



“SHAP” TALK

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TRADE NEWS

10+2 Final Rule Published

The long awaited final rule for 10+2, also known as the Importer Security Filing (ISF) has been published in the November 25, 2008 Federal Register. There are some significant changes from the proposed rule which came out in January. Approximately 200 comments were submitted by the public. The goal of 10+2 is to enhance Customs' ability to identify high-risk shipments.

The 10+2 data elements remain unchanged:

1. Seller
 2. Buyer
 3. Importer of record number/Foreign Trade Zone applicant ID number
 4. Consignee number
 5. Manufacturer (or supplier)
 6. Ship to party
 7. Country of origin
 8. Harmonized Tariff Schedule number (6 digits)
 9. Container stuffing location
 10. Consolidator (stuffer)
-
1. Vessel stow plan
 2. Container status messages

The rule goes into effect January 26, 2009. For one year, Customs & Border Protection (CBP) is offering a delayed compliance period where they will show restraint in enforcing the rule. CBP will take into account difficulties that importers may face in complying with the rule as long as importers are making a good faith effort and satisfactory progress toward compliance. Full enforcement will take effect January 26, 2010.

The importer is responsible for the first 10 data elements. The steamship line is responsible for the "+2" data elements. The timeframes to submit the importer data elements are as follows:

- o No later than 24 hours before cargo is laden aboard the vessel at the foreign port:
 - Seller
 - Buyer
 - Importer of record number/FTZ applicant ID number
 - Consignee number
 - *Manufacturer (or supplier)
 - *Ship to party
 - *Country of origin
 - *HTS number
- o As early as possible but no later than 24 hours prior to arrival:

- Container stuffing location
- Consolidator (stuffer)
 - For * items, submit the best available information. CBP will be flexible and allow updates up to no later than 24 hours prior to arrival
 - Break bulk cargo – 24 hours prior to arrival

The requirements regarding the timing of transmission for 6 of the 10 ISF elements (Container stuffing location, Consolidator (stuffer), Manufacturer (or supplier), Ship to party, Country of origin, and HTS number), and the flexible requirements for 4 of the elements (Manufacturer (or supplier), Ship to party, Country of origin, and Commodity HTSUS number) are adopted as an interim final rule. CBP invites comments on these requirements. Comments must be submitted by June 1, 2009. Please see the Federal Register notice for information on how to file a comment. All other requirements in this rule are adopted as a final rule. Customs is not inviting comments on these requirements.

The bill of lading number will be used as an identifier to tie the ISF to the manifest filing and to the Customs entry. If there is a house bill of lading, this number must be reported. The manufacturer, country of origin, and HTS number must be linked at the line item level.

The ISF must be filed by the ISF Importer. The ISF Importer is defined as the owner, purchaser, consignee, or agent such as a licensed Customs broker. The ISF Importer is ultimately liable for the timely, accurate, and complete submission of the Importer Security Filing.

CBP will enforce the Importer Security Filing, vessel stow plan, and container status message requirements through the assessment of liquidated damages, in addition to penalties applicable under other provisions of law. Customs can assess liquidated damages up to \$5000.00 for violations, such as failure to submit ISF timely, accurately, or completely. This is a change from the proposed rule which proposed liquidated damages equal to the value of the shipment. The ISF Importer will be required to post a bond to secure the timely, accurate, and complete Importer Security Filing. If you already have a continuous entry bond, this will be sufficient for ISF purposes. If you do not have a continuous entry bond, please contact us at compliance@shapiro.com.

CBP will be publishing final technical specifications shortly now that the final rule has been issued. CBP plans to have a test system where users can submit test data and receive responses. We want to let you know that Samuel Shapiro & Company, Inc. will be ready on January 26, 2009 to transmit your ISF information.

We hope you have used the past 11 months to start integrating 10+2 into your existing business practices. You need to think about how to get the data and get it timely. Consider who your sources will be for the data and develop procedures for your suppliers. You will need to have commercial invoices and the bill of lading number prior to loading at the foreign port. Your goods will need to be pre-classified. You want

to be sure your vendors are getting you the information at least 48-72 hours prior to vessel loading. Customs says to expect an additional 2-3 days in your supply chain for the first year.

