"SHAP" TALK

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TRADE NEWS

USDA User Fees on Shipments Crossing the Canadian Border

The Animal and Plant Health Inspection Service (APHIS) of the U.S. Department of Agriculture (USDA) announced an interim rule in August 2006 that imposes Agricultural Quarantine and Inspection (AQI) user fees on all shipments entering the United States via Canada. The USDA reports an increasing number of interceptions on the U.S.-Canadian border of prohibited materials that originated in regions other than Canada that presents a high risk of introducing plant pests or animal diseases into the United States. The user fees are to help defray the costs of APHIS inspection services. All shipments will be subject to this fee.

This interim rule is not establishing a new user fee, but rather the same AQI user fee that currently applies to commercial vessels, commercial trucks, commercial railroad cars, commercial aircraft, and international air passengers from every other nation arriving at ports of entry in the U.S. will now apply to Canada as well.

Effective November 24, 2006, the AQI fee will be $7.75 per railcar. The AQI fee for trucks will be $5.25.

The interim rule is available at:
http://a257.g.akamaitech.net/7/257/2422/01jan20061800/edocket.access.gpo.gov/2006/pdf/E6- 14 128.pdf

Final Determination by Commerce on Mixed-Wax Candles

In June 2006, we wrote that the Department of Commerce issued preliminary findings that mixed wax candles that contain up to 87.80 percent of palm and/or other vegetable oil-based waxes are within the scope of the antidumping duty order on petroleum wax candles from China.

On October 2, 2006, Commerce announced the final determination in its circumvention inquiry that mixed-wax candles with any amount of petroleum wax, and mixed-wax candles composed of petroleum wax and more than 50% or more palm and/or other vegetable oil-based waxes are indeed within the scope of the antidumping order.

As a result of the final determination, Commerce requires suspension of liquidation for any entries of mixed wax candles on or after February 25, 2005; these entries will require a cash deposit of antidumping duties at a rate of 108.3%.

Cuba Embargo Task Force Has Been Created by the U.S.

On October 10, 2006, U.S. Attorney R. Alexander Acosta of Florida announced that the U.S. government created a new task force to crack down on violators of the economic and trade sanctions against Cuba. The task force consists of various law enforcement agencies such as the FBI, U.S. Coast Guard, Customs and Border Protection, IRS, Commerce, OFAC, Immigration and Customs Enforcement, and Border Patrol.

The task force will focus on prosecuting criminal violators of U.S. trade law and travel restrictions. The task force will enforce these laws aggressively and concentrate on such items as violations of export and import restrictions associated with Cuba, prohibited commercial business to Cuba, currency reporting requirements, money laundering, making a false statement on Customs declaration forms, and illegal travel to Cuba directly or through third countries.

Since 1962, the United States has maintained comprehensive sanctions against the Castro regime of Cuba. In July of 1963, the U.S. placed Cuban assets control regulations which have been amended and are still in effect today. These regulations apply to all U.S. citizens and permanent residents wherever they are located, all people and organizations physically in the United States, and all branches and subsidiaries of U.S. organizations throughout the world.

The purpose of these sanctions administered by the Office of Foreign Assets Control (OFAC) is to isolate the Castro regime economically and deprive the Castro regime of the U.S. dollars it desperately seeks.

Criminal penalties for violating these sanctions are severe and can be up to:

- 10 years in jail
- 1 million dollars for corporate fines
- $250,00.00 in individual fines

U.S. Attorney R. Alexander Acosta promises that the task force will pursue criminal investigations vigorously and aggressively prosecute where appropriate those who violate the comprehensive sanctions program. Violators are subject to civil and criminal penalties.

Please refer to the Office of Foreign Assets Control website for information on the Cuba sanction program at:
http: / /www.treas .gov/offices / enforcement /ofac / programs / cuba/cuba. shtml

Source: Miami Herald, *New task force to target Cuba ban offenders,* by Jay Weaver. Listen to the address by U.S. Attorney R. Alexander Acosta of Florida:
http://origin.miami.com/mld/miamiherald/news/world/cuba/ 15727868 .htm?source=rss&channel=miamiherald_cuba

2004 Proposed Red Flags Rule Withdrawn

On October 13, 2004, the Bureau of Industry and Security (BIS) published a proposed rule to amend the Export Administration Regulations by revising the definition of ``knowledge'' that applies throughout most of the regulations, to revise its ``red flag'' guidance, and to create a safe harbor with respect to certain violations that have ``knowledge'' as one of the elements of the offense (69 FR 60829, October 13, 2004).

