



AUGUST 2021

International Trading

RULES, REGULATIONS & RECHARGES

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The InterMedia Guide to International Trading Rules, Regulations & Recharges

AUGUST 2021

This document outlines the key distribution rules and regulations that must be adhered to in export territories. It also outlines the publisher recharges resulting from these regulatory requirements.

There are 6 principal guidelines that affect all or most of our key markets:

1. **ADDITIONAL COSTS TO MARKET** – there are **additional costs involved in certain territories**, over and above the regular trading costs. These are regular costs and applicable to all publications. They fall into the following categories:
 - a. **Environmental Levies** – e.g. Canadian Eco-tax, Dutch and French Unsolds fees
 - b. **Legal Charges** – e.g. French registration fees
 - c. **Distribution Surcharges** – e.g. Heat-Treated Pallets, Low Sulphur Fuel Surcharges, US wholesaler distribution fees
 - d. **US Bipad Charges** – e.g. Acquisition costs and IPDA annual administration costs
 - e. **Brexit Customs Charges** – e.g. Customs administration charges for deliveries into the EU where recharged
2. **COVERMOUNTS** – ALWAYS check with your Account Manager first and allow at least one month's notice should you wish to covermount overseas as there are various restrictions and processes. These processes begin at our appointed freight forwarders who must comply with **strict customs regulations**. Certain covermounts are prohibited in specific territories. As a general guide confectionery and any form of liquids are unlikely to be accepted. InterMedia advises NOT to covermount any confectionery or liquids for export. Issues covermounted for UK supplies but not export will be stickered to advise consumers the covermount is not available. This will be recharged.
3. **PRICING** – Our overseas distributors require reasonable notice to change cover prices locally. As a rule, minimum notice is 4 weeks prior to UK on sale (6 weeks for US changes, 8 weeks for New Zealand), allowing enough time to **communicate the changes to retailers**.
4. **SELLING IN NEW TITLES** – a minimum of 8 weeks' notice is required **to sell in new products to key retail groups**, in particular the US. Failure to provide such notice may jeopardise the potential launch success.
5. **MAGAZINE COMPETITIONS** – this marketing tool is regularly used in the UK to boost sales but competitions rarely apply to overseas readers. Many territories require stickers to be placed on the front cover to emphasise this fact, the cost recharged to publishers. To avoid such costs, we recommend that disclaimer is displayed on the front of the magazine. E.g. **competition not available to readers outside the UK**.
6. **NUDITY AND SENSITIVE CONTENT** – In places such as the UAE, China, Singapore, Hong Kong and Malaysia strict censorship processes are in place addressing inappropriate editorial, cover or photo content. This can result in titles not put on sale and, in some instances, fines may be levied for breaching the 'Obscene and Indecent Articles Ordinance' in the territory. Nudity on front covers should be avoided completely. Please liaise with your account manager before publication if you are unsure of any planned editorial or picture/cover content.

REGULAR INTERNATIONAL ADDITIONAL COSTS TO MARKET

The below table details the chargeable items for international trading that publishers will see recharged on their monthly statements where applicable.

MARKET	REGULATIONS
Australia	Low Sulphur Fuel Surcharge
Australia	Heat Treated Pallets
Australia	Fuel Surcharge
Canada	Eco Tax Stewardship Tax Applies to all titles on sale in British Columbia
Canada	Walmart
Canada	Titles distributed in the Canadian Wholesale network, that are not distributed in the US require a North American Bipad and UPC. As per the US, this will be provided via InterMedia and recharged
Canada	All copies without a North American UPC and US/CAD price printed on the cover are subject to stickering charges to affix North American UPC and Pricing information
France	Legal Registration Fees
Holland	Unsold Fees
Italy	Covermount Tax on all copies of titles with covermount (with exception of paper)
New Zealand	Where competitions not available to New Zealand consumers issues are over-stickered
New Zealand	Low Sulphur Fuel Surcharge
United States	Heat Treated Pallets
United States	Stickering costs for incorrect UPC/issue name/issue number printed on cover will be recharged
United States	Titles distributed via the wholesale channel (Grocery, Convenience, Travel retailers) are subject to RDA (Retail Display Allowance) charges of between 10-20% of RSV generated through that retailer for every copy sold
United States	Titles distributed via CMG (ANC Specialty/Hudson Wholesale/ANC Wholesale/Independent wholesalers) are subject to wholesaler distribution fees per copy sold
United States	All titles are subject to an annual Bipad fee levied by IPDA to process payment on behalf of wholesalers. A Bipad is the US industry title identification code and required for distribution. All new titles are subject to a one off bipad set up fee provided by InterMedia
United States	All copies without a North American UPC and US/CAD price printed on the cover are subject to stickering charges to affix North American UPC and Pricing information
ALL	Stickering costs for incorrect barcodes/pricing

If you are in any doubt about any of the regular additional costs you incur contact your International account manager for further advice.


