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A ROGERS & BROWN NEWSLETTER

INT'L. FREIGHT FORWARDERS, FMC# 1194, CUSTOMHOUSE BROKERS, CBH# 4005, INT'L. AIR TRANSPORTATION ASSOC. IATA# 01-17027
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Get Prepared – New Rogers & Brown Website Imminent

Rogers and Brown has hired a branding, web development, and marketing firm to help modernize our web portal and to better market our products and services to the world. Please be on the lookout for our new interactive website which should premier in the next several weeks. We are excited about our new site because it highlights the reason that Rogers & Brown has enjoyed the success we have these last 38-plus years. We believe that our **people make the difference** and many of them will be spotlighted in the new website and in our marketing and advertising campaign in the future. We take pride in the service that we provide but we understand that without the hard work and dedication of our many associates we would not be successful. We also invest heavily in technology – technology that adds value to our clients and that allows our associates to more readily provide you with more accurate and timely information 24 hours a day, seven days a week. As we have noted in the past we also replicate our systems at another of our locations, providing the assurance that if our primary site is off line we have a backup that can be running in hours rather than days. We understand that you rely on us to move your freight and we think of ourselves as an extension of your company. **Ships, Trains, Planes, nor Trucks move products. People do – Rogers & Brown People.** Keep your sights tuned in for our new website – <http://www.rogers-brown.com>. We are sure you will like it.

Security Still a Big Issue

Although security has remained in the forefront of all our minds since 9/11, the DP World ports incident has more clearly defined many of the issues we face while exposing the knowledge or lack thereof of how our ports are protected, how the Department of Homeland Security operates, what role ports authorities or terminal operators play, or what responsibility the Coast Guard versus other agencies has in the scheme of things. It was evident from Congressional hearings that a great deal more needs to be done to educate our legislators but, on the other hand, it is somewhat frightening that many of them have little to no knowledge regarding our ocean and air ports, borders, or little else related to securing them. The DP World ports incident appeared to be used more for political opportunism that instead, turned out to be an embarrassment to many of our legislators.

Whether you agree or disagree with what ultimately transpired in the DP World port situation, the underlying result was a focus on critical security issues and hopefully a more reasoned approach to solving these very serious problems. Much more is obviously being done today to secure our ports than was being done prior to 9/11, but much more needs to be done. Can we inspect every ocean container, rail shipment, air shipment, truck, or automobile coming into the United States? The answer to that is an unequivocal no, at least not without spending billions of dollars and/or running the risk of seriously interfering with trade as we know it.

As the experts have said, the key to controlling our security rests with improvements in inspections and/or making certain the supply chain is secured from point of origin to the port of loading overseas, improved technologies such as RFID and secure containers, better human intelligence, more timely receipt of manifest information, and other factors that provide DHS and other agencies with an assurance that goods and containers are not tampered with in the supply chain. Many companies in the United States who import a great deal of product have always had a very secure, controlled supply chain by virtue of them shipping from their own manufacturing or distribution centers and the fact that they do not want competitors seeing or tampering with their goods. Customs is very aware of what they consider low risk companies, countries or even suppliers of goods. Other than random inspections it makes little sense to inspect all shipments from those types of low-risk shipments. It is difficult to pick up a trade publication or attend a trade seminar that the topic of security is not on top of the agenda. The Department of Homeland Security has continued to promote voluntary programs that encourage shippers to participate in programs such as C-TPAT and other similar international programs to ensure that their supply chains are in fact as secure as is reasonably possible. The benefit to those shippers who can prove they have a secure supply chain has and will continue to equate to a more efficient process and an assurance of fewer inspections of their shipments. There will always be random inspections, but as Customs has publicly noted, those shippers who show that they are compliant will receive “Green Lane” privileges when importing into the commerce of the United States. Although this program is voluntary at present, it is likely that at some point shippers who want their goods to clear without delay and additional costs will be forced to become compliant. More than 9,000 importers have applied for C-TPAT certification and according to Customs, applications continue to grow. Once these companies have been certified they must have an ongoing security auditing program in place for their facilities as well as those of their supply chain partners. Depending on the size of their operation they may even want to have a designated C-TPAT Compliance Officer. It is anticipated that Congress will pass some form of legislation before the Memorial Day recess as a result of the DP Ports situation. Key elements of concern of the proposed legislation are: 1. Statutory recognition for C-TPAT with the Senate making it a regulatory program and the House bill somewhat more vague, 2. Changes to the Automated Targeting System, including the earlier acquisition of non-manifest data, 3. Suggestions that commercially sensitive information such as letters of credit and commercial invoices, be provided to CBP, 4. A Senate provision relating to the International Trade Data System (ITDS) that recognizes the importance of bringing all of the necessary agencies into ACE with the House bill containing only a passing reference to ITDS, and 5. The House bill will call for special recognition of the attributes and limitations of small and medium size businesses, requiring DHS to tailor its strategy differently for small entities. Much of this will be changed as details are worked out between Senate and House committees, but in all likelihood there will continue to be fallout and changes coming. For more information related to what you will need to do to become C-TPAT certified go to the U.S. Customs and Border Protection website at the address listed below or to one of the other sites listed that deals with different aspects of security issues.

