



“SHAP” TALK
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In this issue:

TRADE NEWS

AES Final Rule: Mandatory Filing of Required Electronic Export Information Effective July 2, 2008

Customs Announces Online Trade Violation Reporting System

GSP – Office of Trade Initiates a Review to Consider Vietnam

100% Scanning and Container Security

Air Cargo Security Initiative-Canada

CBP’s Textile & Apparel Enforcement Statistics for First Half of Fiscal Year 2008

COMPLIANCE CORNER

Binding Rulings

TRANSPORTATION UPDATE

Editorial on Fuel

July 2008 Update

SAMUEL SHAPIRO & COMPANY, INC. NEWS

We still have four seminars left in 2008...Register today!

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TRADE NEWS

AES Final Rule: Mandatory Filing of Required Electronic Export Information Effective July 2, 2008

Are you ready for full electronic filing of all required export information? The time has come and exporters must be aware of the new Foreign Trade Regulations effective July 2, 2008. Enforcement of these regulations is scheduled to take effect October 1, 2008. The Federal Register Notice was posted on June 2, 2008 with the Final Rule for Mandatory Automated Export System (AES) Filing for All Shipments Requiring Shipper's Export Declaration Information.

Jerry Greenwell, Trade Ombudsman for the Foreign Trade Division of Census, stated at a recent AES Compliance seminar in Dulles, VA, that exporters simply cannot do things the old way. They need to know who files, what to file, and when to file it. It is important that exporters making an international sale know that Electronic Export Information (EEI) is being filed on their behalf and in accordance with the new filing time frames. Exporters can no longer assume it is being filed and being filed correctly. There are now strict penalties that will be assessed to all parties involved for non-compliance.

A few of the most significant changes in the Foreign Trade Regulations are mandatory electronic filing of EEI through the AES system (a paper SED is no longer valid - even on the border), the pre-departure time frames for filing the EEI, and the civil and criminal penalties, which will be enforced as of October 1, 2008.

Mandatory Electronic Filing: The paper SED form 7525-V, Shipper' Export Declaration is obsolete. Frankly, most forwarders have not used this form for years. Now, it is law to file the EEI though AES electronically and provide the exporting carrier with the ITN number or exemption citation within the specified time frames (see below).

Required Pre-Departure Filing: Under FTR 30.4 (b):

Vessel cargo: the USPPI or the authorized agent/forwarder shall file the required EEI and provide the filing citation or exemption legend to the exporting carrier **twenty-four (24) hours prior** to loading cargo on the vessel at the U.S. port where the cargo is laden. The State Department requires 24 hours prior to departure for items on the USML-(see 22 CFR 120 through 130, in particular 123.22 under the International Traffic in Arms Regulations for specifics).

Air cargo: including cargo being transported by Air Express Couriers, the USPPI or the authorized agent/forwarder shall file the required EEI and provide the filing citation or exemption legend to the exporting carrier no later than **two (2) hours prior** to the scheduled departure time of the aircraft. The State Department requires 8 hours prior to departure for items on the USML-(see 22 CFR 120 through 130, in particular 123.22 under the International Traffic in Arms Regulations for specifics).

Truck cargo: including cargo departing by Express Consignment Couriers, the USPPI or the authorized agent/forwarder shall file the required EEI and provide the filing citation or exemption legend to the exporting carrier no later than one **(1) hour prior** to the arrival of the truck at the United States border to go foreign. The State Department requires 8 hours prior to departure for items on the USML-(see 22 CFR 120 through 130, in particular 123.22 under the International Traffic in Arms Regulations for specifics).

Rail cargo: the USPPI or the authorized agent/forwarder shall file the required EEI and provide the filing citation or exemption legend to the exporting carrier no later than two **(2) hours prior** to the time the train arrives at the U.S. border to go foreign. The State Department requires 24 hours prior to departure for items on the USML-(see 22 CFR 120 through 130, in particular 123.22 under the International Traffic in Arms Regulations for specifics).

