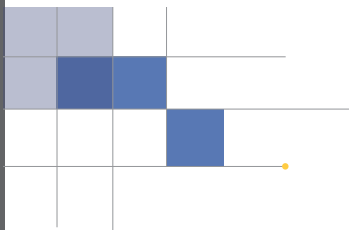




WHITE PAPER

# Ensuring Regulatory Compliance on Domestic Import of Goods

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CLX Logistics White Paper: Ensuring Regulatory Compliance on Domestic Import of Goods  
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# Introduction

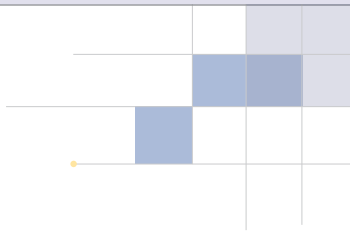


Importing goods can be a complicated business. Ever-changing and tougher import rules enforced by the U.S. Customs and Border Protection (CBP) to protect U.S. ports means companies importing goods from international trade partners must remain current on regulations and process methodologies or risk delays and even fines due to noncompliance. Organizations failing to comply with current custom rules, even in ignorance, can be designated as high risk, subjecting them to more frequent custom inspections and longer processing times in the future. Establishing best CBP practices is key to ensuring appropriate actions are taken during receipt of overseas goods.

This white paper outlines specific custom requirements and responsibilities pertaining to the import of goods at U.S. borders, best corporate practices and the benefits of using third-party logistics to ensure import compliance and optimization of internal logistics.

# I. Compliance Is the Shippers' Responsibility

Employing a third party consultant does not relieve the shipper of record from compliance responsibility. If an importer is negligent in meeting compliance requirements, Customs can assess penalties by as much as \$10,000 or 40% of value of goods or even seize goods.



The importer of record is responsible for ensuring that goods entered with Customs adhere to import regulations set by the CBP. The importer of record is the company that is importing goods into the States. Specific appropriate actions or reasonable care is required by U.S. companies importing products to ensure correct entry of merchandise into the States. This involves correct classification of goods, payment of appropriate duties, checking what is received, maintaining required records and other compliance requirements (*see III. Compliance Checklist*).

In managing reasonable care, importers should have an experienced in-house employee with knowledge of customs laws and regulations or employ an outside expert (*see VI. Outside Expert*) that does. However, employing a third party consultant does not relieve the shipper of record from compliance responsibility. If an importer is negligent in meeting compliance requirements, Customs can assess penalties by as much as \$10,000 or 40% of value of goods or even seize goods. Stricter U.S. enforcement means more audits and higher fines for importers not in compliance. By adhering to regulations and documentation procedures, importers protect themselves against penalties and loss of goods commonly associated with failed audits. Maintaining internal controls (*see IV. Best Practices*) is imperative to ensure ongoing compliance.

## II. Reasonable Care

While the Modernization Act of 1993 made it easier for importers to file entry documentation by accepting paperwork, fees, duties and taxes electronically, Customs now requires greater insurance of the accuracy of information submitted to them. To this end, importers must demonstrate that reasonable care was taken when classifying, valuing and paying duties on imported merchandise. One way of showing reasonable care is to adhere to a Customs compliance checklist (*outlined below*). Documenting in-house procedures in a compliance manual (*see V. Compliance Manual*) is also an effective way for importers to demonstrate reasonable care to CBP.

Failure to show reasonable care can result in significant penalties. To ensure reasonable care, shippers must have adequate knowledge and application of custom laws and regulations within the organization to process goods and documentation to ensure its accuracy or contract an outside expert (*see VII. Outside Expert Assistance*) for advice or assistance.



### III. Compliance Checklist

The main areas audited by Customs to ensure import compliance include:

- Classification / Harmonized Tariff Schedule (Chapter 98)
- Valuation: Purchasing & Accounting
- Quantity: Receiving
- Country of Origin (Marking)
- Recordkeeping
- Free Trade Agreements

#### Classification / HTS (Chapter 98)

The United States utilizes a Harmonized Tariff Schedule to categorize and assign domestic import duty rates to every item imported into the country. The first six numbers are globally standardized, while the last four are unique to the United States. To properly determine the duty on any given item imported into the U.S., it must be classified within the HTS.

