



Are clearance and compliance
issues slowing your aerospace
supply chain down?
FedEx can help.



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Take off with clearance services built for speed and compliance

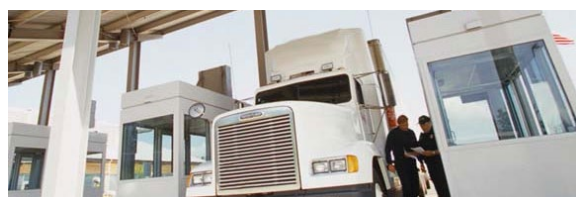
Keeping your aerospace company flying high often means moving the right products, parts, or tools to where you need them when you need them. To succeed, time-critical shipments often have to cross borders and clear customs without delay — that's not always easy. FedEx can help.

FedEx provides aerospace companies with efficient clearance, proactive issue resolution, and global compliance expertise. More than a global shipping company, FedEx Express operates the world's largest all-cargo air fleet and has an excellent safety, security, and compliance record. That size, scope, and expertise enable us to offer aerospace customers significant clearance and compliance advantages.



Global expertise

With our global reach and presence, we understand the complexities involved with a global supply chain. Work with our regulatory team to navigate regulatory changes and guidelines to help you stay in compliance. We have specialized teams who can assist you with document preparation and pre-classification, to help move items through customs.



Customs brokerage

FedEx Trade Networks is one of the largest-volume customs brokers in North America. We can provide extensive knowledge of clearance requirements and procedures worldwide. And, our size and scope provide you with key competitive advantages that typical freight forwarders simply can't offer.



Collaborative customs relationships

FedEx participates extensively in industry associations and trade committees. We have worked with customs agencies around the globe to develop our expertise in expedited customs clearance. These relationships add credibility to our commitment to the industry and customers we serve. We have decades of experience with safety, security, and compliance.



Proprietary systems and automation

Use FedEx systems and tools to easily complete and file import and export documents for efficient and compliant customs clearance. Our clearance imaging system processes hundreds of thousands of images a day. Together, these technologies allow many shipments to clear customs before they arrive.

Aerospace Case Studies



Military aircraft maker battles costs with ITAR shipping

When a European civil and military aircraft manufacturer needed to cut costs, cutting corners wasn't an option. A natural place to look for savings was its supply chain.

The manufacturer shipped aircraft parts to customers in the U.S., as well as received parts shipped from its U.S. vendors. The company relied on FedEx to ship parts for civil aircraft. When it came to parts for military planes, however, the company — and its vendors — used a competitor.

Many crossborder military parts shipments are subject to International Traffic in Arms Regulations (ITAR). Such shipments require special labeling, documentation, and licenses. Even the ITAR-exempt shipments need special attention.

If the paperwork is not done properly, customs can block the shipment. In addition, the penalties for noncompliance are staggering — as much as hundreds of thousands per incident.

ITAR shipments have earned a reputation for being extremely complicated and time-intensive. The manufacturer was willing to pay a competitor with longer transit times a great deal to feel confident about ITAR compliance. By working with FedEx, the manufacturer was able to manage ITAR compliance internally. The results were significantly reduced costs and shortened transit times.



"The software FedEx provided is very easy to use and requires minimal training. Additionally, there has been a very significant drop in the level of associated export paperwork."

— Aerospace Customer

FedEx® automation comes to the rescue

The FedEx account executive knew the ITAR automation software from FedEx made compliance easy. And the customer eventually agreed to try the FedEx software with a test shipment.

For the test, an ITAR specialist from FedEx reviewed all the paperwork the company's shipping staff assembled. He gave their work the thumbs up, the shipment sailed through customs, and it arrived several days earlier than normal.

FedEx solution saves time and money

Seeing how little effort ITAR compliance required with the solution from FedEx, the manufacturer was quick to recognize the benefits. Moving forward, the company cut costs by using FedEx. They also slashed days from transit times and significantly reduced their compliance risk.

