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Logistics | BUYING POWER

INTERNATIONAL SHIPPING - The information you need and where to get it.

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The Goal of Successful International Shipping

To manage the procurement of goods from international sources

- By managing the risks and rewards
- Shifting the liability to the vendor/exporter
- Controlling freight costs
- Manage the process

What is International Shipping?

- **Importing – Estimated to represent over 70% of the global supply chain**
- **Exporting – Almost all exporters have return goods or import raw materials**
- **The importer or exporter may not be the buyer or the seller**
- **International shipping is a unique discipline**



Benefits of Managing International Shipping

- Many importers want to take the easy way out
- Lose control of your costs and freight
- Prepaid and add freight can be a profit center for vendors
- Vendors don't always pass along freight savings
- Taking a proactive approach results in lower procurement costs



Importing 101-Air versus Ocean

Four factors impacting Imports:

- Cost
- Time Sensitivity/Delivery Requirements
- Nature of Product Size and Size of Orders
- Customer Needs, Origin and Destination Locations



Three Major Players in the Import Process

- **The Importer of Record**-The person or party who is responsible for duties and penalties to Customs
- **U.S. Customs Service**-A division of the Department of Homeland Security
- **Customs Broker**-Person or party licensed by the Department of the Treasury to “conduct” business on behalf of the Importer

Terms of Sale

International Commercial Terms-Incoterms – similar to domestic F.O.B. terms

- Established by the International Chamber of Commerce every 10 years
- Last update was in 2000

Four Term Categories:

- E Terms-Seller makes the good available at seller's facility
- F Terms-Seller required to deliver goods to buyer's carrier
- C Terms-Seller contract carriage, but does not assume risk
- D Terms-Seller is responsible for all costs and risks

EASY INCO

Interpretation of the 2000 INCO Terms (Defines Seller and Buyer Risk and Cost)

Incoterms and Services	EXW Ex Works	FCA Free Carrier	FAS Free Alongside Ship	FOB Free on Board	CFR Cost and Freight	CIF Cost, Insurance, & Freight	CPT** Carriage Paid To	CIP** Carriage & Insurance Paid	DAF Delivered at Frontier	DES Delivered ex Ship	DEQ Delivered ex Quay (duty paid)	DDU Delivered Duty Unpaid	DDP Delivered Duty Paid
	named place	named place	named port of destination	named port of destination	named place of destination	named place of destination	named place of destination	named port of destination	named place	named port of destination	named port of destination	named place of destination	named port of destination
warehouse storage at point of origin	SELLER	SELLER	SELLER	SELLER	SELLER	SELLER	SELLER	SELLER	SELLER	SELLER	SELLER	SELLER	SELLER
warehouse storage at point of origin	SELLER	SELLER	SELLER	SELLER	SELLER	SELLER	SELLER	SELLER	SELLER	SELLER	SELLER	SELLER	SELLER
export packing	SELLER	SELLER	SELLER	SELLER	SELLER	SELLER	SELLER	SELLER	SELLER	SELLER	SELLER	SELLER	SELLER
loading at point of origin	BUYER	SELLER	SELLER	SELLER	SELLER	SELLER	SELLER	SELLER	SELLER	SELLER	SELLER	SELLER	SELLER
inland freight	BUYER	BUYER	SELLER	SELLER	SELLER	SELLER	SELLER	SELLER	SELLER	SELLER	SELLER	SELLER	SELLER
port receiving charges	BUYER	BUYER	SELLER	SELLER	SELLER	SELLER	SELLER	SELLER	SELLER	SELLER	SELLER	SELLER	SELLER
forwarding fees	BUYER	BUYER	SELLER	SELLER	SELLER	SELLER	SELLER	SELLER	SELLER	SELLER	SELLER	SELLER	SELLER
loading on ocean carrier	BUYER	BUYER	BUYER	SELLER	SELLER	SELLER	SELLER	SELLER	SELLER	SELLER	SELLER	SELLER	SELLER
ocean freight	BUYER	BUYER	BUYER	BUYER	SELLER	SELLER	SELLER	SELLER	SELLER	SELLER	SELLER	SELLER	SELLER
charges in foreign port	BUYER	BUYER	BUYER	BUYER	BUYER	BUYER	SELLER	SELLER	SELLER	BUYER	SELLER	SELLER	SELLER
delivery charges to final destination	BUYER	BUYER	BUYER	BUYER	BUYER	BUYER	BUYER	BUYER	BUYER	BUYER	BUYER	SELLER	SELLER
customs duties and taxes abroad	BUYER	BUYER	BUYER	BUYER	BUYER	BUYER	BUYER	BUYER	BUYER	BUYER	SELLER	BUYER	SELLER

** Risk of loss or damage is transferred from seller to buyer when the goods have been delivered to carrier.

Key to Successful Importing

A top-notch Customhouse Broker

- Acts as the agent for the Importer
- Is licensed by the Treasury Department
- An Importer is not required to use a licensed Customs Broker

What are Some of the Duties of a Customhouse Broker?

- Clears goods through the border for a fee
- An extension of U.S. Customs to uphold import laws and regulations
- Collects and remits duties and taxes for Customs
- Acts as a legal advisor on tariff law
- Help iron-out issues or problems between U.S. Customs and Importers
- Assist in selection of ocean ports
- Required by law to maintain a valid custom's power of attorney from the Importer

How to Select a Customhouse Broker

- Find a Customhouse Broker that fits your size
- Extreme care should be taken to insure that the Broker is qualified, dependable and reputable
- They must be Automated Broker Interface (ABI) compliant and have current operating software package
- Verify that the operations staff has licensed support personnel with experience in valuation issues

Key Website Contacts

- Bureau of Customs & Border Protection (CBP)
www.cbp.gov
- Location of a Port of Entry-Air, Land or Sea
www.cbp.gov/xp/cgov/toolbox/contacts/ports/
- Basic Importing and Exporting
www.cbp.gov/xp/cgov/trade/basic_trade/
- International Trade Association- www.trade.gov

THANK YOU!