



# Parker & Company Worldwide

## *Trade News Quarterly October 2010*

Parker & Company Web page has new look, Log on and browse the news letter archive [www.parkerandcompany.com](http://www.parkerandcompany.com)

### **Changes in Mexico affect cross-border shipping**

**Shippers may need new tactics to control rates and minimize cargo theft in Mexico, say Transplace Mexico executives.**

If you're shipping freight to or from Mexico, last year's playbook may not do you much good. Recent changes south of the border mean some of the old rules for managing rates and protecting cargo from theft may no longer apply, say the experts at third-party logistics specialist Transplace.

Speaking at a recent symposium, Transplace Mexico's managing directors, Troy Ryley and Jose Minarro, brought shippers up to speed on what's happening in Mexico. Here are some of the observations they shared:

- Motor carriers are struggling with an equipment imbalance in the U.S.-Mexico trade. Although cross-border freight volumes are up overall, southbound moves lag behind northbound loadings, due in part to punitive tariffs Mexico slapped on U.S. goods in response to a NAFTA violation. As a result, trailers for northbound traffic are in short supply.
- The days of quoting point-to-point, all-in cross-border truck rates may be nearing an end, Ryley said. Now that the Mexican government has lifted subsidies on diesel fuel, some Mexican carriers are for the first time assessing fuel surcharges.
- Some Mexican regional carriers are now collaborating to manage costs and control pricing. Diversifying your carrier base, using multiple modes, and investigating methods like transloading may help insulate your operation against sharp price hikes, Ryley said.
- Cargo-theft patterns have changed now that the "Zetas" drug cartel dominates highway crime. In the past, organized rings targeted high-value goods like electronics and pharmaceuticals. But the Zetas will steal a trailer and figure out what's in it afterward, Minarro said. "If they can sell it, you won't see your freight again. If they can't, they'll just abandon the trailer." What can shippers do to protect their cargo? Tracking technology (in the trailer, not the tractor), pre-scheduled driver-dispatcher calls, and security escorts can all help reduce the risk of theft.

More details about the presentation (as well as others from the 2010 Transplace Shipper Symposium) can be found at [the 2010 Transplace Shipper Symposium website](#).

**CTPAT Services** – Parker & Company continues to provide CTPAT consulting services: Parker will provide program guidelines and requirements, help you file with CBP and be on hand for site visit if necessary. Contact Abel Medina in our consulting department for service in this area [amedina@parker-logistics.com](mailto:amedina@parker-logistics.com) Phone 956-831-2000

### **CANADA eMANIFEST AND US EXPORT CONTROLS by Edward D. Greenberg**

The Canada Border Services Agency (CBSA), implementing legislation enacted last year, has established a requirement that all parties arranging for transportation of cargo into Canada are required to provide advance manifest information, electronically, at set time frames before the goods reach the Canadian border. This is what is called the eManifest reporting system. Essentially, this appears to be the functional equivalent of US Customs and Border Protection's 24-hour rule for providing advance manifest data on shipments inbound to the U.S.

There is ample information available on the CBSA website concerning the required data elements and time line for implementation, so that there is no need to go over those details here. Instead, this is intended to bring to your attention an important, but perhaps overlooked, issue that could lead to violations of the US export control laws. Traffic destined to Canada from the U.S. is, with certain exceptions (e.g., licensed cargo or cargo destined for third countries), are exempt from AES filing requirements of Census, BIS and DDTC. As such, US forwarders and other companies that typically are involved in the movement of Canada bound cargo might conclude that it is not necessary to screen the parties for this traffic against the various denied party/entity lists maintained by OFAC and BIS.