Classification includes identifying the proper headings and subheading of the harmonized tariff schedule (HTS) to a specific product. Once the heading and subheading are found, an associated duty can be determined.

Classification of goods, whether an import or export, can be challenging and often frustrating. To determine the most accurate classification for your imported item, you must take into account the following:

**General Rules of Interpretation (GRI):** These rules lead importers through a hierarchical process to identify a single classification number for a specific product. Shippers should go through the rules one by one to determine which one best governs their products. There are six GRIs. (See: <http://www.usitc.gov/publications/docs/tata/hts/bychapter/1000gntoc.htm>)

- GRI 1: offers guidelines when goods can be classified just using headings and legal notes. If the goods cannot be classified this way, classifiers must apply one of the other general rules.
- GRI 2: this rule covers two situations. GRI 2a explains how to classify unfinished or unassembled goods that require only simple assembly or using devices such as nuts, bolts, screws, etc. A bicycle - unassembled for lower shipping costs - would be a good example. GRI 2b notes that a heading describing one substance can reference mixtures or combinations of that material or substance with other materials of substances. An example would be milk containing vitamin D. It can be classified in the heading for milk - 0401; or vitamins - 2936.

Components of a tariff classification number:  
2901.10.10.00

29	Chapter
01	Heading
10	Subhead
10	US Subhead
00	US Statistical Suffix



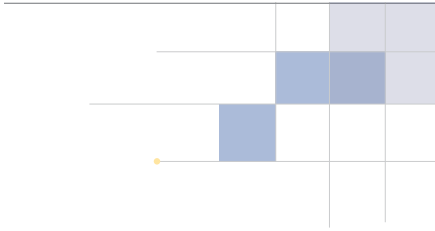
- GRI 3: helps classify goods that appear to be classified in more than one heading because they are mixtures or composite goods, or for another reason.
- GRI 4: helps classify new to market or even obsolete goods under headings for which they are most like. For example, a new high-tech device recently introduced into the market may be categorized into an electronics area as it is most like an existing product in that category.
- GRI 5 covers containers (camera cases, binocular cases, etc.) and notes that they are classified the same as the article for which they would contain.

**General Notes:** Essential to the correct classification of goods, general notes provides the background information on how to determine a correct HTS classification in different scenarios as well as how to select the correct duty rate. General Notes also explain which goods are exempt from the HTS, defines U.S. territories and explains the ramifications of free trade programs like NAFTA, IFTA, GSP. (See: <http://www.usitc.gov/publications/docs/tata/hts/bychapter/1300gntoc.htm>)

**The Legal Notes of the Section & Chapters:** This is the first step in determining the classification number for a product. The legal notes help to direct a classifier to an appropriate section, chapter or header for a particular product by listing goods that are both included and excluded from that category. It defines words or phrases used in specific chapters/sections and provides other information on the meaning of the headings and subheading. Each chapter has specific legal notes associated with it.

For example, if you think your product should be categorized as a Basic Organic Chemical, you would reference: Chapter 29 – Organic Chemicals. Then, you would read the legal notes in this chapter to verify if your product should be included in this section. When determining that your product actually belongs in this category, this chapter number would be the first two numbers of the classification code of your product (*see example above in subsection on Classification*). To find a listing of legal notes by chapter, please refer to: <http://usitc.gov/tata/hts/bychapter/index.htm>.

**The Headings and Subheadings:** These further classify the product under the specific chapter and provide the actual description of goods. Classifiers must read the headings and compare the description of the goods in these categories with the goods being classified.



For example:

**Classification Code: 2901.10.1000** (see *Harmonized Tariff Schedule* below)

29 Hydrocarbons and their derivatives are found in Chapter 29 so 29 is the chapter designation indication that the product belongs there.

2901 is the heading within chapter 29 that further defines hydrocarbon as an acyclic hydrocarbon

2901.10 is the subheading indicating that the acyclic hydrocarbon is saturated

2901.10.10 is the tariff item, describing the saturated acyclic hydrocarbon as an ethane and butane chemical compound

2901.10.1000 includes the statistical suffix 00 that Customs uses to keep statistics on imported goods into the country

2901.10.10.00 is the classification number, specifying the exact type of hydrocarbon within the Chapter 29 category of organic chemicals

**The Explanatory Notes:** Offers information about the goods described in the headings and General Rules of Interpretation. In interpreting the headings and subheadings, the CBP refers to the explanatory notes for direction.

