

## **“SHAP” TALK**

**April 2006 Issue No. 48**

**In this issue:**

**TRADE NEWS**

[DR-CAFTA Effective March 1, 2006 for El Salvador](#)

[From the Ashes of the Dubai Political Debate](#)

[Phase II Enforcement of WPM Rules is a Reality](#)

[Liberia Regains GSP Eligibility and LDBDC Status](#)

[USDA-AMS Increases Fees on Imported Potatoes](#)

[Export Confidential Information in Danger of Being Shared with Foreign Governments](#)

[C-TPAT Update](#)

[Pakistan to Participate in Container Security Initiative](#)

[FDA’s Draft Guide for Fresh-Cut Produce](#)

**COMPLIANCE CORNER**

[BIS Issues Advisory Opinion on Authorized Access](#)

**TRANSPORTATION UPDATE**

[April 2006 Update](#)

[PierPASS Fee Increase Announced](#)

[Bullet Points from Trans Pacific Maritime Conference](#)

**SAMUEL SHAPIRO & COMPANY, INC. NEWS**

[News from our Norfolk Office](#)

[Shapiro Hosts Sold Out Import Seminar in Hunt Valley, MD](#)

## TRADE NEWS

### **DR-CAFTA Effective March 1, 2006 for El Salvador**

Presidential Proclamation 7987, dated February 28, 2006 and published in the Federal Register on March 2, 2006, implemented the U.S.-Dominican Republic-Central America Free Trade Agreement (DR-CAFTA) for goods entered, or withdrawn, from warehouse for consumption on or after March 1, 2006.

El Salvador is the first signatory country for CAFTA implementation. The US will put CAFTA into effect on a rolling basis for the remaining signatory countries - Costa Rica (which has not yet ratified the agreement), the Dominican Republic, Guatemala, Honduras, and Nicaragua.

As CAFTA is implemented, it is important to realize that CBTPA, CBERA, and GSP benefits will cease for these countries. Therefore, certain items that may have been previously duty free under these programs may not be duty free under CAFTA. Similarly, certain items that did not have duty free status under CBTPA, CBERA, or GSP, may now be duty free under CAFTA.

U.S. Customs and Border Protection has issued a memorandum which contains instructions for the retroactive DR-CAFTA Benefits for El Salvador Textile and Apparel Goods at:

[http://www.cbp.gov/linkhandler/cgov/import/textiles\\_and\\_quotas/tbts/tbt2006/tbt\\_06\\_005.ctt/tbt\\_06\\_005.doc](http://www.cbp.gov/linkhandler/cgov/import/textiles_and_quotas/tbts/tbt2006/tbt_06_005.ctt/tbt_06_005.doc)

**Sources:** U.S. Customs and Border Protection, United States International Trade Commission Publication 3829, Federal Register

- [http://cbp.gov/linkhandler/cgov/import/international\\_agreements/free\\_trade/us\\_dom\\_inican.ctt/us\\_dominican.doc](http://cbp.gov/linkhandler/cgov/import/international_agreements/free_trade/us_dom_inican.ctt/us_dominican.doc)
- <http://hotdocs.usitc.gov/docs/tata/hts/pub3829.pdf>
- <http://a257.g.akamaitech.net/7/257/2422/01jan20061800/edocket.access.gpo.gov/2006/pdf/06-2084.pdf>

### **From the Ashes of the Dubai Political Debate**

What good could rise out of the heated political debate over foreign operated shipping terminals? The answer: new technology to stop terrorists.

U.S. seaports handle approximately 9 million containers per year. Coast Guard or U.S. Customs officials physically inspected, on average only about 5 %, a gaping hole in security. Of the 3.6 million containers arriving by land, 10% are inspected. As meager as this may sound, considerable security related sums are being spent--\$1.5 billion last year by the Coast Guard, plus significant amounts by shippers themselves. To

make matters worse, the number of incoming containers will double by 2020. Many experts see the current government container security policy as a house of cards.

