



“SHAP” TALK

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WE WANT TO HEAR FROM YOU!

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TRADE NEWS

What Do I Do with 10+2?

On the day the Notice of Proposed Rulemaking was published in the Federal Register, we sent our readers a special e-mail detailing the new 10+2 rules. The most frequent questions have been:

- What does 10+2 mean to me?
- Do I have to do anything now?
- When will 10+2 take effect?
- What's the difference between 10+2 and the 24 hour rule?

Our e-mail from 1/2/08 is reproduced below along with some additional information. Answers to your questions are at the end. We realize this is a long article, but we urge you to read all the way through. The impact of 10+2 on the importing community cannot be understated.

U.S. Customs & Border Protection has published the long awaited notice of proposed rulemaking (NPRM) for the Importer Security Filing and Additional Carrier Requirements in the January 2, 2008 edition of the Federal Register. <http://a257.g.akamaitech.net/7/257/2422/01jan20081800/edocket.access.gpo.gov/2008/pdf/E7-25306.pdf>

The SAFE Port Act of 2006 includes a provision requiring the electronic transmission of additional data elements for improved high-risk targeting. The information is to be provided for cargo destined for the United States prior to loading on vessels at foreign ports. These additional data elements have commonly been referred to as "10+2" for the 10 data elements to be supplied by the importer plus the 2 data elements to be provided by the steamship line. The U.S. government has concluded that more complete advance shipment data would produce even more effective and more vigorous cargo risk assessments. The Security Filing information is to be used for security purposes only and not for determining merchandise entry or for any other commercial enforcement purposes.

The 10+2 data elements are:

1. Manufacturer (or supplier) name and address – name and address of the entity that last manufactures, assembles, produces, or grows the commodity or name and address of the supplier of the finished goods in the country from which the goods are leaving.
2. Seller name and address – name and address of the last known entity by which the goods are sold or agreed to be sold. If the goods are to be imported otherwise than in pursuance of a purchase, the name and address of the owner of the goods must be provided.

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3. Buyer name and address – name and address of the last known entity to which the goods are sold or agreed to be sold. If the goods are to be imported otherwise than in pursuance of a purchase, the name and address of the owner of the goods must be provided.
 4. Ship to name and address – name and address of the first deliver-to party scheduled to physically receive the goods after the goods have been released from Customs custody.
 5. Container stuffing location – name and address(es) of the physical location(s) where the goods were stuffed into the container. For break bulk shipments, the name and address(es) of the physical location(s) where the goods were made “ship ready” must be provided.
 6. Consolidator (stuffer) name and address – name and address of the party who stuffed the container or arranged for the stuffing of the container. For break bulk shipments, the name and address of the party who made the goods “ship ready” or the party who arranged for the goods to be made “ship ready” must be provided.
 7. Importer of record number/FTZ applicant ID number – the importer of record number can be an entity’s federal tax ID number (IRS number), a social security number, or a Customs assigned importer number (generally used for non-resident importers). FTZ stands for foreign trade zone. For goods intended to be delivered to an FTZ, the IRS number, social security number, or Customs assigned number of the party filing the FTZ documentation with CBP must be provided.
 8. Consignee number(s) – the IRS number, social security number, or Customs assigned importer number of the individual(s) or firm(s) in the U.S. on whose account the merchandise is shipped.
 9. Country of origin – country of manufacture, production, or growth of the article.
 10. HTS number – must be provided at the 6 digit level, but Customs will accept the full 10 digit HTS number.
1. Vessel stow plan
 2. Container status messages

These “+2” data elements will be filed by the steamship line.

The Importer Security Filing is to be transmitted to Customs no later than 24 hours before cargo is laden aboard a vessel destined to the United States. The importer or a designated agent must transmit the Importer Security Filing. For Foreign Trade Zone shipments, the party responsible for filing that documentation will be responsible for the Importer Security Filing.

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The NPRM separately addresses the Importer Security Filing for foreign cargo remaining on board (FROB) and I.E. (immediate exportation) and T&E (transportation and exportation) in-bond shipments. Five elements must be transmitted for these type entries – booking party name and address, foreign port of unloading, place of delivery, ship to name and address, and HTS number. The carrier will be responsible for transmitting the Importer Security Filing for FROB shipments. The party responsible for filing I.E. and T&E documentation will be responsible for the Importer Security Filing for these type shipments.