U.S. Customs and Border Protection

http://www.customs.ustreas.gov/xp/cgov/import/commercial_enforcement/ctpat/

United States Trade Compliance Center

<http://www.tcc.mac.doc.gov>

United States Office of Textiles and Apparel

<http://www.otexa.ita.doc.gov>

United States Department of Commerce – Export Assistance Centers

<http://www.export.gov>

United States Department of State – Dir. of Defense Trade Controls

<http://www.pmdtc.org>

United States Bureau of Industry and Security

<http://www.bis.doc.gov>

United States Department of Transportation

Pipeline and Hazardous Materials Safety Administration

<http://hazmat.dot.gov>

United States Foreign Agriculture Service

**Change is the Law of Life. And those who look only to the past or present are certain to miss the future.
John F. Kennedy**

APHIS Wood Packaging Material (WPM) Regulations Phase II In Effect

This is a reminder that Phase II of the new wood packaging material regulations began February 1, 2006. During this phase, all commodity imports entering or transiting the United States with wood packing materials consisting of pallets and crates must be either heat treated or treated with methyl bromide and marked certifying the treatment. Shipments containing WPM that violate the rule may be allowed entry only if the U.S. Customs and Border Patrol (CBP) port director makes a determination that it is possible to separate the approved material from the noncompliant portion of the shipment. During Phase II of the enforcement, CBP will continue to inform noncompliant importers who use intact, whole, or solid wood as dunnage, of their obligation to use ISPM 15 compliant wood in association with their blocked or braced cargo. Phase III of the enforcement plan will begin July 5, 2006 at which time all WPM entering or transiting the United States must meet the ISPM 15 standard and be free of timber pests. These new guidelines will be enforced in Canada, Mexico, and the United States. For additional information regarding these requirements go to the APHIS website at www.aphis.usda.gov/ppq/wpm/import.html or call APHIS' toll-free number at 866-738 -8197.

EU Approves Further Delay of Wood Packaging Rules

On February 6th, 2006 the European Union delayed again a new wood packaging rule that US industry leaders claimed could affect nearly half of US exports to the EU. The "debarking" rule, which would have required all wood packaging materials (WPM) be manufactured from debarked wood before entering the EU, was due to go into effect on March 1, 2006. The delay pushes that date back to January 1, 2009. The EU indicated it recognizes the importance of working through the appropriate international channels for amending the international standard for wood packaging materials and the European Commission has committed to reevaluate the delay by September 2007.

Management Changes

We are pleased to announce the promotion of Michael (Mike) Fowler to President of Rogers & Brown Custom Brokers, Inc. Mr. Fowler joined Rogers & Brown in 1979 after working for Palmetto Shipping & Stevedoring Company in Charleston for several years. Mr. Fowler started with the company as Accounting Manager and later was promoted to V.P. of Finance and Administration. He spent several years as V.P. of Finance and Operations before later moving back to V.P. of Finance in the late 1990s. Mr. Fowler is a graduate of the College of Charleston with a degree in Business Administration and is a Licensed Customhouse Broker. Mr. Fowler resides in Charleston, SC.

Elizabeth (Beth) Morris has been promoted to Manager – Duty Drawback and Compliance. Her new responsibilities will include operations audits, C-TPAT compliance and related compliance issues. Ms. Morris began her career with Rogers & Brown in 1981 in our Charleston Export Department and later moved to the Accounting Department working her way up to Accounting Manager before being promoted to Duty Drawback Manager. Ms. Morris resides in Charleston, SC.

