

“SHAP” TALK

July 2006 Issue No. 51

In this issue:

TRADE NEWS

[Full Enforcement of the Wood Packing Material Regulation Begins July 5, 2006](#)

[GSP Renewal Uncertain](#)

[TSA Issues New Air Security Requirements](#)

[Anti-Dumping Duty Order on Petroleum Wax Candles from the People’s Republic of China](#)

[CBP Issues Revised Informed Compliance Publication](#)

[Customs Final Rule Allowing Single Entries for Unassembled / Disassembled Merchandise](#)

[Customs Q & A – Textile RN Numbers](#)

COMPLIANCE CORNER

[Harmonized Tariff Schedule – Major Changes for 2007](#)

TRANSPORTATION UPDATE

[Container Seal Charges – Asia to North America](#)

[Is Your Cargo Protected this Hurricane Season?](#)

[July Transportation Update](#)

SAMUEL SHAPIRO & COMPANY, INC. NEWS

[Save the Date! Automation & Recordkeeping Seminar in Baltimore August 10th!](#)

[The Latest from our Atlanta, Georgia Office](#)

TRADE NEWS

FULL ENFORCEMENT of the Wood Packing Material Regulation Begins July 5, 2006

Starting July 5, 2006, full enforcement of the wood packing material (WPM) rules will be in effect. Phase II enforcement began on February 2, 2006 for wood pallets and crates and requires exportation of non-compliant WPM. Phase III will be the full enforcement to include all WPM such as dunnage, crates, pallets, packing blocks, drums, boxes, cases, and skids.

WPM does not include manufactured wood such as plywood, veneer, fiberboard, particle board, corrugated board, or oriented strand board. Also excluded are loose wood materials such as shavings and excelsior, whisky and wine barrels, wine crates for vintage years prior to 2006, ammo crates, and paper products.

What is most important regarding the WPM rules is the requirement that the IPPC (International Plant Protection Convention) marking be VISIBLE. We have had several instances where pallets were marked, but because of the way the pallet was loaded, the marking was not visible when Customs inspectors opened the container. The shipments were refused and had to be re-exported at considerable cost, simply because the pallet was turned the wrong way around. Be sure to tell your suppliers that the last pallets (or crates or other WPM) loaded in the container must have the IPPC marking facing out.

From the Customs Q&A on WPM:

Q: Sometimes the IPPC mark is not visible on dunnage because of in-transit damage or on bracing if smaller pieces are cut from one 4x4. What is going to happen in those cases?

A: Dunnage presents unique challenges. Often, pieces of dunnage are cut to fit a load and may, during that process, be separated from the IPPC marking. Other times, during the course of transit, dunnage is broken, crushed, abraded, or otherwise damaged; in these cases, too, pieces of dunnage will likely be separated from their compliance mark.

For purposes of enforcement of this regulation as it relates to dunnage, Customs intends to exercise its discretionary authority so that if Customs believes that cut or damaged pieces of dunnage are part of a larger piece of properly marked wood, Customs will determine that the unmarked dunnage has been treated and marked, and consider the unmarked dunnage to be non-violative.

GSP Renewal Uncertain

The U.S. Generalized System of Preferences (GSP), a program designed to promote economic growth in the developing world, provides preferential duty-free entry for

more than 4,650 products from 144 designated beneficiary countries and territories. The GSP program was instituted on Jan. 1, 1976, and authorized under the Trade Act of 1974 for a 10-year period. It has been renewed periodically since then, most recently in 2002, when President George Bush signed legislation that reauthorized the GSP program through December 31, 2006.

The question at hand is whether the GSP program will be renewed at the end of this year, or if it will be changed dramatically?

The American Association of Exporters and Importers (AAEI) reports in its May 22, 2006 Trade Alert that the latest signals from leading members of Congress seem to be that they would like to scale back GSP considerably or even let it expire.

Apparently, Senator Charles Grassley, Chairman of the Committee on Finance, has stated he is frustrated with how slow negotiations are going at the Doha Round, and thinks that Brazil and India are not as committed to these negotiations because of their GSP status. He said he will likely oppose the renewal of GSP in its current state with the list of current countries.

