"SHAP" TALK

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WE WANT TO HEAR FROM YOU!

TRADE NEWS

Requesting Manifest Confidentiality

Do you know that that the data that appears on your ocean bills of lading such as the products you import and export, where you source products, and the names of your customers is available to the public, including your competitors?

The Code of Federal Regulations Title 19 Section 103.31 provides the importer, exporter, or consignee the right to request confidential treatment of its name and address, and the names and addresses of its shippers contained in inward and outward manifests. This action also includes the like treatment of marks and numbers which may reveal the name and address of the importer, exporter, or consignee.

The request for manifest confidentiality must be made in writing to the following address:

U.S. Customs and Border Protection
Office of International Trade
Attn: Regulations and Rulings, Privacy Branch
799 Ninth St., N.W.
Seventh Floor Mint Annex
Washington, DC 20229

Customs is also now accepting the requests via e-mail at PRIVACY.CBP@DHS.GOV.

Although there's no required format for the certification request, separate requests should be made for inward and outward manifests. The requests should include:

- The IRS number of the importer, exporter, and consignee if available
- All applicable names requested including all variations of names and their spellings that may be shown on shipping documents including bills of lading, purchase orders, etc. to ensure that the information is deleted from all public disclosure.

The request does not have to include proof that any disclosure may cause harm to the competitive position of the importer, exporter, or consignee.

CBP will respond to your request with a confirmation letter and the certification will be valid for two years from the date of receipt by CBP. Renewal certifications are required to be filed with CBP at least sixty days prior to the expiration date of the current certification.

Note that CBP did have an online certification process on its website, but that format has been disabled.

Also note that data contained in your CBP entry, AES export record, and 10+2 Importer Security Filing is confidential and cannot be released to the public.

C-TPAT Portal Update for Validation Scorecard

U.S. Customs and Border Protection (CBP) has made adjustments to the C-TPAT (Customs Trade Partnership Against Terrorism) portal Validation section. Importers receive a scorecard after a validation visit. Once the validation report is issued with actions and recommendations, the importer must respond with any actions taken or recommendations implemented. The importer can upload files to demonstrate what steps were taken to comply with the validation report. Customs will then issue an adjusted validation scorecard with partial points for actions and recommendations that are resolved in the response process.

This link provides details on how the adjusted scorecard and how to upload documents to the portal to support the validation response:
http://www.cbp.gov/linkhandler/cgov/trade/cargo_security/ctpat/ctpat_val_scorecard.ctt/ctpat_val_scorecard.pdf

Korea Implements an Advance Manifest System

Effective December 1, 2011, the Korean Customs Service implemented an Advance Manifest System to enhance logistics security and in accordance with the WCO adopted "SAFE Framework of Standards to Secure and Facilitate Global Trade," encouraging worldwide implementation of advance manifest reporting. This follows other major trading partners such as the U.S., Canada, EU, China, and Mexico who have already adopted the Advance Manifest reporting. Please keep in mind that Shapiro Export Representatives may need the required information by a certain date in order to meet these new regulations for Korea.

To read the 14 page guidance from Korean Customs, please link to Korea Customs website at: http://english.customs.go.kr/, and click on the Advance Manifest System and Guidelines under News and Notice on the home page.

ITAR Amendment Regarding Return of State Department Licenses

The Department of State has amended the International Traffic in Arms Regulations (ITAR) to reflect changes in the requirements for the return of licenses. License applicants are no longer required to return expired DSP-5's that were issued electronically and decremented electronically by Customs and Border Protection (CBP) through the AES system. This also includes licenses where the total authorized value or quantity has been shipped. The State Department says the return of such licenses is redundant as the information has been captured electronically.

Please note that an electronically issued DSP-5 that is decremented manually will still need to be returned to State. A DSP-5 is used for unclassified permanent export of defense articles.

All DSP-61, DSP-73, and DSP-85 licenses, and DSP-94 authorizations must be returned to the Directorate of Defense Trade Controls (DDTC) as these licenses and authorizations are not decremented electronically, even when the export is filed in AES.

The final rule may be found in the November 4, 2011 Federal Register at
http://www.gpo.gov/fdsys/pkg/FR-2011-11-04/pdf/2011-28548.pdf

BIS and State Publish Proposed Rules for Aircraft and Related Items

On November 7, 2011, the Bureau of Industry and Security (BIS) and the U.S. State Department published proposed rules for aircraft and related items that no longer warrant control under Category VIII of the U.S. Munitions List. Comments will be accepted until December 22, 2011. Please see the links below provided by BIS to access the Federal Register notices for comment on the proposed rules:
http://www.bis.doc.gov/news/2011/fr_11072011.pdf
http://www.bis.doc.gov/news/2011/fr_11072011_2.pdf

New Softwood Lumber Fee to Go into Effect January 1, 2012

The Agriculture Marketing Service of the U.S. Department of Agriculture has established a new fee on imported softwood lumber to be collected effective January 1, 2012. The softwood lumber fee is being collected to finance an industry research and promotion program. The purpose of the program is to strengthen the position of softwood lumber in the marketplace, maintain and expand markets for softwood lumber, and develop new uses for softwood lumber within the United States. Softwood lumber is used in products such as flooring, siding, and framing.

