**Import Purchases and Procedures**

***Purchases over $5000.00***

When dealing with a company whose products are manufactured outside the U.S. and the merchandise will be imported into the United States, you need to negotiate the shipping terms with the vendor prior to the issuance of the purchase order. Use the attached chart “INCOTERMS 2000 – Chart of Responsibility” for the terms of the final agreement. The quote from the vendor must list acceptable shipping terms, with a firm-fixed-cost which includes all custom/duty charges, delivery fees and insurance cost.

The INCOTERMS chart is an internationally accepted set of trade terms that have been adopted by most countries. These terms define the exact responsibilities and risks of both the buyer and seller, including while the merchandise is in transit.

The U of A always wants the vendor to agree to INCOTERMS 2000 – DDP – Delivered Duty Paid to the University of Arkansas. Note on the chart that with DDP terms all the service costs (shipping, storage, customs fees, etc.) are the responsibility of the seller. DDP is the only INCOTERM that relieves the Buyer from paying Duty, Import Related Taxes and Customs. Import entry fees will vary by tariff code, but usually run 5% to 6% of the total purchase price of the commodity.

Usually the import vendor will list INCOTERMS/EXWORKS (see chart), which is not acceptable to the U of A. Also, notice that FOB in international terms is completely different than our conventional terms within the United States. INCOTERMS FOB pertains only to ocean container shipments, “Free Onboard Vessel”, which is not acceptable to the U of A.

If the vendor will not accept DDP, then the end user must be apprised of the costs and risk associated with the other terms listed on the chart. I usually let the vendor know that DDP is a requirement of doing business with the U of A. However, there will be times that the vendor will not accept DDP terms. The buyer will then have to evaluate the cost and the liabilities of doing business with that vendor to make a successful procurement for the end user.

***Small Order Purchases***

Many vendors with addresses within the United States are actually dealers for manufacturers outside the U.S. that will require import fees. Usually, the end-user (PI, grad-student, etc.) has no idea that the product they ordered will require special handling and additional fees.

The merchandise will come into a “port of entry” in the U.S., where the shipping firm/customs broker will notify the U of A that it must reviewed by the Department of Homeland Security for customs regulations and fees. The brokerage firm will also charge you a fee for their services. Always get the brokerage firm fees up front, prior to signing over our Power of Attorney (POA) to the firm. If their fee seems out of line, you can contact another broker (UPS, FedEx, etc.) to take control of the shipment.

***Power of Attorney***

If DDP terms are used, a POA is not necessary because the U of A will not have any interaction with a brokerage firm or Homeland Security. By the terms of DDP, the seller/vendor will be required to handle the importation of the product.

If that is not the case, then a Power of Attorney (see attached examples) will be sent by the brokerage firm for the U of A to complete and sign. This gives the brokerage firm the authority to deal with Homeland Security and sign necessary customs forms for U.S. clearance. These forms will need to be notarized (Ellen), and then signed by Dr. Pederson’s office (Carrie).

Each POA will need to be modified. General Counsel has given us some standard terms (see attached) to make an addendum to the POA, giving the brokerage firm “limited” power of attorney. The addendum should include a description of the product, name of the brokerage firm, port of entry, and an expiration date of the limited power of attorney. Allow the brokerage firm thirty (30) days to clear the shipment through customs.

 Attach the addendum to the POA and have Ellen notarize. Then the documents are ready for Dr. Pederson’s office to sign (Carrie).

**INCOTERMS 2000**

**Chart of Responsibility**

When negotiating an international sales contract, both parties need to pay as much attention to the terms of sale as to the sales price.  To make it as clear as possible, an international set of trade terms (INCOTERMS) has been adopted by most countries that defines exactly the responsibilities and risks of both the buyer and seller including while the merchandise is in transit.

The following chart summarizes the responsibilities of both the buyer and seller for each of the current 13 INCOTERMS.  In addition, a definition for each term is included at the bottom of the page.

For a more complete description of each of the INCOTERMS, [*The IBT Guide to INCOTERMS 2000*](http://www.i-b-t.net/shop/pc-26-2-the-ibt-guide-to-incoterms-2000-reference-book.aspx) book published by International Business Training fully and clearly defines each of the new INCOTERMS that became effective January 1, 2000, and includes a number of case studies that demonstrate the use of the different terms in real-life situations.

