

Profiles in Trade

Custom Brokerage Firm Helps Businesses Navigate Responsibilities of Import/Export

More than half the goods for sale in U.S. markets come from abroad. In 2007, imports into the United States were valued at more than \$2 trillion.

Every importer has the responsibility to learn about the laws and liabilities it faces when bringing foreign goods into the United States. If there is a recall, the importer is liable. If someone finds contaminants in an imported product, the importer is liable. Companies that actively import goods always need to stay on top of suppliers, the safety of their products, and changing regulations.

For those considering entering the import business, there is a lot to learn, but there are many resources for California businesses to leverage.

“Importing can be tricky,” says John Leitner, president of custom brokerage firm W.J. Byrnes & Company, a member of the California Chamber of Commerce and its Council for International Trade, “but if you spend the time to do your homework, you can avoid a lot of problems.”

W.J. Byrnes & Company has been in the business for years. Formed in 1907 as a sole proprietorship by the same name and incorporated in 1917, it holds license number 60, issued in 1928 by the Bureau of Customs, U.S. Department of the Treasury in keeping with new legislation providing for licensing of customhouse brokers. Leitner purchased the company in 1973.

Leitner has written books about international trade, taught at Golden Gate University, and served on the President’s Export Council. He lectures widely about how to get into the business of international trade and how to stay out of trouble.

Expert Help

Leitner says, “Importing is similar to taxes and a court of law in this way: You can do almost anything and everything yourself, or you can hire an expert to help you. You can do your taxes yourself, or you can hire an accountant. You can represent yourself in court, or you can hire an attorney. If you don’t pay the right amount of tax, or get yourself unjustly



convicted, too bad. You’re still liable. The government operates on the same premise for importing. You can do it yourself, or you can work with a professional customs broker.”

Customs brokers act on behalf of importers in preparing and filing the required customs documents, and basically shepherding goods through the multi-layered import protocol. Customs brokers

also can represent a business in customs matters, including payment of duties and release of goods.

Being Prepared

“Informed compliance” is the official government term that describes importers’ responsibility to know the law and comply with it. Compliance includes using “reasonable care”—defined legally as the degree of care that a reasonably prudent person would use under like circumstances.

At some point, U.S. Customs and Border Protection will randomly select an importer to be examined, meaning businesses need to be ready at all times.

“Don’t wait for someone to come knocking on your door. Start making sure

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Government Entities Important to Importers

John Leitner, president of custom brokerage firm W.J. Byrnes & Company, a member of the California Chamber of Commerce and its Council for International Trade, suggests importers need to be well aware of at least these government entities:

- **U.S. Customs and Border**

Protection (CBP). This government agency is part of the Department of Homeland Security. It’s responsible for communicating requirements to importers.

The CBP website, www.customs.gov, is a great resource for new and established importers alike. CBP also posts all of its Informed Compliance Publications here (in the Trade section), including information on recordkeeping, reasonable care, rules of origin, fines, seizures, penalties, etc., as well as papers on specific types of products.

The must-have CBP publication, *Importing Into the United States, A*

Guide for Commercial Importers, is available as a free download on the site.

“This is the basic primer for importing into the United States,” says Leitner. The document’s 211 pages explain the process of importing goods, as well as many industry terms, in detail.

- **Consumer Product Safety Commission.** “They cover a huge range of products, including apparel, power tools and toys, among many others,” Leitner says.

- **U.S. Food and Drug Administration.** “If you deal with food of any kind, the FDA is going to be involved,” says Leitner. “After 9/11, they realized that another way of causing great harm to this country would be with tainted food.” Consequently, all food importers must file prior notice of what they’re bringing in and who their manufacturers are. All the manufacturers also must register.

Custom Brokerage Firm Helps Businesses with Import/Export Duties

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that you have all of the answers you need before anyone starts asking questions," Leitner says.

"Nobody expects you to be a super sleuth, but if you're just going to throw a dart at a map to find a supplier, or randomly pick one off the Internet, then you're not using reasonable care," he adds.

"I encourage my clients to bend over backwards to show that they've used reasonable care," says Leitner. "You need to know your manufacturers and use quality control. If you can show them everything they need to see right away, they'll look it over and be out of there in a jiffy. If you can't, they can camp out for weeks. Keeping a paper trail of written documentation is imperative, and you need to keep it for five years. If you don't, you'll be subject to penalties."

Choosing Business Partners

In addition to compliance, choosing

reliable business partners is one of the most time-consuming aspects of importing, and choosing poorly could harm a business. In fact, it's one of the top reasons new importing ventures fail.

Disaster stories abound about importers finding a really good deal, only to find out after the fact that they paid a high price for junk.

Leitner recalls one disaster story: "I was at a meeting of the Maritime Exchange, and saw photographs of a couple of shipping containers that had blown up at sea. The contents were declared as scrap plastic. Apparently, the importer had gone to a website to search for scrap plastic, and picked the cheapest source. The stuff came out of Mexico, got put on a vessel in L.A., and was on its way to China when it blew up. The 'scrap plastic' turned out to be ground up old gas cans, and they blew up near the equator because the gas residue got so hot it combusted.

"The Internet is a great place to go shopping, but you have to be careful. You're liable for what you import. If that's the only place you know about your supplier, you're taking a big risk."

Watch the News

Leitner shares another good rule: "If you're doing business in a part of the world that's making the news, and it's not because of the great weather or good deals for travelers, then it's time to pay attention."

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"Profiles in Trade" is a new, regular feature in Alert highlighting the international trade activities of member companies. Elke Peterson and Ham Dethero contributed to this article. Past profiles and more international trade information are available at www.calchamber.com/international.

Redistricting Reform Passes in Record Turnout Election



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Historic Vote

In a November 5 news conference, Governor Arnold Schwarzenegger and sponsors and supporters of

Proposition 11 highlighted the historic significance of the passage of the measure.

The Governor pointed out that Proposition 11 marked the sixth attempt at redistricting reform and "the first time that an initiative like this has won in America . . . the first time where . . . citizens independently of the Legislature, not being appointed by the legislators or anything, totally independently, will draw the district lines in the future."

A common theme at the national and state levels, the Governor said, "was that the people want politicians, Democrats and Republicans, to work together. And I think this is why they voted yes on Proposition 11: because they are sick and tired of the gridlock, they're sick and tired of politicians getting stuck in their

ideological corners and not willing to compromise."

Citizens Commission

Proposition 11 creates a 14-member independent citizens commission to redraw state legislative district lines based on strict non-partisan rules. Unlike the current process, Proposition 11 will ensure that the redistricting process is open and transparent and will respect existing city and county boundaries and communities. It will exclude individuals with obvious conflicts of interest,

including elected officials and their staff, from serving on the commission. The commission will include five Republicans, five Democrats and four members not associated with either party.

Potential commission members could include university professors, CPAs, physicians, nurses, engineers, community advocates, teachers and more. There also are provisions in the initiative requiring the commission to represent the state's significant diversity, including ethnic and regional considerations.

CalChamber-Sponsored Seminars/Trade Shows

For more information, visit www.calchamber.com/events.

International Trade

Trade Mission to Australia. Export. gov. November 17–21, Sydney and Melbourne, Australia. (202) 482-3973.
Friend or Foe? The Role of Egypt in the Region. World Affairs Council, Northern California. November 18, Sacramento. (916) 739-7271.

Governor's Conference on Small Business and Entrepreneurship. Global Entrepreneurship Week and The Kauffman Foundation. November 18–19, Los Angeles. (415) 777-1230.

Labor Law

On-Demand Web Seminar Library. CalChamber. Through December 31. Call for details. (800) 331-8877.