INTERNATIONAL TRADING REGULATIONS BY TERRITORY

The following table identifies the current known regulations and additional costs in more detail for our key territories. This is a working document and is intended as **a guide only**. If you are in any doubt about the suitability of your title, editorial content or cover mount for International markets, contact your International account manager for further advice.

MARKET	REGULATIONS
ALL	<p>HAZARDOUS MATERIALS:</p> <p>There are strict conditions surrounding the distribution of any Class 3 hazardous materials. Class 3 hazardous materials are defined below:</p> <p>CLASS 3 – FLAMMABLE LIQUIDS</p> <p>Flammable liquids are defined by dangerous goods regulations as liquids, mixtures of liquids or liquids containing solids in solution or suspension which give off a flammable vapour (have a flash point) at temperatures of not more than 60-65°C, liquids offered for transport at temperatures at or above their flash point or substances transported at elevated temperatures in a liquid state and which give off a flammable vapour at a temperature at or below the maximum transport temperature.</p> <p>REASON FOR REGULATION</p> <p>Flammable liquids are capable of posing serious hazards due to their volatility, combustibility and potential in causing or propagating severe conflagrations.</p> <p>Publishers must provide InterMedia a completed Material Safety Data Sheet (MSDS) for any issue of any title that contains substances deemed to be Class 3 hazardous materials. This should be received in advance of receipt of the title. This will allow them time to carry out the necessary checks and to clear the item for shipping and then the preparation of the handling of the item without causing any delay. Publishers should be able to have this form provided to them by the manufacturers of the gifts on their titles.</p> <p>A link to the UK government website outlining the materials which fall into this category is below: https://www.gov.uk/shipping-dangerous-goods/what-are-dangerous-goods</p> <p>Publishers will be liable for all costs associated with the transport and clearance of titles containing any materials deemed to be Class 3 Hazardous Goods and any fines incurred.</p> <p>There are strict quarantine regulations that rule out animal products, plant and plant materials (inc. wood, seeds) and confectionery goods.</p>

Australia	<ul style="list-style-type: none"> • Hazardous Materials: Hazardous surcharges are payable for each container containing substances deemed to be hazardous material. The costs are \$100 USD per 20' or \$200 USD per 40' container, as well as a \$85/container plus 15% fuel levy charge. • Children's covermounts, projectiles can be withheld. • Airports do not accept any liquids, food or any sharp items on the cover or in the magazine Any DVDs, bulky, breakable and squashable products must be reviewed before distribution
Belgium	<ul style="list-style-type: none"> • All covermounts must be confirmed as non-hazardous • Products with Batteries are subject to 21% VAT
Canada	<ul style="list-style-type: none"> • Titles for wholesale retailers with special inserts or items affixed to the cover must be individually wrapped in plastic and cross strapped into bundles: E.g. CDs, free booklets, sample copies. • Cover prices printed on the cover must have a prefix before them i.e. CDN \$9.99 and not just read \$9.99. If a US barcode printed on a magazine, the CDN \$ LSP must also be printed. • Barcodes must be on the front of the magazine, not the back. Titles with barcodes on the back cover will have to be stickered at the publishers' cost. • All titles (regular frequency, bookazine, specials and one-shots) must contain some advertising in order for them to be classed as a magazine and be zero rated for local tax. Advertising can include 'in-house' ads for other titles in the publisher portfolio, subscription offers etc. as well as paid for advertisements. • Covermounted magazines returned for copy reuse will be charged at \$0.25 per copy by CMMI/Metro 360 and \$0.17 per copy by TNG Canada. • Walmart Canada initiative whereby effective November 12, 2020, all titles will be required to pay an additional 0.7 of 1% on the NET billing. Being termed a "Vendor Investment". Walmart's cost on magazine product through CMMI is 70% of the cover price. For example is a LSP us \$17.99 discount is 70% so \$12.59x.007 = \$.09 cents on every copy sold. This would be the cost on a \$17.99 product.
Finland	<ul style="list-style-type: none"> • Covermounted magazines with CDs and DVDs including <u>movies</u> and games should be classified and marked before the distribution. Lehtipiste don't currently have a person who is dedicated to classification and for this reason such titles cannot be distributed unless it is separately agreed about the classification between Lehtipiste/ agent. An exception is adult entertainment movies, that shall not be classified and for this reason they can be distributed. Audio-visual programmes including factual, educational & sport, music replays are also exempted from classification and can be distributed. • Cover mounted toys can't be accepted unless they meet the regulations for the safety of toys in EU region and are equipped with the CE-logo. • For English language magazines Lehtipiste will however put a safety warning text sticker on behalf of the agent/publisher to the cover, in local languages. Such as 'Toy not suitable for children under 3 years old. Contains small parts.' Only CE logo needs to be there in advance.

