SHAP TALK

April 2017 Issue No. 180

In this issue:

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TRADE NEWS:

New Executive Order Targets AD/CVD Violations

U.S. Customs and Border Protection (CBP) will begin to implement "Establishing Enhanced Collection and Enforcement of Antidumping and Countervailing Duties and Violations of Trade and Customs Laws." The Executive Order, signed on March 31, promotes the efficient and effective administration of U.S. Customs and trade laws by establishing enhanced measures to collect duties and a heightened enforcement posture for trade violations that threaten the safety and economic security of the United States.

"The men and women of CBP are committed to enforcing the trade laws of the United States to defend the economic competitiveness of domestic industries against unfair trade practices and dangerous counterfeits that could harm consumers," said Acting Commissioner Kevin K. McAleenan. "This Executive Order gives CBP and our partners at U.S. Immigration and Customs Enforcement important and powerful new tools to further level the playing field for critical U.S. industries."

The Executive Order authorizes the Secretary of Homeland Security, through the Commissioner of CBP to:

- *Develop implementation plans within 90 days to require importers who CBP has determined pose a risk to the revenue of the United States to provide security for antidumping and countervailing-duty liability through bonds;*
- *Develop and implement a strategy and plan for enabling interdiction and disposal of inadmissible goods, including through methods other than seizure.*

Additionally, the Executive Order enhances CBP's authorization to share with rights holders information to determine Intellectual Property Rights infringements or violations, and information regarding merchandise voluntarily abandoned that violates trade laws. The order also directs the Attorney General to develop prosecution practices and allocate resources to treat significant trade law violations as a high priority.

CBP will lead the Department of Homeland Security's efforts to implement the provisions set forth in the Executive Order, in consultation with the Secretary of the Treasury, the Secretary of Commerce, and the United States Trade Representative.

The Executive Order aligns with CBP's operational approach to enhance U.S. economic competitiveness and security by combating U.S. trade violations through detection, determent and disruption of illicit trade practices.

Custom Forms 28 & 29 Being Sent to Importer Only from Various Ports

There has been a long-standing partnership between U.S. Customs and Border Protection (CBP) and the U.S. Customs Brokers that service importers. In the past, CBP would send a courtesy copy of Customs Form 28 Request for Information and Customs Form 29, Notice of Action to the broker of record for the referenced entry. The broker would promptly notify the importer of the "28" or "29" and provide guidance to the importer. This also afforded the broker the chance to review what is being requested by Customs, proposed correction, and any action already taken by Customs to remove future violations. The tide has turned and Customs districts have not been sending a courtesy copy to the broker of record.

Without the broker "safety net" advising importers of "28" or "29" notices from Customs, the importer must ensure a process is in place when the notices are received. Importers have 30 days to respond to a Request for Information and 20 days to respond to a Notice of Action. Inaction can have far reaching consequences such as additional delayed entries, demurrage, detention, and/or penalties if the requested information and action are not taken.

Need some guidance? Here are Shapiro's 7 tips for easing into this Customs process:

- *Confirm with your bond carrier that the filed address information is updated with Customs. If the wrong address is on file, the importer may never receive the notice, or it may be delayed missing crucial deadlines.*
- *Notify your mail room or any employees that handling mail to give any correspondence from Customs to the proper party in your company.*
- *Review form "28" and "29" against the Customs entry referenced to ensure all information is correct.*
- *Provide a detailed response to Customs so they understand everything about your product. If you are unsure about the information being requested, check internally to ensure you are providing the most accurate and detailed answer to Customs.*
- *Run an Automated Commercial Environment (ACE) report in the ACE portal "ESM 7025" to get the status of all CBP Forms 28, 29, 4647 for your account.*
- *In the ACE Secure Data Portal, authorized users can receive and respond to the "28" and "29" notices. A word of caution to the importers utilizing this method: you must log in regularly or schedule a regular report to see new notices have been issued or responded to by CBP. We suggest daily review to ensure your response is timely. If you only check it once per week, you stand the chance of only allowing your organization 15 or 25 days to respond.*
- *Important! Alert your Customs broker(s) of the notice and provide a copy of the response to Customs so your broker can update or review the information submitted and take any action necessary to comply.*

For additional information or assistance, please contact compliance@shapiro.com.