The initial assessment rate is $0.35 per thousand board feet. Entities that import fewer than 15 million board feet will be exempt. Importers will not pay the assessment on the first 15 million board feet imported. Shipments of softwood lumber exported from the United States are currently exempt. Organic lumber is also exempt from the fee assessment.

Importer assessments will be collected by U.S. Customs and Border Protection. In order to claim an exemption, importers must apply to the Softwood Lumber Board which will issue a certificate of exemption. USDA is working to develop a process whereby approved importers could submit a copy of the exemption certificate to Customs so that Customs would not collect the assessment. However, the only available alternative at this time is for Customs to collect the assessment, and for the Board to refund such importers their assessments no later than 60 calendar days after receipt of such assessment by the Board. For those importers bringing in more than 15 million board feet of softwood lumber during the applicable fiscal year, the fee must be paid on the first 15 million board feet, and the Board will issue a refund.

The applicable tariff numbers are:
4407.10.01
4409.10.05
4409.10.10
4409.10.20
4409.10.90
4418.90.25

More information may be found at:
http://www.gpo.gov/fdsys/pkg/FR-2011-08-02/pdf/2011-19491.pdf

U.S. International Trade in Goods and Services Report for September 2011

The U.S. Bureau of Economic Analysis through the Department of Commerce announced that total September exports of $180.4 billion and imports of $223.5 billion resulted in a goods and services deficit of $43.1 billion, down from $44.9 billion in August, revised. September exports were up to $2.5 billion more than August exports of $177.9 billion. September imports were up to $0.7 billion more than August imports of $222.8 billion.

The goods and services deficit decreased $0.9 billion from September 2010 to September 2011. Exports were up $24.7 billion, or 15.9 percent, and imports were up $23.8 billion, or 11.9 percent.

To see the countries and industries that were up in export and import; and to view the entire September report issued on November 10, 2011, please refer to the Bureau of Economic Analysis website and select your viewing preference. You can view the full release with tables, tables only, text only, release highlights, and also the Trade in Goods and Services (Exports, Imports and Balances) from 1992 to present all at http://www.bea.gov/newsreleases/international/trade/tradnewsrelease.htm

TRANSPORTATION UPDATE

December 2011 Update

INDUSTRY NEWS:

Trans-Pacific Rates Rise…and Fall
Early November reports by Drewry Shipping Consultants indicate a rebound in trans-Pacific spot rates after a 22 month low, increasing by 4.3 percent the previous week.

But by mid-November, benchmark spot freight rates for container shipping on the trans-Pacific fell another 4.2 percent, the second straight week-to-week drop.

The average benchmark rate fell 21.2 percent since late August and 29.9 percent below the same week a year ago.

While it is predicted that the trans-Pacific, and Asia-Middle East, as well as Asia-Europe trade lanes, are most likely to "bear the brunt of rate plummeting," trans-Pacific rates have not fallen as far because some carriers have already suspended services, and many of the smaller carriers have pulled out of the Pacific all together. Ultimately, the carriers aim to increase rates once services are suspended as a new demand will be created.

The Drewry Container Rate Benchmark gauges rates paid by shippers to non-vessel-operating common carriers (NVOCC), excluding terminal handling charges in Hong Kong, for shipments from Hong Kong to Los Angeles.

Carriers Reposition Themselves to Cut Costs and Raise Efficiency
In an attempt to offset predictions of weak cargo growth, and even lower rates on the horizon for 2012, carriers look toward operating efficiency as the best route to market stability.

Overcapacity continues to have a major impact on carriers' ability to leverage service contract negotiations next spring. Deliveries of huge container ships will peak in 2012 and 2013, indicative of a now "15-to18-point spread between vessel capacity and cargo demand," according to Eugene Seroka, APL's president for the Americas. Container lines have been taking delivery of a glut of new ultra-large containerships this year and have been slashing freight rates in an attempt to gain market share on major East-West trade lanes, but with the order book of vessels over 8000 20-foot equivalent capacity or bigger equal to 87 percent of the current fleet, there is no doubt that the impact will be felt across container trades. At the same time that most shipping lines were announcing third quarter losses reported in the millions of dollars, shipyards were delivering a steady stream of large container ships. Seroka also said 13 lines have ordered vessels of 12,500 to 18,000 TEU capacity, and according to Jim Newsome, president and CEO of South Carolina State Ports Authority, "lines that have not acted yet are almost without exception, planning orders for 13,000 to 16,000 TEU ships."

