



“SHAP” TALK
August 2012 Issue No. 124

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WE WANT TO HEAR FROM YOU!

SHAPIRO SEMINARS

There's Still Time to Register for Shapiro's Classification Seminar!

Samuel Shapiro & Company, Inc.'s popular summer seminar is scheduled for August 9th in Baltimore. Our customers and industry professionals are invited to join us for this sought-after event, which will be followed by the Annual Propeller Club Crab Feast.

At this half-day seminar, you will learn about the development of the Harmonized Tariff System and the rules for classification. We'll also talk about tariff engineering and other ways to reduce duty costs. Under the law, importers are required to use Reasonable Care for the classification of imported merchandise so that Customs can properly assess duties, collect accurate statistics and determine whether other applicable legal requirements have been met. Classification is important not only for duty purposes, but also to determine admissibility, such as quotas and antidumping and countervailing duties. Incorrect classification may lead to delays in shipment clearance and increased duties with interest.

Plan on attending our seminar in the morning and enjoying the Crab Feast in the afternoon! The Baltimore Crab Feast attracts over 4,000 people annually and is arguably the most popular industry event of the year. It draws participants from New York to Norfolk and beyond to enjoy all-you-can-eat steamed crabs and plentiful networking opportunities at Conrad Ruth's Villa, a waterfront park on Middle River. The feast is a fundraiser for the Propeller Club, enabling the group to make significant contributions to various non-profit maritime organizations. We hope you don't miss this opportunity for a day filled with learning and fun!

Date:

Thursday, August 9th, 2012

Time:

8:30-9:00: Registration and continental breakfast

9:00-12:00: Seminar

Cost (includes continental breakfast, seminar materials, and refreshments):

\$90.00 per person

\$60.00 for each crab feast ticket

Location:

Legg Mason Tower

100 International Drive, 4th Floor

Baltimore, MD 21201

Venue Telephone: 410-454-3033

How to register:

Online: <http://www.shapiro.com/html/2012Classification.html>

Phone: 800-695-9465, ext. 290
 Email: seminars@shapiro.com

TRADE NEWS

BIS Update 2012 Part One - Regulatory

For those of our readers who were unable to attend the recent BIS Update conference in Washington, DC, we are pleased to present a recap of some of the topics presented.

It is quite evident that the Bureau of Industry and Security (BIS), along with the Department of State (DOS), have been working at a feverish pace to review the United States Munitions List for items that can be transferred to the Commerce Control List (CCL). Export Control Reform has been the focus of regulatory activity in 2011 and 2012.

This is evident by the list of published rules from the Bureau of Industry and the Department of State since this process began. DOS mentioned that there are seven (7) more rules that will be published and five (5) more categories to review. To keep you up to date on the companion rules (BIS & State) regarding the transfer of items to the CCL, below is a list of the dates and links to the rules that have already been published. Other Export Administration Regulations activity continues, such as export control regime implementation rules and end user related rules. These rules can be found on the [BIS website](#).

Published Rules	Links to Federal Register Notices for BIS & State
Aircraft and related items	BIS State
Vehicles and related items	BIS STATE
Gas turbine engines and related items	BIS STATE
Surface vessels and related items	BIS STATE
Submersible vessels and related items	BIS STATE
Energetic materials and related articles	BIS STATE
Auxiliary and Miscellaneous Items	BIS STATE
Personal Protective Equipment, Shelters, and Related Items	BIS STATE
Definition of "specially designed"	BIS STATE
Transition Issues	BIS

Comments have already been posted for many of these rules, but BIS is encouraging comments on all the related rules and would especially like comments on the “specially designed” and “transition issues” rules posted in June.

Each Wednesday, Assistant Secretary for Export Administration Kevin Wolf holds a weekly teleconference at 2:00 p.m. (Eastern Time) to answer questions about the Department of Commerce’s proposed rules pertaining to the Administration’s Export Control Reform (ECR) initiative. These calls are intended to foster public understanding and to assist interested parties in preparing more informed comments. Questions may relate to any ECR topic, but must be submitted in advance of each week’s teleconference, at oesdseminar@bis.doc.gov, with “Teleconference Questions” in the subject line. To call in to the teleconference, dial 1-888-455-8218, and enter the passcode 6514196#.