That would be a mistake. The fact that a particular transaction involves only a US exporter and a Canadian company does not necessarily ensure that those parties are not sanctioned parties. To the contrary, there have been a number of investigations and prosecutions of US and Canadian companies that are on the various sanction lists, and any participation by third parties of export transactions involving those companies could be problematic. The new eManifest requirements, while providing an additional

service that forwarders and customs brokers might be able to provide to US or Canadian shippers/receivers, accordingly also carries the potential for running afoul of US export control requirements. It is not unlikely that US authorities could take the position that any company making eManifest filings with the CBSA is facilitating export transactions. And, if those transactions involve parties on the various sanction lists, merely doing the eManifest filings - - even if the filer is not otherwise involved in the actual transportation arrangements - - could implicate a company in an investigation and possible prosecution. Whether or not this results in imposition of a penalty, being caught up in a BIS, DDTC or ICE investigation is extremely time-consuming, costly and of course risky. For this reason, it is prudent for companies to screen **every** transaction against the sanction lists without regard to whether you are limited to making transportation arrangements. The concept of facilitation, as defined by OFAC, is very broad and amorphous, so that the mere submission of eManifest data to CBSA might be viewed as contravening US export control laws if the parties to the transaction are on the sanction lists. Let us know if you have any questions.

**CBP Offering Free ACE Webcast** - As a member of the international trade community, are you interested in understanding

- How CBP's modernized system, the Automated Commercial Environment (ACE), will impact your business?
- The future direction of ACE?
- The short-term priorities of ACE, including cargo release capabilities that encompass additional PGA data?
- How CBP business and technical offices are working together to make ACE a reality?
- CBP's commitment to ACE as a business transformation vehicle (rather than simply an IT project)?

If so, CBP invites you to join them on Wednesday, October 27 from 1– 2:30 p.m. EDT for a live Webcast open to the general public to discuss ACE. CBP Executives will cover a variety of topics to relay how CBP is dedicated to reengaging stakeholders, reenergizing efforts, and resetting the direction to make ACE a reality for everyone.

**Parker & Company Trucking**- Parker & Company has trucks in Houston every day; we can pick up your freight at the airport cargo terminal or from many of the import warehouses in the Greater Houston area. Contact our Freight department for rates either Xavier Cardenas [xcardenas@parker-logistics.com](mailto:xcardenas@parker-logistics.com) or David Dubois [ddubois@parker-logistics.com](mailto:ddubois@parker-logistics.com)

**Sea Bridge obtains Marine Highways designation from MARAD for Service between Port of Brownsville and Port Manatee** - Thanks for taking the time to learn more about SeaBridge Freight's Marine Highway. SeaBridge Freight is your multi-modal partner operating the M-10 Marine Highway with scheduled container service linking Texas / Mexico to the South Eastern and Eastern U.S. via our trans-Gulf of Mexico route. SeaBridge Freight offers containerized, break-bulk and over-dimensional service that not only saves our clients time and money, it also has a dramatic positive impact on our environment.

Did you know that on a one-way trans-Gulf transit, we typically save over 70,000 gallons of fuel versus moving the same amount of cargo by truck!

To learn more about America's Marine Highway Program go to this website: <http://americasmarinehighways.com/>

**Port of Brownsville Receives Funds to Enhance Marine Highway Operation Brownsville, Texas, September 21, 2010:** The Port of Brownsville and Port Manatee, Florida has been awarded \$3.34 million for enhancements to their Marine Highway Operation by the U.S. Department of Transportation.

On August 11, 2010, the Maritime Administration (MARAD) informed the Port of Brownsville and Port Manatee that they had received the Marine Highway Designation, and that they would be eligible to compete for an initial \$7 million dollars. The Marine Highway Operation has gathered the support of Congressman Solomon Ortiz who believes the operation to be vital to the region. "I will continue to work with the Port of Brownsville and Port Manatee, Florida to see this waterway grow," said Ortiz. "I will remain in contact with the Department of Transportation as we look for new opportunities for the Port of Brownsville and its partners." The designation is great for commerce, safety, and the environment. It will reduce the number of trucks on the already congested U.S. Highway system, therefore increasing safety, and also provides a benefit for the environment. Transportation by sea is cleaner in terms of green house gas emissions.

The funds will be utilized to make modifications to two barges and will also be used to purchase equipment for the container on barge operation to help improve efficiencies and reduce shipping costs. "We are very pleased with the announcement and believe these funds will enable us to continue to develop the container on barge operation and create jobs for the region," said Eduardo A. Campirano, Port Director and CEO.