France	<ul style="list-style-type: none"> • VAT • 20% VAT – New product will always go into the market at a higher VAT rate of 20%. • 2.1%VAT – If publishers wish to apply for the lower rate of 2.1% you need to send 10 copies of the title to Commission Paritaire. Every 5 years another 8 copies need to be sent to the Commission to renew each certificate. The VAT rate is determined based on the amount of advertising in a title. The VAT rate only comes down once it has been approved by the Commission Paritaire. To be considered for the 2.10% vat rate magazines should be published at least 4 times a year, be of general interest and cannot be the medium to promote a brand. • The VAT rate is determined on the amount of advertising carried by a title. The rate only comes down once it has been approved by the commission. • The high VAT rate applies to titles with 50%+ advertising.
Germany	<ul style="list-style-type: none"> • References to World Wars 1 and 2 need to be carefully considered. For example no Swastika symbols can be used unless historical (i.e. taken at the time of the war). Any references found will need to be modified at a cost to the publishers. • Airports – Sharp items, food or liquids should not be covermounted for airports
Greece	<ul style="list-style-type: none"> • In the case of the covermount being a book, they would like to know the title and author, to make sure that they do not import the book separately.
Holland	<ul style="list-style-type: none"> • Send full details of any covermounts for supermarket retailers ahead of distribution. • Schiphol Airport does not accept covermounts that are for sale at another airport store. (i.e. books, make-up etc.). This relates to the product not the brand. • Airports do not accept any liquids, food or any sharp items on the cover or in the magazine. • Covermounted magazines require AKO's approval. Covermounted water guns, bottles of hair spray and larger samples, etc. are not allowed. • Unsold costs recharged at €0.06 per copy.
Lithuania	<ul style="list-style-type: none"> • A provision of the Law on Alcohol Control bans alcohol advertising therefore alcohol adverts in magazines have to be hidden.
New Zealand	<ul style="list-style-type: none"> • Airports do not accept any liquids, food or any sharp items on the cover or in the magazine • Any DVD's, bulky, breakable and squashable products must be reviewed before distribution. • Most of the key retailers operate a price and barcode moratorium over the Christmas/New Year period during which these cannot be changed in their systems. Publishers must notify InterMedia of any planned price changes during this period by the end of September each year.
Norway	<ul style="list-style-type: none"> • Avoid using large covermounted gifts as most retailers will generally not accept them. • Permission for video covermounts needs to be gained from the Norway authority Mediatilsynet. Certification fees will be recharged to publishers. • Documentation is required for all covermounts showing they adhere to all applicable EU Directives and be CE marked, if required. <p>The maximum size for a product is 230*310 mm. Magazines are packed in plastic containers before being sent out and if the product exceeds this size, it can only be distributed to a limited number of retailers with a different type of delivery.</p>

Portugal	<ul style="list-style-type: none"> • Cover mounted films need to be legalised by IGAC (governmental institute) which involves a cost (dependant on length of film). This process can take up to 4 weeks. • Cover mounted toys cannot be accepted unless they have this image printed on;  <ul style="list-style-type: none"> • Adult & sophisticated titles need to be classified and the VAT is 23%
South Africa	<ul style="list-style-type: none"> • Covermounted toy guns on Children's magazines will not be accepted by retailers • Gifts must be attached to the magazine and of no high value – no further restrictions
Spain	<ul style="list-style-type: none"> • Most covermounts are allowed within the Spanish market, including confectionary, but must be confirmed as non-hazardous. • Airports do not accept any liquids (unless less than 100 ml), food or any sharp items on cover/ in the magazine • Cosmetics: No sprays during the summer months; the heat can make them explode • Chocolate: Not recommended during the summer months; the heat will melt the chocolate • If a promotional gift (covermounted or not) exceeds the value of the magazine, 21% VAT is applicable not the standard 4%
Sweden	<ul style="list-style-type: none"> • The maximum size for a product is 230*310 mm. Magazines are packed in plastic containers before being sent out and if the product exceeds this size, it can only be distributed to a limited number of retailers with a different type of delivery. • Avoid using large covermounted gifts as most retailers will generally not accept. • The board of Tidsam AB has therefore decided to apply a policy which means that the company will reject the distribution and selling of titles which: <ul style="list-style-type: none"> • Have no liable publisher • Contain child, animal or violent pornographic material • Contain racist material • Instigate or encourage crime, or persecute minorities • Encourage the use of illegal drugs and narcotic substances
Switzerland	<ul style="list-style-type: none"> • Need to provide the required documents: written confirmation of conformity (e.g EC declaration, test report, etc.) and written inspection report (laboratory test or TÜV or equivalent tests) for all issues with cosmetics products and also for selected issues of our sampling (2020 sampling agreed with the Authorities). This may involve issues with other gadget (toys..). To be advised by Switzerland agent. <p>The documents needs to be provided one month before the delivery date.</p>

