"SHAP" TALK

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TRADE NEWS

Revised Phase In Schedule for Lacey Act

The U.S. Department of Agriculture (USDA) has published a notice in the February 3, 2009 Federal Register with a revised phase in schedule for the plant and plant product declaration required under the Lacey Act beginning April 1, 2009. The length of each phase has been extended from 3 months to 6 months. USDA has also provided an affirmative list of products that fall within each phase of enforcement of the declaration requirement. Products will be phased in based on their degree of processing and complexity of their composition.

The USDA is still reviewing products not included in the current phase in schedule to determine their applicability to the declaration. If a product is not listed in the schedule, the entry will not be referred for enforcement during the respective timeframe, unless USDA publishes another notice in the Federal Register amending the implementation plan. Any such changes would apply only to Phases III and IV, for which USDA would provide at least 6 months advance notice.

The declaration will apply only to formal consumption entries (generally, shipments valued over $2,000). The declaration will not apply to informal entries (generally, shipments valued $2,000 and less), personal importations, mail entries (unless subject to formal entry), in bond movements, carnets, foreign trade zone entries, and warehouse entries.

The declaration will be required only for the product being imported and not for sundries that ordinarily accompany the product such as tags, labels, manuals, and warranty cards.

Customs is currently working on programming so that information can be presented electronically starting April 1, 2009. USDA will notify via a Federal Register notice if the implementation date will be delayed.

Phase II – April 1, 2009 – September 30, 2009:
HTS Chapter 44 (wood & articles of wood) headings:
4401 – fuel wood
4403 – wood in the rough
4404 – hoopwood; poles, piles, stakes
4406 – railway or tramway sleepers
4407 – wood sawn or chipped lengthwise
4408 – sheets for veneering
4409 – wood continuously shaped
4417 – tools, tool handles, broom handles
4418 – builders' joinery and carpentry of wood

Phase III – October 1, 2009 – March 31, 2010:
HTS Chapter 44 (wood & articles of wood) headings:

4402 – wood charcoal
4405 – wood wool (excelsior)
4410 – particle board
4411 – fiberboard of wood
4412 – plywood, veneered panels
4413 – densified wood
4414 – wooden frames
4415 – packing cases, boxes, crates, drums
4416 – casks, barrels, vats, tubs
4419 – tableware & kitchenware of wood
4420 – wood marquetry; caskets; statuettes
HTS Chapter 47 (wood pulp) headings:
4701 – mechanical wood pulp
4702 – chemical wood pulp, dissolving
4703 – chemical wood pulp, sulfate
4704 – chemical wood pulp, sulfite
4705 – combination mechanical and chemical
Plus all Phase II items

Phase IV – April 2, 2010 – September 30, 2010:
HTS Chapter 44 (wood & articles of wood) headings:
4421 – articles of wood, nesoi
HTS Chapter 48 (paper & articles thereof) headings:
4801 – newsprint
4802 – uncoated writing paper
4803 – toilet or facial tissue stock
4804 – uncoated kraft paper
4805 – other uncoated paper and board
4806 – vegetable parchment, etc.
4807 – composite paper and board
4808 – corrugated paper and board
4809 – carbon paper
4810 – coated paper and board
4811 – paper coated, etc., other than 4803, 4809 or 4810
HTS Chapter 94 (furniture, etc.) subheadings:
9401.69 – seats with wooden frames
9403.30 – wooden office furniture
9403.40 – wooden kitchen furniture
9403.50 – wooden bedroom furniture
9403.60 – other wooden furniture
9403.90.70 – wooden furniture parts
Plus all Phase II and Phase III items

More information on the Lacey Act may be found at:
http://www.aphis.usda.gov./plant_health/lacey_act/index.shtml

The February 3, 2009 Federal Register notice is available at:

http://edocket.access.gpo.gov/2009/pdf/E9-2232.pdf

CPSC Publishes Consumer Product Safety Improvement Act Guide for Small Businesses, Resellers, Crafters, & Charities

On February 10, 2009, the Consumer Product Safety Commission (CPSC) published a guide book on the Consumer Product Safety Improvement Act of 2008 (CPSIA) in relation to Children's Products requirements for small businesses, resellers, crafters, and charities.

A children's product is an item that is designed or primarily intended for children aged 12 and under. Toys, books, furniture, child care items, and clothing among many other products may be considered children's products. All children's products are covered by the CPSIA either directly by a CPSC standard or regulation or another government regulation that is administered or overseen by the CPSC such as the Federal Hazardous Substances Act, the Flammable Fabrics Act, and the Poison Prevention Packaging Act, to name a few.