**From J of C Sailings newsletter:** [Yang Ming](#) has joined the carriers dropping the provision of chassis in at least some locations in the United States. Hyundai Merchant Marine recently [made a similar announcement](#), and others on the list include [CMA CGM](#), [Evergreen](#), [NYK](#), [OOCL](#), and more. How are you affected by these changes? What steps are you taking to address the situation? For more information you can go to the JOC website: <http://www.jocsailings.com/>

**Currency Legislation Rolls Through the House** NCBFAA joined with other organizations and companies in a letter to House leaders objecting to H.R. 2378, China currency legislation: "This legislation will do more harm than good to job creation and economic growth at a time when we need both dearly." The letter was sent as the House prepared to debate and vote on the China currency legislation, which would allow the Commerce Department to impose countervailing duties on Chinese goods on a case-by-case basis when it determines that the undervalued Yuan serves as an export subsidy. The joint letter concluded: "We share Congress' desire to have China act more quickly to adopt a market-determined exchange rate. But the proposed unilateral measure is not going to achieve that result." Despite the concerted efforts of the trade and business community, the House handily passed H.R. 2378 by a vote of 348-79. The vote came just hours before the chamber adjourned until after the election. The bill now goes to the Senate, with action possible in a lame-duck session.

**Merchant Fleet Concealing Capacity** - By Alaric Nightingale Oct. 1 (Bloomberg) -- A slowing merchant shipping fleet is concealing capacity that will undermine the industry's recovery as world trade quickens, according to Arctic Securities ASA, an Oslo-based

investment bank. The attached chart shows an across-the-board slowdown in merchant ships' sailing speeds, spanning crude and oil products tankers, dry-bulk carriers and container ships. The slower they go, the fewer there are for hire. Conversely, those vessels can go faster when trade picks up. "If we were to see the market return to the tightness we saw before the financial crisis, owners would speed up their ships and add a considerable amount of capacity," Martin Sommerseth Jaer, an analyst at Arctic, said by phone. "There's latent, hidden capacity." The biggest reduction occurred in container shipping, where speeds dropped by 20 percent from their peak, according to Arctic estimates. The second-largest slowdown has been for supertankers that can carry 2 million barrels of oil, he said. "Everybody is slow-steaming across the board, but the most hidden capacity is within the container sector," Jaer said. "That's where the upside will be most capped." Speeds and fleet sizes move approximately in tandem, meaning that a 10 percent change in how fast the vessels are moving equates to a similar alteration in supply, he said.

**Parker & Company offers Mexican West and East Coast container freight services** – Parker and Company Monterrey office handles all our Mexican clients Container freight services we offer Competitive Ocean rates via Manzanillo, Lazaro Cardenas, and also East coast Port of Altamira. We provide trucking services from Monterrey KCS rail ramp and Altamira port. We also have Mexican broker clearance services. Our service is provided through our large international network of WNA agents providing hands on service. Please contact Ben Trelles in our Monterrey office [btrelles@gmail.com](mailto:btrelles@gmail.com)

### **FMC Chairman Proposes Shipping Act Amendments to Deal with Container Shortage Problems**

Federal Maritime Commission Chairman Richard Lidinsky has forwarded to Congress six recommended amendments to the Shipping Act of 1984 that respond to the problems faced by U.S. exporters as a result of recent shortages of space on vessels and cargo containers.

**Court Rejects CBP Attempt to Extend Period for Redelivery of Goods** In a Sept. 16 ruling in *U.S. v. Pressman-Gutman Co. Inc. and American Motorists Insurance Company*, the Court of International Trade upheld U.S. Customs and Border Protection regulations and practice concerning when a demand for the redelivery of imported goods can be made. CBP had sought \$120,000 in liquidated damages from the defendant, which it claimed breached the terms of its customs bond by failing to timely redeliver goods when requested to do so.

This case arose from two importations of textile fabrics in 1999. CBP requested samples of these fabrics and then several months later demanded that the fabrics be redelivered. CBP regulations require such demands to be made within 30 days of the expiration of the conditional release period, which CBP has consistently held begins when it requests a sample of the goods at issue and ends when the requested samples are received. In this case CBP's redelivery demand was made more than 30 days after the samples were received.

