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U.S. Customs and AGOA



Jan Forest

February 1, 2017

Basic U.S. Customs Requirements

- Entry
- Documents required for entry
- Invoice requirements
- Entry summary (CF 7501)
- Recordkeeping
- Classification
- Valuation
- Origin rules - marking
- Admissibility



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Types of entry

- Entry for consumption
- Warehouse entry
- Temporary under bond
- Informal entry (not over \$2,500)



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Right to make entry

- Owner of goods
- Purchaser of goods
- Licensed customs broker
- Non-resident corporation must have resident agent in U.S.



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Required entry documents

- **Entry manifest (CBP Form 7533) or Immediate delivery permit (CBP Form 3461)**
- **Evidence of right to make entry**
 - **Bill of lading or airway bill**
 - **Carrier's certificate**
- **Commercial invoice**
- **Packing list**
- **Other documents necessary to determine admissibility**



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Invoice requirements

- Must be in English
- Indicate port of entry
- Name of importer and exporter
- Detailed description of merchandise
- Quantities
- Purchase price in USD
- Country of origin
- List all charges (freight, insurance, etc.)
- Rebates allowed on export
- Assists (dies, molds, etc.)

Entry summary

- CBP Form 7501
- Must be filed by importer of record within 10 working days of entry



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Recordkeeping

- 5 years from date of entry
- Includes information kept in the ordinary course of business related to entry
- Original records
- Paper or electronic



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Determinations Required for Entry

- Classification
- Valuation
- Country of origin
- Admissibility



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Classification

- HS Classification establishes
 - **Admissibility**
 - **Rate of Duty**
 - **Eligibility for Preferences**



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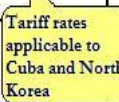


HTS Classification - Sample

Harmonized Tariff Schedule of the United States (2009) - Supplement 1

Annotated for Statistical Reporting Purposes

V

27-6

Heading/ Subheading	Stat Suf- fix	Article Description	Unit of Quantity	Rates of Duty		
				1		2
				General	Special	
2710 (con.)		Petroleum oils and oils obtained from bituminous minerals, other than crude; preparations not elsewhere specified or included, containing by weight 70 percent or more of petroleum oils or of oils obtained from bituminous minerals, these oils being the basic constituents of the preparations; waste oils (con.):				
2710.19	Petroleum oils and oils obtained from bituminous minerals, other than crude; preparations not elsewhere specified or included, containing by weight 70 percent or more of petroleum oils or of oils obtained from bituminous minerals, these oils being the basic constituents of the preparations, other than waste oils (con.):					
2710.19.05	Other: Distillate and residual fuel oils (including blended fuel oils): Testing under 25 degrees A.P.I	5.25¢/bbl 1/			Free (A+,AU,BH, CA,CL,D,IL,J+,JO, MA,MX,OM,P,PE, R,SG)	



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Customs Valuation

- Preferred method is transaction value (TV)
- Transaction value is price paid or payable; invoice price
- Related parties may not be able to use transaction value



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Not Included in TV

- Actual international freight and insurance
- U.S. engineering, development, design work
- Buying commissions
- Post-importation costs (e.g., construction, transportation)
- U.S. customs duties and other U.S. taxes



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Added to TV

- Packing costs
- Selling commissions
- Assists
- Royalties or license fees
- Proceeds of subsequent resale



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Additional Methods of Valuation

Where TV is not acceptable (e.g., related parties) another method must be used -

- Transaction Value of Identical or Similar
- Deductive Value (U.S. resale price less certain costs)
- Computed Value (cost of materials, processing, general expenses and profit)
- Fallback (other reasonable method)



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Marking

- Goods Imported into the U.S. must be marked conspicuously with their country of origin
- Country of origin for marking is either -
 - **Country where goods are wholly grown or produced**
 - **Country where substantial transformation occurs**
 - **New Name, Character, or Use**



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General tips for exporters

- All necessary info on invoice
- Mark and number packages in accord with invoice
- Detailed description of merchandise
- Mark conspicuously and legibly with country of origin
- Comply with other agency laws (cosmetics, food, drugs, etc.)
- Develop Packing standards
- Security during shipment
- Use AMS shipper
- Use ABI broker



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C-TPAT

- Purpose is to balance supply chain security with economic efficiency
- Benefits include:
 - **Reduced number of CBP examinations**
 - **Shorter wait times at the border**
 - **Assignment of a Supply Chain Security Specialist to the company**
 - **Access to the Free and Secure Trade (FAST) Lanes at the land borders**
 - **Access to the C-TPAT web-based portal system**
 - **Possibility for being recognized as a Trusted Trade Partner by foreign customs administrations that have signed Mutual Recognition with the United States**
 - **Eligibility for other U.S. Government pilot programs, such as the Food and Drug Administration's Secure Supply Chain program**



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Applying for C-TPAT

- Voluntary and cost-free to apply
- Application is online
- Steps:
 - **Review the C-TPAT Minimum Security Criteria to determine eligibility for the program**
 - **Submit a basic application via the C-TPAT Portal system**
 - **Conduct a risk assessment**
 - **Complete a supply chain security profile**
 - **C-TPAT Supply Chain Security Specialist will review the submitted materials and provide on-going program guidance**
 - **C-TPAT program has up to 90 days to certify the company into the program or to reject the application**
 - **If certified, the company will be validated within a year of certification**



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AGOA Basics

AGOA is an Addition to GSP

- AGOA based on GSP law
- GSP provides preferential treatment to over 3,400 products from 131 designated beneficiary countries, including 44 least-developed countries
- AGOA adds 1,800 products to GSP, including import sensitive products not eligible for GSP



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Required for Qualification under AGOA

- Country must be eligible
- Product must be eligible
- Must be imported directly
- Must meet requirements of origin rules



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Beneficiary Countries

- Listed in General Note 16 to HTSUS
- Annual determination of eligibility; Countries may be added or withdrawn
- Must have market-based economy
- Must protect private property rights
- Incorporates an open rules-based trading system
- Right to due process, a fair trial, and equal protection under the law
- Eliminates barriers to U.S. trade and investment
- Economic policies to reduce poverty, increase the availability of healthcare and educational opportunities
- System to combat corruption and bribery
- Protection of internationally recognized worker rights



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Eligible Products

- AGOA product eligibility depends on classification in U.S. HTS
- HTS provisions with special program indicator “D” entitled to AGOA benefits
- Special rules for textiles



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Direct Importation

- Direct shipment from SSA to US
- May be shipped through intermediate country if:
 - **Does not enter commerce of intermediary country**
 - **Documents show US as final destination**
 - If documents do not show US as final destination goods may still qualify if they remained under customs control in intermediary country and did not enter commerce of that country



AGOA Origin Rules

- Must be growth, product or manufacture of SSA country or substantially transformed in the country
- 35% requirement
 - **A product that incorporates materials sourced from non-AGOA-beneficiary countries must have a sum of the direct cost or value (i.e. the transaction value) of the materials produced in the AGOA-beneficiary countries), plus the “direct costs of processing” undertaken in the AGOA-beneficiary countries, that equals at least 35% of the product’s appraised value at the time of entry into the U.S.**

Special Rules not Provided under GSP

- The product can have up to but no more than 15% of its value from U.S. parts and materials
- You may cumulate the total cost and value of materials from all SSA beneficiary countries



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Admissibility

- Exported Product must meet all U.S. other agency requirements –
 - **USDA**
 - **FDA**
 - **CPSC**
 - **EPA**



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THANK YOU



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