

BARTHCO *Communicator*

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Trade Alert: CBP Announces a Three-Phase Enforcement Policy of ISPM 15 for WPM

USDA and CBP sources advise that the Final Wood Packaging Material rule will be enforced in three phases.

Phase One: September 16, 2005 - January 31, 2006

Shipments found to contain noncompliant wood packaging materials, (i.e., not appropriately treated and marked in the country of export), will be allowed to enter commerce provided no pests are found. An informed compliance notice will be sent to the importer of record via account managers and notices posted in connection with the cargo.

Phase Two: February 1, 2006 - July 4, 2006

CBP will reject **crates and pallets** that violate the requirements and require re-export from North America. Other types of noncompliant wood packaging material will be allowed to enter commerce provided no pests are found. Informed compliance notices will be sent to the importer of record via account managers. Notices will be posted in connection with the cargo for noncompliant wood packaging material other than **crates and pallets**.

Phase Three: July 5, 2006

Full enforcement begins for all articles of regulated wood packing materials, including **dunnage and packing blocks** entering the U.S. and North America. Noncompliant regulated wood packing material will not be allowed to enter the U.S.

Treatment will be allowed in the case of hitchhiking (non-wood) pests intercepted with properly IPPC marked WPM.

In cases of noncompliance, a CBP officer or agriculture specialist at the port of first arrival may order the

immediate export of regulated wood packaging materials (along with the accompanying cargo) at your expense.

A U.S. toll free number has been set up by the USDA during the initial enhanced enforcement period. The hotline is **866-738-8197**.

Background

U.S. import of goods accompanied by wood packaging and dunnage must comply with ISPM 15 (the international standard for the trade in wood packaging material including dunnage) effective for imports arriving in the U.S. on September 16, 2005. The ISPM treaty is designed to prevent the spread and introduction of plant pests such as the Asian long horned beetle, pine shoot beetle and the emerald ash borer. These pests have been linked to the importation of WPM. These pests are often concealed inside WPM, in larval forms or dormant states that increase their survival potential.

WPM is defined as "wood packing materials other than loose wood packing materials, used with cargo to prevent damage, including but not limited to dunnage, crating, pallets, packing blocks, drums, cases and skids."

Exempt from the rule are wood packing materials made entirely of processed manufactured wood such as plywood, particle board, oriented strand board or veneer, and whiskey and wine barrels. Pieces of wood that are less than 6mm in any dimension, sawdust, wood wool, and wood shavings are also exempt as long as they are less than 6mm in any dimension. WPM used by the U.S. Department of Defense to package non-regulated articles are exempt, as is firewood for cooking.

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PierPASS Update – Night Gates Are Working

By Brian Riley

According to a survey by PierPASS Inc., night gates are just as efficient as day gates. Trucks arriving to pick up or drop off containers during off-peak shifts are spending fewer than 30 minutes on average inside terminal gates, comparable to peak-hour turn times during the week surveyed. The truck drivers are experiencing less highway traffic once they exit the terminals, allowing for more productivity at night and on Saturdays.

The Off-Peak program, created by PierPASS Inc., established night and Saturday shifts at the Ports of Los Angeles and Long Beach to relieve congestion. In its first four weeks of operation, the program diverted more than 188,000 truck trips out of peak-hour weekday traffic.

In a separate survey, a majority of the 126 truck drivers interviewed by PierPASS said they have experienced an improvement in traffic flow and an increase in cargo deliveries since the Off-Peak program began on July 23rd.

In the turn-time survey, PierPASS obtained data from a majority of the 12 terminals participating in Off-Peak. The survey, conducted the week of August 15th, showed an average turn time of slightly less than 30 minutes, faster than the 35- to 40-minute turn times during the first two weeks of the program. The terminals tracked the net time from when a truck enters the terminal to when it leaves. These figures are for single transactions, and exclude non-working hours such as meal breaks. Averages at individual terminals varied and some trucking companies question the validity of this data.