At the BIS roundtable for following up on Preventing Diversion Best Practices, BIS officials raised some issues that will be subjects of further discussion or possibly notices of inquiry. They handed out a new pamphlet titled “*BIS Best Practices for Industry to Guard against Unlawful Diversion through Transshipment Trade.*” The issues discussed concerned the Destination Control Statement, classifications, and Routed Export. This particular roundtable proved to be very popular with standing room only at each session. We’re sure to hear more to come on these topics.

The Office of Export Enforcement (OEE) led a packed panel session that had everyone laughing, but certainly not at the seriousness of the investigations of items from the U.S. that have made their way to other countries to be used against our military and citizens of other countries. OEE will continue to lead aggressive enforcement of U.S. Regulations and will continue to target both companies and individuals with willful intent. “Anything that will harm people and our military will be a top priority,” noted BIS.

OEE noted that Commerce is making a concerted effort to include more information in their charging letters and documentation in enforcement cases to help the public understand what happened so it will help their own compliance efforts.

There were many questions about the anti-boycott laws and situations because the laws are so complicated. There were also a number of questions on the STA exception and the new regulations pertaining to the items transferred from the United States Munitions List to the Commerce Control List. OEE mentioned that there will be outreach and training once implemented.

OEE responded to the question, “Most State Department violations are resolved with no penalty; will BIS adopt the same enforcement posture?” with a resounding “No.” We hope that OEE will be reasonable with the situation at hand, time will tell.

All BIS Update 2012 presentations are available on the [BIS website](http://mtitv.com/ConferenceSpeakers.html). Several speeches and sessions were video recorded with the transcript and can be found on <http://mtitv.com/ConferenceSpeakers.html>

BIS Update 2012 Part Two - Foreign Trade Regulations and Automated Export System

A Census official advised that changes to some of the data elements required for filing the Electronic Export Information (EEI) in the Foreign Trade Regulations (FTR) will be forthcoming. A notice of proposed rulemaking was issued in January 2011, and Census is pulling back on changes such as the country of origin, the transportation reference number, and the equipment and seal number after several comments were received. There will be additional clarifications to the port of export, value, split shipments, international waters, household effects, and a rewrite of the post departure program.

Customs and Census are trying to come to a consensus with the post departure program in order to ensure national and international security. The post departure rule is expected to be totally rewritten when the final rule is published. Currently, there are a small number of companies approved for post departure filing in AES that have licensed exports under Commerce. These companies will have this privilege rescinded by BIS.

The Department of Justice is imposing a signature to the Electronic Export Information (EEI). When the EEI is filed, the submitter must send an electronic signature certifying that no false or fraudulent claims have been made. This will be published in an interim proposed rule. As we see it, this will ensure accountability and make the submitter really think about what they are doing to ensure the accuracy of the transmission. Census is also proposing to add a comment field for the EEI to note items that may be of significance to the EEI filing at hand.

There has been a number of recurring Voluntary Self Disclosures (VSD) filed by companies to Census. Census said they will be reasonable, but if the same mistake continues to occur, the VSD will be turned over to BIS or Customs for review. For all exporters, this is a warning that you must not only correct the problem at hand, but you have to put additional measures in so that the same mistake does not continue to recur. One of the mitigating factors for Census violations is to have clear documentary evidence of remedial measures undertaken to prevent future violations.

Census is also looking at AES corrections. For example, when did the filer correct the EEI transmission, and how soon was it done after the changed information was known? Was it fixed as soon as possible? If you have an email or correspondence from a carrier changing the port, vessel, or export date, the EEI should be corrected immediately after this is received. Also, it is important to document all correspondence with the carrier, agent, exporter, or forwarder.