Foreign Supplier Verification Program

Food & Drug Administration (FDA) products imported into the U.S. will be experiencing new regulatory requirements to be implemented on May 27, 2017. The Food Supplier Verification Program (FSVP) rule is intended to be a flexible, risk-based program to verify that foreign suppliers are producing their food in compliance with processes that meet the FDA's standards for preventive controls and safety. The key elements to be established by the FSVP include:

- *Identification of the FSVP Importer for foods brought into the US;*
- *FSVP importer must verify their suppliers are using prevention-based food safety practices.*

The FSVP importer is typically the U.S. owner or consignee of the food offered for import (i.e., owns the food, has purchased it, or has agreed in writing to purchase it). If there is no U.S. owner or consignee at time of entry, the FSVP importer is the U.S. agent/representative of the foreign owner/consignee, as confirmed in a signed statement of consent. The key is that there be a FSVP importer in the United States who takes responsibility for meeting the FSVP requirements.

The final FSVP rule, mandated by the FDA Food Safety Modernization Act (FSMA), requires that an importer provide its legal business name, electronic mailing address, and Unique Facility Identifier (UFI) recognized as acceptable by the FDA for each line entry of food product offered for importation into the United States. The Food and Drug Administration has formally recognized the Data Universal Numbering System (DUNS) number as an acceptable UFI under the Foreign Supplier Verification Program.

The DUNS number, is assigned and managed by Dun & Bradstreet, is available free of charge to importers, and is normally obtained within a few business days. It can be obtained by contacting D&B by phone at 866-705-5711, via email at govt@dnb.com, by visiting D&B's Website or fdadunslookup.com.

There are several product exemptions to the FSVP rule:

- *Juice – Subject to HACCP*
- *Seafood – Subject to HACCP*
- *Research Use Only – Research and evaluation purposes only*
- *Personal Consumption – Transshipped foods*
- *Alcoholic Beverages – ATTB currently retains jurisdiction*
- *Low Acid Canned Foods (LACF) – Micro hazards only*

For further information, please visit the FDA the following resources:

- *Am I Subject to FSVP?*
- *FSVP Dates of Compliance*
- *FSVP Factsheet*

If you have any questions or comments, please contact us at compliance@shapiro.com

Regulatory Reform Task Force Established at FMC

An Executive Order, issued by President Donald J. Trump on February 24, 2017, established a Regulatory Task Force assigned to identifying burdensome, unnecessary, and outdated directives and recommend how they should be remedied.

Acting Chairman of the Federal Maritime Commission (FMC), Michael A. Khouri, designated the agency's Managing Director, Karen V. Gregory, to serve as the Regulatory Reform Officer for a newly established Regulatory Reform Task Force.

"Relief from regulatory requirements that have outlived their usefulness is one of the easiest contributions the Federal Maritime Commission can make to increased efficiencies and creating economic benefits," said Acting Chairman Khouri. "The positive response from what the Commission ordered recently in terms of creating more realistic filing requirements for service contract amendments demonstrates the benefits that can be achieved from simply asking 'is there a better way to do this?"

The Federal Maritime Commission is responsible for regulating the nation's international ocean transportation for the benefit of exporters, importers, and the American consumer. The Commission's mission is to foster a fair, efficient, and reliable international ocean transportation system while protecting the public from unfair and deceptive practices.

