



# WHAT IS ISF & TODAY'S IMPORTING ENVIRONMENT

FROM TARIFF CHANGES TO EXPLORING ISF



Shippabo

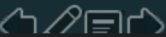


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# Q&A

FROM TARIFF CHANGES TO EXPLORING ISF



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**Q&A**

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# Who is Shippabo?

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Shippabo is a cloud based supply chain management platform built by a team of shippers and supply chain logistics experts.

Our **mission** is to empower everyone along the supply chain by bringing greater *transparency, collaboration, and actionable data.*



## Gregg Cummings



### **Managing Partner**

Bozeman, Montana

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& Self-Filing Software**

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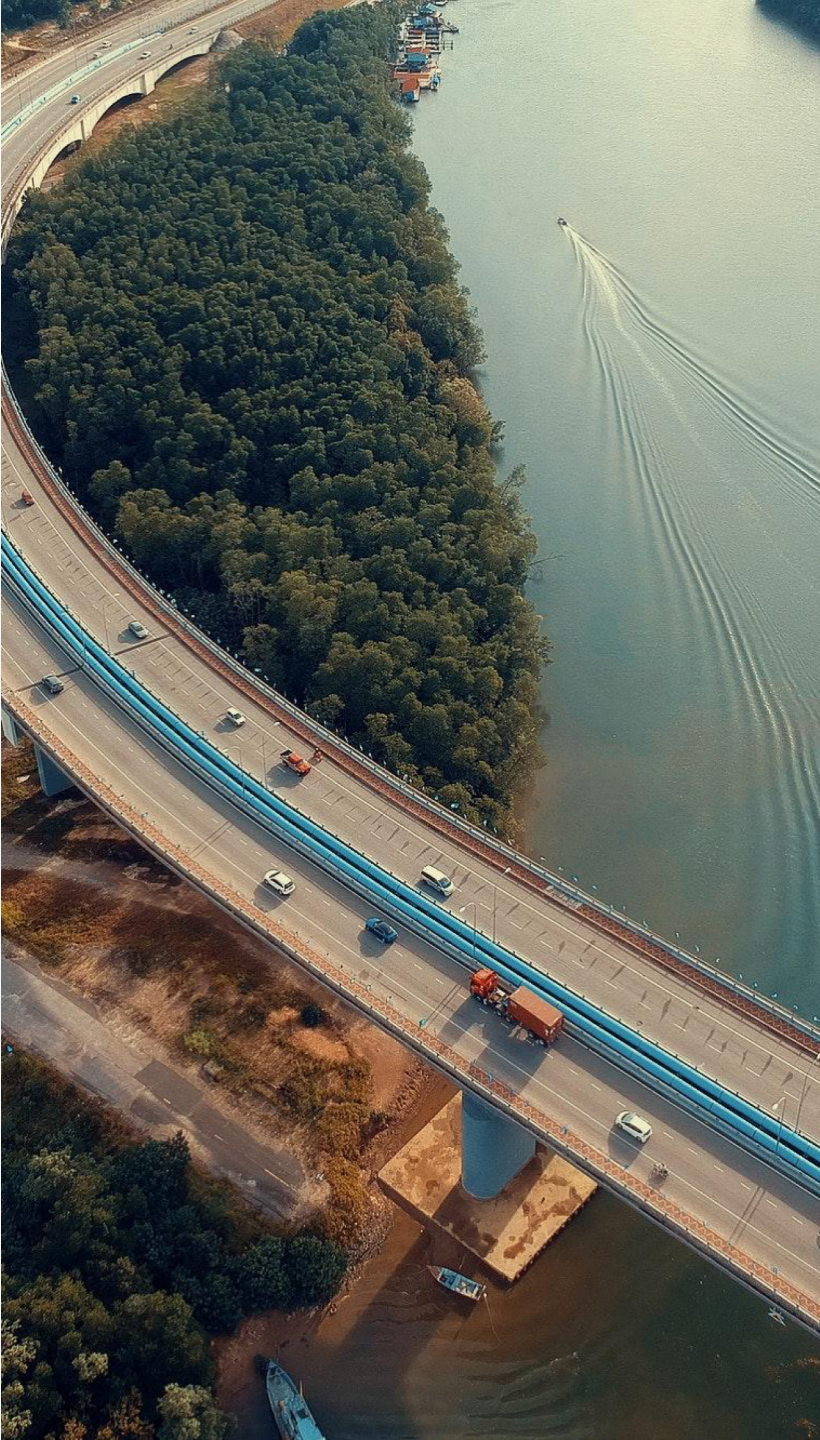