Yes, the first year will have some bumps in the road, but once the initial kinks are worked out, the supply chain will be enhanced. 10+2 offers supply chain visibility back to origin with multiple parties working in collaboration to gather the information.

The final rule is available at:

<http://edocket.access.gpo.gov/2008/pdf/E8-27048.pdf>

CBP has established a help desk available at Security_Filing_General@cbp.dhs.gov

A 10+2 Fact Sheet and FAQ's are available at:

http://www.cbp.gov/xp/cgov/trade/cargo_security/carriers/security_filing/

Consumer Product Safety Certificates

On November 18, 2008, the Consumer Product Safety Commission (CPSC) issued a final rule concerning the certificate of compliance required under the recently enacted Consumer Product Safety Improvement Act (CPSIA). The final rule is effective November 18, 2008.

The CPSIA requires a certificate for all consumer products manufactured on or after November 12, 2008. The CPSC has been inundated with inquiries about how to comply with the certification requirement and with requests to evaluate products and specify what regulations, standards, bans, etc., might apply to them. The CPSC states in the final rule that it is the responsibility of the manufacturer of the product as a normal incident of doing business to know what legal requirements apply to its products. Manufacturers and retailers have always been required to know which rules apply to their products and to assure that their products comply with those rules.

In order to streamline the certification process, the CPSC is now limiting the number of parties who must issue conformity certificates, unless a pre-existing CPSC product standard requires otherwise. Foreign manufacturers and private labelers of imported products no longer need to issue certificates, nor do they need to be listed as parties on the certificates. For imported products, only the importer needs to issue the conformity certificate. The certificate for imported products must be available no later than the time when the product or shipment is available for inspection in the United States. For products manufactured in the United States, only the domestic manufacturer needs to issue the certificate. The certificate for domestic products must be available prior to introduction of the product or shipment into domestic commerce.

A consumer product is any article produced or distributed for sale to a consumer for household, school, recreational, or other use, consumption or enjoyment by a consumer. Products that are considered exempt from designation as a "consumer

product” are products not produced or distributed for sale to or to be used, consumed or enjoyed by a consumer; tobacco and tobacco products; motor vehicles or motor vehicle equipment; pesticides; firearms and ammunition; aircraft and aircraft parts; boats; drugs, devices or cosmetics; and food.

The certificate must be in English and also may be provided in any other language. The certificate must contain the following information:

- Identification of the product covered by the certificate
- Citation to each CPSC product safety regulation or statutory requirement to which the product is being certified
- Identification of the importer or domestic manufacturer certifying compliance of the product, including name, full mailing address, and telephone number
- Contact information (name, e-mail address, full mailing address, and telephone number) of individual maintaining records of test results.
- Date and place (city, state, country) where product was manufactured. If the same manufacturer operates more than one location in the same city, the street address of the factory should be provided.
- Date and place where the product was tested for compliance
- Identification (name, full mailing address and telephone number) of any third-party laboratory on whose testing the certificate depends

The certificate must “accompany” each product or shipment of products, must be made available to CPSC and Customs & Border Protection upon request, and must be supplied to each distributor or retailer of the product. The certificate does not need to be furnished to the ultimate consumer. The certificate can be in hard copy, such as a label on the product, a label or attachment on the shipping container (e.g., box, carton, crate), included on the commercial invoice, or a separate document. The final rule of November 18, 2008, now allows the certificate to be electronic. The electronic certificate can be posted on a website for inspection, so long as the certificate can be produced immediately for inspection. An electronic certificate satisfies the “accompany” requirement if the certificate is identified by a unique identifier and can be accessed via a weblink or other electronic means. An electronic certificate must have a means to verify the date of its creation or last modification.

