



SANDLER, TRAVIS & ROSENBERG, P.A.
Customs & International Trade Law

Requerimientos, updates y recomendaciones para la exportación e importación de confecciones a EE.UU.

Capacitación Pre Feria PERUMODA 2015

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Tom Gould, LCB, CCS

- Senior Director, Customs and International Trade
- Licensed Customs Broker
- Certified Customs Specialist
- Customs and International Trade Consultant
- Member
 - President – Foreign Trade Association
 - California Fashion Association
 - Los Angeles Customs Broker Association
 - Customs Trade Support Network – Leadership Council
- Leading expert in the design and management of simple, easy to use and compliant import programs, with a special emphasis on apparel and duty free claims





Agenda

- US Government Requirements
- Import Process
- Documents
- Marking and Garment Labels
- Importer of Record
- Enforcement
- Resources
- **United States – Peru
Trade Promotion Agreement**
- Questions



US Government Requirements

- HTS classification
 - Garment description detailed for classification
 - 10 digit code 6109.10.0040 – Women’s cotton t-shirt
- Value
 - Price paid or payable
 - Plus
 - Commissions – selling vs. “bona fide buying commissions”
 - Royalties
 - Assists (fabric, trim, molds...)
 - Proceeds of subsequent sales
 - Packing costs
 - If not included in the price
 - Usually from the commercial invoice
- Country of Origin
 - Generally the country of sewing





Import Process

- Bond
 - Continuous or single
 - From your US Customs broker
- Importer Security Filing
 - ISF or 10+2
 - Before merchandise loaded into the container
- Entry or Release
 - Filed by broker
 - Required to pick up merchandise from the port
- Entry Summary
 - Payment of duties
 - Within 10 days after release





- Invoice
- Packing List
- Bill of Lading
- Licenses, Permits Certifications, etc.
 - Generally not required
 - Certificate of Origin – required for duty free claims
 - Single or Multi Country Declaration no longer required
 - Sewing factory information must be divulged to broker/importer/Customs, normally on the invoice



Marking and Garment Labels

- Customs
 - Country of Origin
 - Usually the country of sewing
- Federal Trade Commission “FTC”
 - Fiber content
 - Generic name for man-made fibers
 - Identification of Manufacturer, Importer or Other Dealer
 - RN
 - Care instructions
 - Country of Origin
- Optional
 - Size
 - Trademark
 - Style, Cut, PO Number...
- Mechanics of Labeling
 - Must be legible
 - Sewn in label or printed information
 - Center back of neck

55% polyester
45% cotton
Size 10
Made in China
RN00001

100% Cotton
Exclusive of
Decoration
Machine Wash Warm
Tumble Dry Medium
Warm Iron

Comforter Filled, Sewn
and Finished in USA
Shell Made in Malaysia

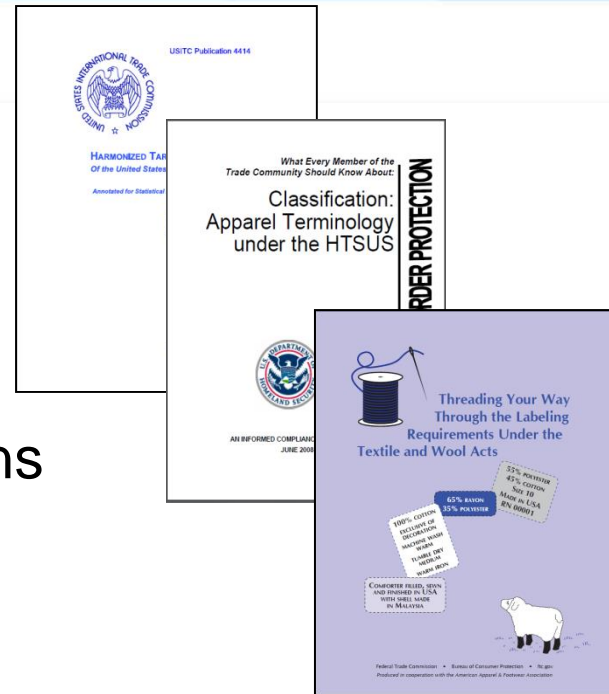
- Customer as Importer
 - FOB or CIF transaction
- Set up US Company to be the Importer
 - DDP foreign company is importer
 - Value may be questioned by Customs
- Import as a “Foreign Importer of Record”
 - Allowed in the US
 - Must name customer as “consignee” on documents
 - Value may be questioned by Customs
- Importer is responsible for
 - Duty payment
 - All Customs formalities



