



# Coppersmith Inc.

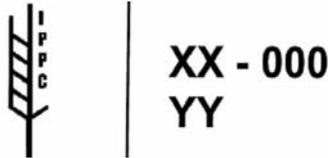
Global Logistics

SEPTEMBER 16, 2005

## Implementation of the Wood Packaging Material (WPM) Regulations

USDA has revised its import regulations for wood packaging materials (WPM). The revised regulations require WPM coming into the US to be treated and marked. The approved treatments are either heat treated to a minimum wood core temperature of 58 degrees C for a minimum of 30 minutes or fumigation with methyl bromide.

The acceptable mark is:



**XX** represents the ISO country code.

**000** represents the unique number assigned by the national plant protection organization.

**YY** represents either **HT** for Heat Treated or **MB** for Methyl Bromide fumigation.

**Exemptions:** WPM made entirely of manufactured wood material (e.g. particle board, plywood, strand board) and wine and whiskey barrels, or WPM made entirely of thin pieces of wood (6mm or less) is exempt from treatment and marking as well as Canadian origin wood. WPM from Canada will be inspected for pests.

**Noncompliance:** WPM imported after September 15, 2005 without the IPPC mark **MUST BE EXPORTED**. Treatment or destruction will not be permitted. Unmarked WPM may be separated from the commodity if the inspector determines separation can take place without pest escape. A user fee will be assessed for supervising the separation. Treatment will be allowed if hitchhiking (non-wood) pests are intercepted with the IPPC marked wood packaging materials.

**Note:** The Port Director of Los Angeles has determined that there is no facility in the ports where pest free separation can be done so separation will not be permitted. We expect this same response in most Customs Ports in United States.

**More information is available from USDA at <http://www.aphis.usda.gov>**

### PAY DUTY ON

#### PERIODIC MONTHLY STATEMENT (PMS)

Defer payment of duties to as many as 51 calendar days from release of your goods. This groundbreaking program, offered to importers only, is an extension of the already highly successful Automated Clearing House (ACH) program. The current ACH program has been in effect for many years, and has proven to be completely secure.

With respect to payment terms, this program is far superior to any terms that Coppersmith can offer to its customers. Consequently, we will work with all our customers to take advantage of this cost savings opportunity. The program does not require any additional work at the time of entry because, as always, Coppersmith will provide clearance services and coordinate your duty payments.

This offering is another way Coppersmith is working to provide value-added services to our customers. We'll be contacting you in the near future to discuss this program. In the meantime please feel free to contact us to discuss the benefits and details of the program.

#### INSIDE THIS ISSUE:

Container Delivery Updates	2
Free Time, Demurrage & Detention	2
Door Deliveries	2
Attention Exporters	2
Import Compliance Partnership	3
Free Trade Agreements	3

"This newsletter is for Customers of Coppersmith Inc., and is for informational purposes only. Topics included herein are taken from numerous sources and edited to provide an overview of the subject and should not be relied upon solely for implementation or compliance purposes. Where possible we have provided sources for more detailed information."



Serving the International Trade Community since 1948

## CONTAINER DELIVERIES

### IMPORTANT UPDATE!

In recent months the National Broker/Forwarder Association (NCBFAA) along with the Pacific Coast Council (PCC) and other groups have been addressing Ocean Carrier practices, which are having a profound impact on both brokers and importers. Below is a brief synopsis of several issues and how these associations and Coppersmith are dealing with them.

#### Free Time, Demurrage & Detention:

As you know Free Time at the ports continues to decrease. The issue though is when do ports, terminals, and carriers start calculating the free time? Their proposed change calculates free time starting the day after the container is taken off the vessel. The trade community proposes a stipulation. If the cargo is not available due to lack of equipment or a service failure on the part of the carrier or terminal, demurrage should be waived or recalculated from the time the cargo is readily available and the broker or consignee has been duly notified. In addition, the free time clock

should stop whenever CBP places a container on Examination Hold. These containers have been targeted by CBP or other agencies and therefore are completely out of the control of the terminal, carrier, importer or broker.

When legitimate demurrage or detention charges have accrued, carriers and terminals should only be billing the beneficial cargo owner, not the broker. As the cargo owner, if you feel that demurrage or detention is unwarranted then it is your responsibility to negotiate this dispute directly with the carrier.

#### **Door Deliveries - "On Carriage & Route Coded" Bills of Lading**

Carriers increasingly sell through services to inland locations. As per the "terms & conditions" of the bill of lading, the responsibility for the inland costs and arrangements are the obligation of the carrier. Once the



cargo is accepted under these booking arrangements, the customs broker has

no obligation or involvement in the delivery after release of the goods. By issuing Delivery Orders brokers can inadvertently assume liability under the contract of carriage. For this reason, Coppersmith will no longer issue D/O's in their name. Door Delivery shipments will now have delivery instructions issued in the name of the cargo owner.

