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Dear Importer,

Here are some key areas of consideration. Please review carefully:

IMPORTER SECURITY FILING (ISF): Beginning in January 2009, U.S. Customs & Border Protection has mandated the advanced electronic submission of shipment related data covering all ocean bound shipments. Required details include the names and addresses of your manufacturer, seller, buyer, consolidator, and container stuffing agent; the details identifying your shipped commodities (HTS number, description, country of origin); and your specific shipment details (booking number, bill of lading number, ocean vessel name and voyage, carrier name, ports of call, and sailing dates). Such details must be electronically submitted to and accepted by U.S. Customs no later than 24 hours prior to loading onto the U.S. bound vessel. This process is enforced 24 hours a day, 365 days a year, with no exceptions. Penalties are assessed up to $10,000 per shipment or incident. To avoid late filing penalties, we strongly recommend that you provide us with your ISF details as soon as they become available or at least 3 to 5 *business days* in advance of your shipment's tentative sailing date.

RECORD KEEPING: Importers are required to maintain records of all their Customs related transactions for no less than 5 years from the date of import. We suggest that you maintain an exclusive file for each new shipment to be separately maintained, including all correspondence and documents initiated from the placement of your order through the day that the entry has been finalized (liquidated) by U.S. Customs.

REASONABLE CARE: Importers are required to ascertain all facts and inferences made in their documentation or provided to U.S. Customs. Efforts to substantiate your presented information and details beyond that simply provided by your foreign supplier should be made. Blindly relying on such information does not constitute reasonable care. Some examples of reasonable care are as follows:

1. Verification of an exporter's business credentials and business operations.
2. Reviewing and following U.S. Customs invoicing requirements.
3. Specifying the actual country(s) of origin of your goods or materials directly on the invoice and related documents.
4. Establishing procedures to ascertain the correct descriptions and values of your imported goods.
5. Initiating a process or procedure to timely review and correct all documentation prior to submittal to Customs and the broker.

INVOICING: The following are required elements in preparation of invoices presented to U.S. Customs.

1. Full and complete information of all entities involved in the transaction (exporter, shipper, seller, consignee, importer, etc.) including names and addresses.
2. Details regarding the invoiced commodities, includes but not limited to common name, grade, quality, quantities, weights, measures, materials, etc. relative to the class of goods being imported.
3. Unit cost and total cost of each commodity listed.
4. Declared costs and descriptions of all products, services, documents, or discounts provided.
5. Terms or conditions of sale (FOB, CIF, CNF, etc.) and the amounts of such charges included and statement indicating whether or not included in invoice cost.
6. Products received "free of charge" must include a value for Customs purposes. Such values should reflect a cost paid or payable had the item been charged under a typical transaction for such goods.
7. Statement of country of origin or manufacture.

ASSISTS: An assist is defined as any materials, components, parts, products, or services provided by the importer incorporated into the finished product as imported. Such items include but are not limited to materials, tools, dies, molds, artwork, engineering work, design, plans or sketches utilized in the production of the finished goods. Assists must also include all charges paid to get that product to the foreign manufacturer, supplier, or seller.

RELATIONSHIP: The relationship of the importer to the selling or invoicing party must be disclosed to Customs as part of your entry. "Related" parties are defined as any entities sharing the same legal relationship whether by marriage, lineal descent, ownership, organization, or business partnership, or any officer or organization holding 5% or more of voting stock or shares in the other entity.

COUNTRY OF ORIGIN MARKING: All imported goods must include "country of origin markings" – labels, stickers, stamps, or print directly on the product to identify its country of manufacture. Such markings must be conspicuously placed and sufficiently permanent to withstand normal distribution or handling so that the ultimate purchaser can view it at the time of sale. Certain commodities have unique marking requirements which may go beyond routine labelling. Please be sure to check with us ahead of time if you are not sure how to mark your product.

