



INTERNATIONAL TRADE NEWSLETTER

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Binding Ruling(s)

The Binding Ruling serves as protection for you, the importer. A sample (prototype is fine) of your product may be required but typically any literature you have available such as specification sheets, sales literature or brochures, packaging samples, labels, component information, etc., are sent to Customs, with a letter describing the ultimate use of your product, information about your company (to be called the "Importer of Record"), the manufacturer (if known at the time of ruling request), terms of sale, the ports through which you plan on importing the shipment(s) and any other information you or your representative feel may assist Customs in properly classifying your product.

WHY BOTHER? An example I always use is: your first shipment is due into port and is presented for customs clearance. Customs assigns a 5% duty rate and clears your shipment. You have paid 5% on the cost of your product. So, if the documentation shows that your product value was \$10,000, the duty you paid was \$500. About 6 months later, your invention has been very successful and this time you are importing a shipment valued at \$100,000! You have budgeted the duties to now be \$5000 (5%), right? WRONG! Without a Binding Ruling on the product with no other similar products listed in the "HTS," classifications (determination of import duties) are subject to interpretation by Customs at time of import. Another Customs Inspector who reads your shipment documentation this time may feel that the classification would carry an 8% duty rate. You are now paying \$8000 even though you had budgeted only \$5000 in duties! So, how do we avoid the "3 Gs" – (Gambling Guessing Game)???

Now you've got it right: A **BINDING RULING!**

Customs Recognizes

- Customer
- Products
- Legally binding
- Nationally
- Regionally

Results

- Faster Clearances
- Less or no inspections
- Standardize Duties

Searchable on

- <http://rulings.cbp.gov/>
- <http://adcdvd.cbp.gov/>

Customs only allows

- 5 like items per ruling request
- 5 Attachments up to 5Kb per request

Customs will need

- A detailed description of the product including
- What the item(s) are made of or chemical breakdown
- What is the end use of the product (s)?
- Physical Sample
- Brochures and/or product information

**Best Practices:
Purchase Agreement**

As the complexities of government and corporate requirements become more detailed, it is important to have a solid Purchase Agreement.

The Purchase Agreement documents have standard terms and conditions where you, the buyer, are contracting with a seller in the course of business-to-business transactions, and should include but not be limited to the following basic items:

- Price and payment
- Warranty
- Delivery Sub-contracting
- Samples
- Title and risk
- Packaging Inspection I
- Testing
- Indemnity
- Confidentiality
- Termination
- Terms of shipping
- Government regulations
- The Purchase Agreement should be completed and signed prior to the agreeing to the first order.

Once the Purchase Agreement (PA) has been completed, it is important that the Purchasing Agent / Buyer in your company is aware of the terms and conditions of the PA. When making individual purchases the Buyer should have a formal Purchase Order that is used. The Purchase order can be continual or per order basis.

See Purchase order next attachment.
If you have any questions on Purchase Agreements please contact : Lisa Victoria Waller, lisaw@bdginternational.com .

**Best Practices:
PURCHASE ORDER**

Once the Purchase Agreement (PA) has been completed and signed, it is important for the Purchasing Agents / Buyers to understand the terms and conditions of the PA.

It is important to refer back to the Purchase Agreement in your Purchase Order, and it may be beneficial to re-iterate the important facts of the international requirements for shipping to prevent any confusion at the shipper / sellers office. In case of an inspection from a government entity, this type of documentation will show due diligence in complying with the U.S. Regulations and the intent to instruct the seller of the goods properly.

ISSUE A PURCHASE ORDER

A purchase order is a formal agreement to purchase that specific order.

- ❖ Repeat necessary information from the

Purchase Agreement

- ❖ Define exactly what is being ordered at that time.
- ❖ Define how it will be shipped (Air or ocean) for that specific order
- ❖ Define when it needs to be shipped and what is the expected delivery date
- ❖ Designate the freight forwarder / shipping responsibility
- ❖ Include the payment terms and incoterms of the shipment
- ❖ Calculate the quantity ordered and expected price
- ❖ Clarify the general marking requirements, and country of origin
- ❖ Hold the seller responsible for True and Correct information
- ❖ Request a PROFORMA invoice prior to the order being complete for your review

A purchase order will take the questions out of the order and ensure success

If you have any questions on Purchase Orders please contact: Lisa Victoria Waller,

BDG Team News

We are happy to congratulate Lisa Victoria Waller on passing the Certified Export Specialist exam, which was held at the NCBFFA (National Customs Broker and Freight Forwarder Association). The CES is a new certification program through the NCBFFA recognized by the Bureau of Industry and Commerce as a value education and certification tool. As the freight forwarding and logistics industry becomes more sophisticated, being certified will be the way of the future.

Lisa has been appointed to be a head committee member of Export Compliance of the CBFFAC (Chicago Broker and Freight Forwarder Association), and will be very active in the Export Committee of the NCBFFA. Lisa's goal will be to bring the education of Export Compliance to a new level in Chicago for all forwarders.

Lisa spoke in Green Bay at the 7th Annual NE Wisconsin Global Conference in March and will be speaking at an all day seminar in Peoria (on May 12th) at Bradley University sponsor by the SBA of IL. She says that this seminar is a "must go", and that the BIS, OFAC and ITAR will each have a spot in the daylong event. Register at:

<http://www.bradley.edu/turnercenter/compliance/index.html>

What is the reason for really getting out there to discuss Export Compliance? "We have moved from Informed Compliance to Enforced Compliance. Everyone needs to know that Export Customs and the BIS are serious about accuracy on export information", explained Lisa.

If you are interested in having Lisa speak at your local Chamber, please contact her at

lisaw@bdginternational.com.

ECCN

The Eccn (Export Commodity Control Number) is an alpha numeric number that corresponds to a particular product .The function is to regulate "Dual Use" products. "Dual Use" products can be used for both civilian and military applications.

All export items must declare an ECCN. Most commonly items that have no dual use concern are classified with the ECCN of "EAR99". We recommend including the ECCN on either your commercial invoice or SLI (Shipper's Letter of Instruction), when preparing your export documentation. Classification of your product with an ECCN can be done at the following website.

http://www.bis.doc.gov/licensing/do_i_needaneccn.html

Export enforcement by the BIS (Bureau of Industry and Security) is increasing. Accurate export clearance is becoming more critical as the enforcement efforts are ramped up. Fines and



Penalties for inaccurately declaring Export products have increased substantial. The penalties range between \$1,100.00 to \$250,000.00 for a single violation.

Export Compliance: Denied Parties Lists

The US Government requires all shippers to verify that the consignee that is being shipped to can legally receive products from the USA. Please see the link below. This link will take you to the BIS (Bureau of Industry and Security) website. There you will find a number of links that can be used to research each client you export to.

<http://www.bis.doc.gov/complianceand enforcement/liststocheck.htm>