ACE Forces Net Weight Accuracy

The Automated Commercial Environment (ACE), Customs' new, single access window, has created changes for importers and their brokerage processing operations. In the ACE environment, information is more transparent to CBP. Furthermore, when an entry is targeted for review, all documentation is now required to be uploaded in the system's new document imaging system (DIS); under the old ACS/ABI framework, documentation was not always physically requested.

Accurate net weight is required and should be properly reflected on the CBP Form 7501 for each entry. Specifically, "When a unit of measure is specified in the HTS for an HTS number, report the net quantity in the specified unit of measure, and show the unit of measure after the quantity figure."

Importers are required to list the net weights per entry line for reportable Harmonized Tariff codes. If your commercial documents do not contain net weight, importers are urged to contact suppliers and request information be included.

Shapiro's entry analysts will request this additional information in an effort to diligently report the most accurate information to Customs on your behalf.

Chinese Imports of Hardwood/Plywood Under Further Scrutiny

The Coalition for Fair Trade of Harwood Plywood (CFTHP), which has already filed multiple petitions with the International Trade Commission (ITC) and the Department of Commerce (DOC) in regard to the illicit importation of improperly priced, Chinese hardwood/plywood, filed a new "crucial circumstances" grievance with the DOC in late March.

The CFTHP filed the new request after a deluge of Chinese hardwood/plywood imported over the U.S. in the past 3 months. In January alone, imports of Chinese-made hardwood/plywood increased over 35% year-over-year. The CFTHP claims believes this action is an attempt to saturate the U.S. market with unfairly priced goods prior to the DOC's preliminary anti-dumping and countervailing duty ruling (AD/CVD), which is anticipated to levy severe duties on culpable importers of Chinese hardwood/plywood. The anti-dumping ruling is slated to take effect on April 17th, with the countervailing duty ruling following shortly thereafter on June 16th.

If the DOC rules in accordance with the CFTHP's "crucial circumstances" claim, then anti-dumping and countervailing duties can be assessed 90 days prior to the anticipated ruling date. This would mean that duties of 100% or more could be retroactively filed against entries from as early as January 2017.

Brazil's Bribery Scandal, Meat Exports Banned

JBS S.A. and BRF S.A., the world's largest exporters of beef, pork, and chicken experienced bans from countries worldwide in light of corruption allegations against meatpackers bribing officials to obtain safety certifications for contaminated meats. The scandal threatens to further degrade Brazil's worst recession in its history. Chile, China, parts of the EU and South Korea are some just of the countries that implemented temporary bans on meat products from Brazil; some of these countries have since lifted these bans after the start of an official investigation.

International Meat Trade Association (IMTA), based out of the UK and representing over 60 importers and exporters, believe that the media has jumped to conclusions in their reports and have created significant problems for the exporting giants. The Brazilian National Association of Food Protein Producers (ABPA) and Brazilian Beef Exporters Association (Abiec) reported that only three plants were involved in this scandal while the media broadcasted a much larger impact.

In 2016, Brazil exported nearly 500,000 TEUs of meat products. JBS and BRF are the largest meat processors in Brazil. BRF is working with authorities and claims that the quality of its products pass rigorous safety processing and conform with international regulations.

U.S. Cotton Exports Rise as India Supply Dwindles

Cotton exports sales from the United States are projected to reach the highest in over two years. While demand for cotton from the world's top consumers, Vietnam and China, has grown, supply from of the world's top producer, India, is fallen short. In 2016, India's Prime Minister, Narendra Modi, began withdrawing high-denomination banknotes damaging farmer's market confidence and tightening supply.

As global consumption trends towards overtaking production for the third consecutive year in a row, the increase in cotton futures has U.S. farmers taking advantage of the market shift. American suppliers already committed to 86 percent of projected export sales, an increase from 72 percent in 2016.

U.S. Ports Fear Trump Trimming Security Grants

U.S. ports and maritime agencies are preparing to battle amidst rumors of a 40 percent budget cut to Federal Emergency Management Agency's (FEMA's) Port Security Grant $80 million program. The initial "skinny budget" released in March was a mere 53 pages and made no reference to the program, nor shockingly, any reference to U.S. ports at all.

