



BDG INTERNATIONAL, INC

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INTERNATIONAL TRADE NEWSLETTER

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Ocean Freight Market Conditions

As volume increases both inbound and outbound carriers have taken this opportunity to implement General Rate Increases (GRI's) in most trade lanes. Rates had decreased significantly earlier this year but that is no longer the case. In order to adjust to the depressed market and negative profit margins, most of the major carriers reduced capacity through vessel sharing and taking vessels out of rotation. As volumes increase, space is at a premium. This effect on the container market has opened the door for General Rate Increases. Typically rates increase significantly during the Fall Peak Season and carriers implement a modest rate increase in the Spring. That is not expected to be the case during the Spring 2010 rate negotiations. BDG continues to work with its carriers in an effort to keep rates as stable as possible in this volatile market. We will continue to notify our clients of market trends as they become available to us through our negotiations and attendance at Cargo Conferences throughout the year. It is our goal to share the knowledge we gain as it specifically applies to our client's major trade markets.

EXPORTS TO ALGERIA MUST BE COVERED BY A LETTER OF CREDIT

Very recently the Algerian Government passed a new law that requires that all cargo going to Algeria to be covered by a Letter of Credit.

Since Aug 02, 2009, under the law of 26/07/2009 (article 69), published in Official Gazette no. 44 of the Algerian Republic, the payment of imports must be done through a Letter of Credit.

The Letter of Credit must be issued by an Algerian bank. If a Letter of Credit is not in place, cargo will not be able to clear customs, picked up or removed from Algerian ports.

BDG International Consulting / Training Services

BDG provides consulting and training on a wide range of international trade related topics for both import and export. We can provide everything from training of new hires to the detailed Import/Export compliance programs. Call our offices to learn more about how BDG can assist you in navigating the every increasing complexity of international trade.

- Training / Consulting Topics
 - Power of attorney issues and procedures
 - Modes of Transport and shipment milestones.
 - Difference between importer of record and ultimate consignee
 - Customs entry Processes and Procedures
 - Entry types including consumption, quota, anti dumping, carnets, warehouse and drawbacks
 - Import documents: OB/L & AWB, Truck Pro, Invoice,
 - Packing List.
 - Special Import Documents: Visas, Quota Statements,
 - Country Declaration, SSI, Fish and Wildlife, CITES, and TSCA
 - Product Classification: import vs. export
 - Country of Origin marking
 - Manufacturing ID
 - Customs clearance process: including entry summary, single
 - country declaration, quota charge statement and solid wood
 - Packing materials statement.
 - Cargo Insurance
 - Inco term application
- Bureau of Census and Customs Compliance
 - Government Entities and their role
 - WTO - HTSUS
 - Free Trade Agreements
 - Country of Origin Requirements for Export
 - Sched B Classification for Export
 - Duty preferences
 - Denied Party Lists
 - CONTROLLED COUNTRY LIST - EMBARGOD COUNTRIES

- CONTROLLED COMMODITIES LIST - ECCN NUMBER
- Know your Customer
- Electronic AES Filing
- ITAR Compliance
- RECORD KEEPING
 - 5 YEARS UNLESS OTHERWISE SPECIFIED

- Import
 - WTO - HTSUS
 - Free Trade Agreements / Other Government Agencies
 - Country of origin requirements
 - HTSUS Classification for Export
 - Binding Rulings
 - Assists
 - Anti-Dumping Duties / Countervailing Duties
 - USDA
 - FDA
 - Lacey Act

Mongolia Mining - Oyu Tolgoi Project

BDG International along with our partners in Ulaanbaatar Mongolia is ready to assist on this large new mining project. BDG offers Air, Sea: FCL, LCL and Project services into Mongolia via our partners in Ulaanbaatar (Ulan Bator)

Mining giant Rio Tinto Ltd and Canada's Ivanhoe Mines Ltd are to develop a \$US3 billion (\$A3.38 billion) gold and copper project in Mongolia after signing an investment deal with that nation's government.

Rio Tinto said production was expected to commence in 2013 - 10 years after the Oyu Tolgoi deposit was discovered by the Robert Friedland-chaired Ivanhoe, which had originally planned to commission the mine in 2009, according to its 2005 integrated development plan.

