

Practical Details of Importing Plants

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I want to thank the I.P.P.S. for the invitation to come and speak to you today. I count this as a honor to speak before "The Cream of the Crop" of the nursery industry. Of all the different aspects of the nursery trade, shipping, marketing/sales, production, administration, my favorite area of responsibility has always been propagation. I feel a real kinship with you and your interest, so I count this as a distinct privilege to be here today.

I would like at the outset to admit to you a bias you will see throughout this presentation. I have been involved with the importation of nursery stock from Holland since 1975. I am familiar with the mechanics of the importation as well as its strengths and weakness. So, up front, my bias is favorable to importing plant material from Holland. And in conjunction with my bias, I acknowledge some limitations. I have only imported from New Zealand and Japan twice, so I can't speak with any authority concerning those topics.

In 1947, my father-in-law, Mr. Jack Spaargaren, immigrated from Boskoop Holland and spent 5 years under the sponsorship of Malmo Nursery in Seattle. In 1952, Jack started his own landscaping/nursery business. In November of 1955, an early and severe frost killed 80% of his nursery. He wrote to his brother in Holland and asked him to send a large shipment of plant material so that he would have a crop to sell come spring. The success he enjoyed from this first shipment, facilitated continued shipments annually.

From 1955 until 1975, Jack Spaargaren continued importing and selling plant material to other nurseries. In 1975, I joined Jack in the business, until his retirement in 1985. At that time I took on the responsibilities of the Dutch trade.

One of the first steps prior to importing material from out of the country is to apply to the U.S.D.A. using PPQ Form 546, Application to Import Plant Material. This form can be requested from your state department of agriculture, and is forwarded to U.S.D.A. in Hyattsville, Maryland for approval.

I would also recommend at the same time to apply for a Post Entry Quarantine Permit. This is an additional amendment added to your permit that, in the long run, will save you many headaches. The Post Entry Permit is an agreement between you and the U.S.D.A. to submit to a few additional regulations. The agreement calls for the importer to hold the plant material for two growing seasons prior to sale, as well as keeping a physical boundary of 10 feet from any domestic stock of the same species, to prevent the spread of disease.

The U.S.D.A. is concerned that some types of material are susceptible to black stem rust, crown gall, or other diseases. By holding the material for 2 years, the U.S.D.A. has the ability to inspect at least once each growing season. Upon completion of the post-entry period, the U.S.D.A. releases the material for disposition. One word of caution, don't think ignorance is an excuse for early disposition of material under Post Entry Quarantine. The U.S.D.A. takes a dim view of those who ignore signed agreements and import permits have been revoked for failure to adhere to the rules.

The following plant material has been listed as Post Entry Quarantine material: *Acer*, *Actinidia*, *Aesculus*, *Berberis* (approved cultivars), *Chaenomeles*, *Corylus*

(fruiting), *Crataegus*, *Cydonia*, fruit and nut plants, *Hibiscus*, *Hydrangea*, *Jasminum*, *Juglans*, *Mahonia*, *Malus*, *Monis*, *Prunus*, *Pyrus*, *Quercus*, *Rosa*, *Rubus*, *Sorbus*, and *Vaccinium*.

Also of note is the following list of material prohibited for importation: *Abies*, *Berberis*, *Euonymus*, *Cedrus*, *Chrysanthemum* (botanical editor's note: see also *Argyranthemum*, *Dendranthema*, *Rhodanthemum*, *Leucanthemopsis*, *Arctanthemum*, *Tanacetum*, *Nipponanthemum*, *Ajania*, and *Leucanthemella*), *Dianthus*, *Dictamnus*, *Fraxinus*, *Juniperus*, *Larix*, *Ligustrum*, *Philadelphus*, *Picea*, *Pinus*, *Populus*, *Pseudolarix*, *Pseudotsuga*, *Ribes*, *Salix*, *Skimmia*, *Ulmus*, and *Vitis*.

You should also be aware that any plant material patented in the United States cannot be shipped into the country by foreign nurseries.

When deciding to import material I would recommend trying to locate a reputable exporter. The exporter should be familiar with all U.S.D.A. regulations as they pertain to proper preparation of plant material for export (e.g., which plants are permissible, which plants are under Post Entry Quarantine, etc.). The exporter should be able to prepare the necessary documents for export as well.

The exporter will then hire an export broker to handle the shipment from his nursery to the airport in Holland. The export broker will then arrange for shipment to the United States. They handle tons of freight weekly, so they are in a position to negotiate a better freight rate for the customers.

The export broker will contact a customs broker in the United States to handle the shipment upon arrival. The customs broker will then contact the importer and have you sign a Power of Attorney, so they can act on your behalf to process the shipment through the airlines, U.S.D.A., U.S. Customs, and the forwarding companies after release. Some of their responsibilities include: (1) coordinating with both US Customs and the U.S.D.A.; (2) arranging for labor to move boxes into the U.S.D.A. Station for inspection; (3) coordinating and negotiating rates for fumigation, if needed; (4) assigning proper Duties Schedules, for submission to calculate duties; (5) providing a U.S. Customs Bond that exceeds 3 times the value of the shipment; (6) arranging for the transportation of all consignments after clearance from the U.S.D.A. and U.S. Customs have been given; (7) consolidating all charges; and (8) forwarding bills to the client.

