Samuel Shapiro & Company, Inc.

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"SHAP" TALK
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TRADE NEWS

What is Happening with GSP?

As we mentioned in our March 2006 issue of "Shap" Talk, the Generalized System of Preferences (GSP) program will be expiring on December 31, 2006 for non-African Growth and Opportunity Act (AGOA) countries. Some members of Congress are reluctant to reauthorize GSP because Brazil and India have held up Doha Round talks at the World Trade Organization (WTO). India is the top beneficiary of GSP with $4.2 billion in imported GSP goods in 2005, followed by Brazil with $3.6 billion. In total, $26.7 billion worth of GSP goods from 136 countries were imported into the United States in 2005, an increase of 18 percent over 2004. The Senate Finance Committee Chairman Chuck Grassley (R-Iowa) has said that if GSP is extended, he'll look to tighten eligibility requirements which could remove some countries from the program.

On August 8, 2006, the U.S. Trade Representative (USTR) issued a notice in the Federal Register requesting comments on whether to continue GSP benefits for certain countries and goods:

http://a257.g.akamaitech.net/7/257/2422/01jan20061800/edocket.access.gpo.gov/2006/pdf/E6-12870.pdf

Comments are due September 5, 2006 and are sought on the following issues:

1) Whether to limit, suspend, or withdraw GSP eligibility for countries whose total value of U.S. imports under GSP exceeded $100 million in 2005, and either the WTO classified as an upper-middle income economy in 2005, or that accounted for more than 0.25% of world goods exports in 2005. The countries that meet these criteria are the 13 largest users of GSP: Argentina, Brazil, Croatia, India, Indonesia, Kazakhstan, Philippines, Romania, Russia, South Africa, Thailand, Turkey, and Venezuela. These countries accounted for about 71% of GSP imports in 2005.

2) Whether any of the 83 existing competitive need limitation (CNL) waivers are no longer warranted due to changed circumstances. Under GSP, imports of a specific product from a beneficiary country are limited by either a market share cap or annual import level, unless the President grants a waiver. With the CNL waiver, the product from that country can continue to enter the U.S. duty free under GSP. The President can terminate a CNL waiver if there is a determination that the waiver is no longer warranted due to changed circumstances. By reviewing the waivers, the USTR can take action short of completely removing a country's GSP privileges. At this time, 19 countries have CNL waivers: Argentina, Bosnia-Herzegovina, Brazil, Colombia, Croatia, India, Indonesia, Ivory Coast, Kazakhstan, Macedonia, Peru, Philippines, Romania, Russia, South Africa, Thailand, Turkey, Venezuela, and Zimbabwe.

The USTR's actions are being taken as leverage against certain countries that have been delaying the Doha Round. Moreover, GSP has been dwindling as duty rates fall, China imports surge, and more countries sign free trade agreements (which remove them from the GSP program). Croatia and Turkey are beginning negotiations to join the European Union which would automatically remove them from the GSP program. Bulgaria and Romania are expected to join the EU in 2007. Romania may lose its GSP status earlier based on another USTR notice in the August 8th Federal Register. http://a257.g.akamaitech.net/7/257/2422/01jan20061800/edocket.access.gpo.gov/2006/pdf/E6-12833.pdf

DHS Asked to Scan Cargo on Passenger Planes

Congressional Representative Ed Markey (D-Massachusetts) requested, in a letter to the Secretary for the Department of Homeland Security (DHS), Michael Chertoff, that DHS invoke a requirement that all air cargo shipped via passenger planes be scanned for explosives. The recent interruption of a terrorist plot to destroy passenger flights from the U.K. to the U.S. is reminder of security loopholes that continue to linger. He asserts the practice of verifying paperwork is insufficient.

The Representative proposed using machines already installed at airports to scan checked luggage. Given that the scanning devices are not able to examine the large containers into which most air cargo is packed, he recommended that DHS order shippers to deliver their packages to the airport in a break-bulk state if they want those packages to travel on a passenger plane, otherwise packages should be required to travel on an all-cargo plane. He referenced a government report indicating that up to 60% of the cargo transported by passenger airlines is comprised of break-bulk items.

Markey also called for all cargo containers destined for the U.S. be scanned and sealed at the port of origin. He emphasized that the DHS Secretary issue a timetable that would impose a scanning and sealing requirement within the year.