According to Bruce Wargo, President of PierPASS, Inc., "The 12 terminals participating in the Off-Peak program are processing an average of nearly two trucks per minute per terminal." Bruce went on to say, "We believe that the combination of efficient terminal operations and lighter highway traffic makes cargo transportation a better process for all parties involved."

PierPASS acknowledges the issue of congestion at the beginning of the Off-Peak shift, encourages trucks to arrive after 7:00 p.m., and asks drivers to make more use of early morning hours.

One challenge for importers has been the inability to open their distribution centers at night to receive these containers. At Barthco, we have extended hours of operation at our distribution facilities to accommodate these night moves. We believe the extended hours, 6:00 a.m. – 2:00 a.m., provide a much-needed reprieve to the PierPASS TMF fee.

Truck Driver Survey

PierPASS has continued its outreach to port truck drivers. PierPASS interviewed 126 drivers between July 27th and August 6th, a period spanning the first and second weeks of the Off-Peak program. The in-person surveys were conducted at various locations within the two ports, including terminals, food service outlets and fueling stations. The surveys were conducted during both peak daytime hours and during Off-Peak shifts.

Key results include:

- 73% of drivers said they have experienced an improvement in traffic since the program's July 23rd launch. "The terminals and freeways have been a lot less congested," said one driver. "Traffic is moving faster."
- 58% reported being able to make more cargo trips with Off-Peak, while 18% have been unable to do so; the rest were uncertain. "I can make one extra trip a day," said another driver. This is significant as drivers are typically paid per delivery, not by the hour.
- Asked "What is your overall feeling about Off-Peak?" a plurality (47%) reported generally positive feelings, with 38% reporting generally negative feelings and 15% undecided or split.

For more information on the PierPASS program, please contact Barthco's Los Angeles office at (310) 568-9200.

Importer Self-Assessment Program (ISA) – Part I

By Steve Krzeminski

The U.S. Customs and Border Protection (CBP) of the U.S. Department of Homeland Security conducts audits of U.S. importers' activities to assess compliance with trade laws and regulations under the CBP Focused Assessment Program (FA). FA's are detailed examinations of the importer's import processes, files, and records on various import procedures and transactions. Recently, CBP has created an Importer Self-Assessment Program (ISA), a voluntary audit program. The importer is allowed to self audit after convincing the CBP that the company has established business practices and good internal controls designed specifically for customs operations.

Benefits of joining the program:

1. The company is removed from the CBP's Regulatory Audit Division's audit pool established for FA's. This avoids CBP's long, costly audit (comparable to an IRS audit in terms of cost and duration).
2. The company is able to develop stronger in-house business and import processes within its own time frame, rather than one dictated by a formal government audit.
3. The company develops a closer working relationship with CBP – an enormous benefit in daily routine interactions with Customs.
4. Having Customs as a resource provides support with issues and problems in import operations.
5. Timing of duty payments, access to key Customs liaison officials, extra time for filing prior disclosures, mitigating factor consideration if civil penalties or liquidated damages are assessed against the company, greater business certainty, and shorter boarder clearance times are key advantages to membership.

Steps in the ISA Process:

1. Become a certified partner in Customs Trade Partnership Against Terrorism (C-TPAT). [See the Winter 2005 *BARTHCO Communicator* for more information on the C-TPAT program.]
2. Submit a Memorandum of Understanding to Customs which is a formal agreement to join the ISA Program and abide by its requirements, including creating and maintaining an internal control system with regard to business and import processes and procedures. This will ensure that the company is abiding by the applicable import laws and regulations as stipulated by CBP.
3. Submit the required Importer Self-Assessment Questionnaire, which outlines the internal control program to CBP.
4. Perform periodic testing of transactions based on risk level.
5. Maintain results of testing for three years and have test information available to CBP upon request.
6. Make appropriate adjustments to internal controls as needed.
7. Maintain an audit trail from financial records to CBP declarations.
8. Make appropriate disclosures to CBP when required.
9. Submit an annual written notification to CBP to confirm the identity of your ISA contact and adherence to ISA Program requirements.