The American Association of Port Authorities (AAPA), the largest port lobby in the U.S., announced it would rather see, at minimum, $100 million in allocated funding. Under the Security and Accountability for Every Port Act, the grant program was originally authorized at $400 million. Since then, the funding has decreased and is at what Lawless now calls, "a dangerously low level." Internal budget documents released by Politico also suggest the reduction is connected to increases in the Department of Homeland Security's funding for border agents and the notorious U.S.-Mexico border wall.

Port Security Grant program is administered by FEMA and has helped ports accomplish many improvements such as biometric access control and identification systems, detection systems, cameras, cybersecurity assessment tools. The Port of Los Angeles' cybersecurity operations centers, for example, fields and responds to over 550,000 internet attacks monthly.

Speaking on behalf of the AAPA, Massachusetts Port Authority maritime security director, Joe Lawless, said "a 40 percent cut to the Port Security Grant Program would have a devastating and cascading impact on our security, supply chain and safety of our communities."

"FEMA has done an excellent job administering this program. Port Security Grants are managed quite differently than other homeland security grants. Priorities are set locally, based on the risks and vulnerability of the local port area."

The maritime industry is hopeful that the "skinny budget" can take on some additional "weight," once a more detailed rendition is released in May.

The Transloading Effect

Over the past five years, the Los Angeles and Long Beach port has experienced an increase in its transloading cargo as a proportion of total intermodal volume - up from 52% in 2011, to 58% in 2016. Industry data suggests that this trend will continue, and is facilitated by both the increased capacity of ocean vessels and spur of ecommerce fulfillment.

Transloading operations allow for increased flexibility when it comes to U.S. importers determining the final destination of their merchandise. Although the costs can be significant, transloading can also yield faster and more consistent transit times compared to inland point intermodal (IPI) routings.

LA/Long Beach port has experienced a growth in what can be referred to as "push-pull" supply chains – where the goal of the U.S. importer is to push their freight to a local distribution center for deconsolidation and pull inventory as needed to the final destination. Contrary to lean systems, where the focus is centered on reducing costs pertaining to transportation and carrying inventory, these "push-pull" systems rely on the flexibility and speed of their transloading operations to avoid stock-outs.

Professor Rob Leachman states, "Push-pull is growing faster than overall imports, and push is growing slower than overall imports or even declining." This growing market has incentivized some steamship lines to review port operations and grow their liner, terminal, and logistics business ventures to gain more control over cargo movement. Carriers are also reducing their transit times from various origin ports in Asia to the U.S. West Coast.

While this trend is relatively new, we've already seen several other large U.S. importers make moves to potentially take advantage of "push-pull" systems in alternative U.S. ports. For example, Wal-Mart is currently building a distribution center in Mobile, AL to take advantage of the U.S. Gulf Coast ports, which would yield significant gains for the region with respect to Asia trade.

eCommerce Market Watch: Amazon Acquired the Middle East

Amazon, the leader in online retail, made a strategic move to expand into the Middle East by purchasing the region's largest online store, Souq.com, a Dubai-based company.

The Middle East is an untapped ecommerce market where a more traditional extravagant shopping mall experience takes precedence over online shopping. With this acquisition, Amazon positions itself to expand into Egypt, Saudi Arabia, and the United Arab Emirates (UAE) markets. The UAE touts itself as a stronghold for ecommerce expansion with a potential market of more than 2 billion people within four hours of Dubai; its geographic location and world-class infrastructure has made the UAE a gateway to the Middle East. Souq.com has an established, local network of operations making it a strong foundation for Amazon's entry to the region.

