"SHAP" TALK

August 2007 Issue No. 64

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TRADE NEWS

ATPA/ATPDEA Renewed

The Andean Trade Preference Act (ATPA)/Andean Trade Promotion and Drug Eradication Act (ATPDEA) was reauthorized by Congress through February 29, 2008 with no lapse in the program. As we reported in our July 2007 Shap Talk, ATPA/ATPDEA was due to expire June 30, 2007. President Bush signed the legislation reauthorizing ATPA/ATPDEA on June 30, 2007. The beneficiary countries are Bolivia, Colombia, Ecuador, and Peru.

Chinese Government Adjusting Export Rebate

The Chinese Ministry of Finance announced that effective July 1, 2007, the country would reduce or eliminate export tax rebates for over 2,800 commodities ranging from salt to motorcycles. The export tax rebate would be removed for 553 high pollution, high energy and resource consumption items including salt, cement, and liquefied petroleum gas. The export tax rebate would also be abolished for 10 commodities including shelled peanuts and canvas. The export tax rebate would be reduced for 2,268 commodities that are trade sensitive such as plastics, toys, motorcycles, and furniture. According to the Chinese government, the purpose of the tax reductions and eliminations is to ease the trade surplus and frictions between China and its trading partners.

The export rebate changes will serve to increase the cost of production for the affected items, costs which could be passed along to U.S. importers in the form of increased prices. Thus, many Chinese exporters rushed to ship as much cargo as they could prior to July 1st, creating space issues on outbound vessels. See our Transportation section below for more details.

Festive Articles Decision by CIT

The Court of International Trade (CIT) has expanded the “festive” use provision to include “private” celebrations such as birthdays, weddings, anniversaries, and graduations. The court case, Wilton Industries v. United States, involved two main issues - whether various cookie cutters and bake ware are considered festive articles, and whether birthdays and weddings are considered festive occasions.

The CIT ruled that holiday themed cookie cutters and bake ware could be considered festive as long as the items were designed and intended specifically for use in celebration of a particular holiday such as Christmas or Halloween. For example, a Santa Claus shaped cake pan would be considered festive since its use outside the Christmas season would be aberrant. However, a star shaped cookie cutter could be used any time of the year and thus is not closely associated with a specific holiday. Similarly, a jack-o-lantern cake pan is associated with Halloween. A plain pumpkin cake pan is not (it is considered seasonal merchandise for autumn and is not holiday-specific).

The case also involved wedding cake separator plates, pillars/columns, and plate legs, and wedding cherub place card holders. The CIT stated, "Presumably, had the drafters intended HTSUS heading 9505 to refer to 'holiday' (rather than 'festive') articles, they would have used that more specific term." Since several dictionaries refer to birthdays and weddings as festive occasions, the court said "Defining the scope of heading 9505 to include 'private festive celebrations' such as birthdays, weddings, anniversaries, and graduations is consistent with the law and practice of other nations."

The CIT's opinion may be viewed at:
http://www.cit.uscourts.gov/slip_op/Slip_op07/07-94.pdf

House & Senate Bills Seeks to Ease Trade and Travel Restrictions on Cuba

Trade and travel restrictions the U.S. currently imposes on Cuba may soon be relaxing. House and Senate bills would end rules that make trade with Cuba all but impossible for small U.S. exporters, require the U.S. Department of Agriculture (USDA) to promote sales to Cuba, and lift the travel ban that keeps nearly all Americans out of Cuba, including ranchers and farmers trying to facilitate trade deals.

In recent years lawmakers have ramped up their efforts to liberalize bilateral relations and increase opportunities for trade, although as yet there has been no serious effort to remove the economic embargo the U.S. has maintained against Cuba for over 40 years.

The sponsors of the new bills say they are designed to overturn the Bush administration's approach which they say has hurt U.S. businesses. Outdated restrictions are putting Americans at a disadvantage. The legislation does not lift the embargo, but it is an important first step toward modernizing our Cuba policy and improving the economic competitiveness of American ranchers and farmers. When we consider our relationships with China, Venezuela, or with Iran and compare them to Cuba, it's clear that we are holding the Cuban people to a completely different standard.

According to the press release, the bills would:

- overturn the Treasury regulations requiring shipments of agricultural goods to be paid for in full before leaving U.S. ports;

- lift all restrictions on travel to Cuba, which is currently limited to Cuban-Americans, religious groups and academics;

- allow Cuban buyers to make payments directly to U.S. exporters, eliminating excess fees charged by intermediary foreign banks;

- require and provide funds to the USDA to promote U.S. exports to Cuba and offer technical assistance to U.S. producers interested in such sales;

encourage the State Department to issue visas to Cuban trade and veterinary officials wishing to inspect U.S. processing facilities and make purchases, a provision designed to help small exporters who cannot afford frequent travel to Cuba;

lift a rule that requires exporters to physically verify the receipt of allowable medicines and medical equipment onsite in Cuba; and

repeal a law prohibiting U.S. recognition of certain Cuban trademarks that potentially gives Cuban businesses leeway to usurp American trademarks and intellectual property.

