

Appendix

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Exporting to the United States — Costing Products

The U.S. is such a vast market that buyers can demand concessions usually not requested in other countries. One is for duty-paid, delivered prices with the exporter making all arrangements and paying all charges.

Similarly U.S. Customs Service makes unique demands not encountered elsewhere. If documents are incorrect, incomplete or missing the exporter can be charged with fraud. Over 2 000 Canadian companies are charged each year. The result is delay in clearing shipments as well as great expense in penalties. Do not, however, be timid; the routine to be followed is precise and easily learned.

One further hazard is the frequency with which exporters to the U.S. (who are liable for payment of U.S. customs duties) have paid duties and months later have been reassessed for additional duty. To prevent this, obtain a firm ruling on classification of your products and firm rate of duty from U.S. Customs at the outset. Customs then issues the duty rates and a classification number which you put on your invoices and it is an absolute guarantee that the rates shown are correct.

To apply for a firm ruling send samples, if practical, otherwise sketches of products together with a complete list of ingredients, showing the percentage and cost of each in US currency. Then detail every step of your production process. Omit nothing. If your description is complete, you will receive the ruling in about two months. It is obtained from:

Regional Commissioner of Customs,
U.S. Customs Service,
Classification and Rulings,
New York Region,
Room 716-6 World Trade Center,
New York, New York 10048, U.S.A.

Caution: At any time if ingredients or manufacturing process are altered, notify the commissioner of customs and probably this will void the ruling.

U.S. Customs operates on the basis of "total monies concept." This means that every item of cost must be revealed to them on your invoices. Some items, such as U.S. Customs broker's fee, are not dutiable, but they must be shown as they are part of the total price paid by the importer.

U.S. Costing and Record Sheet

It is recommended that the whole shipment be costed (not one "ton" as in ocean shipments) or, if you are costing so you can make an offer, it is suggested you cost 100 units. Then divide the total cost by 100 so you can quote *one unit*. If your product is very large, such as machinery or pre-fab buildings, you cost one unit only.

A. Quoted to: _____
(address)

_____ (telephone number) _____ (telex, fax)

B. Terms quoted _____

C. Describe 1 unit: _____
(box, carton, etc.) (Gross wt & Cubic)

	\$ Cdn	\$ US
1. Net price at factory including your profit. No federal taxes are payable on exports.	_____	_____
2. U.S. agent's commission. Give name, address and rate of commission. If included in 1, so state	_____	_____
3. Cost of packing material and labour for packing. If included in 1, so state	_____	_____
4. Freight within Canada to U.S. border or port of export. (See Note 1.)	_____	_____
5. Any additional dutiable costs (See Note 2.)	_____	_____
6. Total Cost to Point of Export	_____	_____
7. Customs duty on this total @ ___ %	_____	_____
8. Non-dutiable costs (See Note 3.)	_____	_____
9. Non-dutiable freight (See Note 1.)	_____	_____
10. Premium for insurance against loss or physical damage	_____	_____
11. If you insure against non-payment with Export Development Corp. show premium	_____	_____
12. Total Delivered, Duty Paid Price Quoted in \$US, One Unit	_____	_____