The vessels are coming into a cut rate market, with the spot rate becoming the market rate in the eastbound Pacific import lanes, and the line between the spot rate and the service contract rate becoming decidedly thinner.

In a Huntington Beach, CA footwear importers meeting in October of this year, Seroka told importers that, "freight rates are not going in the right direction," and laid out APL's expectations for making it through a difficult year by controlling operating costs and working with customers to improve supply chain efficiency.

According to Seroka, “APL is investing in vessels, terminals, and services to improve operations over the long term, [with a] plan to maintain control over the transportation move, by carrying the cargo on APL vessels, handling containers at APL terminals and shipping inland on dedicated double-stack intermodal services.” APL has ordered up to 34 large “next class” vessels and invested in a 43-acre inland port logistics center outside of Chicago served by BNSF and Union Pacific railroads. The carrier is also working toward improving efficiency by “triangulating” services to reposition empty containers where they are needed. APL unloads inbound containers in the U. S. interior and then attempts to match the empties with shipper export requirements and carries loaded containers to Asia where they are unloaded and refilled with shipments for the U.S.

Michael White, president, North America, at Maersk Line advises the carrier’s plans to cut transportation costs from origin to destination by hundreds of dollars per container by reducing inventory costs and modernizing processes, with at least some of the cost savings passed on to the shipper.

Transportation Consultant Paul Bingham of Wilbur Smith Associates advises that in the face of the banking industry’s unwillingness to support carrier’s huge losses as they did in 2009, the resulting option would be consolidation among carriers. Many services are already consolidating. According to Bingham, niche carriers, operators of small 3,000 TEU vessels, are becoming uncompetitive and dropping out of the trans-Pacific trade. Other carriers are canceling individual vessel sailings when bookings are soft, and while this presents problems for carriers and their customers, it is hoped that improved and more accurate weekly, or even rolling four-week forecasting, will be implemented to begin to effectively match capacity with demand.

For shippers, the main concern for the coming year should be a focus on securing the right capacity at the right time, and also to adhere to the bookings they make avoiding the waste from no-shows. It has been noted that the failure of shippers to fulfill bookings runs on average of about 30 percent and as much as 40 to 45 percent during busy periods.

OCEAN FREIGHT:

Important Announcement to our Customers
Several carriers have announced implementation of restored peak season surcharge, (PSS), for the Asia to USA market effective December 15, 2011 as follows:

PSS levels are reported at- USD320/400/450/506 per 20’/40’/40’HQ/45. Any re-implementation of PSS in December is expected to be sporadic and only affect certain carriers on certain lanes.

On January 1, 2012, General Rate Restoration (GRR) and General Rate Increase (GRI) for the Asia to USA market is expected to go into effect as follows:

GRR/GRI levels are reported at – USD320/400/450/506 per 20’/40’/40’HQ/45’

The January 1, 2012 GRR/GRI has been announced by the 15 member TSA and will be an across the board increase affecting everyone.

Rates are subject to change. Please contact your Shapiro representative for updates and more detailed information.

Trans-Pacific Carriers Seek Interim Post Holiday Rate Increase

In the wake of mounting financial losses the Transpacific Stabilization Agreement,(TSA), a discussion group representing 15 carriers operating Asia to the U.S. trade, announced plans of its member lines to implement an interim rate increase on January 1, 2012 of $320/20', $400/40', $450/40'HK

While the increases are too late for holiday season imports, the carriers hope to take advantage of cargo spikes anticipated in January before factories in Asia close for the 2012 Chinese New Year.

According to Brian Conrad, TSA's executive administrator, "Carriers are seeing stronger U.S. holiday season cargo volumes on the heels of positive economic GDP and retail sales data, as well as robust forward bookings leading into the early Lunar New Year factory holidays in Asia. As carriers look toward building a platform for the 2012-2013 contract cycles, the feeling is that a correction is both imperative and overdue." Conrad went on to say that, "the objective is to meet expected cargo demand growth and begin reversing 2011 revenue losses resulting from slower than expected demand, ongoing market uncertainty and the impact of short-term concessionary rates bleeding into12-month 2011 service contracts."

