

### **IMPORTER ACTIVITY DATA ANALYSIS**

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 imports usage, Importer of Record (IOR) numbers, Customs Ports of Entry, all Customs brokers used, HTSUS numbers used, Special Trade Programs used, cargo exams, etc. Having accurate summary and detailed import information is critical in properly managing the import process. Accessing and analyzing the U.S. government records of all company import transactions is a very useful way of identifying compliance issues.

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 process. Identifying important compliance issues from an import perspective is critical to exercising “reasonable care” and preventing the issuance of penalties. During the past several years we have significantly upgraded our software programs to manage the production of the reports more efficiently. As a result, we have the ability to run these reports far more quickly than we had in the past, reducing our charges for these reports. In addition to the software upgrades, we also added seven (7) new import reports/logs: (1) Cargo Exam Reports; (2) Zero Value Entry Log; (3) Entry Type Log; (4) Importing Carrier Log; (5) Drawback Entry Log; (6) Warehouse Withdrawal Log; and (7) Reconciliation Log.

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 the 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 analysis 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 MID activity and Customs broker reports and foreign-trade zone site activity.

The process of obtaining the data from Customs 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 one 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 as 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 the 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 eight (8) 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 all of the suffixes used with its 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 by 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 ones 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/Log – Provides detailed information about Customs cargo exams. A log details the entry number, entry date, the date of the exam, the reason for the exam, and any remarks made by the Customs inspector.

11. The following logs allow for further inquiry and management of specifically identified issues.
  - Combined Entry Log – Detailed information of all entries recorded by Customs.
  - Zero Value Entry Log – Detailed information of all entries recorded with a zero value.
  - Entry Type Log – Detailed information of all entry types being utilized.
  - Importing Carrier Log – Detailed entry information by ocean, air, and truck import carrier.
  - Drawback Entry Log – Detailed information on all drawback entries filed.
  - Warehouse Withdrawal Log – Detailed information on all warehouse withdrawal entries.
  
12. Reconciliation Log – Identifies for clients utilizing the Reconciliation Prototype process, entries flagged for Reconciliation, entries that have been reconciled, and entries requiring Reconciliation and their respective due date.

A more detailed listing of Reports is attached.

### Summary

Our final Report is presented in a three-ring binder and may average approximately 375-600 pages of data (depending on the volume of transactions), with 50 pages of color graphs and charts. A detailed single spaced summary analysis letter averages 15 pages. Two (2) CDs are also provided, one (1) containing government source data from Customs, and the second containing electronic versions of the detailed reports/logs listed. We can customize a company's summary to focus on a particular business unit or site to identify specific issues.

FEBRUARY 2011  
JED/RESU/00042413(7600)