Expansion to the Middle East, however, does not come without its unique set of challenges for the ecommerce giant. The NY Times reported, "The region's many legal and economic jurisdictions, and a tendency to favor red tape and entrenched cartels, making it hard for even powerful newcomers to break in." Logistics is a challenge given regional and environmental conditions and size, but if Amazon has convinced us of anything, it is their ability to think outside of the box.

From setting up the trade license and registering with Dubai customs to coordinating shipping documentation, Shapiro's team of supply chain professionals will guide online sellers through the rigors of debuting products to the Middle Eastern market.

Tech Firms Partner with 3PLs to Unlock Hidden Truck Capacity

An emerging trend being between high-tech transportation startups and larger 'legacy' third party logistics (3PL) companies – they are partnering together to utilize each other's resources, creating more efficient systems that will benefit limited trucking capacity. Startups entering the market are primarily focused on developing the technology to create unique computer software that optimizes internal operations, but lack a scalable pool of carriers. Instead of competing directly as a broker, new entrants are establishing relationships with larger, existing third party logistics (3PL) firms.

Symbiotically, 3PLs also benefit from utilizing new, cutting-edge resources to enhance the effectiveness of their supply chain services. Speed and flexibility have become the cornerstones of final-mile deliveries as companies like Amazon create increased consumer-driven expectations. Startups are helping to bridge this gap for 3PLs with programs allowing for near real-time data tracking on available shipping volume and optimized delivery routes. 3PLs use that data to match freight to optimized domestic routings. Between algorithms and automation, 3PLs are embracing new systems to become more effective as capacity continues to tighten and competition heats up.

TRANSPORTATION & OCEAN FREIGHT NEWS

Industry News:

April Alliances Bring May GRIs

China export volume to the U.S. continued to grow in the last two weeks of March as booking from the Chinese New Year steadied rates through the month. Carriers have begun to see full capacity vessels, slowing rate decreases in April. In addition, new carrier alliances have begun to void sailings as services transition to consolidated routings.

Ocean carriers hoped this unintentional removal of capacity at the beginning of April would keep rates steady, however both general rate increases (GRI) for the month haven't been sticking. Unless the new alliances result in an environment closer to 100% load factors, it can be expected that rates will continue the trend of a GRI being implemented at a mitigated level followed by an erosion of the intended increase.

Certain parts of the middle mile, however, are not changing: less-than-load (LTL), truckload, or partial truckload moves are still the methods of transportation to get products from the port to the warehouse. Technology, however, is allowing this segment to evolve. 3PLs and freight brokers are utilizing supportive decision-making data analytic software to assist dispatchers in booking more efficient moves in less time. To optimize these moves, providers are able to create more versatile origin-to-destination port pair routings, in addition to assigning the best mode of transport for the supplier and/or seller, whether that be via LTL, truckload delivery or some other combination thereof.

Europe-Asia Bookings Have BCOs Seeing Red

Beneficial Container Owners (BCO), shippers utilizing direct carrier contracts, can expect supply chain disruptions as steamship lines turn away new bookings through mid-April. The reduced sailing schedule has restricted capacity resulting in rolled bookings and new surcharges. Asia destined European cargo can expect to pay a Peak Season Surcharge and an Emergency Freight Surcharge. Hyundai Merchant Marine informed its customers that all container types from North Europe to Asia, they would be charging $1,000 Emergency Bunker Surcharge.

Even though the SSLs have been monitoring and attempting to manage the situation, BCO customers are not happy. One such large, BCO shipper consistently utilizing the lane reported bookings taking an average of 5-7 weeks before hitting the water.

Seatrade Appeals to Reefer Cargoes

As the fresh produce market grew at a faster pace than dry cargo in 2016, Seatrade, the specialized ocean carrier, reaped the benefits of increased reefer container shipping. The niche steamship line's quick and direct service is appealing for perishable shippers.

Chilean trade is a great example of how Seatrade is mastering the fickle market. Chilean grapes, which require fumigation before export, can discharge at a rate of 4,000-5,000 pallets per day and receive fumigation overnight for market delivery by morning. While traditional steamship lines fumigate on an individual container basis, Seatrade is able to strategically clear an entire vessel.