A brief word about the U.S. Customs Service. They primarily assign most of the responsibility for physical inspection to the U.S.D.A.. Since 1975, when I first started with importation, U.S. Customs has only requested a physical inspection 3 times after U.S.D.A. approval. However, they have the right and obligation to verify that no contraband is included in any shipment.

The U.S.D.A. will be the primary federal government agency you will be dealing with on your importations. It is their responsibility to verify that the plant material you have purchased can enter into the United States, to check to see if anything is on the Post Entry List, and to check for any pathogens, insects, or damage. If they find any questionable items, they will take a slide and send it to Hyattsville, Maryland by overnight express and have the pathologist verify that it is nothing harmful. If any insect eggs (aphids, thrips, mealy bugs) or scale are found, there are 3 options: (1) the material can be fumigated at the importers risk and expense; (2) the material can be destroyed; or (3) the material can be sent back to the country of origin. As the importer you have the right to have the material fumigated or reject the shipment and return the material to the custody of the customs broker. They will

contact the exporter and determine if he wants the material returned or destroyed. When the U.S.D.A. inspects the material they will inspect a representative sample of about 2% of each taxa. If problems are found they will inspect a larger percentage until they determine if the original problem is systemic to the entire species or only on a very small sample. I would also emphasize the words "small sample". The U.S.D.A. also requires that: (1) labor be available to move the boxes into the station; (2) the boxes be opened; (3) plant material be placed in front of the inspectors; and (4) plant material be repacked and moved out to pallets for pick-up by the airlines. When the inspection has been completed, a release will be given and the broker will take possession of the shipment and prepare the documents for submission to U.S. Customs.

There are costs associated with importing. I would like to divide the costs into two categories, fixed and variable costs. First, let's talk about fixed costs. Those include the following: price of the plant material, customs brokers fees and the custom bond. Most other costs are dependent on each individual shipment.

Variable costs include the following: U.S. Duties, airfreight, inspection, packing, insurance, fumigation, and rate exchange. The following two examples will help you to understand associated costs for budgeting purposes.

EXAMPLE #1

SHIPMENT DATE	December 1994
DOLLAR AMOUNT OF PLANT MATERIALS	\$8,745.00
WEIGHT OF SHIPMENT	418 pounds
FIXED COSTS	\$176.00 (Custom brokers fee, custom bond)
VARIABLE COSTS:	\$1622.70 (Freight, duties, packing, Dutch inspection certificates, insurance, and delivery)
TOTAL COSTS:	\$1798.70
SUMMARY:	1. Freight \$1.35 per pound
	2. Fixed costs 2%
	3. Variable costs 18.6%
TOTAL EXPENSES:	20.6%

EXAMPLE #2

SHIPMENT DATE:	March 1995
DOLLAR AMOUNT OF PLANT MATERIAL:	\$1595.00
WEIGHT OF SHIPMENT:	50 pounds
FIXED COSTS:	\$176.00 (Custom brokers fee, custom bond)

VARIABLE COSTS:		\$615.50 (Freight, duties, packing, Dutch inspection certificates, insurance, delivery and rate correction)
TOTAL COSTS:		\$791.50
SUMMARY:	1. Freight	\$3.12 per pound
	2. Fixed costs	11%
	3. Variable costs	24%
	4. Rate correction	14.5%
TOTAL EXPENSES:		49.5%

One thing that needs to be understood from the beginning is that when you buy in U.S. dollars and they are exchanged to a foreign currency, you will be required to pay the difference or receive a rebate in excess of the first 5%. For instance, if the U.S. dollar fluctuates 4%, the exporter will be responsible for the first 5%. Any fluctuation in excess of 5% will be for your account. For instance, if the dollar decreases by 9%, the exporter will absorb the 5% decrease and you will be required to pay an additional 4%. However, if the U.S. dollar increases by 9% the exporter will pocket 5% increase and you will be rebated 4% on your invoice. The prices in Dutch catalogs are set in May to a fixed exchange rate and then at time of shipment the currency is calculated to assess extra charges or rebates.

I recommend that you keep two concepts in mind, long-term relationships and lead time. If you only want to import once, I would recommend that you piggy-back with someone who imports consistently. There are too many regulations and uncertainties to approach importing on a one-time basis, as evidenced by Example #2 above. I recommend that you pick and stay with a reputable exporter, so you can become accustomed to his procedures and quality. Lastly, find a custom broker who deals with plant material on a consistent basis. When dealing with time sensitive material like nursery stock, you don't want a broker who doesn't understand that concept.

The other concept you need to be conscious of is lead time. When you apply for permits from government agencies, especially with current and forthcoming budget constraints, you need to give them plenty of time so your plant material doesn't sit at the airport waiting for permits from a government agency closed for the weekend. The old saying "a lack of planning on your part, does not constitute an emergency on my part" really applies here.

Another issue needing your consideration is time of shipment and size of your order. If you order a small amount after we have shipped the majority of the orders, you will be paying a much higher freight rate. Note the currency exchange rate at the time of shipment.

You might asked yourself after this presentation, is it worth importing material from outside the country? For some, the answer is probably no. For others, the answer is yes. If that is your decision, be aware that if proper procedures are followed and you understand the costs and terms, you will have access to many new cultivars as well as the opportunity to fill in production holes on items that might be short in the United States.