The guide book is divided into two major sections including guidance for small manufacturers, importers, and crafters of children's products, and guidance for retailers and resellers of children's products, including thrift stores, consignment shops, and charities. Both sections are arranged in a question and answer format which provide very detailed information on a variety of topics that are included in the CPSIA.

19 topical questions include answers and information on the following as examples:

- The definition of a manufacturer
- The definition of a children's product
- Testing requirements on multiple units of the same product
- Exemptions and exclusions to lead content limits
- The definition of phthalates
- Phthalate ban packaging requirements
- Products that can and can not be donated to charities and hospitals
- Mom and pop shop requirements for selling used clothes, toys, etc. for children
- Vintage book requirements
- Selling products in violation of the CPSIA

The guide also includes links to other CPSIA statutes that fall under the CPSC's jurisdiction, and links to other areas of the CPSC website such as the listing of accredited testing labs, a sample certification (certificate of conformity), and a full listing of frequently asked questions. It contains a compliance and testing timetable for lead in paint requirements, metal jewelry, phthalate limits, the mandatory toy standards, crib and pacifier requirements, small part requirements, and baby walkers and jumpers requirements. It also contains a table of commonly resold children's products and materials with information on whether the items are allowed to be sold.

Information is included on such products as books, wooden toys, recalled products, toys that are easily breakable into small parts, etc.

The guide book can be viewed in its entirety by visiting the "What's Hot" section of the CPSC website at www.cpsc.gov.

Audit Module: Self-Assessment Tool from BIS

The Export Management and Compliance Division of the Office of Exporter Services under the Bureau of Industry and Security has created an Audit Module Self - Assessment Tool for exporters to aid in the development of an Export Management and Compliance Program.

This tool may be used to create a new program or to assess whether internal controls have been implemented within an existing program with the purpose of eliminating common vulnerabilities found in export compliance programs. Each company has unique export activities and export programs; therefore, this is an example to build upon and does not include ALL Export Administration Regulations restrictions and prohibitions. This tool is a combination of best compliance practices implemented by U.S. companies, auditing practices, and Export Administration Regulations requirements.

An effective Export Management Control Program consists of many processes that must be planned, and then clear directions must be provided to employees so that all rules of the program are followed accordingly so there is less chance of error. Without written instructions, including an audit process or self-assessment, there is a much greater chance that something will be missed.

The self-assessment tool contains a pre-audit and a post-audit checklist:

PRE-AUDIT CHECKLIST

- Identify business units and personnel to be audited.
- Send e-mail notification to affected parties.
- Develop a tracking log for document requests.
- Prepare audit templates such as interview questions, transactional review checklist, audit report format, etc.
- Each business unit should provide their written procedures related to export compliance before the audit.
- Personnel at all levels of the organization, management and staff, should be interviewed to compare written procedures with actual business practices.
- Identify gaps and inconsistencies.

POST-AUDIT CHECKLIST

- Write audit report.
    - Executive Summary [Purpose, Methodology, Key Findings]
    - Findings and Recommendations [Organize in Priority Order]

    - Appendices [Interview List, Document List, Process Charts]
- Conduct post-audit briefing for affected business units to discuss audit findings and recommendations. Provide draft report. This is an opportunity for business units to address inaccuracies in report.
- Obtain commitment from business units for corrective action. Include in audit report.
- Brief executive management on audit findings and recommendations.
- Track corrective actions. Within the year, audit corrective actions.

There are several elements included in this 30 page module, such as risk assessment and cradle-to-grave compliance security. Two key elements are a written Export Compliance Management Program and Training. These elements are certainly essential for all exporters who strive for a good compliance program. One forgotten element it seems for many exporters is recordkeeping. If your company does not have a good written export compliance program and a good recordkeeping system, you can contact compliance@shapiro.com for assistance.

This module can be accessed on the BIS website at:
http://www.bis.doc.gov/complianceandenforcement/emcp_audit.pdf

New Duties on Certain Food Items from EU

The list of European Union food products subject to additional duties in the beef hormone dispute has been amended by the U.S. Trade Representative. The EU bans the import of beef and beef products with certain hormones. This effectively prohibits the import of all U.S. beef and beef products. In retaliation, the U.S. has imposed punitive duties on certain food items (and a few non-food items) from the EU. This dispute has been ongoing for over ten years.