Another good practice for all exporters is to request a copy of your Electronic Export Information filing from Census on an annual basis. This data request entitles a company to 12 months of data free of charge every 365 days. If a company requests data more frequently than once a year, the company will be charged \$125 per month for every extra month over the twelve. We know of two companies recently that requested their data only to find out that another company was filing under their IRS numbers! If this happens, be certain to contact Mr. Joe Cortez, Chief, Regulations, Outreach, and Education Branch, U.S. Census Bureau, 4600 Silver Hill Road - Room 6K125, Suitland, MD 20746 so his office can rectify the situation.

BIS presented their perspective on AES and how they have placed edits into the system to ensure compliance with Commerce licenses and exceptions. The BIS Office of Technology Evaluation has conducted reviews of items shipped under a license or exception to determine which edits were appropriate for AES and these have been implemented and are working well. BIS will continue to evaluate and review EEI filings to determine if other measures are needed

BIS also confirmed that there will be an ultimate consignee type collected as a part of the Electronic Export Information (EEI), so all exporters will need to know if they are selling to a Direct Consumer, Government Entity, Other (Reseller, Distributor), or an “unknown” at the time. If unknown, the exporter can probably expect some type of further review.

BIS mentioned the [notice of inquiry](#) that was published on July 5, 2012 regarding establishing an automatic calculation through the Automated Export System (AES) of the shipping tolerance for BIS licenses. Currently there is no response generated in the AES system when license information is transmitted, so the user has no confirmation that license information was indeed sent and received. All comments on this Notice of Inquiry must be received by August 20, 2012. For more information contact Teresa Telesco of OTE at 202-482-4959 or teresa.telesco@bis.doc.gov.

Good news for importers who also export. There was a brief mention of expansion of the C-TPAT (Customs Trade Partnership Against Terrorism) program for export (see our Trusted Trade article below).

C-TPAT and AEO Mutual Recognition Phase One

U.S. Customs and Border Protection (CBP) and the European Union Taxation and Customs Union Directorate signed a Mutual Recognition Decision between the Customs-Trade Partnership Against Terrorism (C-TPAT) and the EU’s Authorized Economic Operator (AEO) programs in May of this year.

The first implementation phase commenced in July 2012 and has two components.

C-TPAT will now recognize and accept the status of an AEO company in the EU as part of the overall validation process. No foreign validation visit will be needed as part of a

validation or revalidation of a C-TPAT member if the foreign facility is AEO certified. If a validation or revalidation visit was already scheduled, it will still occur. CBP will conduct a C-TPAT validation visit on an AEO certified company from time to time in order to ensure that both programs remain compatible.

The second component will be CBP's recognition of shipments from AEO companies as secure shipments with a lower targeting score in the Automated Targeting System, whether or not the shipment is being imported by a C-TPAT member. The shipment will be identified as coming from an AEO company based on the reported Manufacturer ID number. AEO members are being instructed by their national customs administrations to input their information into the C-TPAT portal so that CBP can collect their MID numbers, and shipments can be recognized in the targeting system. The AEO member only needs to input its information in the C-TPAT portal if it is shipping to a non-C-TPAT importer. C-TPAT members importing from AEO certified companies in the EU already receive the targeting benefit based on their importer of record number.

No action is needed by C-TPAT members for this first implementation phase. However, Customs recommends that C-TPAT members with upcoming validations and revalidations advise their Supply Chain Security Specialists if they have a foreign supplier that is AEO certified.

The second implementation phase is expected in January 2013 where the EU will start to reciprocate by recognizing shipments from C-TPAT members.

C-TPAT currently has over 10,000 certified members. AEO has over 5,000 members. The U.S. has mutual recognition with Canada, New Zealand, Jordan, Japan, and Korea. The EU has mutual recognition with Switzerland, Norway, and Japan.

CBP Seeks To Expand Trusted Trader Programs

In an effort to protect national security Customs & Border Protection (CBP) seeks to broaden and expand current trusted trader programs such as the Customs-Trade Partnership Against Terrorism (C-TPAT) and the Importer Self-Assessment (ISA) programs.

CBP is working to expand the programs through the following recommendations:

- An increase in Mutual Recognition which results in increased transparency, lower costs through joint validations, and simplified security procedures. The newest agreement was made effective on July 1st for C-TPAT and the EU's Authorized Economic Operator (AEO) programs (see article above). The U.S. already has agreements in place with Canada, Korea, Japan, New Zealand, and Jordan. China is likely to join at a later date and is currently allowing CBP and the EU to jointly validate Chinese businesses.

