Shap Talk

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In this issue:

WE WANT TO HEAR FROM YOU!

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TRADE NEWS:

DOC Initiates Historic Antidumping and Countervailing Duty Investigation on Common Alloy Aluminum Sheet from China

Today, U.S. Secretary of Commerce Wilbur Ross announced the self-initiation of antidumping duty (AD) and countervailing duty (CVD) investigations of imports of common alloy aluminum sheet (common alloy sheet) from the People's Republic of China (China). These historic investigations, the first in over a quarter century, were self-initiated pursuant to the authority granted to the Secretary under the Tariff Act of 1930, as amended.

In 2016, imports of common alloy sheet from China were valued at an estimated $603.6 million.

Normally, AD and CVD investigations are initiated in response to petitions filed by a domestic industry alleging that dumped or unfairly subsidized goods are being exported into the U.S. market. By contrast, self-initiation authority can be exercised whenever the Secretary determines, from information available, that a formal AD or CVD investigation is warranted.

The current investigations are based on information indicating that the United States' price of common alloy sheet from China may be less than the normal value of such or similar merchandise and that Chinese imports of this commodity may be benefitting from countervailable subsidies. The Commerce Department also has evidence that these imports may be materially injuring, or threatening material injury to, the domestic industry producing common alloy sheet in the United States.

Common alloy aluminum sheet is a flat-rolled aluminum product having a thickness of 6.3 mm or less, but greater than 0.2 mm, in coils or cut-to-length, regardless of width. The product is typically used in building and construction, transportation, basic electrical applications, appliances, etc.

The AD and CVD investigations will proceed like any other trade remedy investigation. If the Commerce Department determines that common alloy sheet from China is being dumped into the U.S. market, and/or receiving unfair government subsidies, and if the U.S. International Trade Commission (ITC) determines that dumped and/or unfairly subsidized U.S. imports of common alloy sheet from China are causing injury to the U.S. industry, the Commerce Department will impose duties on those imports in the amount of dumping and/or unfair subsidization found to exist.

Next Steps:

During the Commerce Department investigations, the ITC will conduct its own inquiry into whether the U.S. industry and its workforce are being injured, or threatened with injury, by such imports. The ITC will make its preliminary determinations approximately on or before January 16, 2018. If the ITC determines that there is injury or threat of injury, then the Commerce Department investigations will continue, with a preliminary CVD determination scheduled for February 2018 and a preliminary AD determination scheduled for April 2018, unless these deadlines are extended.

If the Commerce Department determines that dumping or unfair subsidization is occurring, then it will instruct U.S. Customs and Border Protection to start collecting cash deposits from all U.S. companies importing the subject aluminum sheet from China. Final determinations by the Commerce Department in these cases are scheduled for April 2018 for the CVD investigation, and July 2018 for the AD investigation, but those dates may be extended. If either the Commerce Department finds that products are not being dumped or unfairly subsidized, or the ITC finds in its final determinations that there is no harm to the U.S. industry, then the investigations will be terminated and no duties will be applied.

Linda Muccio, LCB/CCS
Compliance Analyst

Looking Ahead to 2018

Although 2017 hasn't come to an end yet, it's not too early to start planning for 2018 shipments. It's always important to review your documentation to make sure all the pertinent information your broker needs to transmit your entry to ACE is provided. Some key components that should be on your commercial documents are:

- *Country of Origin*
- *Terms of Sale*
- *Actual Manufacturer*
- *Unit Value*
- *Quantity*
- *Currency*
- *Net Weight*
- *Gross Weight*

While those documentation requirements remain the same as in previous years, an updated TSCA certificate and NAFTA Certificate should be sent to your broker as well in the New Year. The ADD Non-Reimbursement Statement which needs to be renewed every 12 months and submitted with every ADD shipment must also be sent to your broker. If CBP finds that the statement is missing from the entry at time of liquidation, it is very possible that the entry could liquidate at 2x the original ADD amount! However, these document updates are minor compared to some of the changes importers will see in the New Year.

One change that will affect numerous importers in 2018 is the increase of certain user fees. The formal and informal merchandise processing fee (MPF), dutiable mail fees, and manual entry fees will all be increasing. The formal MPF range will increase from $25(min)-$485(max) to $25.67(min)-$497.99 (max).