**Duty Rate:** Once you determine the classification number for your product, the HTS will show rates of duty associated with it. Duty rates are listed in one of three columns as shown in the chart on the following page.

General Column 1 sets forth the general or normal trade relations rates of duty. The Special Column 1 reflects the rates of duty under special tariff treatment programs, such as NAFTA. The third column labeled Column 2 sets forth rates applicable to goods being imported from countries pursuant to section 401 of the tariff Classification Act of 1962.

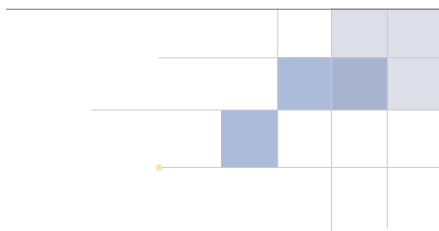
# Harmonized Tariff Schedule of the United States (2012) – Supplement 1

Annotated for Statistical Reporting Purposes

VI  
29-5

Heading/ Subheading	Stat. Suffix	Article Description	Unit of Quantity	Rates of Duty		
				1	1	2
				General	Special	
		<b>I. HYDROCARBONS AND THEIR HALOGENATED, SULFONATED, NITRADED OR NITROSATED DERIVATIVES</b>				
<b>2901</b>		<b>Acyclic hydrocarbons:</b>				
<b>2901.10</b>		<b>Saturated:</b>				
2901.10.10	00	Ethane and butane	kg	Free		Free
2901.10.30	00	n-Pentane and isopentane	kg	Free		25%
		<b>Other:</b>				
2901.10.40	00	Derived in whole or in part from petroleum, shale oil or natural gas	kg	Free		25%
2901.10.50	00	Other:	kg	Free		25%
		<b>Unsaturated:</b>				
2901.21.00	00	Ethylene	kg	Free		Free
2901.22.00	00	Propane (Propylene)	kg	Free		Free
2901.23.00	00	Butane (Butylene) and isomers thereof	kg	Free		Free
2901.24		<b>Buta-1,3-diene and isoprene:</b>				
2901.24.10	00	Buta-1,3-diene	kg	Free		Free
		<b>Isoprene:</b>				
2901.24.20	00	Having a purity of 95 percent or more by weight	kg	Free		25%
2901.24.50	00	Other	kg	Free		25%
2901.29		<b>Other:</b>				
2901.29.10		Derived in whole or in part from petroleum, shale oil or natural gas		Free		25%
	10	Linear $\alpha$ -olefins (C <sub>6</sub> C <sub>30</sub> , unmixed	kg			
	50	Other	kg			
2901.29.50	00	Other	kg	Free		25%
<b>2902</b>		<b>Cyclic hydrocarbons:</b>				
		<b>Cyclanes, cyclenes and cycloterpanes:</b>				
2902.11.00	00	Cyclohexane	kg	Free		15.4¢/kg+40%
2902.19.00		<b>Other:</b>		Free		25%
	10	Dicyclopentadiene	kg			
	50	Other	kg			
2902.20.00	00	Benzene	liters	Free		Free
2902.30.00	00	Toluene	liters	Free		Free
		<b>Xylenes:</b>				
2902.41.00	00	o-Xylene	liters	Free		Free
2902.42.00	00	m-Xylene	liters	Free		Free
2902.43.00	00	p-Xylene	liters	Free		Free
2902.44.00	00	Mixed xylene isomers	liters	Free		Free
2902.50.00	00	Styrene	kg	Free		15.4¢/kg+45%
2902.60.00	00	Ethylbenzen	kg	Free		15.4¢/kg+55%
2902.70.00	00	Cumene	kg	Free		Free
2902.90		<b>Other:</b>				
2902.90.10	00	Pseudocumene	kg	Free		Free
2902.90.20	00	Acenaphihene, chrysene, cymene, dimethylnaphthalenes, fluoranthene, fluorene, indene, mesitylene, methylantracene, methylnaphthalene, phenanthrene and pyrene	kg	Free		Free

So, according to the schedule above, ethane and butane classified as **2901.10.1000** would be free from any tariffs; however, cyclohexane classified as **2902.11.1000** would pay a tariff of 15.4 cents per kg. Calculated tariff values must be documented on customs paper with payment made before products are accepted or even enter U.S. ports.