There will be two access ports available for project / container cargo into this region: Vladivostok and Tianjin.

Call BDG to learn more about our services into this exciting new project location.



September Project Shipment Spotlight

Routing: Taipei To Chicago
 Equipment Needs:
 2 x 20' FLR – In Gauge
 2 x 40' FLR OD – 12' wide
 2 x 40' DV
 Commodity: CNC Lathe



Contact BDG's Project team to learn more about our over dimensional services to or from most anywhere in the world.

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Marine Insurance

Marine insurance despite its name covers all modes of transport as they relate to an international shipment: Air, Sea, Rail, and Truck.

Types of Insurance

All Risk – This insurance insures for Loss, Damage, Theft, and Acts of God. The loss can be in total or in part. It does not insure if the cargo were improperly packed, proof of loss during transportation can not be proved, infestation and rust.

FPA (Free of Particular Average) –This is a total loss coverage. Only events in which 100% of the product is damaged, lost will be covered.

General Average – The law of **general average** is a legal principle of maritime law according to which all parties in a sea venture proportionally share any losses resulting from a voluntary sacrifice of part of the ship or cargo to save the whole in an emergency. In the exigencies of hazards faced at sea, crew members often have precious little time in which to determine precisely whose cargo they are jettisoning. Thus, to avoid quarrelling that could waste valuable time, there arose the equitable practice whereby all the merchants whose cargo was on board would be called on to contribute a portion, based upon a share or percentage, to the merchant or merchants whose goods had been tossed overboard to avert imminent peril. While general average traces its origins in ancient maritime law, still it remains part of the admiralty law of most countries.

The first codification of general average was the York Antwerp Rules of 1890. American companies accepted it in 1949. General average requires three elements which are clearly stated by Mr. Justice Grier in *Barnard v. Adams*:

"1st. A common danger: a danger in which vessel, cargo and crew all participate; a danger imminent and apparently 'inevitable,' except by voluntarily

incurring the loss of a portion of the whole to save the remainder."

"2nd. There must be a voluntary jettison, jactus, or casting away, of some portion of the joint concern for the purpose of avoiding this imminent peril, periculi imminetis evitandi causa, or, in other words, a transfer of the peril from the whole to a particular portion of the whole."

"3rd. This attempt to avoid the imminent common peril must be successful".

Insurance for General Average loss can be purchased.

TIME LIMITS FOR REPORTING CLAIMS

BDG recommends that your claims be filed as soon as it is known that there is damage. Upon arrival the consignee should inspect cargo, if damage has occurred it should immediately be notated on the delivery document. BDG should be notified as soon as possible. If BDG has arranged for insurance we will notify the underwriter and a survey of the damaged will be arranged.

CARRIER LIABILITY

Air Carriers - SDR 20.00/KGS

SDR (Special Drawing Right) is a basket of international currencies.

Ocean Carriers - \$500.00/Containerized Shipping Unit ("STC" or "SLAC" Important in determining "CSU")

Domestic Truck Carriers - .50/LBS

What to do in the event of a claim.

Speed: To increase the chance for claims to be settled quickly and for the full amount follow the list of steps below as quickly as possible.

- 1) Visually inspect the exterior of the ocean container or shipping carton for visible damage. Note the damage on the delivery receipt.
- 2) Visually inspect the interior of the container or shipping carton for damage. Note the damage on the delivery receipt.
- 3) Visually inspect the product for damage. Note the damage on the delivery receipt
- 4) Photograph all damage as found.
- 5) Do not use or alter the damaged cargo in any way. Leave the cargo in its original packing as best as possible.
- 6) Your Forwarder can provide a list of Survey agents with all shipments when insurance has been purchased through that Forwarder. Contact the nearest survey agent immediately to inspect the cargo and verify the damage occurred in transit.
- 7) Immediately contact your Forwarder or Insurance company and present a formal claim. The claim should mention the estimated loss.
- 8) Non-Delivery:
Consignee must notify the shipper and carrier that the product did not arrive as scheduled.

Original Insurance Certificate (if issued) must be returned to the Forwarder or Insurance Agent to present the claim to the underwriter.