High-tech responses are hatching from a variety of sources: General Electric, IBM, and shipper A.P. Moeller-Maersk. Beta tests at GE are currently underway studying the effects of a system in which cargo containers are fitted with sophisticated radio monitors linked to orbiting satellites. It is hoped that customers and Homeland Security officials will be able to monitor cargo second by second the moment a container leaves a factory in China and arrives at a store Wichita, Kansas.

GE has linked up with two satellite companies to build a small plastic device about the size of two decks of cards that mounts between the ribs of a shipping container. The box contains a satellite modem, a lithium-ion battery that lasts seven years, a processor that stores data and communications circuitry connecting the box with disposable wireless tags distributed throughout the container. The tags monitor everything from door locks, humidity, and temperature to radiation and gases like carbon dioxide. It is sensitive to detect human breath from anywhere inside the container within 30 seconds. Sensors also measure the container's g-forces, a telltale indicator that a container has dropped.

The tags then zap the data via low-powered radio to a main box, which beams the information to one of 43 partner satellites orbiting 875 miles above the earth. The data takes less than five minutes to transmit from the ship to GE's control center.

The system allows for the micromanagement of supply chains as well as a reduction in theft. Costs are as high as \$1,000.00 per container yet benefits could be astounding.

The U.S. brought in \$1.9 trillion in manufactured goods last year, about 60% by sea. The loss to theft is huge. There are also other costs involved with the way that containers are handled at the arriving ports. Port bottlenecks, which are sure to increase as more thorough inspections begin to occur, are astronomically expensive. A medium-size container ship waiting at anchor costs its owner \$50,000 a day in lost revenue. In 2004, 94 ships calling the port of Los Angeles were held up for as long as a week. GE hopes to eventually shave 4% to 8% off ocean shipping costs by cutting down on theft as well as port jams.

Satellite tracking systems have some hurdles to overcome. Shippers may balk at the \$1,000.00 price tag on the security-tracking device; a shipping container only costs \$2,000.00. Radio systems still need to be certified by U.S. Customs. Retired Customs Commissioner Robert Bonner favored the expansion of alternative solutions like advanced electronic shipping manifests and container inspections at ports of departure in an effort to speed screenings and reduce congestion at U.S. ports.

Continued development of superior technology for the early detection of bombs is far more critical than worrying about who hires our longshoremen.

## **Phase II Enforcement of WPM Rules is a Reality**

In our February 2006 issue of Shap Talk, we wrote about Phase II of the enforcement for the new wood packing material (WPM) rules. Beginning with Phase II, re-export of all shipments containing violative pallets or crates will be ordered if the Port Director determines that it is not feasible to separate merchandise from the violative WPM.

Unfortunately, we have now seen multiple shipments for our customers being refused entry into the United States. In only a few cases is Customs allowing the merchandise to be separated from the WPM.

Your suppliers must comply with the WPM rules! Fumigation is not permitted once the cargo arrives in the U.S. Destruction of the WPM is not permitted either. The only option is re-exportation at the importer's expense.

Information on the enforcement as well as a list of FAQ's may be found on the Customs website at: [http://www.cbp.gov/xp/cgov/import/commercial\\_enforcement/wpm/](http://www.cbp.gov/xp/cgov/import/commercial_enforcement/wpm/)

## **Liberia Regains GSP Eligibility and LDBDC Status**

President Bush has issued Proclamation 7981, dated February 22, 2006, published in the Federal Register on February 24, 2004 (Vol. 71, No. 37), removing the suspension of the Generalized System of Preferences (GSP) eligibility for Liberia. Liberia is granted GSP status, effective with respect to goods entered, or withdrawn from warehouse, for consumption, on or after March 9, 2006.

