



How to break down international border barriers

Insights to help make going global easier

Global logistics has a complex language all its own. Sourcing and distribution, ever-changing regulations, fluctuating valuations—it's a daunting lexicon even for veteran exporters. But fluency means entering new markets flawlessly (and penalty-free).

Even the most experienced exporters can make mistakes. Greg Maddaleni, UPS Customs Brokerage marketing manager, says the three most common errors are:

- Misclassifying goods
- Assigning the incorrect value to goods
- Misstating the country of origin on a product shipment

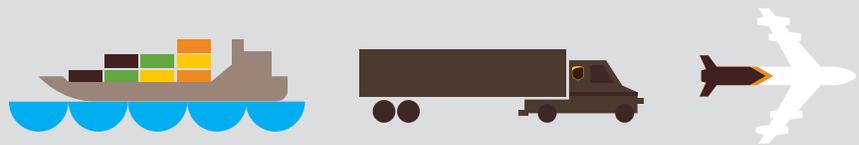
Misclassifying goods

For example, suppose you classify an optical instrument that's something other than a binocular as a binocular. The binocular is duty-free, whereas the other item has duties of six per cent. Misclassification could mean that you may have circumvented export control regulations (which cover strategically important technology, services or information). At the very least, you have to pay back duty plus interest.

"If customs alerts you, the penalties involved will be based upon whether the agency thinks you did it by accident (negligence), were irresponsible (gross negligence) or did it on purpose (fraud)," Maddaleni says. Penalties can quickly equal or exceed the value of the goods shipped.

Incorrect value

It's easy to assign the incorrect value to goods since different countries have different definitions of value. Companies sometimes think that a different value can



be used for shipping goods to a subsidiary as opposed to a customer, but the predominant rule is that the same value should be applied, Maddaleni points out. To further complicate matters, different countries also have different rules on whether the cost of packaging and transportation should be included in the valuation.

Country of origin

Declaring a country of origin sounds simple, but in today's global manufacturing environment, it can be tricky. A technology manufacturer, for instance, may source components from multiple countries and assemble those components in yet another country. Is the point of assembly the country of origin? It depends. In some cases, 50 per cent of what makes up the product typically determines the country of origin. "Otherwise, where the 'essential character' of the product is substantially formed dictates its origin," Maddaleni says.

The more frequently your company exports or the more mistakes you make while exporting, the greater the likelihood that customs officials will closely scrutinize your shipments. To avoid these common mistakes, fine-tune your export processes.

TIP-----

Assess your processes

Start by assessing your export problem areas. Maddaleni also recommends studying how your competition handles imports and exports. You may decide not to export to a region because of cost considerations—or it might illuminate opportunities to ship your own goods better and faster.



Tools of the trade

UPS has a range of technology tools to simplify international logistics, including these free solutions:



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Make the most out of global trade opportunities

Gain the competitive advantage by anticipating and managing trade regulations compliance and researching international partners with UPS TradeAbility. Get access to up-to-date regulations, licensing information, watch lists and forms, or store your commodity information in our online product catalog.

Our suite of free information-based services helps you manage the movement of goods effectively across international borders. Find harmonized tariff codes, landed cost estimates, compliance information and more, all from a single Web interface or use our Web service technology to integrate UPS TradeAbility services into your website or backend systems.

Quantum View® Manage

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Shipment tracking, customs brokerage and inbound-outbound scheduling can be a full-time job. Step back and get a broader perspective on your shipping activity with Quantum View Manage. Get up-to-date information about shipments you send or those you're expecting from one Web-based format that is easily customizable.

Eliminate the need to look up shipments individually by tracking number. Quantum View Manage gives you a comprehensive look at every aspect of your shipping activity, online.

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Electronic commercial invoices speed data to customs

UPS Paperless Invoice is an industry first that promotes sustainability and eliminates the need for paper commercial invoices by integrating order and shipment processing, and transmitting commercial invoice data to enable clearance by customs offices across the globe. You can easily manage your paperless shipping lane preferences on a per-shipment basis, or by shipping lane, to gain even more flexibility.

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