers even further. Maher is one of the largest terminals in the area and it is likely that others will follow suit in short order.

SAMUEL SHAPIRO & COMPANY, INC. NEWS

Shapiro Offers Cost Effective Consolidations

In June 2003, Samuel Shapiro Company, Inc. launched its first LCL (less than container load) consolidation from Hong Kong to Baltimore in an effort to provide an alternative solution to the congestion and Customs delays in New York. At that time, cargo into the New York port was taking an additional 7-10 days to reach the Baltimore area. Due to the success of Samuel Shapiro & Company, Inc.'s first consolidation program, the logical next step was to create additional consolidation services to meet the varying needs of our client base. Consequently, the Milan, Italy consolidation program was launched. To date, our services into Baltimore are a great alternative for cargo destined to Maryland, all points in Pennsylvania, Southern NJ, Delaware, Virginia, Western Virginia and Eastern Ohio.

Based on increasing customer demand, we continue to offer weekly service from Milan, Italy, and regularly scheduled air and ocean services from Hong Kong.

The benefits of using Shapiro consolidations include:

*Tracking service from point of origin
*Reduction in transit time to Mid-Atlantic region
*Expedient and monitored warehouse container stripping
*Tailored delivery service to your destination

Together, competitive pricing, outstanding customer service, and thorough cargo tracking result in efficient, cost-effective logistics. For more information on how our consolidations can be an economical solution for your freight requirements, contact our marketing@shapiro.com today.

AUTOMATION & RECORDKEEPING SEMINAR
What are you doing to protect your import/export program?

Register today for Shapiro's August 2006 seminar!

Samuel Shapiro & Company, Inc. will be hosting a half-day seminar on Thursday, August 10th, 2006, from 9:00 a.m. to 12:00 p.m., at the Tremont Grand in Baltimore, Maryland. The Automation and Recordkeeping seminar will discuss basic automation security, importer/exporter system requirements, tools to enhance your processes, recordkeeping essentials - what to keep, storage methods, and how long to keep it.

Following the seminar, come join us for the annual Propeller Club Crab Feast! We will provide courtesy round-trip transportation from the Tremont Grand immediately following the class.

Location: Tremont Grand
225 N. Charles St.
Baltimore, MD 21201
Phone: 410-685-7777

Cost: $75 per person
$65 for each additional attendee from the same company
$50 crab feast ticket per person (in addition to your seminar cost)
(Includes seminar materials and continental breakfast)

Check In: Check in and continental breakfast begin at 8:30 am.

Please let us know as soon as possible if you need crab feast tickets as supplies are limited.

Register Now! Click on the link below:
http://www.shapiro.com/html/SeminarRegistrationPage.htm

For more information contact the Compliance Department by phone at 800-695-9465 ext. 290 or by email at compliance@shapiro.com.