Part II of this article will appear in the next issue of the *BARTHCO Communicator* and will look at CBP guidance for developing ISA's internal controls.

For more information on CBP's ISA Program and other trade compliance programs, please contact Barthco Trade Consultants at (215) 238-8600.

CUSTOMS CORNER

By Don Simpson

CAFTA-DR Free Trade Agreement



On August 5, 2005 the CAFTA-DR Free Trade Agreement (CAFTA) became a reality when President Bush signed the agreement into law. The agreement will lower tariffs and reduce or eliminate other trade barriers between the United States, the Dominican Republic, Costa Rica, El

Salvador, Guatemala, Honduras, and Nicaragua. The president must issue a Presidential Proclamation amending the U.S. Harmonized Tariff Schedule to reflect the new duty rates and then decide on an implementation date. In addition, not all signatories have approved the agreement. So far, the Dominican Republic, Guatemala, El Salvador, and Honduras have approved the agreement. Once implemented, only those countries that have approved the agreement will be eligible for reduced duties and other benefits.

Miscellaneous Duty Suspension Bill

Almost every session of congress generates a miscellaneous duty suspension and technical corrections bill, which is designed to temporarily suspend duties on certain items or make technical corrections to previously

passed legislation. This congressional session is no different. The House Ways and Means Committee's Subcommittee on Trade requested comment on approximately 700 various bills by September 2, 2005. Now the Subcommittee will decide what individual bills to include in a total overall miscellaneous duty suspension bill. You may contact your local congress representative to determine which bills are under consideration.

China Safeguards

The United States and China have conducted several meetings to finalize a new bilateral textile agreement. At press time, no agreement had been reached. In the meantime, the domestic textile industry has requested that safeguard quotas be reapplied to nine categories under quota until December 31, 2005. The intention is to impose these reapplied quotas on January 1, 2006 so the safeguard quotas do not lapse. In addition, the Committee for the Implementation of Textile Agreements (CITA) must yet decide whether to implement safeguard quotas for socks, women's and girl's knit shirts and blouses, skirts, swimsuits, and nightwear.

Are Your Imported Products Subject to the Ozone Depleting Chemicals Tax?

Did you know the Internal Revenue Service (IRS) collects a tax on certain imported products that contain ozone depleting chemicals (ODC's).

The complete list of imported taxable products by name and tariff number can be found in federal regulation 26 CFR 52.4682-3. Information and tax forms for imported taxable products can be found on the IRS website (www.irs.gov):

- IRS Form 6627 – Environmental Taxes
- IRS Publication 510 – Excise Taxes

For more information, please contact your local Barthco representative or Joe Hoffacker, Barthco Trade Consultants, at (267) 570-2652.

IMPORTS SUBJECT TO THE TAX

- Anti-static sprays
- Electronic typewriters
- Keyboards
- Camcorders
- Electronic games
- Foam sofas
- Mattresses
- Propellants and refrigerants
- Electronic calculators
- Microwave ovens
- Televisions
- Telephone sets
- Laptops
- Notebooks & pocket computers

PSI Air Cargo Workshop Advances Industry Best Practices

By William Evans

Representatives from 18 governments participating in the Proliferation Security Initiative (PSI) met with representatives of the global air cargo industry at a workshop in Los Angeles on September 14-15, 2005 to discuss interdiction of proliferation-related air shipments. Government and industry personnel came from Australia, Canada, Denmark, France, Germany, Greece, Italy, Japan, the Netherlands, New Zealand, Norway, Poland, Portugal, Singapore, Spain, Turkey, the UK, and the United States.

Government representatives stressed the importance of cooperation between government and the air cargo industry on interdictions of weapons of mass destruction (WMD), delivery

systems, and related materials to and from state and non-state actors of proliferation concern.

