



July 2003 International Trade Newsletter

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WTO: Solid Wood Packaging Regulations Approved

The WTO Solid Sawn Wood Packaging Standard has now been approved for implementation by any participating country as of May 02, 2003.

This standard requires all shipments using any species of solid sawn wood packaging, hardwood or softwood, be heat treated or fumigated by the final assembler and stamped with the approved ALSC stamp before being allowed entry to or crossing through a participating country. Shipments going to the WTO Members can be stopped at the border if they do not have the proper stamps on the unit. The stamps show customs that all solid wood packaging material has been heat treated to meet the new global requirements. Foreign customs have said they can turn back, repackage or destroy items that do not meet the new standards.

Implementation time frame is within 6 months.

Current Status:

European Union: They are expected to implement WTO standards on a country-by-country basis.

Not Participating in WTO Program: Argentina, Australia, Brazil, China

The WTO has turned over the compliance portion of the EU Emergency and the new WTO standard to the USDA Animal Plant Health Inspection Services (APHIS). APHIS in cooperation with the American Lumber Standards Committee (ALSC) developed the US standard that meets or exceeds what the EU and the WTO require. ALSC monitors and oversees the lumber grading agencies that currently control and certify the lumber mills grade-stamping program. They will now certify both the heat-treating facilities and Solid Wood Packaging Manufacturers (SWPM). Each SWPM must enroll with a grading agency if they are building or heat-treating for export. Each SWPM will have a unique number assigned to its facility on their stamp. The ALSC program requires site inspections every 30 days at each manufacturing or heat-treating facility by their agency to allow the use of their stamp. For a listing of ALSC agencies go to www.alsc.org.

USDA APHIS ALSC HT Program:

Solid Sawn Hardwood or Softwood Packaging: This program requires packaging assemblers or heat treating facilities to enroll with any one of the currently approved ALSC grading agencies.

Packaging Assembler: In order to use the ALSC stamp the final packaging assembler must use any one of the following: heat treated softwood and hardwoods or man made products such as plywood or OSB. The assembler is required to keep records and submit to on site monthly inspections by the grading agency they subscribe to. The mark is required on a minimum of two opposing faces of the completed packaging product.

Heat Treating Facility: In order for a heat-treating facility to use a ALSC stamp they must provide time and temp charts on every oven charge. Submit to monthly inspections and provide the proper documentation on each order.

100% Manufactured Wood Crating:

Manufactured wood or wood that has been manufactured with heat, glue and or pressure currently does not need any certification since the heat used in the manufacturing process exceeds the WTO standards. China and Australia have different standards.

For Further information please visit:

www.aphis.usda.gov/ppq/swp

Import Compliance Rules

WHO IS KNOCKING ON YOUR DOOR?

Has your company been inspected by the fire department lately? Chances are your company receives a minimum of one inspection per year. And when they come knocking on the door you just know they will find at least one violation that needs to be corrected. After four or five years, you are probably ready for a fire inspection and feel confident they won't find anything this year.

Just imagine if they never came, how many violations you may have in your company when they finally do come and inspect. If this were the case you would probably want to be pro-active and have self-assessments so that you know your company is in compliance and that your company is a safe place to be.

With this in mind, have you been inspected by customs lately? Are you in compliance? Would you like to do risk management and be pro-active?

IMPORT COMPLIANCE

Compliance is becoming more and more serious each year. First, it was the Modernization Act making importers responsible for their actions, and what they import. Next, it was a Importer Compliance Monitoring Program that was difficult to follow and did not obtain many volunteers.

Most exporters are aware of U.S. government security procedures for all exports in the efforts to prevent U.S. made goods ending up in the wrong hands, and or the wrong products ending up on planes. Security and compliance are forced upon all exporters.

How as an importer can you protect yourself? Customs has devised a plan that is now open to the public to put your company into compliance voluntarily.

Perhaps you are thinking that you do not need to go through these procedures since you only import "plastic widgets". The concept behind the procedures is not to make sure the product you are ordering is correct, it is to make sure you are following the rules and regulations of U.S. Customs and assist you in obtaining information on who you are doing business with overseas. The bottom line is you want to protect yourself, your company and your country to the best of your ability.