Study Shows Investment in Supply Chain Security Results in Collateral Benefits

A Stanford University study, published in July 2006, looks at the benefits of investment in supply chain security and concludes that "significant business value accrues" from such investment. The study was produced in conjunction with The Manufacturing Institute of the National Association of Manufacturers (www.nam.org). Fourteen companies were surveyed (eleven major manufacturers and three logistics service providers).

Some of the security measures taken by the companies have long been in place. Others were implemented as a result of the 9/11 terrorist attacks. Moving goods securely has become an essential element of the supply chain. A Harvard Business Study has defined risk as the frequency of a disaster happening times its consequence. The risk equation can also be stated another way: risk divided by internal controls equals level of vulnerability.

Despite the risks, many companies have been reluctant to invest in supply chain security as they look only at the up front costs of implementation. The Stanford study has looked beyond the initial investment and concluded that companies can derive considerable benefits as a result of security initiatives.

The study participants realized collateral benefits in the following areas:

- Higher supply chain visibility
    - Improvement in timeliness of shipping information
    - Reduction in inaccuracies in shipping information
- Improved supply chain efficiency
    - Increase in automated product handling
    - Increase in process compliance
    - Increase in process predictability
    - Reduction in number of steps in supply chain process
- Better customer satisfaction
    - Improved on-time deliveries
    - Reduction in back-orders
    - Reduction in frequency of cancelled orders
    - Higher customer confidence
- Improved inventory management
    - Reduction in incorrect quantity received
    - Reduction in inventory levels
    - Reduction in theft, loss, pilferage, and tampering
- Reduced cycle and shipping time
    - Reduction in Customs inspections and inspection delays
    - Improved predictability of Customs inspections
    - Reduction in delivery time window
- Cost reduction following the above-mentioned collateral benefits

Moreover, one of the manufacturer study participants reported they had customers asking about their security initiatives, which demonstrates security does matter to customers. The logistics providers reported that some customers require that they participate in C-TPAT. C-TPAT membership is often a prerequisite in the bidding process.

The study concludes "that investments in supply chain security can help organizations to improve internal operations, strengthen relationships with their customers, and overall increase their profitability. Therefore, such investments in security should not be considered as a financial burden that should be kept to the minimum level necessary, but rather as an opportunity for improving business performance and profitability."

A copy of the study is available at:
http://www.nam.org/s_nam/bin.asp?CID=202515&DID=237208&DOC=FILE.PDF

If you are interested in investing in your company's supply chain security by joining C-TPAT, please contact us at consulting@shapiro.com.

Latest C-TPAT Statistics

On August 3, 2006, the Departmental Advisory Committee on Commercial Operations (COAC), which functions under the Bureau of Customs and Border Protection (CBP), held its quarterly meeting in Washington, D.C. The Committee discussed trade and security matters, including the latest information on the Customs-Trade Partnership Against Terrorism (C-TPAT) Program.

C-TPAT is a voluntary government-business initiative to build cooperative relationships that strengthen and improve overall international supply chain and U.S. border security. Through this initiative, CBP is asking businesses to ensure the integrity of their security practices and communicate and verify the security guidelines of their business partners within the supply chain. In return, CBP offers C-TPAT members many benefits, including a reduced number of container inspections. C-TPAT importers become five to eight times less likely to be subject to Customs exams for enforcement-related reasons, and three to five times less likely to be inspected for compliance-related reasons.

During the meeting, Todd Owen, C-TPAT Program Director, shared the latest statistics on program, focusing on its progress from 2005 to 2006:

- As of August 1, 2006, there were 6,081 certified partners compared to 4,615 Certified Partners on January 1, 2005.
- As of August 1, 2006, 3,067 Validations were completed (50.4%). On January 1, 2005, 403 Validations had been completed (8%) while 518 were in progress. The goal is to have 65% of all validations completed by the end of 2006.
- As of August 1, 2006, there were a total of 164 suspensions or removals from the program while on January 1, 2005, there were 32 suspensions/removals.
- As of August 1, 2006, there were 125 Supply Chain Security Specialists and 5 Field Offices. On January 1, 2005, there were 38 Supply Chain Security Specialists and 4 Field Offices. The goal is to have 156 Specialists by the end of the summer.
- There is a tiered approach to the benefit structure (Tier 1-Tier 3) as opposed to the original unilateral methodology where the level of benefit increases as importers employ best practices. There are now 198 importers under Tier 3 C-TPAT status.
- C-TPAT security profiles are submitted through a secure portal monitor, implemented on June 1, 2006.

