PREPARE TO SHIP
Webinar #3: May 23, 2018

World Trade Month
Go Global
Webinar Series
We are here to help you Go Global.

Get answers to your top questions on Getting Started, Getting Paid, Preparing to Ship, and Managing Challenges.


Access more international trade resources on www.export.gov.
What’s my role in an export transaction?

Who can help me as a small business to prepare my product to export?

What export regulations do I need to know about?
Today’s Speakers

Host: Omari Wooden
U.S. Census Bureau

Presenters:
Omari Wooden
Acting Chief
International Trade Management Division
U.S. Census Bureau

Deborah Dirr
Senior International Trade Specialist
U.S. Commercial Service

Dina Molaison
Senior International Trade Specialist
U.S. Commercial Service
The Foreign Trade Regulations (FTR) set forth roles and responsibilities for all parties involved in the export transaction, including:

- Information to be reported in the Automated Export System
- Definitions of terms
- Penalty provisions
- Reporting requirements based on method of transportation
- Exemptions and exclusions from reporting requirements

Learn more about the FTR at: [www.census.gov/foreign-trade/regulations/](http://www.census.gov/foreign-trade/regulations/)
The Export Administration Regulations (EAR) require information to be filed electronically based on the following:

- What item your company intends to export (i.e. technical specifications/use/function)
- Where the item is going (i.e. ultimate destination)
- Who will receive the item (i.e. ultimate consignee or end user)
- How the item will be used or as intended to be used

Steps for Using the EAR are described in Part 732 of 15 CFR.

Also contact Bureau of Industry and Security’s export counseling staff for guidance:

- Phone: 202/482-4811; or Email: ecdoexs@bis.doc.gov

**Learn more about export controls under the EAR at:**

[www.bis.doc.gov](http://www.bis.doc.gov)
Parties to an Export Transaction

Domestic Parties:
- U.S. Principal Party in Interest
- U.S. Authorized Agent
- Carrier

Foreign Parties:
- Foreign Principal Party in Interest
- Ultimate Consignee
U.S. Principal Party in Interest

The U.S. Principal Party in Interest is the:

• U.S. Person or Entity
• Primary Beneficiary of Export Shipment

Generally that person can be the:

• U.S. Seller
• U.S. Manufacturer
• U.S. Order Party
• U.S. Customs Broker
• Foreign Entity
Who is the U.S. Authorized Agent?

A party physically located in the U.S. that obtains a *power of attorney (POA)* or *written authorization* from a USPPI or FPPI to prepare and file the electronic export information (EEI).
When electronic reporting is required

- Shipment licensed by government agencies
- ITAR controlled items
- Sanctioned by the Office of Foreign Asset Control
- Rough diamonds
- Used self-propelled vehicles
- Items identified in “600 Series”, in paragraphs .a through .x
When electronic reporting is NOT required

- Country of ultimate destination is Canada [30.36(a)]
- $2,500 or less per Schedule B number [30.37(a)]
- Tools of Trade: hand-carried, personal or company use, not for sale, not shipped as cargo, returned within 1 year [30.37(b)]
- Temporary exports that are exported from and returned to the US in less than one year
- Goods previously imported under a TIB for return in the same condition as when imported
Automated Commercial Environment (ACE)

ACE is a collaborative effort between the U.S. Census Bureau, U.S. Customs and Border Protection and other federal agencies to allow for exports to be reported electronically.

Benefits of electronic reporting:
- Improves trade statistics
- Improves compliance for export community
- Response messages returned within minutes
- Reduces reporting burden

Learn more about ACE at: www.census.gov/foreign-trade/aes/
Best Practices in Compliance

Document!!! Document!!! Document!!!

Correct information as soon as possible

Maintain compliance
- Education & cross training
- Automation & Procedures
- Perform regular audits

Attend Seminars & Workshops

GO GLOBAL Webinar Series
Training and Resources

Webinars:
- Advanced ACE Export Reports
- Exporting Vehicles to Canada
- ACE AESDirect Demonstration
- Roadmap to Successful Voluntary Self-Disclosure
- AES – Focus on Fatal Errors

Conferences:
- ACE Exports Compliance Seminar, Houston and Dallas, TX – June 4-8
- American Association of Exporters and Importers, Baltimore, MD – June 6-8

To register visit:
census.gov/foreign-trade/outreach/index.html

GO GLOBAL Webinar Series
Training and Resources

Complying with US Export Controls:

- Cleveland, OH – May 23-24
- Seattle, WA – June 6-7
- Houston, TX – June 12-13
- Charleston, SC – July 10-11
- Milpitas, CA – August 14-15
- Smithfield, RI – September 12-13
- Los Angeles, CA - September 19-20

