SHAP TALK

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In this issue:

WE WANT TO HEAR FROM YOU!

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TRADE NEWS

Exporters Transition to the Refactored AESDirect System in ACE

The Refactored AESDirect system in the Automated Commercial Environment was launched on November 30, 2015. Since that time, filers have submitted over 47,000 accepted shipments using the new system.

As part of the transition of AESDirect to the ACE Portal, the ability to file Electronic Export Information via legacy AESDirect and the AESPcLink application will be terminated in stages over the next two months.

All legacy AESDirect filers will be notified of their mandatory transition date to the Refactored AESDirect system upon login and be provided a specific date their account will be closed off based upon their Filer ID.

The dates for this transition are based upon the two-digit prefix of the Filer ID and accounts will be closed off from legacy AESDirect accordingly:

- *Prefixes 00-19 on 02/15/2016*
- *Prefixes 20-39 on 02/22/2016*
- *Prefixes 40-59 on 02/29/2016*
- *Prefixes 60-79 on 03/07/2016*
- *Prefixes 80-99 on 03/14/2016*

Please make sure you have taken steps to begin filing in the Refactored AESDirect system in ACE prior to your mandatory transition date.

For more information regarding the transition, please see the AESDirect Transition to ACE – Refactored AESDirect page at http://www.census.gov/foreign-trade/aes/aesdirect/transitiontoace.html. For further information or questions, contact the U.S. Census Bureau's Data Collection Branch. Telephone: (800) 549-0595, select option 1 for Data Collection Branch; Email: askaes@census.gov; Online: www.census.gov/trade; Blog: http://globalreach.blogs.census.gov

Multi-Tiered MPF Fees May Be on the Horizon

Customs and Border Protection is contemplating a new MPF (merchandise processing fee) structure based on the Trans-Pacific Partnership's direction to implement MPF changes. The existing MPF is currently calculated at a rate of 0.3464 percent for formal entries and has per entry minimums set at $25 and maximums set at $485. Rates are based on the value of the merchandise only and not on the duty, freight, or insurance. The proposed MPF would be based on a four-tiered structure and would switch from an ad valorem fee structure to a flat fee rate structure. The new fee structure is expected to affect all imports.

While CBP has plans to seek input from the industry in terms of the best way to implement the new fee structure, there is no immediate urgency. TPP's deadline for MPF changes is three years after implementation.

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CBP Contemplating ACE Contingency Plans

As of January 21st, the Commerce Department's Advisory Committee on Supply Chain Competitiveness is in talks with the Customs and Border Protection (CBP) Advisory Committee on Commercial Operations (COAC) regarding the generation of contingency plans for any hindrances that may occur on February 28th, the mandatory implementation date for the Automated Commercial Environment (ACE).

No details have been provided yet as to the scope of these contingency plans. Though ACE adoption rates are currently believed to be close to 20%, many brokers and importers have continued to voice their concerns in regard to adopting the new system, often citing that CBP port officials seem to lack critical knowledge about ACE. CBP recently released a statement saying it is focused on training its field operatives in all aspects of ACE

Customs Valuation: Bona Fide Sale for Exportation to the United States

Under the Trade Agreements Act of 1979, the transaction value of imported merchandise is the primary or preferred method for determining the value of imported merchandise. Generally, the value is the price actually paid or payable for merchandise sold for exportation to the United States, plus certain statutorily enumerated additions.

Once it has been established that a bona fide sale of merchandise has occurred, the law requires that the sale of merchandise be for exportation to the United States in order to appraise the merchandise under the transaction value method.

In the event the merchandise cannot be appraised on the basis of transaction value, the secondary bases are considered in the following order:

- *Transaction Value of Identical Merchandise*
- *Transaction Value of Similar Merchandise*
- *Deductive Value*
- *Computed Value*
- *Values if other values cannot be determined*

Complete details of all of the relevant facts including documentation such as purchase orders, invoices, evidence of payment, and contracts along with the relationship of the parties must be evaluated to determine the method of appraisement.