The bill of lading, down to the house bill level, will be used to link the Importer Security Filing information to the carrier's submissions. Both the house bill of lading number (if applicable) and the master bill of lading number must be presented with the Importer Security Filing. If one shipment to one importer of record includes multiple bills of lading, only one Importer Security Filing will be required.

If there are changes to the information filed, the Importer Security Filing must be updated before the goods enter the limits of a port in the U.S. If goods on a T&E or I.E. must be diverted, or if the T&E or I.E. is to be converted into a consumption entry, permission must be sought from the port director first, and only after the complete Importer Security Filing has been made.

The Importer Security Filing may be withdrawn if the goods are no longer intended to be imported into the U.S.

Customs may assess liquidated damages equal to the value of the cargo for violations of the new proposed regulations. Enforcement will be phased in.

At this time, only containerized and break bulk ocean cargo are subject to the NPRM. Customs may eventually expand the advance data requirements to other modes of transportation.

The comment period is open until March 3, 2008. Please refer to the Federal Register notice for information on how to submit comments.

Now to your questions:

What does 10+2 mean to me? 10+2 will be a tremendous change in the way importers conduct their business. According to Customs, the importer is ultimately responsible for the timely, accurate, and complete submission of the 10+2 data. In somewhat of an understatement, Customs says, "In some cases, business practices may have to be altered." The 10+2 data must be submitted 24 hours before the goods are loaded on the vessel. You need to think about how you currently transact your business with your suppliers and how you will be obtaining the 10 data elements well in advance of the vessel departure so that this information can be transmitted timely to Customs.

Do I have to do anything now? We urge you to read through the NPRM to see how it will impact your business and to make comments by March 3, 2008. You should also

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be contacting your overseas suppliers so they are aware of the details they will need to be providing you and the timeframes involved.

When will 10+2 take effect? We anticipate Customs will receive numerous comments to this NPRM. It will probably take several months for Customs to sift through these comments and publish a Final Rule which will provide an effective date. Customs is proposing to phase in enforcement and will work with the trade to ensure informed compliance. We will certainly keep you updated on the effective date once known.

What's the difference between 10+2 and the 24 hour rule? Under the 24 hour rule, carriers and/or automated NVOCC's (non-vessel operating common carriers) must submit complete manifest information 24 hours before cargo is laden aboard the vessel at a foreign port. The 10+2 data elements are different from the manifest information required under the 24 hour rule. The 24 hour rule applies to all modes of transportation (the time frames vary depending on the mode). At this time, 10+2 is for ocean cargo only, but may be expanded to other modes in the future.

FDA Releases New Tools to Improve the Security of Food and Cosmetics

On December 21, 2007, the Food and Drug Administration (FDA) released self-assessment tools for industry to minimize the risk of intentional contamination of food and cosmetics, as part of the FDA's comprehensive Food Protection Plan Initiative. FDA notes that the tools are a companion piece designed to make previously issued industry guidance documents more user-friendly and practical.

Food protection is one of FDA's top priorities and that means guarding against both intentional and unintentional contamination of foods. In 2003, FDA issued a set of Food and Cosmetic Security Preventative Measures Guidance documents. These documents are aimed at operators of food and cosmetics establishments, as well as businesses that produce, process, store, repack, re-label, distribute, sell or transport foods, food ingredients and cosmetics to help minimize the risk of malicious, criminal, or terrorist actions involving products under their control.

Following are the available guidance documents:

Food Producers, Processors, and Transporters: Food Security Preventive Measures Guidance

Importers and Filers: Food Security Preventive Measures Guidance

Retail Food Stores and Food Service Establishments: Food Security Preventive Measures Guidance

Cosmetics Processors and Transporters: Cosmetics Security Preventive Measures Guidance

Dairy Farms, Bulk Milk Transporters, Bulk Milk Transfer Stations and Fluid Milk Processors Food Security Preventive Measures Guidance

Using feedback from industry, the FDA repackaged the information found in the guidance documents and created a corresponding self-assessment tool for each

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document. By using the tools, industry members can get a quick and detailed assessment of the measures they currently have in place to protect against intentional contamination of their products. With this consolidated information, it will be easy for them to see where meaningful improvements to their current practices can be made.

