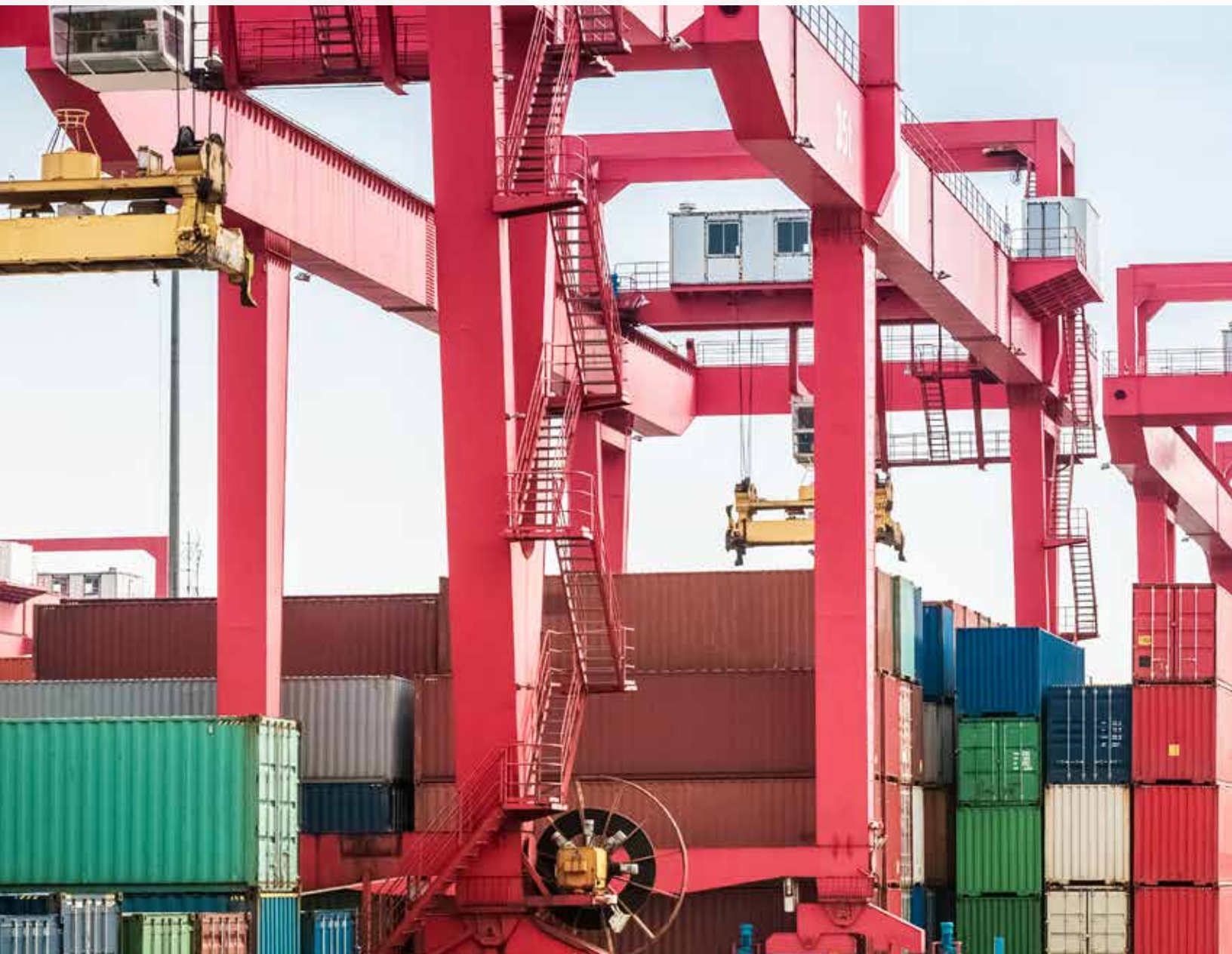




German American  
Chambers of Commerce  
Deutsch-Amerikanische  
Handelskammern

# Transatlantic Logistics

## A Guide For German Companies





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## Logistics for the US Market

