



“SHAP” TALK
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Employee of the Month

WE WANT TO HEAR FROM YOU!

SEMINARS

Don't Miss Shapiro's 2009 Seminars – Register Today!

Get your calendar ready...and check out Shapiro's 2009 seminar schedule! There's still plenty of time to register for our first seminars on May 5th.

This year we will have two new topics: FDA (Food & Drug Administration) and NAFTA (North American Free Trade Agreement). Our focus this year will also continue to be on import and export compliance.

Training is an important investment for importers and exports even in a troubled economy. During a Customs & Border Protection or Bureau of Industry & Security audit, the agent will ask what kind of training your import or export staff has received. Did you know that the lack of training is a key cause leading to penalties? Spending a little bit of money on training now will lead to significant cost savings down the road.

The Import and Export seminars will cover the basics of what you need to know to be a compliant importer and exporter. The import session will include 10+2 Importer Security Filing and the Lacey Act. You may sign up for the Import class only (morning), Export class only (afternoon), or both (all day). If you attend both sessions, lunch will be included.

Our FDA seminar will feature Dean Cook, Supervisory Consumer Safety Officer with FDA in Baltimore. Continuing with tradition, we will host our FDA seminar the same day as the annual Propeller Club Crab Feast. So plan on attending our seminar in the morning and enjoying the Crab Feast in the afternoon!

The NAFTA seminar is being presented at the time most companies are preparing their annual NAFTA certifications. We will walk you through what is required when you "hafta" do NAFTA.

Finally, we know companies are keeping a tight rein on spending this year. For this reason, we are introducing our budget friendly seminars. For every person who attends our seminar, your company will receive a free entry fee or free forwarding fee. This is our way of thanking you for supporting our seminar series.

Here is our 2009 seminar schedule summary (detailed information below):

Seminar Topic	City/State	Location	Date
Import and Export Compliance	Baltimore, MD	Sheraton Baltimore City Center	5/5/09
	Atlanta, GA	Sheraton Gateway Atlanta Airport	9/29/09
FDA	Baltimore, MD	Sheraton Baltimore City Center	8/13/09
NAFTA	Baltimore, MD	Sheraton Baltimore City Center	11/10/09

Import and Export Compliance Seminars

Dates:

Baltimore: May 5, 2009 (There is still time to register for this seminar!)

Atlanta: September 29, 2009

Time:

8:00-12:00: Import Compliance Seminar

1:00-5:00: Export Compliance Seminar

Cost:

Import Compliance Session (Morning)

\$90.00 per person includes continental breakfast, seminar materials, and refreshments.

Export Compliance Session (Afternoon)

\$90.00 per person includes seminar materials and refreshments.

Import and Export Compliance Sessions (All day)

\$160.00 per person includes continental breakfast, seminar materials, lunch, and refreshments.

Locations:

Sheraton Baltimore City Center

101 West Fayette Street

Baltimore, MD 21201

Hotel telephone: 410-752-1100

Sheraton Gateway Atlanta Airport

1900 Sullivan Road

College Park, GA 30337

Hotel telephone: 770-997-1100

FDA and NAFTA Seminars

Dates:

FDA: August 13, 2009 (Baltimore)

NAFTA: November 10, 2009 (Baltimore)

Time:

8:00-12:00: Seminar

Cost:

\$90.00 per person includes continental breakfast, seminar materials, and refreshments.

\$60.00 per person additional per Crab Feast Ticket (FDA seminar only).

Location:

Sheraton Baltimore City Center

101 West Fayette Street

Baltimore, MD 21201

Hotel telephone: 410-752-1100

To register today, visit our website at

<http://www.shapiro.com/html/2009SeminarSchedule.html> or call Jane Taeger at 800-695-9465, ext. 290.

TRADE NEWS

10+2 - How's It Going?

How are you doing with your Importer Security Filings (ISF) for 10+2? Is your supplier getting you all the information you need to complete the 10 data elements (seller, buyer, manufacturer, place of stuffing, stuffing party, importer, consignee, ship to location, country of origin, tariff number) plus bill of lading number, and in a timely fashion? As we've mentioned before, Customs & Border Protection (CBP) does not expect perfection during this first year of implementation. However, they do expect to see you trying to comply. Don't worry if the shipment has already sailed. We can still file the ISF and you will not receive a penalty during this phase. Don't worry if you don't have all 10 data elements. Again – you will not receive a penalty for incomplete information during this year. The only data element that must be transmitted is the bill of lading number since that is what will tie the ISF to the steamship line's manifest and to the Customs entry.

