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OFS Specialty Photonics International Newsletter

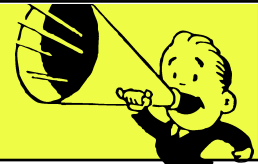
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Global Trade Organization

December 2006

Breaking News



>> Our **Commitment** to Compliance

Harmonized Tariff System (HTS) implements changes effective 1/1/2007

Every five years, the United States International Trade Commission (USITC), along with the World Customs Organization (WCO) trading countries, review and implements changes to the HTS schedule. These changes and updates are based on the requests from industry and international review and are intended to reflect technological changes in international trade.

As you all know, the correct classification (HTS) means a seamless international transaction for both the exporter and importer. The HTS number is the main driver to the assessment of customs duties.

This year's changes are extensive – there are more than 350 amendments which affect approximately 90% of the current Harmonized System.

Due to the nature of our business, SPD is able to classify items by product line grouping, which allows this process to be relatively simple.

All HTS codes for SPD products will remain the same with the exception of connectors. In the past, classification for fiber optic connectors has always been a struggle, with most customs officials wanting to classify them under electrical connectors when in fact; they are not designed in form, fit or function to carry an

electrical current. Good News! We finally have a classification for our fiber optic connectors; which reads as follows:

8536.70.0000

Connectors for Optical Fibers, Optical Fiber Bundles or Cables

The General Rules of Interpretation are: "Connectors for optical fibers, optical fiber bundles or cables, means connectors that simply mechanically align optical fibers end to end in a digital line system. They perform no other function, such as the amplification, regeneration or modification of a signal."

This is a brand new classification! SPD had planned to start using the new classification with your shipments commencing January 1st 2007; however; the US Government will not be adopting the WCO proposed changes until sometime in February. This does not prohibit your respective countries from implementing the changes! With that being said, SPD will report both HTS numbers to allow for a smooth transaction. It will be important for you, our distributors and customers, to contact your customs broker to make sure that your respective country is ready for this change and that this change does not interrupt the flow of your imports.

Call us with any questions!



A Furukawa Company