William Evans, Senior Vice President, Barthco International, was recruited by Customs and Border Protection to facilitate a session focused on best practices of the air cargo industry. The two and-a-half hour program opened discussions among the delegates. Air cargo companies recognize the threat posed by WMD and the resolve of PSI governments to respond to that threat through a robust program of interdictions. Air cargo companies are prepared to cooperate with governments to prevent proliferation trafficking. They will continue to cooperate with governments in PSI enhancement.

CBP Three Phase Enforcement Policy of ISPM 15 *Continued from Page 1*

To enter commerce in the U.S. or other countries that have implemented the ruling, WPM must have been heat treated to achieve a minimum wood core temperature of 56°C for a minimum of 30 minutes. Such treatment may employ kiln-drying, chemical pressure impregnation, and other processes that achieve this specification through the use of steam, hot water, or dry heat; or fumigated with methyl bromide in an enclosed area for at least 16 hours of the stipulated dosage, stated in terms of grams of methyl bromide per m³.

Please access these resourceful Web sites for more information.

- <http://www.aphis.usda.gov/ppq/wpm/export/faq-wpm.html>
- http://www.cbp.gov/xp/cgov/import/commercial_enforcement/wpm/wpm_faq.xml
- <http://www.nwpc.com/ExportTreatment/ProgramOverview.htm>

ISPM 15 FOR WPM

- All WPM must be marked in a visible location on each piece, preferably on at least two opposite sides of the article.
- All WPM must be marked with a legible and permanent mark approved by the IPPC.
- Exportation of non-compliant WPM is the only recourse under the U.S. regulation.
- The rule does not authorize domestic destruction of non-compliant WPM.
- No alternate disposal methods are authorized under the rule.
- No fumigation will be allowed to take place once the shipment arrives in the U.S.
- All costs and arrangements necessary to effect re-export are borne by the importer.

Barthco Named One of Philadelphia's Best Places to Work

Barthco has been recognized as one of the five best places to work in Philadelphia according to the *Philadelphia Business Journal*. In its "Best Places to Work" issue, the journal identifies employers who are most appreciated by their employees.



John Antonucci, Denise Lamb and Jack Ercolani receive recognition on behalf of Barthco.

More than 200 companies were nominated for the recognition. Employees completed an anonymous on-line questionnaire providing direct feedback on team effectiveness, trust with co-workers, alignment with goals, trust in leadership, and people skills.

Barthco would like to thank its employees for making Barthco one of the "Best Places to Work" – not only in Philadelphia but across the country.



Barthco Faces

Barthco is pleased to welcome the newest member to its Sales and Marketing Team, **Florence "Floss" Izzo**. Floss will be working at Barthco's Philadelphia Navy Yard headquarters, developing business for Barthco's Special Services Division. Floss has more than 25 years of experience in the fine art world and extensive knowledge in the transportation, packing, crating, and insurance industries. Her expertise will be invaluable to Barthco's growth in these areas.

Throughout her career, Floss has assisted most of the major museums, auction houses, art galleries, and private collectors in the United States with moving precious merchandise seamlessly throughout the country and around the world.

Melinda Damico joined Barthco as Director of Business Development in November 2002, with responsibilities to secure and build new business and manage client relationships. Melinda works closely on a national basis with operations, Seahorse, IT, and Barthco Trade Consultants to develop service that best meets our clients' needs. Often, this includes implementing specific, targeted EDI, logistics, and process solutions that add efficiencies to our clients' supply chains.

Prior to joining Barthco, Melinda was Vice-President of Sales and Marketing for a forwarding company. Melinda graduated from Syracuse University with a Bachelor of Science Degree in Transportation and Distribution Management. She became a licensed broker in 1990.



Barthco Milestones

30 years

*Noreen Burgess
Thanh Nguyen*

20 years

*Denise Lamb
Sugar Nagle*

25 years

Jack Mallough

10 years

*Sara Barmejo
Ami McHugh
Byron Mejia*

Weddings



Joe Hoffacker and **Sonia Ruiz**, both from Barthco Philadelphia, were married on July 16th.

