

# FedEx Express U.S. Military Importing Best Practices

November 1, 2016

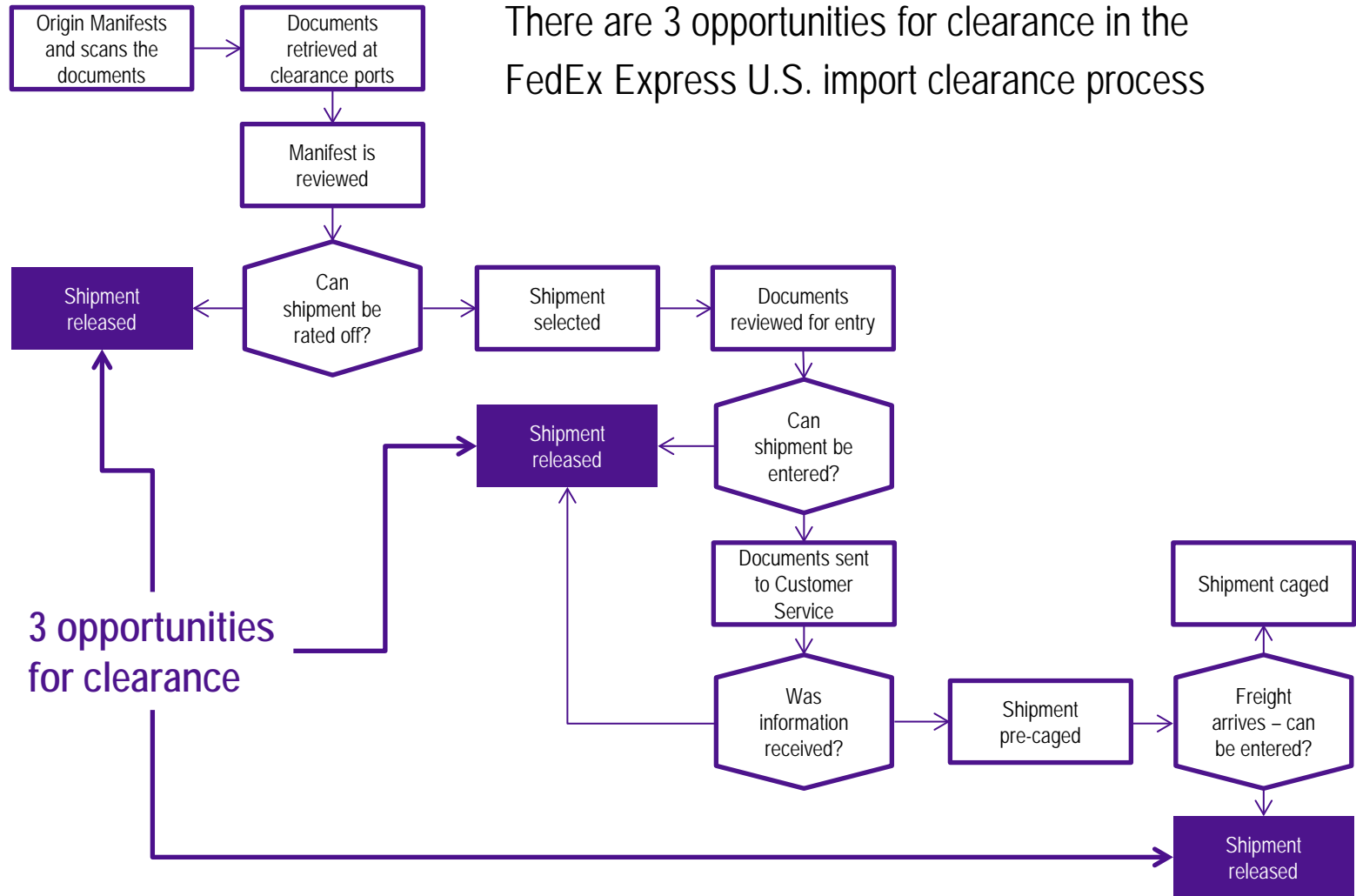
# Topics

- Insuring a good import experience
- Importance of descriptions
- Caged shipments – causes and prevention
- AGR – when and what to use
- Military Clearance Decision Tree



# High Level Clearance Process

There are 3 opportunities for clearance in the FedEx Express U.S. import clearance process



# Description of Your Product

A good description needs to answer the following questions:

- What is it?
- What is it made from?
- Where was it manufactured?
- What is its "intended use"?

Poor Description	Good Description
Hinge	Steel hinge for C-17 Globe Master belly compartment door
Part # L66 GX 12	Wiring console for AC-130 navigational system
Assembly	Rotor head assembly for Sikorsky H-60 helicopter
Door handle	Plastic door handle for CC-144 Challenger aircraft
A/C Tires	Used pneumatic rubber tires for MiG-29 aircraft
Screws	1500 count steel hex head 1/8" screws

## Tips:

- Invoice description provided must match Harmonized Tariff Schedule (HTS) code description
- Invoice should also indicate end use of goods, such as "Military Aircraft Parts" as applicable

# U.S. Military Entry Review

What type of entry is needed?