BIS has withdrawn the proposed rule published in October 2004. In light of the public comments received on the proposed rule and BIS's review of relevant provisions of the existing regulations, this proposed rule is being withdrawn.

BIS received 18 comments on this proposed rule. Nine of these comments were filed by associations that have multiple members. With regard to revising the definition of knowledge, the most frequently expressed opinion was that the revisions were, in fact, substantive changes to the definition rather than mere clarifications. Commenters also stated that BIS had not offered any reason as to why any change in the knowledge definition was necessary.

For full details, please view the Federal Register Notice dated October 18,006:
http:/ /a257.g.akamaitech.net/7/257/2422/01jan20061800/edocket.access.gpo.gov/2006/pdf/E6- 17265.pdf

Some C-TPAT Certified and Validated Importers Not Receiving Full Benefits

U.S. Customs and Border Protection (CBP) is advising that importers who have been certified and validated under the Customs – Trade Partnership Against Terrorism (C-TPAT) program are not filing entry prior to the arrival of their cargo and thus not receiving their full benefits under the C-TPAT program, especially the reduced number of exams. Customs emphasizes that this early filing applies only to imported cargo by way of ocean container and not cargo arriving by any other modes of transportation.

Entry must be made to Customs as early as possible in the import process to fully realize reduced cargo examinations afforded to certified and validated C-TPAT importers. At a minimum, entry should be made 24 hours prior to the cargo arriving at the first ocean port of entry within the U.S.

CBP advises that this advance filing is necessary because C-TPAT benefits are aligned with a C-TPAT member's importer of record number, which only becomes known when entry is filed. Importers are not identified on manifest data by their IRS number.

Questions may be directed to your assigned Supply Chain Security Specialist or to
industry.partnership@dhs .gov

Source: CBP notice available at
http: //www.cbp.gov/xp/cgov/import/commercial_enforcement/ctpat/c_tapt_importers .xml

COMPLIANCE CORNER

“Are My Goods Subject to Quota?”

CBP recently posted to its website a document entitled “Are My Goods Subject to

Quota?" This document gives helpful information on how to determine whether merchandise is subject to quota restrictions and also provides links to relevant references. Import quotas control the amount or volume of various commodities that can be imported into the United States during a specified period of time. Quotas are established by legislation and Presidential proclamations issued pursuant to specific legislation and provided for in the Harmonized Tariff Schedule of the United States (HTSUS).

There are three types of quotas: absolute, tariff-rate, and tariff preference level (TPL).

- Absolute quotas strictly limit the quantity of goods that may enter the commerce of the United States for a specific period, usually a year. An example of an absolute quota would be certain wearing apparel from China.
- Tariff rate quotas permit a specified quantity of imported merchandise to be entered at a reduced rate of duty during the quota period. Once the tariff-rate quota limit is reached, goods may still be entered but at a higher rate of duty. Some examples items subject to a tariff rate quota are brooms, ethyl alcohol, olives and tuna.
- Many free trade agreements and special trade legislation establish tariff preference levels (TPL), which CBP administers like tariff rate quotas. An example of a TPL would be textile articles manufactured or produced in designated countries that would fall under an International Free Trade Agreement such as CBI (Caribbean Basin Initiative) or ATPA (Andean Trade Preference Act).

Source: The above referenced CBP document dated 09/29/06 may be found at the following link:
http: / /www.cbp.gov/xp/cgov/import/textiles_and_quotas/quota_restrict.xml

TRANSPORTATION UPDATE

November 2006

Far East
The Far East market is still running strong. Carriers are running at nearly 100% capacity on all water services to the U.S. east coast. Vessels to the west coast are operating at a high capacity but not as full as to the east coast. The carriers have announced that they plan to extend the Peak Season Surcharge through the end of February 2007. This is posturing by the carriers; however it could come to pass, especially on all water service to the USA east coast.

Samuel Shapiro & Company, Inc. and our overseas agents 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.