Additionally, Proclamation 7981 designates Liberia as a Least Developed Beneficiary Developing Country (LDBDC) under the GSP with respect to Liberian products entered, or withdrawn, from warehouse, for consumption, on or after April 23, 2006. The United States Trade Representative explains that Liberia will become an LDBDC after a 60-day period of Congressional review, which began on February 22, 2006. Questions concerning GSP and LDBDC status for Liberia may be referred to Seth Mazze, Trade Agreements Branch, at (202) 344-2634.

**Sources:** U.S. Customs and Border Protection, the Federal Register, Office of the United States Trade Representative:

- [http://cbp.gov/xp/cgov/import/international\\_agreements/special\\_trade\\_programs/gsp\\_gen\\_system/liberia\\_ldbdc.xml](http://cbp.gov/xp/cgov/import/international_agreements/special_trade_programs/gsp_gen_system/liberia_ldbdc.xml)
- <http://a257.g.akamaitech.net/7/257/2422/01jan20061800/edocket.access.gpo.gov/2006/pdf/06-1798.pdf>
- [http://www.ustr.gov/Document\\_Library/Press\\_Releases/2006/February/US\\_Reinstates\\_Trade\\_Preference\\_Benefits\\_for\\_Liberia.html](http://www.ustr.gov/Document_Library/Press_Releases/2006/February/US_Reinstates_Trade_Preference_Benefits_for_Liberia.html)

**USDA-AMS Increases Fees on Imported Potatoes**

The U.S. Department of Agriculture's (USDA) Agricultural Marketing Service (AMS) announced an increase in the Potato Fee at a rate from 2 cents to 2.5 cents per hundredweight on imports of seed potatoes and table stock potatoes imported into the U.S. for ultimate consumption by humans.

Effective March 8, 2006, the increase was also imposed on the fresh weight equivalents of imported frozen or processed potatoes.

The fees collected are used to fund promotional campaigns and to conduct research in the areas of U.S. and international marketing, and to enable the National Potato Promotion Board to exercise its duties.

The affected Harmonized Tariff Schedule (HTS) numbers and the new associated rates are as follows:

Table stock potatoes, frozen or processed potatoes, and seed potatoes	cents/cwt	cents/kg
0701.10.0020.....	2.50	0.0551
0701.10.0040.....	2.50	0.0551
0701.90.1000.....	2.50	0.0551
0701.90.5010.....	2.50	0.0551
0701.90.5020.....	2.50	0.0551
0701.90.5030.....	2.50	0.0551
0701.90.5040.....	2.50	0.0551
0710.10.0000.....	5.00	0.1103
2004.10.4000.....	5.00	0.1103
2004.10.8020.....	5.00	0.1103
2004.10.8040.....	5.00	0.1103
0712.90.3000.....	17.86	0.3936
2005.20.0070.....	3.93	0.0866
1105.10.0000.....	17.86	0.3936
1105.20.0000.....	17.86	0.3936
2005.20.0040.....	17.86	0.3936
2005.20.0020.....	10.20	0.2250
1108.13.0010.....	22.50	0.4961

The increase is authorized by the Potato Research and Promotion Plan, in which approximately 300 importers, 1,353 handlers and 5,223 producers participate. Potato fees are paid through U.S. Customs and Border Protection (CBP) at the time of entry or withdrawal for consumption into the U.S.

For additional information please contact Jeanette Palmer (202) 720-5976 at USDA – AMS.

The interim rule is available in the Federal Register D/N FV-05-702 IFR, FR Pub 03/07/06 at <http://a257.g.akamaitech.net/7/257/2422/01jan20061800/edocket.access.gpo.gov/2006/pdf/06-2117.pdf>

## **Export Confidential Information in Danger of Being Shared with Foreign Governments**

The U.S. Census Bureau is in a holding pattern at the moment regarding the final rule updating the Foreign Trade Regulations with mandatory Automated Export System filing for all shipments requiring shipper's export declaration information. The proposed rule was published February 17, 2005 and can be viewed on the U.S. Census Bureau website at: <http://www.census.gov/foreign-trade/regulations/fedregnotices/fedreg-02172005.pdf>

The Census Bureau completed its preparation of the final rule and it was sent to the Department of State and the Department of Homeland Security (DHS) in late November 2005 for their concurrence. The Census Bureau has received concurrence from the Department of State. The DHS and Customs and Border Protection (CBP) have reviewed the final rule and provided the Census Bureau with comments, the majority of which were accepted by the Census Bureau.