A sample certificate and FAQ’s are available at:

<http://www.cpsc.gov/about/cpsia/faq/elecfaq.pdf>

The final rule dated November 18, 2008 is available at:

<http://edocket.access.gpo.gov/2008/pdf/E8-27356.pdf>

Information on what products may or may not be regulated may be found at:

<http://www.cpsc.gov/businfo/reg1.html>

Overall information on the Consumer Product Safety Improvement Act is available at:

<http://www.cpsc.gov/about/cpsia/cpsia.html>

Customs & Border Protection Publishes Trade Strategy

At the recent Trade Symposium hosted by Customs & Border Protection, Commissioner Ralph Basham unveiled CBP's trade strategy for the next five years. The strategy's four goals are:

- Facilitate legitimate trade and ensure compliance – manage a consistent and risk-based trade process, reduce delays to compliant imports, and strengthen partnerships to ensure compliance.
- Enforce U.S. trade laws and collect accurate revenue – apply expert knowledge of trade laws and swift enforcement actions to identify, address, and deter high-risk trade law violations and ensure proper revenue collection.
- Advance national and economic security – protect the U.S. economy and consumers from unsafe imports and unfair trade practices, assist in establishing and directing U.S. trade policy, and operate trade import processes that complement national and economic security goals.
- Intensify modernization of CBP's trade processes – position the agency to successfully achieve business results and realize the benefits of modernization.

CBP intends to achieve these goals by strengthening the following areas:

- Expert trade law application
- Effective enforcement
- Risk assessment and advance targeting
- Progressive partnership development
- Information management and effective communication

The strategy incorporates CBP's trade vision where U.S. trade laws are enforced, with harmful and non-compliant cargo intercepted and deterred; legitimate imports are identified and rapidly admitted to consumers and industry without disruption; compliant and secure trade is ensured and supported by mutually beneficial partnerships; modernized processes and technology enable a streamlined import process; and emerging risks are mitigated through the development of national trade policy.

“CBP Trade Strategy Fiscal Years 2009-2013” is available on the Customs website at: http://www.cbp.gov/linkhandler/cgov/trade/trade_outreach/trade_strategy/cbp_trade_strategy.ctt/cbp_trade_strategy.pdf

TSA Issues Hazmat Motor Carrier Security Training Program

The Transportation Security Administration (TSA) has implemented a voluntary training program intended for hazardous materials motor carrier security managers, drivers, and any other personnel involved in the transportation of hazardous materials. TSA states on their website that this training program meets the Department of Transportation (DOT) security awareness training and security assessment requirements as defined in 49 CFR 172.704 (a)(4) and 49 CFR 172.802.

The “Hazmat Motor Carrier Security Self Assessment Training” program was developed as a cooperative effort between the DOT's Pipeline and Hazardous Materials Safety Administration (PHMSA); DOT's Federal Motor Carrier Safety Administration (FMCSA); and the TSA, an agency of the Department of Homeland Security.

The voluntary training program addresses the requirements contained in 49 Code of Federal Regulations (CFR), Part 172.802, which requires motor carriers that transport placarded amounts of hazardous materials to develop a plan that adequately addresses security risks related to the transportation of hazardous materials. The training is designed to provide you with the necessary knowledge and tools to conduct an effective security assessment of your operation.

The training also offers security actions that companies may consider implementing when managing the risks related to personnel security, unauthorized access, and en route security.

TSA advises that participants will be able to choose to attend instructor-led training sessions that TSA will conduct at multiple sites in the United States, and TSA will advise the industry of the availability of the training through trade associations, conferences, and stakeholder meetings. Hazmat motor carriers and shippers that are registered with DOT will automatically receive the training via CD-ROM and DVD. Companies may also complete the training on-line at the TSA public website. The website training is available to the public and does not require a log-in or password. After completion of the training program, participants will have the option to complete a course evaluation form to comment on the effectiveness of the training.

Additional information can be found by accessing the Federal Register Notice dated November 20, 2008 <http://edocket.access.gpo.gov/2008/pdf/E8-27526.pdf>

Companies can access the Transportation Security Administration's on-line training course, ***Hazmat Motor Carrier Security Self Assessment Training Program***, now on the TSA website at:

http://www.tsa.gov/what_we_do/tsnm/highway/self_training.shtm

Importer Self Assessment-Product Safety Pilot

On October 29, 2008, U.S. Customs & Border Protection (CBP) announced importer application and participation in a new product safety pilot that will be available under the Importer Self-Assessment program, the ISA Product Safety Pilot (ISA-PS).

The ISA program started in 2002 and currently has over 170 importers participating. The new partnership between importers, CBP, and the Consumer Product Safety Commission (CPSC) will be a voluntary program that ensures product safety compliance. CBP and the CPSC will be working together to determine a profile of best practices to meet the new Consumer Product Safety Improvement Act (CPSIA) requirements. CBP and the CPSC intend to review the program in two years to determine whether the program becomes permanent. If a participant fails to meet the requirements of the program or violates a CPSC law or regulation, the participant will be subject to penalties, liquidated damages, and/or removal from the program.