When determining duty, importers must also declare full value of any capital equipment such as dies, molders, etc. provided to the manufacturer to produce their product. Even samples and prototypes that cannot be sold have a value that will be based on identical items or those similar in nature. Brand new and older products, too, have a specific value that is computed a specific way. Because of these different variations, expertise of customs regulations, whether in-house or contracted, is necessary to ensure correct formulation of tariffs.

## Valuation

Once product is classified, tariff must be determined. Even when items are duty free, Customs wants to know the value for statistical purposes. Determining valuation can be complicated as many different factors must be considered. The methods of determining customs valuation, in descending order of precedence, are:

*Transaction value:* the preferred method of payment, the transaction value is the actual price paid or payable by the importer to the exporter plus certain statutory additions:

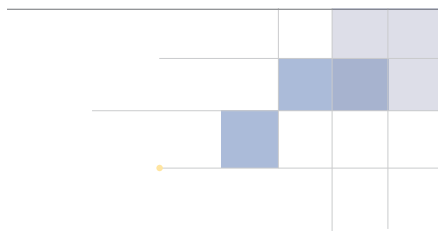
- Packing costs by seller
- Selling commissions
- Value of assists (machinery, parts, components or parts provided free or supplied to manufacturer to produce goods must be accounted as part of product value)
- Proceeds of any subsequent resale, disposal or use of the imported merchandise

The paid price, plus adjustments for statutory additions, equals the transaction value. For more details, refer to [http://www.wto.org/english/tratop\\_e/cusval\\_e/cusval\\_info\\_e.htm#1](http://www.wto.org/english/tratop_e/cusval_e/cusval_info_e.htm#1)

*Deductive value:* when transaction value cannot be used, deductive value will be determined on the basis of the unit price at which identical or similar goods are sold to an unrelated buyer in the greatest aggregate quantity in the country of importation.

*Computed value:* when the previous two methods cannot be used, computed value is implemented, typically for prototypes and gifts. Value is based on the sum of cost of materials, labor, processing, profit and general expenses, assists and packing costs.

*Other:* this “catch-all” area addresses any goods that cannot be appraised via other methods. This method determines value based on previously determined values and methods with some flexibility in their application.



**Any discrepancy in the quantity or nature of goods between the Customs declaration and the goods actually received may affect valuation and/or admissibility of the goods.**

## Quantity: Receiving

All goods must be described in the unit of quantity that follows Customs descriptions. The fourth column of the Harmonized Tariff Schedule (see schedule under subsection Duty Rate above) denotes a quantity for a specific classification of product. For example, liquids such as cyclohexane (classification code: 2902.11.00) would be quantified as kilos of goods.

By quantifying goods, the tariff can be determined by multiplying the per unit customs tax (found in rates of duty column) by the number of units being imported. For example, if 100 kg of cyclohexane was being imported, importers would determine the tariff by multiplying the number of units by the unit tax of 15.4 cents per kg ( $100\text{kg} \times .154/\text{kg} = \$15.40$ ). This information is, then, noted in the audit schedule.

Sometimes, discrepancies occur where too much or too little quantity was actually shipped than ordered or products are actually in a different classification than noted by the shipper. Receiving departments often report these errors when checking packing lists against orders. Any discrepancy in the quantity or nature of goods between the Customs declaration and the goods actually received may affect valuation and/or admissibility of the goods. Importers may pay more or less duties and taxes. Action may be required on the part of the shipper on record to reconcile or correct paperwork prior to goods entry. If not, importers may be subject to fines or lose import privileges. Maintaining in-house procedures or having an outside consultant verify receivables can ensure compliance and correct tariffs are paid.

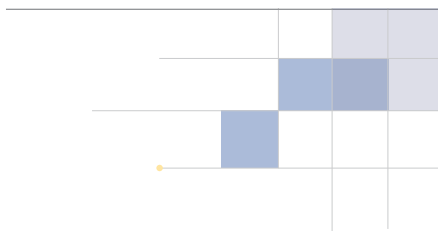
## Country of Origin/Marking

The origin of goods must be properly declared and marked on products as part of compliance with import laws. The country of origin is the country of manufacture, production, or growth.