AAEI also reports that Congressman Bill Thomas, Chairman of the House Ways and Means Committee, mentioned an interest in differentiating among countries according to their levels of development.

There will be more to this story and we will be watching the legislation and reports that will come out concerning the renewal or changes to the GSP program as we now know it. We will keep our readers updated.

To learn more about the Generalized System of Preferences, visit the United States Trade Representative website at:
http://www.ustr.gov/Trade_Development/Preference_Programs/GSP/Section_Index.html.

If you are importing and not aware of the Generalized System of Preferences and are uncertain as to whether your product is eligible for GSP, we can help you determine this. Please contact compliance@shapiro.com.

TSA Issues New Air Security Requirements

The Transportation Security Administration (TSA) has issued a final rule for Air Cargo Security Requirements. These security measures are for the entire air cargo supply chain. This includes air freight forwarders or indirect air carriers (IAC), agents of forwarders that pick up and store air freight, air carriers, foreign air carriers, airport operators and shippers. This rule follows the notice of proposed rulemaking (NPRM) issued November 10, 2004 and is effective on October 23, 2006 for most sections.

The Aviation and Transportation Security Act directed TSA, which is the agency solely responsible for the security of shipments of air cargo, to implement measures to enhance and improve the security of air cargo transported in both passenger and all-cargo aircraft. This rule is a threat-based, risk-managed program for securing the air cargo transportation system. The rule addresses two critical risks in the air cargo environment:

- (1) The hostile takeover of an all-cargo aircraft leading to its use as a weapon; and
- (2) The use of cargo to introduce an explosive device onboard a passenger aircraft.

Some of the provisions included in this rule provide for:

- a new mandatory security regime for aircraft operators and foreign air carriers in all-cargo operations using aircraft with a maximum certificated take-off weight more than 45,500 kg.
- an amended security program for Indirect Air Carriers (IAC), Air Carriers, airport operators, aircraft operators, and foreign air carriers.
- requirements for foreign air carriers in all-cargo operation with an aircraft having a maximum certificated take-off weight more than 12,500 pounds but no more than 45,500 kg, and a separate program for aircraft with a maximum certificated take-off weight more than 45,500 kg.
- a Security Threat Assessment (STA) for individuals with unescorted access to air cargo (cost: \$28.00 per person). TSA has set a compliance date of December 1, 2006 for these to be completed for individuals and owners that need an STA under the new rule.
- broadening the scope and making further enhancements to existing requirements for indirect air carriers (IAC).
- enhancement of the known shipper program.
- expansion of Security Identification Display Area (SIDA) requirements at regulated airports to include areas where cargo is loaded and unloaded.
- specified training requirements for Indirect Air Carriers. TSA has set a compliance date of 11/22/2006 for this particular area.

This final rule adopts the regulations that were proposed in the NPRM in November 2004, with some minor revisions to clarify both of the populations who are subject to Security Threat Assessments (STA), and the areas where airports must extend Security Identification Display Area (SIDA) measures for cargo.

During this rulemaking, another critical security enhancement has been implemented, that is, an increase in the inspection of cargo by aircraft operators and foreign air carriers. The NPRM proposed to codify the requirement for the aircraft operators and foreign air carriers to inspect cargo in accordance with their security programs.

Following the publication of the NPRM, the Department of Homeland Security Appropriations Act, 2005 was enacted. The Act requires TSA to amend Security Directives and programs to triple the percentage of cargo inspected on passenger aircraft, which TSA has already implemented.

Details of these security measures and security programs mentioned are protected by TSA as “Sensitive Security Information” or “SSI” and therefore are not available for release to the general public under 49 CFR part 1520.

The NPRM issued on November 10, 2004 in the Federal Register can be viewed at: <http://a257.g.akamaitech.net/7/257/2422/06jun20041800/edocket.access.gpo.gov/2004/pdf/04-24883.pdf>

The Final Rule dated May 26, 2006 Air Cargo Security Requirements can be viewed at: <http://a257.g.akamaitech.net/7/257/2422/01jan20061800/edocket.access.gpo.gov/2006/pdf/06-4800.pdf>

Anti-Dumping Duty Order on Petroleum Wax Candles from the People’s Republic of China

The Department of Commerce (DoC) may find circumvention of an antidumping order when products that are subject to the order are “altered in form or appearance in minor respects.” In addition, the DoC may find circumvention of an antidumping order when particular merchandise is developed after an investigation is initiated (“later-developed merchandise”).

