



How to get more from your Customs bond

By Richard Bridges

Many shippers view a Customs bond as simply one of the many costs that are part of an import transaction. However, some bonds can actually save a company thousands of dollars in unnecessary expenses each year, if managed correctly.

What is a Customs bond and why would you need one?

Any company or individual wishing to import goods is required to post security in the form of a surety bond, or its cash equivalent, with U.S. Customs. Prior to liquidating an import entry for release, Customs must be assured that all import duties, taxes and charges will be paid and that regulatory requirements have been met for relevant government agencies such as the Department of Transportation, the Environmental Protection Agency, and the Food and Drug Administration. You may obtain a Customs bond to cover imports on either a single transaction or continuous basis:

- **A single-transaction bond** covers a specific import shipment and can be used for only one Customs transaction.
- **A continuous bond** is in effect for a one-year period and normally covers all import shipments through any port of entry during that year. Frequent importers typically use continuous bonds.

Other than single-entry bonds, all U.S. Customs bonds are continuous; they do not have an expiration date, but do have an anniversary date and they are subject to periodic review by U.S. Customs to determine bond sufficiency.

How can you get more from your Customs bond?

All continuous bonds are not created equal. *Customs brokers who provide bonds from sureties specializing in U.S. Customs bonds, can offer much more than just a bond. They can provide you with the capa-*

bility to monitor the status of all your import entries occurring against that bond throughout the United States.

Management-alert reports track the liquidation status of your U.S. Customs entries, helping you and your Customs broker to supervise the progress of increased duty bills and/or penalty cases from beginning to end. Lack of timely information on the status of Customs entries can often cause a company to incur thousands of dollars in unnecessary expenses each year. **Management-alert** reports help you to gain control of your imports and related expenses, maintain your good reputation with U.S. Customs and protect your importing privileges.

Thanks to nightly downloads of data direct from U.S. Customs, a few surety companies gather the most up-to-date information available for delivery in a variety of formats to fit your needs.

Costs

The cost of Customs bonds will vary, based on the type of bond and the bond

limit set by Customs. Recent changes within U.S. Customs allowing for monthly payments of duties may also influence the bond premium.

Tips to remember

- Contact a qualified Customs broker to discuss your options.
- Be aware of the severity of fines and penalties that Customs and other agencies can assess on your imports and/or those of your clients — and how this can affect your company.
- Use management-alert reports to prevent a small problem from becoming a costly expense.
- A three-year or multiterm bond does not exist, so be aware of companies that advertise this. ☀

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Guest columns are an important feature of Shipping Digest. If you have an idea for a column that you'd like to write, please send an e-mail to barmbruster@joc.com, or call (973) 848-7152. Letters to the editor are also welcome.

NAM: Don't blame NAFTA

The North American Free Trade Agreement accounts for only 10 percent of the U.S. global trade deficit in manufactured goods, and was not a significant factor in the huge loss of U.S. manufacturing jobs during the 2001-2003 downturn, according to a new study by the National Association of Manufacturers.

Oil accounts for more than half of the U.S. trade deficit with Canada and Mexico, accord-

ing to the study. NAM said the study supports its argument that the Dominican Republic-Central America Free Trade Agreement will be good for U.S. manufacturers.

NAM president John Engler said that most of the controversy about NAFTA concerned Mexico, which accounts for only \$25 billion of the \$487 billion deficit in manufactured goods. "That's only 5 percent," he said. ☀