

IMPORTER ACTIVITY DATA

Accessing and analyzing the U.S. government records of all company import transactions is a very useful way of identifying compliance issues. While every company is generally aware of its import activities, it is very difficult for most companies to be completely knowledgeable of the detailed information regarding their direct and consignee entry usage, Importer of Record (IOR) numbers, Customs Ports of Entry used, all Customs brokers used, Special Trade Programs used, cargo exams, etc. Having accurate summary and detail import information is critical in properly managing the import process.

Our firm has developed a proprietary Importer Activity Data System. We continually upgrade our software programs and have highly trained legal assistants to efficiently manage the production of reports. The analysis and reports generated by our system assist companies in understanding the volume and costs of imports. Clients have utilized this information to identify issues, allocate resources, and modify their current processes. Identifying important compliance issues from an import perspective is critical to exercising "reasonable care" and preventing the issuance of penalties.

Many companies participate in the Automated Commerce Environment (ACE) program. While the ACE program has certain data, it does not have the full import data that we secure and produce in reports. The primary data that is not contained in the ACE system is consignee data, which is most important for a company to understand the level of imports they are not managing, but are being processed through entries by a third party (i.e., UPS, DHL, FedEx). Second, while companies can access ACE, they often experience difficulties in being able, on an ongoing basis, to utilize ACE.

In order to obtain a more complete overview of import activity, we utilize both the Customs National Finance Center (NFC) and the Customs Office of Strategic Trade Cost (OST) data. Both sets of data are essential in obtaining a clear picture of a company's import activity.

In order to make the flat file information useful to a company, raw data is captured to produce reports, charts, and graphs. The data also allows us to analyze the many specific details of the importer activity and to identify relationships that exist between the different variables. We then communicate key

issues, trends, and recommendations in a detailed management report. In addition to the standardized reports, charts, and graphs, if requested we can provide specialized reports useful in monitoring specific import activity. Examples of such reports include activity by manufacturer, activity by Customs broker, foreign-trade zone site activity, imports by Port, imports by NAFTA or other Special Trade Program, etc.

The process of obtaining the data from Customs and Census is summarized below. In combining both OST data and NFC data, the correct data fields must be selected from each source and merged in proper sequence to create an accurate data set.

Customs National Finance Center (NFC)

An Importer of Record may request two (2) different sets of importer activity data from the Customs National Finance Center (NFC) in Indianapolis, Indiana. The data from NFC is received as multiple files that are "screen scrapes" (i.e., printed images of data as presented on a screen view). The data must be converted into a usable form and properly formatted for manipulation. One data set (Master File Extract) lists all open bills and all unliquidated formal entries. The other set (Liquidated Extracts) lists all entries that liquidated within the requested period of time. The NFC data is especially useful to companies because it contains information regarding all entries, including entries where the company's IOR is listed only as the ultimate consignee. Generally these types of entries are invisible to companies as they are filed by third parties (primarily express package parties) on the company's behalf. The request for data takes approximately two (2) to four (4) weeks for the government to process. Pricing for Master File Extracts is \$150 for the first IOR data request with a reduced fee for each additional IOR data requested. Pricing for Liquidated Extracts is \$200 for the first year of a single IOR request. The fee for additional IOR data sets and for multiple years of data is on a reduced fee basis per request.

Customs Office of Strategic Trade (OST)

Additional importer activity data can be obtained by filing a Freedom of Information Act (FOIA) request to Customs Office of Strategic Trade (OST) in Washington, D.C. OST data contains many of the same data elements as the NFC data, plus a number of significant additions. Additional data fields, such as the country of origin, MID, HTSUS tariff classifications, and special program indicators, provide further information that is useful in assessing risk and managing the Customs function. The cost of obtaining FOIA data is approximately \$250 to \$300 and can take up to four (4) weeks for the government to process.

Total Fees and Processing Costs

Collectively, the U.S. government fees are \$600 yearly for a single IOR for one year of data with each additional IOR and/or years of data running an additional \$150 per IOR/year.

In addition to the cost of securing the records from the government, our fees to process the data varies depending on the number of IORs analyzed, the number of entry line items, and any data issues. Typically our fees range from \$1,500 to \$2,500 for one IOR for one year, with additional fees for each subsequent IOR, multiple years of data, and a very significant volume of transaction activity.

Listed below is a summary of the reports that are typically produced in providing our analysis:

Importer Activity Data

1. Overall Summary – Identifies differences in import volume, entered value, and duties paid. Consignee usage and liquidation of entries are summarized.
2. Importer of Record Usage Summary – Identifies most/least active importers. In addition, all IORs and all suffixes utilized are identified. Often companies may not be aware of such constructed IORs.
3. Consignee Usage Summary – Identifies use of express services (including trends), which can be areas of concern for financial and Customs compliance purposes. These reports also identify business units' imports as consignees utilizing IORs other than their own IORs.
4. Broker Usage Summary – Identifies brokers conducting business on behalf of an importer and identifies the most frequently used Customs brokers. This assists in identifying overlapping broker usage.
5. Port of Entry Usage by Year – Identifies by year and IOR the most frequently used ports of unloading. This allows for streamlining of logistics operations.
6. Country of Origin Usage – Identifies by year the volume, entered value, and associated duties paid for the most frequently listed origin countries of imported products. This allows for origin identification monitoring Special Trade Programs, and streamlining of logistics operations.
7. HTSUS Usage – Identifies classification usage and related valuation and duty payment. The reports highlight HTSUS classifications not normally used, or being heavily relied upon. The reports assist in prioritizing classification efforts, monitoring HTSUS usage, and management of duties incurred.
8. MID Summary – Identifies MID's that are utilized on the company's behalf. This allows for streamlining of MID construction and usage.
9. Special Trade Program Reports – Identifies the volume and type of Special Trade Program utilized. Detailed reports are provided to document the

volume of imports under each program and to assist in management of these programs.

10. Cargo Exam Reports – Provides detailed information about Customs cargo exams, detailing the entry number, entry date, the date of the exam, the reason for the exam, and any remarks made by the inspector.
11. Variance Reports – Provides detailed information, by entered value and duties paid, of inconsistent information reported to Customs.
12. Combined Entry Log – Provides detailed information of all entries recorded by Customs.
 - Zero Value Entry Log – Provides detailed information of all entries recorded with a zero value.
 - Entry Type Report – Provides detailed information of all entry types being utilized.
 - Importing Carrier Log – Provides detailed entry information by ocean, air, and truck import carrier.
 - Drawback Entry Log – Provides detailed information on all Drawback entries filed.
 - Warehouse Withdrawal Entry Log – Provides detailed information on all warehouse withdrawal entries.
 - These reports/logs allow for further inquiry and management of specifically identified issues.
13. Reconciliation Log – Identifies for clients utilizing the Reconciliation Prototype process, entries flagged for Reconciliation, entries that have been reconciled, and entries requiring Reconciliation and the respective due date.

Summary

We suggest that both sources of data be obtained from Customs and recommend five (5) years of data be utilized in order to identify trends and comply with statute of limitation standards. Our final reports are presented in a three-ring binder. The reports average approximately 375-600 pages of data for many of our clients, with 50 pages of color graphs and charts. CDs are also provided. If requested, we can customize our reports to focus on a particular business unit, site, or issue. We can also specialize additional data selection for a companies management needs.