- Non Entry Release – the goods are shipped DIRECTLY to a division of the U.S. military on U.S. soil regardless of the product, shipper, or any other factor
- Broker Entry – the goods are shipped DIRECTLY to a private corporation
  - ✓ Shipments in express hubs are cleared by CBP Regulations (19CFR)
  - ✓ The "c/o" designation does not meet CBP requirements for AGR as it shows both a direct shipment to the US military as well as a contractor
  - ✓ Commercial consignments are broker entries

# U.S. Military Entry Review

## Handling the Non Entry Release for U.S. military imports

- Documents in shipment are submitted to CBP to execute the non entry release
  - ✓ An AGR Declaration or Military Declaration of 10.103 can be used to support AGR claim
  - ✓ If foreign goods, it is a non-entry release with DCMA filing the entry to CBP

## Handling the broker entry for commercial (private corporation) imports

- Foreign Shipper Declaration of USGR required (if shipment value > \$800USD)
- Importer Declaration of USGR required (if shipment value > \$800USD)
- Note that the AGR and Military Declarations of 10.103 NO LONGER APPLY

# Military Description Issues

## Opportunity for Improvement – Documentation Issues:

- Using too many acronyms on the IAWB and invoice
  - **USAF** = United States Air Force

Please spell it out; avoid acronyms or abbreviations.

- **FB2805 412 MSG LGR** (destined to “somewhere” in Edwards, CA)

FROM: FB5682 31 LRS LGRD 33081 AVIANO IT <b>FB5682</b> AVIANO, IT 33081	ADD: <b>777</b>
SHIP TO: <b>FB2805 412 MSG LGR</b> 120 N ROSAMOND BLVD BLDG 3736 <b>B2805</b> EDWARDS, CA 93524 PH: 6612773249	PROJ: <b>880</b>

The absolute **IMPORTANCE** of the shipper clearly designating the proper U.S. Military division receiving the goods is **CRITICAL** to proper entry handling!!

# Military Description Issues

## Opportunity for Improvement – Documentation Issues:

- 10.103 (a) AGR declaration used when invoice shows a foreign country as C/O
  - Some companies tend to think since goods are property of U.S. company, the C/O is also USA
- Showing the foreign origin location as the U.S. port of import on the AGR declaration:

I hereby certify:

1. That the following articles imported by FedEx Express (Name of Carrier) at the port of GUAM (Port) on 29JULY 2016 (Date) consist of returned products which are the growth, produce, or manufacture of the United States, and have been returned to the United States without having been advanced in value or

- Using a partial statement or AGR/Military statement is not properly signed/titled



# Caged Shipments

Shipments are caged because the information provided on the IAWB and CI is insufficient or incorrect to allow entry into the USA.

- The causes were mentioned briefly in the description segment.
- The documentation that is needed for clearance is 100% dependent on the commercial invoice details.
- A non-entry release or a broker entry is based on the commercial invoice.
- Prevention basically boils down to accurate and complete information.

# AGR – when and how to use

The Customs Regulations include a special provision for the U.S. military under 19 CFR 10.103.

- If the goods are the property of the U.S. military, a member of the U.S. military may complete and sign a declaration, as outlined in 10.103, in place of the other listed, acceptable documents.
- 19 CFR 10.103 is only for use by the U.S. military and cannot be completed by a private corporation on behalf of the U.S. military.
- This provision applies if the goods were manufactured/produced in the U.S.

# AGR – Best Practices

- 10.103(a) Release by CBP – country of origin US (9801.00.10)
- Shipments belonging to the DOD imported into the USA for further use by the DOD require an AGR certificate.
- The AGR certificate can be prepared on the letterhead of the agency or office in lieu of other entry documentation.
- The AGR certification may be included on the CI.
- MEM CBP clears AGR imports based on the value of the shipment:
  - < \$2500 – US country of origin listed on CI will suffice, just like any other AGR shipment
  - \$2500.01 or higher – three options:
    - ✓ the complete 10.103 statement on the CI
    - ✓ the formal military letterhead 10.103 AGR document
    - ✓ CF 3311

# AGR – Best Practices

- Customs Reauthorization – new HTS code 9801.00.11
  - ✓ Became “official” 60 days after POTUS signed the CR Bill: April 24, 2016
  - ✓ This new Chapter 98 code is ACTIVE and in the current 2016 US-HTS:

*United States Government property, returned to the United States without having been advanced in value or improved in condition by any means while abroad, entered by the United States Government or a contractor to the United States Government, and certified by the importer as United States Government property*
- CBP has not provided guidance on documentary guidelines to prove “certification”
  - ✓ Until formal guidance is provided, broker should NOT use this new 98 code
- Remember this new HTS code will not affect shipments going to U.S. military, which are eligible for non-entry release anyway
- The real impact, once guidance is procured, is on military owned FOREIGN goods going to a government contractor
- There is speculation CBP will opine the new 98 code applies only to non USGR

# Military shipment decision tree

## 1. Are the goods shipped directly to a division of the U.S. Military?

- Yes – No broker entry required
  - ✓ USGR: Non-entry release requested
  - ✓ Under Govt Contract and foreign made: DCMA executed entry requested
  - ✓ Foreign made and No Government Contract: non-entry release requested
- No – broker entry required or BSO

## 2. Are goods shipped to a private contractor (even at a military base)?

- Yes – follow the specific guidelines
  - ✓ If the goods are USGR: Ensure the proper USGR declarations are present and file under 9801
  - ✓ If the goods are a BSO shipment: Alert FXE SELECT team to prepare IT bond to ramp
  - ✓ If the goods are foreign made and under Govt contract: File entry under 9808.00.30
  - ✓ If goods are foreign made and NOT under Govt contract: file a dutiable broker entry

# Military shipment decision tree

## Other Import Clearance Issues or Observations

### 1. ANC Hub

- ✓ FTN is required to file the entry regardless in ANC
- ✓ This is an issue requiring discussion with FXE and ANC CBP

# If you have any other questions that weren't covered, please contact:

- FedEx Regulatory Consulting Group: [rcg@fedex.com](mailto:rcg@fedex.com)
- FedEx Trade Networks: [ftn\\_customercontact@ftn.fedex.com](mailto:ftn_customercontact@ftn.fedex.com)