

# Exporting to the United States: Requirements and Best Practices

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## Background – Nestor Scherbey

- ◆ Licensed U.S. Customs Broker since 1979 with National Permit and District Permits
- ◆ Foreign Trade Zone Manager, Volkswagen of America
- ◆ Director, Global Trade Operations, Amway
- ◆ Customs Committee Representative – AmCham Thailand
- ◆ Advised U.S. Customs on revisions of U.S. Customs Regulations governing Foreign Trade Zones and Customs Valuation
- ◆ Advised Office of U.S. Trade Representative on North American Free Trade Agreement Origin Rules (NAFTA)
- ◆ Advise USTR on TPP Customs Negotiations
- ◆ Developed Advisory Opinion documents for World Customs Organization (WCO) TCCV
- ◆ Experience with more than 100 customs audits, challenges and penalty cases in 51 countries

# What Are Key Elements For Success In Exporting To The United States Or To Any Country?

- ❖ Export development process for a company
- ❖ Research of foreign markets and distribution channels
- ❖ Strategic legal framework for trade and issues
- ❖ Export pricing, customs valuation, antidumping
- ❖ Tax transfer pricing issues if related parties
- ❖ Understanding very clearly and with certainty what destination country compliance requirements are for a company's products
- ❖ Global Logistics
- ❖ New developments and trends in the market - "store ready" is increasingly demanded by U.S. buyers

# Export Research - Develop an Export Marketing Plan

- ❖ Companies going global and exporters must invest time, efforts and resources to find out where market opportunities are, what the nature of each market is and, what the terms of market access are.
- ❖ They must be able to quantify the market opportunities available.
- ❖ Has your company established a budget and resources to export to new markets such as the U.S.?

# Export Market Research and Compliance Controls

- ❖ When researching “from product to market”, the accurate determination of an export product’s Harmonized System (HS) customs classification “code” or number is critical.
- ❖ The HS classification allows for market import volume research, together with countries of import supply.
- ❖ The HS classification will also be useful in estimating export values per unit to assist with development of export pricing, because U.S. trade statistics report FOB country of export values.

# Example of HS Query of U.S. ITC Dataweb for HS Code 21061000 at 8 digit level.

## ❖ US imports for consumption at Customs value for HTS8 21061000: by sources, in descending value of 2013 imports

❖ Source	2011	2012	2013		2014 Percent change		
❖ YTD2013- YTD2014							
❖ --thousand dollars--				Percent			
❖ of total	January-June						
❖					--thousand dollars--		
❖ All sources	\$ 24,232.2	\$ 31,085.2	\$ 37,353.4	100.0%	\$ 15,635.7	\$ 18,424.4	17.8%
❖ China	\$ 4,721.9	\$ 5,613.8	\$ 13,237.0	35.4%	\$ 4,415.3	\$ 4,501.8	2.0%
❖ Canada	\$ 3,196.9	\$ 5,383.7	\$ 8,405.5	22.5%	\$ 3,868.8	\$ 5,138.6	32.8%
❖ Germany	\$ 1,586.5	\$ 3,829.3	\$ 4,791.7	12.8%	\$ 1,747.6	\$ 3,121.8	78.6%
❖ Vietnam	\$ 132.3	\$ 39.1	\$ 27.7	0.1%	\$ 11.0	\$ 12.2	10.9%