IMPORTER SELF – ASSESSMENT PROGRAM (ISA)

The purpose of the ISA is for importers to go through an assessment program under the authority of customs, and thus reduce the audits and workload from customs.

This is a voluntary program.

1. U.S. resident importer for at least two years

If you have been importing for less than two years, it is good to start with good habits in the beginning of your importing history rather than going back and having to re-create information for an audit. Just because you are a small company who imports a simple item, does not mean you do not have to follow all the same rules as any other company in the U.S.A. You are a new importer and do not have time. Work with your broker and they can assist you in keeping organized.

You have been in business for more than two years and are not organized. Now is the time to start. As we are entering the age of a new type of worldwide conflict, it is important that each person is prepared for audits. The U.S. government is looking internally for the root of possible conflict. This may mean that you have to go through an audit from many different government organizations. If you have done your due diligence, you should come out of it without much difficulty and expense.

2. Participate in the Compliance Trade Partnership Against Terrorism

Do you want to be part of fighting terrorism? This is a different era – everyone can do his or her part.

http://www.customs.ustreas.gov/enforcem/tpat_fact.htm or

Keyword: COMPLIANCE TRADE PARTNERSHIP AGAINST TERRORISM

“Q: What exactly are Customs expectations for the trade on this program?

A: To make a commitment toward the common goal of creating a more secure and efficient supply chain through partnership. Customs understands that it has entered a new era and requires the assistance of private industry to ensure increased vigilance throughout the supply chain. Customs recognizes that just as it protects the trade and our borders, businesses must ensure that their brands, employees, and customers are protected to the best of their abilities.”
As per customs website

3. Complete a Memorandum of Understanding (“MOU”) and Questionnaire

If customs does not have enough information from the MOU and the Questionnaire about the company’s internal controls it will conduct an on-site meeting to review the importer’s internal controls and determine if the company is able to maintain an ISA program. Those of you who are ISO this should be fairly easy. If not it will assist you in being a step closer in being proceduralized, which is one of the requirements to be ISO.

<http://www.customs.gov/enforcem/instructimp.htm#top>

Or KEYWORD: U.S. CUSTOMS SERVICE, and then go to the search and enter MEMORANDUM OF UNDERSTANDING, then go to point number three.

4. Agree to comply with all U.S. Customs laws and regulations

U.S. Customs laws and regulations are required to be followed at all times in the importing process. Agreeing to comply is really redundant of what you are supposed to be already doing. U.S. Customs assumes you know the law; ignorance will not relieve an importer from a mistake. What will help an importer is the proof that you are doing your best to comply.

5. Maintain for five years business records that support the importer's compliance transactions (including a beginning to end audit trail)

U.S. Customs regulations require an importer of record and Customs Broker to maintain records for five years, whether or not you have agreed to. This is law and must be followed if you are going to be an importer. Thus you must have an audit trail if you are going to comply with the general record keeping regulations for customs compliance.

6. File prior disclosures identifying errors discovered during the company's self-assessments.

If you know something today that needs to be disclosed the five-year rule does not apply. Customs could try to go back as far as they want if they think that errors have been made that should have been disclosed. Chances are if you come forward now with an import issue voluntarily it will be fairly simple, and inexpensive. We suggest contacting your broker and / or a customs lawyer to assist with the issue.

7. Submit an annual written notification to customs updating the name of the company contact for the ISA program and confirm the company continues to meet the ISA program's requirements.

We suggest that you place this responsibility with your compliance person. As an import/ export freight forwarder and customs broker we have to keep our certifications up-to-date. We do this by maintaining a calendar with all the necessary dates, certifications, and annual fees we have to pay to different government agencies.

SO WHAT IS THE BENEFIT?

- Less chance of audits: an exemption from routine or periodic on – site reviews and audits ...
- One self audit can cover a family of companies: multiple company units
- Maintaining compliance for the future.
- Access to the Office of Strategic Trade and Regulatory Audit Division officials by hotline as well as a consulting team of an Account manager, Auditor, and Trade Analyst.
- Entry summary trade data along with analysis support from customs
- Extended prior disclosure benefits

www.cbp.gov/xp/cgov/export/aes/tech_docs/aestir/req_appendx/

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We invite you to contact our offices with any questions you may have.

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