

# BRIEFINGS

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## PLANNING FOR 2013

As you set your business plans for 2013, consider a renewed focus on trade compliance, including:

1. Review of government import/export data;
2. Updating procedures;
3. Special trade program compliance;
4. Related party values;
5. New business ventures;
6. Training;
7. Internal assessments; and
8. Record access and retention.

## I.D. - 2013 DUTY REDUX

Customs has issued immediate delivery (I.D.) procedures for merchandise that is released on or after December 17. These procedures allow filers to take advantage of lower duty rates that take effect on January 1, 2013 by using a 2013 Entry Summary date. They do not apply to merchandise moved under an Immediate Transportation (IT) entry. CSMS [#12-000571](#) (Dec. 17, 2012).

## RUSSIA

President Obama signed [HR 6156](#) into law on December 14. It grants Russia and Moldova Permanent Normal Trade Relations status.

## 2013 CEE EXPANSION

Customs has [scheduled](#) six more Centers of Excellence and Expertise (CEE) to open in 2013: Agriculture and Prepared Products (Miami), Apparel, Footwear & Textiles (San Francisco), Base Metals (Chicago), Consumer Products & Mass Merchandising (Atlanta), Industrial & Manufacturing Materials (Buffalo, NY), and Machinery (Laredo, TX).



**SEASONS GREETINGS!  
BEST WISHES FOR A HAPPY  
& HEALTHY NEW YEAR!**

## 2013 SEMINARS

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

Note that for the first time, in response to client interest, we will offer an extra day with the Advanced Classification seminar on Export Control Classification Number (ECCN) classification and license determination. Returning to the schedule this year are Advanced Export and Advanced Valuation seminars. Four free seminars continue to be offered for clients. Seminars are offered to Miller & Company clients only. For more details contact [Penny Freeman](#).

## WEBINARS

Upcoming webinar:  
Dec. 20 - Organizing Import Documentation  
Visit our [website](#) for a list of 2013 webinars. All previous webinars are available at our [eStore](#).

## E-214s

Customs HQ has guided ports to remind FTZ Operators to send their concurrence messages or they could lose e-214 program access.

## FTZ YEAR-END CHECKLIST

Clients are reminded of the following year-end actions:

- Renewal of Yearly Blanket CBPF 216s
- FTZ Board Annual Report
- Customs Annual Reconciliation
- FTZ Scope of Authority/Land/Buildings Activation Review
- FTZ Manual updates
- New FTZ savings opportunities for 2013

Contact Scott Taylor or Linda King with questions.

## CONFIDENTIAL MANIFEST INFO

Clients are reminded that the firm has the necessary documents to request confidentiality of manifest data. The Customs transition from ACS to ACE recently resulted in the accidental release of confidential manifest information, inadvertently revealing the names of importers and exporters that requested and were granted manifest confidentiality. Contact Marshall Miller with questions. CSMS [#12-000569](#) (Dec. 14, 2012).

## MISC. TARIFF BILL

- It does not appear that the Miscellaneous Tariff Bill, which currently includes over 2,000 temporary duty suspensions, will pass before the end of the year. As a result, many of the existing duty suspensions will expire and the subject merchandise will become dutiable again. Retroactive duty-free treatment could be provided by the next Congress when and if it ultimately passes the bill.

- The House Ways and Means Committee has [posted](#) reports by the Obama Administration and Commerce Department on the proposed duty suspensions.

## BANKS TO PAY OFAC FINES

[The Bank of Tokyo-Mitsubishi UFJ, Ltd.](#), [Standard Charter Bank](#), and [HSBC Holdings](#) have all separately agreed to large settlements with the Office of Foreign Assets Control (OFAC). Of note, HSBC agreed to pay \$375 million for its role in engaging in various violations related to Iran, Libya, Burma, and Sudan. As part of its Deferred Prosecution Agreement, HSBC tied executive bonuses to compliance success and is expected to report suspicious customers to the Department of Justice.

## COURT DECISIONS

Recent court decisions emphasize the importance of understanding the administrative and legal context and requirements:

- The U.S. Supreme Court has refused to consider two Customs cases involving protests, [Hitachi Home Electronics v. U.S.](#) and [Alden Leeds, Inc. v. U.S.](#), letting stand prior decisions that there is no consequence if Customs fails to decide a protest within two years and that an importer must protest deemed liquidations even when issued contrary to Commerce suspension instructions. [U.S. Supreme Court Order List: 568 U.S.](#) (Dec. 3, 2012).

