

The J-REPORT

Information and News from the World of Compliance and Logistics



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We had overwhelming response from many of you who participated in the trivia challenge during our last newsletter. Thanks to all who participated! To refresh your memory, the question was:

In what year was Christmas declared a Federal Holiday in the United States?

The winning answers were entered into a drawing and the winner is **Sharon Hand** with Encompass Group

Christmas wasn't a holiday in early America—in fact Congress was in session on December 25, 1789, the country's first Christmas under the new constitution. In fact, Christmas wasn't declared a Federal Holiday until June 26, 1870.

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IMPORT 10+2 Enters Penalty Phase

Throughout 2009 you may remember several notices in newsletters and other correspondence regarding **Importer Security Filing** (A.K.A. 10+2). While it was mandated by Customs and Border Protection to begin filing in 2009 they would not assess penalties and fines as importers had this time to acclimate their importing processes to include filing of the data elements.

The 10 data elements required of importers to CBP are...

Seller Name and Address	Manufacturer (Supplier) Name and Address
Buyer Name and Address	Country of Origin
Importer of Record	Commodity HTS Number
Consignee Number(s)	Container Stuffing Location
Ship to Party	Consolidator (Stuffer)



Starting this month, (January 26th, 2010) we will now be entering into the penalty phase of the new regulations. CBP will consider an ISF Filer's participation throughout 2009 as a determinate factor if any violation occurs. It is a violation to fail to submit an ISF when required, submit a late or inaccurate ISF, submit an inaccurate update or fail to withdraw an ISF. Port Directors may assess a claim for liquidated damages against the culpable party in the amount of \$5,000 per incident. Repetitive violations may result in additional penalties in concurrence with 19 U.S.C. 1595a(b).

Ocean Transport Rates Are Going UP UP UP

As many of you already know, the economic downturn hit nearly every sector of our industry. While vessel operators maintained service, they did so at a loss. Steamship lines docked hundreds of vessels due to lost capacity and slashed rates throughout 2009. According to the Journal of Commerce, ocean carriers lost an estimated \$20 Billion in global operations during the past year. As our nation slowly crawls toward a recovery, nearly every steamship line is taking steps to recover revenues throughout 2010. Bunker cost alone (vessel fuel) rose nearly 81%, costing a single vessel nearly half a million dollars per voyage from Asia to the U.S. West Coast. This year we expect carriers to assess a “floating bunker surcharge” to keep up with the rising cost of fuel.



The Transpacific Stabilization Agreement (TSA), which is an agreement among carriers engaged eastbound Pacific trade have introduced an “emergency revenue recovery surcharge”. For the interim, these carriers will implement a \$400 per 40’ container general rate increase on this trade lane which will take effect on January 15th. This, however, is not an end to the increases. The current rate levels do not adequately cover operating costs of trade and current estimates show a further jump in the spring of 2010 in the neighborhood of \$800 per 40’ to the U.S. West Coast and \$1,000 per 40’ to the U.S. East Coast. Intermodal charges will also likely see a \$1,000 increase. While these numbers are specific to U.S. and Asian trade, there will be significant increases for ocean services to/from South America in similar amounts. Globally, we expect rates to rise for trade with Europe, Oceania and Africa, but carriers have not given firm numbers for this.

TRIVIA TIME!



What does the “S” in John S. James stand for?

Send your answer to: trivia@johnsjames.com

All those who answer correctly will be entered into a drawing to win one free customs entry!

JSJ Employees and family members not eligible to enter. Winner will be notified via email and announced in the next edition of the J-Report

Export Are You Shipping EXW?

When shipping under EXW terms, the document flow is from the shipper to the customer’s freight forwarder. Simple enough, but do you realize term EXW means the cargo is deemed "**export ready**" Does senior management have established written export compliance standards for the organization?

Is there continuous risk assessment of the export program?

Is there formal written export management and compliance programs that are integrated with standard operating procedures?

Is there ongoing compliance training and awareness?

Do you receive a copy of the transmitted EEI from the freight forwarder for your records to insure that the correct data has been transmitted?

Does the export compliance program contain any of the following elements?

- ✓ Employees, contractors, customers, products and transaction are screened
- ✓ Compliance safeguards are implemented throughout the lifecycle of the export

Do you know for sure?

If I am exporting an item that is considered "**dual use**?"
 If I know to whom I am shipping, and the product’s end use?

Then you should be familiar with...

- ✓ The Dept. of Commerce's Denied Persons, Denied Entities and "Unverified" lists
- ✓ OFAC controls
- ✓ The other 93 program checks to ensure my export isn't in violation of the Export Administration Regulations (EAR).

Are you **Export Ready**?

Although you ship on an EXW basis, you are still regarded as the USPPI (U.S. Principle Party in Interest) as far as U.S. Customs is concerned. If you are found in non-compliance with U.S. Export Regulations your company can be subject to **\$250,000.00 per incident** and in extreme cases, other participating government agencies can assess **personal fines, civil & criminal proceedings and even jail time.**

John S. James Co. Employee Anniversaries

We would like to acknowledge the contributions of the following JSJ employees, wishing them a happy anniversary in January!

Terri Bennett	28 yrs	David Bryant	7 yrs
Heather Tomlinson	16 yrs	Lenora Moore	5 yrs
Fred Baughn	13 yrs	Elizabeth Hopkins	3 yrs
Roger Byrd	13 yrs		

At John S. James Co. we take pride in having such a wonderful, dedicated and knowledgeable staff. We thank all of you for your loyalty and hard work. We wish the following individuals a happy anniversary in January and look forward to a prosperous 2010.