**Entry Summary Declaration EU** (from our agent Skyline Germany) - We would like to inform you about the upcoming EU provisions for inbound cargo which will come into effect December 31, 2010. With a few exceptions, European Community (EC) law states that all goods brought into the customs territory of the EC must be covered by an entry summary declaration (ENS), which is submitted to the first point of entry into the European Union. The ENS is an electronic declaration that is common to all 27 member states. Agreed datasets, rules and conditions are provided to help fill it in. Transmission of ENS is obligatory for all cargo discharged in an EU port (including transshipment cargo) as well as FROB cargo (Foreign Cargo Remaining on Board), i.e. cargo which is discharged in a port outside the EU after the vessel has called an EU port.

Required data elements:

- \* Full name and address of shipper and consignee
- \* Full name and address of notify party where goods are carried under a negotiable "to order" B/L
- \* Container number
- \* Goods description (general terms for example "consolidated cargo" or "general cargo" cannot be accepted)
- \* Minimally first four digits of the HS code.
- \* Number of packages
- \* Cargo gross weight
- \* Seal number
- \* UN dangerous goods code where applicable
- \* Method of payment in case of prepaid, for example "payment in cash", "payment by cheque", "electronic credit transfer", etc.

The timely electronic transmission of the Entry Summary Declaration (ENS) will be the carrier's obligation, meaning the shipping line/airline/railway company/trucking company etc.

### **Logistics Professionals Should Prepare for FMCSA Final Ruling** (from Roanoke Trade Insurance)

The Department of Transportation's Federal Motor Carrier Safety Administration (FMCSA) issued a final rule ([49 CFR Parts 365 and 387](#)) which is effective March 21, 2011. It will affect cargo insurance requirements for most for-hire motor common carriers of property and freight forwarders.

The new rule, applicable to the above mentioned parties, eliminates the requirement to (1) maintain cargo insurance in prescribed minimum amounts and (2) file evidence of insurance with the FMCSA. There will be no change for household goods motor carriers and household goods freight forwarders, who will continue to be subject to the cargo insurance requirement.

What Does this Mean to Logistics Managers? There are about 166,700 for-hire motor carriers and 1,600 freight forwarders registered with FMCSA today. Given the upcoming change, it is going to be more important than ever to have proof of insurance for each for-hire common carrier or freight forwarder with which your company works. Logistics managers will no longer be able to rely on the FMCSA to ensure that their truckers maintain at least minimum levels of insurance.



**DEPARTMENT OF HOMELAND SECURITY  
U.S. CUSTOMS AND BORDER PROTECTION  
Pharr, Texas**

**PORT OF HIDALGO/PHARR TRADE NOTICE**

**DATE: October 13, 2010  
FILE: TB 11-01**

**FOR: Users of Commercial Ports of Entry at the Laredo Field Office**

**SUBJECT: Industry Certification Requirements of Plastic and Cardboard Scrap from Mexico Effective October 8, 2010**

**REFERENCES: Title 7 Code of Federal Regulations 330.300, Title 7 Code of Federal Regulations 330.400 - 330.403 and Title 9 Code of Federal Regulations 94.5.**

The purpose of this Trade Notice is to inform industry of new USDA APHIS restrictions associated with any importations of scrap and recyclable cardboard and plastic.

**BACKGROUND:**

The United States Department of Agriculture (USDA) Animal and Plant Health Inspection Service (APHIS) Plant Protection and Quarantine (PPQ) has developed new procedures for the importation of plastic and cardboard scraps from Mexico. These new procedures are intended to prevent the importation of plastic and cardboard scraps contaminated with food items, food packaging and other similar items. Plastic and cardboard scraps contaminated with food items, food packaging and other similar items pose a risk of introducing foreign plant and animal pests and diseases into the United States.

**PROCEDURES:**

Effective October 8, 2010, plastic and cardboard scraps imported into the United States must be accompanied by original, signed letterhead statements confirming that the plastic and cardboard scraps:

1. Were generated at the generator's facility;
2. Are an industry-recognized scrap commodity;
3. Were not obtained from landfills, recycling centers, or other domestic solid waste;
4. Were not commingled with garbage as defined in Title 7 Code of Federal Regulations 330.400 - 330.403 and Title 9 Code of Federal Regulations 94.5;

The publisher has taken all reasonable steps to verify the accuracy of the content of this site. However, Parker & Company shall not be responsible for errors or omissions. Any advice in this newsletter is general and we recommend you contact Parker & Company licensed brokers or your customs council with specifics on your import or export transactions.