Effective March 23, 2009, the U.S. will impose 100% duties on the following EU products:

- certain meat of bovine animals
- certain meat of swine
- certain meat of poultry
- decorative foliage
- truffles
- oats
- sausages
- chewing gum
- certain chocolate
- lingonberry and raspberry jams
- pears and peaches

Effective March 23, 2009, the U.S. will impose 100% duties on the following products from Finland, France, Ireland, Netherlands and Sweden:

- certain frozen meat of swine

Effective March 23, 2009, the U.S. will impose 100% duties on the following products from France:
- chestnuts
- wool grease

Effective March 23, 2009, the U.S. will impose 100% duties on the following products from Austria, Cyprus, France and Poland:
- certain fruit juices and juice mixtures

Effective March 23, 2009, the U.S. will impose 100% duties on the following products from Italy:
- mineral waters

Effective March 23, 2009, the U.S. will impose 300% duties on Roquefort cheese from the EU.

Certain products will also be removed from the program effective March 23, 2009:
Onions
Dried carrots
Toasted bread
Roasted chicory
Prepared mustard
Tomatoes
Guts, bladders and stomachs of animals
Soups
Certain yarn
Certain glue

The USTR notice with complete product descriptions may be found at:
http://edocket.access.gpo.gov/2009/pdf/E9-1257.pdf

U.S. Export Fact Sheet for December 2008

The International Trade Administration, under the Department of Commerce, released its U.S. Export Fact Sheet on February 11, 2009 for the month of December 2008. Below we have provided some interesting facts from this publication:

- U.S. exports of goods and services grew by 12.0% in 2008 to $1.84 trillion, while imports increased 7.4% to $2.52 trillion.
- In December 2008, the U.S. goods and services trade deficit ($39.9 billion) was the lowest monthly deficit since February 2003. This led to a 3.3% improvement in the annual goods and services deficit for 2008.
- Exports comprised 13.1% of U.S. GDP in 2008. Put in historical terms, exports were 9.5% of U.S. GDP five years earlier (2003), and 5.3% 40 years ago (1968).

- The largest export markets for U.S. goods in 2008 (with percent increase over 2007) were Canada ($261.4 billion, up 5.0%), Mexico ($151.5 billion, up 11.4%), China ($71.5 billion, up 9.5%), Japan ($66.6 billion, up 6.2%), and Germany ($54.7 billion, up 10.2%).
- The top growth categories for capital goods products in 2008 were medicinal equipment (up $3.3 billion), materials handling equipment (up $2.7 billion), industrial engines (up $2.7 billion), telecommunications equipment (up $2.6 billion), and civilian aircraft engines (up $2.5 billion).
- Foods, feeds, and beverages represented $108.4 billion of U.S. exports in 2008, and comprised the second largest export growth category (end-use) for the U.S., with exports rising $24.2 billion (or 28.7 percent) over 2007. The U.S. trade surplus in foods, feeds, and beverages rose $16.8 billion to reach $19.4 billion in 2008, up from a surplus of $2.6 billion in 2007.

The entire Export Fact Sheet is found at:
http://www.trade.gov/press/press_releases/2009/export-factsheet_021109.pdf

SECURITY NEWS

Save Your Company Money by Joining C-TPAT

In these challenging economic times, companies must seek out ways to cut costs while remaining competitive. Joining the Customs-Trade Partnership Against Terrorism (C-TPAT) program can have many benefits to your bottom line.

C-TPAT members have 4 to 6 times fewer exams than non-C-TPAT members. Since 2001, U.S. Customs and Border Protection (CBP) has nearly doubled the rate of exams for truck, rail, and vessel shipments. One in five shipments receives an examination – from a non-intrusive inspection (gamma imaging or VACIS exam) up to a full devanning. Customs exams are costly – not only for the exam fees themselves, but also in terms of delaying the release of the shipment which in turns delays delivery to you or your customer. Did you know that over 90% of exams from January to April 2008 were for *non-C-TPAT* members? This is a staggering statistic considering C-TPAT cargo makes up 30% of imports by entry volume (and over 50% by import value).

For C-TPAT members that do receive cargo exams, the container is afforded front of the line inspection privileges, which means C-TPAT cargo is examined more quickly than non-C-TPAT cargo. If there are multiple containers on a bill of lading and one is selected for exam, CBP will allow the other containers to be removed from the pier to avoid costly demurrage charges. The containers can be delivered to their destination, but must be held with the seal intact until the examination is complete.

A study by the University of Virginia in 2007 demonstrated multiple tangible and intangible benefits to C-TPAT membership, chiefly that the benefits outweighed or equaled the associated costs, the time and cost of getting cargo released was reduced, and C-TPAT generated significant opportunities for cost avoidance. Some companies also realized lower insurance rates by being a C-TPAT member.

