

that are shipped into the U.S. by air. In such cases, unless prior suitable customs clearance arrangements have been made through a U.S. customs broker, shipments will be transferred to warehouse storage facilities after a grace period has been allowed. From this point, retrieval can be costly. Canadian companies who export their products by air-freight and intend to distribute the goods themselves in the U.S. should appoint a broker located at the point of arrival in the U.S.

Canadian exporters should choose their U.S. customs broker with care. A close relationship with the right brokerage house is the best way to ensure smooth, speedy clearance and subsequent delivery. We advise exporters to discuss their program with several brokers and compare the advantages offered before selecting. Brokers' costs can vary considerably depending on the relationship Canadian manufacturers establish with the brokers they choose. If landed prices have been quoted and transactions are to be profitable, it is essential that the question of brokerage fees, tariff classification, and delivery instructions be settled in advance wherever possible.

#### **Consumer Product Safety Regulations:**

Canadian computer equipment must comply with product safety regulations concerning electrical equipment for business or personal use. Rulings concerning the acceptability of electrically operated equipment for use in the United States must be obtained from: Underwriters Laboratories Incorporated, 333 Pfingsten Road, Northbrook, Illinois. Tel: (312) 272-8800. Canadian computer equipment must also comply with U.S. emissions regulations. User approval for all equipment which produces electro-magnetic radiations must be obtained from: Federal Communications Commission, P.O. Box 40, Laurel, Maryland 20810, (Mr. Milton C. Mobley, Assistant Chief Engineer of Laboratories Division), Tel: (301) 725-1585.

#### **Entry into a Foreign Trade Zone:**

Canadian computer companies can consider placing their products in a licenced U.S. Foreign Trade Zone. Foreign Trade Zones may be of interest to Canadian companies who wish to hold bulk stock of their product in the market area without paying duty. Before goods can be released from the zone into the U.S. marketplace, duty must be paid.

Foreign Trade Zones in the U.S. are licenced by the U.S. Department of Commerce, but they are operated by independent commercial organizations. There are currently a number of Foreign Trade Zones operating in the Southwestern U.S.; details can be obtained from the U.S. Department of Commerce.

Foreign Trade Zone #50 in Long Beach, California offers open-air storage for 8.6 cents per cubic foot per month and covered storage for 56 cents per cubic foot per month. Space and time minimums are by negotiation.

The U.S. Department of Commerce advised that Foreign Trade Zones are usually only advantageous

in certain circumstances. Canadian manufacturers will need to weigh the advantages and disadvantages carefully before making a decision.

It should be noted that goods may be loaded, stored, or have local content added in a Foreign Trade Zone. In some cases, goods in a more advanced state can be re-classified and may attract a lower duty rate if local content has been added while they were in a Foreign Trade Zone.