FDA Announces Detention without Physical Examination of Aqua-cultured Seafood

On June 28, 2007 the Food and Drug Administration (FDA) issued an Import Alert (IA # 16-131) advising the detention without physical examination of aqua-cultured, i.e. fish farmed, catfish, shrimp, basa, dace, and eel products from the People's Republic of China for containing drug residues of unapproved pharmaceuticals and/or unsafe food additives. The FDA will detain importations of these fish at the U.S. border until they are shown to be free of unapproved drug residues and/or additives.

Approximately 80% of the seafood consumed in the U.S. is imported. Of this percentage, over 40% is imported from aquaculture operations. China is the largest producer of aqua-cultured seafood in the world accounting for approximately 70%. China is also the third largest seafood exporter to the US. As such, the use of unapproved antibiotics or chemicals in aquaculture raises significant health concerns.

The chemicals/drugs found during the FDA targeted sampling of fish products from October 2006 through May 2007, include nitrofuran, malachite green, gentian violet, and fluoroquinolone. None of these chemical products are approved by the FDA for use as drugs in aqua-cultured fish. Long term exposure studies have shown that these chemicals can cause antibiotic resistance in humans and carcinogenic affects in lab animals. However, the drug residues found by the FDA have been minimal and therefore the FDA will not be instituting a recall of fish products from U.S. consumers, and there have been no reported incidences of illnesses.

The FDA is allowing conditions under which an exporter can be exempted from the automatic detention by providing information to the FDA that outlines the steps and controls in place by the exporter to ensure that their products do not contain the referenced unapproved substances.

According to the FDA, these import controls will remain in effect as long as required.

Additional information can be found by visiting the FDA website at:
http://www.fda.gov or the FDA Import Alert can be viewed directly at:
http://www/fda.gov/ora/fiars/ora_import-ia16131.html

In a related matter, Chinese authorities have banned meat imports from seven U.S. companies because of alleged issues with contamination, according to the Xinhau news agency. Inspections revealed tainted frozen chicken from Tyson Foods, frozen chicken feet from Sanderson Farms, frozen pork from AJC International, frozen pork ears from Van Luin Foods, frozen pork from Cargill Meat Solutions, frozen chicken feet from Intervision and salted pig intestines from Triumph Foods, Xinhau said. The products are said to contain high levels of bacteria, pesticides, growth hormones or unnecessary additives. This move is believed to be retaliation for the FDA controls on farm-raised catfish, shrimp, eel, basa and dace until they are tested for antibiotic drug residue.

BIS Publishes Anti-boycott Penalty Guidelines

In a Federal Register Notice dated July 17, 2007, the United States Department of Commerce's Bureau of Industry and Security (BIS) published new anti-boycott penalty guidelines.

BIS outlines penalty guidelines for exporters and explains how cases concerning voluntary self-disclosures of violations of the anti-boycott provisions of the Export Administration Regulations (EAR) will be handled. The guidelines also address how BIS determines the appropriate penalty for the settlement of such cases and represents a codification of BIS's long standing penalty determination practice in anti-boycott cases.

Part 760 of the EAR requires U.S. persons who are recipients of requests to take any action which has the effect of furthering or supporting a restrictive trade practice or boycott fostered or imposed by a foreign country against a country friendly to the United States or against any United States person to report receipt of those requests to BIS and whether they took the requested action.

During Fiscal Year 2006, nine companies agreed to pay civil penalties totaling $95,950 to settle allegations they violated the anti-boycott provisions of the EAR. Most of the settlements reached during the Fiscal Year involved alleged violations of the prohibition against furnishing information about business relationships with or in Israel, or with companies on boycotting countries' blacklists. Other settlements involved failure to report receipt of requests to engage in restrictive trade practices or boycott

The Federal Register Notice dated July 17, 2007 can be viewed at: http://a257.g.akamaitech.net/7/257/2422/01jan20071800/edocket.access.gpo.gov/2007/E7-13717.htm

Further information on anti-boycott can be found on the Bureau of Industry and Security website at www.bis.doc.gov .

Commerce Department Seeks Public Comment on Commerce Control List Review

The Commerce Department's Bureau of Industry and Security (BIS) announced that it is seeking public comments on its review of the Commerce Control List (CCL) to better advance U.S. national security, foreign policy, and economic interests.