In response to a request from the National Candle Association, the Department of Commerce initiated an anti-circumvention inquiry to determine whether imports of candles of mixed wax (that is, candles composed of petroleum wax and varying amounts of either palm or vegetable-based waxes) are circumventing the antidumping order on petroleum wax candles from China. Notice was published in the Federal Register of March 7, 2005:

<http://a257.g.akamaitech.net/7/257/2422/01jan20051800/edocket.access.gpo.gov/2005/pdf/E5-918.pdf>

On May 24, 2006, the Department of Commerce announced its preliminary determination of circumvention of the antidumping duty order on petroleum wax candles from the People’s Republic of China (PRC).

In determining whether mixed-wax candles composed of petroleum wax and more than fifty percent or more palm and/or other vegetable oil-based waxes (mixed-wax candles) are considered later developed merchandise under section 781(d) of the Tariff Act of 1930, as amended (the Act), the Department of Commerce evaluated the arguments raised by the interested parties in light of the language of the statute, regulations, and the applicable legislative history.

The Department of Commerce has preliminarily determined that mixed wax candles are later-developed products of petroleum wax candles, within the meaning of section 781(d) of the Act. However, the Department is unable to conclusively determine whether, and at what point, candles containing increasing proportions of palm and/or

other vegetable oil-based wax may no longer be considered petroleum wax candles. As a result, the Department preliminarily finds that only those mixed wax candles that contain up to 87.80 percent of palm and/or other vegetable oil-based waxes, which is the highest amount within a mixed-wax candle that has been made for commercial sale on the record, are within the scope of the antidumping duty order on petroleum wax candles from the PRC, as provided in section 781(d) of the Act.

In accordance with its affirmative preliminary determination, the Department will require suspension of liquidation of entries of mixed wax candles containing up to 87.80 percent of palm and/or other vegetable oil-based waxes mixed with petroleum wax, from the PRC that were entered, or withdrawn from warehouse, for consumption on or after February 25, 2005, the date of initiation of this anti-circumvention inquiry. The merchandise subject to suspension of liquidation is limited to mixed-wax candles. U.S Customs and Border Protection (CBP) will require a cash deposit in the amount of 108.30 percent for all such un-liquidated entries, which is the most recently calculated PRC country-wide rate.

Following the publication of the preliminary determination, the Department will solicit additional comments and information from interested parties for consideration in the final determination in the following areas:

- the precise significant technological advancement that allowed for the commercial sale of mixed wax candles;
- the extent to which the concentration of palm or vegetable-based oil wax has any effect on the physical properties of the mixed-wax candle as well as the proper characterization of such as candle as a petroleum wax candle;
- a direct link between patents awarded during this period and commercial sale of mixed-wax candles; and,
- a comprehensive survey showing the technological developments regarding mixed-wax candles.

The Department will be setting a schedule for the submission of these comments and information in the next two weeks.

On February 25, 2005, the Department also initiated a minor alterations anti-circumvention inquiry on mixed wax candles, pursuant to section 781(c) of the Act. Due to the issuance of the preliminary determination that mixed-wax candles are a later-developed product, the minor alterations inquiry is on hold, but may continue pending the results of the final determination of this later-developed merchandise proceeding. However, if the Department of Commerce determines to affirm the results of this preliminary determination, then the minor alteration anti-circumvention proceeding will be rescinded as the products subject to that inquiry would already have been determined to be within the scope pursuant to the instant inquiry.

The products covered by this order are certain scented or unscented petroleum wax candles made from petroleum wax and having fiber or paper-cored wicks. They are sold in the following shapes: tapers, spirals, and straight-sided dinner candles; round,

columns, pillars, votives; and various wax-filled containers, classified under subheading 3406.00.00 of the Harmonized Tariff Schedule of the United States (HTSUS).