If you would like more information on becoming a C-TPAT member, please contact our Consulting Department at consulting@shapiro.com. Our team will provide C-TPAT awareness training, create a C-TPAT procedure manual, draft and submit your C-

TPAT security profile to Customs. C-TPAT membership is a long-term commitment and partnership; your company could enjoy the cost-savings and supply chain efficiency for many years to come as long as it maintains an effective security program. Call us today.

BIS Increases Civil Monetary Penalties

On August 4, 2006, the Bureau of Industry and Security (BIS) issued a final rule amending the Export Administration Regulations (EAR) to clarify the civil monetary penalties that BIS may impose for violations of the EAR.

For any violations of the EAR that occur on or after March 9, 2006, BIS may impose a civil monetary penalty of up to $50,000.00 per violation.

These changes clarify the source of authority for civil monetary penalties for violations of the EAR when the Export Administration Act (EAA) has lapsed and the maximum amount of such penalties. This rule results in an explicit statement in the EAR that when any provision of the EAR is continued by International Emergency Economic Powers Act (IEEPA) or other authority, the maximum civil monetary penalty is that which is authorized by the applicable authority.

Source: Federal Register Notice dated 8/4/2006 at: http://frwebgate2.access.gpo.gov/cgi-bin/waisgate.cgi?WAISdocID=158953107664+0+0+0&WAISaction=retrieve

APHIS Phased Implementation of ePermits System for Imports

The Animal and Plant Health Inspection Service (APHIS) launched on April 3, 2006 ePermits, a new web-based system to streamline the import process. This web-based tool gives customers the ability to apply for a permit, check its status, view it on line and receive copies of permits through the internet. In addition to online applications, ePermits features a payment engine that allows customers to pay permit application fees by credit card, when applicable, as part of the online process. This new process also enables Federal regulatory officials to issue, track, and rapidly verify the validity of import permits, thus reducing data-entry, processing, and delivery time and expense.

In the initial launch of ePermits, APHIS added the following Plant Protection and Quarantine (PPQ) forms and Biotechnology and Regulatory Services (BRS) permits to the online system:

- PPQ 526 (Application for Permit to Move Live Plant Pests or Noxious Weeds)
- PPQ 585 (Application for Permit to Import Timber or Timber Products)
- PPQ 587 (Application for Permit to Import Plants or Plant Products)
- PPQ 588 (Application for Permit to Import Plants and Plant Products for Experimental Purposes)

- PPQ 621 (Application for Protected Plant Permit to Engage in the Business of Importing, Exporting, or Reexporting Terrestrial Plants)
- Biotechnology Notifications

On July 3, 2006 APHIS added the following Veterinary Services (VS) permits to ePermits:

- VS 16-3 (Application to Import or Transport Controlled Material or Organisms or Vectors)
- VS 16-7 (Additional Information for Cell Cultures and their Products) (Supplement to VS 16-3)
- VS Notification of on-hold shipment

Expected in late 2006, ePermits will feature these additional permit applications:

- PPQ Form 525 (Application for Permit to Receive Soil)
- PPQ Form 546 (Agreement for Postentry Quarantine State Screening Notice)
- PPQ 586 (Application for Permit to Transit Plants and/or Plant Products through the U.S.)
- BRS Form 2000 – Application for the Importation, Interstate Movement, and Field Testing of Genetically Engineered Organisms.

APHIS also indicates that this third phase of ePermits will include a feature to generate and print shipment labels containing barcodes. They explain that when a Federal inspector scans these barcoded labels, he or she can immediately confirm that the permit associated with that label is valid. This capability is expected to result in improved turnaround times and reduces the chance that the inspector will reject the shipment because the permit can't be verified.

The ePermits Release schedule indicates that other permit forms and features are to be added in the summer of 2007.

