Samuel Shapiro & Company, Inc.

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"SHAP" TALK

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TRADE NEWS

International Trade Questions – Test Your Knowledge

1. Name the top 3 exporting countries (based on value of goods sold)?

2. How many Free Trade Agreements (FTA's) does the U.S. have in place?

3. Name the U.S. FTA's currently in place?

4. What FTA's are awaiting Congressional approval?

5. Name the top 5 countries that the U.S. imports from?

6. Name the top 5 countries that the U.S. exports to?

7. Did the State of Maryland export more Tractors or Armored Vehicles in 2006?

(Answers are at the end of this newsletter.)

C-TPAT Cost/Benefit Survey

U.S. Customs & Border Protection has posted to their website the long awaited results to the Customs-Trade Partnership Against Terrorism (C-TPAT) Cost/Benefit Survey conducted earlier this year with C-TPAT certified members – importers, carriers, service providers, and foreign manufacturers. The survey asked about companies' procedures prior to joining C-TPAT, motivations for joining C-TPAT, C-TPAT implementation and maintenance costs, and the benefits of participation in the program.

Over half of the respondents had implemented most or nearly all of the C-TPAT program criteria PRIOR to applying for membership. This means you may already have what it takes to join C-TPAT!

60% of respondents said it was somewhat or very easy to implement the C-TPAT program.

One third of businesses said the benefits outweighed the costs. About a quarter reported a break-even point. Over a third of importers said participation in C-TPAT had decreased the number of cargo inspections. These importers reported their examinations had decreased by more than half. The survey reflected that the longer a company was in C-TPAT, the greater the decrease in number of inspections.

Other tangible benefits included increased supply chain visibility (29.4%), increased ability to predict lead time (24.3%), increased ability to track orders (22.2%), and decreased disruptions to the supply chain (28.9%).

85.5% of importers said their companies' ability to assess and manage supply risk has strengthened as a result of joining C-TPAT. Over 96% of businesses reported they would definitely or probably stay in the C-TPAT program. 91.5% of businesses said they have never considered leaving C-TPAT.

To learn more about how to join C-TPAT, please attend our seminar on October 4th in Atlanta (see below for information) or contact us at consulting@shapiro.com.

The survey is available at (this is a large document and will take time to download): http://www.cbp.gov/linkhandler/cgov/import/commercial_enforcement/ctpat/ctpat_cost_survey.ctt/ctpat_cost_survey.pdf

Inspections of Export Shipments

All exporters must ensure that all merchandise prepared for export is manifested on the commercial invoice and packing list. We have been alerted to discrepancies between the actual shipments and what is declared. U.S. Customs & Border Protection, the Transportation Security Administration and other government agencies are inspecting export shipments without notice, so please be sure your shipping department manifests each and every item shipped for export. If you have any questions, please contact compliance@shapiro.com.

June 2007 Export Statistics Released

The Department of Commerce has released a Fact Sheet which includes interesting Export Statistics for June 2007. U.S. exports of goods and services grew by 11.2% over June 2006. Imports increased only 3.8% in the same period. Certainly the value of the dollar is a contributory factor. See our Transportation article below under Northern Europe news.

Please see the link below for the complete Fact Sheet:
http://www.commerce.gov/s/groups/public/@doc/@os/@opa/documents/content/prod01_003264.pdf

Mexican Truck Pilot Program Not Without Controversy

On September 6, 2007, the U.S. Department of Transportation's Federal Motor Carrier Safety Administration (FMCSA) announced a pilot project to allow Mexican trucking companies to operate in the United States beyond the 25 mile commercial zone that runs along the U.S.-Mexican border. The FMCSA is referring to the pilot program as a "demonstration project."

No more than 100 Mexican trucking companies will be permitted in the year-long project. Each company, vehicle, and driver will be subject to a significant and rigorous safety inspection prior to being admitted to the demonstration project, according to the FMSCA press release. The project is reciprocal in that U.S. trucking companies will be allowed to operate in Mexico for the first time.