Jeffery Knapp was hired as Sales Manager working out of our Atlanta Division covering the states of Georgia, Western Tennessee, Northern Florida, and Alabama. In addition, Mr. Knapp will cover areas located in the central United States as well as the Houston, Texas area. Mr. Knapp has 11 years of experience in the transportation business working for such companies as ATE Logistics, Phoenix International and Knight International for the last seven years. Mr. Knapp is a graduate of Washington University in St. Louis and is a U.S. Army veteran. Mr. Knapp resides in Atlanta, GA.

Johnny Ramos was hired as Sales Manager working out of our Norfolk Division covering the states of Virginia, Kentucky, Western North Carolina, and Pennsylvania, as well as the West Coast. Mr. Ramos has 14 years of experience working for such transportation companies as C.H. Powell Co/Damco Maritime and Panalpina, Inc./Pantainer Express Line. Mr. Ramos is originally from Puerto Rico, is retired from the military, and currently resides in Virginia Beach, VA.

JoAnne Dixon has been hired as the Charleston, SC Entry Manager. Ms. Dixon comes to us with 20 years of experience in the Customs Brokerage business having worked for JAS Forwarding USA, Inc., Circle International and NOCS South Atlantic. Ms. Dixon is a Licensed Customhouse Broker, and is a Customs Certified Specialist (CCS) through the National Customs Brokers Association. Ms. Dixon resides in Charleston, SC.

I predict future happiness for Americans if they can prevent the government from wasting the labors of the people under the pretense of taking care of them.

Thomas Jefferson

Export Letters of Credit (L/C)

If you are a shipper you understand the importance of properly complying with the terms of a letter of credit. An Export Letter of Credit makes doing business globally easier and more secure. When dealing with an unknown buyer or a buyer in a new or emerging market, an Export Letter of Credit provides a high level of assurance to an exporter that he or she will be paid for goods and services provided to a buyer. An Export Letter of Credit enables an exporter to substitute its buyer's credit with that of the buyer's bank, providing a higher level of assurance that payment will be received, while protecting the title to their goods. If every i is not dotted, every t crossed or every misspelled word not misspelled, then your shipment, or your funds, can get delayed, or not paid at all, and/or your shipments could incur additional costs and in some cases may be refused. Rogers & Brown has the necessary knowledge and experience to ensure letters of credit are properly prepared and complied with. A Letter of Credit is simply a document, issued by a bank per instructions by a buyer of goods, authorizing the seller to draw a specified sum of money under specified terms, usually the receipt by the bank of certain documents, within a specified time period. Some of the descriptions are:

Clean: An L/C that requires the beneficiary to present only a draft or a receipt for specified funds before receiving payment.

Confirmed: An L/C guaranteed by both the issuing and advising banks of payment so long as seller's documents are in order and the L/C terms are met. Only applied to irrevocable L/Cs. The confirming bank assumes the credit risk of the issuing bank.

Irrevocable: An instrument that, once established, cannot be modified or cancelled without the agreement of all parties concerned.

Unconfirmed: A letter of credit forwarded to the beneficiary by the advising bank without engagement on the part of the advising bank.

These are but a few of the different letters of credit descriptions and depending on the circumstances, different types would be utilized. Your bank or your international freight forwarder can assist you in preparation or ensuring you meet the requirements of the L/C.

It is an unfortunate fact that we can secure peace only by preparing for war.

John F. Kennedy

APL Changes Payment Location

Effective March 27th, 2006, the American President Line cashier window located at 1040 Crown Pointe Parkway, #700, Atlanta, GA 30338 will be closed. APL will no longer accept Original Bills of Lading and/or

payments at this location. They have asked that customers mail or courier their payments to one of the following lockbox locations below beginning March 27th, 2006.