Another huge impact that importers are already preparing for is the expiration of the Generalized System of Preferences (GSP), which expires on December 31, 2017. GSP is the largest and oldest U.S. trade preference program. GSP promotes economic development by eliminating duties on thousands of products when imported from 1 of 120 designated beneficiary countries and territories if they meet the requirements of the program. The GSP program provides additional benefits for products from the least developed countries. If Congress does not renew GSP prior to December 31, 2017, these products will no longer be free of duty and full duty must be tendered at the time of entry.

At this time, we have no idea if GSP will lapse, and if it does, we have no idea when it will be renewed. If GSP is renewed, we don't know if refunds will be retroactive to December 31, 2017. It's important to contact your Congressperson to let them know how the expiration of GSP will affect your business and to let them know GSP should be renewed.

Aside from the potential end of GSP and user fee increases, 2018 will also require small business food and beverage importers to comply with the Food Supplier Verification Program (FSVP) as of March 19, 2018. An FSVP Importer will need to be established for each entry unless the commodity is exempt. For foreign importers, this means a U.S. agent will need to be appointed as your FSVP Importer. It is important to provide this information to your broker prior to shipping as non-compliance can cause delays and fines.

For any questions on the information provided above, please don't hesitate to reach out to us at compliance@shapiro.com. We are here to assist you with any and all new changes coming your way in 2018!

Marissa Curran
Regulatory Compliance Specialist

TRANSPORTATION NEWS

Top Five Carriers Servicing U.S. Increase Market Share

The top five carriers servicing the United States—CMA CGM (CMA), Mediterranean Shipping Company (MSC), Maersk, Hapag-Lloyd, and Evergreen Lines—reported a year-over-year increase of 0.5 points for a total market share of 51.1 percent in Q3 2017. The gains on both imports and exports are the result of increased carrier consolidations, such as Hapag-Lloyd's acquisition of United Arab Shipping Company and CMA CGM's acquisition of APL late last year. These new numbers did not include Maersk's acquisition of Hamburg Sud which was completed at the end of the quarter and would have further solidified the top carrier's market dominance. Other carriers are continuing to vie for market share through consolidation as well, with Cosco Shipping's planned merger with OOCL and the consolidation of Japanese carriers "K" Line, MOL, and NYK on the horizon.

For shippers, the pace of consolidations could prove to be beneficial from a short-term rate perspective, as the newly merged carriers seek to gain market share to leverage economies of scale. Nevertheless, fewer carriers could eventually result in reduced competition and less downward pressure on rates. From a service perspective, the consolidations are also likely to exacerbate the long-term trend towards larger vessels calling on fewer, larger ports. If you are looking to make your command of ocean logistics a competitive advantage for your company, reach out to your Shapiro Global Logistics team today for help. We will work with you to navigate the market and find the optimal carrier options for your business.

Devin Turner
Implementation Manager

Amazon Streamlines Delivery Scheduling Amidst Holiday Rush

As holiday deadlines rapidly approach, FBA shippers spent the last six to eight weeks vying for coveted delivery appointments at Amazon's increasingly busy fulfillment centers. Clients have received delivery appointments up to two weeks from the date of request, a noticeable delay from the usual three to five-day appointment slot. Backlogs, missed deadlines, and detentions create countless headaches for Amazon shippers of all sizes.

Subtly, however, Amazon released its newest app, Amazon Relay, designed to streamline fulfillment center deliveries by allowing drivers to check in early. Using QR codes, truckers can register deliveries ahead of time, access mobile gate passes, and use an express Amazon Relay lane. Much like EZ-Pass and other express driving solutions, this frees up the check-in process to minimize driver wait time at the fulfillment centers, allowing cargo to be delivered more efficiently. The app is still in its beta phase, and not all fulfillment centers are set up with Relay yet. As truckers begin to experiment with integration into their delivery procedures, early adopters review Relay at 3 stars as of December 1, noting it seems to nominally reduce driver wait time and still requires gate check-ins.

Amazon's interest in the logistics marketspace, particularly the domestic trucking space, is key to its continued expansion into the service markets. The trucking market moves 80% of cargo within the U.S., making this a huge, untapped revenue source for tech companies. As Amazon continues to test and improve the Fulfillment Center receival process using Relay and Relay lanes, truckers are optimistic for a streamlined and more efficient flow for FBA deliveries.