Although the DOT states that the Mexican trucks and drivers must meet the same safety standards and requirements as their U.S. counterparts, the demonstration project has many detractors. The Teamsters Union had filed an emergency injunction in August to block the start of the program. The U.S. Justice Department said the Teamsters' filing was "notable for the complete absence of any assertion of immediate and irreparable injury." The injunction request was rejected. The Teamsters state they will continue to fight the demonstration project.

In the meantime, the U.S. Senate recently approved a transportation appropriations bill that would end the demonstration project. The bill passed 88-7. Until the bill becomes law, the trucks can continue to operate according to the FMCSA. The FMCSA called the Senate vote "a sad victory for the politics of fear and protectionism." The demonstration project does not permit Mexican carriers to haul between U.S. points or to carry hazardous materials. Moreover, the project will save consumers time and money by avoiding the usual transshipment procedures at the southern border. The project also opens up the market for U.S. trucking companies to compete in Mexico.

The FMCSA press release is available at:
http://www.dot.gov/affairs/fmcsa0507.htm

Trade Statistics Review Might Bring Possibility of AD Cases Against Vietnam

Back in mid-January of this year, the Department of Commerce (DOC) began monitoring imports of textile and apparel products from Vietnam concurrent with Vietnam's accession to the World Trade Organization (WTO). Commerce is currently monitoring five sensitive product categories – trousers, shirts, sweaters, underwear and swimwear. As part of the program, the Department evaluates imports of these products on a biannual basis for possible dumping.

The first six months of import data is now available and the biannual review is in progress. Data from the start of the program through July has been posted on the Office of Textiles and Apparel (OTEXA) website (http://www.otexa.ita.doc.gov/vn.htm). OTEXA is currently in the process of analyzing the data and anticipates that the review may take several weeks to complete. The DOC will notify all interested parties and the public at large when it is completed.

According to the DOC statistics, Vietnam is in 5th place in the world as a supplier to the U.S. market, behind China, Mexico, India and Indonesia. Total textile and apparel imports from Vietnam January to July 2007 were $2.4 billion, up 25% over the same period last year. If present trends continue, U.S. imports of textiles and apparel from Vietnam in 2007 are likely to reach $4.25 billion, a substantial increase over the $3.4 billion in 2006. These numbers may indicate a possibility of anti-dumping (AD) cases being initiated against Vietnam.

Information concerning the Vietnam Import Monitoring Program available at;

http://ia.ita.doc.gov/download/vietnam-textile-monitoring/vtm-index.html

DOC statistics concerning total textiles and apparel imports Jan-Jul 2007 available at; http://www.otexa.ita.doc.gov/msr/catV0.htm

Congress to Take Legislative Action on Food and Consumer Products from China

U.S. lawmakers have recently introduced bills to ensure the safety of food and consumer products that are manufactured in China and imported into the United States. On a trip to Beijing, China in late August, Representative Rick Larsen, D-Washington, advised Chinese officials of the likely possibility of legislation being enacted during the fall season of 2007.

Congressional action could also include tougher measures and penalties against U.S. importers for violations and for failing to address consumer safety concerns, increased inspections, and increased funding for enforcement agencies.

Following is a summary of some newly introduced bills:

Children's Product Safety Act of 2007 (S. 1833)- This bill will amend The Consumer Products Safety Act to include independent third party testing on any children's toy products and would require a testing certificate for importation into the U.S. Any toy products without said certification would be denied entry into the U.S.

Lead Free Toys Act of 2007 (S. 1306)- This bill would require the Consumer Product Safety Commission to classify any Children's product that contains lead as a banned substance under the Federal Hazardous Substances Act. Products manufactured for children under six years old would be banned if containing more than trace amounts of lead.

Consumer Product Safety Act of 2007 (S. 1847)- This bill, in addition to other measures, would require a minimum fine for failure to comply with a product recall order, a civil penalty of not less than $500 and not more than $5000/violation. It would also increase the maximum civil penalties from $1.25 million to $20 million/violation.