For more information see The Food and Cosmetic Security Preventive Measures Guidance documents and self assessment tools at:

<http://www.cfsan.fda.gov/~dms/defguids.html>

U.S. Trade Representative's Report to Congress on China's WTO Membership

On December 11, 2007, the U.S. Trade Representative (USTR) issued its annual report outlining its review of China's World Trade Organization (WTO) membership commitments. Although China has been a WTO member for six years, most of China's membership commitments were due to be implemented in 2006, but the USTR states that China has not observed some of its basic membership obligations, and that China has many practices and policies in place that conflict with already implemented commitments which make keeping those commitments difficult. The USTR also stated that a significant issue for China has been maintaining the support by China's leadership of the initiatives and goals already accomplished.

The USTR determined the following: (Note that this listing is not all inclusive)

There was no significant reduction in intellectual property rights infringement activities. 85% -93% of copyrighted products sold in China were pirated.

In conflict with China's trading rights and distribution commitments, DVD's, music, films, and other media remain under limiting restrictive import and distribution procedures.

China continues to restrict market access for non-Chinese origin products and foreign based service providers by offering government resources to promote Chinese industry and exports, by having foreign companies license their intellectual properties under unfavorable agreements, and by protecting domestic industry through limiting investment regimes, etc. Specifically U.S. based banking, telecommunication, and legal service providers, among others, are not allowed open full market access in China due to cumbersome and restrictive licensing and regulatory requirements.

China continues to restrict their agricultural market due to selective delays or stoppage of imported products by regulatory officials such as quarantine and phytosanitary officials.

In the area of technology, China has implemented select national standards for products where international standards already exist.

On domestic raw products where China is the world's largest producer the use of export quotas and duties are becoming more limited and less utilized.

The USTR states that the U.S. will intensify its efforts to work with China on holding its government responsible for meeting its membership commitments and for upholding the commitments China has already met.

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The complete USTR report can be viewed by visiting the USTR website at:
http://www.ustr.gov/assets/Document_Library/Reports_Publications/2007/assrt_upload-file625-13692.pdf

TSA Division Helps Secure Cargo and Passengers

As an international freight forwarder, Samuel Shapiro & Company, Inc. and its agents are subject to facility searches and audits from the Transportation Security Administration (TSA). These and other measures are taken by TSA on a daily basis for the security of passengers and to secure cargo on passenger aircrafts.

The Air Cargo Division in TSA's Office of Transportation Sector Network Management works to prevent terrorists from turning passenger planes laden with cargo into weapons. That's a heavy mandate given that 50,000 tons of air cargo are transported every day - 7,500 tons of it on passenger planes.

To achieve its mission, the division searches the entire air cargo network - including 10,000 facilities used by 3,800 freight forwarders - for strategic points to thwart terrorists. It has four offices that develop strategies and programs that collaboratively strengthen the agency's layered approach to aviation security.

"The main thrust of cargo security programs now comes from the 9/11 law," said Air Cargo Division General Manager Ed Kelly. "The law requires 100 percent screening of air cargo on passenger planes by 2010."

Screening 100 percent of cargo at airports would create enormous delays in the shipment of goods. A fifth program office, the Certified Cargo Screening Program (CCSP) office, is being developed to meet mandates of the new law and prevent delays. TSA will begin phase one of the program in 2008.

For additional information, please refer to the TSA website under News & Happenings for this article dated January 3, 2008:

http://www.tsa.gov/press/happenings/aircargo_security.shtm

AEO Program Implemented in the EU on January 1, 2008

As reported in the June 2007 edition of [Shap Talk](#), on January 1, 2008 the provisions for the Authorized Economic Operator program (AEO) took place in the European Union (EU). The AEO program is one of the provisions the EU is implementing to secure international supply chains. The AEO program will strike a balance between increasing security requirements and facilitation for compliant traders.

The AEO is part of the EU Customs Security Program (CSP), which covers activities supporting the development and implementation of the AEO, as well as other additional security measures. The CSP is designed to support proper security controls to ensure the protection of the internal market and, in close cooperation with major trading partners in the world, secure the international supply chains. The CSP also provides facilitation to those traders which demonstrate compliant efforts to secure their part of the international supply chains. This is where the AEO comes into play.

The AEO concept is that security and safety are closely linked to supply chain management, and any economic operator can apply for AEO status. An Authorized

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Economic Operator can be defined as an economic operator who is reliable throughout the European Community in the context of his customs related operations, and, therefore, is entitled to enjoy benefits throughout the EU.