Mail and cargo shipped by other methods: except pipeline, the USPPI or the authorized agent shall file the required EEI and provide the filing citation or exemption legend to the exporting carrier no later than **two (2) hours prior** to exportation.

****Please Note on pre-departure filing:** Forwarders/authorized agents will have their own time frames where they must obtain the information from the USPPI to file the Electronic Export Information through the Automated Export System (AES) in order to meet the deadlines for submission to the export carrier. For example, the Shapiro internal time frame for vessel cargo is the cut off date. We have already received notices from various steamship lines advising that they must have the ITN number or exemption legend by the cut off date or they will not load the freight. Exporters need to be aware that information may be needed sooner to meet these deadlines because penalties will now be issued for not meeting these filing deadlines. Under the Foreign Trade Regulations, carriers must not accept cargo without the ITN or exemption legend.

Civil Penalties may be assessed to the USPPI, Authorized Agent or the exporting carrier for unintentional failure to file or late filing of the EEI and other violations. For these situations, a civil penalty not to exceed \$1,100 for each day of delinquency would be assessed, but not more than \$10,000 per violation. Other violations would be up to \$10,000.00 per violation.

Criminal Penalties may be assessed to the USPPI, Authorized Agent or the exporting carrier for knowingly providing false information or fraudulent reporting or misuse of the Automated Export System. For these situations, penalties are up to \$10,000.00 per violation or imprisonment for not more than 5 years or both.

The Foreign Trade Regulations were written to clarify specific items and they have provided extremely useful appendixes for the trade. Below are some terms to be aware of in the new FTR.

EEI-Electronic Export Information. This is the export information (formerly found on the Shipper's Export Declaration-*SED*) that is now required to be electronically filed through the Automated Export System (AES).

FTR-Foreign Trade Regulations (CFR 15, Part 30), formerly known as the Foreign Trade Statistics Regulations.

ITN-Internal Transaction Number. The ITN Number is a unique transaction reference number that AES provides to indicate that AES has accepted your shipment. Under the Final Rule, only the ITN is accepted as proof of filing.

Exemption Legend or Exemption Citation-A notation placed on the bill of lading, air waybill, export shipping instructions, or other commercial loading document that describes the basis for not filing EEI for an export transaction.

USPPI-U.S. Principal Party In Interest. The USPPI is the person in the U.S. who is the manufacturer, seller, order party, or primary benefactor of the export transaction. The person in the United States that receives the primary benefit, monetary or otherwise, of the export transaction. The order party can be a FPPI, if in the U.S. at the time the goods were obtained or purchased for export.

FPPI-Foreign Principle Party In Interest. The Foreign Principal Party in Interest is the foreign entity that has the vested interest or purchases merchandise from a U.S. Manufacturer through a forwarder or an agent.

Standard or Direct Export Transaction- The U.S. Principal Party in Interest (USPPI) receives payment from a foreign buyer and files the export information or appoints an authorized U.S. agent/Forwarder to prepare and file the EEI. If the USPPI authorizes an agent to file on its behalf, the USPPI must provide the agent a written authorization or power of attorney, as well as make the necessary license determination on the product, if a license is required.

Note: In this type of transaction, the USPPI files the EEI record or authorizes an U.S. Agent (Forwarder) to file the EEI. Be sure to keep your record of filing or request that your forwarder provide a record of the EEI filing. Samuel Shapiro & Company, Inc. provides an automated email directed to any individual in your company that needs to verify this information. We include the ITN and pertinent details of the transmission to AES.

Routed Export Transaction- A routed export transaction is when the Foreign Principal Party in Interest (FPPI) authorizes the forwarder, or other agent, to facilitate the movement of the goods out of the country. The FPPI provides Power of Attorney (POA or Written Authorization) to the forwarder, or agent to act on their behalf. There are separate responsibilities for the U.S. Principal Party in Interest and authorized agent in a routed export transaction.