Despite an increasingly volatile global economy, the US continues to import significant amounts of products from Germany. According to Germany Trade and Invest, German-US trade figures saw a 6% increase in the first half of 2019 alone. Following China and France, the US is the largest market for German exports. As such, it is vital that German exporters know which rules, regulations, and limitations may apply to goods they wish to ship. US tariffs can be applied zealously, but are usually not a large hindrance for companies from EU countries. Nonetheless, it is important to check the appropriate regulations frequently, as new tariffs and barriers can be applied quickly.

Year after year, clients and business owners approach GACC Midwest wanting to know more about the US market. One of the most important topics for any business entering the US is the organization of international sales and logistics. In fact, questions relating to logistics and imports to the United States are among the top three most common inquiries GACC Midwest receives every year.

Working with a logistics company can help simplify the entire export process and answer questions such as: What are proper packaging procedures? Are there specific packaging requirements for consumer products? Appropriate packaging is especially relevant since international shipping can put unforeseen demands on goods. Potential issues during shipping include breakage, theft, tampering, excess moisture, and unstable temperature. Other logistical considerations include the weight distribution of items when packed, as well as the relative size of the United States, which can result in different overground shipping costs than European trucking. Furthermore, knowing documentation standards and requirements is essential for transatlantic shipping.

In order to take full advantage of Germany's strong trading position with the US, GACC Midwest offers you a variety of logistics information and support. This brochure is your first go-to resource when making decisions involving logistics in the US. Learn about key elements, potential pitfalls, and get to know trusted professional services from our network that can accompany you throughout the entire logistics process.

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## Important Logistical Considerations

One of the first questions that needs to be addressed during logistical planning is the quantity of goods being shipped. Depending on the scale of operations, it may be possible to ship through simple parcel shipping companies. With more volume, options for freight shipping become viable. Based on timelines, transatlantic shipping can be done via container ship or airplane, and will have a dramatic effect on logistical costs. Once merchandise has reached a US port or airport, it is possible to use freight-forwarding services to expedite the transition from airplane or shipping container to heavy-duty truck or rail.

### Delivered-at-Place

Another option available to companies looking to deliver products to the US is Delivered-at-Place (DAP). DAP is a logistical agreement in which a seller commits to paying any costs or damages that come from moving goods sold to a specific location. These agreements often include the location at which the buyer takes on the financial risk, such as the port of entry of the product. The buyer is responsible for paying import duties and taxes, including clearance and local taxes, as the shipment is handed over. The seller is responsible for documentation, packaging, and delivery to the location, while the buyer assumes the risk once the goods are unloaded, and must clear them for import.



### Product Labeling

Consumer product labels are regulated both federally and by state. In order to be transported across a US border, goods and merchandise must be properly labeled according to these regulations. Labeling is standardized in the US to ensure that any products meet the necessary requirements, as well as making approvals easier for shipping and goods-handling personnel. The Fair Packaging and Labeling Act (FPLA), for example, explains that the Federal Trade Commission (FTC) and the Food and Drug Administration (FDA) are responsible for issuing regulations for the labeling of consumer goods. Labels must disclose contents (for example, automotive wheel liners, plastic tubs, etc.), identity of commodity and the place of business for the manufacturer, packer, or distributor. The Act also authorizes labeling practices that prevent deception of the consumer, facilitate value comparisons, and promote uniformity.

### Warehousing

In some instances, with enough volume and a solid customer base, it becomes useful to look into the storage and distribution of goods in the United States. In these cases, it is possible to operate or contract a warehouse. In addition to standard warehousing, options exist for consignment warehouses, customs bonded warehouses, and external fulfillment services. More information on warehousing can be found in the following article.