USA	<ul style="list-style-type: none"> • Titles distributed via the wholesale channel (Grocery, Convenience, Travel retailers) are subject to a wholesaler cents per copy distribution fee. The fee varies. • Titles distributed by ANC Specialty may also be subject to a wholesaler cents per copy distribution fee. The fee structure varies based on total title profitability. This means some titles will not be subject to a fee whilst others will not. A fee list is reviewed every 6 months and communicated to publishers. • Titles distributed via the wholesale channel (Grocery, Convenience, Travel retailers) are subject to RDA (Retail Display Allowance) ranging between 10-20% of RSV generated through that retailer for every copy sold • When covermounts are bagged the barcode must be above the level of the gift in the magazine so when the magazine is held upright, the barcode is not obscured. • Any covermounts other than CDs/books/Paper Products will need to be verified by any US wholesaler distributing copies i.e. any plastic items or metal objects etc. For non-paper/CD covermounts, Publishers will need to sign a Consumer Product Safety Improvement Act (CPSIA) document indemnifying TNG (wholesaler) from and against all liabilities, damages, losses, costs, or expenses, including reasonable attorneys' fees, incurred in connection with or arising from any CPSIA Claim. • All magazines require a UPC code (US barcode) which can be printed on the cover or stickered over the existing UK barcode. This must be on the front of the magazine. • All bagged magazines must have the barcode printed directly onto the front of the magazine itself and cannot be printed onto a bag. The whole barcode must be clearly visible through the bag and not obscured in any way by artwork. The cost for rectifying this will sit with the publisher. • All UK titles distributed in the USA must have the UK price displayed on the cover – this can be either printed on the cover or will be displayed on the sticker affixed at the freight forwarder prior to distribution at publisher cost. Any price printed on the cover must have the prefix and currency e.g. UK £4.99, US \$9.99, CDN \$10.99, SEK 75.00 • Any magazine displaying the month on the cover must ensure the issue identifier coincides with that month of the year i.e. May = issue 5, June = issue 6 etc... • When there is a thirteenth issue i.e. a summer issue is published, this must have an out of sequence issue number assigned. The default number is 27. The subsequent issue will then fall back into the regular numbering sequence as explained above. • Bigger packs must have the barcode on the front of the lead title and all other barcodes on accompanying titles must be removed or blank stickered. • A minimum of 6 weeks is required for a price change in the US as new UPC (barcode) needs to be created and circulated to the trade. • If a title prints the incorrect price on the cover then it must be either sold at the printed price, or re-stickered with the correct price at the publishers' cost. Please note that US retailers won't allow a price to be stickered over with a higher price. • Some magazines (most notably titles in the Men's Lifestyle sector) require their covers signed off by US retailers every issue due to content/imagery used.
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USA (Cont'd)	<ul style="list-style-type: none"> • Titles are not permitted to display any level of nudity or profanity in either a written or visual format. If a publisher is unsure whether a title/issue contains any such material (particularly if it appears on the cover), they must send images to InterMedia who will confirm their suitability (or otherwise) with the US retailers. This process takes a minimum of 48 hours. Titles will then be authorised to be distributed; as normal, in a clear bag (so the consumer can't browse the title on shelf), or in an opaque bag (so no nudity or profanity is visual to the consumer if it appears on the cover). • Any title/issue failing to have these images checked with InterMedia will be liable for any bagging/stickering required in order to ensure the title/issue is suitable for US distribution. • Polybagged Magazine Requirements • Polybags cannot exceed 1 ½" around the magazine. • Polybags that fall outside of these standards will be taped down or the distributors before shipping will remove the magazine from the poly. • Titles containing frontal nudity will be handled on a case-by-case basis prior to distribution. • Promotional Item Standards <ul style="list-style-type: none"> • Barnes and Noble will not accept any supplements containing food, liquid, scented items, or items hazardous to children. o Promotional items attached to the magazine must allow a stack of copies to lie flat. • Promotional items must not hinder the visibility of the UPC barcode and price. • If a supplemental magazine is included, it cannot contain a UPC or price. If it does, it will be stickered over by the distributor prior to shipping to the stores. • Any magazine cover that advertises a magazine insert must be polybagged to ensure the insert stays with in the magazine. • CMG Audit Chargebacks – independent audit on claims and fee is if a discrepancy resulting in additional sales is found. Audit chargeback fee of 50% of reclaimed RSV.
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