

# BRIEFINGS

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## IMPORT/EXPORT RECORDS

Now is the time to order 2012 importer/exporter activity data analyses. These data analyses are the best method we know of to identify compliance concerns before the government does. More information is available on the firm's [website](#). To get your Company's 2012 records as quickly as possible in 2013 and process them into reports, charts, and graphs, please contact Rod Baum.

## FTR FINAL RULE AND SLIs

- The Final Rule for the revised Foreign Trade Regulations (FTR) is expected to be published in February. Among the expected changes is the option to include the end user in the Automated Export System (AES). Contact Jerry Greenwell for more information.

- We have updated our Shipper's Letter of Instruction (SLI) to include an end user, as well as destination control statements, a continuation sheet to list more items, permission to allow Transportation Security Administration (TSA) screening, and instructions on whether or not the freight forwarder needs to do restricted party screening. This SLI provides better information than the Shipper's Export Declaration (SED)-based SLIs still being used by many. Contact Chuck Ballard for information on our SLI.

## OFAC WARNINGS

The Office of Foreign Assets Control (OFAC) issued an [advisory](#) on January 10, warning financial institutions on the use of exchange houses and trading companies who are being used to evade U.S. economic sanctions against Iran.

## 2013 SEMINARS

- Feb. 19-20 - Advanced HTSUS Classification
- Feb. 21 - ECCN Classification/License Determination
- March 5-6 - Advanced Exports
- April 2 - FTZ 101
- April 3 - FTZ 201
- April 30 - Import/Export 101
- May 1 - Import/Export 201
- May 14-15 - Advanced Import/Export Value
- October 8 - FTZ 101
- October 9 - FTZ 201
- Nov. 12 - Import/Export 101
- Nov. 13 - Import/Export 201

Seminars are offered to Miller & Company clients only. For more details contact [Penny Freeman](#).

## 2013 WEBINARS

- Jan. 17 - FTZ Annual Reconciliation/System Review
- Check out a complete list of upcoming webinars on our [website](#).

Register for the webinars at the Miller & Company [eStore](#) or contact Victoria Denney.

## EXPORT CASES

- The former Managing Director for PPG Paint in Shanghai was [convicted](#) and sentenced to a year in prison, fined \$100,000, and sentenced to 500 hours of community service for her role in diverting product to an entity in Pakistan on the Entity List.

- Settlements by OFAC for unauthorized exports that involved merchandise eligible for an OFAC license are often greatly mitigated, even when serious aggravating circumstances are present. See [Ellman International USA](#) and [Brasseler USA](#).

## CBP REGULATORY AGENDA

The U.S. Treasury has [released](#) the planned Regulatory Agenda for Customs. Clients are encouraged to review the subjects being worked on by Customs and to prepare for potential changes.

## INFORMAL ENTRY INCREASE

The increase in the informal entry limit from \$2,000 to \$2,500 took effect on January 7, 2013. CSMS [#13-000008](#) (Jan. 8, 2013).

## CBP/FDA REFUSALS

Customs Los Angeles/Long Beach Seaport has issued a [bulletin](#) on the newly created Customs and Food & Drug Administration Federal Destruction and Redelivery Team. Effective January 13, 2013, it will process documentation concerning FDA refused merchandise at the port and notify importers with a combined CBPF 4647 and FDA Action notice called a Refusal Redelivery Notice (RRN).

## HTS

- The U.S. International Trade Commission (ITC) is soliciting comments on proposed changes to the Harmonized Tariff Schedule. The proposed modifications affect HTSUS Chapters 29, 30, 37, and 85. There are also corrections to HTS provisions for chemicals. Comments are due February 22. 77 Fed. Reg. [76300](#) (Dec. 27, 2012).

- The Automated Export System (AES) is now accepting 2013 Harmonized Tariff Schedule of the United States (HTSUS) codes and any 2013 updated Schedule B codes. 2012 HTSUS codes will still be accepted through January 30.

## MEDICINE TO IRAN

Tucked in the new Iranian Transactions and Sanctions Regulations, which generally made it more difficult to export or re-export products to Iran, is a provision for a General License to allow the export of most EAR99 medicines and many basic medical supplies without the requirement of obtaining a license from OFAC. Contact Chuck Ballard with questions. 77 Fed. Reg. [64664](#) (Oct. 22, 2012).