Eastern, Central/Mountain, and Western Region

APL Limited
Attn: Freight Cashier
100 Central Avenue, Building 40C
South Kearny, NJ 07032

APL Limited
Attn: Freight Cashier
116 Inverness Drive East, Suite 400
Englewood, CO 80112

Overnight Courier Address:
APL Limited
Attn: Freight Cashier
180 East Ocean Blvd.,
Suite 800
Long Beach, CA 90802

US Postal Service Address:
APL Limited
Attn: Freight Cashier
614 Terminal Way
Terminal Island, CA 90731

Inbound - Bills of Lading and checks can be couriered or mailed to the locations above. These locations will accept your payment and Original Bills of Lading and will scan and transmit the applicable documents to our centralized cashiering office for posting of the payment. APL asks that you submit your payment and documentation in a timely manner. Demurrage payments may be made conveniently online by using APL's demurrage payment tool available through www.apl.com. Please visit this Web site to register. (Note: Demurrage for San Pedro can be paid online via credit card or mail payment to the following address: APL, Ltd., 614 Terminal Way, Terminal Island, CA 0731)

Outbound - All outbound bills of lading will be sent directly by our documentation department to our customers via Electronic Bill of Lading (for those customers who are using EBL through APL's award-winning Homeport) or via overnight courier service. Our freight cashiers will no longer release Bills of Lading. APL encourages all of our customers (both credit and non-credit customers) to register for an APL Homeport ID and begin utilizing the Electronic Bill of Lading function. For non-credit customers who utilize the Electronic Bill of Lading function, payment is still required to be sent to the location noted above prior to release of bills of lading. Once the payment has been received and applied in APL's system, bills of lading will print in your office. To sign up for the Electronic Bill of Lading print function, you may register at www.apl.com.

Questions or assistance can be provided by Customer Support at 1-800-999-7733.

No LA-Long Beach Congestion in 2006

According to industry executives at a recent conference sponsored by the Port of Long Beach, the ports of LA-Long Beach should experience no significant congestion during this year's peak season. Although expectations are that volumes will increase significantly, all sectors of the supply chain have expanded their capacity or made operational changes that have improved efficiencies. The ILA has increased their work force by 40 percent as

well as significant increases in marine clerks and foremen. The Pier Pass program has reduced congestion at terminals during daytime hours with their extended gate hours and BNSF has increased their double-stack train sets and locomotives significantly as well. All of these changes should alleviate any concerns our importers have as they relate to receipt of their goods this coming summer and fall. Experts contend these changes will only have a temporary impact on congestion problems, but plans continue to be made for additional expansion of ports and related infrastructure which will hopefully provide the mid to long-term improvements that will handle growth well into the future.

**They say the world has become to complex for simple answers.
They are wrong.
Ronald Reagan**

Make Certain Your Cargo Is Insured

Two recent high profile ship fires should make importers and exporters more concerned than ever about their marine insurance coverage. The first fire broke out on the Hyundai Fortune on March 21st 2006 off the Yemen coast. The fire burned for several days before being extinguished and towed to port to forward undamaged cargoes. The second and more recent vessel to catch fire was an MOL vessel whose engine room caught on fire off the coast of Japan on Tuesday, April 14. Fortunately, the crews on both vessels were safely evacuated, but the first vessel sustained substantial vessel and cargo damage. These types of incidents happen more often than shippers realize and if you do not have the proper type of marine insurance coverage or none at all you can experience delays and even incur additional charges should General Average be declared. Under General Average you could possibly have your freight held until a cash deposit is made to cover damages which are shared by all parties of interest on the vessel (which includes all shippers). If you have proper All Risk coverage your cargo will not be held ransom. There are many other reasons to insure your cargo using a U.S. based insurance carrier or agent, including the assurance that you are dealing with a regulated carrier near you who can assist you should a claim occur. If you have concerns about whether or not you are covered or have adequate coverage please contact your Customer Service Account Representative for assistance. If they can not assist you they will put you in touch with someone who can. Just remember, there are storms, fires, ship collisions, and even high seas ship piracy occurring on a daily basis around the world.