❖ Go to: <http://dataweb.usitc.gov> and, to <http://www.usitc.gov>

## ■ Japan Exports & Imports Monthly by Ministry of Finance

Exp or Imp	Year	HS	Country	Unit1	Unit2	Quantity1-Year*	Quantity2-Year*	Value-Year*
2	2002	'000000011'	304		KG	0	1,762,892	643,549
2	2002	'000000019'	304		KG	0	973,728	12,453,413
2	2002	'000000099'	304		KG	0	41,248,635	181,966,673
2	2002	'010110121'	304		NO	0	27	5,398,112
2	2002	'010110122'	304		NO	0	46	1,197,700
2	2002	'010190110'	304		NO	0	2,252	1,217,013
2	2002	'010190122'	304		NO	0	235	4,637,155
2	2002	'010210000'	304		NO	0	129	348,943
2	2002	'010310000'	304		NO	0	47	19,512
2	2002	'010392020'	304		NO	0	141	67,803
2	2002	'010511000'	304		NO	0	115,514	121,097
2	2002	'010619011'	304	NO	KG	4,168	38,408	401,650
2	2002	'010619012'	304	NO	KG	17,348	8,126	151,267
2	2002	'010619019'	304	NO	KG	576	2,539	36,938
2	2002	'010619020'	304	NO	KG	143	568	3,091
2	2002	'010619041'	304	NO	KG	4,589	464	17,023
2	2002	'010619042'	304	NO	KG	164	16	3,151
2	2002	'010619043'	304	NO	KG	10,655	2,696	68,997
2	2002	'010619045'	304	NO	KG	780	117	4,449
2	2002	'010619049'	304	NO	KG	41,149	5,474	538,075
2	2002	'010619090'	304	NO	KG	529	2,250	30,093
2	2002	'010620010'	304	NO	KG	641,199	4,443	95,321
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# Export Research and Controls – Export Market Import Checklist

- ❖ What import product or commodity standards and certifications apply to your product?
- ❖ Is an interagency certification and registration process involved? If so, what agencies are involved and how may one reliable source know all of the requirements? What is the *sequence*?
- ❖ What are the customs duty costs, import logistics costs and related fees applicable to imports in the target market for customers?
- ❖ What compliance certification documents and other import documents are mandatory for importation and release of my products into the commerce of the target markets?

# Export Research and Controls – Export Market Import Checklist

- ❖ How do packing, labeling, country of origin marking and certification requirements and issues align for U.S. and multiple target markets purposes?
- ❖ What product adaptation decisions need to be made for market and sales reasons: e.g. do package sizes need to be changed for market price reasons or, a voltage adapter or electrical adapters provided for use of the products or, does the product need to be redesigned for special characteristics of the market?
- ❖ What are the other costs of importation and post-importation in the target markets including transport to a central or other warehouse and distribution facilities, handling, storage, resale fulfillment and delivery, etc.? What is the importer's total cost of sales and likely SG&A and profit on resale?
- ❖ How is the market price of the products determined and documented and what are the returns to import channel members.

## Export Market Size Estimation – Checklist of Questions and Data to be Researched and Analyzed

- ❖ At what price can the product be sold?
- ❖ Who are the major competitors in the U.S. marketplace and what are their marketing strategies?
- ❖ How can the product be promoted and distributed?
- ❖ What are the existing channel arrangements and relationships (importers, distributors, etc.)?
- ❖ How much will it cost to reach specific sales objectives?
- ❖ What are the usual business practices, including payment terms and conditions expected by customers?

# U.S. Import Compliance Standards and Agencies

- ❖ Country of Origin Marking – U.S. Customs and Border Protection (CBP)
- ❖ Antidumping and Countervailing Duties – U.S. International Trade Commission (USITC)
- ❖ Agricultural Commodities – U.S. Dept. of Agriculture and U.S. Food & Drug Administration (FDA)
- ❖ Consumer Products – Energy standards: U.S. Dept. of Energy. Safety standards: U.S. Consumer Products Safety Commission.
- ❖ Chemicals – U.S. Environmental Protection Agency (EPA)
- ❖ Electronic products safety – U.S. FDA
- ❖ Radio Frequency Devices – U.S. Federal Communications Commission (FCC)
- ❖ Foods, Drugs and Cosmetics – U.S. FDA
- ❖ Counterfeit Articles – U.S. CBP
- ❖ Textile, wool and fur products labeling – U.S. Federal Trade Commission (FTC)
- ❖ Motor vehicles – U.S. EPA and DOT

# Practical Considerations & Tips

- ❖ Communications with prospective foreign customers and promotion require quick and good e-mail responses to inquiries, export quotations, visits and effective interactions in English. A good rule is 24 hours maximum for responses, shorter is better.
- ❖ A good website is more important than brochures. Listings with B2B sites (Alibaba and others) and SEO optimization with search engines like Google is a must.
- ❖ Successful Example:  
<http://www.fruitsandgreens.com>
- ❖ Technical subject matter competence in product or commodity to be exported is a must.

# Thank You!

## For assistance, please contact:

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