The Census Bureau met with staff from DHS and CBP to discuss comments that were not accepted by the Census Bureau. The two major issues raised and in dispute are:

- (1) Implementation of the new post departure (option 4) filing requirements and;
- (2) Sharing of confidential export information with foreign governments.

The Census Bureau is still awaiting final comments on the post departure filing issue from CBP.

The data sharing issue has been elevated to the Department of Commerce and DHS levels and is a major concern for exporters. The insistence by DHS that confidential business data that exporters are required to submit to Census be made available to other Federal agencies and to foreign governments has sparked opposition from exporters and associations looking out for the interest of U.S. exporters.

The American Association of Exporters and Importers (AAEI) supports the Department of Commerce and noted in their March 20, 2006 Alert that they have written a letter to Commerce Secretary Gutierrez strongly supporting his department's stances regarding Option 4 under AES, and protecting confidentiality with regard to exporters' business trade data. The letter from AAEI urges an examination of the economic impacts, for both the U.S. trade community and the overall U.S. economy.

The National Customs Brokers & Forwarders Association of America, Inc. (NCBFAA) noted in their March 13<sup>th</sup> Monday Morning e-Briefing that they were very vocal in supporting the Census position on this issue at the Trade Support Network (TSN) conference in Los Angeles. Acting CBP Commissioner Deborah Spero was asked about the controversy by NCBFAA, specifically the exclusion of input from the private sector, and publicly stated her willingness to be more inclusive as CBP attempts to settle this dispute. NCBFFA has also written a letter to Commerce Secretary Gutierrez calling on him to reject DHS's requirements.

We urge all exporters interested in keeping their export data confidential from foreign governments, and any exporter interested in preserving option 4-post departure to immediately write to:

The Honorable Carlos M. Gutierrez  
Secretary of Commerce  
U.S. Department of Commerce  
14th and Constitution Avenue, NW  
Room 5516  
Washington, DC 20230

With a copy to:  
U.S. Customs and Border Protection Commissioner (Acting)  
Deborah J. Spero  
1300 Pennsylvania Avenue, N.W.  
Washington, D.C. 20229

With the issues pending action by DHS and Commerce, the Census Bureau states it is unclear when the Final Regulations will be published. International rules differ in countries on confidentiality, and we certainly understand and appreciate the concerns that exporters have with this issue. We urge you to voice your concerns now!

## **C-TPAT Update**

U.S. Customs & Border Protection held its annual C-TPAT (Customs-Trade Partnership Against Terrorism) conference in early March in Costa Mesa, California. Several hundred importers, brokers, carriers, as well as representatives from fifteen foreign customs administrations attended the three-day seminar entitled, "Supply Chain Security in a New Business Environment." This seminar is offered at no cost to certified C-TPAT members only.

Customs introduced the "Supply Chain Security Best Practices Catalog" at the conference. All attendees received a printed catalog, which has also been mailed to C-TPAT members. It is now available on the Customs website at:  
[http://www.customs.gov/linkhandler/cgov/import/commercial\\_enforcement/ctpat/ctpat\\_best\\_practices.ctt/ctpat\\_best\\_practices.pdf](http://www.customs.gov/linkhandler/cgov/import/commercial_enforcement/ctpat/ctpat_best_practices.ctt/ctpat_best_practices.pdf)

The catalog contains best practices gathered from over 1,000 C-TPAT validations. Best practices include security measures that exceed the C-TPAT minimum-security criteria, incorporate management support, have written policies and procedures governing their use, employ a system of checks and balances, and have measures in place to ensure continuity. The catalog will be updated periodically to reflect the best practices found during future validations.