- **Importer responsible for:**
 - Customs holds and exams – including payment
 - Penalties
 - Requests for Information
 - Notice of Action
- Reasonable Care
- Informed Compliance



- HTSUS
 - <http://www.usitc.gov/>
- US Customs web site
 - Informed Compliance Publications
 - Rulings – CROSS
 - www.cbp.gov
- Federal Trade Commission
 - Threading Your Way Through the Labeling Requirements Under the Textile and Wool Acts
 - business.ftc.gov
- Broker or Forwarder



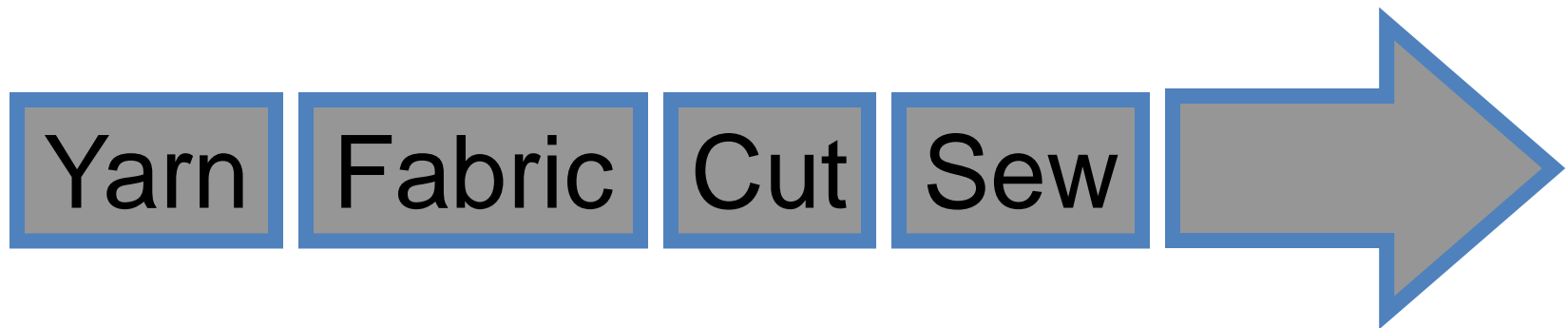
United States – Peru Trade Promotion Agreement





Fabric Forward Rule of Origin

- *Yarn Forward* requires yarn and fabric from the Parties, and all operations forward to make the finished good to occur in the territory of the Peru or the US, but the fibers may be from anywhere.





Additional Rules or Flexibilities

- Component that determines classification
- Visible Lining
- Narrow Elastic
- Sewing Thread
- Pocketing
- Sets
- Direct Importation Controls





Component that Determines Classification

The relevant tariff shift requirement for the good shall only apply to the component that determines the tariff classification





Visible Lining

Certain fabrics, when used as visible lining material in overcoats, anoraks, suits, jackets, skirts and similar articles, must be formed in Peru or the US (fabric forward)





Narrow Elastic Fabric

Narrow elastic fabrics (5806.20 or 6002) must be formed and finished in the Parties (fabric forward).





Sewing Thread

Sewing thread must be formed and finished in the territory of one or more of the Parties.



Pocket bag fabric must be formed and finished in the Parties from yarn wholly formed in the Parties (yarn forward).