## WCO HTS CLASSIFICATION

On December 17, 2012 The World Customs Organization (WCO) [published](#) changes to tariff classification decisions, as well as the Harmonized Systems Explanatory Notes (ENs) and their classifications. Changes to the Compendium of Classification Opinions include decisions on two types of tablet computers, three-wheeled vehicles with enclosed rear cargo area, and a total body cyrotherapy chamber. There are numerous changes in the ENs. Clients using the ENs for HTS classification should carefully examine the changes.

## DUTY SUSPENSIONS

A Miscellaneous Tariff Bill (MTB) ([H.R. 6727](#)) including 2,000 individual duty suspension provisions was introduced in Congress on January 1, but it was not enacted and a new MTB will need to be introduced during the next Congressional session. Do not expect any immediate action. Consider the alternative of using FTZ status to reduce or eliminate Customs duties in certain instances.

## TPP

A recent study projects that the Trans-Pacific Partnership (TPP) agreement would yield \$24 billion in income gains for the United States by 2025 and \$21 billion in income losses for China as other Asian exporters that are TPP members would be more competitive with China in the U.S. market.

## WHISTLEBLOWER ACTION

Toyo Ink SC Holdings Co and its affiliates are to pay a \$45 million [settlement](#) for antidumping/countervailing duties (AD/CVD) evasion. The Department of Justice alleged misrepresentation of the countries of origin on the documents submitted to Customs to avoid paying AD/CVD duties. The whistleblower will receive more than \$7,875,000 as his share of the government's recovery.

## BROKER CONFIDENTIALITY

A recent Customs ruling found that if a broker's client provides written consent for the broker to disclose information to a third party for security screening purposes, the broker would not be subject to disciplinary action for violating confidentiality requirements of [19 C.F.R. § 111.24](#). [HQ H221355](#) (Nov. 21, 2012). Importers should watch for the inclusion of over-broad consent clauses in broker powers of attorney and/or associated terms and conditions.

## ILLEGAL DINOSAUR FOSSILS

A Florida man recently pleaded [guilty](#) to illegally importing dinosaur fossils into the U.S. from Mongolia and China by misrepresenting the country of origin and substantially undervaluing the fossils on Customs documentation.

## APPLE RULING ON CASES

In a recent ruling, Customs disagreed that iPad carrying cases should be treated as accessories for automatic data processing (ADP) machines, and ruled that they still function as a cover even though they incorporate magnets, function as stands, etc. [HQ H219396](#) (Oct. 9, 2012).

## FDA HARPC

The FDA has issued a [fact sheet](#) and [Proposed Rule](#) on "Hazard Analysis and Risk-Based Preventative Controls" (HARPC), its revisions to current Good Manufacturing Practices for food. Comments are due May 16, 2013. 78 Fed. Reg. [3646](#) (Jan. 16, 2013).

## ISF

As a reminder, Customs no longer emails monthly Importer Security Filing (ISF) Progress Reports. Importers should run, or have their brokers run, ACE ISF [Reports](#) on a monthly basis to track ISF compliance.

## NEW IRAN SANCTIONS

As part of the National Defense Authorization Act ([NDAA](#)) signed on January 2, Congress imposed additional sanctions on Iran. This new enactment requires the President to freeze the property of entities identified as "part of the energy, shipping, or ship building sectors in Iran" (including ports), or "knowingly providing significant support" to these entities. The NDAA also requires the imposition of sanctions on those providing support. The President has until July 1 to implement the legislation.

## AGOA/GSP

- The Office of the U.S. Trade Representative is requesting comments on the possible withdrawal, suspension, or limitation of Generalized System of Preferences (GSP) benefits on products imported into the U.S. from Bangladesh. Comments are due by January 31. 78 Fed. Reg. [1300](#) (Jan. 8, 2013).
- President Obama issued [Proclamation 8921](#), designating South Sudan as an African Growth and Opportunity Act (AGOA) beneficiary, removing Mali and Guinea-Bissau as AGOA beneficiaries, and removing St. Kitts and Nevis as GSP beneficiaries. 77 Fed. Reg. [76799](#) (Dec. 28, 2012).

FOREIGN-TRADE ZONES BOARD ACTIVITY AS OF 1/15/13		
	APPROVED	CURRENTLY AUTHORIZED
ZONES	282	265
SUBZONES	692	539
PENDING		
ZONES		4
SUBZONES		15
MISCELLANEOUS		48
AVERAGE PROCESSING TIME (MONTHS)		
ZONES		8
SUBZONES		10

The material contained herein is not to be construed as legal advice or opinion. More information may be obtained by contacting any attorney within the firm.  
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