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | [**EXW**](http://www.i-b-t.net/incoterms.html#EXW) | [**FCA**](http://www.i-b-t.net/incoterms.html#FCA) | [**FAS**](http://www.i-b-t.net/incoterms.html#FAS) | [**FOB**](http://www.i-b-t.net/incoterms.html#FOB) | [**CFR**](http://www.i-b-t.net/incoterms.html#CFR) | [**CIF**](http://www.i-b-t.net/incoterms.html#CIF) | [**CPT**](http://www.i-b-t.net/incoterms.html#CPT) | [**CIP**](http://www.i-b-t.net/incoterms.html#CIP) | [**DAF**](http://www.i-b-t.net/incoterms.html#DAF) | [**DES**](http://www.i-b-t.net/incoterms.html#DES) | [**DEQ**](http://www.i-b-t.net/incoterms.html#DEQ) | [**DDU**](http://www.i-b-t.net/incoterms.html#DDU) | [**DDP**](http://www.i-b-t.net/incoterms.html#DDP) |
| **SERVICES** | **Ex Works** | **Free Carrier** | **Free Along****Side Ship** | **Free Onboard Vessel** | **Cost & Freight** | **Cost Insurance & Freight** | **Carriage Paid To** | **Carriage Insurance Paid To** | **Delivered At Frontier** | **Delivered Ex Ship** | **Delivered Ex Quay Duty Unpaid** | **Delivered Duty Unpaid** | **Delivered Duty Paid** |
| **Warehouse Storage** | Seller | Seller | Seller | Seller | Seller | Seller | Seller | Seller | Seller | Seller | Seller | Seller | Seller |
| **Warehouse Labor** | Seller | Seller | Seller | Seller | Seller | Seller | Seller | Seller | Seller | Seller | Seller | Seller | Seller |
| **Export Packing** | Seller | Seller | Seller | Seller | Seller | Seller | Seller | Seller | Seller | Seller | Seller | Seller | Seller |
| **Loading Charges** | Buyer | Seller | Seller | Seller | Seller | Seller | Seller | Seller | Seller | Seller | Seller | Seller | Seller |
| **Inland Freight** | Buyer | Buyer/Seller\* | Seller | Seller | Seller | Seller | Seller | Seller | Seller | Seller | Seller | Seller | Seller |
| **Terminal Charges** | Buyer | Buyer | Seller | Seller | Seller | Seller | Seller | Seller | Seller | Seller | Seller | Seller | Seller |
| **Forwarder's Fees** | Buyer | Buyer | Buyer | Buyer | Seller | Seller | Seller | Seller | Seller | Seller | Seller | Seller | Seller |
| **Loading On Vessel** | Buyer | Buyer | Buyer | Seller | Seller | Seller | Seller | Seller | Seller | Seller | Seller | Seller | Seller |
| **Ocean/Air Freight** | Buyer | Buyer | Buyer | Buyer | Seller | Seller | Seller | Seller | Seller | Seller | Seller | Seller | Seller |
| **Charges On  Arrival At Destination** | Buyer | Buyer | Buyer | Buyer | Buyer | Buyer | Seller | Seller | Buyer | Buyer | Seller | Seller | Seller |
| **Duty, Taxes & Customs Clearance** | Buyer | Buyer | Buyer | Buyer | Buyer | Buyer | Buyer | Buyer | Buyer | Buyer | Buyer | Buyer | Seller |
| **Delivery To Destination** | Buyer | Buyer | Buyer | Buyer | Buyer | Buyer | Buyer | Buyer | Buyer | Buyer | Buyer | Seller | Seller |

\* There are actually two FCA terms: FCA Seller's Premises where the seller is responsible *only* for loading the goods and *not* responsible for inland freight; and FCA Named Place (International Carrier) where the seller *is* responsible for inland freight.

**The 13 INCOTERMS**

**Origin Terms**
**EXW** - Ex-Works, named place where shipment is available to the buyer, not loaded.
The seller will not contract for any transportation.

**International Carriage NOT Paid by Seller**
**FCA** - Free Carrier, unloaded at the seller's dock OR a named place where shipment is available to the international carrier or agent, not loaded.
This term can be used for any mode of transport.

**FAS** - Free Alongside Ship, named ocean port of shipment.
Ocean shipments that are NOT containerized.

**FOB** - Free On Board vessel, named ocean port of shipment.
This term is used for ocean shipments only where it is important that the goods pass the ship's rail.

**International Carriage Paid by the Seller**
**CFR** - Cost and Freight, Named ocean port of destination.
This term is used for ocean shipments that are not containerized.

**CIF** - Cost, Insurance and Freight, named ocean port of destination.
This term is used for ocean shipments that are not containerized.

**CPT** - Carriage Paid To, named place or port of destination.
This term is used for air or ocean containerized and roll-on roll-off shipments.

**CIP** - Carriage and Insurance Paid To, named place or port of destination.
This term is used for air or ocean containerized and roll-on roll-off shipments.

**Arrival At Stated Destination**
**DAF** - Delivered At Frontier, named place of destination, by land, not unloaded.
This term is used for any mode of transportation but must be delivered by land.

**DES** - Delivered Ex-Ship, named port of destination, not unloaded.
This term is used for ocean shipments only.

**DEQ** - Delivered Ex-Quay, named port of destination, unloaded, not cleared.
This term is used for ocean shipments only.

**DDU** - Delivered Duty Unpaid, named place of destination, not unloaded, not cleared.
This term is used for any mode of transportation.

**DDP** - Delivered Duty Paid, named place of destination, not unloaded, cleared.
This term is used for any mode of transportation.