## Gebrüder Weiss: Over 500 Years of Experience in Logistics



By the time Columbus reached America in 1492, Gebrüder Weiss had already been operating in the transport industry in Europe for nearly 20 years. More than 500 years of tradition and experience put a certain onus on the company. That's why "Service Excellence" is the company's chief objective, and that is the mantra that drives over 7,100 employees at 150 locations around the world. At the moment Gebrüder Weiss is focusing on establishing closer links between Europe and the USA, two very economically dynamic regions.

### Bridging Europe and USA

Chicago, Atlanta, Boston, Dallas, Los Angeles, New York and San Francisco – these are the cities from which Gebrüder Weiss USA operates currently. With decades of experience in the USA, the logistics expert has established services and products that ensure its clients have the best service, routing and rates available in the market. Goods of all kinds are transported "in a single stream" quickly and securely. For instance, goods from the Midwest are delivered from Chicago to Vienna on a direct flight and are distributed throughout Eastern Europe within 1-2 days. This is possible because of blocked space agreements with core carriers for both east- and westbound flights to and from Europe and the company's wide network of locations in Europe. In addition to regular freight air products, special requests such as on-board courier, part charters and full charters to anywhere in the world are available.

With a wide network of container freight stations and weekly departures to and from the main US ports, Gebrüder Weiss can handle any sea freight shipment from single boxes to full containers, Break Bulk as well as special equipment like flat racks and open-top containers. All services include full customs solutions provided by specialists, end-to-end monitoring of consignments, door-to-door deliveries and short pick-up and delivery times. Gebrüder Weiss offers the same quality standards on both sides of the Atlantic, with European experts in US offices and personal customer contact guaranteeing Service Excellence with every shipment.

### More than just transport services

In addition to traditional transport services, customers can take advantage of a logistics portfolio ranging from bespoke concepts for specific outsourcing operations (e.g. freight storage, picking, distribution) to comprehensive solutions for the entire supply chain. The terminals in Chicago, Atlanta and Los Angeles specialize in warehouse logistics. Incoming air and sea freight are consolidated and distributed here (including directly to the end user), or if required we can handle a customer's complete warehousing needs, including fulfillment, distribution, retail compliance, inventory management and value-added services.

For successful logistics management for its clients, Gebrüder Weiss has identified four key areas to be ready for tomorrow's marketplace:

- Firstly, the digitalization of the logistics industry is escalating digital literacy and consumer cognizance about different online platforms for making purchases and driving warehouse system developments. Gebrüder Weiss allows control and visibility across the supply chain of its clients from purchase order management to final mile delivery.
- Next, the “Amazon” effect is increasing customer demands for faster delivery. With multiple locations and one global Warehouse Management System (WMS), Gebrüder Weiss can make placing inventory easy to manage, allowing for efficient and fast deliveries.
- The third area includes data analytics and big data. Employees of Gebrüder Weiss are ready to work for stakeholders, to make sense of this data, and to turn it into business-shaping information.
- Lastly, elastic logistics, which refers to the flexibility of expanding and shrinking capabilities for aligning with the demands within the supply chain during a time frame. The precise implementation of elastic logistics can help companies across the globe by improving agility and scalability, adding real-time visibility, and connecting all business practices. Global process standard and WMS combined with superior customer support give Gebrüder Weiss the advantage. A leading global supplier of lighting solutions has taken advantage of this elasticity and responsiveness by partnering up with us in Europe, Asia, and most recently the Americas for its logistics and fulfillment requirements.



### Expanding into new markets with its customers

Even though Gebrüder Weiss is based in Europe, it has become a global full-service logistics company. That's why its motto is “We are where you are,” which is intended to show how Gebrüder Weiss can help its customers make the leap into new markets, growing with them and developing new potential areas of business. The first step is to always understand the customer's needs and give them personalized advice. This approach has proved successful all over the world, thanks to the solid logistics expertise and standardized modern IT infrastructure that are to be found across the corporate group's network.