What does this mean to my candle imports?

For any entries of mixed wax candles on or after February 25, 2005, it is possible these entries will be liquidated with an antidumping duty rate of 108.3%.

Please contact compliance@shapiro.com if you have any questions.

Sources: U.S. Department of Commerce International Trade Administration / Highlights and News / May 24, 2006 China Petroleum Wax Candles / Later-Developed Merchandise Anti-circumvention Inquiry: Affirmative Preliminary Determination of Circumvention of the Antidumping Duty Order

<http://www.trade.gov/ia/>

<http://ia.ita.doc.gov/ia-highlights-and-news.html>

<http://ia.ita.doc.gov/download/factsheets/fr-notice-prc-candles-circ-prelim-052406.pdf>

<http://ia.ita.doc.gov/download/factsheets/factsheet-prc-candles-circ-prelim-052406.pdf>

<http://a257.g.akamaitech.net/7/257/2422/01jan20051800/edocket.access.gpo.gov/2005/pdf/E5-918.pdf>

CBP Issues Revised Informed Compliance Publication

U.S. Customs and border Protection (CBP) has issued a revised informed compliance publication (ICP) entitled, "What Every Member of the Trade Community Should Know About: Works of Art, Collector's Pieces, Antiques, and Other Cultural Property."

This revised ICP is a comprehensive update from the February 2001 version. It contains detailed information on Antiques and Collector's Pieces and also discusses the requirements that apply to importations of works of art and other cultural property. In addition to the normal rules that apply to all importations, there are special rules that apply to certain types of cultural property because of international agreements, treaties, or requirements set forth in CBP law and in the Harmonized Tariff Schedule of the United States (HTSUS). Following is a more detailed list of the information contained in this ICP.

- Paintings, drawing, pastels, collages and similar decorative plaques
- Original engravings, prints and lithographs
- Original sculptures and statuary, in any material (including exclusions)
- Importer responsibilities under HTS 9702 or 9703
- Philatelic and numismatic material and collections
- Antiques

- Special rules for protected cultural property
- The Pre-Columbian Monumental Act
- The UNESCO Convention and U.S. Implementation
- Other stolen or smuggled property
- Other antiques and works of art restrictions
- HTS Chapter 97

The material in this publication is provided for general information purposes only. Because many factors can be involved in Customs issues, an importer may wish to obtain a ruling under Regulations of U.S. Customs and Border Protection, 19 C.F.R. Par7 177, or to obtain advice from an expert who specializes in Customs matters, for example, a licensed Customs broker, attorney or consultant.

This ICP which was issued in May 2006 is available at the following link;

http://www.cbp.gov/linkhandler/cgov/toolbox/legal/informed_compliance_pubs/icp061.ctt/icp061.pdf

Customs Final Rule Allowing Single Entries for Unassembled / Disassembled Merchandise

U.S. Customs and Border Protection (CBP) has issued a final rule, effective July 3, 2006 amending its regulations by adding 19 CFR 141.58 in order to allow an importer of record, under certain conditions, to submit a “single entry” to cover multiple portions of a single “unassembled or disassembled entity.”

CBP defines an “unassembled or disassembled entity” as an entity that consists of merchandise which due to its size or nature, cannot be transported on a single conveyance, is imported in an unassembled or disassembled condition, is purchased and invoiced as a single classifiable entity, consigned to the same person in the United States, and is imported on more than one conveyance to the same port of entry in the United States. The first and all succeeding portions must arrive at the same United States port of entry. Any portion that arrives at a different port must be transported in-bond to the destination port where entry will be made.

Under this new rule, quota class merchandise (absolute or tariff-rate) is not eligible for single entry treatment.

The following link provides the regulatory text for the additional 19 CFR 141.58 concerning single entry for separately arriving portions of unassembled or disassembled entities.