**Customs Power of Attorney**

Check appropriate type:

\_\_ Individual

\_\_ Partnership

\_\_ Corporation

\_\_ Sole Proprietorship

KNOW ALL MEN BY THESE PRESENTS: That, \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

 (Full Name of person, partnership, or corporation, or sole proprietorship (Identify)

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

a corporation doing business under the laws of the State of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_or a \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

doing business as \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ residing at \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

having an office and place of business at \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, hereby constitutes and appoints each of the following persons

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

 (Give full name of each agent designated)

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

as a true and lawful agent and attorney of the grantor named above for and in the name, place, And stead of said grantor from this date and in all Customs Districts, and in no other name, to make, endorse, sign, declare, or swear to any entry, withdrawal, declaration, certificate, bill of lading, carnet or other document required by law or regulation in connection with the importation, transportation, or exportation of any

merchandise shipped or consigned by or to said grantor; to perform any act or condition which may be required by law or regulation in connection with such merchandise; to receive any merchandise deliverable to

said grantor;

 To make endorsements on bills of lading conferring authority to transfer title, make entry or collect drawback, and to make, sign, declare, or swear to any statement, supplemental statement, schedule, supplemental schedule, certificate of delivery, certificate of manufacture, certificate of manufacture and delivery, abstract of manufacturing records, declaration of proprietor on drawback entry, declaration of exporter on drawback entry, or any other affidavit or document which may be required by law or regulation for drawback purposes, regardless of whether such bill of lading, sworn statement, schedule, certificate, abstract, declaration, or

other affidavit or document is intended for filing in any customs district;

To sign, seal, and deliver for and as the act of said grantor any bond required by law or regulation in connection with the entry or withdrawal of imported merchandise or merchandise exported with or without benefit

of drawback, or in connection with the entry, clearance, lading, unlading or navigation of any vessel or other means of conveyance owned or operated by said grantor, and any and all bonds which may be voluntarily given and accepted under applicable Laws and regulations, consignee’s and owner’s declarations provided for in section 485, Tariff Act of 1930, as amended or affidavits in connection with the entry of merchandise.

To sign and swear to any document and to perform any act that may be necessary or required by law or regulation in connection with the entering, clearing, lading, unlading, or operation of any vessel or other means

of conveyance owned or operated by said grantor; To authorize other Customs Brokers to act as grantor’s agent; to receive, endorse and collect checks issued for Customs duty refunds in grantor’s name drawn on

 the Treasurer of the United States; if the grantor is a nonresident of the United States, to accept service of process on behalf of the grantor; And generally to transact at the customshouses in any district, any and all customs business, including making, signing, and filing of protests under section 514 of the Tariff Act of 1930, in which said grantor is or may be concerned or interested and which may properly be transacted or performed by an agent and attorney, giving to said agent and attorney full power and authority to do anything whatever requisite and necessary to be done in the premises as fully as said grantor could do if present

and acting, hereby ratifying and confirming all that the said agent and attorney shall lawfully do by virtue of these presents: the foregoing power of attorney to remain in full force and effect until the \_\_\_\_ day of \_\_\_\_\_\_\_\_\_\_\_, 2\_\_\_\_\_, or until notice of revocation in writing is duly given to and received by a District Director of Customs. If the donor of this power of attorney is a partnership, the said power shall in no case have

any force or effect after the expiration of 2 years from the date of its execution.

IN WITNESS WHEREOF, the said \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Has caused these presents to be sealed and signed: (Signature) \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

(Capacity) \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (Date) \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

WITNESS: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

 (Corporate seal)



321 Administration Building, Fayetteville, Arkansas 72701 (479) 575-5158 (479) 575-4158 (Fax)

**ADDENDUM TO CUSTOMS POWER OF ATTORNEY**

This Customs Power of Attorney is a limited Power of Attorney. All authority granted in this limited Power of Attorney shall be solely and exclusively limited to the clearance of University of Arkansas scientific equipment through U.S. Customs in New York, New York. K & G CUSTOMS SERVICE INC. will retain the foregoing Power of Attorney for the aforementioned transaction until December 30, 2008, for this shipment only, a MOCVD system vacuum pump.

**The University of Arkansas is an equal opportunity/affirmative action institution.**



321 Administration Building, Fayetteville, Arkansas 72701 (479) 575-5158 (479) 575-4158 (Fax)

**ADDENDUM TO CUSTOMS POWER OF ATTORNEY**

This Customs Power of Attorney is a limited Power of Attorney. All authority granted in this limited Power of Attorney shall be solely and exclusively limited to the clearance of University of Arkansas scientific equipment through U.S. Customs in Chicago, Illinois. Nissan International Transport USA, Inc. will retain the foregoing Power of Attorney for the aforementioned transaction until January 30, 2010, for this shipment only, a Friction Abrasion Analyzer TS 501.

**The University of Arkansas is an equal opportunity/affirmative action institution.**