When an imported product incorporates materials and/or processing from more than one country, U.S. customs considers the country of origin to be the last country in which a “substantial transformation” took place.

All imported products of foreign origin must be marked in a conspicuous location in English with the name of the country of origin unless the article falls under an exception such as if markings can cause injury to goods. The U.S. requires that goods (and/or containers/ packaging) be marked or labeled with country of origin.

Importers must ensure they are not importing banned goods or from restricted countries. Refer to <http://www.gpo.gov/fdsys/granule/USCODE-2010-title19/US-CODE-2010-title19-chap4-subtitleII-partI-sec1304/content-detail.html> for details on Marking of Imported Articles and Containers.



A third party consultant can help importers better understand FTA advantages and examine which goods qualify under different agreements. According to the Office of the United States Trade Representative, The United States has FTAs in effect with 20 countries. Some are multi-lateral agreements among multiple countries.

## Recordkeeping

The CBP requires that entry documents be filed within five working days of the arrival of goods into a U.S. port of entry. For goods going directly into U.S. commerce, the following documents are necessary:

- **Bill of Lading, Airway Bill or Carrier Certificate** depending on how goods arrive into country
- **Commercial Invoice** that indicates quantity/description of goods, loading and destination ports, mode of transportation, country of origin, price per unit and total cost of the goods. When a commercial invoice is not available, such as in cases when no money is exchanged between the buyer and seller, a pro-form invoice must be created.
- **Customs Surety Bond:** Even if the goods are “duty free”, this bond must be submitted by the importer as guarantee that all import duties, taxes, fines or penalties will be paid. The minimum continuous import customs bond is for \$50,000.
- **Entry Manifest** (Customs Form 7533 or other merchandise release)
- **Packing lists:** indicates the number of shipping containers, contents of each container and their individual weights and dimensions

Either the importer or broker serving as the agent for the importer can file paperwork. U.S. Customs requires all documents and/or records be retained for five years from the date the product or merchandise entered into the United States. If customs documents are prepared outside an organization, importers must ensure they receive copies and check them for accuracy prior to filing them.

## Free Trade Agreements

Free trade agreements (FTAs) exist among countries to reduce trade barriers, making it easier and more cost effective for trading partners from those countries to conduct business. U.S. importers of goods from FTA partner countries can take advantage of preferential import tariffs based on certain purchased goods. To take advantage of perks offered by FTAs, importers must remain current on new and existing trade agreements with the U.S., verify the validity of FTAs to their specific product and understand how each works to take necessary compliance steps or proper application of FTA preferences.

One of the most notable is the North American Free Trade Agreement between the United States, Canada, and Mexico, the world's largest free trade area that links 450 million people producing \$17 trillion worth of goods and services. For a complete list by country, refer to: <http://www.ustr.gov/trade-agreements/free-trade-agreements>.

## IV. CBP Best Practices



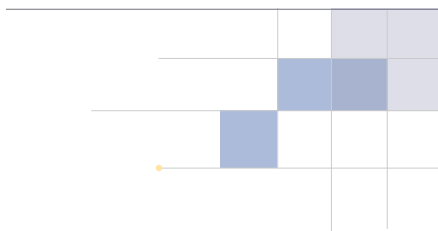
To ensure import compliance, importers, regardless of company size or value of merchandise, should establish rigorous internal controls, audits and system checks to accurately manage the import process. Also, if the CBP has questions regarding compliance during a random audit, the importer of record must be able to support its claims with the best practices employed to ensure compliance.

The CBP has outlined the following best practices based on these segments at: [http://www.cbp.gov/xp/cgov/trade/trade\\_programs/importer\\_self\\_assessment/](http://www.cbp.gov/xp/cgov/trade/trade_programs/importer_self_assessment/)

- **Information and Communication**
- **Control Environment**
- **Internal Control Activities**
- **Risk Assessment**
- **Monitoring**

### **Create Customs Group (Information and Communications)**

Create an internal customs group of employees within your organization that will define a corporate compliance program, oversee operations related to compliance and interface with different departments involved in the compliance process (receivables, warehousing, purchasing, logistics, etc.). As part of ensuring compliance, the customs group should be responsible for establishing control activities and self-testing processes to verify accuracy of company's internal control system.