<http://ecfr.gpoaccess.gov/cgi/t/text/textidx?c=ecfr;sid=a6872475f17e26c3c22f2de7da16c0bd;rgn=div2;view=text;node=20060602%3A1.5;idno=19;cc=ecfr;start=1;size=25>

Source: Federal Register / Vol. 71, No. 106 / Friday, June 2, 2006

<http://frwebgate4.access.gpo.gov/cgi-bin/waisgate.cgi?WAISdocID=47667018365+0+0&WAISaction=retrieve>

Customs Q & A – Textile RN Numbers

Q: What laws govern labeling requirements for textile, wool, and fur products, and the issuance of an RN (Registered Identification Number)?

A: The Textile Fiber Products Identification Act (15 U.S.C.70), the Wool Products Labeling Act (15 U.S.C. 68), the Fur Products Labeling Act (15 U.S. C. 69), and FTC implementing rules found at 16 C.F.R parts 303,300 and 301, require that most textile wool, and fur products have a label or tag disclosing the fiber or fur content, the business name or other identification issued and registered by the Commission of the manufacturer, importer, distributor, or seller, and the country of origin.

Q: What is a RN and how do I obtain one?

A: A registered identification number or RN is a number issued by the [Federal Trade Commission](#), upon request, to a business residing in the U.S. that is engaged in the manufacture, importing, distribution, or sale of textile, wool, or fur products. Such businesses are not required to have RNs. They may, however, use the RN in place of their name on the labels or tags that are required to be affixed to these products. To apply for an RN or to update information pertaining to an existing RN (such as company name and address, visit the [FTC Web Site](#) or call (202) 326-3553.

Q: Where can I find more information on Textile Labeling?

A: A good publication to have on hand is “Threading Your Way Through the Labeling Requirements Under the Textile and Wool Acts.” This document may be found on the FTC website at:

<http://www.ftc.gov/bcp/online/pubs/buspubs/thread.htm>

COMPLIANCE CORNER

Harmonized Tariff Schedule – Major Changes for 2007

Last month in our Compliance Corner we had a Q&A on the Schedule B. This month, we’ll look at the Harmonized Tariff Schedule (HTS) and what is in store for 2007.

The HTS is a complete product classification system. The HTS comprises a hierarchical structure for describing all goods in trade for duty, quota, and statistical purposes. The HTS of the United States (HTSUS) is administered by the U.S. International Trade Commission (ITC) and can be found on their website at <http://www.usitc.gov/tata/hts/index.htm>

The HTSUS is the successor to the old Tariff Schedules of the United States Annotated (TSUSA). In 1989, the United States adopted the HTS which falls under the auspices of the World Customs Organization (WCO). Over 190 countries currently use the HTS. In the United States, the HTSUS number consists of 10 digits. The first six digits of the

HTSUS number can be applied internationally. U.S. duty rates are assigned at the 8 digit level. The final 2 digits are for statistical reporting purposes.

The ITC is required by law to keep the HTSUS under continuous review and to recommend to the President modifications to the HTSUS in order to reflect amendments to the Harmonized Commodity Description and Coding System that are periodically recommended by the WCO. The ITC must take into account any changes by the WCO to ensure goods subject to HTS modifications continue to receive existing duty treatment. Customs and Border Protection (CBP) must also advise the ITC of any changes that would create separate tariff categories in order to continue existing duty treatment.

Changes to the HTS are necessary to keep up with technological developments and changing patterns in international trade. An example of the latter would be globe artichokes. They currently have their own six digit subheading, 0709.10. In 2007, globe artichokes will fall under the subheading for “other vegetables” as there is no longer enough global trade in this particular item for them to warrant their own subheading.

Changes to the HTS are also initiated due to classification questions or disputes that have arisen. Any modification to the HTS must be “consistent with the Harmonized System Convention,” be “consistent with sound nomenclature principles”, and “ensure substantial rate neutrality.” Moreover, any modification “must not alter existing conditions of competition for the affected U.S. industry, labor, or trade.”

There will be changes to 83 out of the 97 chapters and over 240 headings effective January 1, 2007. Most of the changes will be in chapters 84, 85, and 90.

One of the more controversial changes to the 2007 HTS concerns the classification of festive articles. Festive articles have been the subject of much litigation over the years. A new chapter note to HTSUS Chapter 95 is being added which excludes the following items from chapter 95, “Tableware, kitchenware, toilet articles, carpet and other textile floor coverings, apparel, bed linen, table linen, toilet linen, kitchen linen and similar articles having a utilitarian function (classified according to their constituent material).”