The CCL is a list of dual-use items (i.e., software, commodities, and technology) under the export control jurisdiction of the Commerce Department's Bureau of Industry and Security (BIS). Dual-use technologies are primarily civilian, but have conventional military and WMD applications. The Department is seeking public comment as part of a systematic review process.

The Federal Register outlines four areas of particular interest:

- Overall structure of the CCL
- Types of items that should be listed on the CCL
- Updates to CCL item descriptions
- Coordination and harmonization of controls on items covered by the multilateral regimes

Now is the time to comment on any improvement that can be made to the CCL, which will help your business. Comments must be submitted to BIS by September 17, 2007.

The Federal Register Notice dated July 17, 2007 can be viewed at:
http://a257.g.akamaitech.net/7/257/2422/01jan20071800/edocket.access.gpo.gov/2007/E7-13843.htm

Additional information on the Commerce Control List can be found on the on the Bureau of Industry and Security website at www.bis.doc.gov .

TRANSPORTATION NEWS

Government Withdraws Advance Notice of Proposed Rulemaking for Transport of Hazardous Materials by Motor Carriers

On July 16, 2002, the Department of Transportation (DOT) issued an advance notice of proposed rulemaking (ANPRM) that sought comments on the feasibility, costs, and benefits of requiring motor carriers that transport hazardous materials to employ certain enhanced security measures. The measures included escorts, vehicle tracking and monitoring systems, emergency warning systems, removing ignition shut-offs, notification to state and local authorities, and safe havens for the temporary storage of explosives during transportation. On June 27, 2007, DOT withdrew the ANPRM.

The commenters encouraged the DOT to apply the enhanced security measures only to those materials presenting a significant security risk. The commenters opposed armed escorts and the pre-notification to state and local governments. The commenters felt armed escorts would actually increase the vulnerability of hazmat shipments and were concerned over the cost, logistical problems, and higher insurance premiums that would come with having an armed escort. Most commenters opposed the pre-notification to state and/or local governments of planned shipments of hazmats. The commenters felt the requirement would overload emergency responders and could compromise security by making the shipment information more widely available than would otherwise be the case. DOT stated these two proposals do not appear worthy of further consideration.

Transportation Update – August 2007

A threatening strike was averted in the Los Angeles/Long Beach ports when an agreement was reached between the International Longshore and Warehouse Union and waterfront employers regarding contracts that cover office clerical workers at the marine terminals.

In September, Zim Lines will be leaving the Port of Portland, Oregon. Zim did not capture the growth it predicted in this port since 2006, and with Yang Ming increasing its service there, it put Zim third in volumes. At this time Zim will not add another U.S. call.

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

Peak season continues to cause some over capacity issues for the Far East. Evergreen and Mitsui have moved some of their vessels from the Trans Pacific lane to their European service causing less space to the U.S. from the Far East.

South America
Hanjin has announced a GRI of $150.00/20' and $300.00/40' effective July 31, 2007.

The Panama Canal Authority announced on July 24, 2007 that the Panamanian National Environmental Authority has approved the environmental impact study for the first dry excavation contract for the new Pacific locks access channel - the first construction project under its expansion plan. The approval sets the stage for the preliminary phase of the dry excavation.

The Panama Canal Authority took one step closer to breaking ground by awarding the first contract for its expansion to Constructora Urbana S.A. The Panamanian company won with a low bid of $41 million for the first dry excavation of the new Pacific Locks access channel. A total of 10 groups from the U.S. Mexico, Italy, Brazil and Colombia submitted bids for the job. The contract is just the first step in a project that is expected to eventually cost as much as $5.25 billion.

West Med Region
China Shipping is pulling their service out of Turkey effective immediately. They will revisit this service if the rate increases continue.

Effective August 3, 2007, Turkey to USA will have a GRI:

20' $ 250.00
40' $ 500.00

Effective August 3, 2007, Turkey to USA will have an increased BAF:

20' $ 453.00
40' $ 906.00

The Mersin Port Congestion Surcharge went into effect July 15, 2007. Unless otherwise stated or shown as All Inclusive, all import rates in this tariff from Mersin, Turkey to the United States are subject to a Port Congestion Surcharge as follows:

20' $ 100.00
40' $ 200.00

Northern Europe/Scan Baltic Region
The Trans-Atlantic Conference Agreement (TACA) announced that based upon the latest monitoring of fuel prices, TACA's Bunker Adjustment Factor (BAF), will be held unchanged beyond its current period of application through at least September 15, 2007, at the following levels:

Traffic to/from and via:

Atlantic/Gulf Coast Ports	Pacific Coast Ports
$ 494 per 20ft container	$ 741 per 20ft container
$ 988 per 40/45ft container	$ 1482 per 40/45ft container
W/M $49.00	W/M $74.00

With respect to Currency Adjustment Factor (CAF), the Tariff published level based on the latest monitoring exercise will remain unchanged at 10% through at least September 15, 2007.