Within three weeks after the test shipment, the company was doing all its ITAR shipping with FedEx, and was asking its vendors to use FedEx, too.



"The flow-on benefit of doing ITAR shipping with FedEx was a reduction up to 50% of inbound shipping time."

– Aerospace Customer

Grounded planes, soaring frustrations

When your plane is grounded as it awaits Federal Aviation Administration (FAA) required maintenance, it's not just the clock that's ticking. So are the dollar signs. A \$200 million investment sitting idle and crews on standby can easily cost airlines \$100,000 each day.

With that much money on the line, customers aren't happy when the manufacturer of their planes has difficulty getting maintenance kits cleared through U.S. Customs. With delays averaging five to eight days, the manufacturer could be losing as much as \$800,000 per grounded plane.

And nothing is preventing frustrated customers from buying future planes from the competition.

This was the case for a manufacturer of civil and military aircraft in Europe.



What's causing the delays?

When FedEx heard about the manufacturer's delays with U.S.-bound aircraft maintenance kits, they asked FedEx Trade Networks to look into it. Research revealed the source of the customs delays was that the manufacturer shipped the kits under a single tariff number. This tariff requires a classification code and Country of Origin (COO) for each piece in the kit.

The kits were caged in customs until the manufacturer could provide the classification codes and COOs. Because kit contents were pulled from constantly changing stock at a variety of locations, the company couldn't provide the required information. After five to eight days, caged kits were shipped back to the manufacturer at its own expense.

A different approach

The experts at FedEx Trade Networks dug in and found a part of the tariff that would allow the kits to be shipped as a group of parts identified by their “essential character.”

This new approach would allow the manufacturer to classify each kit by the part within the kit that provided its essential character. The company would be required to document a list of the kit’s parts, but not individual classification codes or COOs. The manufacturer would be able to assign one value for the kit, and list the COO as the country where the kit was assembled.

New heights in predictability

Now the manufacturer’s maintenance kits usually clear within a day — almost like clockwork. This predictable window for clearance means dependable arrival times for customers.

Customers see huge advantages with the new process. They can schedule maintenance tasks with confidence and know the kit will be there when they need it. Another key benefit of the new system is built-in compliance, which reduces the risk of fees and penalties that can be assessed if the importer (the airline customer) is found noncompliant during an audit.



“Before the solution, 75% of the kit shipments were caged. Of these, 45% were returned to sender. With the FedEx solution, less than 15% of shipments are caged, but issues are typically resolved quickly.”

– Aerospace Customer

A photograph showing a large number of national flags flying from tall, silver flagpoles against a clear, bright blue sky. The flags are densely packed and appear to be blowing in the wind. Visible flags include the Australian flag, the Union Jack, the Israeli flag, the flag of the Central African Republic, the Italian flag, the Canadian flag, the Mexican flag, the Argentine flag, the South Korean flag, the Vietnamese flag, and the United States flag. The flagpoles are arranged in a way that creates a sense of depth and height.

We've got you covered with answers to common clearance questions

What do I need to do to prepare my shipments to clear customs?

The following things are needed to efficiently clear your shipment:

- Harmonized System classification codes for your products
- Established account information for payment of duties and taxes
- Authorization for FedEx Trade Networks to act as a customs broker on your behalf
- Completed FedEx Clearance Profile Guide

A FedEx account executive can help you through the process and consult with clearance and regulatory experts as needed.

What documents do my shipments need to clear customs?

Generally, clearing any shipment will require a FedEx® International Air Waybill, Commercial Invoice, and packing list. However, documentation requirements may vary by country, value, and type of goods. Customs authorities may require additional documentation (e.g., Certificate of Origin), licenses/permits (based on the country and commodity involved), and other government agency documents (FCC, FAA, etc.).

Is there a way to speed up customs?

The most common causes of delays are incorrect or missing documentation. An insufficient product description, incorrect classification code, and missing documentation or broker information can delay clearance. The best way to prevent delays is to ensure accuracy and completeness with all documentation. In addition, make sure your product database is up to date and the information in your FedEx clearance profile is current.