- An increase in C-TPAT participation by expanding the types of companies eligible for membership including bonded warehouse facilities and foreign trade zones. CBP is also considering expanding its definition of 3rd party logistics providers to include non-asset based providers that arrange international transportation, and foreign consolidators.
- Expanding C-TPAT to cover exports for current members by adding additional criteria to participate, although CBP has not yet determined what the additional criteria/requirements might be. According to CBP, C-TPAT validations already cover information that would be required if the participation was expanded to cover exports as both import and export processes are similar. CBP has conducted some export validation tests under C-TPAT to determine what types of information import validations may not cover, and CBP will inquire further input from the trade community. The expansion would include only current import C-TPAT members, but strictly export companies/members would be added for participation at a later date.
- Expanding the reach of C-TPAT by identifying overlapping areas with other government agencies such as the Transportation Security Administration (TSA). CBP found that C-TPAT validations and the TSA's Certified Cargo Screening Program had similar criteria and requirements. CBP and the TSA are now conducting a pilot program with foreign air carriers to jointly validate and inspect facilities to help identify duplicate processes. The model may expand to other government agencies as well and could lead to a mutual recognition type agreement between CBP and the TSA.
- Merging C-TPAT with ISA to attract greater participation in the ISA program. CBP will be working to add more and improved incentives to pull companies into a merged program. Recent participation has dropped in the ISA program due to a perception that the benefits of participation don't offset the costs of participating.
- An intellectual Property Rights (IPR) partnership program modeled on C-TPAT for licensees and importers to ensure that rights are not violated. The participants would demonstrate the controls and methodologies they have in place to ensure importation rights and authenticity of the goods. Licensees would have to demonstrate the legitimacy of their agreements and be able to keep track of the licensing period against expiration. The program would allow importers to submit an IPR indicator in the cargo release data which would link to a validation data base based on information provided by rights holders. Valid indicators would result in quicker CBP releases for importers. The data base could also help CBP identify gray market imports more quickly.

In summary CBP has stated that it will be procuring information from other government agencies and the trade community to co-create a pilot program in distribution chain management which will address the stated recommendations.

New Trans-Pacific Trade Partnership in Negotiations

The governments of the United States, Australia, New Zealand, Brunei, Chile, Malaysia, Peru, Singapore, and Vietnam began talks to negotiate a favorable trade agreement between these member countries. Mexico and Canada were invited to the talks but they were not present for the initial negotiations.

The U.S. business community is pushing for protection of intellectual property rights as nearly two thirds of U.S. exports are expected to be developed in Asia high-technology sectors.

The U.S. recently signed free trade agreements with South Korea, Colombia, and Panama. Malaysia, Vietnam, and Japan are the only countries in the group that do not currently have any free trade pacts with the United States.

The Exporter's Toolkit

In a special edition of Trade Source, under the National Export Initiative (NEI), the U.S. Census Bureau, Department of Commerce has put together an Exporter's Toolkit. This toolkit acts as a guide and includes a listing of different government resources available to you. From locating a market to figuring out financing options to determining applicable regulations, this toolkit is a central source for all of your exporting needs. The Exporter's Toolkit can be downloaded at:

http://www.census.gov/foreign-trade/aes/tradesource_july2012.pdf

USDA Website Updated for Plant and Plant Product Importers

The U.S. Department of Agriculture's Animal and Plant Health Inspection Service (APHIS) has created a new site for importers of fruit, vegetables, plants, plant products, wood, and wood products that are not already approved commodities. The new website walks importers through the steps of the approval process, including submitting a commodity import request. According to USDA, the new website will allow stakeholders to take a more active role in the development of risk assessments as they are being drafted. The site is available at:

http://www.aphis.usda.gov/import_export/plants/plant_imports/process/

TRANSPORTATION UPDATE

August 2012 Update

INDUSTRY NEWS:

Ports of LA-Long Beach May Soon Face Work Disruptions

OOCL (USA) Inc. and other carriers operating in the ports of LA-Long Beach, CA have recently notified their clients that the International Longshoremen and Warehouse Union Local 63 Office Clerical Unit (“OCU”) has recently rejected proposals by OOCL and other carriers for a new labor contract. The OCU is now working under an expired contract and now that they have rejected each of the options that were proposed, the OCU gave no meaningful counter-proposal, and announced that the parties were at an impasse.

