

Carnet Bonds

The Merchandise Passport

Barbra Streisand, The Rolling Stones and U2 don't just have millions of dollars and fans in common – they've all used a Carnet to tour internationally.

Carnets are often referred to as “passports for cargo,” allowing shipments to be temporarily admitted into more than 85 foreign partner countries. Goods are imported without individual temporary import bonds or payment of import duties.

In the U.S., two types of Carnets are issued: ATA and TECRO/AIT Carnets.

Many commercial items including computers, repair tools, photographic and film equipment, musical instruments, industrial machinery, vehicles, jewelry, clothing, medical appliances and aircraft, race cars, prehistoric relics and concert equipment can cross borders duty-free and tax-free, by utilizing the ATA Carnet system.

ATA Carnets require a single bond to be secured within the country of origin, providing the shipment a more streamlined entry and clearance process through Customs around the world.

TECRO/AIT Carnets are used between the U.S. and Taiwan only and serve the same function as the ATA Carnet. TECRO/AIT Carnets result from an agreement between the U.S. and Taiwan, covering only commercial samples and professional equipment. Merchandise entering countries in addition to Taiwan may also be accompanied by an ATA Carnet.

Carnet Benefits

- May be used for unlimited exits from and into the U.S. and foreign countries
- Valid for one year
- Accepted in more than 85 countries and territories
- Eliminate value-added taxes, duties and the posting of security normally required at importation
- Simplify customs procedures. Carnets allow a temporary exporter to use a single document for all customs transactions, make arrangements in advance, and at a predetermined cost
- Facilitate U.S. re-entry by eliminating the need to register goods with U.S. Customs at departure

Carnets do not, however, exempt holders from obtaining necessary licenses or permits.

Fees and Processing Time

There are three basic components to the Carnet application process:

1. General list
2. Carnet application
3. Security deposit

Basic processing fees are determined by the value of a shipment. Fees range from \$200-\$330 and the normal processing time is two working days if the application and security deposit are received by 4:00 p.m. Eastern Standard Time. Applications received after 4:00 p.m. will be processed the following business day or will incur an expedited service fee.

As the National Guaranteeing Association, USCIB is required to take security, usually 40 percent of the shipment value, to cover any Customs claim that might result from a misused Carnet. Acceptable forms of security are certified check or surety bond. Cash deposits are returned in full and surety bonds are terminated upon Carnet cancellation.

For more information, please view Avalon's Carnet Brochure or USCIB's website at www.uscib.org. Avalon is a full service provider of Carnets as well as bonds and they can easily be obtained by writing to carnets@avalonrisk.com.

For further information, please contact your local Avalon office or Deirdre Hudson, Sales Manager at Avalon's San Francisco office. Deirdre Hudson can be reached at her direct line: 650-652-4104 or via e-mail at dhudson@avalonrisk.com. To view a directory of Avalon's office locations, please visit our Web site at www.avalonrisk.com.