



FedEx Regulatory Alerts & Updates

Regulatory Alert: Changes to U.S. – IL FTA for Imports Into U.S.

May 23, 2019

BACKGROUND INFORMATION

The U.S. and Israel signed an amendment on May 10, 2017, that altered the original Rules of Origin established in the 1985 US-IL (U.S. – Israel) Free Trade Agreement (ILFTA).

Effective May 20, 1994 (CSMS #94-000504), the U.S. Customs and Border Protection (CBP) eliminated the requirement for importers to submit the certificate of origin known as “Form A” (a.k.a., the “green” form) and replaced this requirement with a signed affidavit provided upon CBP’s request from the importer acknowledging that the good meets the origination and the shipping requirements of the FTA. Such a request can be made by CBP up to five (5) years after importation of the shipment into the U.S.

WHAT HAS CHANGED?

FedEx Trade Networks (FTN) is the designated broker for FedEx Express (FXE) shipments in the U.S., unless otherwise specified under the Broker Select Option. FTN frequently acts as the Importer of Record for FXE imports into the U.S., thus FTN would be required to provide the information to CBP.

In order for U.S. importers to claim ILFTA duty and tax benefits, **effective June 17, 2019**, shipments will be required to have one of the following options present, regardless of value:

Option 1 – “Wholly Produced (100%)”: For shipments of products *wholly produced or obtained in Israel*, a statement must be present on a signed commercial invoice confirming that fact. For example, “These goods are wholly (100%) the growth, product, or manufacture of ____ [ILFTA-eligible country or territory].”

Note – the above is an example, and other similar statements can be acceptable. Additional information is provided in the ILFTA Annex 3 (Rules of Origin). A link is provided in the Reference section below.

Option 2 – “Not Wholly Produced”: For shipments of goods that are manufactured and/or assembled with components of various origins from outside Israel or a Qualifying Industrial Zone (QIZ) but still qualify for ILFTA, a signed declaration that the goods comply with country of origin requirements set forth in ILFTA will need to be included with the shipment. The declaration must include the details listed below in the Q&A section.

Q&A

Q1: Can the above Option 2 be embedded within the commercial invoice?

A1: Yes. The required details are below:

The exporter or person signing the certificate of origin shall be prepared to submit a declaration setting forth all pertinent details concerning the production or manufacture of the articles which were used to prepare the certificate of origin. The information on the declaration should contain at least the following pertinent details:

- A. A description of the article, quantity, numbers and marks of packages, invoice numbers, and bills of lading;
- B. A description of the operations performed in the production of the article in a Party and identification of the direct costs of processing operations;
- C. A description of any materials used in production of the article which are wholly the growth, product, or manufacture of either Party, and a statement as to the cost or value of such materials;
- D. A description of the operations performed on and a statement as to the origin and cost or value of, any foreign materials used in the article which are claimed to have been sufficiently processed in a Party so as to be materials produced in that Party;
- E. A description of the origin and cost or value of any foreign materials used in the article which have not been substantially transformed in a Party; and,
- F. The percentage of the total value added in Israel or a QIZ.

Q2: If a shipment does NOT have the required details, will it be caged so the details can be procured?

A2: No, the shipment will be cleared with full duties and taxes assessed.

Q3: Can these details still be provided using the Form A/green form?

A3: No, the Form A is obsolete and will no longer be accepted as proof of origin.

Q4: Can U.S. importers put up their own bond and be the IOR for these shipments?

Q4: Yes, U.S. importers always have that option. The FTN bond team arranges Customs Bonds for customers. U.S. customers with specific inquiries on the bond process should send those to the FTN Bond team at fn_bond@ftn.fedex.com.

Timeline for Implementation: June 17, 2019

References:

U.S. Customs Israel FTA Requirements

<https://www.cbp.gov/trade/free-trade-agreements/israel/certificate-origin-requirements>

Cargo Systems Messaging Service (CSMS) 1994 Notice for US-IL requirements

https://csms.cbp.gov/viewmssg.asp?Recid=14597&page=2&srch_argv=94-000504&srctype=&btype=&sortby=&sby

ILFTA Annex 3, Rules of Origin

[https://ustr.gov/sites/default/files/files/agreements/FTA/israel/US%20IS%20JC%20ED.pdf?utm_source=google&utm_medium=google&utm_term=\(not%20provided\)&utm_content=undefined&utm_campaign=\(not%20set\)&gclid=undefined&dclid=undefined](https://ustr.gov/sites/default/files/files/agreements/FTA/israel/US%20IS%20JC%20ED.pdf?utm_source=google&utm_medium=google&utm_term=(not%20provided)&utm_content=undefined&utm_campaign=(not%20set)&gclid=undefined&dclid=undefined)