OOCL advised that although negotiations have been scheduled with another steamship line for July 30 and 31, they have received information that the OCU could be preparing to disrupt the flow of cargo at the ports of LA-Long Beach, CA in the near future.

Other carriers that are handled by the OCU labor at the terminals in LA-Long Beach are APL, China Shipping, COSCO, Evergreen, Hapag Lloyd, Matson, Maersk, Yusen, Yang Ming, and Zim Lines.

Samuel Shapiro & Company, Inc. will continue to keep you advised on any developments. You may also find information at <http://www.harboremployers.com>

ILA AND USMX Labor Contract Talks Improve

On September 30, 2012 the labor contract between the International Longshoremen’s Association (“ILA”) and the United States Maritime Alliance (“USMX”) will expire. For the past few weeks both sides have been negotiating. The USMX is in favor of a higher level of automation at the US East Coast and US Gulf Coast ports while the ILA wants to protect the jobs of its members. The ILA recognizes the need for technology but they want make sure that they will be eligible for limited pay guarantees. The other key issue is ILA jurisdiction over chassis maintenance and repair. The ILA would like to have some guarantee that the workers displaced due to advanced technology would be available for retraining and reassignment in order to qualify for the pay guarantees. The agreement on chassis is to address concerns that the ILA will lose jobs as ocean carriers shift their chassis fleets to private leasing companies not covered by the union contract.

James Capo, chairman and CEO of USMX, commented, “We still have difficult issues to work through, but we have momentum. We are moving in the right direction.” Recently the two sides ended three days of negotiations in Delray Beach, Florida with optimism about a strike-free contract for the East and Gulf Coast dockworkers. The ILA and USMX are seeking a six-year contract. After the latest meetings, ILA President Harold Daggett commented that “I’m much more confident now that we’ll have a

contract”. It was reported that there was an agreement that better use of technology is required in the ports and there was also an agreement on chassis where the ILA won assurances that its members will continue to perform any maintenance and repair work on the chassis.

No date is set yet for the next round of negotiations. Many shippers had previously said that if this latest round of negotiations did not go well, they would plan to divert shipments via the US West Coast or they would accelerate orders to be shipped.

Ocean Carriers on the Road to Financial Recovery

Jefferies (a New York investment bank) said that the ocean carriers should see their profit margins rebound from a negative 15 percent in the first quarter of 2012 to 2 percent in the second quarter as a result of higher freight rates to shippers. The outlook for the third quarter is even better as the Peak Season Surcharge was successful in sticking for the majority of those shipping in the Asia to North America market. There is some concern that soft volume trends in July may not allow the carriers to keep the rate gains but further capacity cuts are on the way that should retain current freight rate levels for the remainder of the third quarter.

Jeffries did note that fourth quarter profitability is not as clear, and that carriers are now becoming more interested in profit than in market share after having suffered big losses in two of the last three years.

U.S. Trade Deficit Narrows

May 2012 was the second-best month ever for the exports of goods and services from the United States. That same month saw a 0.7 percent drop in imports to the U.S.

Despite the weak world economy the U.S. government confirmed great progress has been made in reaching the President’s goal of doubling U.S. exports by the end of 2014. Commerce Secretary Rebecca Blank said, “We are on track towards exceeding last year’s export total of \$2.1 trillion, which supported 9.7 million jobs.”

Transportation equipment, including aerospace products, motor vehicles, and railroad rolling stock, made up \$218 billion of U.S. exports in 2011, the largest category of export merchandise.

The lowering price of crude oil assisted in lowering the trade deficit in the second quarter of 2012.

