

The J-Report

Information and News from the World of Compliance and Logistics

John S.
James Co.

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Export Argentina Takes Tougher Stance on Imports

Effective February 1, 2012, all cargo imported to Argentina will require an added step in the process that could translate into longer lead time for the exporter. The AFIP, or the Federal Tax Administration in Argentina will now require importers to submit purchase orders, other legal documents and sworn statements prior to any booking request of cargo or before purchase orders are confirmed and paid. This process is estimated to take approximately 15 days but only time will tell how long it will really take. For many exporters, it may mean that there is no change in the way that business is currently tendered to the consignee. For some of you who may route shipments beyond the port in Argentina, or even have regular scheduled shipments; you will want to consider talking with your consignee to see how this may affect the processing and flow. Although no information is available upon this writing in regards to the potential penalties associated with non compliance, there are existing provisions and statutes in place that constitute cargo holds, re exports or destruction orders if cargo isn't cleared through Argentine Customs. Furthermore, the demurrage alone can add up quickly.



The Infant Industry Argument...

International Trade and Economics are interrelated topics and come to the forefront of discussion for future growth and strategy of any nation. History has shown many examples of protectionism and even the U.S. isn't immune. Anyone remember studying "Social Darwinism"? The one critical aspect of protectionism that no one has been able to conclusively confirm is whether it truly works or it doesn't. From a practical standpoint, a domestic industry may need insulation from foreign competitors in order to achieve better economies of scale. That insulation comes in the form of tariff and/or non tariff barriers. So, either hike up the rate of duty or use an intensive bureaucratic process to discourage importing. Argentina chose the latter. This fosters the notion that an industry has the potential to launch, compete domestically, innovate and then compete globally. Argentina's neighbor, Brazil used protectionist measures to bolster its economy and now, the entire world has its sights on the nation, along with the other BRIC economies. Only time will determine if this new measure achieves its desired result. The new rule has drawn criticism from Argentina's manufacturing sector that relies on imported material to create more value added outputs.



IMPORT Food Safety Modernization Act (FSMA)

Visit the FDA Website:

Get the latest information available about the FSMA including the FDA’s progress reports, dockets that are still open for comment and so much more!

www.fda.gov/fsma



Preventions Standards Mandates Section 103 of the FSMA:

Evaluate hazards that could affect food safety

Identify and implement preventive controls to prevent hazards

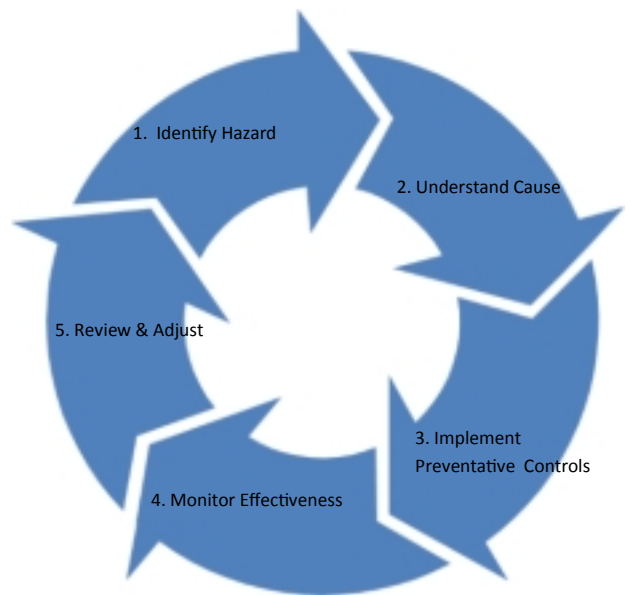
Monitor controls and maintain monitoring records

Conduct verification activities

As many of you may remember, the FSMA was featured in two previous newsletters. From March and November of 2011. In the very first article, it was mentioned that some of the legislation would take effect immediately while other portions would become effective with the passage of time. Well, one year has passed since the FSMA has become law. Most of the immediate activity was in the hands of the FDA as the organization would now be tasked with an extraordinary level of training, compliance and inspections preparation. There is an entire section of the FDA’s website that is dedicated to the FSMA and it contains a multitude of beneficial information to the importer. The market forces show an ever increasing number of imported food and the preventative measures that currently exist (FDA prior notice, Customs exams, etc.) will not be enough to fulfill the FDA’s mission of food safety to the consumer.

For those of you that are C TPAT certified, you already have a leg up due to the security and verification requirements cited in your risk assessment. In fact, section 301 of the Act, which covers elements of the “Foreign Supplier Verification Program” requires importers to verify their suppliers use risk based preventive controls that provide same level of protection as U.S.

requirements. If there are some of you that are not yet familiar with the FSMA, its requirements and the implications of your import supply chain, take the time necessary to read up and ask questions. The FDA will conduct compliance audits both domestically and internationally. The diagram above is a very simple and general way to tackle the preventative control aspect of the FSMA.



None of us would ever plan to fail, but we sometimes fail to plan. Don’t fall into this category. We highly recommend that you read the FAQ section of the FSMA portion of the FDA Website. Other parts of interest to you may be....