Note: The Foreign Principal Party In Interest (FPPI) authorizes an U.S. agent (Forwarder) or USPPI to file the EEI. The USPPI (normally seller) must be sure in this type of transaction that the EEI is being filed on their behalf if they are not doing the filing.

We have tried to provide some of the most significant terms and sections in the new Foreign Trade Regulations. The full text from the Federal Register dated June 2, 2008 can be found at:

<http://www.census.gov/foreign-trade/regulations/regs/regulations20080602-federalregister.pdf>

If you have any questions regarding the new Foreign Trade Regulations or the filing of your Electronic Export Information, please don't hesitate to contact compliance@shapiro.com for assistance.

Customs Announces Online Trade Violation Reporting System

U.S. Customs & Border Protection (CBP) has unveiled a new online reporting system that allows the public to confidentially inform CBP of suspected trade violations. The system is called e-Allegations and may be found at: http://www.cbp.gov/xp/cgov/trade/trade_programs/e_allegations/

Customs cautions that e-Allegations is for trade violations only and should not be used to report suspected terrorist activities or if there is an immediate threat to the health and/or safety of the public. In those instances, a call should be placed to 1-800-BE-ALERT (1-800-232-5378).

The types of violations to be reported via e-Allegations include antidumping/countervailing, classification, country of origin, merchandise description, intellectual property rights, prohibited items, smuggling, textiles (e.g., quota evasion), valuation, or health and safety. An example of a potential health and safety issue would be an importation of substandard steel with a claim that it is of a higher grade.

Submissions may be made anonymously. Although the form has fields for name, phone number and e-mail address, these are optional.

GSP – Office of Trade Initiates a Review to Consider Vietnam

On June 20, 2008, the office of the U.S. Trade Representative posted a notice in the Federal Register announcing the initiation of a review to consider designating the Socialist Republic of Vietnam as a “beneficiary developing country” (BDC) for the purposes of the GSP program. The notice was also posted to solicit public comments on whether Vietnam meets certain eligibility criteria for designation as a BDC. If you

would like to comment, all comments are due by Monday, August 4, 2008 and must be submitted in accordance with the requirements set out by the Office of Trade.

The GSP Subcommittee of the Trade Policy Staff Committee initiated the review in order to make a recommendation to the President as to whether Vietnam meets the eligibility criteria of the GSP statute. After considering the recommendation, the President is authorized to, and may, designate Vietnam as a BDC for purposes of the GSP program.

The trade benefits of the GSP program are available to any country that the President designates as a BDC for purposes of the GSP program. In designating countries as BDC's, the President must consider among other factors, the criteria set forth in section 502(c) of the Trade Act of 1974. This notice lists the criteria in section 502(c) along with several items that the President must take into account before determining whether to designate a country as a GSP BDC.

In addition to the information noted above, the notice outlines the "Requirements for Submissions" of comments. For more information, the link to this notice is available below.

http://frwebgate.access.gpo.gov/cgi-bin/getpage.cgi?dbname=2008_register&position=all&page=35173

100% Scanning and Container Security

The SAFE Port Act signed by President Bush in October 2006 includes the Secure Freight Initiative (SFI) that calls for 100% scanning of all inbound containers by July 1, 2012. In the first pilot phase of SFI to test its feasibility, the U.S. placed radiation detection and container imaging equipment in three ports – Port Qasim, Pakistan; Puerto Cortes, Honduras; and Southampton, Great Britain. These three ports enjoyed "considerable host nation cooperation, low transshipment rates, and technology and infrastructure costs covered primarily by the United States government – accommodating and supportive conditions that do not exist in all ports shipping to the United States," according to testimony by CBP Deputy Commissioner Jayson Ahern before Senate subcommittees. 100% scanning has a host of challenges ranging from weather conditions to who bears the costs to transmitting real-time scanning data to the U.S. for assessment by the National Targeting Center. CBP Commissioner Ralph Basham said, "Several diplomatic, technical, and logistical challenges remain and will affect future deployments." Transshipped cargo is one of the large obstacles to 100% scanning.