OCEAN FREIGHT

Transpacific Carriers Seek General Rate Increase in August

Carriers are reporting that they will extend the current Peak Season Surcharge at the July levels through the end of August; however in the first two weeks of August, they seek to impose a General Rate Increase (GRI). Below are the effective dates and GRI levels that many of the largest carriers in the market are seeking.

CSCL

Current rate + current PSS and subject to 2nd PSS effective August 5, 2012 (WC port: USD 400/500/563/633; Other destination: USD 560/700/788/886)

Cosco

Current rate + current PSS and subject to August GRI effective August 7, 2012 (WC port: USD 400/500/563/633; Other destination: USD 560/700/788/886)

EMC

Current rate + current PSS and subject to August GRI effective August 6, 2012 (WC port: USD 380/475/534/601; Other destination: USD 540/675/759/855)

Hanjin

Current rate + current PSS and subject to August GRI effective August 6, 2012 (WC port: USD 400/500/563/633; Other destination: USD 560/700/788/886)

MSC

HKG/ Yantian/ Chiwan/ Outport of SPRC – current rate + current PSS, but subject to GRI effective August 6, 2012 (WC port: USD 400/500/550; Other destination: USD 560/700/750)

Other origins – current rate + current PSS, but subject to GRI effective August 1, 2012 (WC port: USD 400/500/550; Other destination: USD 560/700/750)

MOL

Current rate + current PSS and subject to August GRI effective August 10, 2012 (WC port: USD 400/500/565/635; Other destination: USD 560/700/790/885)

OOCL

Current rate + current PSS and subject to August GRI effective August 6, 2012 (WC port: USD 400/500/565/635; Other destination: USD 560/700/790/885)

UASC

Current rate + PSS effective August 1, 2012 (USD 400/500/500) and subject to August GRI effective August 11, 2012 (EC port: USD 480/600/675)

YML

Current rate + current PSS and subject to August GRI effective August 6, 2012 (WC port: USD 400/500/565/635; Other destination: USD 560/700/790/885)

ZIM

Current rate (incl. PSS) is valid till August 6, 2012. Effective August 7, 2012, the current rate is subject to PSS (WC port: USD 400/500/565/633; Other destination: USD 560/700/790/886)

MSC and Hapag Lloyd Raising Rates from U.S. to Australia/New Zealand Market

MSC and Hapag Lloyd have notified their customers that they will impose a General Rate Increase (GRI) on all cargo from the USA to Australia/New Zealand. The increases begin on August 15 based on shipped on board dates. The GRI is \$175/20-foot container and \$350/40-foot container.

Brazil Customs Step Up Work Slowdowns

Brazilian customs offers are stepping up work slowdowns in July as their labor negotiations drag on. The customs officers plan on further slowdowns and possible strikes as they demand wage increases. The officers said they may halt work and work at a minimal level for two days a week. They recently said they would clear no cargo except medicines, food, and livestock from Monday through Thursday until their demands are met. The work slowdowns have varied from port to port but Santos was the port most affected.

Shipping agents say that most ports have been able to absorb the backup of cargo, but recently congestion in Santos has forced ships to be diverted to other ports.

Charleston Harbor Dredging Ahead of Schedule

The deepening of the Charleston harbor has been the number one priority for the South Carolina Ports Authority as they seek increase the depth to 50 feet from the current 45 foot level. The SCPA wants to accommodate the newer mega-ships that the carriers will be using in the Trans-Pacific market. Charleston does not want to be left out of this very important business sector.

In 2011, port officials stated that they would not expect to complete the job for five to eight years. Some officials said the harbor would not be ready until 2024. Now, the Army Corps of Engineers revised this estimated completion to be under four years. As a result, the deepening of the harbor will provide a great economic benefit to the Southeast region and to the entire nation.

The South Carolina state legislature has allotted \$300 million of the state budget to fund the construction of the Charleston project, and they await authorization from Congress to complete it.

AIRFREIGHT:

Global Air Traffic Drops 2.2 Percent

Global air traffic dropped 2.2 percent in May over a year ago. The only growth area is with the Middle East carriers, which accounted for one half of the growth in the global air market this past year. Load factors of utilized space stood at 45.3 percent in May. The slowing demand is seen to be a result of the slowdown of the European economy, and business and consumer confidence is falling as a result.