Section 301 Foreign Supplier Verification Program

Section 302 Voluntary Qualified Importer Program (*Allows for expedited review & entry*)

Section 306 Inspection of Foreign Food Facilities (*Can deny entry if FDA access for inspection is denied*)

EXPORT New Advanced Manifest Rules: Turkey & South Korea

How many of you exporters remember the commencement of the EU Advanced Manifest Rule in early 2011? You may recall some apprehensive feelings at first due to the fact that carriers required an even earlier documentation cutoff due to electronic pre filing of certain data prior to your shipment even loading on the vessel here in the U.S. It may have taken a few shipments for you to get accustomed to the earlier flow of information but eventually it becomes an organized, regular process. Both Turkey and South Korea are the latest to announce Advanced Manifest Rules. Turkey's advanced manifest rule went into effect on January 1st. South Korea's has been in effect since December of 2011, with a suspension of penalties until June 12, 2012. Since the Air/Ocean carrier is primarily responsible for transmission of data to these countries you may not have seen any extraordinary changes in your regular shipments other than earlier document cut off times. It is required that any required reporting data must be transmitted 24 hours prior to vessel loading in the U.S. Some important themes you should be aware of that have been detailed in the Korean Manifest Rule are the descriptions of the merchandise listed on the B/L. First, Korean Customs advises that no "meaningless numbers or marks" should appear in the goods description such as, "0, 1, 11, A, AB, %,\$,#,@, etc." Second, more descriptive terms must be used in the cargo description. For instance, instead of, "Chemicals, non hazardous" the acceptable term would be the actual chemical name and not the brand name. The term "Electronics, Flooring, Machinery, etc." should be replaced with more leading descriptions such as, "Consumer Electronics, Marble Flooring, Metal Working Machinery, etc." Your descriptions should be detailed, precise and specific regardless of the particular region of the world where you may export.

EXPORT Documentation Accuracy is Vital...

Since many nations are adopting a pre export targeting strategy, export documentation is now more important than ever. Not only can a paperwork anomaly be the most avoidable trigger for potential exams, carriers will likely charge the exporter for any corrections due to the fact that this data must now be transmitted electronically to the foreign Customs Authority.

When documentation is passed to the Freight Forwarder, it is extremely important that those documents meet the requirements of the destination country. For instance, with the advent of the **EU24 hour manifest rule**, the first 4 to 6 digits of the Schedule B# must be listed on the invoice(s), so this information can be reported on the Bill of Lading. **Brazil** requires the 8 digit NCM (HTS#), the CNPJ, and a myriad of other unique documentation requirements in order to fulfill obligations for successful SISCARGA transmission and pre arrival documentation procedures with Brazilian Customs. The **UAE** requires a sworn statement with the exporters' signature on the invoice that declares the true country of origin. For merchandise with foreign components the statement must reflect the each country of origin and its respective percentage rate of component material. Most specialized documentation requirements that must appear on the invoices are due to the fact that the same data must be available on the bill of lading. Contact your dedicated John S. James Co. account representative for details regarding destination specific documentation.

[Guidance on the Advanced Manifest Rules:](#)

Click on the hyperlinks below

[European Union](#)

[South Korea](#)

For information on other manifest rules please contact your dedicated export representative.



Advanced Manifest Rules

The World Customs Organization (WCO) adopted the SAFE framework standards.

A total of 164 countries have expressed intention to adopt WCO framework for standards to secure and facilitate global trade.

The terrorist attacks of 9/11 were the impetus of better framework to secure national borders

Brazil = SISCARGA

U.S. = "10 +2"

E.U. = ENS

Nigeria/Mail = Container

Tracking Note (CTN)

Advanced Manifest rules in place for...

Canada, Mexico, China, South Korea, Turkey, Australia and more

Trade News Check Your HTS and Schedule B #'s

While the Harmonized Tariff Schedule of the United States can be updated periodically throughout the year, those instances are few and far in between and are very specific. What makes this time of year so important is that changes may appear throughout the HTS on a variety of items. What makes this particular year so important is that it contains the proposed modifications to the Harmonized Commodity Description and Coding System, traditionally revised by the World Customs Organization every five years. In 2007 the Harmonized Tariff Schedule went through a similar update. If you are still using the same HTS or Schedule B#'s, don't panic, the updated tariff schedule isn't effective until February 3rd, but now is the time for you to look at your numbers and make any necessary changes or updates. You may have the very same number and descriptions you've had prior. Perhaps you may find that the reporting units have changed. Maybe there is more detail to your particular section of the tariff that creates more descriptive elements for proper classification. Check with your dedicated account representative if you need access to the HTS.



John S. James Co. Employee Spotlight



This month we would like to introduce you to **Savannah** employee, Fred Baughn. Fred was born in Chambersburg, PA and at the tender age of just a few months old; he and his mother were on a plane to Fairbanks, Alaska where his father served our Military. After a couple of Alaskan winters, his father retired from his military service and they moved to the sunny, warm and beautiful city of Savannah, Georgia and has been there ever since. Fred was on course to become an accountant but took one international business course and found that it ignited his long loved fascination with cultural diversity. So, he decided to change his major and earned his Bachelor's in business from Georgia Southern University. Upon his graduation, he began working in the Freight Forwarding sector doing exports and the business got into his blood. He has also had experience working with a steamship agency and diversified his experience handling imports, exports and traffic for multiple steamship lines. While working, he went to school at night and earned his MBA. Shortly thereafter, Fred arrived at John S. James Co. and he has been working here ever since. If you ask him, I'm sure that he'll say the 19 years in the business have flown by pretty quickly. During this marvelous tenure in the industry, Fred has even mentioned, "Name a country, there's a good chance I have exported to it". He loves the fact that in a matter of one day he can interface with individuals all over the country as well as in Latin America, the Far East, and Europe. Not many people can say that about their job. Remember to tell Fred that you read about him and some other great articles in the J Report!

John S. James Co. Employee Anniversaries

We would like to acknowledge the contributions of the following JSJ employees, wishing them a happy anniversary in January

Terri Bennett	30 yrs	David Bryant	9 yrs
Heather Tomlinson	18 yrs	Lenora Moore	7 yrs
Fred Baughn	15 yrs	Brian Gary	1 yr
Roger Byrd	15 yrs	Stacy Grashel	1 yr