To comply with government-wide initiatives, ePermits users are required to complete a registration process called eAuthentication. The eAuthentication system is used by USDA agencies to enable individuals to obtain accounts that allow access to certain USDA Web applications and services through the internet. To learn more about USDA's eAuthentication you can visit their website at www.eauth.egov.usda.gov/index.html .

Sources:
APHIS New Release date 07/03/06 available at
http://www.aphis.usda.gov/newsroom/content/2006/07/web-based_permits.shtml
ePermits Factsheet date April 2006 available at
http://www.aphis.usda.gov/publications/aphis_general/content/printable_version/epermits4-2006.pdf
ePermits Release Schedule available at
http://www.aphis.usda.gov/permits/schedule_epermits.shtml

Revocation of Defense Export Licenses to Venezuela

Effective August 17, 2006, the U.S. Department of State, Bureau of Political Military Affairs has issued a notice advising that the United States will no longer authorize the export of defense articles and defense services to Venezuela. All licenses and approvals to export or otherwise transfer defense articles and defense services to Venezuela are revoked.

The policy of the U.S. Government is to deny all applications for licenses and other approvals to export or otherwise transfer defense articles and services to Venezuela until further notice. In addition, U.S. manufacturers and exporters, and any other affected parties (e.g., freight forwarders) are hereby notified that the Department of State has revoked all licenses and approvals authorizing the export of or other transfers of defense articles or services to Venezuela. Revocation extends to the deletion of Venezuela from any manufacturing license or technical assistance agreement involving Venezuela, including any agreement that has Venezuela as a sales territory. This action also precludes the use in connection with Venezuela of any exemptions from licensing or other approval requirements included in the International Traffic in Arms Regulations (ITAR), with the exception of the license exemptions at section 123.17 of the ITAR for exports of firearms and ammunition to Venezuela when for personal use by individuals (not for resale or retransfer, including to the Government of Venezuela) and the firearms will be returned to the United States.

For further information contact: Mr. Stephen J. Tomchik, Office of Defense Trade Controls Policy, Department of State, Telephone (202) 663-2799 or FAX (202) 261-8199.

Source: Federal Register Notice dated August 17, 2006: http://frwebgate2.access.gpo.gov/cgi-bin/waisgate.cgi?WAISdocID=159626114022+3+0+0&WAISaction=retrieve

US – Bahrain Free Trade Agreement Implementation

On July 27, 2006, President Bush issued Proclamation #8039 to implement the United States Bahrain Free Trade Agreement as of August 1, 2006. http://a257.g.akamaitech.net/7/257/2422/01aug20061200/edocket.access.gpo.gov/2006/pdf/06-6651.pdf

The Bahrain FTA further advances the Bush administration's vision for a Middle East Free Trade Area (MEFTA) by 2013. The MEFTA initiative is a plan of graduated steps for Middle Eastern nations to increase trade and investment with the United States and others in the world economy. The United States has been seeking comprehensive free trade agreements (FTAs) with the Middle Eastern nations that are most firmly on the path to domestic reforms and the rule of law, and nations intent on protecting property rights, including intellectual property. The expansion of the MEFTA initiative is the foundation for economic growth and prosperity, and political and social challenges facing the Middle East.

The U.S. Customs and Border Protection (CBP) has posted to its Web site a memorandum that provides instructions for the filing and acceptance of claims for preferential treatment under the U.S.-Bahrain FTA (BFTA). http://cbp.gov/linkhandler/cgov/import/international_agreements/free_trade/Bahrain_.ctt/Bahrain_.doc

The US-BFTA places the burden of substantiating the validity of the claim for preferential tariff treatment on the importer. An importer may make a claim for preferential tariff treatment based on knowledge or information in his/her possession. The above link includes a list of required data elements, shown as attachment A. CBP may verify the validity of the claim and will direct inquiries for verification via a CBP Form 28, Request for Information, to the importer.