Customs is currently receiving about 60,000 ISF's per week. As of mid-April, about 45% of ISF's were being filed timely, so you are not alone if your ISF is not being sent at least 24 hours prior to loading. 87% of the over 550,000 ISF's filed since January have been accepted without errors. Approximately 30,000 importers are filing ISF.

CBP is currently measuring ISF timeliness against the manifest filing. Customs is planning to change the benchmark to the departure date to get more accurate figures since many manifests are filed up to two days prior to vessel loading.

The important thing to remember is to FILE! If you are sitting back and thinking you don't really need to worry about ISF until January 2010, please think again. You must start filing now. Customs is keeping track of which importers are and are not filing ISF. Report cards are to be issued this spring to ISF filers. CBP will start contacting importers who are not filing. Customs has already contacted all C-TPAT members to encourage them to begin filing as soon as possible. If you don't start filing until January 2010 and then have errors, you will indeed receive penalties. What you will not receive is any sympathy or penalty mitigation from U.S. Customs.

If you have not yet started filing ISF, please contact us right away at compliance@shapiro.com and we will help you get on the right path to compliance with 10+2.

Responsibility is the Note to Exporters from the 2009 NCBFAA Convention

The National Customs Brokers and Forwarders Association of America (NCBFAA) recently held its annual conference. Angela Robinson, Export Administration Specialist in the Outreach and Educational Services Division of the Bureau of Industry and Security (BIS) stressed that BIS is here to assist exporters with queries of their products, but the exporter must take responsibility and know exactly what their product is and what the product is being used for. Assistance by phone or email is not binding, but is extremely helpful and BIS will work with the exporter to help them determine if their product is in fact controlled by BIS.

The best thing that exporters can do prior to sending queries to BIS is to review the Commerce Control List (CCL) found under part 774 of the Export Administration Regulations. Exporters should familiarize themselves with the categories under which they think their product may fall, and be prepared for questions that may be asked when speaking with or emailing BIS for assistance. It is very hard for BIS to offer assistance when the exporter has no idea what their product is and the technical capabilities of the product. Please take the time to find out exactly what you have or have a person with the full technical knowledge of the product review the CCL and be ready to respond to questions from BIS. This will make the process much smoother and BIS will be able to guide you in the right direction.

Another avenue is to ask the manufacturer of the product you are exporting if your firm did not manufacture the product. Not all products fall within the scope of the CCL and most products are not controlled and do not require licenses, but BIS places the responsibility on the exporter to make this determination. Fines are hefty if you export without the proper authority, so exporters need to be certain their product is not controlled by any government agency.

The Simplified Network Application Process Redesign (SNAP-R), is the only means for exporters to obtain a binding classification from BIS. This system allows exporters and their agents to submit commodity classification requests via the Internet in a secure environment. The Commerce Control List can be found on the BIS website at: http://www.access.gpo.gov/bis/ear/ear_data.html#ccl

The Bureau of Census noted that exporters need to ensure that they meet the filing time frames and know who is filing the required Electronic Export Information (EEI), what is being filed on your behalf and when is the information being filed. Exporters (and other parties) may face possible civil or criminal penalties if the information being filed with the Automated Export System (AES) is incorrect or is not filed timely. Again, it is the exporter's responsibility to be fully aware when they sell a product to a foreign party that the required information is transmitted to AES properly.

According to Census there are 9,808 unresolved fatal errors in the AES system. Would you know if your shipment has one of these unresolved fatal errors that needs to be reconciled? If you are not sure by reviewing your submissions to AES or you are not receiving this information from your forwarder, you may be surprised when you

receive correspondence from Census that there is a problem. Exporters need to have a process in place to ensure compliance.

If you are not aware of your responsibilities as an exporter, contact compliance@shapiro.com for assistance. Or better yet, please sign up for one of our export seminars this year! See our article above.

FDA Requests Comments on Economically Motivated Adulteration

On April 6, 2009 the Food and Drug Administration (FDA) published a notice in the Federal Register of a public meeting to be held on May 1, 2009, and request for comments to discuss economically motivated adulteration (EMA) of food products, drugs, medical devices, and cosmetics. Written or electronic comments are due by August 1, 2009. The purpose is to focus a discussion among industries and regulatory agencies on how to prevent, predict, and address EMA on products that pose the greatest health risk to consumers.

FDA proposes a working definition of EMA as the fraudulent, intentional substitution or addition of a substance in a product for the purpose of increasing the apparent value of the product or reducing the cost of its production for economic gain. Examples include diluting a product by increasing amounts of already present ingredients in the product, as well as an addition or substitution of substances to mask the dilution of a product such as increasing an inactive ingredient in a drug product which results in a strength reduction of the product, or diluting juice with water. The finished adulterated products pose a known or possible health risk to humans or animals.