Another provision to be implemented in January 2009 is mandatory advance information on goods brought into, or out of the Customs territory of the European Community. Countries all over the world are looking at ways to enhance their supply chain security.

Under the AEO, three types of AEO certificates can be issued:

An AEO Certificate - Customs Simplifications

This is issued to any economic operator established in the EU who fulfills the criteria of customs compliance, appropriate record-keeping standards and financial solvency.

The holder of this certificate is entitled to:

1. Easier admittance to customs simplifications listed in Article 14b (1) of Customs Code Implementing Provisions (CCIP);
2. Fewer physical and document-based controls;
3. Priority treatment if selected for control and;
4. Possibility to request a specific place for such control.

An AEO Certificate – Security and Safety

This is issued to any economic operator established in the EU who fulfills the criteria of customs compliance, appropriate record-keeping standards, financial solvency, and maintains appropriate security and safety standards.

The holder of this certificate is entitled to:

1. Possibility of prior notification as described in Article 14b (2) of CCIP;
2. Reduced data set for summary declarations as specified in Article 14b (3) of CCIP;
3. Fewer physical and document-based controls;
4. Priority treatment if selected for control; and
5. Possibility to request a specific place for such control

An AEO Certificate - Customs Simplifications / Security and Safety

This is issued to any economic operator established in the Community who fulfills the criteria of customs compliance, appropriate record-keeping standards, financial solvency, and maintains appropriate security and safety standards and who wants to take advantage of all AEO benefits.

The holder of this certificate is entitled to all benefits as listed above for the first two certificates.

The [AEO guidelines](#) list specific information and these guidelines can be found on the Europa website.

Europa Customs has also designed an on-line course to help companies learn the relevant facts about the new Authorized Economic Operator (AEO) legislation and the process of becoming an AEO.

http://ec.europa.eu/taxation_customs/customs/cooperation_programmes/key_policies/elearning/article_4540_en.htm

The on-line course is intended to teach the following:

- Familiarity with the AEO context
- Why an AEO status may be of interest to you
- Familiarity with the 3 AEO statuses
- How to apply for an AEO certificate
- Familiarity with meeting the criteria
- Understanding customs' decision process
- Knowing the actions you will need to take once AEO status is granted

Information on the AEO and other security measures for the EU can be found on the Europa Website under [Customs and Security](#).

U.S. State Department DDTC to Launch a New and Improved Website

As of January 22, 2008, the Directorate of Defense Trade Controls (DDTC) web site will have a different format. Changes designed to facilitate searches for defense trade information will be restructured. In addition, most pages have been updated, and virtually all of the content from the current site will be found on the new site. DDTC hopes the new format will enhance your experience at their web site.

<http://pmdrtc.state.gov/>

World Customs Organization Solicits Suggestions for its New Database

The World Customs Organization is developing a database of preferential trade arrangements and related rules of origin in order to meet the needs of members of the WCO and to provide a useful reference and resource tool to both the trade and Customs organizations.

Preferential Trade Arrangements provide preferential trade treatment and access to markets in developing countries or regions. Programs include: The U.S. Generalized System of Preferences (GSP), the Caribbean Basin Trade and Partnership Act (CBTPA), the African Growth and Opportunity Act (AGOA), and the Andean Trade Preference Act (ATPA) among others.

The WCO is seeking suggestions and insight from all interested parties to ensure that the database meets the critical business needs of its users and provides an effective resource for Customs administrations and the trade community for management of and adherence to the preferential rules of origin.

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Additional features may be incorporated into the database based on the collection of suggestions.

Suggestions for the database will be collected via an online questionnaire. A February 15, 2008 deadline is slated.

The online questionnaire is available at <http://www.wcoomd.org/forms/default.aspx?fid=88>

COMPLIANCE CORNER

Customs Publishes Tips for Importers & Exporters

U.S. Customs & Border Protection (CBP) has posted a link on their website entitled “Tips for New Importers and Exporters,” but this document contains valuable information even for veteran importers and exporters. There are multiple links to other areas of the Customs website such as port information, informed compliance publications, the Harmonized Tariff Schedules, binding rulings, export information, Customs brokers, quotas, and cargo examinations, as well as information on navigating the CBP website.