Will using FedEx as my broker eliminate clearance problems?

While no company can totally eliminate clearance delays, FedEx — as one of the largest-volume customs brokers in North America — has the expertise, proprietary systems, and tools to make clearance efficient, resolve issues proactively, and provide customized clearance solutions.



Can you help us with Electronic Export Information (EEI) filing?

Yes, there are two options for filing an EEI through FedEx:

- Contact FedEx International Customer Service at **1.800.GoFedEx 1.800.463.3339** to request the FedEx Export AgentFile® form be faxed or emailed to your location. Complete the form and fax it to **1.866.879.9037** (toll-free) or email it to mem-agentsed@mail.fedex.com.
- Use the FedEx Export AgentFile application, available at fedex.com/sed.

What are my options to ship controlled goods with FedEx?

Export shipments requiring license or permit review and Customs and Border Protection (CBP) authorization prior to departure from the port of exit can be transported on the FedEx International Controlled Export service. FedEx International Controlled Export can be used for exporting shipments on our IP service moving under a State license from a FTZ or bonded warehouse. FedEx International Controlled Export shipments are routed to our MEM World Hub for formal export processing with CBP. Another option is to use the deferred service options on an IATA format FedEx International Air Waybill.

How can I ensure that my shipments are compliant?

All U.S. exporters and importers are required to have their own compliance programs. FedEx Trade Networks does as well, starting with proven clearance systems. These systems are designed under the express transportation regulations to ensure all manifest details and shipment paperwork are

presented to CBP and broker teams prior to export out of or import into a given location. FedEx also participates in many trade associations, both in the U.S. and globally, to remain knowledgeable in trade compliance issues that impact our customers.

FedEx has services, programs, and tools designed to assist our customers on compliance. These include the FedEx International Controlled Export service, the ITAR exemption service, the EEI Agent file program, and REGALERT advisories available at fedex.com.

The FedEx Regulatory Consulting Group (RCG) is available in the U.S. to assist with customer queries on a variety of import/export issues. And our regional Global Trade Services teams in our overseas regions are available to answer compliance questions. Additionally, there are fee-based services such as Customized Processing Account (CPA) for U.S. imports, as well as Trade and Customs Advisory Services (TCAS) that can assist with your international trade and compliance needs.

I have some questions on documentation needed to export our new product lines and any regulatory impacts that we need to be aware of. Can I get help from FedEx?

The FedEx Regulatory Consulting Group (RCG) team is a good place to start. This team can be reached Monday through Friday from 7 a.m. to 5 p.m. CST at rcg@fedex.com.

What are the most common clearance issues involving goods subject to International Traffic in Arms Regulations (ITAR)?

The most common clearance issue involving goods subject to ITAR is that shippers do not properly annotate their IAWB, showing ITAR as part of the description. This omission leads to shipments being cleared as section 321 releases or as informal releases off the manifest. Once this occurs, the importer must file a voluntary entry to properly export the goods or reconcile the importation of these exempted goods.

If I am unsure of tariff classification and duty rates for my new line of products, can you help?

Yes, TCAS can assist you in determining the tariff classification and duties for a single product or an entire product database. For assistance from TCAS, call **1.866.268.7602** (toll-free) or email ftninfo@fedex.com.



Can you help us educate our staff regarding customs and compliance?

Yes, our TCAS team offers customs and compliance training programs in many countries — at your office or ours — and in different languages. We can also perform an assessment to determine your team's knowledge gaps and customize training to close those gaps. For assistance from TCAS, call **1.866.268.7602** (toll-free) or email ftninfo@fedex.com.

What support do you offer when we are audited?

Our TCAS team can assist you in reviewing your internal procedures, transactions, and reporting in preparation for your audit. To contact TCAS, call **1.866.268.7602** (toll-free) or email ftninfo@fedex.com.