Over the last two years there have been numerous cases of suspected EMA involving products which are regulated by the FDA including:

- Kidney failure and subsequent death among cats and dogs due to melamine and related compounds contamination in pet foods from China to boost the apparent protein content in the products. Over 150 brands of pet food were voluntarily recalled.
- Melamine contaminated infant formula also produced in China which was added to diluted formulas to increase protein content indicators. Six infant deaths in China were contributed to the contamination and approximately 300,000 Chinese infants were sickened. There were no confirmed illnesses or deaths in the U.S.
- Heparin used in pediatric dialysis patients caused adverse reactions and deaths due to chemical contamination. 150 deaths were reported in the U.S.
- Foreign made toothpaste contaminated with the chemical DEG. The products were subsequently recalled and restricted from importation into the U.S. No illnesses or deaths were reported in the U.S.

FDA's EMA Workgroup has developed a list of topics to be discussed at the upcoming meeting. Note that this listing is not all inclusive.

- What information and from what sources should regulators seek to help predict and prevent EMA?
- What are members of industry doing to help prevent EMA?
- What attributes of or components of products cause them to be more vulnerable to EMA?
- What rapid methods of detection can be used to identify adulteration of products or ingredients?
- What systems are currently being utilized to track and verify components or ingredients from their sources?
- Are there specific types of supply chains or industry structures that are more vulnerable or more secure from EMA?

Although the FDA continues to regulate the safety of products under their jurisdiction, EMA remains a serious and ongoing public health concern.

Instructions on submitting comments and the public notice of the meeting can be viewed in their entirety by reviewing the Federal Register notice by visiting <http://edocket.access.gpo.gov/2009/pdf/E9-7843.pdf>. A transcript of the meeting will also be available at www.regulations.gov as soon as it is available.

If the public has information about individuals or companies who may be committing EMA or other adulterations they can contact the FDA's Office of Criminal Investigations by visiting www.fda.gov/oci/default.htm.

Final Rule on Prior Notice Takes Effect May 6, 2009

The Public Health Security and Bioterrorism Preparedness and Response Act of 2002 (the Bioterrorism Act) created new regulations for food importers, most notably Prior Notice and Food Facility Registration. We have been operating under an "interim" final rule since December 2003. The final rule for Prior Notice takes effect May 6, 2009.

The Food and Drug Administration (FDA) must be notified in advance of any shipments of food for human and animal consumption. Prior Notice helps FDA to review and evaluate the information before the food product arrives in the U.S.

The final rule remains much the same as the interim final rule, but with a few exceptions. Under the interim final rule, Prior Notice cannot be submitted more than 5 calendar days prior to arrival. Under the final rule, Prior Notice may be submitted no more than 15 days prior to arrival for submissions made through the FDA PNSI (Prior Notice System Interface) system, and no more than 30 days prior to arrival for submissions made through ABI (Automated Broker Interface), the system for Customs and Border Protection (CBP).

Food carried in diplomatic bags and pouches is exempt from Prior Notice.

Under certain circumstances, you may report an express courier tracking number in lieu of the anticipated arrival information, bill of lading, or airway bill and flight number, which the interim final rule had required.

The final rule also adds a definition of “manufacturer” as the last facility, as that word is defined in 21 CFR 1.227(b)(2), that manufactured/processed the food and provides an alternative for identifying the manufacturer when the registration number is not provided such as when it is not known. If the food undergoes further manufacturing/processing that exceeds an activity of a *de minimis* nature, then the subsequent facility that performed the additional manufacturing/processing is considered the manufacturer.

FDA has recently published a compliance guide Prior Notice. This guide is available at: <http://www.cfsan.fda.gov/~acrobat/fsbtpn2.pdf>

The final rule is available at:
<http://edocket.access.gpo.gov/2008/pdf/E8-26282.pdf>

New USDA Website with Country Information

The Foreign Agricultural Service (FAS) of the U.S. Department of Agriculture (USDA) has launched a new website that will allow users to find comprehensive information on country requirements, travel and market information, trade development, and important contacts. The FAS website also has multiple searchable databases with information on import and export statistics, as well as production, supply, and distribution data. These helpful links may be found at:

<http://www.fas.usda.gov/countryinfo.asp>

<http://www.fas.usda.gov/fassearch.asp>

CPSC Settles Allegations with Firms on Children’s Outerwear

The Consumer Product Safety Commission’s (CPSC) responsibility is to protect the public from unreasonable risks for serious injury or death from fire, electrical, chemical, or mechanical hazards from products under its jurisdiction. The CPSC regulates thousands of products including small parts as choking hazards, lead paints, ATVs, toys, infant cribs, household chemicals, children’s clothing under flammability standards, etc.