The TACA BAF and CAF to apply from September 16, 2007, will be announced no later than August 15, 2007. Information will be published in TACA's relevant tariffs and on its website.

The Port of Felixstowe said it set a U.K. port record when it handled 5,610 containers on a single vessel. The 9,600-TEU ship, China Shipping's Xin Hongkong, called the port on June 28, 2007. Felixstowe says it set the previous U.K. record for containers exchanged on a single ship -- 5,586 -- in March aboard China Shipping's CSCL America.

Domestic Cargo
Maher Terminals has decided to resume Saturday gate operations for a 6 week trial period beginning Saturday, July 21, 2007 and ending on Saturday, August 25, 2007. After this 6 week period, Maher will review the results of the trial program to determine whether to continue Saturday gate operations.

The American Trucking Associations (ATA), representing the nation's trucking industry, applauded the New York State Senate's rejection of New York City's proposal to charge drivers a fee to drive into parts of Manhattan during most daylight hours. The legislation was proposed to reduce congestion and air pollution in the city. The ATA argued the goal of the proposal was merely to increase city revenues.

Distribution centers and warehouses are in demand, especially on the West Coast. With the closing of so many manufacturing plants as companies outsource production, and the need for land near rail and truck routes, warehousing and distribution center development should grow 6-8 percent over the next few years according to real estate experts.

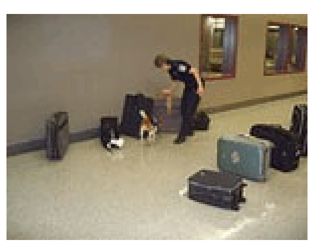
SAMUEL SHAPIRO & COMPANY, INC. NEWS

News from Our Atlanta Office

The Atlanta Customs and Border Protection (CBP) team welcomes its newest member of the anti-terrorism team. Do not let the big brown eyes, floppy ears and cute face fool you. Buttons, the Beagle, is one mean sniffing machine. She is the latest member to the group of Agriculture canines that have a very important mission in assisting CBP with the mission of preventing terrorists and terrorist weapons from entering the United States.

These canines can detect fruits, vegetables, meats or other prohibited items that may carry animals, pests, or plant diseases entering the United States, intentionally or by accident, which can cause serious damage to America's crops, livestock, pets, and the environment. This is especially important with the current concern of the Avian Flu Virus in other countries. Buttons can also detect prohibited birds and poultry products that might contain the deadly virus.

The U.S. Customs and Border Protection Canine Enforcement Program is protecting America as the largest and most diverse law enforcement canine program in the country. CBP's canine program continues to diversify canine detection capabilities needed to combat terrorism, interdict narcotics, and other contraband while helping to facilitate and process legitimate trade and travel.



Come Join Us at the "Focus on Textiles" Seminar!

Have you registered for Shapiro's "Focus on Textiles" Seminar yet? There is still time!

Samuel Shapiro & Company, Inc. will be hosting this half-day seminar on Thursday, August 9th, 2007, from 9:00 a.m. to 12:00 p.m., at the Tremont Grand in Baltimore, Maryland.

Textiles and wearing apparel have been designated a priority trade issue with U.S. Customs & Border Protection. Importers face challenges of quotas, transshipment, proving origin, intellectual property rights, and multiple free trade agreements. With textiles accounting for 43% of all duties collected, your shipments are on the Customs enforcement radar. Let Samuel Shapiro & Company, Inc. guide you through the maze of textile compliance.

"Focus on Textiles" will be an overview of importing textiles and apparel into the United States, including classification guidelines, terminology, how to tell if your goods are subject to quotas, what documents textile importers need to verify origin, and an update on the multitude of free trade agreements.

Seminar Location:

Tremont Grand
Composite Room
225 N. Charles St.
Baltimore, MD 21201
Phone: 410-685-7777
The hotel is located across the street from Shapiro's corporate office. Please stop by for a visit!

Cost (includes seminar materials and breakfast):

$85.00 per person (Includes seminar materials and continental breakfast)
$75.00 for each additional attendee from the same company

Click on the link below to register today!
http://www.shapiro.com/html/SeminarTextile9Aug2007.html

If you have any questions or would like to register by phone, please contact compliance@shapiro.com or by phone at 800-695-9465, ext. 290.

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.