"SHAP" TALK
June 2009 Issue No. 86

In this issue:

SEMINARS
Plan ahead and register for Shapiro's Summer and Fall seminars today!

TRADE NEWS
COAC Recommends Account Based Processing For CBP
OFAC holds First International Trade Symposium
C-TPAT Best Practices Updated
BIS Updates Major Cases
Food and Drug Administration Publishes Fiscal Year 2010 Budget Request

TRANSPORTATION UPDATE
June 2009 Update

SAMUEL SHAPIRO & COMPANY, INC. NEWS
Employee of the Month

WE WANT TO HEAR FROM YOU!

SEMINARS

Plan ahead and register for Shapiro's Summer and Fall seminars today!

If you missed our seminar on May 5th, not to worry. You still have more Shapiro seminars coming up this summer and fall. Plan ahead and fill your calendar with valuable training for the rest of 2009.

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.

Our FDA seminar will feature Dean Cook, Supervisory Consumer Safety Officer with FDA in Baltimore. We will discuss what products are regulated by FDA, the FDA declaration, what FDA looks for when reviewing a shipment, the Bioterrorism Act, and more. 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 Import and Export seminar 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.

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**
FDA	Baltimore, MD	Sheraton Baltimore City Center	8/13/09
Import and Export compliance	Atlanta, GA	Sheraton Gateway Atlanta Airport	9/29/09
NAFTA	Baltimore, MD	Sheraton Baltimore City Center	11/10/09

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

Import and Export Compliance Seminar

Date:
Atlanta: September 29, 2009

Time:
8:00-12:00: Import Compliance Seminar
1:00-5:00: Export Compliance Seminar

Cost:
<u>Import Compliance Session (Morning)</u>
$90.00 per person includes continental breakfast, seminar materials, and refreshments.
<u>Export Compliance Session (Afternoon)</u>
$90.00 per person includes seminar materials and refreshments.
<u>Import and Export Compliance Sessions (All day)</u>
$160.00 per person includes continental breakfast, seminar materials, lunch, and refreshments.

Location:

Sheraton Gateway Atlanta Airport
1900 Sullivan Road
College Park, GA 30337
Hotel telephone: 770-997-1100

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

COAC Recommends Account Based Processing For CBP

The Commercial Operations Advisory Committee (COAC), an industry panel, has recommended to U.S. Customs & Border Protection (CBP) that they adopt an account based model of methodologies in their major programs including commercial trade compliance, safety, intellectual property rights, information technology, and security operations. The committee recommends that CBP evaluate its current and future programs to determine how an account based approach may be utilized.

The proposal includes the following recommendations:

- National account managers should be considered as the primary CBP contact between CBP and the top 3000 importers and the top 100 brokers.
- CBP should have direct access to the ACE portal to view entry data, and to transmit CF 28 Requests for information, CF 29 Notices of Action, etc. through the portal. Responses from importers to requests should be transmitted through the portal also.
- Small and medium sized importer operations should be reviewed to determine how the account based model could be utilized in their businesses.
- On a commercial level, processing should be completed in compatibility with ACE functionality and security requirements. For qualified importers that meet certain criteria, the Importer Security Filing (ISF) could be the basis of Customs release and those importers would no longer be required to submit an entry or entry summary for each individual shipment. They could file a periodic entry and duties could be paid via a monthly or quarterly statement.
- A single portal should be available to importers to view their ACE information and their ISF profile.
- Other government agencies such as the Food & Drug Administration, Environmental Protection Agency, Fish & Wildlife Service, etc. require direct links to CBP to be able to make admissibility decisions. National account managers need to act as liaisons between these agencies and importers, and their assignment should be based on their previous experience in working with the relevant agencies.
- CBP should establish centers of expertise for specific industries in conjunction with the national account manager program. Ports and/or specific groups of import specialists would be responsible for named commodities such as textiles, pharmaceuticals, etc. Account based transactions would be processed quarterly at the applicable center.

- On a technology level, designate ACE as the centralized point of data visibility and communication between CBP, importers, and national account managers at the account level.

Benefits of account based processing would include:

- A more efficient and less timely entry process.
- The financial benefit to importers by providing quarterly entry filing and payment of duties.
- Consistent CBP decisions and uniformity as provided by centralized commodity specialists.
- Increased importer compliance through the centralized ACE and national account manager programs.