To register and check for updates visit:

www.bis.doc.gov

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Modifications to Products

- Understanding requirements and preferences in a market
- Sources of information on how to change your products (or not)
- Expenses associated with modifications vs. sales potential
Global Standards

- Standards are the number one barrier for U.S. exporters
- Input from U.S. firms is important
- The U.S. Government offers support and many resources for compliance!
Resources on Export.gov

- U.S. Commercial Service Locations: [https://www.export.gov/locations](https://www.export.gov/locations)
- Country Commercial Guides: [https://www.export.gov/ccg](https://www.export.gov/ccg)
Service Providers for Shipping

- Export freight forwarders are licensed to handle airfreight and ocean freight.
- They advise on costs, the best modes of cargo transport and they can prepare and file export documentation and package.
- They reserve cargo space on a vessel, aircraft, train, or truck and make arrangements with foreign brokers to ensure that the goods clear customs.
How to find a freight forwarder?

NCBFAA (National Customs Brokers and Forwarders Association of America): www.ncbfaa.org

www.freightnet.com

www.freightbook.net

www.fmc.gov

Certificates & Documentary Requirements for Shipping Specific Goods

- **Insurance Certificate**
  Insurance certificates are used to assure the consignee that insurance will cover the loss of or damage to the cargo during transit. These can be obtained from your freight forwarder or publishing house. Note: an airway bill can serve as an insurance certificate for a shipment by air. Some countries may require certification or notification.

- **Certificate of Free Sale**
  Certificate of free sale may be issued for biologics, food, drugs, medical devices and veterinary medicine. More information is available from the Food and Drug Administration. Health authorities in some states as well as some trade associations also issue Certificates of Free Sale.

- **Phytosanitary Certificate**
- **Radiation Certificate**
- **Ingredients Certificate**
- **Health Certificate**
- **Halal Certificate**
- **Fumigation Certificate**
- **Certificate of Analysis**
Examples of Documentary Requirements for China

• Cosmetics need to be registered with the **Chinese FDA**

• Telecommunications products, including wired and wireless equipment, hardware, and software, must be licensed by **the Telecommunications Administration of the Ministry of Industry and Information Technology**.

• Organic products must be certified as meeting Chinese organic standards by a body authorized by the **Certification and Accreditation Administration of China (CNCA)**.

• Imported and domestically produced computer software and hardware products used for data security or encryption must be tested and certified by **the China Information Security Certification Center (ISCCC)**.
Free Trade Agreements (FTAs)

A Free Trade Agreement is a formal agreement between two or more countries where the countries agree on certain behaviors that affect trade in goods and services, and protections for investors and intellectual property rights, among other topics.

For the United States, the main goal of trade agreements is to reduce barriers to U.S. exports, and protect U.S. interests and enhance the rule of law in the FTA partner country.
FTAs in Effect

- Israel (1985)
- NAFTA (1994)
- Jordan (2001)
- Singapore (2004)
- Chile (2004)
- Australia (2005)
- CAFTA-DR (2005):
  - Guatemala
  - Honduras
  - Nicaragua
  - El Salvador
  - Dominican Republic
  - Costa Rica
- Bahrain (2006)
- Morocco (2006)
- Oman (2006)
- Peru (2009)
- South Korea (2012)
- Colombia (2012)
- Panama (2012)
How to Get the Reduced Tariff Benefits of the FTAs

• Make sure your product qualifies for the preference under the FTA rules.

• Let your customer know you have done your homework and the product qualifies.

• Fill out the relevant paperwork.
What is Qualifying?

• Just because your product is made or assembled in the U.S. does not automatically mean that it qualifies for FTA tariff reductions.

• Rules vary in the FTAs, but must prove “value-added” content or work from within the FTA.
Can I still Export my Product if it doesn’t Qualify for the FTA?

• Yes, but your customer cannot claim reduced FTA tariffs.

• You cannot (and should not) use the FTA Certificate of Origin.
  ▪ (if there is one – NAFTA)
FTA Qualification Steps

1. Determine Product HS number(s)
2. Identify the Rule(s) of Origin
3. Apply the Rule(s) of Origin
4. Notify the buyer about qualification
5. Recordkeeping
Harmonized Schedule Number: How to Read

Chapter: 85 (two digits)

Heading: 8509 (four digits)

Subheading: 8509.40 (six digits)
• Every item is assigned an HS number. Some are more specific than others.