Timeliness is the most important variable for perishable cargo because of demand and shelf life. A carrier that is able to guarantee space, avoid transloading, and provide quality equipment is the service package shippers are looking for.

In January, Seatrade, launched its Meridian service. Howard Posner, managing director for Seatrade USA, stated, "The meridian service provides the industry's fastest transit times [eight days], direct service with no transloading, and dedicated service between perishable-centric ports in Peru and Philadelphia."

Furthermore, Seatrade has launched four (of 20 on order) new Colour Class reefer container vessels equipped with below deck water-cooling systems and carrying capacity of 2,200 TEUs. This summer, Seatrade also plans to capitalize on bulk juices/concentrates with a "Juice Express" tanker vessel between Costa Rica and Florida.

Exporters Face Hardships Securing Equipment

As U.S. exporters struggle to secure containers, the change in carrier equipment management is a serious sign of a short-term global container shortage. Fallout from the collapse of Hanjin Shipping, a bumper harvest in the U.S., Chinese manufacturing output, and blank Lunar New Year sailings compounded to create strained equipment imbalance.

Exporters feeling the impact believe carriers are sitting on excess container supply and refuse to absorb the cost of repositioning the equipment in an attempt to drive higher general rate increases (GRIs) and recover from last year's poor financial performance.

Difficulties acquiring export containers is hardly a new challenge, but restricting capacity in markets where there are fewer inbound containers, such as Kansas City, as well as markets traditionally flush with equipment, such as Chicago, has alarmed U.S. exporters. Per recent reports, five of the world's top ocean carriers (Cosco Container Lines, Evergreen Line, Yang Ming Line, Orient Overseas Container Line, and MOL) total supply of 20-foot containers in the Chicago market has been nearly halved.

Reworked ocean alliance carrier transitions upon the start of the new contract season have only aggravated the shortage. As vessels are transferred from one service to another, the disruption in the normal flow of empty containers and lead to potential problems, delays and congestion.

Chassis Shortage is Everyone's Problem

Since carriers bowed out of chassis managements, pervasive chassis shortages have plagued the industry. As a result of outdated processes and lack of supply uniformity, ports such as Los Angeles and Long Beach are experiencing ongoing problems.

In LA/Long Beach, chassis inventory at terminals is not maintained evenly by volume; thus, some terminals have a constant excess of chassis while others have a constant shortage due to space issues. Mega-vessel calls at specific terminals deplete chassis supply, while long lines and equipment damage contribute to further strain.

Gray chassis, also known as the "pool of pools," were incepted to be interchangeable between carriers, but in reality, terminals still hoard equipment while some carriers require BCOs to use specific providers for delivery on route-coded bills of lading.

As contract season comes and goes, the trade community will also have to consider the impact of new vessel-sharing alliances as terminals restructure their operations. Repositioning of empty containers also takes a large toll on port. Domestic carriers have turned to purchasing their own equipment to bypass delays, but this path is expensive leaving most truckers to deal with long-term leases from major independent leasing companies.

Until recently, this hodge-podge of solutions has worked, albeit frustratingly. Now, fluctuating alliances and mega-vessels have made the chassis situation unbearable. A task force representing carriers, terminals, truckers and shippers has been formed to find a collective solution.

LA, GE Working on Smart Terminals to Better React to Surges

"The marine terminal is a competitive weapon," said David Arsenault, a consultant and former president of Hyundai Merchant Marine America. The port of Los Angeles and GE Transportation have been collaborating in creating modernized container terminals that are projected to greatly improve efficiency. U.S. demand for Asian goods has made the port of LA/Long Beach the preferred gateway from the east because it is the fastest and most supported routing.