- Following a bench trial, the Court of International Trade (CIT) in [Int'l Custom Products, Inc. v. U.S.](#) has decided that a Customs Notice of Action unlawfully revoked a 1999 ruling issued to the importer. CIT Slip Op. [12-140](#) (Nov. 20, 2012).

## TECHNICAL CORRECTIONS

Customs and BIS have issued technical corrections to their regulations. 77 Fed. Reg. [73306](#) (Dec. 10, 2012)(BIS); 77 Fed. Reg. [72917](#) (Dec. 7, 2012)(Customs).

## IMPORTER SENTENCED

A California man was [sentenced](#) to 2.5 years in prison for intellectual property theft resulting from the importation of counterfeit exercise equipment, exercise DVDs, and athletic wear.

## MILITARY ELECTRONICS

The Bureau of Industry and Security (BIS) and the Directorate of Defense Trade Controls (DDTC) has issued a Proposed Rule to move many of the military electronics found in Category XI of the United States Munitions List (USML) to the Commerce Control List (CCL). The move would also harmonize current International Traffic in Arms (ITAR) controls with the Wassenaar Munitions List controls. The DDTC is also proposing a new definition of "equipment" as "a combination of parts, components, accessories, attachments, firmware, or software that operates together to perform a specialized function of an end item or a system." Comments are due by January 28. 77 Fed. Reg. [70945](#) (Nov. 28, 2012); 77 Fed. Reg. [70958](#) (Nov. 28, 2012).

## SPREADSHEETS

Clients are reminded that spreadsheets used to manage operations like FTZs and TIBs, and spreadsheets prepared for submission to Customs in Prior Disclosures, audits, etc., need to be carefully constructed and reviewed to ensure there are no calculation errors.

## CCL REWRITE

The BIS has issued a Proposed Rule to clarify descriptions in the Commerce Control List (CCL), remove controls for commodities under jurisdiction of the Nuclear Regulatory Commission, and clarify the definitions of "parts" and "components." Comments are due January 28. 77 Fed. Reg. [71214](#) (Nov. 29, 2012).

## BACKGROUND CHECKS

As a reminder of the importance of providing accurate responses to government inquiries, [Gurpreet Singh Kohli](#) of Maryland, an International Traffic in Arms Regulations (ITAR) broker, is facing up to 5 years in prison for lying about his relationships with Indian government officials in a background check.

## ILLEGAL EXPORTS

- The [U.S. Department of Justice](#) has charged four individuals for illegally exporting carbon fiber to China and Iran in violation the Export Administration Regulations (EAR). Three of the four are currently in U.S. custody, while the other is in Iran. If convicted, they could be sentenced to up to 60 years in prison.

- [Enterysys](#) of San Jose, CA has had its export privileges revoked by the Bureau of Industry and Security (BIS) for ten years for shipping ceramic cloth to India without a license. Company representatives were informed the cloth required a license, so they hid the destination from the manufacturer. They requested that their freight forwarder identify the products as waste material. They also made other shipments to an Entity List company without a license. 77 Fed. Reg. [74458](#) (Dec.14, 2012).

## INFORMAL ENTRIES

Customs has issued a Final Rule raising the minimum amount for informal entries from \$2,000 to \$2,500. The Final Rule includes textiles and other items under quota restraints that once required Formal Entry. 77 Fed. Reg. [72715](#) (Dec. 6, 2012).

## C-TPAT CONFERENCE

Customs has scheduled the 2013 Customs-Trade Partnership Against Terrorism (C-TPAT) Conference, [Unified Global Security: The Challenge Ahead](#) for January 8-10 in the Washington, DC area. For the first time, potential members will be allowed to attend.

FOREIGN-TRADE ZONES BOARD ACTIVITY AS OF 12/15/12		
	APPROVED	CURRENTLY AUTHORIZED
ZONES	281	264
SUBZONES	692	539
PENDING		
ZONES		5
SUBZONES		15
MISCELLANEOUS		47
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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