Customs also debuted a secure web portal for C-TPAT members to actively manage their account. This portal should be up and running in April 2006. C-TPAT members will be required to communicate with their supply chain security specialists and update company information through the portal.

Other sessions held at the conference included C-TPAT Benefits, C-TPAT Validation Preparation, the new Sea Carrier and Truck Carrier criteria, Importer Self-Assessment, Importer Trouble-Shooting (the best steps to avoid a Customs exam) and a demonstration, complete with a 20 foot container parked in front of the hotel, of how to conduct the Seven Point container inspection. Importers and carriers gave presentations on how C-TPAT has made a difference by strengthening their global supply chains, and how they have implemented best practices.

There are currently nearly 6,000 C-TPAT certified members. For information on how to join this worthwhile program, please contact us at [consulting@shapiro.com](mailto:consulting@shapiro.com).

### **Pakistan to Participate in Container Security Initiative**

On March 7, 2006, the Islamic Republic of Pakistan signed a Declaration of Principles with United States Customs and Border Protection (CBP) taking a step toward participating in the Container Security Initiative (CSI). Once operational, the program will enable all maritime cargo destined for the U.S. through the Port of Qasim to be pre-screened for terrorists and terrorist weapons.

The Port of Qasim will use remote targeting with real-time remote imaging of a container examination process, while incorporating a live video transmission/feed, to monitor the inspection process. Non-intrusive inspection and radiation detection technology will be used to screen high-risk containers before they are shipped to U.S. ports.

“Targeting and screening activities will be greatly advanced and intensified as CSI expands to additional locations. The continuous cooperation with foreign governments with regards to identifying high-risk shipments is essential to the ongoing success of CSI,” said CBP Acting Commissioner Deborah J. Spero.

CSI is an innovative security program that pre-screens and inspects cargo at foreign ports destined for the United States. It did not exist prior to the terrorist attacks of 2001 and has made great strides since its inception. In just over three years, 27 customs administrations have committed to joining CSI and are at various stages of



implementation. There are currently 43 operational CSI ports in Europe, Asia, Africa, the Middle East, North America, and South America. Approximately 75 percent of maritime cargo containers destined to the United States originate in or are transshipped from CSI ports.

On average, every day about 40,000 seagoing containers are offloaded at America's seaports. CBP's goal is to have 50 operational CSI ports by the end of 2006. At that time, approximately 82 percent of all cargo imported into the United States will be subjected to pre-screening.

**Source:** "Pakistan to Participate in Container Security Initiative" at [http://www.cbp.gov/xp/cgov/newsroom/press\\_releases/03072006\\_2.xml](http://www.cbp.gov/xp/cgov/newsroom/press_releases/03072006_2.xml) appearing on the Bureau of Customs and Border Protection's website on March 7, 2006.

## **FDA's Draft Guide for Fresh-Cut Produce**

The Food and Drug Administration (FDA) has announced the release of a draft guidance document entitled "Guidance for Industry: Guide to Minimize Microbial Food Safety Hazards of Fresh-Cut Fruits and Vegetables". The document complements FDA's Current Good Manufacturing Practices (CGMP) regulations by providing specific guidance on the processing of fresh-cut produce. The fresh-cut guidance draft and the CGMP regulations are intended to assist processors in minimizing microbial food safety hazards common to the processing of most fresh-cut fruits and vegetables sold to consumers in a ready-to-eat form.

FDA is accepting comments through May 5, 2006. For additional information please contact Amy Green at (301) 436-2025.

## **COMPLIANCE CORNER**

### **BIS Issues Advisory Opinion on Authorized Access**

The following condition has been the subject of several Advisory Opinion requests. For that reason, the Bureau of Industry and Security (BIS) is providing the agency interpretation of the following condition:

The Condition:

Only permanent employees of (name of the consignee) are authorized access to this controlled technology/technical data.