On the positive side, containers arriving from the three pilot ports enjoyed a lower rate of examination than containers originating from non-SFI locations.

On June 20, 2008, Senators Frank Lautenberg (D-NJ) and Robert Menendez (D-NJ) introduced new legislation, the Port Authority Implementation Act (S. 3174), aimed at

creating minimum security standards for all containers entering the U.S. Containers that fail to meet the standards would be denied entry. The bill includes a requirement that cargo be monitored from the moment it is packed into the container until it reaches its destination in the U.S.

Senate press release on the DHS report on 100% Cargo Scanning Pilot:

http://hsgac.senate.gov/public/index.cfm?FuseAction=PressReleases.Detail&Affiliation=C&PressRelease_id=c3158b2b-903e-498c-b58f-34e4ce4ccec3&Month=6&Year=2008

Press release on the Port Authority Implementation Act:

<http://lautenberg.senate.gov/newsroom/record.cfm?id=299585&>

Air Cargo Security Initiative-Canada

On June 2, 2008, Transport Canada announced that the Secure Supply Chain Management System (SSCMS) is available for Industry use. This is part of Canada's Air Cargo Security (ACS) initiative two pronged approach to develop and enhance a comprehensive Air Cargo Security program that assures the safety and security of the traveling public, and facilitates the efficient flow of goods in and out of Canada.

Transport Canada, with the support of the Canada Border Services Agency, is responsible for the ACS Initiative. Shippers, freight forwarders and air carriers within the Canadian air cargo supply chain operating in and from Canada comprise the primary industry participants involved in the ACS Initiative.

Transport Canada notes that the Secure Supply Chain Program, the primary project of the ACS Initiative, will establish new standards for:

- enhanced air carrier programs;
- a freight forwarder program; and
- a shipper program.

The other piece of Canada's ACS initiative is Air Cargo Screening. This certainly sounds very similar to the U.S. TSA program and other countries' air security initiatives. Canada plans to evaluate how the SSCMS operates with other supply chain security initiatives including the U.S. Known Shipper Management System.

Exporters should know that their air cargo is subject to screening in the U.S., Canada and a host of other countries. This may mean additional questions asked about your company and the cargo, and it may mean possible delays.

A list of FAQ's about Canada's ACS program can be found on Transport Canada's website at: <http://www.tc.gc.ca/Vigilance/acs-sfa/aircargosecurity/faqs/menu.shtml>

CBP's Textile & Apparel Enforcement Statistics for First Half of Fiscal Year 2008

U.S. Customs & Border Protection (CBP) recently posted its textile and apparel enforcement statistics report for the period from October 1, 2007 through March 31, 2008 on its website. The statistics are the result of CBP's efforts to decrease transshipments and quota circumventions, to decrease country of origin marking violations, and to minimize opportunities for fraud in trade preference programs. CBP has once again named textiles and apparel as a priority trade issue for fiscal 2008.

The report lists the following statistical information:

- Seizures related to quota violations increased to 132 in the second quarter vs. 88 in the first quarter, which represents a value increase from \$13.8 million to \$20.5 million.
- Seizures related to intellectual property rights violations rose to 1,393 in the second quarter vs. 1,361 in the first quarter. The values of the seizures were \$6.91 million and \$6.95 million respectively.
- There were 14 commercial fraud penalties issues in the first quarter at a value of \$165,460.00, and 12 issued in the second quarter at a value of \$2.6 million.
- CBP's Textile Production Verification Team visited 2 countries in the first quarter and 5 in the second quarter to investigate illegal transshipments. 42 factories were visited in the first quarter and 59% of those were found discrepant. In the second quarter 266 factories were visited and 67% were discrepant.
- The Textile Production Verification Team also visited 3 countries in the first half of 2008 to investigate trade preference claim violations. They visited 21 factories in the first quarter vs. 18 in the second quarter. Of those visited 38% were found discrepant in quarter 1 vs. 11% in quarter 2. The investigations were related to violations of the US- Dominican Republic- Central America Free Trade Agreement (DR-CAFTA) and the African Growth and Opportunity Act (AGOA).
- 2,922 shipment examinations were completed in the first quarter and 445 shipments were discrepant, which represented 15% of those examined. In the second quarter 2,531 shipments were examined and 459 were discrepant, which represented 18% of those examined.
- Lab analyses were completed on 777 samples for the period and approximately 42% were found to be discrepant.
- CBP completed 9 audits in the period, which resulted in recommended recoveries of \$11,192.00.
- CBP Initiated 3 Special Enforcement Operations in the first quarter and 4 in the second. Of those, 2 were completed in the first quarter and 1 was completed in the second. No details were published concerning the nature of the operations.

For more information or to view the statistical information, please visit CBP's website: http://www.cbp.gov/xp/cgov/trade/priority_trade/textiles/textile_apparel_stats.xml.

COMPLIANCE CORNER

Binding Rulings

Under Section 484 of the Tariff Act, as amended (19 U.S.C. 1484), the importer of record is responsible for using reasonable care to enter, classify and value imported merchandise, and provide any other information necessary to enable Customs to properly assess duties, collect accurate statistics and determine whether any other applicable requirement of law is met. The failure of an importer of record to exercise reasonable care may lead to a delay in the release of merchandise or the imposition of penalties.

One of the questions on the Reasonable Care Checklist reads, “Have you obtained a Customs ‘ruling’ regarding the description of the merchandise or its tariff classification (See 19 CFR Part 177), and if so, have you established reliable procedures to ensure that you have followed the ruling and brought it to U.S. Customs and Border Protection’s attention?”

The binding rulings program allows the importing public to receive written determinations by Customs & Border Protection (CBP) for matters involving classification, country of origin, marking, valuation, and free trade agreements. Rulings are binding at all ports of entry. They can be submitted electronically under the eRulings program or via written letter. Ruling requests that require a sample are excluded from the eRulings program.

Rulings are generally issued within 30 days, but could take longer if a laboratory report and consultation with another government agency is needed. Rulings that require referral to CBP headquarters take up to 90 days.

An importer’s failure to follow a binding ruling will be considered to be a lack of reasonable care. Moreover, in a recent decision by the Court of International Trade (Slip Op. 08-63), an importer was subject to penalties for failing to follow attorney advice to seek a binding ruling. The Court stated, “Disregarding the advice of its attorneys demonstrates a lack of reasonable care.”

Binding rulings are not difficult to obtain. For a classification ruling, for example, the request must include names and addresses of all interested parties, country of origin, ports where the merchandise will be entered, and a full and complete description of the goods. A sample of the merchandise should be submitted along with any descriptive literature, if available. Binding rulings must also include a statement that, to the importer’s knowledge, there are no issues on the commodity pending before CBP or any court.

If you are interested in obtaining a binding ruling for any of your transactions, please contact us at compliance@shapiro.com.

TRANSPORTATION UPDATE

Editorial on Fuel

You can hardly turn on the T.V. or radio today without hearing talk about fuel prices. The website www.capitolwords.org, which tracks the most frequently talked about subjects in Congress on a daily basis, reports that the words “energy” and “oil” were the most frequently used words in Congress for 11 out of the 17 working days so far in June. Fuel is at the forefront of public consciousness.

For those of us in the supply chain management business, fuel has never been far from our thoughts, but the issue of today’s rising prices presents both increasing consternation and newfound opportunity. In the relatively stable fuel market of the early millennium, carriers and customers could count on stable prices or at least predictable increases. Furthermore, while a fixed BAF or a trucker with a FSC a few percentage points lower might have been a way to leverage fuel into price negotiations, these weren’t likely to make or break a deal.

