

Jan 2017

The following may impact your import program. Please take a few minutes to go over these, as many of them are annual reminders that may require action on your part.

Chinese New Year 2017

This year it is from January 27 to February 2- the year of the fire chicken. While ships will still load during this time, many factories & distributors will be closed and unable to ship. Please plan your shipments so there will be minimum disruptions to your supply chain.

Three countries lose GSP status (From Sandler Travis)

Seychelles, Uruguay, and Venezuela were graduated from the Generalized System of Preferences as of Jan. 1, 2017. This change was set forth in an October 2015 presidential proclamation after these three countries were determined to have become high-income countries as defined by the official statistics of the World Bank. For more info, please go to

<http://www.strtrade.com/news-publications-GSP-AGOA-Seychelles-Uruguay-Venezuela-122916.html>

Continuous bond address under scrutiny

When Customs gets mail returned from an importer with a continuous bond, they have started flagging them as insufficient, which can require a single transaction bond (STB) for entries until the address is corrected. If you have moved in the last 15 months or so, or if you plan to move in the near future, please check with us to insure your correct address is on file with Customs. If you are currently an STB filer and you make 2 or more entries per year, or if your merchandise requires OGA clearance (FDA, USDA, etc), you may save money with a continuous bond. Please contact us.

Verified gross mass reminder

Since July 1, 2016, changes to the IMO's Maritime Safety Committee's Safety of Life at Sea (SOLAS) Convention required the shipper to provide carriers with VGM documentation in the form of weight tickets or other

types of documentation that is generated by certified, calibrated weight scales. Subsequently, it is a violation of the SOLAS requirements to tender a packed container to a vessel unless the vessel operator has been provided the required weight certification signed by the shipper. It is important to keep in mind that these requirements are being imposed internationally but not necessarily uniformly on all ocean containerized shipments. For more information, please go to

http://www.worldshipping.org/industry-issues/safety/faqs/SOLAS_VGM_Industry_FAQs_Dec_2015_US_letter_WEB.pdf

Shipments to/from Cuba & Iran still prohibited

While negotiations are underway to allow some shipments to/from Cuba and Iran, the sanctions are still very much in place. Only a very few exceptions exist, and these are primarily for returning travelers, eg., Cuban cigars. Please contact us before you attempt any shipments to/from Cuba or Iran.

Cyber Theft: An Underestimated Risk (From NCBFAA)

Cyber theft threatens businesses large and small in a very real, tangible way. According to the Insurance Journal, cyber risk now costs the global economy \$445 billion each year. \$108 billion of that comes from the United States. Allianz's new white paper, "A Guide to Cyber Risk" attributes about 50% of this \$445 billion to the world's top ten economies. For more info, please go to:

http://www.ncbfaa.org/Scripts/4Disapi.dll/4DCGI/cms/review.html?Action=CMS_Document&DocID=18399&MenuKey=education

Manifest data is publicly available

A ship's manifest is in the public domain, and several services gather and sell this information. If you want your manifest information (shipper, consignee, commodity, weight, etc) kept confidential and away from your competitors, we can furnish you a template to request Customs to not release it. Please contact us, and we will gladly send you the template. You will get a letter back from Customs notifying you that your data is now confidential, but at the end of 2 years, they will begin releasing the data again. If you will

send us a copy of your letter from CBP, we will put it in our suspense program and notify you before the 2-year period lapses so you can have continuous coverage.

Trade name registration with Customs

If your trade name is registered with the U.S. Patent & Trade Office, we urge you to register it with Customs as well. They will help keep unauthorized or counterfeit product from entering the country. Please contact us if you wish to register with Customs.

Customs warns importers of increasing cases of identity theft

Customs officials last year reported a rise in importers' identity being hijacked by criminals and used in unlawful imports. The criminals obtain an importer's IRS employer identification number (EIN), which is used by Customs as the "importer number". The criminals then make entry using that information. When Customs inspects the shipment and finds contraband, they seize the shipment and notify the legitimate importer. The legitimate importer must then prove it was not their shipment. This has been very difficult and expensive for some importers, and we don't want that to happen to our good customers. We have long urged importers to keep a spreadsheet with ALL imports identified by at least entry number, P.O. number, bill of lading number, and date. If we write your bond, we can easily furnish you a list of all imports made nationwide under your importer number, which you can compare against your spreadsheet. If we do not write your bond, you should contact the surety and have them furnish you with a similar report. We urge ALL importers to check their imports in this manner at least twice a year.

Entered Value Basis for COGS – Sec. 1059A IRC still in effect

If you import from a related party, Section 1059A of the Internal Revenue Code requires that you use the entered value we report for you on Customs Form 7501 as the basis of your cost of goods sold. You can uplift that value for transportation, duties and fees, such as ours, related to the importation of the merchandise, and a few other costs. For more information, please contact your tax advisor.

ADD/CVD reminder

We continue to see a steady increase in the number of anti-dumping and countervailing duty complaint investigations being brought by the Department of Commerce. This is especially true for non-market economies, particularly China and Vietnam. It is the responsibility of the importer of record to know if/what ADD/CVD cases apply to your merchandise. Further, we MUST get special permission from your surety for any entry involved with ADD/CVD, and the surety will usually require collateral for the full value of your bond. The collateral can be either a cash deposit or standby letter of credit. To avoid being assessed unexpected costs of ADD/CVD on your imports, we urge you to frequently check the list of Commerce investigations that can be found at

<http://enforcement.trade.gov/stats/inv-initiations-2000-current.html>

Alternatively, you can engage a service that monitors ADD/CVD cases for you. Their fees vary, but they are pricey. If you prefer to engage a service, please contact us for a referral.