Camille Duke, Barthco New York, married Roy Logan on July 30th.

Tovah Lindley, Barthco Houston, married Randy Davis on September 24th.



Just Born

Ana Aguilera, Barthco Los Angeles, and husband Carlos, welcomed a daughter, Kassandra Sophia, on June 26th.

John Mallough, Philadelphia Navy Yard office, and wife Dawn, celebrated the birth of their son, John, on July 1st.

Gianna Marie was born July 1st to **Cara Barrett**, Barthco's Baltimore office, and husband Warren.

Heather Young, Barthco Columbus, and husband Jason, welcomed Brandon John on August 26th.

Nona Caro, Barthco Norfolk, and husband Alex, are the proud parents of Christian Alexander, born September 11th.

William Albrecht, Barthco Chicago, and wife Susan welcomed a son, William, on August 23rd.

Barthco is a Dog's Best Friend

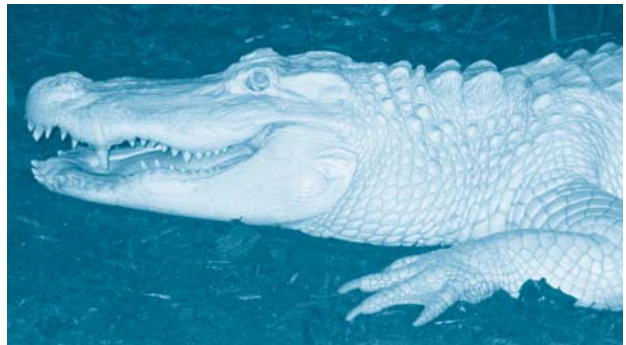
Barthco is a leader and specialist in handling the import and export of animals. Since the events of September 11, 2001, there has been a tremendous increase in the importation of dogs, and Barthco's Special Services division realized the need for a new tariff classification.

After gathering all data on dogs as commodities, Barthco, with assistance from Customs & Border Protection, filed a request with the Committee for Statistical Annotation of Tariff Schedules to establish a new tariff classification for dogs. This change will enable Customs to monitor the number of dogs that are imported. The classification assists the Center for Disease Control/Public Health in their procedures for controlling animals, mainly dogs and puppies. This is a milestone as it can take years to obtain a new tariff number. Because of the data supplied to the Statistical Annotation Committee, it recognized the need to expedite this approval.

See You Later, Alligator

Special Services recently expedited a rare Albino Alligator from the St. Augustine Alligator Farm in Florida to Frankfurt, Germany. This project included processing all CITES documents and performing a thorough examination at the Atlanta Airport, prior to this fellow's trip to his new home in an Alligator Farm Park in Germany.

Barthco's Special Services team is dedicated to the highly specialized task of providing freight forwarding and customs brokerage services for live animals of all kinds, world-class artwork, gold, and other valuables. Special Services can be reached at (610) 461-3200.



In Memoriam



Gennaro Pellegrini Jr.

On August 9, 2005, Army National Guard Corporal and Philadelphia Police Officer **Gennaro Pellegrini Jr.** was killed in the line of duty while serving his country in Iraq.

We intended to tell a story about Barthco employees generously donating and shipping sundry items for Cpl. Pellegrini; however, it seems more appropriate to share some personal information about "Gerry."

Gerry was in Iraq for nine months after a career of service with the police force since 2001. Gerry was an accomplished amateur boxer and had won his first professional fight just before leaving for duty in Iraq. While overseas, he contacted his 5th grade teacher to ask for a donation of sandals for Iraqi children; more than 200 pairs were sent.

Thank you to **Joe Cirella** of Barthco Philadelphia, who came to know Gerry through the Sons of Italy, for chairing the project but especially for bringing Gerry's story to us.

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