For additional information, visit the CBP website at http://www.cbp.gov/document/publications/bona-fide-sales-sales-exportation-united-states.

Trans-Pacific Partnership Study Reveals Economic Impacts

The Peterson Institute for International Economics published its study evaluating the economic impact of the Trans-Pacific Partnership (TPP) trade deal on the U.S. and its 11 Pacific Rim partner countries - Australia, Brunei Darussalam, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, United States, and Vietnam. As reported in Shapiro's October Issue, the TPP is one of the most ambitious multilateral trade deals of the last two decades, paving the way for lower tariffs and increased trade standardization throughout the Pacific Asia region.

The Washington-based economic policy group found that while net employment isn't expected to grow as a result of the trade deal, the nation will see a shift of almost 800,000 U.S. jobs from import related fields to U.S. exports. The group also estimates a $131 billion annual increase to U.S. incomes after 2030 and a boost to U.S. exports of $357 billion. Pillars of the trade deal include reduced or eliminated tariffs for agricultural and industrial goods, reduction in trade barriers to increase foreign investment, standardized country-of-origin (COO) requirements, and customs service transparency. The fate of the TPP awaits ratification by the U.S. Congress before implementation can begin, and is not expected to be considered until after the 2016 U.S. presidential election.

Amazon Moves Freight Forward

Amazon's Beijing-based subsidiary, Beijing Century Joyo Courier Service Co., Ltd., has been granted a license to operate as a non-vessel common carrier (NVOCC) by the U.S. Federal Maritime Commission (FMC). The license permits Amazon to act as its own freight forwarder to buy and sell space from ocean cargo carriers. In December, the e-commerce giant also announced intentions to offer air cargo services under project name "Aerosmith" set to launch in early 2016. The proactive push into vertical integration has couriers, like FedEx and UPS, worried.

The industry speculates that Amazon's logistics investments are an attempt to avoid delays during holiday and peak seasons; however, greater control over its supply chain may create a profit center Amazon can't ignore. Amazon's Chinese presence and freight forwarding capability is a foothold into Alibaba territory and appeals to Chinese manufacturers who have been seeking ways to export their own brands into the U.S. marketplace. The scale of Amazon's debut into the 3PL world isn't yet known; however, volume estimates conservatively put Amazon's buying power at roughly 50,000 FEU, a paltry comparison to retail giants like Walmart who average half a million.

Tableware and Household Imports Summary, 2015

Despite the longstanding effects of the 2008 recession, U.S. containerized imports of tableware and household effects reached an all-time high in 2015 thanks to increased disposable income, a healthier housing market and reduced import prices. As the final import numbers for 2015 are tabulated, JOC Economist Mario Moreno expects U.S. imports of tableware and household effects to exceed 132,000 TEUs.

By volume, China remains the largest supplier of household commodities to the U.S. However, China's stronghold in the sector is slowly diminishing as the country continues on its path towards a more consumer-based economy, leading to heightened production costs and factory wages. The trending towards heightened consumerism and its effects on low cost production in China have led many manufacturers to seek alternate production sites in surrounding Southeast Asian countries, particularly Vietnam. Though China still accounted for 83.2% of U.S. household imports in 2015, down 1.4% from 2014, household imports from Vietnam saw an 83% increase in 2015. Furthermore, JOC economists predict that the value of the Vietnamese dong will remain in decline against the U.S. dollar, making for even more favorable trading conditions.

Within the U.S., the port of Savannah saw the most significant increase in inbound household goods traffic in 2015. The port of Savannah handled 7% of all household goods import shipments to the U.S in 2015, an increase of 2% from 2014. Historically, the ports of Los Angeles and Long Beach have seen the greatest increases in shipping volumes for household goods, but in 2015 much of this volume was diverted to Savannah amidst the disruptive West Coast labor negotiations. Though the ports of Los Angeles and Long Beach are projected to fully recover, it is possible that the port of Savannah will retain some of its increased inbound traffic of household goods, thus further bolstering trade and port relations between Southeast Asia and the U.S. East Coast.