Newly designed marine terminals provide data sharing technology that allows labor and equipment to be even more prepared for surges in volume. In addition, this technology can also reduce congestion and improve turn times by being able to quickly and easily distribute port information. The biggest port on the U.S. West Coast needs to drastically increase operational speed to stay competitive.

Mauritius Targets Asian Made Apparel

At the recent MAGIC trade show in Las Vegas, the Republic of Mauritius made great strides in convincing key U.S. apparel importers and investors of its potential as a strong trading partner. Mauritius possesses numerous strengths that position it as a feasible option for U.S. apparel importers seeking alternative manufacturing in wake of the Trans Pacific Partnership (TPP) fallout. The Asian market is under pressure from increased labor costs and a less than stable trade environment.

Mauritius was represented at MAGIC by 7 of its top suppliers. The constituency focused on marketing their duty-free relationship with the U.S., a product of the African Growth and Opportunity Act (AGOA), which has become magnificently relevant as apparel importers struggle to maintain a semblance of margin in a market that is exponentially price-driven.

Aside from financial incentives, Mauritius prides itself on its elevated business and social standards – it was among the first African nations to adopt labor laws and is the only to have kept those labor laws in tact since their passing. Mauritius is also viewed as one of the most politically and socially stable countries in the African continent, with their stability likely being attributable to the fact they are an island and have no geographical connection to the political turmoil that has plagued much of the remaining continent. This peace has allowed Mauritius to focus on creating fruitful infrastructure, such as a centralized banking system that views foreign investment as amenable and even goes so far as to encourage foreign companies to open local offices. As icing on the cake, some of the top officials in Mauritius have been quoted as saying the country has no long, public holidays that could cause delays and hinder trade.

Despite the economic and social incentives, many importers still question the transit times as Mauritius it sits in a geographic limbo and isn't located centrally enough to supply neither the East or West coast of the United States. Mauritius will likely need to also invest in raw material if it wants to be considered as serious option for U.S. trade – the country relies heavily on imported goods, while an abundance of raw materials would further shorten production cycles and make Mauritius an even more attractive option.

AIRFREIGHT NEWS:

IATA Calls for Air Cargo Modernization

Following several years of limited growth in the international air cargo sector, the 11th World Cargo Symposium held by the International Air Transport Association (IATA) opened with some positive news; the air cargo market finally reported growth in the second half of 2016 and even a 7% increase in air cargo demand coming into January of 2017. While the industry welcomed the news, the symposium also emphasized the need to better attune services to customer needs in order to maintain and exceed customer service goals as demand mounts.

Alexandre de Juniac, IATA's director general and CEO, espoused the necessity of engaging with the "three C's" (convenience, control, and cost) and suggested that the two primary areas for industry transformation should be simple modern electronic processes and high-quality services. In both cases, the industry will need to emphasize clear and streamlined digital approaches to the air freight process, focused most critically on the greater implementation of e-documentation for shipments and more accurate tracking and alerts.

Declaring Your Cargo Data Loggers!

If you use a data loggers in your cargo, there is new guidance announced about declaring these for transit. These small, battery powered devices planted within a shipment provide incredible services such as monitoring and tracking temperature, humidity, shock levels, and more. At destination, the data is downloaded and the user can see if the shipment was transported within the specified conditions. Some models are even able to transmit while in transit. Data loggers can also be used to study lanes of transportation to determine the best packing for sensitive cargo.

If the data logger is powered by a lithium battery, shippers need to determine applicability of Dangerous Goods Regulations (DCR). If the cargo is not normally considered a dangerous good, the presence of the data logger could make it a dangerous goods shipment and subject to the controls and processes defined in 49 CFR, IACAO, IATA Dangerous Goods Regulations. Shipping lithium batteries is an ongoing hot button issue in airfreight with updates to regulations, studies, and debates ever evolving these past few years. However, IATA has posted a "Guidance Document – Battery Powered Cargo Tracking Devices /Data Loggers"

Two specific notable exceptions a shipper should understand that could save them money, time, and viability of their product is that the lithium battery mark is not required on packages where data loggers are powered by only button cells, regardless of how many data loggers in a package or the number of packages in a consignment. In addition, the marking is not required on packages where there are no more than 4 cells or 2 batteries contained in equipment in each package and no more than two packages in the consignment. Data loggers that fall under these exceptions do not need to be declared dangerous, avoiding the mandates that go with a dangerous goods shipment and cost.

