

July 2009

**New open marine insurance policy**

We have changed our open marine policy to a Lloyd's of London policy. There are few changes in coverage, and we will contact those customers who use the policy with specifics. Meanwhile, please let us remind you that all marine policies exempt certain countries from any coverage and others from full coverage. For example, coverage is not available for shipments to/from

Afghanistan	Mexico (by truck or rail, other than as a connecting conveyance)
Angola	Nigeria
Bolivia	Paraguay
Iraq	

All other shipments that are or may become restricted by Office of Foreign Asset Control (OFAC) shall remain absolutely excluded.

Certain shipments to or from the following countries are restricted due to current U.S. embargoes:

Balkans (Western)	Cuba	North Korea
Belarus	Congo (Dem. Republic)	Sudan
Burma	Iran	Syria
Cote d'Ivoire/Ivory Coast	Liberia	Zimbabwe

Please contact us for further information.

**TSA announces 50% rate increase** (From our friends at Streamline Shippers Association)

The ship lines that belong to the Transpacific Stabilization Agreement (TSA) have announced a General Rate Increase (GRI) to go into effect on 8/10/09. TSA carriers serve the Asia-U.S. trade. The proposed GRI is \$500 per forty-foot equivalent unit (FEU). This is a 50% increase in many cases. The carriers are, surprisingly, suggesting that service contracts established this season must be renegotiated.

It is worth noting that Maersk Line, the world's largest container carrier, is not a member of the TSA, and they have the largest market share in the transpacific trade. Their response to this announcement should have a large impact on whether or not the TSA members are able to gain any rate

increase. If you have a service contract and are requested to renegotiate, please contact us for additional information.

### **Customs examinations increase**

We have seen a marked increase in Customs examinations nationwide. We estimate that exams are up about 30% compared to a year ago. We especially note increases in VACIS (X-ray) exams, LCL shipments, and shipments subject to the Lacey Act (wood products). Unfortunately, Customs will not explain the increase, and importers are stuck with the examination fees without recourse.

### **Refund of EU retaliatory duties paid after July 29, 2007** (From our friends at Sandler Travis)

On June 16, 2009, the Court of International Trade ruled that the authority to impose 100% retaliatory duties against the European Union for its ban on U.S. hormone treated beef expired on July 29, 2007 because the beef industry did not file for an extension. The CIT ordered a refund of all punitive duties paid after that date of import.

Importers can potentially obtain refunds by filing administrative protests or, if necessary, the filing of a court action. However, importers must act immediately to ensure that no refund claims are lost due to the passage of time.

Importers may file protests for those entries that may have liquidated that have not exceeded the 180 day filing time frame; however for a full refund an importer should file an action with the Court of International Trade by July 29, 2009. The court has jurisdiction to refund duties paid within two years from the date the cause of action arose.

The EU goods covered by the 100% duties include various meats, cheeses, onions, carrots, juices, mustard and tomatoes. For further information please contact us.

### **Increase in antidumping duty (ADD) cases likely**

<http://www.cdeclips.com/en/opinion/fullstory.html?id=21555>

With the economic crisis deepening, it is likely more US companies in declining industries will file trade cases against China. Abuse of the antidumping bill by U.S. companies could threaten free trade between the two countries. Chinese companies have historically won few antidumping cases mainly because they are not familiar with the operational procedures of the antidumping laws and process. China may beef up its response to these antidumping actions, but in the meantime, importers should expect an increase in ADD activity.

**MOL Mulls Selling Box Business** (From The Journal of Commerce Online)

MOL said in late June it is considering spinning off its container shipping division and selling it to a non-Japanese shipping line as one option to turn around the loss-making business. Japan's second-largest shipping line suggested this possibility in an interview with Reuters in June just one day before Standard & Poor's Ratings Services placed MOL's long-term corporate credit and senior unsecured debt ratings on CreditWatch with negative implications. The container business is the biggest drag on MOL's earnings in the year to March 2010 due to unprofitable rates, declining volumes and mounting concerns about vessel overcapacity.

The significance to U.S. importers is that the overcapacity in the face of the global economic recession will cause carriers to retire older vessels and lay up newer ones, potentially creating an artificial shortage. As long as shipping conferences have anti-trust immunity, this could give rise to increased ocean freight rates.

Please contact us with any questions.

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