BIS Guidance on Penalties-Proposed Rule

On December 28, 2016, the Bureau of Industry and Security (BIS) issued a Notice of Proposed Rulemaking (NPRM) for Guidance on Charging and Penalty Determinations in Settlement of Administrative Enforcement Cases.

The purpose is to make administrative penalties more predictable and aligned with the Office of Foreign Assets Control (OFAC). This NPRM does not apply to violations of Part 760 for restrictive trade and boycott violations.

The guidelines outlined would be applied to determine whether the base penalty amount should be adjusted downward or upward subject to the maximum penalty allowed. General factors would be considered aggravating or mitigating depending upon the circumstance. Voluntary Self Disclosures would no longer be treated as mitigating factors.

Applicable violation schedule amounts:

- *$1,000 with respect to a transaction valued at less than $1,000*
- *$10,000 with respect to a transaction valued at $1,000 or more but less than $10,000*
- *$25,000 with respect to a transaction valued at $10,000 or more but less than $25,000*
- *$50,000 with respect to a transaction valued at $25,000 or more but less than $50,000*
- *$100,000 with respect to a transaction valued at $50,000 or more but less than $100,000*
- *$170,000 with respect to a transaction valued at $100,000 or more but less than $170,000*
- *$250,000 with respect to a transaction valued at $170,000 or more*

Please review the Federal Register notice and make your comments by February 26, 2016.

Iran: "Implementation Day" January 16, 2016

January 16, 2016, marked Implementation Day of the Joint Comprehensive Plan of Action (JCPOA). On this day, the International Atomic Energy Agency (IAEA) verified that Iran has implemented its key nuclear-related measures described in the JCPOA. As a result, the United States lifted nuclear-related sanctions on Iran.

The Primary U.S. Sanctions or the U.S. domestic trade embargo on Iran remains in place. With limited exceptions, U.S. persons – including U.S. companies – continue to be broadly prohibited from engaging in transactions or dealings with Iran or its government or any party on an Office of Foreign Assets Control (OFAC) sanctions list.

There is some relief to the secondary sanctions against Iran and allowance for the below, but U.S. businesses must proceed with caution and read the Frequently Asked Questions provided by OFAC.

- *A case-by-case licensing policy for export/sale/lease of aircraft to Iran. (see section J of the FAQs)*
- *A general license authorizing U.S.-owned or controlled foreign entities to engage in certain activities involving Iran (see section K of these FAQs)*
- *A general license authorizing the importation into the United States of Iranian-origin carpets and foodstuffs, including pistachios and caviar (see section L of the FAQs)*

Inventories Should Remain High for 2016

According to the JOC, the U.S. inventory-to-sales ratio has climbed back to levels that haven't been seen since 2008, which some speculate could cause problems for U.S. growth. Many factors contribute to climbing inventory stocks held by retailers such as slower sales in Q4 of 2015, but every leg in the supply chain is being affected by the rising inventories held by retailers. "At the expense of sounding like a broken record, I remain concerned about the high level of inventories throughout the supply chain," said Bob Costello, the ATA's chief economist. "The total business inventory-to-sales record is at the highest level in over a decade, excluding the Great Recession period. This will have a negative impact on truck freight volumes over the next few months at least," he added.

The intermodal sector is also seeing the negative effects of the "stockpiles" held by retailers. Higher inventories means retailers will import less, causing a chain reaction that will affect the trucking and rail industries due to a lack of demand for their services. A similar high-inventory situation occurred in 2006, followed by the issues in the freight market in 2007 and then the actual recession in 2008, and many industry experts are concerned that this scenario could be repeated if inventories remain at these high levels. While some experts are extremely nervous, others predict that inventories will fall as the year progresses and the problems should not escalate further.