Supply chain risk insurance available

Several companies now offer supply chain insurance to cover risks that conventional insurance does not. Some examples are if your supplier cannot deliver on contracted merchandise &/or on time due to a casualty loss, your supplier goes out of business, you &/or your supplier are hacked, or one of these happens to your supplier's vendor(s). You can also get cyber liability insurance now. You should first check with your current insurance agent. If they do not offer it, we will gladly refer you to a company that does.

Payment of duties by check

We are required by regulation to inform you that , "...if you pay by check, Customs charges may be paid with a separate check payable to U.S. Customs and Border Protection which shall be delivered by the broker." Many of our customers pay by check, and this is frequently applicable. If, however, you pay by wire transfer, or if you are on periodic monthly statement, this does not apply - in these cases, we cannot pay Customs with a separate check. If you are on our daily ACH statement, you must inform us at least 3 working days prior to entry summary date so we can change payment method in the Customs computer, and we must receive the check

payable to Customs at least 1 working day prior to entry summary date. Entry summary date is usually 9 working days after entry date.

HTSUS updates and PGA changes

The International Trade Commission is responsible for updating the Harmonized Tariff Schedule (HTSUS) periodically, usually twice a year though it can be more frequent. These changes historically have been minimal, and major changes are usually known well in advance. This was not the case in last July's tariff update when many hundreds of changes were made. While we make every effort to apprise you of coming changes, it is the importer of record's responsibility to be aware of all changes that will affect the importation of your commodities - HTSUS, Customs rulings, participating government agency (PGA) regulations, etc. We are obviously not responsible for these changes, but you can engage a service that can track your commodities and keep you abreast of coming changes. Please contact our office if you need our help in contacting a tracking service.

Brexit will affect YOU! Sandler Travis has current information

After the somewhat unexpected results of last June's referendum, the United Kingdom voted to terminate its more than 40-year membership in the European Union. However, Brexit itself will not take effect for at least two years and possibly longer. GREAT uncertainty looms in the meantime. Much work lies ahead, during which time it will be important for companies to conduct thoughtful analyses and make reasoned decisions concerning potential impacts, future business operations and continued trade compliance. To help assess how Brexit will impact your business, Sandler Travis has EXCELLENT current information at

<http://www.strtrade.com/f-brexit-info-hub.html>

Foreign customs classifications and duty rates

While we make every effort to provide accurate and complete foreign customs classifications and duty rates from qualified foreign agents, we cannot be responsible if the foreign customs service finds them in error, or otherwise assesses additional duties, fines, or penalties. We have had instances where foreign customs services, including Canada, have acted erroneously for a number of reasons, including incompetence and

intransigence, that we or our agents have no way of predicting. Further, a protest regime may or may not be available, and even if available may not be effective. The risk of the vagaries of foreign customs services, therefore, is solely the risk of the foreign importer of record.

Notice to exporters to Canada acting as importer of record

The Canadian Customs Act requires that the Importer of Record must correct the country of origin, tariff classification, tariff treatment and/or value for duty if found in error. The B3 Canada Customs Form is a declaration to Canada Customs and correction must be made within 90 days or the Importer of Record may be subject to AMPS penalties. Please advise your Canadian customs broker immediately if you determine an error has been made. Also, if Rutherford Global Logistics is the Canadian broker that we have arranged for you – they are your direct agent. As such, you are subject to their terms and conditions of service for problems arising with imports into Canada, and especially Canadian Border Services Agency. You can find them at

<http://www.rutherfordglobal.com/stc.html>

If you have another Canadian customs broker, you have a direct agency relationship with them and are subject to their terms and conditions of service. We urge you to carefully review and understand your obligations under them.

Our Terms & Conditions of Service

Likewise, our terms & conditions of service govern our relationship. We urge you to review them on our website at

http://www.lhcb.com/index_files/TERMS%20%20CONDITIONS%202013%20LHCB.pdf

Some Internet Explorer users may not be able to access this new page due to some Microsoft problems in IE v.10. If you cannot access the 02/13 Revision of our terms & conditions as shown at the bottom, please contact us for a copy.

Open marine insurance policy reminder

All ocean shipments are required to have marine insurance that attaches in the event of a general average. Air shipments are covered by the airlines for only \$20/kg, which is frequently not enough. We offer superior cargo insurance for both ocean & air through our open Lloyd's of London policy. Please contact us if you are unsure of your cargo insurance coverage. Also, please let us remind you that our marine policy exempts certain countries from any coverage, others from full coverage, and still others have additional surcharges per following chart:

COUNTRY RESTRICTIONS	
Excluded Countries:	Afghanistan, Iran, Iraq, and truck/rail shipments to/from and within Mexico (other than as a connecting conveyance)
Current OFAC Excluded Countries *Subject to change.	*Cuba, *Iran , North Korea, Sudan and Syria
War/SR&CC currently surcharged countries: Note: subject to change without notice	Central African Republic, Colombia, Congo-Kinshasha (DR Congo), Egypt, Haiti, Israel and the PA, Kenya, Lebanon, Libya, Mali, Nigeria, Pakistan, Somalia, South Sudan, Sudan, Syria, Ukraine, Yemen.
Coverage Ceases at Port / Airport	Haiti, Nigeria, Pakistan, Russia & CIS (Armenia, Azerbaijan, Belarus, Kazakhstan, Kyrgyzstan, Moldova, Russia, Tajikistan, Turkmenistan, Ukraine and Uzbekistan)
Current OFAC Restrictions can be viewed at: http://www.treas.gov/offices/enforcement/ofac/programs/index.shtml	

Please visit our website at

www.lhcb.com

for additional and updated information and contact us with any questions.

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