ISA-PS participation criteria include:

- Be a current active member of the ISA (C-TPAT membership is a requirement to joint ISA).
- Complete a questionnaire and sign an ISA-PS addendum.
- Have an internal controls program that ensures product safety and compliance with CPSC laws and regulations overseen by the CPSC.
- Submit an annual certification to CBP that outlines the ISA-PS point of contact and certifies continued compliance with CPSC requirements.

Benefits in addition to regular ISA benefits include:

- A reduction of product safety tests on imported products.
- Testing priority with a reduced time period for participants whose products require testing.
- CPSC will allow products to be destroyed in lieu of redelivery to CBP when they don't meet applicable standards, laws, etc.
- The CPSC will provide commodity specific training on compliance, internal controls, and CPSC audits.

Note that these listings aren't all inclusive and that additional requirements and benefits may become available at a later date as tailored to specific industries.

Additional information on the CPSIA and the ISA-PS program can be found by visiting the CPSC website at www.cpsc.gov.

BIS Issues Intra-Company Transfers Questions and Answers

The Bureau of Industry and security (BIS) has posted to its website a list of questions and answers for the Proposed Rule Establishing License Exception Intra-Company Transfer (ICT).

License Exception ICT would allow an approved “parent company” and its approved wholly-owned or “controlled-in-fact” entities to export, reexport, or transfer (in-country) many items on the Commerce Control List (CCL) among themselves for internal company use only. Prior authorization from BIS would be required to use ICT.

Additional details on License Exception ICT may be found in the October 3, 2008, publication in the Federal Register:

<http://edocket.access.gpo.gov/2008/pdf/E8-23506.pdf>

BIS Questions and Answers on ICT are located on the BIS website at:

<http://www.bis.doc.gov/policiesandregulations/ictquestionsandanswers.htm>

TRANSPORTATION UPDATE

December 2008 Update

Samuel Shapiro & Company, Inc. now has a Global LCL program for both imports and exports to offer our customers competitive pricing and provide us with the technology that will support us and our customers. We can quote almost immediately and also have access from our website to sailing schedules.

Bunker Adjustment levels are decreasing with the majority of carriers either monthly or quarterly since fuel prices have been going down.

DOMESTIC

The collection of the Clean Truck Fee (CTF) previously scheduled to begin on November 17, 2008 has been delayed at the ports of Long Beach and Los Angeles. More time is needed to complete ongoing discussions between Federal Maritime Commission staff and West Coast marine terminal operators regarding procedural issues. The terminals are also working to finalize the Program's automated gate administration and fee collection process. The CTF will be used to finance the purchase of new clean trucks thereby improving air quality in the San Pedro Bay area. The West Coast Marine Terminal Operator Agreement (WCMTOA) created the not-for-profit company PortCheck to collect the Clean Truck Fee to provide financial assistance for the replacement of as many as 10,000 trucks during the next three years. Due to the delay of the collection of the CTF and finalizing the automated gate access, terminal operators have reverted back to the temporary access sticker system launched October 1st to determine which trucks to allow into port terminals. Licensed Motor Carriers (LMCs) are reminded to leave their temporary access stickers

(Port of Los Angeles green and purple concession stickers and Port of Long Beach orange concession decal) on their trucks. Once the collection of CTF begins, the cargo owner (the party named on the bill of lading) is responsible for paying the CTF. The fee will be payable by credit card or electronic funds transfer, and must be paid before a container can enter or leave the terminals.

Cargo owners can visit the PortCheck page at www.pierpass-tmf.org for updates (the PortCheck web site, www.portcheck.org, is under construction). Cargo owners that are already registered in PierPASS offpeak terminal access system will automatically be uploaded into PortCheck. Cargo owners that are automatically uploaded from PierPASS into PortCheck will first have to accept the terms and conditions of PortCheck before their account will be extended into PortCheck.

Visit www.portoflosangeles.org/cleantrucks or www.polb.com/cleantrucks to learn more on the Clean Trucks Program.