Today is a different story entirely. Fuel is rapidly and unpredictably increasing, and we are seeing increased variance of fuel surcharges in the general transportation market, in particular truck and air freight. Ocean BAF rates are also rising, although not as chaotically in part due to FMC filing regulations. BAF rates are generally reviewed on a monthly or quarterly basis now, depending on the carrier. Regardless of mode, securing a quote valid for longer than 30 days today is a real challenge, if not impossible.

We are also seeing carriers begin to use fuel to undercut their competition to a larger degree than before. For example, truckers may propose holding fuel at an artificially low amount for the rest of the year. Call it an effective sales strategy or a risky gimmick, but a 25% fixed FSC these days catches some attention. One must be sure to compare the bottom line in all cases though, as often the fuel is made up for in a higher base rate.

From a forwarder/broker’s perspective, Samuel Shapiro & Company, Inc.’s role is to gauge the current market level for the fuel surcharges across the various modes by quoting several carriers and presenting our customer with the option that best serves their need – whether that is lowest cost, highest quality service, or the best combination of both. In essence, we act as your outsourced logistics arm, taking advantage of the deals where they exist, while qualifying and steering clear of the scams.

Increasing fuel costs are a real operating challenge for carriers, and a burden that is sure to be passed on to customers. The resulting volatility in the transportation market is putting increased pressure on carriers, especially small to medium sized truckers, as they balance managing their operating costs with remaining competitive. However, true to any free market, how we rise to this challenge is sure to produce winners and losers. That is where the opportunity exists for us all.

July 2008 Update

Samuel Shapiro & Company, Inc. now has a Global LCL program for both imports and exports to offer our customers competitive pricing and provide us with the technology that will support us and our customers. We can quote almost immediately and also have access from our website to sailing schedules.

FAR EAST

Please be advised that most carriers are taking a Peak Season Surcharge on July 1, 2008. The published Peak at this time is:

\$320.00/20'
\$400.00/40'
\$450.00/40' HC
\$510.00/45'

As always we will be negotiating to obtain lower Peak on our contracts.

The Government in Beijing has announced air quality measures for the Olympic Games in August and they will affect Logistical operations in a few ways.

- 1) From July 22 – September 22, the Chinese government will be stopping most trucks and cars from driving through Beijing.
- 2) Most factories will be forced to stop production.
- 3) The Chinese government will be limiting any Dangerous Goods cargo.

Therefore, before shipping please make sure cargo is safe for shipping and documentation is 100% correct. There may also be formal inspections on cargo during this time and could cause delays.

The trucker strike in Korea has ended. Truckers will return to normal but most containers have been piled up in container yards and ports during the strike thus causing a back log and delays for some time to come.

Our Inland fuel rate from the Far East for LCL cargo has increased 12% due to the rising fuel costs.

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.

INDIA SUB CONTINENT

Please note that effective July 1, 2008, Safmarine has confirmed the following PSS (Peak Season Surcharge) will apply for all cargo moving from India:

USEC/USG/USWC & Canada
\$200.00/20'

\$250.00/40'
\$285.00/40' HC
\$360.00/45'

MEDITERRANEAN

Maersk has advised as of July 1, 2008, BAF charge will be increased by \$40.00/20' and \$80.00/40' from the Med Region.

Old BAF \$170.00/\$340.00 per 20'/40'
New BAF \$210.00/\$420.00 per 20'/40'

Hapag also announced \$60.00/\$120.00 BAF increase on July 1, 2008 from the Med Region.

Old BAF \$525.00/\$1,050.00 per 20'/40'
New BAF \$585.00/\$1,170.00 per 20'/40'

Zim has announced \$115.00/\$230.00 BAF increase on July 15, 2008 from the Med Region.