The Customs Modernization Act imposes a standard of informed compliance on U.S. Customs. Informed compliance explains an importer’s right to be informed about Customs rules and regulations. The CBP website is your largest source of comprehensive Customs information. All importers should have www.cbp.gov bookmarked in their favorites!

“Tips for New Importers and Exporters” may be found at:
http://www.cbp.gov/xp/cgov/import/communications_to_trade/diduknow.xml

TRANSPORTATION UPDATE

New Fees for Los Angeles and Long Beach Ports

The ports of Los Angeles and Long Beach, California, have recently introduced new fees for containerized cargo. The first is a \$35.00 per TEU Clean Trucks fee for every loaded container entering or leaving the port terminals. This fee goes into effect June 1, 2008 and will be used to fund the Clean Trucks Program. The fee will not apply to containers moving in and out of the ports via rail.

The second fee is an Infrastructure Cargo Fee of \$15.00 per TEU for every loaded container entering or leaving the terminals by truck or rail. This fee will be used to help pay for repair, replacement or improvement of bridges, railway, and roadways in the harbor area. The fee goes into effect January 1, 2009.

February 2008 Update

FAR EAST

Samuel Shapiro & Company, Inc. has filed in our tariff the below Emergency Bunker Adjustment Factor (EBAF) for all Asia to U.S. carriers:

As of 1/1/08 through 2/4/08, Samuel Shapiro & Company, Inc.'s "official" EBAF in our tariff is:

\$80/20'
\$100/40'
\$115/40' HC
\$130/45'

As of 2/4/08 through 4/30/08, Samuel Shapiro & Company, Inc.'s "official" EBAF in our tariff will be:

\$160/20'
\$200/40'
\$225/40' HC
\$250/45'

Container volumes at the Port of Los Angeles were down 6.27% during the first eleven months of 2007 from the same period in 2006, a trend that was present most of the year in the eastbound Pacific.

Samuel Shapiro & Company, Inc. has direct service for LCL cargo from Hong Kong to Baltimore without the congestion of New York. Service moves on the MOL/HYUNDAI service and has very reliable transit time.

Chinese New Year Reminder: Please note space will become very limited in the coming weeks. The Chinese New Year celebration takes place February 6 - 13, 2008. All Chinese and Hong Kong businesses will be closed then with some remaining closed until the 15th of the month.

SOUTH AFRICA/INDIAN OCEAN

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Brazil is investing billions over the next few years on its transportation infrastructure. In an effort to keep pace with Brazil's rapid growth, massive spending is underway to build new highways, railroads, and ports.

MEDITERRANEAN

Samuel Shapiro & Company, Inc. has direct service for LCL cargo from Italy to Baltimore without the congestion of New York. Service moves on the MSC service with very competitive rates.

As a result of the rising costs of fuel all over the world, forwarders and steamship lines in the Mediterranean region are imposing higher costs for inland moves.

SOUTH AMERICA

MOL has announced a new service from Brazil to the port of Savannah. MOL has discontinued service from Brazil to Philadelphia.

NORTHERN EUROPE

Based upon the latest monitoring of fuel prices, TACA's Bunker Adjustment Factor (BAF), will be held unchanged for a further period of thirty days, through at least March 15, 2008, at the following levels:

Traffic to/from and via:

Atlantic/Gulf Coast Ports	Pacific Coast Ports
\$607 per 20ft container	\$911 per 20ft container
\$1214 per 40/45ft container	\$1822 per 40/45ft container
W/M \$61.00	W/M \$91.00

The Currency Adjustment Factor (CAF), based on the latest monitoring exercise, will remain unchanged at 12% through at least March 15, 2008.

NORTH AMERICA

As the news of recalled Chinese goods continues, Mexican products are being touted as alternatives. There has been a significant request for U.S. truckers in Mexico to handle the surge in border crossings.

EXPORT

There has been an increase in the last year of exports from the U.S. There is the need now to book weeks in advance with the steamship lines. The reason is due to reduced capacity on routes that are either unprofitable or with insufficient return. Many steamship lines have taken ships out of the trans-Atlantic and trans-Pacific trades to put them on more profitable lanes such as Asia-Europe. Even if space is available, it can be hard to find the equipment to get loaded.

SAMUEL SHAPIRO & COMPANY, INC. – THE LATEST

Employee of the Month

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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 Michael Whitney of our Atlanta office for his 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.