The entire white paper outlining account based processing can be viewed at:
http://www.cbp.gov/xp/cgov/trade/trade_outreach/coac/meetings/05062009_meeting/coac_processing.xml

OFAC holds First International Trade Symposium

On May 15, 2009, the Office of Foreign Assets Control (OFAC) held its first-ever International Trade Symposium designed to provide the international trade community with insight and perspective from top officials on compliance, enforcement and licensing issues related to U.S. export controls. This forum allowed participants to hear from and interact with personnel from the Office of Foreign Assets Control, the Census Bureau, Customs and Border Protection, Bureau of Industry and Security, and the State Department's Office of Defense Trade Controls. Many people were able to ask questions and clarify OFAC or other guidance by one of the agencies present. The symposium was a unique opportunity to have all of these agencies in one place and was very beneficial to all participants.

Presentations at the seminar included:

- The Intersection of Export Controls and Economic Sanctions given by OFAC and the Bureau of Industry and Security (BIS)
- Licensing Issues and Perspectives given by OFAC and BIS
- Partners in Enforcement given by Immigration and Customs Enforcement (ICE), State Department and OFAC
- Anatomy of a Site Visit given by State, OFAC, and Census
- OFAC Enforcement Guidelines given by OFAC

Adam Szubin, Director, Office of Foreign Assets Control gave a wonderful keynote address regarding OFAC policy and the overall trends that are occurring. He discussed how multilateral sanctions are better than unilateral sanctions, balancing foreign competition and sanctions, and increased transparency and making a difference. He said OFAC is aware of the cost cuts that companies are making and he urges companies to continue to be diligent. Do not relax your compliance efforts or let your guard down.

The presentations from the seminar are available at:
http://www.treas.gov/offices/enforcement/ofac/events/materials/presentations.shtml

C-TPAT Best Practices Updated

U.S. Customs & Border Protection introduced the Customs-Trade Partnership Against Terrorism Best Practices Catalog at the annual C-TPAT conference in 2006. At this year's conference, Customs unveiled the C-TPAT Best Practices Catalog Addendum with more best practice information gleaned from over 8,000 C-TPAT validation visits to importers, carriers, brokers and forwarders, and foreign manufacturers.

Customs describes the best practices as innovative security measures that exceed the C-TPAT minimum security criteria and industry standards. The best practices will include a high level management support system of checks and balances, and written and verifiable policies and procedures, all of which will serve to enhance the overall security of the international supply chain.

Some examples of best practices are:

- Using a third party to perform periodic audits of business partner security procedures
- Using multiple and/or different types of ISO/PAS 17712 high security container seals
- Using automated tracking systems (such as the Shapiro 360 program)
- Innovative access control and key systems
- Employing a system to immediately identify and resolve cargo anomalies, shortages and overages
- Conducting regular security awareness training seminars for company employees and business partners
- Our favorite – C-TPAT information and the company's role in supply chain security printed on placemats on the food service trays in the employee cafeteria.

A C-TPAT member that employs best practices and exceeds the minimum security criteria can be awarded Tier III status with the maximum targeting score reduction afforded to C-TPAT participants.

Please contact us at compliance@shapiro.com if you would like a copy of the Best Practices Addendum. If you are a C-TPAT member, the Addendum has been posted in the Public Document Library on the C-TPAT portal.

BIS Updates Major Cases

The Bureau of Industry and Security (BIS) has updated its Major Cases Book as of May 2009. This book lists major cases where BIS has issued fines and penalties. The new cases that have been added are listed first. You can view all of the cases on the BIS website home page located at: http://www.bis.doc.gov/complianceandenforcement/majorcaselist/mcl052009.pdf

Food and Drug Administration Publishes Fiscal Year 2010 Budget Request

The Food and Drug Administration (FDA) has published its 2010 budget request for an additional $511 million, which represents a 19% increase from its current budget for a total figure of $3.2 billion. The increase represents the largest budget request in FDA history.

The initiatives under the proposed new budget include:

- New and increased industry user fees to a total of $828 million, which represents an increase of $215 million over the current budget.
- $1 billion to increase the security and safety of food supply chains including a focus on foreign and domestic sources of ingredients and finished products along their complete supply chain to the American consumer. Included are $75 million in new user fees to register food facilities and to increase inspections, and $19 million for reinspections and export certifications. The goal of the initiative is to protect American consumers from accidental and intentional contamination of food products through risk based prevention methodologies.
- $36 million in new fees for generic drug review and $10.5 million for inspections of facilities that do not meet safety standards in an attempt to secure medical product supply chains of such products as blood, drugs, vaccines, medical devices, and other medical products.
- An increase of $14 million for General Service Administration rent and related costs for office and laboratory space.
- $5 million to develop policies that would allow Americans to purchase approved drugs from other countries.
- A plan to allow FDA authority to follow up on biological products through regulation to protect patient safety and to therefore reduce the risk of adverse effects.
- An inflationary increase to current user fee programs to help support FDA review of new human and animal drugs, and medical devices.