To put the benefits claim to the test, we ran some reports for a Samuel Shapiro & Company, Inc. customer that has been a member of C-TPAT for four and a half years. During that period, the percentage of shipments examined decreased by 57%. Exam costs decreased by 58% and demurrage charges associated with exams decreased by 46%, leading to a savings of tens of thousands of dollars since joining C-TPAT.

Over 1,400 companies joined C-TPAT in 2008, bringing total membership to over 8,800. This is evidence the C-TPAT program is still viable in its eighth year. For more information on how to join C-TPAT and save your company money, please contact us at consulting@shapiro.com.

C-TPAT Benefits Guide available at:
http://www.cbp.gov/linkhandler/cgov/trade/cargo_security/ctpat/ctpat_benefits.ctt/ctpat_benefits.pdf

C-TPAT 2008 Year in Review available at:
http://www.cbp.gov/linkhandler/cgov/trade/cargo_security/ctpat/2008_year_review.ctt/2008_year_review.pdf

TRANSPORTATION UPDATE

March 2009 Update

The Clean Truck Fee has now been implemented as of February 18, 2009, in the ports of Long Beach and Los Angeles. The fee will be assessed against the beneficial cargo owner. The cargo owner or their broker/forwarder can claim the cargo; the carriers will not be involved in any billing or collection of this fee. All trucks that do not meet the Clean Truck Program standards will be assessed this fee. On-dock rail and inter-terminal moves will not be subject to this fee, but brokers, freight forwarders and steamship lines may not be able to advise in advance how cargo moves. There will be credits issued if no "dirty truck" is used on rail moves. All cargo must be claimed prior to moving in or out of the terminal. Please contact your Samuel Shapiro & Company, Inc. account representative for the fees and our procedures if we are claiming this on your behalf.

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.

Senator Lines is the latest casualty of the global recession's impact on trade. Senator Lines, a 22-year-old company that is majority owned by Hanjin Shipping Co., has announced that it will halt operations after its current cargo is delivered. The company blames falling volumes, overcapacity and increasing competition in the Asia-Middle East-Europe trade, as well as the Mediterranean and Canada and North Europe trade to South America. Hanjin reports that they will take over the carrier's slot charters.

Cargo volume is down due to the economic crisis, and as a result the number of container vessels not in service is likely to top 200 in the first quarter of 2009. There were 165 containers vessels idle just before Christmas 2008. Ocean carriers are adjusting to the weakening cargo demand and decreasing freight rates.

FAR EAST
Surplus containers are piling up in Chinese ports. U.S. Exports began to slow down over the summer, and container lines used newly available space on vessels to reposition hundreds of thousands of containers back to the Asia market, particularly China. When the boxes arrived, there were too few loads to fill them as a result of the slump in U.S. bound cargo from Asia. Empty containers are stacking up in empty lots, at terminal gates, onboard idle ships, and anywhere else there's any unused space to be found. A record 800,000 TEU's are now sitting idle in the trade and the unused figure represents 6.5 percent of the global container fleet. The Asia-Europe trade has seen the sharpest decline, so in response carriers have cut capacity in that trade lane by 21 percent in the past 6 months. Capacity has been cut in the Asia-U.S. trade lanes by 9 percent in that same time period.

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 took 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."

MSC has announced the following Floating BAF quantum for cargo moving under ranges ex SPRC to USA destinations, and is adjusted as below effective March 1, 2009:
USWC/IPI - $160/200/225 for 20'/40'/40'HC
USEC/RIPI - $184/230/259 for 20'/40'/40'HC

Remarks:
1) BAF level is subject to monthly review
2) Bullet rate is maintained with existing level as per service contract

SOUTH AMERICA

Mediterranean Shipping Company is announcing that due to the recent increase in Bunker cost over the last month or two, we are filing a slight increase in the Tariff Bunker Adjustment Factor charge which will be applied effective March 11, 2009. This will be an increase of $25/TEU from the current BAF of $400/TEU to $425/TEU.

Please see below the new BAF to be applied.
From East Coast South American ports of loading (Brazil, Argentina, Uruguay, Paraguay) to all USA and Canada ports of discharge

Rate: $425.00/20'
$850.00/40'

NORTHERN EUROPE/MED

Maersk Line has announced a general rate increase on the trans-Atlantic as of April 1, 2009. Maersk announced the following increases for services between Northern Europe and the East and Gulf coast of North America:

$160 per 20-foot dry container
$220 per 40-foot container, high cube or 45-foot container/reefer.