The Interpretation:

Data can only be released to persons that are in a long term employment arrangement with the consignee. This condition is intended to exclude release of the technology licensed for export to employees of the ultimate consignee/end user who are contract

employees, temporary employees, consultants, and others who are not subject to all of the conditions/benefits of permanent, fulltime employment.

In addition, unless otherwise specified, this condition limits release of the controlled technology/technical data to permanent employees of the ultimate consignee/end user who are citizens or permanent residents of the country in which the ultimate consignee/end user is located. Exports of technical data are treated somewhat differently from exports of commodities under the EAR (Export Administration Regulations), in that the release of technical data subject to the EAR to a foreign national in the United States or abroad is deemed to be an export or re-export, respectively, to the home country of the foreign national (EAR §734.2(b)(2) and (b)(5)). On certain licenses, the condition has been explicitly expanded to authorize release within the country where the ultimate consignee/end user is located to employees who are citizens of specified other countries.

An example of this expansion is, “Employees must be citizens of (host country of consignee), citizens of European Union countries or citizens of the United States. In no case other than as explicitly authorized by the above noted expansion of the condition does this condition authorize release of controlled technology/technical data to permanent employees who are not citizens or permanent residents of the country in which the ultimate consignee/end user is located.”

## **TRANSPORTATION UPDATE**

### **April 2006 Update**

#### **Far East**

Bunker Surcharges from Far East ports to the USA will go down slightly on April 1, 2006 from their current level. Ocean carriers in the trade have published the following rate levels.

January 1, 2006 – March 31, 2006		April 1, 2006 – June 30, 006
20’	\$450.00	\$410.00
40’	\$590.00	\$545.00
40’ HC	\$660.00	\$615.00
45’	\$760.00	\$690.00

Samuel Shapiro & Company service contracts from Asia have bunker surcharges at a lower level than what is published by the carriers Please contact [transportation@shapiro.com](mailto:transportation@shapiro.com) for a quotation.

The rail fuel surcharge initiated by ocean carriers last August will change effective April 1, 2006. The amount will be \$169.00 per container on rail moves and \$49.00 per container for truck moves. The amount previously was \$222.00 per container on rail moves and \$64.00 per container on truck moves.

It was announced that the Panama Canal Surcharge will rise from \$165.00 per container to \$192.00 per container on May 1, 2006.

Evergreen and COSCO have implemented their new all water service to the East Coast. The announced port rotation is Shanghai, Yantian, Hong Kong, Colon (Panama), Savannah, Miami, Colon, Shanghai. The service will consist of nine 2700 TEU vessels. Five are to be operated by Evergreen and four by COSCO.

The announced increases by the TSA (Transpacific Stabilization Agreement) carriers are as follows effective May 1, 2006

West Coast ports	\$ 150.00 per 40' container
Intermodal rail shipments	\$ 350.00 per 40' container
All water to East Coast	\$ 400.00 per 40' container

We still anticipate that there will not be any increases May 1, 2006, especially to the West Coast from Asia. Rates on all water service to the East Coast should stabilize without major increases. Space will still be tight as carriers are still operating at nearly 100% capacity.

### **Northern Europe**

Bunker fuel surcharges that were increased on October 16, 2005 from Northern Europe to United States will stay the same through May 15, 2006.

Current bunker surcharges are as follows:

East Coast Ports -20' containers	\$ 423.00
East Coast Ports - 40', 40' HC and 45' containers	\$ 846.00
West Coast Ports - 20' containers	\$ 635.00
West Coast Ports - 40', 40' HC and 45' containers	\$1270.00

Carriers will maintain their Currency Adjustment Factor at 6%.

China Shipping and CMA/CGM have inaugurated their new North Atlantic service from Northern Europe with four 2500 TEU vessels. The vessels are calling on the following ports: Le Havre, Antwerp, Rotterdam, Bremerhaven, Liverpool, New York, Baltimore, Norfolk, and Charleston.