SHAPIRO NEWS:

Shapiro Launches Centers of Excellence in Strategic Alignment with CBP

They say mimicry is the greatest form of flattery.

As many of you are aware, Customs now has a solid new platform of visibility called Automated Commercial Environment (ACE). They also have established commodity specialists and developed commodity Centers of Excellence and Expertise (CEE). These entities have much more access to information—and are extraordinarily informed about commodities—much, much more informed than they have ever been. This is especially true because the compliance and enforcement environment is highly fluid and ever-changing.

What better way to protect our customers than mirror this philosophy?

Let me introduce the Shapiro Centers of Excellence.

Over the past year, we have identified customer and commodities that we believe will be best served in our new model—those that have complex regulatory requirements. Our current emphasis is on customers who import consumer goods, pharmaceuticals, textiles and food and beverage products.

What does this mean? We have established seasoned entry teams that are experts in the specific commodity and focus strictly on the entry process and entry requirements. Supporting this group is our Compliance team that is organized similarly, is proactively researching changes that may affect importers and us, and is educating both you and your entry team about what they are seeing in the trade. This model ensures we are presenting the best product; it also puts us in an excellent position to challenge the CEEs whenever the situation arises.

To further maximize the effects of this model, Shapiro is changing its geographical footprint. We have found that this model is best served with a more centralized approach—with fewer offices and more teams domiciled under one roof, providing the scalability necessary to successfully deliver consistent results.

Two of our offices, Baltimore and Charleston will house Shapiro's Centers of Excellence. While our new Baltimore location has afforded us the space to make this happen, Charleston needed to expand. I am very excited that we have just relocated that office to larger quarters, just around the corner from their old location. Check out these photos! (insert photos!)

With the restructure in mind, and with consideration to the geographical redundancy of Philadelphia with Baltimore and NY, we have also decided to consolidate our Philadelphia operation into our other offices. Our Philadelphia staff is stellar; each person in Philadelphia has been given the opportunity to move and stay with the family—to further support our new design. (I am delighted to share that multiple team members have already moved to our corporate office in Baltimore to advance their careers, and I am very hopeful that the balance joins them in Charm City.)

You may be curious about our NY and Dulles locations. We recognize that all business is not a good fit for this new model. Sometimes it makes sense for one person to own a shipment from booking to delivery. Airfreight, cross-border and "simple" entries fall into this category. These offices (and parts of Baltimore and Charleston) will primarily handle business that is well-suited for what we call the "soup to nuts" design.

It is interesting for me to contrast today's logistics world to that of my Dad and my Granddad. All our offices were opened when we were restricted to file entry only in the ports in which we held a permit. In 1995, that regulation changed. Modern business is much less about location than about technology; Customs' approach to entry processing and enforcement has reinforced this point. In 2017, it makes tremendous sense to us to leverage both our technological capabilities and our regulatory expertise to further execute the model that will best serve our customers.

From the more personal side, I won't deny that it hurts my heart to part with Philadelphia, a branch that I actually established in 1991 and managed for many years. As our lease was coming to an end there, it made strategic sense to me to build on the strength that we have in Baltimore; my focus continues to remain on the best interests of our customers and our Company. I are very excited about these changes, and how it positions us going forward in this increasingly complex industry.

Employee of the Month

As previously featured in Shap Talk, Shapiro 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 Dawn Jahn, Senior Programmer in Baltimore for her outstanding performance and contributions.

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