### **Customer Success Manager**

Los Angeles, California

**Shippabo**

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# TODAY'S WEBINAR TOPICS

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- ✓ **ISF IN TODAY'S ENVIRONMENT**
- ✓ **ADMINISTRATION'S CHANGE ON IMPORT TARIFFS**
- ✓ **HOW TARIFFS AFFECT YOUR U.S. CUSTOMS BOND**
- ✓ **WHAT CAN YOU DO?**



# **ISF IN TODAY'S ENVIRONMENT**

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# What is ISF?

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## Importer Security Filing (also referred to as '10+2')

- A CBP regulation that requires importers and vessel operating carriers to provide advance shipment information to CBP for U.S.-bound ocean cargo.
- The ISF Importer is defined as “the party causing goods to arrive within the limits of a port in the United States by vessel”
- Must be filed at least 24 hours before the goods are loaded on the vessel bound for the United States



# ISF in the Enforced Environment

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## ISF Enforcement Timeline

- The ISF regulation exists as a result of 9/11 and was published in Nov. 2008
- Went into effect in Jan. 2009 with a 'phase-in' approach to implementation (warnings were given of infractions)
- As of June 2016, ISF Compliance is in full effect with violations being issued in the form of Liquidated Damages



# **Informed Compliance vs Enforced Compliance**



# ISF Ten Data Points + Bill of Lading

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1. Manufacturer (or supplier) name and address
2. Seller (or owner) name and address
3. Buyer (or owner) name and address
4. Ship-to name and address
5. Container stuffing location
6. Consolidator (stuffer) name and address
7. IOR number/FTZ applicant identification number
8. Consignee number(s)
9. Country of origin
10. Commodity HTS number to six (6) digits

+ Bill Of Lading



# What Has My Claims Team Seen?

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- Has seen 15 ISF violations within the past 12 months
  - Up until late 2017, no ISF violations had been received
- The Liquidated Damage Penalty for each violation is \$5,000
  - This amount can be mitigated down to \$1,500 if (and only if) it is the first offense, but if any additional ISF violations are issued before payment is made, the first offense will not be mitigated
  - These violations are **not being cancelled** once they are issued



# **ADMINISTRATION'S CHANGE ON IMPORT TARIFFS**

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# Admin's Changes on Import Tariffs

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## China's Technology Transfer Regime:

- Chinese government uses foreign ownership restrictions, and other foreign investment restrictions to require or pressure technology transfer from U.S. companies to Chinese entities
  - These requirements prohibit foreign investors from operating in certain industries unless they partner with a Chinese company, and in some cases, unless the Chinese partner is the controlling shareholder.
- Chinese government uses its administrative licensing and approvals processes to force technology transfer in exchange for the numerous approvals needed to establish and operate a business in China



# Admin's Changes on Import Tariffs

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## China's Licensing Restrictions:

- Chinese technology regulations deprive U.S. technology owners of the ability to bargain and set terms for technology transfer that are free from interference by China
- U.S. firms seeking to license technologies to Chinese enterprises must do so on non-market-based terms that favor Chinese recipients
- Bureaucratic hurdles contained in licensing regulations provide China with an opportunity to pressure firms



# Admin's Changes on Import Tariffs

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## China's Outbound Investment Regime:

- "Going Out" strategy – encourages Chinese companies to "go out" and invest abroad – guided and facilitated by Chinese government
- Seeks to remove obstacles to outbound investment, and provide targeted support to specific enterprises and sectors investing abroad
- Several recent Chinese policies flow from and support "Going Out" strategy with specific interest in certain industries including:
  - Integrated circuits
  - IT
  - Artificial Intelligence



# Admin's Changes on Import Tariffs

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China's Unauthorized Intrusions into U.S. Commercial Computer Networks and Cyber-Enabled Theft of Intellectual Property and Sensitive Commercial Information:

- Over a decade of cyber intrusions by Chinese government into U.S. businesses concerning commercially-valuable business information
  - Trade secrets
  - Technical Data
  - Negotiating Positions



# Admin's Changes on Import Tariffs

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China's "Other" Acts, Policies, and Practices Related to Technology Transfer, Intellectual Property, and Innovation Which May Burden or Restrict U.S. Commerce:

- Chinese measures purportedly related to national security or cybersecurity
- Inadequate IP protection in China, including widespread trade secret theft, counterfeiting, and bad faith trademarking
  - China's Anti-Monopoly Law
  - China's Standardization Law
  - China's talent acquisition strategy



# Admin's Changes on Import Tariffs

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## Section 232

- Steel mill and aluminum articles, as specified in the Presidential Proclamations

## Section 301

- Products with Chinese origins classified under an HTSUS code included on the published lists



# Section 232

Steel & Aluminum



# Section 232: Steel Information

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## 25% Tariff on Steel Imports into the United States

- As of June 1, 2018: All countries of origin are subject to this tariff except Argentina, Australia, Brazil, and South Korea
  - Argentina, Brazil, and South Korea are covered by Section 232 Absolute Quotas
- Imports of United States origin are not subject to Section 232 measures



# Section 232: Aluminum Information

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## 10% Tariff on Aluminum Imports into the United States

- As of June 1, 2018: All countries of origin are subject to this tariff except Argentina and Australia
  - Argentina is covered by Section 232 Absolute Quotas
  - All imports from South Korea should use non-quota entry type codes
- Imports of United States origin are not subject to Section 232 measures



# Section 232: Drawback

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No drawback is available with respect to the Section 232 tariffs imposed on any steel or aluminum article.



# Section 301

Products from China



# Section 301: List 1 Products

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25% Tariff imposed on products from China

- Includes 818 items valued at \$34 billion worth of imports from China
- The tariffs went into effect on July 6, 2018
- Eligible for Drawback
- These tariffs are based on country of origin, not country of export



# Section 301: List 2 Products

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PROPOSED: 25% Tariff imposed on products from China

- These tariffs are currently under review and a final duty amount has not been set
- Originally Contained 284 items, final ruling includes 279 items valued at \$16 billion worth of imports from China
- An effective date is August 23, 2018
- These tariffs are based on country of origin, not country of export



# Section 301: List 3 Products

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As of Tuesday, July 10, 2018, the U.S. Administration announced an additional list of tariffs

- The list currently contains over 6,000 items valued at \$200 billion worth of imports from China
- The tariffs will undergo a two-month review process, with hearings Aug. 20-23. The period for comments is still open
- Currently a proposed tariff of 25%



# Will There Be a List 4?

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Discussions for the potential of adding an additional \$500 billion have taken place.

- The list would essentially cover everything else.



# HOW THESE TARIFFS AFFECT YOUR CUSTOMS BOND

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# Tariffs Effect On Your Customs Bond

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The Bond Amount on Your U.S. Customs Bond is based on your total annual duties, taxes, and fees. Therefore if you have an increase in your duties, you may also have to **increase your bond amount.**

Through the implementation of the new 232 and 301 Tariffs, CBP has been immediately deeming bonds insufficient. An importer **will not be able to continue importing until a new bond has been placed.**



# WHAT CAN YOU DO?

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# Section 301- HTSUS Code Lookup

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A free tool from Trade Risk Guaranty

<https://hts.usitc.gov/>



# **Consultation Available With Strix**

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For more in-depth guidance on an individual basis



# Consultation with Shippabo

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Reach out to receive a list of products affected by these tariffs and chat with our advisors on optimizing your supply chain.

Email: [team@shippabo.com](mailto:team@shippabo.com)



# **Covered In Today's Webinar**

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- **ISF In Today's Environment**
- **Administration's Changes on Import Tariffs**
- **How Tariffs Affect your U.S. Customs Bond**
- **What Can You Do?**

# STRIX BROKERAGE AND SOFTWARE SERVICES

- Full Service Customhouse Brokerage
- All US ports for Ocean, Air, Rail and Truck
- Collaborate with Shippabo to provide Customs service and consultation





# Last Call for Questions

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# THANKS

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