Danny Keysar Child Product Safety Notification Act (H.R. 1699)- The Consumer Product Safety Commission would facilitate recalls of infant and toddler products such as cribs, strollers, bassinets, etc. through a consumer product registration system.

Human and Pet Food Safety Act of 2007 (S.1724/H.R. 2108)- This bill gives the Food & Drug Administration power to recall tainted or defective food products, and to require federal standards and labeling requirements for pet foods. It also has a provision to create an early warning system for notifications to consumers on tainted food products.

Anti-boycott Penalties Should be Avoided

Would you want to see these penalties taken out of your bottom line profits?
$8,600.00 civil penalty
$1,600.00 civil penalty
$9,000.00 civil penalty
$27,000.00 civil penalty

These penalties were recently issued to U.S. firms to settle violations of the anti-boycott provisions of the Export Administration Regulations (EAR). Penalties like these can be avoided by your company complying with the anti-boycott laws enacted by Commerce.

The anti-boycott laws were adopted to encourage, and in specified cases, require U.S. firms to refuse to participate in foreign boycotts that the United States does not sanction. They have the effect of preventing U.S. firms from being used to implement foreign policies of other nations which run counter to U.S. policy

The anti-boycott provisions of the EAR prohibit U.S. persons from complying with certain requirements of unsanctioned foreign boycotts, including providing information about business relationships with Israel and refusing to do business with persons on boycott lists. The EAR also requires that persons report their receipt of certain boycott requests to the Department of Commerce.

These provisions apply to all "U.S. persons," defined to include individuals and companies located in the United States *and their foreign affiliates*. These persons are subject to the law when their activities relate to the sale, purchase, or transfer of goods or services (including information) within the United States or between the U.S. and a foreign country. This covers U.S. exports and imports, financing, forwarding and shipping, and certain other transactions that may take place wholly offshore.

Conduct that may be penalized under the anti-boycott laws or prohibited under the EAR includes:

Agreements to refuse or actual refusal to do business with or in Israel or with blacklisted companies.

Agreements to discriminate or actual discrimination against other persons based on race, religion, sex, national origin or nationality.

Agreements to furnish or actual furnishing of information about business relationships with or in Israel or with blacklisted companies.

Agreements to furnish or actual furnishing of information about the race, religion, sex, or national origin of another person.

Implementing letters of credit containing prohibited boycott terms or conditions.

Your company should review all documents and requests carefully and check out any language that asks you to do something out of the ordinary. Don't comply with these requests until they are checked out to confirm they do not violate any provision of the anti-boycott laws. If you need further assistance, please contact compliance@shapiro.com

Examples of boycott requests and additional information can be found on the BIS website at: http://www.bis.doc.gov/antiboycottcompliance/oacrequirements.html

For penalty guideline information, please see related ShapTalk article from August 2007 on Anti-boycott penalty guidelines.
http://www.shapiro.com/docs/ShapTalk64.pdf

United Arab Emirates New Import and Export Control Law

The United Arab Emirates (UAE) has enacted a new law governing the import and export of goods, which gives authorization to "to ban or restrict the importing, exporting or re-exporting of any commodity for reasons related to safety, public health, environment, natural resources, national security or for reasons related to the UAE's foreign policy."

Federal Law No. 13 of 2007 falls into 4 Parts. Part 1 defines technical terms used in the Strategic Commodities List; Part 2 includes three lists of commodities, of arms, military equipment and hardware, chemical and biological commodities and dual-use commodities which refer to items that may be used for both civil and military purposes. Part 3 specifies the penalties for violation of this law and Chapter 4 provides for the issuance by the Cabinet of relevant regulations which shall be published in the Official Gazette within one month from the issuing of the law.

For additional information, please refer to the Emirates News Agency Website.

Source: *International Trade Law News dated Friday, August 31, 2007, posted by Douglas N. Jacobson*

COMPLIANCE CORNER

What is Your Targeting Score?

Did you know that every shipment that comes into the United States is assigned a score? While Customs & Border Protection (CBP) may not physically examine every shipment, all shipments are run through a targeting database and screened electronically. The Automated Targeting System (ATS) is a module that is part of the Treasury Enforcement Communications System, the law enforcement information collection, risk assessment, and information sharing repository. ATS is a decision support tool that compares traveler, cargo, and conveyance information against intelligence and other enforcement data.