Further, if the carrier is unable to make arrangements to move the cargo before the expiration of the Free Time, they should not be billing the cargo owner or their broker for demurrage. Again, the carrier assumes full risk and responsibility for the movement of the cargo all the way to the final destination.

The aforementioned associations are working with the carriers and the Federal Maritime Commission to address these issues and find amicable solutions. However, you, the importer and cargo owner, are the customer of the carrier and therefore have the most influence on their service levels. We hope you will exercise your voice on these issues either individually or through your industry's own trade associations.

### ATTENTION EXPORTERS

Maersk-Sealand, Evergreen, NYK, CP Ships, and OOCL have advised us of their new "**No Documents... No Load Policy.**" We are fairly certain the remaining steamship lines will follow suit and this will become the industry standard. We checked with the Bureau of the Census and they confirmed that these new requirements are NOT generated by the government but by the carriers themselves. Further, they have no control over the carriers implementing this policy at this time.

What this means for you is that we need 100 percent accurate information to prepare the Bill of Lading **24 hours before the cargo is scheduled to load onto the vessel**. The steamship lines are saying that if they do not receive the B/L information along with the AES number 24 hours before scheduled loading – **your container will not be loaded**. We realize that it is not always possible to have complete information to pass along to us. However, we are asking for your cooperation in giving us as much pertinent information as you have as early as you have it. We in turn will make every effort to fill in the blanks.

It is **your** responsibility, as the shipper of record, to provide accurate information in a timely manner so that your cargo will load the vessel. Coppersmith will not be responsible if the carrier rolls cargo due to missing or incomplete Bill of Lading instructions.

## Import Compliance Partnership

Coppersmith is privileged to act as your partner in a 100% compliance program. We take this role seriously as we know you do. Our commitment to you is to take the necessary time to understand your import transactions so that we can ascertain the declarations we file on your behalf are prepared accurately and completely.

In the following months and into 2006, Coppersmith personnel will work with you in two important ways.

First, we have developed an Import Compliance Questionnaire and Partnership Agreement whereby we will meet with you to verify current information we have on file about your company for Customs and importing purposes. In addition, we will cover questions regarding vendor relationships, valuation of goods, classification of merchandise, other government agency involvement, post entry actions and record keeping.

Second, we want to address how you maintain critical information to measure performance and identify the risks associated with your importing operations. The government compiles data on imports and offers it for a small fee, to importers under a program called ITRAC, Importer Trade Activity. Coppersmith has partnered with Global Data Mining LLC who has developed a system to extract essential information from the raw data provided in ITRAC. The ITRAC Executive Analysis provides functional, practical reporting with over 30 different fields of view, including some of the following:

### Operational Overviews

- Annual totals by item, duty value, average duty rates
- Harmonized Tariff System classification sorted by value
- Spend analysis by supplier and country

### Red Flag Analysis

- Same classification/different program
- Same supplier/different program
- Country of origin different then supplier

### Performance Analysis

- Transit days between arrival and entry dates, sorted by filer and carrier
- Post Entry statistics analyzed by filer

With these reports, significant irregularities may be revealed. Global Data Mining and Coppersmith can work with you to correct these issues or assist in the development of processes and procedures for improving your import program internally, for Coppersmith and Customs.

For more information on how to request an ITRAC Executive Report Analysis for your company please contact us at [msmith@coppersmith.com](mailto:msmith@coppersmith.com).

## Free Trade Agreements

The following is a list of the current Free Trade Agreements available to importers. It is important to understand that you must **QUALIFY** for these programs and that the application of the reduced duty or duty free status is commodity (classification) specific.

Each agreement has its own rules and regulations regarding some, but not limited to, the following areas:

- Responsibility for Compliance
- Marking
- Rules of Origin
- Tariff Shift Rules
- Tariff Preference Levels
- Concepts of fiber, yarn and fabric forward
- Level of documentation or date required to be on file with the importer at time of entry
- Direct Shipments
- Regional Value Content, calculation methods, RVC %
- Deminimus Rules
- Inventory Management
- Post-Importation Claims
- Verification and program determination methods.

*For this reason Coppersmith does not automatically claim these programs unless you have specified to us in writing that you qualify for the program and can support these claims in the event of an inquiry or verification request by Customs.*

Generalized System of Preferences (GSP)

Caribbean Basin Economic Recovery Act (CBERA/CBI)

Caribbean Basin Trade Partnership Act (CBTPA)

Andean Trade Preference Act (ATPA)

Andean Trade Promotion & Drug Eradication Act (ATPDEA)

African Growth & Opportunity Act (AGOA)

North American Free Trade Agreement (NAFTA)

U.S. – Israel Free Trade Area (IFTA)

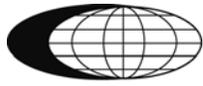
U.S. – Jordan Free Trade Area (JFTA)

U.S. – Chile Free Trade Agreement (CFTA)

U.S. – Singapore Free Trade Agreement (SFTA)

U.S. – Australia Free Trade Agreement (AFTA)

U.S. – Central American Free Trade Agreement (CAFTA)



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