You may view FDA's 2010 budget request in detail by visiting: http://www.fda.gov/oc/oms/ofm/budget/documentation.htm.

TRANSPORTATION UPDATE

June 2009 Update

Samuel Shapiro & Company, Inc has full service LCL services. Our Schedule for LCL cargo can be viewed on our website www.shapiro.com under the tab labeled "Logistics Services". Please contact your Shapiro Representative for further details.

The economic impact on the shipping industry is reflected in the billions of dollars carriers lost in the first quarter of this year. Carriers are beginning to look for ways to stop their losses, so BAF (Bunker Adjustment Fee) increases will most likely be the method. Many carriers and many trade lanes have already announced BAF increases this month. Asia has been quiet about the BAF increases for now, but we do not expect this to remain the case. Carriers have given expiration dates for most of the Asia import rates as June 30, 2009 to allow for BAF Increases.

FAR EAST/INDIA SUBCONTINENT/MIDDLE EAST

Trans-Pacific Rates have plunged recently, especially for imports from Asia to the U.S. The average rates from Hong Kong to Los Angeles have decreased about 53 percent since last summer. Rates for some commodities via 40 foot containers in this lane have dropped below $1000 for the first time since the early 1990's. The rates have been on the decline since August 2008.

Contract season is still in full swing. Many carriers have elected to extend rates through the end of June at current levels. 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, Safmarine and Maersk have announced the implementation of a GRI (General Rate Increase) of $200/20' and $300/40' effective June 1, 2009 for all cargo destined to the USEC/G and USWC from the following origins. Other carriers in this trade have mitigated the GRI to be a lower amount so please contact your Shapiro representative for further details as ALL rates in this trade will change as of June 1, 2009.

Cargo Originating in Bangladesh, India, Pakistan, Sri Lanka to U.S. North/South Atlantic, Gulf, Pacific:
$200.00 per 20'
$300.00 per 40'

Cargo Originating in Iran, United Arab Emirates, Saudi Arabia, Bahrain, Oman, Kuwait, Qatar to U.S. North/South Atlantic, Gulf, Pacific:
$200.00 per 20'
$300.00 per 40'

Important Announcement on newly upgraded MSC All Water DIRECT Import service to Baltimore, New York, and Savannah from Asia (with no transhipment in Freeport!). MSC has a new upgraded all water service – The Golden Gate Service Please feel free to contact us for any information or service we can provide as we do have a contract with MSC.

Routing: Busan, Shanghai, Ningbo, Hong Kong, Chiwan, Yantian, Singapore, Suez Canal Transit, New York, Baltimore, Savannah, Port Everglades, Free Port (Bahamas), Panama Canal, Manzanillo (Mexico), Busan

Vessel Deployed: 5040 TEU

New transit times as follows for ALL WATER service on MSC Golden Gate Service

	New York	**Baltimore**	**Savannah**	**Port Everglades**
Busan	33	35	38	41
Shanghai	31	33	36	39
Ningbo	30	32	35	38
Hong Kong	27	29	32	35
Chiwan	26	28	31	34
Yantian	25	27	30	33
Singapore	21	23	26	29

Effective: MSC Emma G924A, ETD Busan 6th June
Ports of Charleston/Jacksonville/Norfolk/Houston/New Orleans/Philadelphia are maintained to serve via Freeport, Bahamas.

TSA Carriers in the Trans-Pacific Trade have announced BAF increases effective July 1, 2009 as follows (Shapiro will keep you posted if the trade actually implements this increase; contact your Shapiro representative for details):

This serves to advise that unless otherwise provided in individual rate items (special bullet rates), the TSA BAF will be adjusted to below quantum for all cargo moving under ranges ex Far East (Japan, Korea, China, Hong Kong, Taiwan, Singapore, Indonesia, Malaysia, Thailand, Vietnam) to all U.S. destinations with effective from July 1, 2009:-

Quantum:
To U.S. west coast:
$150.00 per 20'
$188.00 per 40'
$212.00 per 40' HC
To U.S east coast:
$308.00 per 20'
$385.00 per 40'
$433.00- per 40' HC

United Arab Shipping Company is increasing BAF for the Indian Subcontinent, Middle East and Asia. Effective June 1, 2009, UASC's import bunker surcharge will be as follows:

<u>Indian Sub Continent</u>	
India	$138/20' - $207/40'
Pakistan	$138/20' - $207/40'
Sri Lanka	$138/20' - $207/40'

<u>Eastern Mediterranean</u>	
Egypt	$240/20' - $360/40'
Syria	$240/20' - $360/40'
Lebanon	$240/20' - $360/40'
Cyprus	$240/20' - $360/40'
Tunisia	$240/20' - $360/40'
Libya	$240/20' - $360/40'
Algeria	$240/20' - $360/40'

<u>The Middle East</u>	
UAE	$275/20' - $413/40'
Kuwait	$275/20' - $413/40'
Bahrain	$275/20' - $413/40'
Oman	$275/20' - $413/40'
Iran	$275/20' - $413/40'
Iraq	$275/20' - $413/40'
Qatar	$275/20' - $413/40'
Saudi Arabia	$275/20' - $413/40'
Jordan	$275/20' - $413/40'
Sudan	$275/20' - $413/40'
Yemen	$275/20' - $413/40'

<u>Asia</u>	
All Ports	$200/20' - $250/40' - $282/40'HC

SOUTH AMERICA

BAF Increases have been announced this month from Brazil as follows:

MSC effective June 6, 2009:
20': from $425.00 to $440.00
40' and 40'HC: from $850.00 to $880.00

NORTHERN EUROPE

GRI's from Europe were mitigated somewhat in May, however BAF increases from are on the rise for July.

MSC has announced a Bunker Contribution (BUC) rate restoration increase effective July 1, 2009. Other carriers are expected to follow suit:

Due to an escalation of fuel prices recently, a Bunker Contribution (BUC) increase will be applicable to all published, filed tariff and service contract rates where the BUC is floating. For those accounts where the BUC is included in the all in rate MSC has filed a Rate Restoration Increase of $50.00 per TEU which will be applied to all published, filed tariff and service contract rates:

From ports and points in UK, Belgium, Netherlands, Scandinavia, Baltic countries, Northern France, Russia (St. Petersburg), Germany and Poland

To USEC, Gulf & WC ports and points

Application: Westbound Cargo

Current levels:
Atlantic and Gulf ports
$200/20'
$400/40'

Pacific ports
$350/20'
$700/40'

New levels:
Atlantic and Gulf ports
$250/20'
$500/40'

Pacific ports
$400/20'
$800/40'

MEDITERRANEAN
GRI and BAF increases from Europe 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. We are expecting further announcements for BAF increases as of July 1.

We have received notification for increased THC from Israel to the U.S. effective June 15, 2009, for all published, filed tariff and service contract rates.

From ports and points in Israel

To USEC, Gulf and USWC ports and points

Application: Northbound dry and reefer cargo

Current THC levels

$29.00/20’
$45.00/40’

New THC levels
$50.00/20’
$90.00/40’

AIR FREIGHT
Lufthansa, the second largest national freight airline in the world lost $58.2 million in the first quarter as revenues have declined 10 percent and cargo volumes have fallen 21.3 percent. Japan’s All Nippon Airways has announced its first full-year net loss in six years at a loss of $43 million in the fiscal year of 2008, which ended in March.

DOMESTIC
Domestic shipping revenue indexes in the U.S. dropped by a record 25 percent in April 2009 as compared to the same month last year. Freight spending by customers declined at a record pace as well. In fact, April’s decline was the largest drop since the economic weakening in early 2008.

Truckers have announced recently that average contract prices have fallen by an average of 2 to 3 percent in the last year. They expect prices to continue to fall in the second quarter even as YRC, which controls 23 percent of the LTL trucking market, is in deep financial trouble. If YRC goes out of business, prices may not rebound as much as expected because the LTL trucking industry has a five-year supply of excess capacity and 15 percent of the existing available trucking fleet in this country could be immediately used to meet the demand as a result if YRC does fail. YRC lost $357.4 million in the first quarter following a $974.4 million loss last year. YRC is seeking an estimated $1 billion from the Treasury Department’s Troubled Asset Relief Program to help fund the $2 billion in annual Teamsters union retirement payments over the next four years.

SAMUEL SHAPIRO & COMPANY, INC. NEWS

Employee of the Month

As previously featured in “Shap” Talk, Samuel Shapiro & Company, Inc. has been sharing with you the names of employees who have been recognized for their exceptional efforts and contributions to our Company. At Shapiro, we continually work to develop, challenge, and inspire all of our employees to grow individually and with the Company. This month, we would like to recognize Virginia Salefsky, Baltimore Import Coordinator, 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.