Carriers will raise the Alameda Corridor Surcharge (ACS) on November 24, 2006.
20' container from $17.00 to $18.00
40' standard and HC from $34.00 to $36.00
45' containers or any other size from $ 38.00 to $40.00

Northern Europe

Bunker fuel surcharges will be reduced to the following levels on November 16, 2006 – December 15, 2006 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

They will be reduced on November 16, 2006 as follows:

- East Coast Ports 20' containers $395.00
- East Coast Ports 40', 40' HC and 45' containers $790.00
- West Coast Ports 20' containers $593.00
- West Coast Ports 40', 40' HC and 45' containers $1186.00

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

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 are still problems in Brazil. Capacity has been withdrawn by Maersk and this has caused space to tighten up. Carriers have been omitting Rio Grande do Sul port in Brazil lately due to various delays. There have been several vessel calls that have been cancelled creating a backlog at the port.

Air News

Fuel surcharges are going down worldwide for a change.

Fuel surcharges from Europe are down to EUR 0.55/kg.

Carriers from Europe will be reducing the flights for the winter season.

Domestic USA

There is still 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.

East Coast Ports See Significant Growth Resulting from 2002 West Coast Lockout

The 2002 West Coast lockout has spiked significant growth throughout the East Coast Ports and continues to soar through focused strategy efforts and improvements to infrastructure. Shapiro has offices at each of the top four ports!

Leading the group is Savannah whose container volume has risen by 107 percent from 2000 to 2005. Much of their success is attributed to attracting retailers, such as Home Depot, IKEA and Target, to establish new distribution centers near Savannah. Most recently, the port has completed the Container Berth 8 facility, which is the largest single facility of its kind on the East or Gulf coasts.

Second in line is the Port of New York and New Jersey, which has shown a growth of 51 percent. This is attributed to an increase in cargo from Asian markets and an increase in all water services to the port. The port has been steadily under construction to improve roadways, railways, has deepened their channels to 50 feet and added an on-dock intermodal ExpressRail service at four of their largest terminals.

Virginia is third showing a growth of 47.1 percent during the same time frame. This port has also deepened its channels to 50 feet, expanded existing terminals and has plans to construct new ones as part of a three-phase plan that is anticipated to be completed in 2025.

Pulling in fourth is Baltimore showing a growth of 38.6 percent in the past five years. The additional all-water services of Evergreen and Mediterranean Shipping Company have contributed to increased container volumes from Asia. A new container berth with a 50-foot channel will be completed in three years allowing the port to handle up to 10,000 TEUs.

SAMUEL SHAPIRO & COMPANY, INC. NEWS

There is still time to register for Shapiro's Import Essentials Seminar!

Don't miss Shapiro's last seminar of 2006! There are plenty of seats left! After our overwhelming success in Virginia, Maryland, and Atlanta, Secaucus will be the last

stop for our Import Essentials Seminar program! New Shapiro seminar programs will be released for 2007.

This one-day import seminar will be held on Wednesday, November 15, 2006, from 9:00 a.m. to 4:00 p.m., at the Crowne Plaza Hotel in Secaucus Meadowlands, New Jersey.

The Import Essentials seminar will discuss how to be a compliant importer and will feature a bonus session, "What's New with C-TPAT." The bonus C-TPAT session will include the latest information regarding the C-TPAT portal, program benefits, and best practices. Seminar topics will include importer responsibilities under reasonable care, how to establish a compliance program, and Incoterms, among others. This event is a must attend for experienced and novice importers alike looking to improve their import compliance program or exporters interested in learning about import opportunities.

Seminar Location:

Crowne Plaza Hotel Secaucus – Meadowlands 2
Harmon Plaza
Secaucus, New Jersey 07094
Hotel tel: (201) 348-6900

The Crowne Plaza Hotel Meadowlands is just 4 miles from New York City and located just 2 min away from Giants Stadium Meadowlands Sports Complex. The Crowne Plaza is also 20 minutes away from Newark Airport, 40 minutes from LaGuardia Airport and 50 minutes from J.F.K. Airport.

Cost (includes seminar materials, lunch, and refreshments):
$225 per person
$200 for each additional attendee from the same company

Register Now! Click on the link below:
http: //www. shapiro.com /html /ImportEssentialsSeminar.html

For more information or to register by phone, contact Jane Taeger at 800-695-9465 ext. 290 or by email at jane@shapiro.com.