Maersk announced the following increases for services between Northern Europe and the west coast of North America:
$200 per 20-foot dry container
$300 per 40-foot container, high cube or 45-foot container/reefer.

The increases apply equally to all eastbound (export) and westbound (import) cargo moving between the U.S. and Canada and North Europe.

AIR FREIGHT

Italy is the second largest air-freight market in Europe – and northern Italy is the industrial heart of it all. Lufthansa Cargo now offers an all freighter service between Milan - Malpensa (MXP) and New York (JFK) and Chicago.

The twice weekly service from New York via Chicago to Milan will use the efficient and reliable MD11 freighter aircraft. Ex New York and Chicago, days of operation are day 4 and 7, with a same day arrival in Milan. Lufthansa offers direct RFS connections from Milan - Malpensa to Bologna, Florence, Venice and Verona.

SAMUEL SHAPIRO & COMPANY, INC. NEWS

A Freight Forwarder versus a Freight Integrator, an editorial from our Atlanta Branch Manager, John Laird

I tend to laugh every time I see a certain commercial on TV of a large integrator. "Did you know that along with small packages, we can also handle your larger freight?" Yes, this large integrator can move a shipment for you…but what are you getting in return? A few pennies a kilogram in savings? Seeing their trucks and planes fly your freight in their pre-established routes? Assigning a number to your shipment for easy tracking on their web page? An automated telephone system where you are urged to key in your tracking number for a mechanical voice to answer you on the status of the last point of the transportation?

A freight integrator has an established "flow" of cargo, whether they have their own planes and trucks, or, if they have huge space allocations with steamship lines and commercial airlines for cargo to travel on. Think of it as a river of freight where, your cargo is a few drops of water to throw in the river. Once at a certain point, your freight is pulled out of the process, or flow, and delivered at destination. To me, it sounds so impersonal. Your cargo is assigned a number. Thrown into a mix of freight…and hopefully without any problems…moved to destination. There are some instances where this might be a good fit for a company. Maybe, you don't need customer service. Or, you need the lowest price. But, what if you need a little customer service? What if your product or cargo does not fit into the integrator's "flow" of freight? Do you have hazardous cargo? Oversized cargo? Or, what if you want your service provider to actually care and handle your cargo as your own? That is where the freight forwarder comes in play.

A good freight forwarder will treat your cargo as its own. Freight forwarders will ask questions, and get to know your product. Freight forwarders watch your cargo from pickup until delivery. A freight forwarder will look at all options on transport - check several truckers, airlines and steamship lines for the best fit of what the customer needs. Questions will follow such as: "What kind of service you need…Express? Deferred?" Not only will the freight forwarder do that, but they will also coordinate with government authorities in each country for a smooth transition of the freight into origin/destination. U.S. Customs and other government entities play so many roles in moving international cargo. You need a forwarder that understands these processes, and has a good reputation with government entities.

In my personal opinion, and communicating with customers, I feel the freight forwarder is the best fit for 90% of international companies.

I know this is opinion based, but would like to share with you a little of my history in the Atlanta market. I am relatively young in the freight industry, starting in 1995 in the warehouse/dock for a former U.S. based forwarder. After only 6 months in the warehouse, I moved into the office as a clerk and eventually management. I learned a lot from that experience and company, which after several mergers and buy outs, has become the 3rd largest integrator in the global market. Not only did the customers and shipments become just numbers, but so did the employees. I no longer felt at home. After leaving that company, I went to a strong German based forwarder. There, I had some new life. The company was smaller, more flexible. We got to know the customers and their products, and handled each shipment as our own. And what happened, the company grew and grew. After 5 years there, and a merger with another strong U.S. based forwarder, that company, too, grew into an integrator. Each shipment was no longer looked after. We didn't touch or reach out to each customer and get to know them. The freight started falling into our newly established freight flow (river). I had lost my identity of being a freight forwarder…and was trying to satisfy the hunger of the integrator's freight flow: giving rock bottom costs to satisfy integrator allocations, plane space, truck space, etc. I grew sad, and looked back at the simpler times where I was able to give great customer service and value to my customers. I like talking to customers. Understanding what they need and want. Fitting my process to their needs. Not, making my customer fit into the integrator's needs and cargo flow.

Now, I have found myself again. After joining the Samuel Shapiro & Company, Inc. family in December of 2007, the Atlanta branch is on the upswing. I have the flexibility and support to offer freight forwarding to our customers. It is a growing and building process, but we feel we are in the right direction. I hope to stay a freight forwarder for as long as I remain in this industry.

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 Jimmie Tischner, Baltimore Account Coordinator, 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.