Old BAF \$425.00/\$850.00 per 20'/40'
New BAF \$540.00/\$1,080.00 per 20'/40'

Due to inability to reach an agreement for a decrease of diesel/oil costs along with other work issues, truckers associations in Spain have declared to start striking from June 8th, 2008. This strike could potentially cause delays with import container arrivals.

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

Please be aware that this is the Contract Season and all rates are being negotiated at this time. We will advise once the negotiations have ended and we have rates on file. Most lines are taking increases, so be prepared for this.

MSC has announced a BAF increase of \$100.00 per TEU effective July 1, 2008 from Brazil

Zim has also announced a BAF increase of \$80.00/\$120.00 effective July 1, 2008 from all South America and Central American ports.

Hamburg Sud has announced a GRI for July 1, 2008, as follows:

\$300.00/20'
\$500.00/40' or 40' HC

Hamburg Sud has announced a BAF increase for July 5, 2008, as follows:
\$647.00/20'
\$1,294.00/40' or 40' HC

The carriers on the Tango Service (Hamburg Sud, Evergreen, CSAV/Libra) announced that they will stop calling the port of Pecem , Brazil, effective July 20, 2008.

We want to inform our customers of a new process in Brazil. Siscarga (the Brazilian Customs and Marine Merchant integrated system), is affecting the export shipments from Brazil now. Bookings need to be made a week in advance of cut off and information submitted through the Siscarga system. As a result, the carriers are setting their cut offs for one week before the sailing. This may cause problems if shippers do not have cargo available and need it rushed.

NORTHERN EUROPE

On September 25th, 2006, the EU Council of Ministers repealed the block exemption for liner conferences, established by Council Regulation 4056/86, on routes to and from the European Union, to take effect no later than October 18, 2008. In this respect, the TACA Parties have agreed to cease all TACA Conference operations after June 30, 2008 and the TACA tariffs will no longer be applicable effective July 1, 2008. We will now have to refer to individual Carriers' tariffs for governing rules, regulations and rates which will be in effect from July 1, 2008, in the trade between North-Europe and the United States.

French dockworkers have threatened to escalate their two-month campaign of strikes if the government does not respond to their offer to resume negotiations over plans to privatize container handling at seven state-controlled ports. The CGT union, which represents most dockworkers in French ports, has said it is willing to resume talks with the government and port authorities, raising hopes it is ready to call off protests that have crippled cargo movements in the country's ports, including Le Havre, the biggest box hub, since April. Dockworkers have been staging 24-hour strikes every week, but will consider weekly 48-hour stoppages and other actions if the government does not return to the bargaining table.

EXPORT

In today's dynamic shipping market, sometimes it is necessary to make you aware of significant factors affecting our ability to service your business. Unfortunately, this is such a time for those of you exporting full container load ocean shipments from the U.S.

Freight forwarders in the U.S. are currently experiencing significant delays in getting space on board vessels. We have seen this developing in the market since the New Year. In other words, when you call us to make a booking and we contact the steamship line, typically the first available vessel we can book is not for two to three weeks. Gone for now are the days when you can call and expect to make a sailing in the same or next week.

To be clear about this challenge, the reasons for it unequivocally lie with the steamship lines. In general terms, they have reconciled their vessel strings to increase capacity in the Asia to Europe trade lane, subsequently reducing capacity in their other routings. Meanwhile U.S. exports have picked up due to the weakening dollar, which also puts downward pressure on capacity. In combination, there is more demand for space, rates are increasing, and the leverage once again lies with the steamship lines as they choose not to satisfy this burgeoning volume.

In discussion with other freight forwarders, two to four weeks appears to be standard for getting on board a vessel. If you are booking through us, we recommend the following. First and foremost, please give us as far advance notice as possible to make the booking. There is no charge from the steamship line to cancel a booking so long as the equipment is not pulled out. If you can notify us when the order goes into production, we will make the booking that far out. Should it be necessary to cancel, we can do so.

