Container Seal Procedures and 7-Point Inspection

One way to almost guarantee an import examination is to use improper seals. Container integrity must be maintained to protect against the introduction of unauthorized material and/or persons. If Customs inspectors suspect a container is a high security risk, your shipment WILL be designated for intensive examination, incurring additional costs and delays. Whether you load export containers or receive import containers, you should take precautions to secure your supply chain. The following procedures are recommended at any facility where containers are loaded.

A high security seal that meets or exceeds current ISO PAS 17712 standards should be utilized. Only authorized employees should have access to container seals which should be stored in a locked location. Seals should be affixed to the right-hand door of the container on the hasp that has the welded rivet. After the seal is affixed to container, confirm the seal is fastened by pulling down on it. Be sure all door locking hardware is secure. Detachable or loose bolts, handles, bars, hasps or hinges can allow easy access in the container.

Upon destination arrival, a seal verification and inspection process should be in place. Receiving staff should identify discrepancies which could indicate container has been tampered with during transport.

**V V T T SEAL VERIFICATION AND INSPECTION PROCESS:**

- **V** view seal and container locking hardware
- **V** erify seal number against supplier communication and commercial documents
- **T** ug on seal to make sure it is secure
- **T** wist and turn seal to make sure it does not unscrew

A 7-Point Inspection should be performed on all overseas containers. Organized crime rings and other entities commonly use cargo containers of legitimate shippers to transport drugs, weapons, or even human stowaways. Empty containers arriving at your facility might not always be empty and loaded containers may be compromised. Contraband is often hidden under the container or inside tires, doors, ceilings, or floors. Drivers deliver your legitimate cargo and then use your container to deliver their illicit goods. But wait...what if...they get caught?? Since you are the consignee on the documentation, you now unknowingly become a party in their criminal activity! Can your brand withstand negative media??

**TO PROTECT YOURSELF**, train drivers and warehouse employees. Convey the urgency to business partners to take precautions, including how to conduct an inspection and seal verification. Document inspection results and keep with shipping records. Management should ensure compliance with established procedures to promote container integrity. Furthermore, all employees should be trained on how to deal with security breaches and adhere to written contingency plans.

www.futureforwarding.com

All business undertaken subject to our Terms and Conditions of Service (NCBFAA 02/13). Copies available upon request.
Duty increase on US-origin Women’s denim jeans

The Council of the European Union recently increased duty by 26% on US-made women’s denim pants (HTS# 6204.62.31). This more than doubled the duty rate from 12% to 38%. American jean manufacturers are now faced with the decision to either moving manufacturing operations to other countries to avoid additional duty, or pass the cost to customers. The duty hike is retaliation by the World Trade Organization (WTO) for the USA’s failure to fully comply with the Byrd Amendment, an Act which authorized import duties on subsidized imports to be distributed to the US companies that filed pricing complaints. In short, this means that foreign firms which sell in the USA below cost can be fined, and the money given to the US complainants. The measure could impact the likelihood of a US-EU Free Trade Agreement and affect other US-EU trade.

FDA Offers Free Online Courses on Food Defense

The U.S. Food and Drug Administration (FDA) offers online food defense courses to help bolster the food industry’s defense measures against intentional food contamination. “Food Defense 101” addresses the FDA’s most current thinking on how to forestall or minimize the impact of intentional contamination. The four courses are: 1) Food Defense Awareness for Professionals; 2) Food Defense Awareness for Frontline Employees; 3) FDA Regulations, which speaks to three federal regulations established to help protect the nation’s food supply; and 4) Alert, for owners and operators of food facilities, to help them protect their facilities from the threat of intentional contamination. Food Defense 101 is available to industry and the public at no charge at www.fda.gov/fooddefense. Shippers of food and food products should be aware of food defense requirements under Food Safety Modernization Act (FSMA).

GSP Renewal not likely before deadline

Future Forwarding Company joined other companies urging Congressional leaders to renew GSP (Generalized System of Preferences) before Congress adjourns for the August work period. The GSP program expires on July 31, 2013. Despite overwhelming support, it is doubtful that the GSP program, which allows US importers duty free treatment on certain products from developing countries, will be renewed before the deadline. Importers that currently do not pay duty for GSP eligible goods will begin paying duty until GSP is renewed.

CBP requests CES fee increase in Los Angeles

US Customs & Border Protection (CBP) Los Angeles proposed a revised fee schedule for Price Transfer, Inc., the Centralized Exam Station (CES) where CBP performs most Customs exams imported via Los Angeles and Long Beach ports. CBP hopes to increase examination costs by $200 per container to cover facility and maintenance costs. Currently the increase is only a proposal. It is not sure whether the full increase will be awarded, but importers should be prepared for additional examination costs, especially on the West Coast.
The MOL Comfort, a containership carrying a load of over 7000 twenty-foot container equivalents (TEU), cracked in half about 200 miles from the Yemeni coast last week while in route from Singapore to Jeddah, Saudi Arabia. Catastrophic hull failure was encountered during adverse weather conditions. Insurance reps speculate damage was caused by “hogging”. This is where the container weight on one side of the vessel signifi-
cantly out-weighs the other and causes wave crests to hit the center of the ship instead of at the bow and stern. All 26 crew members escaped the ship on two life rafts and a lifeboat. Yesterday, the stern took on too much water and sank, taking down approximately 1700 containers and 1500 metric tons of fuel. Sunken containers are unsalvageable due to the ocean’s depth. Currently, the bow is being tugged for salvage. The carrier, Mitsui O.S.K. Lines, Ltd., will certainly claim “General Average”. Affected shippers will suffer losses related to damaged, lost or late cargo. All owners of cargo on board the MOL Comfort must proportionally share with other shippers and the carrier to compensate for costs associated with damage and loss of the vessel. Many shippers are unaware that “All Risk” cargo insurance protects against “General Average” claims. While “General Average” is not an everyday occurrence, it does happen. This scenario serves as a reminder of the vulnerability involved in international shipping and the value of insurance coverage.

July’s Featured Article:
ISF Basics

EMPLOYEE SPOTLIGHT —
K R I S T Y M O R G A N

With her family in the trucking business, she grew up with roots firmly planted in the transportation industry. Today, Kristy Morgan is an integral part of Future Forwarding Company’s Import/Customs Brokerage team. A dedicated employee for over six years, Kristy is the perfect example of customer service with a smile. Her acute sense to detail, comprehensive knowledge of import tariffs, and competency in dealing with government agencies translate into strong regulatory compliance skills. Her favorite part about her job is the diversity and how the constantly-changing transportation industry keeps her continuously learning. In addition to her professional growth, she is pursuing her Masters in Business Administration in Global Management. In her free time, Kristy enjoys spending time with her family, especially her husband, Wade, and her 13 year old son, Evan. She is also an avid music lover, reader, and writer.

www.futureforwarding.com
All business undertaken subject to our Terms and Conditions of Service (NCBFAA 02/13). Copies available upon request.