• Every 6-digit item is part of a series of progressively broader product categories.
  • 01 -- Live Animals
  • 0101 – Horses, mules and hinnies
  • 0101.21.000 – Horses: purebred breeding animals
Determine Product HS number(s)

Identify the Rule(s) of Origin

Apply the Rule(s) of Origin

Notify the buyer about qualification

Recordkeeping
Finding the Rules of Origin

www.export.gov/fta

www.ustr.gov

http://www.usitc.gov/tata/hts/bychapter/index.htm
(General Notes)
FTA Qualification Steps

1. Determine Product HS number(s)
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Documenting Origin – NAFTA and Israel

- NAFTA Certificate of Origin free at Export.gov/FTA/NAFTA

- NAFTA Self-certification and send to buyer

- U.S. exporters to Israel will no longer need to fill out a Green Form/Certificate of Origin (COO) in order to make a claim of preferential treatment under the FTA. Instead, exporters will need to fill out an Invoice Declaration only.

- The Government of Israel notified that they started implementing the Decision on January 10, 2018. Between January 10 and March 31, Israeli Customs will accept both the Green From/COO and the Invoice Declaration. **After March 31, 2018, only Invoice Declarations will be accepted.**

- Israel FTA Information at Export.gov/FTA/Israel
FTA Qualification Steps

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GO GLOBAL Webinar Series
FTA Qualification Steps

1. Determine Product HS number(s)
2. Identify the Rule(s) of Origin
3. Apply the Rule(s) of Origin
4. Notify the buyer about qualification
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FTA Tariff Tool
http://www.export.gov/FTA/FTATariffTool/
Customs Info Database – A Tariff Lookup Tool
Customs Info Database – A Tariff Lookup Tool
## Customs Info Database – A Tariff Lookup Tool

### Tariff Search Criteria
- **Country:** Mexico - MK
- **Tariff No.:** 334490
- **Tariff Text:**
- **Tariff Date:** 10/27/2016

### Tariff Information

<table>
<thead>
<tr>
<th>HS Code</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>334490</td>
<td>Other</td>
</tr>
<tr>
<td>33449001</td>
<td>Skins lotion</td>
</tr>
<tr>
<td>33449099</td>
<td>Other</td>
</tr>
</tbody>
</table>

### Note
- Mexican Equivalent of the HS 3304 99 for skin lotion is HS 3304.99.01.

Icon to CLICK on
## Detailed Duty and Taxes

**Country of Destination:** Mexico - MX  
**HS Code:** 33049901  
**Reporting Units:** Kg

<table>
<thead>
<tr>
<th>HS Code</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>33</td>
<td>Essential oils and resins, perfumery, cosmetic or toilet preparations</td>
</tr>
<tr>
<td>3304</td>
<td>Beauty or make-up preparations and preparations for the care of the skin (other than medicaments), including sunscreen or sun tan preparations; manicure or pedicure preparations.</td>
</tr>
<tr>
<td>330499</td>
<td>Other</td>
</tr>
<tr>
<td>3304999</td>
<td>Other</td>
</tr>
<tr>
<td>33049901</td>
<td>Skin lotions</td>
</tr>
</tbody>
</table>

**Country of Origin:** United States - US  
**Country Shipped From:** United States - US

### Tariff Treatment 1: General Rate

- **Tariff Calculation:** 15%  
- **Calculation Base:** CIF

### Tariff Treatment 2: United States of America Rate (NAFTA Rate)

- **Tariff Calculation:** Free  
- **Calculation Base:** CIF

### Tax 1

- **Tax Name:** VAT Standard  
- **Tax Type:** VAT  
- **Tax Calculation:** 16% See Formula  
- **Tax Calculation Base:** CIF + DUTY  
- **Formula:** 16% * (CIF + DUTY)  

**Notes:** Standard VAT rate applies to all items unless a VAT exemption is specified. Also, tax rate applies on CIF + Duty + excise + any tax or charge on import.
Resources

- FTA Tariff Tool:  http://www.export.gov/FTA/FTATariffTool/
- U.S. Trade Representative:  https://ustr.gov/trade-agreements/free-trade-agreements
- Trade Compliance Center:  http://tcc.export.gov/
- HS Classification help/“Schedule B” Search Engine:  http://www.census.gov/foreign-trade/
- Customs & Border Patrol (CBP) rulings:  http://rulings.cbp.gov/
Upcoming Webinars

For more information or to sign up for our next webinar go to:

http://www.census.gov/foreign-trade/outreach/index.html

➢ Manage Challenges: May 30, 2018
International Trade Resources

WWW.CENSUS.GOV/TRADE

- Press Releases
- Schedule B, Tariff Code Support
- References and Guides
- Hub for Data

Prepared Data

- Imports and Exports of Merchandise
- Imports and Exports History
- Standard and Custom Data Products
- State and Port Data

Access to Detailed Data

- International Trade Time Series (Census API)
- USA Trade Online: usatrade.census.gov
FOR MORE INFORMATION

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