FAR EAST

Expect BAF decreases monthly or quarterly now with the declining fuel costs.

Carriers in the CKYH Alliance - COSCO, "K" Line, Yang Ming and Hanjin - have slashed transpacific, transatlantic and Asia/Europe capacity in response to declining demand, falling rates and "growing uncertainty in the world's economy." The capacity cuts come on top of those implemented in mid-October in the transpacific and Mediterranean-Far East trades by the four lines.

Meanwhile, the alliance's Mediterranean-Asia-America Pendulum service will be terminated from early 2009. That service, which employs thirteen 5,500-TEU vessels, represents around 13 percent to 15 percent of the CKYH carriers' capacity in the Pacific Southwest trade, but the lines said they will attempt to offset the shortfall by using other services, like the South China Service (SEA), as a substitute. Lastly, including the Asia/Europe portion of the MAP pendulum, the carriers are taking roughly 9 percent of their capacity out of their Asia/North Europe trade by also terminating their China North Europe (CNX) service as of January 2009. The CNX service uses eight 4,000-TEU vessels. The earlier capacity cuts included suspension of the All Water East Coast (AWE) Central Loop, which reduced CKYH capacity in that trade by 18.5 percent, and the East Med Express (EMX). The member lines said they are also "conducting an extensive study to further restructure the Asia-East Mediterranean services, including the Aegean Sea Direct Express (ADX) service."

A 60-year-old ban on the direct air and sea transport links between China and Taiwan will be lifted in mid-December after top officials signed pacts recently. This should bring huge savings in operating costs and transit time, and would revive the slowing cargo traffic at Kaohsiung port.

Maersk Line confirmed it will close one of its two global service centers in China in response to slowing ocean container traffic across its network which will be a loss of 700 jobs.

MEDITERRANEAN

MSC has announced a decreased BUC level effective December 1, 2008, from ports and points in Italy, Spain, Portugal, Southern France, Slovenia, Croatia, Albania and Israel to USEC, Gulf and USWC ports and points. Application: Northbound Dry and Reefer Cargo.

Current Levels

BUC to U.S. east coast and Gulf ports:

\$202.00/TEU

\$404.00/FEU

BUC to west coast ports

\$260.00/TEU

\$520.00/FEU

New Levels Effective December 1, 2008

BUC to U.S. east coast and Gulf ports:

\$156.00/TEU

\$312.00/FEU

BUC to west coast ports

\$198.00/TEU

\$396.00/FEU

SOUTH AMERICA

After months of uncertainty in Brazil, the turbulent market we have been experiencing is finally returning to normal. Space allocation with the steamship lines has eased up in the past month which has greatly reduced issues with bookings, as well as containers rolling.

It is our hope that this improvement in the market will allow for more Service Contracts to be established with key carriers that will increase the validity of rates from the current month to month updates to longer term validity. However, expect BAF to continue fluctuating on a monthly basis for the foreseeable future, as well as our inland rates which will fluctuate based on fuel charges.

We also have seen a noticeable decrease in our furniture rates from Brazil. Your representative should be contacting you with these revised rates soon. It is our hope that with the market turning around that we can predict to see more consistent rates and fewer increases for our customers.

NORTHERN EUROPE

BAF levels seem to be staying the same or lowering for December.

SAMUEL SHAPIRO & COMPANY, INC. NEWS

Charleston, SC Growth

There are several projects that are slated and or in development that will support the growth of the port of Charleston, South Carolina. The first project is the development of land for distribution and industrial purposes. Officials at the South Carolina state ports authority announced that there is over twenty million square feet of industrial spaces being developed within thirty miles of the port of Charleston. The details and progress of this development can be viewed at www.PortCharlestonDC.com. There is another project which is developing about sixty miles outside of the Charleston area in Orangeburg, SC, which is a direct shot to Charleston via the interstate. This project consists of a plan for the development of 1,600 acres of land for industrial purposes. Another project in progress at the port of Charleston is the expansion of the Wando Welch terminal. This terminal is the one of several terminals operating within the port of Charleston. The expansion consists of the development of an additional twenty five acres of land along with the reorganization of the current terminal. This growth will enable the port to stay competitive and remain a great port for conducting business.

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 Janell Rotella, Corporate Staff Accountant, 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.