European airlines are hurting the most right now with declining traffic of 5.7 percent over a year ago. Asia Pacific air carriers have seen traffic declines of 4.1 percent while

North American carriers are stronger with a loss of 1.9 percent of cargo over last year. The Middle East carriers saw a boost of freight traffic of 12.5 percent over last year.

DOMESTIC/TRUCKING:

Intermodal Rates May Rise Due to Export Coal Boom in the U.S.

Surging coal exports of roughly 75 million tons by 2017 that should increase to 170 million tons by 2022 via Pacific Northwest Ports could seriously deteriorate rail service as longer transit and cycle times to accommodate the volume could result in higher costs in the form of higher freight rates and equipment costs according to a study done by The Western Organization of Resource Councils.

NY-NJ Terminal Areas Hit by Shortage of Chassis

The ports of NY-New Jersey are now facing a chassis shortage for drayage of cargo to and from their terminals. Particularly hard hit are Maher Terminals in Port Elizabeth, NJ and Global Terminals in Jersey City according to local truckers there.

Maher terminals have been particularly hard hit and they sent a letter to the port truckers advising them of the shortage. The shortages are blamed on the glut of vessels arriving at the terminals delayed by the July 4th holiday and Peak Season volumes now hitting the port.

Many New York truckers have complained that chassis are in poor condition and there is not enough labor to fix them. As a result, port truckers are encountering delays caused by the lack of available chassis at some terminals which limits the amount of truck runs a trucking company can make in a day which hinders the amount of money those companies can earn. The current labor negotiations with the ILA will certainly take all of this into account as they bargain to be compensated fairly to repair the chassis in the New York port areas.

SAMUEL SHAPIRO & COMPANY, INC. NEWS

Shapiro Honored with 2012 CEO/CFO Dream Team Award by the Baltimore Business Journal

Samuel Shapiro & Company, Inc. recently announced that Margie Shapiro, President and CEO, and Randy Lott, CFO, have been named by the Baltimore Business Journal as a CEO/CFO Dream Team in the “Agile Private Company” category.

The CEO/CFO Dream Team awards highlight Baltimore executive teams that promote innovation and growth while demonstrating strong corporate leadership. Nominees were judged based on overall impact, including revenue growth, innovation, corporate philanthropy and overall leadership style, among other criteria. Award recipients were honored at the CEO/CFO Dream Team Breakfast event on July 20th in downtown Baltimore and were profiled in a special section of the Baltimore Business Journal on July 13th.

Shapiro and Lott have been working together for four years and have been responsible for a concerted push towards innovation and investment in human and technology resources at Shapiro, while remaining prudent in terms of fiscal responsibility. As a result, with increased revenue and cost constraints in place, 2010 and 2011 have been Shapiro's most profitable in the last fifteen years. Under Shapiro and Lott's leadership, the company has also strongly focused on product/service innovation and employee development. In 2011, Shapiro launched Infinity Logistics (www.infinitylog.com), a joint venture created in partnership among Shapiro and two other European companies to address the needs of U.S. companies seeking regulatory expertise and control in the European Union. Concurrently, the company has made efforts in building and developing the next generation of the Shapiro family. As a result, the culture continues to grow stronger, with a balance of experience and new energy.

Shapiro and Lott noted that the foundation of this success is rooted in their mutual belief and understanding of the company's core values. "Randy and I are aligned in terms of values and culture. It's remarkably easy to work with somebody who has that kind of alignment," says Shapiro. "I also greatly respect his knowledge and ability. Having that level of comfort and trust in somebody I work with so closely is critical for a successful relationship."

"We complement each other," notes Lott. "Margie has extensive industry experience and I bring a financial background that complements her expertise. We respect our areas of expertise, but we're not afraid to challenge each other when we need to."

For the full interview with Shapiro and Lott, please visit the Baltimore Business Journal's website at <http://www.bizjournals.com/baltimore>.

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 Kat Parker, Global Supply Chain Logistics Specialist in Baltimore, 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.