Secondly, the steamship lines typically allow a certain number of container slots per port. If you are willing to consider higher pre-carriage costs in order to make an earlier sailing, then we can try to book out of a port further away. For example, if you normally sail out of Baltimore, you may want to consider New York or Norfolk as alternatives. We can look at alternative ports as well as alternative carriers.

As with any challenge in international logistics, clear open communication is key to success. We ask that you please bear with us through these challenges and know that we will do everything in our power to get you on the earliest vessel possible. There is no foreseeable end to the current environment, so this is a business reality that we will have to work through together.

Please be advised that for Export Cargo all carriers are imposing BAF increases almost monthly. Rates will be re-quoted at the time of booking due to the constant changing of rates.

Domestic

Due to the massive floods in the Midwest, the UP Rail is experiencing delays moving cargo across that region. Repair work will continue and it will be a while before operations are fully restored to normal. They anticipate continued slow orders throughout the area over the coming weeks to allow for repairs to the track, yards, and signal systems. Please be aware that even though shipments are now moving for the most part, there may still be delays.

Please note that with the rising fuel costs, fuel prices are going up weekly with the inland transportation carriers. If you were quoted a fuel surcharge a few weeks ago, the chances are that has gone up since then.

SAMUEL SHAPIRO & COMPANY, INC. – THE LATEST

We still have four seminars left in 2008...Register today!

Half of 2008 is behind us. What have you done for your logistics and compliance program this year?

Be sure not to miss our Transportation & Insurance Seminar in Baltimore on August 14th. The seminar will be presented by Jack Bashkow, Shapiro's Director of Transportation, as well as feature a guest speaker from Avalon Risk Management, a premier provider of insurance and surety.

Continuing with tradition, we will host this seminar the same day as the Annual Propeller Club Crab Feast. So plan on attending our seminar in the morning and enjoying the Crab Feast in the afternoon! Complimentary transportation to and from the Crab Feast will be arranged by Shapiro. We hope you don't miss this opportunity for a day filled with learning and fun!

The following event is our Export Compliance Seminar in Baltimore on September 10th. You will learn about exporter compliance responsibilities and how you can establish a compliance program at your company. There are multiple government agencies responsible for administering and enforcing exports. Know who is involved and what your responsibilities are as a U.S. exporter and the importance of export controls.

Finally, our Import Compliance seminar will be presented and hosted by Jane Taeger, our Director of Compliance. 10+2 will affect every importer and represents a vast change in how and when information is provided to U.S. Customs for each shipment. You won't want to miss our presentation on what 10+2 means to you. Choose from classes in Atlanta on October 14th and New Jersey on November 6th.

Here is our remaining 2008 seminar schedule:

Seminar Topic	City/State	Location	Date
Transportation & Insurance	Baltimore, MD	Tremont Grand Hotel	8/14/08
Export Compliance	Baltimore, MD	Tremont Grand Hotel	9/10/08
Import Compliance and 10+2	Atlanta, GA	Atlanta Airport Marriott	10/14/08
	Fort Lee, NJ	Doubletree Fort Lee	11/6/08

To register, please visit our website at <http://www.shapiro.com/html/2008SeminarSchedule.html> or email compliance@shapiro.com.

We look forward to seeing you soon at one of our events!

Employee of the Month

As previously featured in “Shap” Talk, Samuel Shapiro & Company, Inc. has been sharing with you the names of employees who have been recognized for their exceptional efforts and contributions to our Company. At Shapiro, we continually work to develop, challenge, and inspire all of our employees to grow individually and with the Company. This month, we would like to recognize Tracy Jones, Charleston Import Manager, and Noriene Douglas, Charleston Branch Manager, for their outstanding performance and contributions.

We encourage you to provide us with employee feedback! Please email us at hr@shapiro.com.

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.