ATS has six separate components to screen and identify high risk inbound and outbound cargo, conveyances, and travelers. In the case of cargo and conveyances, the screening results in a risk assessment score. The higher the score, the higher the likelihood for an examination. No score is assigned to travelers.

ATS evaluates shipment data through the use of over 300 risk-based rules based on investigatory and law enforcement data, intelligence, and past case experience. The information is gathered from the vessel, rail, truck and air manifests, and entry data, among others. ATS is used to target potentially high risk cargo entering, exiting, and transiting the U.S. ATS will analyze all the data related to an individual shipment and rank the data in order of risk. The system determines which cargo should be scrutinized upon arrival or even at the overseas port as part of the Container Security Initiative. ATS scores have certain thresholds such as document review or physical inspection.

How can you affect your score? Your compliance history is a key factor. If you have had compliance issues in the past such as country of origin marking violations or classification issues, your score will be higher. You also want to be sure your company name appears on the bill of lading or airway bill precisely as it appears on your Customs bond. Even something as simple as ABC Corp. versus ABC Corporation will create a mismatch and throw up a red flag for your shipment. The number one means to lower your targeting score is to join C-TPAT, the Customs-Trade Partnership Against Terrorism. Please contact us at compliance@shapiro.com to discuss how we can help you lower your targeting score and avoid costly exams.

TRANSPORTATION NEWS

Transportation Update – October 2007

FAR EAST NEWS:

HONG KONG CONSOL: 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. Service moves on the MOL/HYUNDAI service and has very reliable transit time.

SHENZHEN: Shenzhen is on its way to being one of the largest ports in the world. This was a small fishing village which has now become a huge port city. Ranked number. four after Singapore, Hong Kong, and Shanghai, Shenzhen continues to grow each year.

QUALITY PACT: The U.S. and China have been in talks regarding improving the safety of products exported from China to the U.S. The Chinese have promised to strengthen inspections and work with the Consumer Product Safety Commission. This was been brought to light after many products were recalled due to design flaws.

THE MEDITERRANEAN RATES:

We have been advised by our some of our contract carriers in the Mediterranean region of the following General Rate Increases. (The region incluyes: Russia, Ukraine, Romania, Bulgaria, Kazakhstan, Moldova, Belarus, Armenia, Georgia, Tajikistan, Turkmenistan, Italy, Cyprus, Albania, San Marino, Slovenia, Egypt, Bosnia, Herzegovina, Syria, Serbia, Montenegro, Croatia, Turkey, Israel, Lebanon, Macedonia, Greece, Malta, Libya, Tunisia, Algeria, Spain, Portugal, Morocco, Andorra, Gibraltar, and France.)

Effective 10/1/07, Mediterranean to USA will have a GRI

PC20 $400.00
PC40 $600.00

Effective 10/1/07, Mediterranean to USA will have a increased BAF

East Coast:
PC20 $525.00
PC40 $1,050.00
West Coast:
PC20 $585.00
PC40 $1,170.00

Regrettably, we are required to announce that we have put this surcharge in our tariff as well. Please note we are having discussions and negotiations to mitigate and will notify you accordingly.

NEWS:
ITALY CONSOL: Samuel Shapiro & Company, Inc. has direct service for LCL cargo from Italy to Baltimore without the congestion of New York. Service moves on the MSC service with very competitive rates.

SOUTH AMERICA
NEWS:
Evergreen Lines ended their call from Itajai, Brazil to the U.S. They will be calling São Francisco do Sul instead.

NORTHERN EUROPE
RATES:
The Trans-Atlantic Conference Agreement (TACA) has announced the following: We have been advised by our contract carriers in the Northern Europe region that based upon the latest monitoring of fuel prices, TACA's Bunker Adjustment Factor (BAF), will be adjusted to the following levels as of September 16, 2007:

Traffic to/from and via:

Atlantic/Gulf Coast Ports	Pacific Coast Ports
$607 per 20ft container	$911 per 20ft container
$1214 per 40/45ft container	$1822 per 40/45ft container
WM $61.00	WM $91.00

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

Regrettably we are required to announce that we have put this surcharge in our tariff as well.