- Not patch, cargo or shirt pockets



- Goods put up in sets for retail sale as provided for in GRI 3 of the HTS
- Each product in the set must originate
- Total value of the non-originating goods in the set may not exceed 10% of the adjusted value (FOB value) of the set

E.g. baby sweater, hat & sox



Direct Shipment

Goods must be imported directly from the territory of another party and may not be subject to subsequent processing outside the territory of the parties.





Flexible Short Supply

- Can use certain yarn/fabric from outside the Parties
- OTEXA website for lists of materials
- Incorporates former designations under NAFTA, CBTPA, AGOA and ATPDEA plus others
- Procedure to put new items on the list and remove items
- HTSUS 9822.06.20



Flexible Short Supply

Portion of Garment that Must Meet Rule: Fabric of outer shell exclusive of collars and cuffs...

Watch whether spandex (elastomeric yarn) has to originate even if in foreign short-supply fabric.



- Garment Peru TPA Certificate
- Garment specification sheet
 - Fabric style number
 - Fabric manufacturer
- Yarn “affidavit” or Peru TPA Certificate
- Fabric “affidavit” or Peru TPA Certificate
- Visible lining “affidavit” or Peru TPA Certificate
- Garment bill of lading



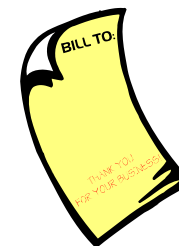


Peru TPA Certification

- Importer's name, address (plus country), phone, and e-mail;
- Exporter's name, address (plus country), phone, and e-mail;
- Producer's name, address (plus country), phone, and e-mail;
- Description of good;
- HS Classification to 6 digits or more;
- Blanket period or identification of shipments covered;
- Certifying Statement and number of pages;
- Signatory's name, address (plus country), phone and email;
- Signature of **importer, exporter or producer**
- Date
- Applicable rule of origin from GN32:
 - *GN 32 (b)(i)* = wholly obtained or produced
 - ***GN 32(b)(ii)(A), Chapter No. and Rule No.* = tariff shift**
 - *GN 32(b)(ii)(B)* = RVC or other requirement
 - *GN 32(b)(iii)* = produced exclusively of originating materials

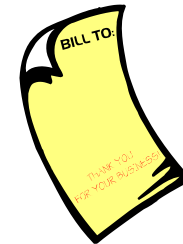
Best Documents

- **Invoice from yarn manufacturer to fabric manufacturer**
 - yarn style number
 - yarn description consistent with other documents and fabric produced from yarn
 - colors & quantity
 - Date
- **Transportation document for relevant yarn invoice to fabric maker**
 - Description
 - Date
- **Proof of payment to yarn producer**



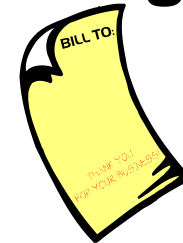
Best Documents

- **Invoice from fabric manufacturer to apparel maker**
 - Fabric style number
 - Fabric description consistent with other documents and garment made from it
 - Fabric colors & quantity
 - Date
- **Bill of lading for relevant fabric invoice to garment maker**
 - Description
 - Date
- **Proof of payment to fabric producer**

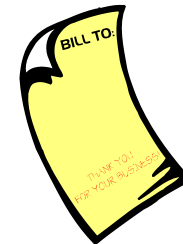


Best Documents

- **Invoice from visible lining manufacturer to apparel maker**
 - Fabric style number
 - Fabric description consistent with other documents and garment lining specifications
 - Fabric colors & quantity
 - Date
- **Bill of lading for relevant visible lining invoice to garment maker**
 - Description
 - Date
- **Proof of payment to visible lining producer**



- **Cutting**
 - Dates & quantities
- **Sewing**
 - Dates & quantities
- **Direct Shipment of finished goods to importing country**





Questions

Thank You

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