

IMPORTER SECURITY FILING NOW MANDATORY

By the time you are reading this newsletter, it will be January 26, 2010, and the one-year grace period will be history. We have worked very diligently with our overseas partners and we would like to also thank you, our importer clients, who have done your part as well. Sometimes we could convince suppliers on their own of the importance of compliance, sometimes it took pushing from both parties. What cannot be misunderstood or understated is that CBP now means business. They have records on who has (or has not) been filing and their error rate for the past year. Many factors will contribute to decisions on whether or not to issue penalties and in what amount.

In order to ensure that the penalty provisions are not misused and that the rules are applied equitably, the penalties will be issued for the first year by Customs headquarters in Washington and not from the individual ports. The two greatest challenges that the trade faces are matching bills of lading and importers who buy on a prepaid basis. We strongly urge importers to convey the importance of consistently using the same transportation providers in order to maintain the smooth flow of ISF data. Also, if someone says, "We will file your data," they must be authorized to do so with a power of attorney. We will continue to update everyone monthly through the News Alert with the most current activities by CBP and any potential problems that are occurring.

THE GRI/ERC IS HOLDING

Importers who ship on the eastbound trans-Pacific this month absorbed the second rate increase of the contracting year since signing in May, 2009. Information that we have gathered from both Asia and the US markets appears to be that everyone has paid the full amounts that the carriers announced. With this second round of recovery under their belts, they are looking to the 2010-2011 contracts which will begin negotiations in March and April. We have heard word that they plan to STILL seek the full GRI which they announced last September of \$800/FEU plus a Peak Season Surcharge (PSS). We would be very surprised to see them secure the full amount. That would, in most instances, move rates above and beyond where they were in the boom years of 2007 and early 2008. It would be difficult under the most ideal of circumstances to convince any trader familiar with the history of rates on that lane that such rates would be warranted in such a fragile economy.

TRUCKLOAD OPERATORS SEE RATE INCREASES

Not content with allowing steamship lines and rail operators to seek rate recoveries, truckload companies feel

that they are entitled to additional dollars. In a recent Journal of Commerce article, an executive from a truckload company cited bankruptcies, rising fuel prices and vehicle licensing fees as factors which warranted greater compensation. The gentleman was right, and unspoken also is the continued aging of the driver population as well as additional costs for background checks and security to handle cargo. However, we believe taking the position, "Through it all, we're what moves America, but somebody has to pay for it," may have been a little firm for the circumstances.

ALAMEDA CORRIDOR CHARGE INCREASING

With effect from February 15, 2010, the Alameda Corridor Charge will be \$20/20', \$40/40' and 40'HC and \$44/45' container. This is up \$2 from 2009 levels.

IF I HAD \$1 BILLION DOLLARS...

"I'd be rich," or so a parody of the old Barenaked Ladies song would go. CMA-CGM, the French carrier, hedged fuel poorly in 2008, locking in at \$150/barrel as fuel then plummeted to \$30/barrel. That \$1 billion loss contributed to a staggering \$5.6 billion in debt the company dealt with last year. Unsurprisingly, an extraordinary shareholder meeting this month elected a new board of directors. The carrier lost \$515 million on \$4.8 billion in revenue in the first half of 2009, but expects to turn a profit this year. Global carrier losses industry wide have been estimated at between \$15 and \$20 billion.

MANIFEST CONFIDENTIALITY MUST BE RENEWED EVERY TWO YEARS

Companies or individuals who have written to the government requesting that their ocean manifest data (the data filed in accordance with the 24-hour Rule) be kept off the public record must renew that request every two years. This data may still be examined and copied by the press, but it cannot be published through one of a variety of companies who are repackaging the data for commercial purposes. There is no prescribed format for the certification, but it must be submitted at least sixty days prior to the expiration of the current certification.

It is important to note that air, rail and truck manifest data are still kept confidential by default and CBP has indicated that data submitted in conjunction with the Importer Security Filing is considered for security purposes and will not be released to the public, nor eligible for release under FOIA.