### **Access Executives for Needed Resources** (Control Environment)

Involvement by executives in the activities of the customs group raises its importance and provides exposure and authority for group interaction with other departments. To ensure visibility by top management, the customs group should be organized as part of another established division such as the legal or tax department.

### **Management's Commitment** (Control Environment)

Senior management should establish written compliance standards for the corporation that address CBP requirements as well as commit the resources to support a compliance program such as designating a senior executive with responsibility for the program to ensure ongoing compliance within the organization.

### **Develop Formal Policies** (Internal Control Activities)

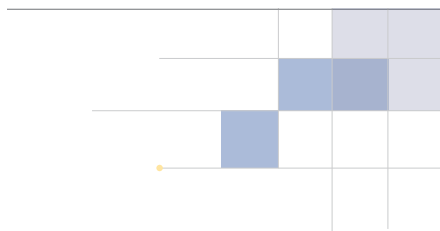
Establish formal policies and procedures to ensure achievement of management's goals and objectives as well as CBP compliance. On an ongoing basis, modify controls that are ineffective or inefficient and report recommendations to management. Define accountability and controls in job descriptions with the customs group.

### **Conduct Internal Control Reviews** (Monitoring)

Conduct periodic process reviews to assess the performance of internal controls. Use external or internal audits to periodically review each business unit to confirm that corporate policies are implemented and mandate corrective action when necessary. Adjust testing in response to changing risk.

### **Establish Training Programs** (Information & Communication)

Training employees involved in the import process to understand the rules and regulations associated with product imports is imperative to ensure compliance throughout the entire supply chain process. Personnel, whether a warehouse clerk or supervisor, should be trained and certified to the functions associated with their compliance responsibilities. On an ongoing basis, convey updates to the right people at the appropriate time. Disseminate CBP information via company's communication outlets (i.e. intranet, bulletin board, mail).



## **Develop Compliance Requirements for Suppliers** (Internal Control Activities)

To ensure all compliance requirements are met by suppliers, importers must develop standardized contract language on purchase agreements, then implement controls to ensure CBP transactions are valid, properly authorized and accurately processed. Suppliers should be required to provide regulatory reporting information when applicable (NAFTA, GSP, etc.). Exercising reasonable care over operations performed by service providers is an important part of compliance.

## **Establish Recordkeeping Program** (Internal Control Activities)

Importers must establish a recordkeeping process that verifies what was entered and actually received so inaccuracies can be corrected with Customs. For example, if 50 units were entered using invoice information but only 40 were actually received, then the variance should be reported to Customs.

By establish a recordkeeping program, companies can maintain an audit trail from production control through payment to CBP entry. If customs documents are prepared by a consultant, importers of record must receive copies and review them for accuracy prior to filing. Should a company be audited, entry declarations, transport documentation, certificates of origin, payment of taxes and other records must be provided to the CBP in a timely manner. Customs requires that specific records be kept for five years.

## **Partner with CBP** (Information and Communications)

When establishing or updating compliance import procedures, importers should refer to the Customs web site at [www.customs.gov](http://www.customs.gov) and Customs Electronic Bulletin Board. Partnerships can be formed with the CBP by participating in voluntary programs such as: C-TPAT, CSI, ISA, FAST, ACE and other initiatives.

## **State Compliance and Cost Goals** (Risk Assessment)

Even after procedures and processes are established, importers must conduct continuous risk assessment to identify vulnerabilities, analyze relevant risk and develop internal goals on how to manage risk. By conducting post-entry reviews and comparing results against established goals, importers can resolve control weaknesses in a timely manner.

Many books and templates can be purchased online to guide companies in creating a compliance manual. A third party consultant can also conduct an audit on your import processes and create a compliance manual that addresses your specific product compliance requirements.