Additionally, the International Trade Commission (ITC) has issued publication 3830 entitled "modification to the HTS of the United States to Implement the US-BFTA. http://www.usitc.gov/tata/hts/other/rel_doc/annex/pub3830.pdf

General Note 30 has been added to the HTS, also containing rules of origin, definitions and provisions used to determine whether goods originate under the BFTA. http://hotdocs.usitc.gov/docs/tata/hts/bychapter/0611_tocgn.htm

Sources: Federal Register Vol. 71, No. 147 Tuesday, August 1, 2006; United States International Trade Commission Tariff Information Center; U.S. Customs and Border Protection, International Free Trade Agreements

Vietnam PNTR on Hold

On June 13, 2006 in Washington DC, U.S. Senators Max Baucus (D-Montana) and Gordon Smith (R-Oregon) led a group of eight Senators in introducing legislation to grant Vietnam Permanent Normal Trade Relations status ("PNTR"). http://www.usvtc.org/trade/wto/S3495.pdf

However, Sen. Elizabeth Dole (R – North Carolina), has placed a hold on the PNTR bill "because she is very concerned about the potential negative impact this agreement could have on North Carolina textile jobs." Sen. Lindsey Graham (R – South Carolina) also placed a hold on the PNTR bill because of concerns about the adverse impact of potential import surges on the U.S. textile industry.

Permanent Normal Trade Relations for Vietnam with the U.S. could further advance Vietnam's accession to the WTO. The American Manufacturing Trade Action Coalition issued a press release opposing PNTR for Vietnam without adequate safeguards, and urges the Senate to avoid the same mistakes as were made when China joined the WTO.

http://www.amtacdc.org/media/pressreleases.asp
http://www.amtacdc.org/media/060712.asp

Sources: American Manufacturing Trade Action Coalition, www.amtacdc.org
United States Vietnam Trade Council, www.vtc.org

COMPLIANCE CORNER

Synopsis of Selected Trade Programs

U.S. Customs and Border Protection (CBP) on August 8, 2006, posted to their website a guide on applicable provisions and requirements on selected international agreements and programs. This powerpoint presentation gives a good synopsis of each of the preferential agreements and programs. It is especially helpful for determining which agreements and programs are MPF exempt.

Source: CBP website
http://www.cbp.gov/linkhandler/cgov/import/international_agreements/fta_provisions.ctt/fta_provisions.ppt

TRANSPORTATION UPDATE

Evergreen Group Revising its Free Time Rule

Evergreen Group is revising its Free Time Rule for the Asia to U.S. trade lane, effective September 1, 2006. Evergreen states, "This filing is equalizing the demurrage charges for all of their U.S. East Coast Ports." The entire rule can be reviewed at http://www.shapiro.com/docs/Rule100.pdf

The following are excerpts:

At Atlantic Coast Ports Via All Water or Mini Land Bridge

All containers held with cargo at Carrier's discharge port CY after the carrying vessel has completed discharge, whether the shipment therein occupies a full container or not, will be subject to the following Free Time and Demurrage:

Carrier or its Agent will bill CY Demurrage in accordance with the provisions of this Rule only when no port terminal tariff applies. If port terminal tariff is applicable, Carrier or its Agent will bill CY Demurrage in accordance with the port terminal tariff.

Destination terminal when discharging port is actual Bill of Lading destination:

Free Time will commence at 8:00 a.m. on the first business day after completion of discharge of the vessel and shall expire on the fifth (5th) business day, excluding Saturdays, Sundays, and holidays (unless commonly worked by the Terminal).

Destination terminal when discharging port is not the Bill of Lading destination:

Free Time will commence at 8:00 a.m. on the first business day after completion of discharge of the vessel and shall expire on the fifth (5th) business day, excluding Saturdays, Sundays, and holidays (unless commonly worked by the Terminal).

Free Time:

Dry Vans other than Reefer, includes Tanks:

Baltimore, MD; Norfolk, VA; Wilmington, NC; Charleston, SC; Savannah, GA; Jacksonville, FL

Five (5) working days

Reefer:

Baltimore, MD; Norfolk, VA; Wilmington, NC; Charleston, SC; Savannah, GA; Jacksonville, FL

Two (2) working days

Multiple Container Rule for dry containers only (Norfolk, VA and Baltimore, MD only):

Number of Containers	Free time (in business days) for each container allowed USA Port / Terminal
1 – 4	5
5	6
6 – 10	7
11 – 15	8
16 – 18	9
18 – 20	10
21 – 23	11
24 – 26	12
27 – 29	13
30 – 32	14
33 or more	15

Note: Applicable for Baltimore, MD:
Applicable only on Dry containers provided all such containers are from various Shippers to one (1) Consignee, from various ports of loading to one (1) port of discharge on one (1) vessel.