In February of 1996, the CPSC issued guidelines on children’s outerwear such as jackets and sweatshirts with drawstrings at the neck, hood, and/or waist in an action intended to prevent children from being accidentally strangled or entangled in the

drawstrings. In May of 2006, the CPSC Compliance office deemed drawstrings at the hood or neck as defective and consequently a substantial risk for injury to children. There have been reported cases of children's deaths associated with drawstring strangulations on playground equipment such as sliding boards, bus doors, and baby cribs.

Federal law requires any manufacturer, distributor, and retailer to report a product to the CPSC within 24 hours after obtaining information that the product may be defective, or that it violates any law, regulation, product safety rule, or ban under the CPSC's enforcement. Such products could create a substantial hazard to consumers for risk of injury or death.

On April 7, 2009 the CPSC issued a press release that they had settled with 14 companies for a total of over \$1 million in civil penalties on children's hooded jackets and sweatshirts with drawstrings at the neck or hood. The CPSC alleged that the firms failed to timely report the defective products as required by the federal law. The sold products posed a strangulation hazard that could result in death to children. As part of the settlement agreement, the firms denied any allegations that they knowingly violated the law, and the defective products were recalled as mandated.

The following firms were issued civil penalties to be paid to the U.S. Treasury Department:

- TJX Companies, Inc. dba T.J. Maxx of Farmington, Mass.
- Marshalls of MA, Inc. of Farmington, Mass.
- Concord Buying Group dba A.J. Wright of Farmington, Mass.
- Bob's Stores Corp. of Meriden, Conn.
- Kidz World, Inc. dba High Energy USA of New York, NY
- The Bon-Ton Stores, Inc. of York, PA
- Coolibar, Inc. of St. Louis Park, Minn.
- Brents-Riordan Co. LLC. of Shreveport, LA
- Forman Mills, Inc. of Pennsauken, NJ
- Urgent Gear, Inc. of Los Angeles, CA
- Seventy Two, Inc. of La Puente, CA
- Orioxi Int'l. Corp. of Brea, CA
- Outfitter Trading Co. LLC. of Littleton, Colo.
- Retco, Inc. of Breckenridge, Colo.

A copy of the CPSC's press release can be viewed in its entirety by visiting www.cpsc.gov/cpsc/pub/prere1/prhtml09/09188.html. This document also contains a link to view the CPSC's drawstring guidelines publication.

A copy of the CPSC's Standard Safety Specification for Drawstrings on Children's Upper Outerwear (ASTM F1816-97) can be obtained by calling the ASTM at (610) 832-9585.

TRANSPORTATION UPDATE

May 2009 Update

Samuel Shapiro & Company, Inc. now has a Global LCL program for both imports and exports to offer our customers competitive pricing and provide us with the technology that will support us and our customers. We can quote almost immediately and also have access from our website to sailing schedules.

Piracy is affecting the trade and becoming a huge issue. Somalia's government is requesting global assistance in setting up a Coastal guard to combat the piracy situation. U.S. Congress is holding hearings to discuss policy and procedures on this issue as well. A firm called Vessel Extractions LLC said it would put armed teams on merchant ships to protect them from attack. Several steamship lines are now beginning to charge a Piracy Fee ranging from \$25.00 - \$50.00 per container.

The faltering economy continues to affect steamship line operations. Some container lines will need to cancel ship orders, scrap older ships and lay up newer ships. With the reduction in cargo, several ships are being pulled out of service.

FAR EAST

Contract season is upon us and while many carriers are extending rates until June, several are also renegotiating. Your customer service representative should be contacting you if rates change. Rates do not seem to be increasing; the indications are that they will remain the same or decrease. Please be patient during this time if you are requesting bids or volume quotes.

Due to the declining market rates from the Indian Subcontinent and the Middle East, MSC has announced the implementation of a GRI of \$200/20' and \$300/40' effective May 7, 2009 for all cargo destined to the USEC/G and USWC from the following origins: Bangladesh, India, Pakistan, Sri Lanka, Iran, United Arab Emirates, Saudi Arabia, Bahrain, Oman, Kuwait, Qatar.

SOUTH AMERICA

South America's Recovery Project has sparked increases in project cargo.

Rates are changing monthly from South America. We have great rates for Furniture from Brazil currently.