PRIOR NOTICE: All food items require a "preliminary" electronic notification to U.S. FDA known as "Prior Notice". Prior Notice may be filed by the Importer, broker, or any agent of the importer having an account with U.S. FDA. Prior Notice requires that specific details regarding the product, its manufacturer, and the shipment details be transmitted to U.S. FDA ahead of its arrival in the U.S. Depending upon its mode of transportation Prior Notice has specific time restrictions. Ocean shipments may only be submitted to FDA following departure and no earlier than 5 calendar days ahead of arrival in the U.S. and must be accepted by FDA no later than 24 hours prior to arrival of the vessel at its first U.S. Port. Air shipments, likewise, may only be submitted following departure of the aircraft, however, Prior Notice for air shipments must be received by FDA no later than 4 hours prior to arrival at its first U.S. port. Prior Notice is enforced 24 hours a day, 365 days a year with no exceptions. These

time constraints therefore leave us unable to submit Prior Notice for all air shipped food importations. Importers must therefore submit their own Prior Notice for all food related air shipments.

FOOD FACILITY REGISTRATION: Please also note that Prior Notice requires the preliminary registration of all foreign food product manufacturers directly with the US FDA. This registration entails the issuance of a unique 11-digit FDA Food Facility Registration Module (FFRM) number assigned to each individual manufacturer. The FFRM number is required for all Prior Notice submissions. Please remind your manufacturer to register with US FDA and provide you with their unique FFRM number well ahead of the export of your shipment. It is preferable that they also state their 11-digit FFRM number directly on the commercial invoice.

FDA CLEARANCE: All imported foods and food related products as well as cosmetic, health, hygiene, and medical related products fall under U.S. Food and Drug Administration jurisdiction and must be electronically declared in conjunction with the U.S. Customs entry. Anything consumed by human or animal, anything touching food or a person's skin (other than apparel or bedding), and anything with an implied or perceived medical use or health claim, all fall under U.S. FDA jurisdiction. Because FDA examinations typically take place at an importer's premises, FDA clearances are handled separately from U.S. Customs clearances. As such, food importers must be aware that their FDA shipments require two distinct clearances before any commodity in the shipment may be sold or distributed – one from U.S. Customs and one from U.S. FDA.

In the event that a U.S. FDA inspection is ordered, U.S. Customs will order a "conditional" release of the shipment and the importer must hold the *entire* shipment intact in their warehouse (unless otherwise instructed by U.S. FDA). Failure to withhold even a portion of the shipment without prior FDA release will result in a monetary penalty of up to three times the value of the *entire* shipment. An order by Customs to re-deliver the entire shipment will then be ordered. It is best to always verify that your FDA products have been released by FDA with a "may proceed" designation before attempting to sell or distribute any part of your shipment.

FDA/FSVP: The U.S. FDA recently enacted their Foreign Supplier Verification Program or FSVP. U.S. food importers are now required to establish procedures to provide adequate assurances that their foreign suppliers are manufacturing food products in compliance with processes acceptable for public health protection as required under section 418 (Hazard Analysis and Risk-based Preventative Controls) and section 419 (Standards for Produce Safety) of the Food, Drug, and Cosmetic Act. This essentially requires importers to monitor their suppliers and commodities for FDA compliance issues. Some actions warranted under FSVP include but are not limited to: verification of ingredients and additives; physical monitoring of their foreign manufacturers and/or suppliers; plans to identify, track, and recall distribution of product if necessary; and plans to deal with potential hazards or issues. Such processing and preparation may be done directly by the importer themselves or by a hired third party, however, it is ultimately still the responsibility of the importer.

The above are only of some key areas of consideration with respect to importing and are not all inclusive. It is ultimately the responsibility of the importer to verify that they are compliant with all U.S. Customs and affiliated Government Agency requirements. Failure to meet these requirements will lead to increased monitoring and inspection of your shipments, additional costs and delays resulting from such inspections, and the potential loss of the shipment itself. Please review the above and feel free to contact us discuss any potential issues well ahead of time.

Yours truly,
S. Kido & Co., Inc.