More information at: <https://www.gw-world.com>.

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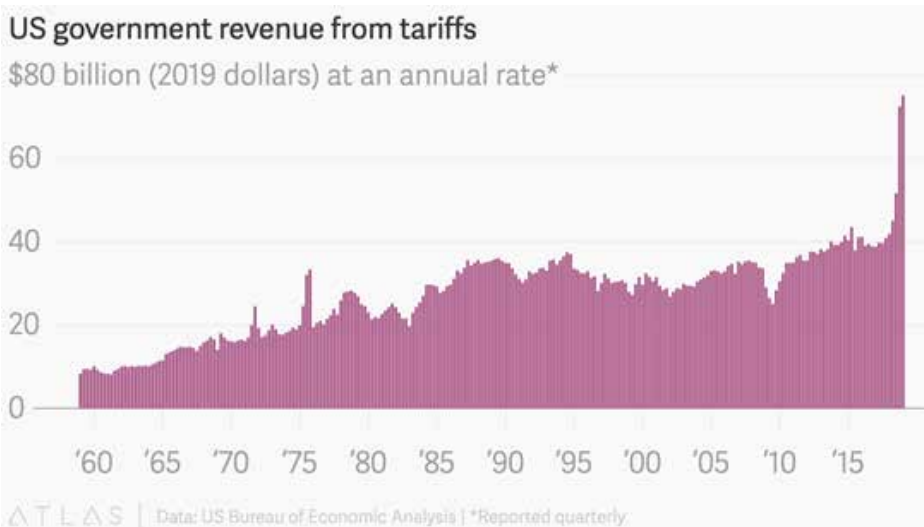


## Complying with US Customs

When commercial goods are imported into the United States, they must meet the requirements of Customs and Border Protection (CBP). Most goods must be declared to CBP, or “entered” into the customs territory, and are subject to examination by CBP officers during this entry. The products must then be classified according to the US tariff schedule and have their value determined.

### Customs Duties and Tariffs

Due to the Customs Modernization Act, it is the responsibility of the importer to declare and value the merchandise, as well as provide any other relevant information for the CBP to determine duties and meet legal standards. According to the CBP, “Classifying goods is important not only for duty purposes, but also to determine whether the goods are subject to quotas, restraints, anti-dumping or countervailing duties, embargoes or other restrictions.” Classifying goods is a complex process, and will necessitate familiarity with the Harmonized Tariff Schedule of the United States (HTSUS), a 99-chapter document containing all relevant legal information for goods classification and tariffs.



The Harmonized Tariff System (HTS) is used and interpreted by the CBP to provide a duty rate for all goods being traded, as well as categorizing products easily. The HTS can conveniently be searched online by product type on the website of the US International Trade Commission at [hts.usitc.gov](https://hts.usitc.gov), and returns the precise rate of duty and regulation heading list. Once a product has been classified, the relevant tariff – a tax imposed on imports – can be applied. It is important to note

that US tariff activity has risen substantially in recent years, and that products may face unexpected tariffs during import. Certain exceptions to typical duty rates exist. Under the 301 Authority, the US can impose a customs duty that is significantly higher than normal on specific products from certain countries. In order to reduce uncertainty and risk, it may be beneficial to enlist the help of a customs brokerage service.

### Documentation

Documentation of products is another crucial aspect of logistics when importing goods into the US. International trade frequently requires different documents – which ones are relevant depends on the country of origin and the destination. Examples of relevant documentation are Bills of Lading, Certificates of Conformity, Certificates of Origin, Insurance Certification, Receipts and Invoices, etc. Many of these documents can be processed by the freight forwarder. Filling out the proper paperwork without a service can quickly become a lengthy, complicated process. Mistakes or the failure to use the correct documentation can result in serious legal consequences.