Hamburg Sud's new Trident service has begun from Northern Europe to the East Coast and then on to Australia and New Zealand. The service will deploy six vessels with a capacity of 2000-2500 TEU's. The service is every other week (fortnightly) and calls on the following ports: Tilbury, Bremerhaven, Antwerp, Philadelphia, Savannah, Cartagena, Auckland, Melbourne, Sydney, and then back to the USA calling on Savannah and Philadelphia before going back to Europe.

These services will help bring added capacity to the North Atlantic Trade and should help stabilize and possibly reduce rates. It's especially needed for the ports of Philadelphia and Baltimore.

### **The Mediterranean**

The bunker fuel surcharge that went up on November 1, 2005 will remain the same through the month of April.

Bunker surcharges will remain as follows to Atlantic and Gulf ports from all Mediterranean ports:

20' container	\$401.00
40', 40 HC container	\$802.00

Space is getting tighter on MSC vessels from the Mediterranean region, especially from Valencia, Spain. We have seen a surge that has resulted in an overbooking situation as of this writing. Hopefully this is a short-term situation.

### **Air News**

Fuel surcharges are going back up worldwide.

Effective in late February the fuel surcharge from Hong Kong went up from 0.46/kg to 0.52/kg. We have seen a sudden spike in air rates from Asia, as there has been a surge in cargo moving by air.

Korean Airlines has experienced some backlogs in Inchon. This should be a short-term situation.

### **Export Ocean News**

Carriers are still trying to put rate increases through on certain commodities, especially to the Far East. Some carriers have especially targeted scrap metal. There are still some carriers that are looking to fill their ships and are willing to offer competitive rates. Samuel Shapiro & Company has service contracts with many ocean carriers and can offer competitive pricing.

### **Domestic USA**

Domestic fuel surcharges (FSC) are still on the rise. Lately we have seen FSC in the 18-24% range. There is still a shortage of drivers nationwide. Port congestion is causing many truckers to back away from hauling containers. Ocean carriers are reducing the free time at ports and railroads throughout the United States.

### **Port News**

The Port of Long Beach/Los Angeles is making waves about reducing free time on import containers from 4 days to 3 days. This would be very troublesome to importers and truckers. With more and more cargo inspections, it takes more time to pick up a container at the port. Even if a container is selected for exam, there is no extension of free time. Importers can expect to see their costs go up if the free time is reduced.

## **PierPASS Fee Increase Announced**

The PierPASS program was instituted in July 2005 as a means to alleviate congestion at the ports of Los Angeles and Long Beach. A Traffic Mitigation Fee (TMF) is assessed on all loaded containers entering or exiting the terminals by road during "peak" hours (Monday through Friday, 3:00 am to 6:00 pm). Cargo moving in and out of the port during "off peak" hours (Monday through Thursday, 6:00 pm to 3:00 am, and Saturday from 8:00 am to 6:00 pm) is not be assessed this fee. The program has been extremely successful in relieving traffic and air pollution in the Los Angeles area.

Effective April 3, 2006, the TMF will increase to \$50.00 per 20-foot container (up from \$40.00), and from \$80.00 to \$100.00 per 40-foot container. The fees collected are used to finance the labor, operational and administrative costs of the PierPASS program.

Further information may be found at <http://www.pierpass.org>.