Despite Delays, Panama Canal Expansion Expected to be Finalized in 2nd Quarter

Carriers, shippers, and anyone in the logistics industry should be very excited to know that the expansion of the Panama Canal is set to be finalized in the 2nd quarter of 2016. The canal is expected to open the new locks in April, which will allow ships with capacities nearly triple the amount of the current locks' capabilities to pass through the canal. It's estimated that the canal is 96% complete, but it will take time to ensure the canal is ready to safely pass the mega vessels through the locks. The original completion date was set for October 2014, but due to labor strikes and other unforeseen issues, the project's completion date was pushed back multiple times. Regardless, carriers are ecstatic to start utilizing the canal by deploying post-Panamax vessels which should reduce overhead costs and allow for more efficiency due to the increased capacity.

It's unknown at this point how the U.S. port system will be affected once the mega vessels begin utilizing the canal since some speculate that the infrastructure is not currently adequate to handle these larger capacity ships, and congestion is a major concern. Despite this major milestone in the logistics industry, experts speculate that the West Coast ports will keep their market share and the market share of the East and Gulf Coast ports will mirror the volumes handled during 2015. Nonetheless, ports on both coasts will need a lot of work in regards to infrastructure and cargo handling to ensure congestion will not be an issue once the weekly services of mega-ships with capacity up to 20,000 TEUs begin. Only time will tell how this breakthrough will affect the U.S. supply chain in 2016, but at the end of the day, better carrier efficiency and lower costs should translate to better rates for U.S. importers and exporters.

TRANSPORTATION NEWS

February 2016 Update
Industry News:

Chinese New Year 2016 - The Year of the Monkey Wrench

As the Mid-Atlantic is continuing to watch the snow melt away from one of the worst blizzards in U.S. history, shippers are watching China to U.S. rate levels continue to melt as well. Chinese New Year is approaching. If you haven't already marked your calendars, February 8th is the day, but keep in mind that businesses are generally closed for the entire week in China and in other parts of Asia. Generally this time of year marks a period where a surge of exports is expected from China leading up to the holiday.

This year is marked by low demand caused by a surplus of capacity within the shipping lines, which, combined with high inventory levels in the U.S. market, continues to throw a "Monkey" wrench in the carrier's plans to raise rate levels. By the end of January, carriers had failed to implement a mid-month Peak Season Surcharge (PSS), and a February General Rate increase (GRI) is also not expected to hold. The Asia to U.S. spot rate index dropped 3 percent by the end of the month. So, while the lower-than-expected rates continue to give shippers something to celebrate this Chinese New Year, carriers on the other hand, will have to wait until after the festivities to find reasons to rejoice.

USDA Secretary to Lead Push for Increased Trade with Peru and Chile

The USDA Secretary, Tom Vilsack announced late this month that he will be leading a trade mission to Peru and Chile on March 14th, 2016. This announcement comes on the heels of the USDA's announcement of awarded funding to over 60 U.S. organizations for trade promotion of agricultural products. The aim is to expand export opportunities for U.S. agricultural products and is also part of a greater push by the U.S. to expand trading access/opportunities within Latin American markets.

Peru and Chile are a natural start given warm relations, relatively strong regional economies, and pre-existing free trade agreements. The United States-Chile Free Trade Agreement (FTA) came into effect on January 1, 2004 and the United States-Peru Free Trade Agreement (PTPA) came into effect on February 1, 2009. Both trade agreements remove barriers to U.S. services, eliminate tariffs, and strengthen investor/intellectual protections. The Chilean free trade agreement came into full force last year with 100% of U.S. exports entering into Chile duty-free, causing U.S. exports to Chile to grow more than 500%. Since its inception in 2013, U.S./Peru trade has doubled and continues to grow. If enacted, the proposed Trans-Pacific Partnership, in which all three countries are participants, will serve to further strengthen relations between Chile, Peru and the U.S. The United States' biggest Latin American trading partner, Brazil, is in the midst of its worst recession since 1901 and is engulfed in political upheaval and scandal. With Brazil in turmoil and weakening Chinese demand, U.S. exporters will be looking to expand in alternative markets.