Citing vessel capacity and low rates, A.P.-Moller-Maersk CEO Nils Smedegaard Anderson told Bloomberg Television, "It is just that the whole market had expected more growth, so there's too much capacity, so we're basically destroying the price level for ourselves." Anderson advises that while the expectation is that the carrier will do "better than the average," he predicts that the beginning of 2012 will be "quite difficult."

The recommended freight rate increase will apply to all shipments moving under individual carrier tariffs as well as service contract cargo in all commodity segments where volume commitments have been met or contract provisions permit.

Long Beach Container Traffic Drops 20 Percent

Reeling from loss of services by niche carriers in the U.S.-China trade lane, container volume at the port of Long Beach dropped 20.5 percent in October.

Containerized imports dropped 20.8 percent, exports down 21.4 percent and empty containers fell 19.3 percent from October 2010.

Niche carriers that operate small 3,000-TEU vessels were most adversely affected.

Earlier this year, The Containership Co. went out of business, and niche carriers CSAV, Matson Navigation Co., Horizon Lines and Grand China Shipping each pulled a string of ships from the Trans-Pacific, and each were all calling in Long Beach.

The Port of Los Angeles, which has no niche carriers, reported a 5.5 percent year-over-year increase in containerized imports in October, saw a 28.1 percent increase in exports, and an overall increase of 4.4 percent when empty containers returning to Asia were included.

Loaded export containers at the Port of Los Angeles totaled 193,547 20-foot equivalent units. Imports rose to 368,843 TEU's, down from August and September.

The volume of empty containers returning to Asia dropped 17.4 percent in October, indicating that more containers were leaving the port loaded with export cargo.

Overall the port complex of Los Angeles-Long Beach in October experienced a 7 percent drop in imports. Exports in the port complex increased 4 percent over October 2010.

Exports of cotton and other fabrics dropped 43 percent to 42,657 TEU's. Animal feeds, including compressed hay bales, declined 11 percent and resins dropped 13 percent.

Over the first nine months of the year, total exports in TEU's increased 8.3 percent.

Containerized Exports Continue Strong Rising 6.7 Percent in Third Quarter

U. S. containerized exports rose 6.7 percent in the third quarter. This growth, according to Journal of Commerce sister company PIERS, is the eighth straight quarter of expansion led by the demand for wastepaper, scrap metal and containerization of grains.

Exports for July-September quarter increased to 2,933,396 20-foot equivalent units (TEUs).

Westbound trans-Pacific exports jumped 10.4 percent to 1,653,158 TEUs, or 56 percent of total exports.

Shipments to China, top destination for U.S. containerized exports, rose 13 percent to 163,158 TEU's following a 6 percent year-over-year gain in the second quarter.

Taiwan up 24 percent to 163,983 TEU's, Korea up 12 percent to 168,043 TEU's, and Australia up 19 percent to 61, 945 TEU's, are among other countries with increases. Exports to Italy dropped 23 percent.

Paper and paperboard exports, primarily wastepaper, rose 9 percent to 427,732 TEU's, or 14.6 percent of total exports. Scrap metal exports jumped 54 percent to 73,138 TEU's.

Although the majority of grain and soybean exports move in bulk carriers, a large number of Chinese importers are receiving grain and flour in containers because it is easier to finance. Containerized exports of grain and flour produces rose 37 percent to 40, 468 TEU's, as shipments of containerized soybeans nearly doubled to 40, 298 TEU's.

PIERS data also reveals an offset of previous declines in U.S. poultry exports resulting from China's imposition of countervailing duties. Poultry exports rose 32 percent to 48, 619 TEU's, with an increase of shipments to Hong Kong, Korea and Angola.

AIRFREIGHT:

Cathay Pacific Pessimistic about Holiday Cargo Peak
Expecting that the slump in Chinese exports will continue, James Woodrow, general manager of cargo sales and marketing for Hong Kong-based Cathay Pacific, advises that he has "little cause for optimism," and warned that the usual year-end peak was "unlikely" as a result of an overall weakness in the air freight industry in October with Hong Kong and China markets key to Cathay continuing to be soft.

Cargo transported by Cathay and sister carrier Dragonair fell for the seventh straight month in October. The two airlines carried 135,998 metric tons of cargo and mail in October, down 17.5 percent compared to a year earlier. The year-on-year decline, measured in freight tonne kilometers, was down 15.9 percent and for the first 10 months of the year was down 4.3 percent.

Woodrow advises that the carrier will continue to look for new markets, and that "[the] recently launched freighter services to Bengaluru, Chongqing and Chengdu was well received." On November 15 the carrier launched a twice-weekly service to Zaragoza, its first venture into this market in Spain.

SAMUEL SHAPIRO & COMPANY, INC. NEWS

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, Import Manager in Charleston, for her 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.