## Promotion via Samples in the US Market

Some commercial articles – such as samples – may not be dutiable at all, and can be an effective way to promote interest in products before full-scale importing takes place. There are ways for such samples – articles imported for the purpose of taking new orders for similar products – to be imported without duty to the United States. Samples can include small portions of alcohol, tobacco, or general goods not valued at over \$1 each and not marked, torn, or otherwise treated so that it is unsuitable for sale. As long as the commercial samples meet certain requirements from the Harmonized Tariff Code, they can be used to simplify the complicated regulations surrounding duties and product classifications for companies entering the US market. More specific information can be found in the “Importation of Commercial Samples” document, published by US Customs and Border Protection.

### Commercial Samples

“The intent in permitting duty-free entry of samples is to promote international trade. Therefore, the purpose of importing and using the sample must be to create a demand for that product.”

- The Office of the Customs and Border Patrol



### Carnets

There is also special consideration for Carnets that are applied to commercial samples, professional equipment (tools of the trade), and goods for exhibitions and trade shows in customs regulations. A Carnet is a combination entry document and customs bond, and is purchased by the importer before it leaves Germany, facilitating importation of the sample into the US.

Items brought to the United States under a Carnet are temporary imports, and must be returned after a period of time – typically one year, or six months for products related to trade shows. Agricultural products and other consumable goods are not

eligible for Carnet use. More detailed instructions for qualification are listed under Title 19 CFR Part 114 in the Code of Federal Regulations. In many cases, a local Chamber of Industry and Commerce (IHK) can support companies in acquiring a Carnet for goods being imported for trade shows or other purposes.

### Prototypes

Finally, certain prototypes can also be imported duty-free for testing, development, and quality control. They are usually limited to small quantities that would not be sufficient for commercial activity. Regulations regarding prototypes are found in subheading 9817.85.01 of Chapter 98, Subchapter XVII of the Harmonized Tariff Code.







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Andreas Wiebe, Project Manager Logistics, FESTO USA.



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Be innovative • Be committed • Be successful



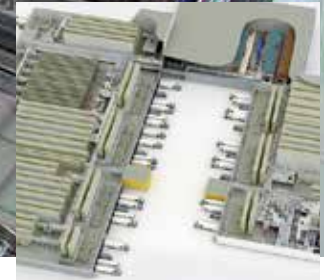
OPM (Order Picking Machinery)



AIO (All In One Order Fulfillment)



EMP (Efficient Mobile Picking)



FMC (Food Multi Channel)

## About WITRON

Since 1971, WITRON Integrated Logistics designs, realizes and operates customized logistics and material flow systems that generate sustainable competitive advantages for its clients. WITRON has all the decisive key elements of a successful project under one roof: logistics design, information and control technology, mechanics design and production, as well as functional responsibility as general contractor for logistics.

The WITRON Corporate Group has 3,500 employees worldwide. WITRON's annual revenue in 2018 amounted to 612 million USD. Aside from its headquarters in Parkstein, Germany, WITRON has offices in Arlington Heights, Illinois (USA), Toronto (Canada), Venray (The Netherlands), Stoke-on-Trent (UK), Madrid (Spain), Strasbourg (France), Singapore, and Sydney (Australia).

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Find all facts and features about our logistics systems under [www.witron.com](http://www.witron.com)