**By failing to prepare, you are preparing to fail
Benjamin Franklin**

GSP In Danger of Expiring at the end of 2006

The Generalized System of Preferences (GSP), which offers shipments from various GSP-eligible countries duty-free treatment, is up for renewal at the end of this year. After many years of fighting for renewal on an annual basis, the GSP program was renewed for five years back in 2002. This program is a trade preference program maintained by the United States to promote development, through trade, of selected developing countries. Using the GSP system, U.S. companies can import products from certain eligible countries duty free which encourages them to purchase goods from those GSP-eligible countries. All other things being equal, this duty favored treatment allows U.S. companies to provide products at competitive prices. House Ways and Means Committee Chairman Bill Thomas recently caused alarm in the trade community by expressing his view that the GSP program be allowed to expire at the end of the year, suggesting that the program is dampening the enthusiasm of beneficiary countries for trade liberalization in the Doha Round. Chairman Thomas has recommended the U.S. negotiate a special “duty-free, quota-free” program with least developed countries only. This program would **not** include countries such as India, Brazil, Indonesia, Philippines, Argentina, Uruguay, Pakistan, Sri Lanka, Thailand and many other countries of interest to importers. His proposal would eliminate approximately 60 countries from the duty-free benefits. For many importers, lack of renewal for many importers could be extremely detrimental to their business model and could cause irreparable harm to their business. A bill was recently introduced in the House, “Trade Preference Extension and Expansion Act”(H.R.5070) by Representative Charles Rangel which would extend the GSP program through the end of

2007. Our National Brokers & Forwarders association has prepared a draft letter which can be used as a guide for you to notify your local legislators of your concerns and what lack of renewal of this program might have on your business. If you need a copy of the draft letter please contact Christy Hughes at 843-577-3630 x 202 or email her at christina_hughes@rogers-brown.com for a copy. The sooner you act the more likely you can have an impact on the legislative process.

Lines Announce Added Service and Other Changes

Trans-Atlantic Lines Hold Fuel/Currency Charges – Members of TACA announced that its Bunker Adjustment Factor will be held unchanged through June 15th. The charge for traffic to/from and via Atlantic/Gulf Coast ports is \$423 per 20-foot container and \$846 per 40/45 foot container, and \$42 for all other freight. For traffic moving among Pacific Coast ports, the charge is \$635 per 20-foot and \$1270 per 40/45 foot container. All other freight is charged at \$64. The group also said its Currency Adjustment Factor remains unchanged at 6 percent through June 15 and any new changes will be announced at least 30 days prior to June 16th. Member lines are Atlantic Container Line, Mediterranean Shipping Co., Maersk Lines, NYK Line, and OOCL.

Charleston Announces New Europe Service – China Shipping Container Lines and CMA CGM have launched a new North Europe service linking the Port of Charleston with Le Havre, France. The inaugural call was made on Tuesday, April 4th and will be a weekly service. The lines have deployed four vessels on a rotation of Le Havre, Antwerp, Rotterdam, Bremerhaven, Liverpool, New York, Baltimore, Norfolk, and Charleston. The service also provides connections with other CMA CGM services throughout the Baltic States, Russia, Poland, and Scandinavia.

Yang Ming Service Links North and South America – Yang Ming Line will launch a new ESA service between the East Coast of South American and the East Coast of North America beginning in June. The weekly service, in cooperation the CKYH Alliance partners Hanjin Shipping and “K” Line, will make direct calls at New York, Norfolk, Savannah, Rio Grande, Itajai, and Santos, returning to New York.

Tropical Shipping Implements Transfer Fee – Tropical Shipping has implemented a terminal transfer fee effective April 9th on all import shipments received at the Port of Palm Beach, which require, at the customer’s request, the added service of transferring the freight from its warehouse facility in Riviera Beach to its Miami warehouse facility. For shipments received at the Port of Palm Beach there will be an additional charge incurred of 20 cents per cubic foot with a minimum charge of \$35 per shipment.

Panama Canal Experiences Delays

The Panama Canal Authority announced on April 12, 2006 that due to an unusually high number of vessel arrivals delays of up to five days are being experienced for ships without reservations. The authority said that 103 ships are currently waiting to enter the waterway. Delays have been exasperated by poor weather as well. Ships with reservations pay a fee for priority to transit on the day they have reserved, but with an average of 40 ships arriving each day, many vessels are experiencing delays since only 24 reservation slots are available each day. The authority is making every effort to accommodate the increased demand and has assigned additional crews to the locks to help move traffic as quickly as possible.

Disclaimer Notice:

Rogers & Brown Custom Brokers, Inc. provides this information as a matter of convenience and as such does not necessarily warrant the accuracy of the information contained herein. This information should not be construed as legal or professional advice. Before you act on any information provided in this newsletter, you should seek professional advice regarding your specific situation.

THANK YOU FOR YOUR CONTINUED SUPPORT!

If you have any suggestions or complaints, please call one of the individuals below at 843/577-3630 or email them as noted.

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