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Date: November 6, 2012
From: Your freight forwarder
To: All freight forwarding customers
Subject: Export Rules and Regulations

I would like to start by thanking you for considering us as your freight forwarder. To comply with export documentation and shipping requirements many shippers/exporters turn to freight forwarders who can assist with how to move goods using the most cost efficient method of transportation. http://export.gov/logistics/eg_main_018128.asp

We have been exporting goods throughout the globe for nearly 30 years. We have a bilingual staff fluent in English and Spanish. We have experience handling palletized cargo, full loads, vehicles and special equipment. We also offer a variety of services including letter of credit processing and insuring shipments.

Below is a brief summary about the U.S. Customs regulations for the transport of goods outside of the United States. Please feel free to visit the links provided for additional information.

Export 101

It is imperative that anyone (company or individual) selling to a party outside the contiguous United States be informed of rules and regulations governed by the U.S. Department of Commerce which includes the Federal Trade Division (FTD) of the U.S. Census Bureau, U.S. Customs Boarder Protection, and the export trade community. <http://www.bis.doc.gov/licensing/exportingbasics.htm>

Please be advised that selling goods "exworks" or FOB Factory does not exempt the seller from responsibilities and liabilities involved in the export of the merchandise.

Goods valued over \$2,500 must comply with reporting requirements dictated by the U.S. Census Bureau. Since June of 2008 the Dept. of Commerce mandates filing export information through the Automated Export System (AES) or AESDirect for all shipments requiring a Shipper's Export Declaration (SED). The system is designed to replace the paper SED with the Electronic Export Information (EEI) transmitted electronically. <https://www.aesdirect.gov/support.html>

Shipments to Puerto Rico, the U.S. Virgin Islands and the former Pacific Trust Territories require an EEI even though they are not considered exports (unless each Schedule B item is under \$2,500).

Exporter of Record

According to the Federal Trade Regulations the exporter of record is defined as the **U.S. Principal Party in Interest (USPPI)** which is the person in the U.S. that receives the **primary benefit monetary** or otherwise of the export transaction. The USPPI can be U.S. seller, wholesaler, distributor or manufacturer. A more detailed description of the definition can be found on the U.S. Census web site listed below.

It is the responsibility of the USPPI to submit the EEI, directly through AESDirect or authorizing a freight forwarder to submit it on their behalf. If it is a routed shipment, the USPPI must provide the

information to the forwarder designated by the foreign buyer.
<http://www.census.gov/foreign-trade/regulations/index.html>

Shipper's Liabilities: Ocean bill of lading

If you are the "Shipper" on an ocean bill of lading you will be bound by the terms and conditions associated with the carrier's ocean bill of lading. As such, there are potential liabilities that the shipper and consignee might incur should there be any damages or loss to your shipment. Insuring (by the shipper or consignee) the shipment will cover the majority of liabilities associated with the carrier's terms and conditions.

The terms and conditions are on the back of every ocean bill of lading. After the sailing a copy of the ocean bill of lading will be provided to you as proof of export for your records.

Routed Transactions (when buyer handles the export)

If the buyer/consignee/customer outside of the U.S. is responsible for the export, this transaction is considered a "Routed Shipment". In a routed shipment, the USPPI is responsible for providing the freight forwarder in the U.S. (designated by the buyer) with all of the information required for the completion of the Electronic Export Information or EEI. This includes providing the EIN number, value of merchandise, contact name, telephone, and physical address of the USPPI. ***Refusing to provide this information will cause the shipment to be delayed and will not be boarded on to any ocean vessel or aircraft.***

Wood Packaging Requirements (ISPM 15)

If you are using wood to crate or package your shipment for export you must also comply with the wood packaging rules that state you must use heat treated or fumigated wood and it must be properly stamped/labeled certifying treatment. For more information regarding ISPM 15 visit the website listed below.

http://www.aphis.usda.gov/import_export/plants/plant_imports/wood_packaging_materials.shtml

Transit Time

Please be advised that unless you are paying for guaranteed service we cannot promise an exact time in transit for goods shipped ocean or with a commercial aircraft. If you require a shipment to be delivered by a specific time we recommend using a guaranteed service level. Standard service offers a competitive low cost because it utilizes routes that are cost efficient but not necessarily the timeliest.

Social Security Numbers

If you are someone who has always done business with a Social Security Number, effective December 3, 2009, you are required to obtain an EIN number in order to ship any commodity valued over \$2,500.00 outside the United States. To find out how to obtain an EIN go to:

<http://www.irs.gov/businesses/small/article/0,,id=98350,00.html>

Air freight shipments and "known shippers"

If you have an air freight shipment, please be advised as a result of the terrorist attack of September 11th, greater security measures have been implemented by the Federal Aviation Administration (FAA) and the Transportation Security Administration (TSA). Any individual or business that wants to ship items weighing over 16 ounces via a commercial carrier is required to become a known shipper. The Known Shipper database provides a systematic approach to assess risk and determine the legitimacy of shippers. Air carriers must comply with a broad range of specific security requirements to qualify their clients as Known Shippers. If you are not a known shipper, the availability of flights is limited because there are few exemptions that allow the transport of cargo from unknown shippers

on passenger aircrafts. This means that your airfreight shipment may have to wait for the next available cargo aircraft instead of passenger aircraft and therefore it will be difficult to estimate an accurate time in transit. If you are not a known shipper with a particular carrier, there are steps you can take to become a known shipper. For more information please call me and I will be glad discuss it with you.

Export controls enforced by the U.S. Department of Commerce include any and all shipments no matter the method of transport.

Please feel free to contact me with any questions you might have. I will be happy to answer your questions to the best of my ability or direct you accordingly.

Thank you.