Importers and exporters are encouraged to review their product databases against these new changes. Please contact us at compliance@shapiro.com if you would like Shapiro to evaluate your product classifications.

The complete ITC report on the changes to the 2007 may be found at: <http://hotdocs.usitc.gov/docs/tata/hts/Pub3851.pdf>

P.S. Did you know that Chapter 77 of the HTS is currently blank? It is reserved for future use as we never know what new discoveries may be made that could necessitate an entirely new chapter in the HTS!

TRANSPORTATION UPDATE

Container Seal Charges – Asia to North America

Evergreen, Hatsu, and Italia Maritima have announced that effective June 25, 2006, there will be possible administrative fees associated with placing seals on containers. The carriers require shippers to take the responsibility for providing and affixing high security container seals on all shipper-packed containers tendered to the carrier for transportation. The shipper must meet or exceed industry standards for such seals, including standards for electronic or machine-readable seals, if applicable. These standards include, but are not limited to, the High Security Seal conforming to ISO 17712, the statues and regulations of the U.S. and other governments, and any requirements imposed by applicable port authorities.

Customs and Border Protection requires the use of ISO 17712 high security seals by C-TPAT members. ISO 17712 imposes a seal to meet a minimum standard for:

- Tensile Strength
- Shear
- Bend
- Impact

If a shipper tenders a container without the proper seals, the carriers reserve the right to 1) reject the container, 2) affix a seal to the container, or 3) take such measures as the carriers deem proper and prudent under the circumstances. The shipper shall indemnify and defend the carrier for any costs, penalties or damages as a result of tendering unsealed or improperly sealed containers.

If the carrier elects to place a seal on the shipper's behalf, there will be an administrative cost of USD 100.00 which will be added to the bill of lading along with any other costs, penalties, or damages on a collect basis.

Similar charges are being assessed by MSC and K-Line.

Is Your Cargo Protected this Hurricane Season?

As Hurricane Alberto welcomes us extraordinarily early into the 2006 hurricane season, importers and exporters revisit the dreadful memories of the active 2005 season. The National Oceanic and Atmospheric Administration (NOAA) predicts 13 to 16 named storms, with 8 to 10 becoming hurricanes, and 4 to 6 becoming major hurricanes.

The truth is that many trade executives only choose to research and buy cargo insurance *after* an incident has already taken place. The rude awakening of poor coverage through the steamship lines' or airlines' policies is enough to convert anyone into a cargo insurance policy enthusiast. A steamship line's coverage is commonly

limited to \$500.00 per “customary shipping unit,” which, in many cases, is considered an ocean container. Airlines generally cover only \$20.00 per kilo. According to the U.S. Census Bureau, the value of goods imported into the U.S. in FY 2005 reached an all time high of \$1.6 trillion; carrier coverage hardly pays the bill. Importers and exporters with their own corporate policies are usually unaware of the limitations, deductibles, or lack of coverage to meet their supply chain needs.

Samuel Shapiro & Company, Inc. provides all risk, door-to-door marine and air cargo insurance for very competitive rates. Shapiro is underwritten by the Chubb Group, which receives high ratings for financial strength from the A.M. Best, Standard and Poor’s, and Moody’s rating agencies. Best of all, claims are filed on your behalf by a Shapiro employee.

Every year, more than 10,000 containers fall and spill their cargo into the ocean. This hurricane season is already giving us a taste for what’s ahead. Call us for more information on cargo insurance today, 770-909-7177, ext. 239 or insurancerates@shapiro.com.

July 2006

Far East

The Far East market is going strong. Carriers are running at nearly 100% capacity on all water services to the USA East Coast and close to it on the west coast. Rates have stabilized on the market to the USA East Coast and are still up and down to the west coast.

The Peak Season Surcharge in effect from June 15, 2006 until November 30, 2006 is as follows:

20’ container	\$300.00
40’ container	\$400.00
40’ HC container	\$450.00
45 container	\$510.00

Most shipments destined for west coast ports are not receiving Peak Season Surcharges. There is a reduced Peak Season Surcharge for MLB shipments via west coast ports. The reduction depends on the carrier. Most carriers are still trying to obtain the full Peak Season Surcharge to the East Coast via the Panama Canal.