Note: Applicable for Norfolk, VA:
Applicable only on Dry containers provided all such containers are on one (1) bill of lading from one (1) Shipper to one (1) Consignee, one (1) port of loading to one (1) port of discharge on one (1) vessel.

Demurrage Charges:

Baltimore, MD; Norfolk, VA; Wilmington, NC; Charleston, SC; Savannah, GA;Jacksonville, FL

Container Type	Day 1-5	Day 6 & on
Dry Vans	US$100	US$150
Reefer	US$200	US$275

Free Time and Demurrage for the following Ports are in accordance with the Port Terminal Tariffs:

New York, NY; Boston, MA; Philadelphia, PA; Port Everglades, FL, and Miami, FL

For the purpose of this Rule, a temperature-controlled container is one with the refrigeration unit operating to maintain specific temperature of the cargo to protect the cargo loaded therein (reefer). When a container designated for temperature-control is used at Carrier's option to transport cargo and the refrigeration unit is not operating, it will be considered as a dry van for purposes of Free Time and Demurrage calculation.

Carrier may extend the allowable Free Time on any merchandise if terminal operations or movement of merchandise are interrupted by war, earthquake, fire, riot, or any unusual occurrence which in the judgment of the Carrier warrants the extension of such Free Time

Carrier shall not be responsible for delays in delivering containers when such delays result from cargo being detained in Customs or Quarantine. Any Demurrage Charges that are accrued resulting from delays in Customs and/or Quarantine are to be billed for account of the cargo.

During a longshoremen strike which would have prevented ocean Carrier from discharging at the U.S. port shown on the Bill of Lading, the provisions of this Rule shall not apply, and the Free Time and Demurrage shall be in accordance with the local terminal Tariffs as applicable.

At the discretion of the Carrier, and subject to U.S. Customs regulations, cargo in containers may be discharged to public storage, transfer and incidental expense for the removal of such cargo from the container shall be for the account of cargo. At Carrier's option, Carrier may elect to remove Carrier's equipment from Terminals or Rail Ramps to Off-Terminal/Ramp storage facilities. The rate charged for Storage at such Off-Terminal/Ramp facilities will be the rate of the respective Rail Ramp, the Storage Facility or the applicable steamship line tariff rate, whichever is higher. All costs associated with the removal, including the drayage, will be for account of cargo. All charges must be satisfied prior to the pick up or delivery of any such equipment.

Evergreen Reports Possible Chassis Shortage in Baltimore

Evergreen America Corp. reports that there is a possibility of a chassis shortage situation in Baltimore in the near future. They have experienced back to back vessels calling that have drained more then 900 chassis in the past 10 days from Baltimore terminal and CSX.

They have chassis' available but asked that anyone picking up containers from Baltimore terminal or CSX try to unload and bring back as soon as possible to avoid future shortages.

Port of Philadelphia Welcomes Mediterranean Shipping

Mediterranean Shipping Company's (MSC) new East Coast of South America Service commenced at the Port of Philadelphia on March 19, 2006 with the arrival of the merchant vessel MSC Boston at the Philadelphia Regional Port Authority's (PRPA) Packer Avenue Marine Terminal. MSC is the second-largest container line in the world and the PRPA sees this as a valuable addition to their portfolio of shipping lines.

MSC's new weekly service will take advantage of the growing trade between South America and the United States. In particular, the Port of Philadelphia's reputation as the #1 perishables port of the East Coast of the United States was a prime reason for the line's establishment of its new service there.

The Philadelphia Port's Strategic Planning Department advises that this new service will provide many jobs for Philadelphia-area longshoremen, truckers, and freight forwarders, as well as offer more shipping options for the Delaware Valley exporters.

Transportation Update – September 2006

Far East
The Far East market is at the height of the strong peak season. Carriers are running at nearly 100% capacity on all water services to the U.S. east coast even with new capacity added to the trade. Vessels to the west coast are operating at a high capacity but not as full as to the east coast.

Due to the increases in the price of oil, the carriers have raised their published bunker surcharges from Asia to the U.S.

