

## **Jan 2016**

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 2016**

This year it is from Feb 7 to Feb 22 – the year of the fire monkey. 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.

### **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.

### **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 International Trade Commission. 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. To avoid being assessed an unexpected ADD/CVD on your imports, it is important that you engage a service that monitors ADD/CVD activity in those countries and products which you import. Alternatively, you may choose to regularly monitor the ITC website at

[http://www.usitc.gov/trade\\_remedy/731\\_ad\\_701\\_cvd/investigations/active/index.htm](http://www.usitc.gov/trade_remedy/731_ad_701_cvd/investigations/active/index.htm)

### **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.

### **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 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](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 10/15 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:

<b>COUNTRY RESTRICTIONS</b>	
<b>Excluded Countries:</b>	Afghanistan, Iran, Iraq, and truck/rail shipments to/from and within Mexico (other than as a connecting conveyance)
<b>Current OFAC Excluded Countries</b>	Cuba, Iran, North Korea, Sudan and Syria
<b>War/SR&amp;CC Surcharged Countries:</b> <i>*subject to change</i>	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.
<b>Coverage Ceases at Port / Airport</b>	Haiti, Nigeria, Pakistan, Russia & CIS (Armenia, Azerbaijan, Belarus, Kazakhstan, Kyrgyzstan, Moldova, Russia, Tajikistan, Turkmenistan, Ukraine and Uzbekistan)
<b>Current OFAC Restrictions can be viewed at:</b> <a href="http://www.treas.gov/offices/enforcement/ofac/programs/index.shtml">http://www.treas.gov/offices/enforcement/ofac/programs/index.shtml</a>	

Please note that Cuba and Iran are still on the excluded list, but this may change soon (there are a few agricultural and medical commodities that can move now to Cuba, but check with a competent freight forwarder first). If you plan to ship to or from these countries when the embargos are lifted, we urge you check the OFAC website frequently.

Also, some commodities cannot be covered, and others cannot be covered with “all risk” insurance. Follows are commodity guidelines:

**POLICY QUICK REFERENCE GUIDE**  
Lloyd’s of London Policy Number 15RTS10081

COMMODITIES		LEE HARDEMAN CUSTOMS BROKER, INC.
<b>Excluded Goods:</b> fresh foods and other perishables (excepting frozen foods via ocean vessel); pharmaceutical drugs; live animals; flowers; plants; cigarettes; fine arts; cotton; eggs; cash in transit; specie; securities and other negotiable papers; bulk products; jewelry and precious stones and metals; mobile/cellular telephones; laptop and tablet computers and similar; and computer memory modules and cards.		
<b>Restricted Goods/Shipments:</b> The goods listed below are covered subject to limited conditions.		
<b>New General Merchandise</b>	“All Risks” no deductible.	
<b>Used Goods</b>	FPA Only – <b>Contact Roanoke for All-Risk Quote</b>	
<b>Automobiles &amp; Motorcycles, not more than 12 years old</b>	“All Risks” 3% Deductible each vehicle separately insured (minimum \$250 each vehicle). No coverage granted while the vehicle is operated under its own power except for loading/unloading while in transit. Vehicles over 1 year old are subject to a pre-shipment survey completed by the shipper or their representative. <b>12 years or older - FPA Only or Contact Roanoke for All-Risk Quote.</b>	
<b>Household Goods &amp; Personal Effects Professionally Packed</b>	“All Risks” 3% Deductible (minimum \$250) of the total insured value. Warranted professionally packed with valued itemized inventory available. Warranted fragile articles (glass, china, etc) are limited to 15% of total insured value. Warranted no single item of artwork or antique is valued at more than \$10,000. <b>HHG/PE not professionally packed - FPA Only</b>	
<b>Frozen Foods and/or Similar Interests</b>	“All Risks” excluding loss or damage due to inherent vice and/or gradual deterioration, but including deterioration if caused by reefer breakdown in excess of 24 consecutive hours. See full endorsement wording for conditions. <b>Air Shipments – Contact Roanoke for Quote</b>	
<b>Bagged Goods</b>	“All Risks” 3% deductible (minimum \$250) on claims for breaking, tearing  bursting or ripping of the bag(s).	
<b>Wines, Liquors, Beers &amp; Similar Spirits</b>	“All Risks” 1% deductible (minimum \$250) on claims for pilferage and breakage	
<b>Chinaware, Glassware &amp; other Similar Fragile Articles</b>	“All Risks” 5% deductible (minimum \$250) on claims for breakage. <b>Excluding Windows and Plate Glass – Contact Roanoke for Quote</b>	
<b>Ceramic, Marble &amp; Granite Tiles</b>	“All Risks” 5% deductible (minimum \$250) on claims for breakage. <b>Blocks and Slabs - FPA Only or Contact Roanoke for Quote.</b>	
<b>Steel &amp; Steel Products</b>	“All Risks” excluding Rust, Oxidation & Discoloration. Non-crated pipe, tube, rods, beams or similar merchandise further excludes bending, twisting & end damage.	
<b>Lumber</b>	Under-deck: “All Risks” 2% deductible (minimum \$250). <b>On-Deck: FPA ONLY</b>	
<b>Scrap Metal</b>	FPA Only – Excluding coverage for bearings, turnings, engine blocks, oil covered scrap, shipments exceeding \$500,000, shipments made on break-up voyages or shipments on vessels over 20 years in age. Rate for shipments of scrap is 150% of FPA rate. <b>Contact Roanoke for All-Risk quote on L/C Shipments Only.</b>	
<b>Boats &amp; Yachts Under \$500,000 and Under 40 Feet in Length</b>	“All Risks” 1% deductible (minimum \$250). <b>Boats &amp; Yachts Over \$500,000 or 40 Feet in length – FPA Only or Contact Roanoke for Quote</b>	
<b>Computer / Electronic Components Assembled on Racks</b>	“All Risks” 10% deductible (min \$ 5,000).	

VALUATION	
<b>Commercial Goods (under invoice):</b>	Valued at amount of invoice, including all charges therein, plus any prepaid and/or advanced and/or guaranteed freight, if any, plus 10%.
<b>Household Goods and Personal Effects:</b>	Valued at the amount of itemized inventory (showing value per item), such value representing the current Actual Cash Value of the merchandise at destination, plus all costs of transportation to ultimate destination.

FYI, FPA is “free of particular average”. If your commodity is subject to FPA, please contact us for specific coverages

Please visit our website at

[www.lhcb.com](http://www.lhcb.com)

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

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