U.S. Exporters Facing Headwinds in 2016

U.S. exporters are facing many challenges for 2016. Outside of economic factors, there are a number of infrastructure and regulatory hurdles that they must plan for. The largest infrastructure challenge is the continued inability of critical West Coast gateway ports to handle current cargo volumes (inbound and outbound) from the larger mega-vessels. This is mainly due to port capacity being fragmented into small terminals and the workforce and equipment being too limited to handle peak-season volumes.

In addition to this, the SOLAS (Safety of Life at Sea) weight certification program goes into effect in July of this year. This program imposes obligations on the shippers to certify the weight of the cargo and the container. If carriers are not able to obtain the certificate on time, the containers cannot be loaded onto a ship, causing cargo bookings to roll and containers to be refused entry to terminals. Major export stakeholders, such as the Agriculture Transportation Committee and the Transpacific Stabilization Agreement, are actively working on developing ways that this law should be consistent with ocean shipping realities. This issue will ultimately result in added stress for exporters and possible added cost and port congestion.

2016 US Export Trade Outlook Remains Cloudy

The current global economic environment makes it difficult to predict U.S. containerized exports for 2016. What is certain is that U.S. goods are less affordable for overseas buyers due to the continued increase in the value of the U.S. dollar. The strong U.S. dollar is the main contributor to lessened exports.

Economists have differing opinions on the forecast for U.S. exports in 2016. JOC Senior Economist Mario O. Moreno believes that there will be a 4 percent growth in U.S. exports this year, caused by a weakening dollar and a strengthening global economy. However, the increase will still be below the 2013 export total of 12.1 million TEU's. Economist Ben Hackett is forecasting increased weakness in export volumes due to soft demand from overseas countries.

U.S. manufacturers and shippers are looking for 2016 to be a turnaround year. As reported by PIERS, U.S. containerized exports declined by more than 2 percent during 2014 and 2015. The primary reason for decline continues to be the strong dollar and slow economic indicators in the countries that depend on exports from the U.S. In addition, many exporters are still trying to recover from the congestion on the U.S. West Coast caused by port labor disputes in late 2014 and early 2015, wherein many lost their customers to suppliers from other countries.

India's Ports Continue to Add Capacity in 2016

Both Mundra and Mumbai ports are under construction to be able to add more capacity. The Adani International Container Terminal Private Limited (AICTPL) at Mundra port is being expanded with the goal of being a transshipment hub for shipments going to the Middle East, South Asia, and India. When completed, the AICTPL will have a capacity of 3.1 million TEUs by utilizing 15 super post Panamax quay cranes to handle ships with an 18,000 TEU capacity. With the increased capacity at AICTPL, Mundra port will have the largest container capacity at 6.6 million TEUs.

In Mumbai the Indira Container Terminal Private Limited (ICTPL), a new privately developed cargo facility, began container handling with the call of the Bahri Yanbu. This offshore project was awarded on a 30-year operating deal to a joint venture between domestic infrastructure developer Gammon and Dragados SPL of Spain. The first phase is designed to handle 800,000 TEUs annually and was scheduled for completion at the end of 2010. This project has been delayed numerous times. Delays were caused by an inability to obtain the necessary dredging cranes from China. In an effort to open earlier, the port administration is allowing the facility to use the infrastructure for RORO operations. The ICTPL has already broken the previous Indian record by loading over 5,300 vehicles within a few months of being commissioned. Currently ICTPL has handled a total of over 51,000 vehicles.

With the growth to both Mumbai and Mundra ports, India is proving to the world that they are committed to providing a better infrastructure that can house suppliers for a demanding global supply chain.

OCEAN FREIGHT NEWS:

Container Weight Verification

Recent changes to the Safety of Life at Seas convention, otherwise known as SOLAS, will now require that shippers provide the verified weight of the container to be shipped prior to tendering to the carrier. With an effective date of July 1, 2016, this verification must now accompany the shipping documents, per the requirements of the IMO (International Maritime Organization). The overall goal of this requirement is to limit risk to those facilitating container transit.