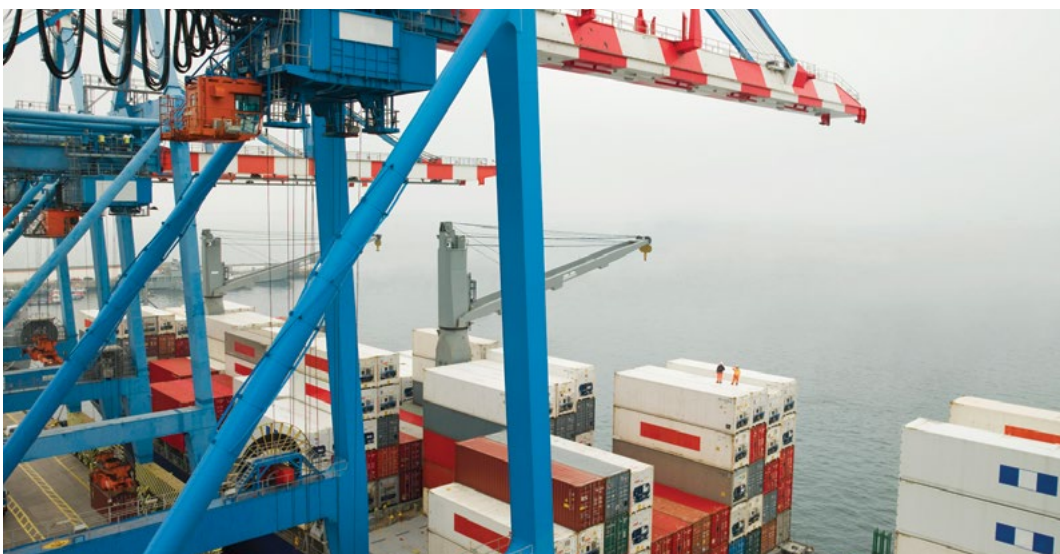
## V. Compliance Manual

A compliance manual that outlines policies and procedures associated with the import of every product will guide employees throughout the company in ensuring Customs compliance. In addition to outlining the daily responsibilities and activities performed by different departments, as well as outside consultants, the compliance manual should detail the company's overall compliance strategies regarding:

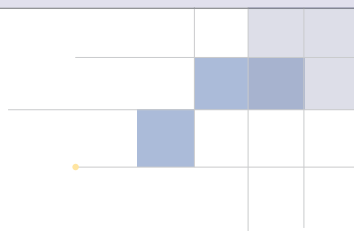
**Import Procedures** that address all compliance requirements to bring products through U.S. ports. These primarily involve product classification, valuation and required documentation. (See III. *Compliance Checklist*)

**Import Controls** that prohibit certain products from entering the U.S. such as Cuban cigars or goods made with child labor, restrict certain products into the country when quotas are met, and mandate specific product requirements imposed by different U.S. government agencies pertaining to product labeling, certification, packaging and documentation as well as country of origin markings. Identifying import controls relevant to imported products will help companies determine what and how much of a product can be imported as well as any special requirements associated with specific products.

**Recordkeeping Requirements** such as entry declarations, transport/storage documentation, tax paperwork and other documentation associated with every imported product. These records must be maintained in their original form (paper or electronic) for a period of five years and made available to CBP on demand for examination within a reasonable period of time. Failure to produce records can result in significant fines. (The precise list of records required can be found at 19 C.F.R. Section 163(a)(1)(A), commonly referred to as the "(a)(1)(A)" list).



Large multinational corporations often hire a licensed customs broker or trade compliance consultant as part of their own staff. Smaller companies with limited budgets often turn to import consultancy firms or third party logistic companies (3PL) to contract managed services.



## VI. Outside Expert Assistance

Importing products can be a daunting task, especially for small- to mid-sized companies with minimal logistic resources and outdated processing systems that are error prone and time-consuming. To ensure compliance, many shippers rely on outside experts who possess the in-depth knowledge of compliance regulations and processes as well as the systems and tools to efficiently manage compliance requirements, reduce errors and expedite information exchange among trade partners.

### Different third party resources are available to shippers:

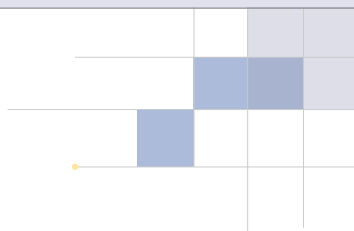
**Licensed customs broker:** Contracted to assist with customs documents, rules and regulations associated with reasonable care and fees related to imported goods, customs brokers help ensure goods are cleared through customs in a compliant and timely manner. While shippers can contract other outside experts to prepare documentation, customs brokers are the only third party that can file entry documentation on behalf of an importing client. As not all brokers can process entries at every U.S. custom ports, importers must ensure they hire the right customs broker to meet their requirements by checking their license, permit to import certain goods and other paperwork.