Jillian Vaccaro
Senior eCommerce Account Specialist

Q4 2017 and Q1 2018 Rate Environment

At the risk of adopting an unprofessional tone, let's just say that the current rate market is BORING! The ocean carriers have implemented two tiny GRIs in the last several weeks, and both crumbled immediately. This occurred, in part, because a couple of carriers not only postponed their winter capacity programs but actually launched new larger vessels in the trade in Q3. While these moves seem eccentric to outside observers, it is becoming clearer and clearer that cost-sharing and operating inside carrier alliances provide the carriers with tremendous cost savings and operational efficiencies.

Because of the extremely low rate levels on the current spot market, it seems very likely that the steamship industry will score some moderate increases in mid-January and into February as shippers scramble to get ahead of Chinese New Year (CNY). However, the reluctance of the industry to play the winter deployment game may well keep rates fairly stable despite the short peak created by CNY.

As economists and global trade experts peek at 2018, most forecasts are calling for a modest decrease in world trade volume, with growth of perhaps a decent 3.9% after 2017's 4.4%. As they isolate global containerized trade, early forecasts project growth of 4.5% while capacity is slated to grow 5.5%. This disparity may be slightly alarming to steamship executives, though the 1.0% spread is the smallest since

2014 (and much smaller even than 2017, despite the nice demand increases). Early indications from the Asia-Europe contract negotiations are not positive for ocean carriers with rates likely a bit lower than 2017 contracts. We'll have to see if that is an early indicator for the Transpacific negotiations for Spring 2018.

Robert Burdette
Vice President, Strategy

South Carolina Port Authority has a Banner October

On November 7th, the South Carolina Port Authority reported that they had the strongest container volume on record for the month of October, with 184,804 twenty-foot equivalent container units (TEUs) handled.

Since the beginning of their fiscal year starting on July 1st, TEU volume is at 724,799, which represents a 5% increase from the same period the previous year.

Jim Newsome, SCPA president and CEO commented, "All indicators are that the U.S. port market will continue to grow, based on good performance of the global economy. We look forward to the addition of container volume from major manufacturing operations such as Volvo Cars, Samsung Electronics and Mercedes Vans going into 2018."

When considering pier containers or "boxes handled," the two SCPA container terminals moved 105,208 units in October, shattering the previous October record of 102,413 pier containers in 2004.

Port Greer, located more inland, also had their strongest month in October since their opening in November of 2013 with 11,773 rail moves.

Colin Chapman
Director, Commercial Development

Current Airfreight Market Madness

Air trade lanes connecting Asia with Europe and Asia with North America have increased well above the long-term trend of slow growth. The Asian market has been very busy lately with time-sensitive air freight cargo around the holiday season. The launch of the new iPhones, along with other tech products seeping into the market, on top of growing ecommerce sales has led to severe backlogs at main cargo hubs in Asia. On November 5th Hong Kong Air Cargo Terminals broke record volume levels by handling 102 freighters, an amount that most airports will handle in a month, in a single day.

Europe to U.S. demand was boosted by project relief cargo, military cargo and large corporate charters. Europe to Asia exports have increased thanks to growing ecommerce sales, nearing the level of volumes from Asia to Europe, which account for most congestion to and from Europe. The Asia and European markets have also been affected by full transatlantic flights, sea freight shortages, sales booms such as

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Black Friday, and of course slot restrictions from past lackluster years. Hence, there is currently a serious lack of capacity on the market.

Demand growth (5.9%) surpassed capacity growth (3.7%) in October, according to figures from IATA. Thus, we are seeing significant rate increases, with rates from PVG to JFK up 70 percent from last year. It seems that carriers have adjusted their pricing strategies accordingly. Customers who were once protected by "Block Space Agreements" with airlines are now finding themselves in a "pay to play" kind of deal. To top it off, jet fuel prices have also risen significantly, increasing 18.3 points between August and September.

This issue of capacity seems to be affecting everyone, and to add to the madness, the recent strike at FRA airport has only made the situation more challenging, causing major delays in cargo handling at one of the major hubs in Europe.

The market is expected to remain tight until mid-to-late December. At that time we will see some slowdown before a likely pickup in the second week of January. A good rule of thumb during this time is to book ahead and book on "express service" if you are able.