This verified gross mass, or VGM, will be used by carriers in planning container stowage. There are two primary methods for suppliers to arrive at this weight:

1. *Weigh the fully loaded container (prior to tendering)*
2. *Weigh all container contents including cargo, blocking, bracing, pallets, etc. and add the tare weight of the container*

Containers tendered without the VGM may be weighed by the terminal and will likely be subject to a "weighing fee." Failure to comply will likely result in cargo being detained at port of loading until weight can be verified. Although there are still questions as to global enforcement, timing of VGM receipt by the carrier, inconsistencies in tare weights, workflow at terminals, and a few other key points, the July 1 enforcement date does not appear to be flexible.

2016 to See More Idled Vessels and Limited Container Ship Growth

As reported by the Journal of Commerce, over 330 container ships sat idle going into the 2nd half of January, 2016. This number was slightly up from the previous two weeks and is expected to increase even further due to upcoming "blank sailings" experienced post Chinese New Year. In normal rotation, these same vessels carry over 500 TEUs each, so their absence will be felt in overall capacity. Panamax vessels, which range in size from 3000 to 5100 TEU's, are the most idled. As reported by Alphaliner, several of these larger vessels (3400-5390 TEUs) have recently been demolished for scrap. Demand for these larger ships remains weak, despite some vessels being repositioned as "extra-sailers" from the Far East to take advantage of pre-CNY demand. The question becomes can they continue to compete with the Mega-ships as part of the Panama Canal expansion.

2015 saw a record high of TEU capacity being delivered to the market (1.72 million). This influx of capacity combined with slow demand could mean order cancellations and delay of ship deliveries in the upcoming months. Continued idling of ships, combined with increased scrapping is projected to account for approximately 350,000 TEUs in total.

In fact, 2016 will see the lowest ever recorded growth capacity for the global container shipping fleet. Many in the industry find this as welcome news given the large number of excess vessels that cannot currently be filled. Average annual growth rate since 1990 has been 10.3 percent. Industry analysts predict fleet capacity to grow by only 4.6 percent in 2016. There will be fewer new ships being built and also an increase in the numbers being scrapped. Projected growth for the global container fleet is less than 1 million 20-foot-equivalent units (TEUs).

As cited in the Journal of Commerce, "with the current idle fleet running at 1.35 million TEUs (6.8% of the total fleet), it would require a few more years of low fleet growth before the supply-demand imbalance recedes." Don't be fooled by the strong market demand leading up to Chinese New Year. Like the Chinese dragon itself, it is more myth than reality.

Charleston Port Gains Approval to Dredge

In early January, the plan to deepen Charleston's harbor to 52 feet was approved by the federal Office of Management and Budget. The proposal now moves to Congress to be considered for possible funding.

The 52-foot Charleston Harbor Deepening Project has cleared the final hurdle in the U.S. Army Corps of Engineers' pre-construction approval process. The port is currently at 45 feet and not deep enough to handle many of the new and larger ships that are coming through the Mediterranean Sea and will be coming via Panama Canal once the new locks open. The port must be able to handle increasingly larger vessels if they hope to retain containerized cargo in an increasingly competitive environment with other U.S. ports.

Jo-Ellen Darcy, assistant secretary of the Army for civil works, signed the Record of Decision, which is the official notification to Congress that the project has met all of the Army Corps' requirements. The project now awaits congressional authorization.

The pre-construction activities which include ship simulation studies, refinement of cost estimates, coastal monitoring and analysis of the best uses for dredged material are already underway by the U.S. Army Corps of Engineers, Charleston District. These activities are expected to be complete by the end of the year and are the last step before construction begins.

S.C. State Ports Authority President and CEO Jim Newsome said in a statement, "By the end of the decade, we will achieve 52 feet of depth and Charleston will be the deepest harbor on the East Coast."

AIRFREIGHT NEWS:

Forward Air Changes Rate Structure

Forward Air Corporation, a licensed property broker for the North American air freight and LTL market, provides time-definite transportation and related services including pick-up and delivery, intermodal drayage, pool distribution, airport-to-airport line haul, customs brokerage and specialized temperature-controlled logistics services. Its network of freight terminals are located on or near airports in 92 United States and Canadian cities, including its central sorting facility in Columbus, Ohio and 12 regional sort centers.