**Law firms** offer advice on a variety of custom topics including all aspects of reasonable care, negotiate broker contracts and manage broker activities, conduct training classes and guide shippers in creation of import policy and procedure manuals. Some law firms specialize in providing legal services associated with seizures and forfeitures related to imported products.

**Consultancy firms or third-party logistics providers (3PLs)** offer a range of managed services from assessments of current compliance programs, establishment or update of best practices, broker management, recordkeeping, process systems and internal controls, regular audits as well as import compliance training. These consultants offer hands-on service in managing specific aspects of compliance for a shipper or can handle an entire compliance program.

When using any type of outside expertise, importers should discuss their import program in detail, providing complete and accurate information about import transactions. It is important to establish what a consultant can do and who is going to manage specific tasks to form a successful partnership.

**While virtually every 3PL touts expertise in import compliance, those that specialize in an importer's specific industry can provide the most benefits.**



## VII. Benefits Offered by 3PLs

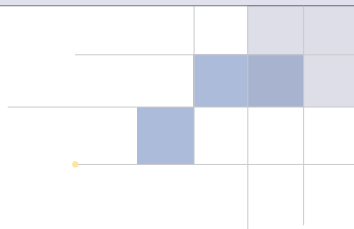
A 3PL can combine compliance expertise with the latest web-based technology to help importers avoid the risk of non-compliance and reduce logistics costs. A compliance solution, supported by an web- or SaaS-based Transportation Management System (TMS), can dramatically improve processes, accuracy and efficiency related to import compliance without requiring any software or hardware investments by companies. In addition to streamlining operations by integrating multiple locations, the TMS can automate communications with trade partners, recordkeeping and other tasks associated with compliance so companies can operate more effectively and efficiently to reduce costs, improve operational methodologies and enhance relationships with Customs.

Depending upon an importers level of need, a 3PL can manage different compliance tasks from classifying products, ensuring reasonable care and determining benefits from Free Trade Agreements to customs clearances, audits and broker management. A 3PL goes a step further than just providing advice by offering international supply chain management solutions that reduce expenses and improve regulatory and security program compliance.

**Services offered by a 3PL can be very comprehensive and include:**

- Classification and maintenance of product database
- Valuation and reconciliation of entries
- Updates on compliance rules
- Automated Broker Interface
- Determining landed costs and identifying duty savings opportunities
- Establish Compliance Checklist
- Training all departments – receiving, purchasing, warehousing
- Choosing brokers/agents
- Obtaining licenses
- Audit: review establish systems as well as compliance manual
- Data and document management and reporting
- Import Compliance Manuals
- Day to day assistance

**While many good 3PLs exist in the market, not all are primarily transportation experts, offer state-of-the-art technology, and/or hire, train and retain operations staff with significant industry experience.**



Importing chemicals is very different from importing 20 electronics. The provider's operational staff should possess significant experience and training in the proper and safe management of an importer's type of product. For chemical transportation, for example, the staff should have knowledge of bulk and/or hazardous shipping.

An outsource should understand compliance regulations pertaining to specific product importation with different countries as well as the United States to assure a smooth transport of product into the country. They should assist in identifying product categories to ensure proper labeling and containment during shipment. This is especially critical for products identified as hazardous.

**Virtually no 3PL is an expert in every single industry. And only the very best are ready or willing to adjust and adapt their solution to best fit customers' needs, with an eye toward doing it even better tomorrow.**

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## About CLX Logistics

CLX Logistics is an international provider of comprehensive logistics management and technology services that together with its supply chain consulting resources enable its clients to improve performance and drive economic value. CLX Logistics is committed to solving our customers' logistics challenges through proven expertise, best-of-breed technology and a high-touch, service-oriented approach to deliver value that is both measurable and sustainable. For more information, email [information@clxlogistics.com](mailto:information@clxlogistics.com), or call 215-461-3800.