Samuel Shapiro & Company and our overseas agents have negotiated some very favorable contracts from the Far East. We do have mitigated peak season surcharges via west coast, and in some cases via east coast ports.

EUROPE

Northern Europe

Bunker fuel surcharges were raised on June 15, 2006.

Previously, bunker surcharges were as follows:

- East Coast Ports 20' containers \$423.00
- East Coast Ports 40', 40' HC and 45' containers \$846.00
- West Coast Ports 20' containers \$635.00
- West Coast Ports 40', 40' HC and 45' containers \$1270.00

The new bunker surcharges effective 6/15/06 are:

- East Coast Ports 20' containers \$467.00
- East Coast Ports 40', 40' HC and 45' containers \$933.00
- West Coast Ports 20' containers \$700.00
- West Coast Ports 40', 40' HC and 45' containers \$1400.00

Carriers will maintain their Currency Adjustment Factor at 6%.

The Mediterranean

The bunker fuel surcharge did not go up on June 1, 2006 as previously announced. Bunker surcharges will remain as follows to Atlantic and Gulf ports from all Mediterranean ports:

20' container - from \$401.00
40', 40 HC cont - from \$802.00

Space is still tight on MSC vessels from the Mediterranean region, especially from Valencia, Spain.

Special Equipment

There is an acute shortage of flat racks, open top and other special equipment from Europe to the USA. Importers requiring special equipment should forecast their needs 60 days in advance in order to secure the special equipment. It's a major struggle right now all over Europe.

South America:

Carriers from Brazil have implemented an Emergency Fuel Adjustment Factor (EFAF) schedule to go into effect in late May/early June depending on the carrier. By June 10th nearly all major carriers will have an EFAF of \$75.00 per 20' container and \$150.00 per 40' container. This surcharge also includes Argentina and Uruguay.

Carriers have announced large increases of up to \$550.00 per 40' container during July from the East Coast of South America northbound to the USA East Coast. Our Jim Shapiro will be traveling to Brazil and Argentina from July 2-13 to assess the situation in Brazil. Details to come in our August Shap Talk.

Air News

Fuel surcharges are still going up worldwide. Air rates are still relatively stable.

SAMUEL SHAPIRO & COMPANY, INC. NEWS

Save the Date! Automation & Recordkeeping Seminar in Baltimore August 10th!

Samuel Shapiro & Company, Inc. will be hosting a half-day seminar on Thursday, August 10th, 2006, from 9 a.m. to 12 noon, at the Tremont Grand in Baltimore. The seminar is titled "Automation & Recordkeeping – How to Protect Your Import/Export Program." Seminar topics will include basic automation security, importer/exporter system requirements, tools to enhance your processes, and recordkeeping essentials - what to keep, storage methods, and how long to keep it. Following the seminar, come join us for the 2006 Propeller Club Crab Feast! We will provide courtesy round-trip transportation from the Tremont Grand immediately following the class.

Cost:

\$75 per person

\$65 for each additional attendee from the same company

\$50 crab feast ticket per person (in addition to your seminar cost)

Crab Feast tickets must be requested by 8/1/06 as they sell out fast! You may still register for the seminar through 8/8/06.

Once registration is open, you will be able to register for the seminar through our website - so visit www.shapiro.com for updates!

The Latest from our Atlanta, Georgia Office

There are a lot of exciting things taking place with international trade in our great state of Georgia! Atlanta is the largest air gateway in the southeast. Yet, our Atlanta office handles a great number of ocean transactions as well. Samuel Shapiro & Company, Inc.'s Transportation Department is growing by leaps and bounds to further our standing in this burgeoning market. Hartsfield-Jackson Atlanta International Airport has opened a new fifth runway which promises to bring more growth and development to the area.

The Port of Savannah is also a key element for our location. The Georgia Ports Authority recently reported a 15.4% growth. They now have a new container berth in operation and CMA/CGM has signed a new 15 year agreement.