NEWS: The Journal of Commerce reports that the usually weak eastbound trade from the U.S. to Europe is increasing rapidly this summer as the low value of the dollar stimulates Europe's demand for U.S. exports. In contrast, westbound trade, which has traditionally supported carrier profits, is barely growing as the slowing U.S. economy and weak dollar put a damper on demand

NORTH AMERICA
NEWS:
TSF Increase: The terminal security fee (TSF) for the port of Norfolk has increased. Effective October 6, 2007 the TSF will be $5.00 / container. We are required to announce that we have put this surcharge in our tariff as well.

New York Terminal Raising Charges: New York terminals will be raising certain charges on October 1, 2007. Demurrage charges for all container sizes will increase from $98.00 to $101.50 for the first 4 days, then $145.00 to $150.00 for the next four days, and from $295.00 to $303.50 for 10 or more days.

SAMUEL SHAPIRO & COMPANY, INC. NEWS

News from Our Savannah Office

The 40th annual Georgia Foreign Trade Conference (GFTC) will be held at The Cloister on Sea Island, Georgia, January 13 – 15, 2008. The GFTC offers business sessions for all levels of professionals engaged in the transportation and logistics fields. This powerful conference welcomes ocean carriers, ports, terminal operators, government agencies, financial institutions, shippers, stevedores, railroads, trucking companies, forwarders and many others. This is an outstanding opportunity to network, learn and share ideas.

For more information, please visit www.gaforeigntrade.com for registration information.

New Feature! Our Employee of the Month

Samuel Shapiro & Company, Inc. continually works to develop, challenge, and inspire all of our employees to grow individually and with the Company. As part of our commitment to our family and corporate values, we focus on continuous empowerment and recognition of our employees. We will begin sharing with you the names of employees who are being recognized with every issue of Shap Talk.

This month, we would like to recognize Tracy Sauers, our Savannah Branch Manager, for her outstanding performance and contributions. We encourage you to provide us with employee feedback! Please email us at hr@shapiro.com.

There is still time to register!
Shapiro's Atlanta C-TPAT Workshop is on October 4th!

Want to become a C-TPAT member but not sure how to get started? Uncertain what information should be included in your security profile? Need help navigating the Customs C-TPAT portal?

Samuel Shapiro & Company, Inc. kicked off its 2007 C-TPAT workshop series this May in Baltimore, followed by Philadelphia in June. The final C-TPAT workshop will be held on October 4, 2007, from 9 a.m. to 3 p.m. at the Doubletree hotel in Atlanta, Georgia.

The C-TPAT workshop will provide importers with the tools to effectively evaluate the security of their supply chains, analyze the results, communicate with business partners, and develop improvement plans. We will supply you with step-by-step instructions plus the materials to create your own security profile and application for admission to C-TPAT!

Seminar Location:
Doubletree Club Atlanta Airport
3400 Norman Berry Drive
Atlanta, Georgia 30344
Hotel Telephone: 404-763-1600

Cost (includes seminar materials, lunch, and refreshments):
$450 per person

Register Now! Click on the link below:
http://www.shapiro.com/html/SeminarCTPAT4Oct2007.html

For more information contact the Compliance Department by phone at 800-695-9465 ext. 290 or by email at compliance@shapiro.com.

Answers – International Trade Questions

1. United States, Germany, China

2. Nine

3. Israel, NAFTA, Jordan, Chile, Singapore, Australia, Morocco, CAFTA-DR, Bahrain

4. Peru, Colombia, Panama, Republic of Korea (Oman pending implementation)

5. Canada, China, Mexico, Japan, Germany

6. Canada, Mexico, Japan, China, United Kingdom

7. Armored Vehicles were the 2nd highest export from Maryland in 2006. Tractors were 19th.

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.