International Small Parcel Shipping Tips

Knowing the rules for importing and exporting is very important for all international small package shippers. Regulation falls under the US Code of Federal Regulations titles: 15 (Exports), 19 (Imports) and 22 (State Department).

Export Regulations and Restrictions

The US restricts exports for a variety of reasons. High-technology items such as high-speed computers and related software may need an export license from the US Bureau of Industry and Security (BIS). Certain products are restricted from export because they are in short supply or related to nuclear or military technology. Two important references are Title 15 of the Code of Federal Regulations (CFR) and Title 22, the International Traffic in Arms Regulations (ITAR). You can find the US Code of Federal Regulations online at www.access.gpo.gov/nara/cfr/cfr-table-search.html#page1.

Export/Import Value

All items you ship must have a value called the "transaction value." Listing "no charge" is not acceptable in international shipping. Title 19 CFR contains specific rules to calculate import invoice value. In general, the invoice value should be the price that your company will be paid for the item plus additions for any commissions or royalties you might be paid after the fact. If you will not be paid for the item, you should use the purchase cost of the item or the cost to produce the item plus the normal profit assigned by your company.

US Import Regulations and Restrictions

Title 19 CFR spells out restrictions on US imports. Restrictions are not as stringent on shipments valued at less than $2,000, which are generally allowed entry into the US as informal entries. Any items valued over $2,000 require an entry bond and must be cleared by the importer or a licensed US Customs broker. All import shipment documents must identify the country of origin, harmonized classification and value of the goods. All imported items must be marked with the country of origin. If you are importing regularly, we recommend development of an import compliance program.

Country of Origin

The country of origin means "where the item being shipped was produced, manufactured or grown, not where it shipped from." The country of origin of merchandise affects what duty rate is applicable. Rules of application and interpretation vary on country of origin depending upon the applicable trade agreement (e.g. NAFTA). In general, imported and re-exported items must undergo a significant change to change country of origin.

Harmonized Classification

The harmonized classification is a 10-digit number that is associated with a particular commodity or group of commodities. Some countries use only the first six digits, and some use more than 10. Classification of your merchandise assists the government in keeping records for international trade statistics and for regulating which imported goods receive higher or lower duty rates. Each classification is assigned a particular rate of duty. The general rules for classification appear in the front pages of the Harmonized Tariff Schedules of the United States and are available online at www.usitc.gov/tata/hts/bychapter/index.htm. ■

TOM M. STANTON is an International Logistics Analyst with AFMS, LLC. He can be reached at tom.stanton@afms.com or 800-246-3521.

Foreign Import Regulations

Most "Western" nations are signatory to trade agreements with the United States. The "transaction value" of the exported goods is the value for Customs defined in these agreements. Before shipment to a foreign country, complete an export invoice showing the country of origin, harmonized classification and value of the goods shipped. I recommend sending the export invoice by fax to the foreign customs broker for review. There may be unique destination country marking requirements for certain electronics, foods, cosmetics, apparel and the like. China has some unique marking requirements for electronics.