Edna Hovanisian
Pricing Analyst

False Driver Log Violations Increase Ahead of ELD Mandate

As the Electronic Log Data (ELD) mandate goes into effect on December 18th, shippers should be concerned by the increase of false log violations. Shippers are being asked by truckers and other logistics executives to review shipping schedules and transit times to make sure they can be accommodated within the drivers' acceptable Hours of Service (HOS).

The 2017 roadside inspection data shows an 11.5 percent increase in citations for falsifying driver logs and a 14.8 percent jump in the number of drivers put out of service for falsifying logs. Though false logs have existed since the beginning of trucking, the ELD mandate will eradicate the ability to increase driving time by falsifying manual logs.

The number of false log violations increased by 4,420 to 41,058 throughout the 2017 fiscal year, while the number of citations issued for not keeping driver logs up-to-date increased 16.8 percent to 51,258 during that same time frame.

Maria Bettini
Domestic Pricing Supervisor

SHAPIRO NEWS:

Shapiro Supports Strengthening Urban Communities Through the Center for Urban Families

Shapiro, a Baltimore-headquartered 102-year-old Customhouse broker and freight forwarder, recently selected the Center for Urban Families as the recipient of its annual holiday charity program. Donations were made on behalf of each of its customers.

Founded in 1999, CFUF's mission is to strengthen urban communities by helping fathers and families achieve stability, support, and economic success. They offer numerous programs to help prepare citizens for success in all aspects of life.

Center for Urban Families joined the Baltimore community 18 years ago, addressing key challenges that face Baltimore City's citizens: poverty, father-absence and unemployment. As of today, CFUF has served nearly 30,000 Baltimore residents seeking a better life for themselves and their families, and has helped more than 3,500 residents be placed in full-time jobs.

Shapiro's investment in philanthropic work can be traced back to its beginnings. For many years, Shapiro has provided holiday donations on behalf of their customers to charities throughout Baltimore and participated in numerous charitable activities through the years. Giving back to the community is a huge part of Shapiro culture and a reason why employees are given the opportunity to volunteer throughout the year on company time.

"The Center for Urban Families is committed to strengthening communities by providing families access to services and opportunities for stability and economic success," says Margie Shapiro, President & CEO, Samuel Shapiro & Company, Inc. "It is an honor to support such a worthy cause in a community in which we live and work."

For more information on the Center for Urban Families, visit http://www.cfuf.org.

Help Shape Our New ShapApp!

Our new mobile app will allow customers to easily access Shapiro 360° on mobile devices, offering them all the benefits of Shapiro 360° right at their fingertips!

As client satisfaction is our priority, this brief survey will offer us insight into what will best suit our customers as we continue to develop the new mobile app.

We are looking for feedback and insight from customers that use Shapiro 360°. Making sure this app is of value to them is our priority.

Complete Survey »

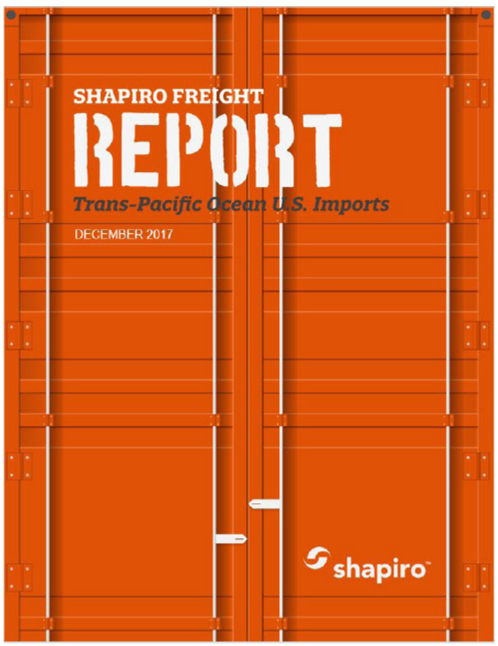
Employee of the Month

As previously featured in Shap Talk, Shapiro 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 Joe Kagle, Import Analyst in Baltimore for his outstanding performance and contributions.

We encourage you to provide us with employee feedback! Please email us at [hr@shapiro.com.](mailto:hr@shapiro.com)

Shapiro Freight Report

This high-level, monthly review of the U.S. import freight market to provides key insights into the tumultuous world of international shipping. From carrier alliances to labor strikes, Shapiro covers the pertinent information logistics managers need to know. Check back monthly to ensure you don't miss key industry insights!



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