In order to protect itself from packages that are overly bulky, occupying more space but light in weight, Forward Air uses dimensional weight (DIM) as a billing mechanism. The DIM weight is calculated using measurement in inches by multiplying the length by width by height of a package, then dividing that number by the dimensional factor, currently 250. On February 1st, they will change their DIM factor to 200. The lower the DIM factor the higher the DIM weight. Consequently, a higher billable weight will apply to all packages where the dimensional weight exceeds the actual weight.

Weak CNY Peak for Air Carriers

As we get closer to Chinese New Year the uncertainty is becoming clearer that we'll have a weak peak pre-CNY air season this year. The year of the Monkey will be rung in with rates rising just two weeks prior to the week long China closings, Feb 7th to the 13th. Excess air carrier capacity, favorable exchange rates, and low demand have kept rates low up to week 4. Space is diminishing and those with lower cost cargo space are experiencing considerable delays.

Expect super snow storm Jonas, which closed East Coast airports from IAD thru JFK, to contribute minor back-log into week 5. A rate increase of 0.30-0.70 per kilo is also expected prior to the holiday. Dense cargo is still favorable for spot rates and there are options for lower rates if cargo is received and cleared prior to Customs' closing (cut off Feb 5th and 6th, with some exceptions) and there is tolerance for carriers moving cargo later during week 6 when the pre-holiday rush has ended.

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DOMESTIC NEWS:

No Changes to Drivers' Hours-Of-Service Rule

The Federal Motor Carrier Safety Administration announced that the truck driver hours-of-operation rule, suspended by Congress in 2011, won't be back in place any time soon. The suspended rule required drivers utilizing the 34-hour restart to begin a new work week to include two back-to-back 1 a.m. to 5 a.m. periods in the restart. This requirement made it very difficult for drivers to restart in 34 hours as they had to stay away from the roads for longer periods of time.

This new announcement is good news for shippers concerned with the effect that this type of ruling can have on truck capacity, as the new rule could reduce carrier activity and contribute to higher rates in the long run.

Last year Congress required the FMCSA to study the actual safety impact of the 34-hour restart provision of the HOS rules and report back to Congress. The findings of these reports are still being reviewed by the Obama administration. Eventually, the reports will go to Congress, but for now the suspension will remain in effect.

Larry Minor, associate administrator for policy at the FMCSA, explained that if the provisions are reinstated by congress they will give truckers the heads up and publish a notice in the Federal Register.

Long Beach Free Time Reduction Plan Has Importers Seeing Red

Many retailers in the U.S. are now left wondering why they stormed back to supporting Long Beach Port after last year's strike fiasco. After collectively shaking their heads, they are forced to take a deeper look at their strategy and many importers now realize that they need Long Beach (and LA) because it just makes logistical sense to bring cargo through our nation's largest port area.

In the eyes of U.S. importers, the nation's second-largest U.S. Port, Long Beach has shot themselves in the foot just at the time when U.S. importers have pledged their support by bringing their cargo back through the busy, yet strategic port. The nation's largest importers are collectively urging Long Beach not to proceed with its proposal to change its free time provisions in its tariff from four days at present to six work shifts (two work shifts on three consecutive days) until it can come to grips with its congestion problems.

Meanwhile, Long Beach officials want containers removed from their terminals after three calendar days instead of the four days that had been in their tariff for the past several years. Port management in Long Beach said that this is the only way that their congestion issues will be solved.

Customers of the port strongly support the port's efforts to take steps to reduce congestion, but they are worried that even more truck congestion will occur as importers rush their domestic carriers to pick up their cargo in a shorter time frame. Many retailers claim that they would prefer to pursue more innovative approaches to reducing port congestion, such as optimizing their supply chains, and they are asking the port to reconsider its approach on the free time. The port's proposal remains in question at this time, as port customers continue to voice their opinions on this matter.

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SHAPIRO NEWS:

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 Dottie Reed, Import Analyst in Atlanta for her outstanding performance and contributions.

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.