## **Bullet Points from Trans Pacific Maritime Conference**

- PIERS data suggests growth in containerized trade as follows:
  - Imports – continued modest slowing in growth for 2006 and 2007. Expect growth to be up about 8.6% from last year.
  - Exports – growth is expected to pick up. Expect a 9.5% increase from last year.
- Mark Page, Director of Research with Drewry Shipping Consultants, reported that the Trans-Pacific should see capacity increase by 12.5% by January 2007. Additionally we should see a 6.6% increase in the number of vessels. This increased capacity should accommodate the projected growth.
- Increased capacity should enable the carriers to give reduced rates for the upcoming contract season. (10-15%)
- With expected growth, how will we handle increased volumes and still avoid port congestion?
  - Diversion – There is limited West Coast potential except for Oakland, but we should be looking at additional East Coast capacity.
  - PierPASS – Perhaps we can realize another 5% growth here.
  - Continued decrease in free time
  - Rail Systems – operating changes could provide more elasticity
- Infrastructure Problems
  - While the U.S. has been transformed by the unprecedented growth in U.S. imports, the growth in U.S. freight transportation infrastructures and improved transportation productivity has not matched our import growth.
  - Our infrastructures are strained overall
    - Rail – Los Angeles/Long Beach is coping but delays remain. Seattle/Tacoma – capabilities are stretched. Transit times are taking longer.
    - Highway – driver shortages, increased fuel costs.

- Port – dealing with congestion and focusing on increased productivity, e.g., PierPASS
- Continued growth in 2006 will further stress these infrastructures.

## **SAMUEL SHAPIRO & COMPANY, INC. NEWS**

### **News from our Norfolk Office**

Norfolk, Virginia will soon have a change in its coastline and skyline. APM Terminals, owned by the Danish conglomerate A.P. Moller-Maersk Group, is in the process of building a new terminal in Portsmouth.

The \$450 million dollar terminal is scheduled to open in July 2007. It will initially be capable of handling 1 million TEU's annually, and eventually look to double those numbers.

Once complete the terminal will cover 291 acres and be designed for fast entry and exits of both ships and trucks.

The terminal will boast 4000 feet of wharf, which is equivalent to 11 football fields. It will have 12 container cranes capable of loading and unloading the world's largest vessels. Four ships will be able to dock simultaneously.

The New APM terminal will provide competition for the three terminals in Norfolk that are owned and operated by the Virginia Port Authority (Norfolk International Terminals, Portsmouth Marine Terminal, and Newport News Marine Terminal).

The new APM terminal is a work in progress, but at its completion, will provide Norfolk with much needed pier space in anticipation of expected growth.

### **Shapiro Hosts Sold Out Import Seminar in Hunt Valley, MD**

On March 8, 2006, Samuel Shapiro & Company, Inc. hosted its Import Essentials Seminar in Hunt Valley, Maryland for the importing and logistics community. Due to the overwhelming response to a similar seminar Shapiro conducted in Harrisonburg, VA in November 2005, we decided to repeat the program to reach a broader base of importers. Over 50 importers attended this sold out seminar, in addition to thirteen members of Samuel Shapiro & Company's executive team.

The Import Essentials seminar discussed how to be a compliant importer and featured a bonus session, "What's New with C-TPAT." Additional seminar topics included importer responsibilities under reasonable care, how to establish a compliance program, and the meaning of INCOTERMS.

“I found the seminar very informative and enlightening,” noted Rick Westby of Royal Oak Enterprises, an importer based out of Atlanta, GA. “The speakers were very knowledgeable and had their presentations well laid out. We will be sending other employees to future seminars.”

David Hannah of SQM North America also traveled from Atlanta to attend Shapiro’s Import Essentials seminar in Hunt Valley. “I very much enjoyed the Shapiro Import Seminar,” said Hannah. “I was pleased with both the content, and the manner in which the seminar material was presented. I have always felt secure in using Samuel Shapiro as our main Customs Broker, and feel confident that if we follow the guidelines detailed in the seminar, we will be prepared for any Customs related issues that might arise.”

Samuel Shapiro & Company, Inc. hosts public seminars, available throughout the year, for the importing and exporting communities, in addition to presenting private seminars. It is our way of creating an engaging environment for all interested parties, allowing for an exchange of ideas and information, all with the ultimate goal of strengthening our customers’ compliance programs. For more information, contact us at [consulting@shapiro.com](mailto:consulting@shapiro.com).