NORTHERN EUROPE

GRI and BAF increases from Europe are on the rise. Most went into effect in April and we wanted to make sure our customers were aware so we are repeating them in this edition.

Maersk Line has announced a general rate increase for the transatlantic as of April 1, 2009. Maersk announced the following increases for services between Northern Europe and the East and Gulf coasts of North America:

\$160.00 per 20-foot dry container
\$220.00 per 40-foot container, high cube or 45-foot container/reefer

Maersk announced the following increases for services between Northern Europe and the west coast of North America:

\$200.00 per 20-foot dry container
\$300.00 per 40-foot container, high cube or 45-foot container/reefer

The increases apply equally to all eastbound (export) and westbound (import) cargo moving between the U.S. and Canada and North Europe.

Evergreen has announced a general rate increase as of April 6, 2009 from Northern Europe to the U.S.

East coast and Gulf
\$165.00 per 20' container
\$235.00 per 40 and 40 high cube

West coast
\$225.00 per 20' container
\$295.00 per 40' and 40' high cube

Evergreen has announced a general rate increase from the U.S. to Europe as of April 15, 2009.

\$150.00 per 20-foot dry container
\$200.00 per 40', 40' high cube container
\$200.00 per 40' high cube reefer container

Hamburg Sud has announced a general rate increase on transatlantic routes as of April 10, 2009.

\$160.00 per 20 foot container
\$200.00 per 40 foot container

Mediterranean Shipping has announced a general rate increase effective April 1, 2009 from UK, Belgium, Netherlands, Scandinavia, Baltic countries, Northern France, Russia, Germany and Poland to the U.S.

\$160.00 per 20 foot container
\$200.00 per 40 foot container

EAST/WEST MED

GRI and BAF increases from Europe are on the rise. Most went into effect in April and we wanted to make sure our Customers were aware so we are keeping them in this edition.

Mediterranean Shipping has announced a general rate increase effective April 1, 2009 from Italy, Spain, Portugal, Southern France, Slovenia, Albania, Croatia, Montenegro and Israel to the U.S.

\$200.00 per 20 foot container

\$250.00 per 40 foot container

AIR FREIGHT

Delta Air Lines narrowed its first-quarter loss to 96 cents a share as weak demand weighed on results. The loss beat analysts' estimates of \$1 a share, and without merger-related costs of \$101 million, the airline would have lost 84 cents a share. Delta said it expects to raise \$100 million with a new \$50 fee for international passengers checking a second bag, and the airline will ground 14 Boeing 747-200 freighters it acquired in its merger with Northwest Airlines.

Qatar Airways now flies to 3 destinations in the USA: New York, Washington and Houston.

Continental Airlines is now operating a nonstop flight daily from Newark, NJ to Pu Dong (Shanghai), China with a Boeing 777-200 aircraft. Flight 87 will depart Newark Liberty at 11:20 a.m., arriving in Shanghai mid-afternoon the following day at 1:45 p.m. The return flight 86 will depart Shanghai in the afternoon at 3:45 p.m. and arrive at Newark Liberty in the evening of the same day at 6:20 p.m. Flying times will be approximately 14 hours and 30 minutes in each direction

DOMESTIC

Port of Seattle Commissioners approved a clean truck plan that protects jobs, supports local truckers and maritime cargo customers, and reduces diesel emissions. The clean air plan will keep older, more polluting trucks off roads and port terminals; the customer support plan reduces fees and defers some payments from terminal operators. "This package helps protect over 12,000 seaport jobs during the worst economy in two generations," said Port Commission President Bill Bryant. "Today's action makes the Port of Seattle cleaner and more competitive." "We've worked closely with the neighborhoods most impacted by truck emissions and parking. We're striking a balance between improving our air now and helping truckers who make their living moving containers in this difficult economy," said Commission Vice President Gael Tarleton, who took a lead role in working with stakeholders to craft the plan. Please visit www.portseattle.org/seaport for more information.

U.S. railroads have cut jobs due to the decrease in trade and the economy. CSX Transportation made the biggest job cuts in the February report, shedding 1,187 workers, mainly from train crews but also from maintenance staff for equipment and tracks – to end with 28, 404. Union Pacific Railroad, by far the largest rail employer, cut 441 jobs to end the reporting period with 49,864.

The decline in container traffic at the LA/LGB ports is now on the up swing. While traffic is still weaker than last year, the trade levels are now picking up.

SAMUEL SHAPIRO & COMPANY, INC. NEWS & EDITORIALS

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 George Galestro, New York Import Manager, for his 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.