# Trends in the Logistics Industry

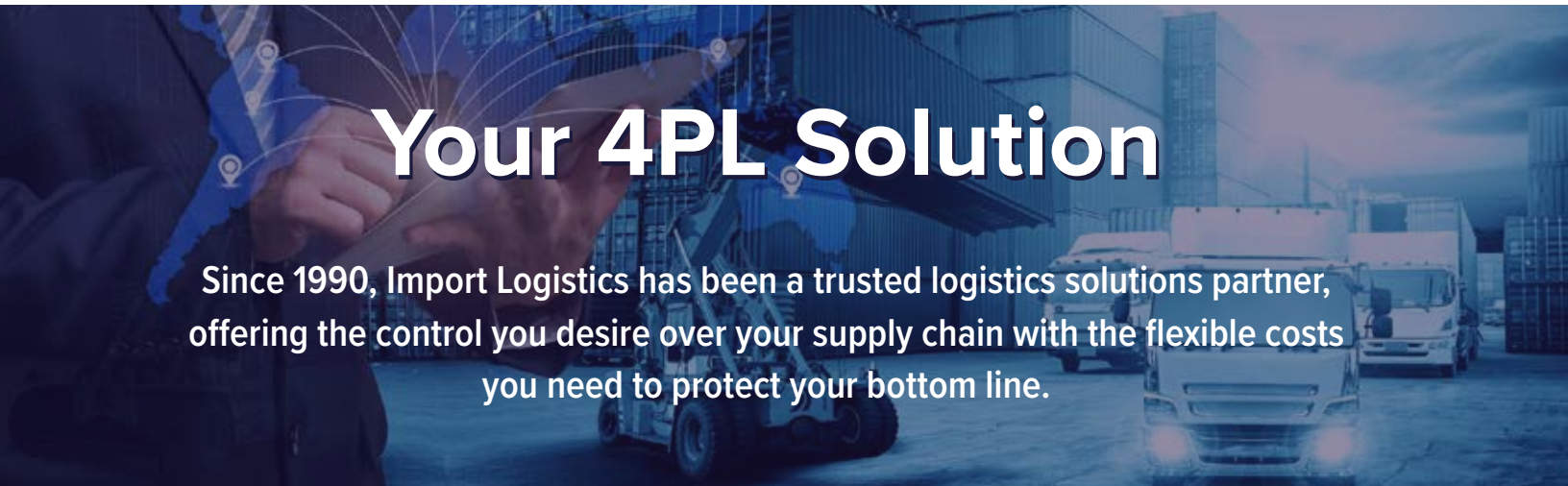
## E-Commerce

Whether selling to businesses (B2B) or directly to consumers (B2C), the most important recent trend in global commerce is purchasing products online. Over the coming years, worldwide e-commerce sales will approach \$5T. For small companies beginning international operations in particular, e-commerce represents an excellent opportunity. Without physical infrastructure or employees abroad, companies entering the US market can avoid many financial risks.

## Third Party Product Fulfillment

One important logistical option for growing companies in transatlantic commerce is fulfillment by a third party. A large number of inquiries processed by GACC Midwest relate to the processes through which German companies can have their products stored, packed, and shipped for them, saving valuable time. Relying on the advanced logistical networks of third party companies helps to increase sales volumes and customer bases without many of the associated costs and difficulties, such as transatlantic shipping costs or fees originating from visas and taxes. Third party logistics are especially helpful for small companies who are new to the US market, and do not yet have the need for warehousing services. Keep in mind that third party fulfillment services do not normally offer specialty services like temperature-controlled facilities or customs assistance.

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## GACC Midwest Supports Your Business in the US



GACC Midwest in Chicago and Detroit has broad experience supporting German companies doing business in the US.

GACC Midwest supports your business throughout the entire market entry process and your business development activities for your long-term success in the US. Profit from our vast experience, deep market knowledge and industry expertise. Our intercultural, bilingual team is specialized in effectively assessing and evaluating the market potential for your company in the US and making strategic recommendations based on this.

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### About GACC Midwest

The German American Chamber of Commerce® of the Midwest (GACC Midwest), headquartered in Chicago with a branch office in Detroit and an extensive chapter network across the American heartland, was founded in 1963. GACC Midwest is an integral part of the German Chamber Network (AHKs) with 140 offices in 92 countries around the globe.

Our continuing mission is to further, promote, and assist in the expansion of bilateral trade and investment between Germany and the United States, especially the Midwest. Our organization combines elements of a trade commission, a membership association, and a professional consultancy - quite a unique concept in international trade promotion.



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