Samuel Shapiro & Company, Inc. and our overseas partners have negotiated some very favorable contracts from the Far East. We do have mitigated peak season surcharges via the west coast, and in some cases via east coast ports.

There will be a new service starting in the fall from Shanghai to Savannah that will reduce the all water transit time to 23 days. This is the fastest transit on the market from Shanghai to the east coast via the Panama Canal.

Northern Europe
Bunker fuel surcharges have remained stable from Northern Europe. Current bunker surcharges are as follows:

- East Coast Ports 20' containers $467.00
- East Coast Ports 40', 40' HC and 45' containers $933.00
- West Coast Ports 20' containers $700.00
- West Coast Ports 40', 40' HC and 45' containers $1400.00

Carriers will maintain their Currency Adjustment Factor at 8%.

The Mediterranean
The bunker fuel surcharge has remained stable. Bunker surcharges will remain as follows to Atlantic and Gulf ports from all Mediterranean ports:

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

Space is not as tight during the summer months due to extended holidays by factories in most European countries.

Special Equipment
There is still an acute shortage of flat racks, open top and other special equipment from Europe to the U.S. Importers requiring special equipment should forecast their needs 60 days in advance in order to secure the special equipment. This is a major struggle right now all over Europe.

South America
There has been some disruption of service from Brazil to the U.S. due to strikes and weather related issues. Carriers are in the midst of restructuring their services in the trade, and it will become clearer in the fall what the landscape will look like to and from Brazil.

Together with our partner in Brazil we can offer very competitive freight rates on several of our contracts. Carriers raised rates in June/July but not all carriers passed on their increases to everyone that has a service contract.

Some carriers have announced a large increase in their bunker surcharge from Brazil/Argentina/Uruguay and Paraguay. MSC announced that on September 11, 2006, the bunker surcharge will increase to $380.00 per 20' container and $750.00 per 40' container.

There has been tremendous growth in the export market from Argentina. The economy in Argentina has rebounded from its woes that began in 2001. In some cases carriers are bypassing Southern Brazilian ports to maintain their service from Argentina.

Air News
Fuel surcharges are still going up worldwide due to the rising cost of jet fuel. Air rates are starting to spike from the Far East as more cargo is shifted to air during the peak season. Rates from Asia should continue to increase periodically through November.

It's unclear whether the recent events in England will reduce cargo capacity from Europe. The more checked baggage there is on a commercial flight, the less room there will be for cargo. Air rates from Europe are still relatively stable.

Export Ocean News
Carriers are raising bunker surcharges to Asia from the USA. The amount varies by carrier as there isn't the same uniformity on the export side compared to the import side.

Domestic USA
Fuel surcharges are varied by region of the country. In some cases we have seen fuel surcharges range from 20 – 30%.

There is considerable rail congestion at this time, especially in Chicago. It's taking anywhere from 12-16 days for containers to go from the west coast to the east coast.

SAMUEL SHAPIRO & COMPANY, INC. NEWS

Automation and Recordkeeping Seminar – Customers learn techniques on how to protect their import/export businesses!

On August 10th, 2006, Samuel Shapiro & Company, Inc. hosted its first automation and recordkeeping seminar at the Tremont Grand Hotel in Baltimore, MD. The half-day morning seminar was immediately followed by the Baltimore Propeller Club's Annual Crab Feast. Cooler temperatures prevailed for the first time in recent memory as nearly 5000 industry attendees and guests enjoyed a day of great food and networking activities. Samuel Shapiro & Company, Inc. hosted nearly 50 customers, vendors, and staff at the event.

The Automation and Recordkeeping Seminar was highlighted by topics such as basic automation security, importer/exporter system requirements, tools to enhance the import/export process, and recordkeeping essentials. The technology focus of the seminar was the first of its kind sponsored by Samuel Shapiro & Company, Inc. and offered the audience a "best practices" approach in securing their information systems.

The event was hosted jointly by Samuel Shapiro & Company, Inc. Director of MIS, Bob Kimmel, and Director of Compliance, Jane Taeger. Both speakers were extremely pleased by the overall turnout and quality of the audience. Taeger commented that she was "most impressed by the diversity of the audience and their enthusiasm for compliant recordkeeping and safeguarding their automated systems."

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.