

BRIEFINGS

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MISCELLANEOUS TARIFF BILL

- The House Ways and Means Trade Subcommittee has posted approximately 1,100 comments it received on the nearly 1,200 pending tariff suspension bills.
- Certain tariff suspension provisions on items such as footwear and milk protein concentrates may be pulled from the bill as they may harm Trans-Pacific Partnership (TPP) negotiations where the U.S. is negotiating market access for these products with other countries.
- The Bill has significant opposition because it is viewed as being an "earmark."

2012 HTSUS SUPPLEMENT

- The first [supplement](#) to the HTSUS has been issued and went into effect on July 1, 2012. There are a significant number of modifications concerning GSP eligibility, statistical suffix changes, and the definition of "organic." 77 Fed. Reg. [39889](#) (July 5, 2012).
- The U.S. International Trade Commission (ITC) has [released](#) a new learning module on the basics of the HTSUS. All clients are encouraged to review it.

FDA SUPPLY CHAIN PILOT

The Food and Drug Administration has published a notice on the "Secure Supply Chain Pilot Program" and requested comment. The Notice is for Office of Management and Budget approval, but includes information on the eligibility application, and recordkeeping requirements, and responses to previously filed comments. Comments are due July 20, 2012. 77 Fed. Reg. [37055](#) (June 20, 2012).

WEBINARS

Upcoming webinars include:

- July 19 - Customs Audit Management
- July 26 - Broker/Forwarder Management
- August 2 - FTZ Internal Audits
- August 16 - Carnets

Sign-up for the webinars at the Miller & Company e-Store.

SEMINARS

Upcoming firm seminars include:

- October 9 - Import/Export 101
- October 10 - Advanced Import/Export 201
- November 13 - FTZ 101
- November 14 - Advanced FTZ 201

Seminars are offered to Miller & Company clients only. For more details contact Penny Freeman or visit our website.

PRATT & WHITNEY FINED

As a reminder of the need to control not just physical exports, but also technology at subsidiaries in foreign countries, Pratt & Whitney (P&W) Canada has been [debarred and fined](#) \$75 million by the Directorate of Defense Trade Controls (DDTC) after pleading guilty to releasing U.S. origin software that China is using in its new Z-10 attack helicopter. The case started with a whistleblower notification. The debarment applies only to P&W Canada and not to United Technologies. Licenses for P&W Canada related to U.S. Government programs, coalition Operation Enduring Freedom, and programs related to NATO and major non-NATO allies may be approved, but all other license requests will be presumed to be denied. 77 Fed. Reg. [40140](#) (July 6, 2012).

GSP/HTSUS MODIFICATIONS

- On June 29, President Obama issued Proclamation 8840, modifying duty-free treatment under the Generalized System of Preferences (GSP), including the termination of Gibraltar and the Turks and Caicos Islands as beneficiary developing countries effective January 1, 2014, and designating the Republic of Senegal as a least-developed beneficiary developing country.
- Proclamation 8840 also created two new tariff provisions making duty-free certain flat panel display devices that need not be shown to be solely or principally for use with a computer and may also be capable of displaying signals or data from devices other than computers. 77 Fed. Reg. [39885](#) (July 5, 2012).
- The U.S. Trade Representative has announced the results of its 2011 GSP Annual Review, including additions to the list of eligible products, competitive need limitations, the redesignation of products previously excluded from GSP eligibility for certain countries, and petitions to modify the GSP status of certain beneficiary countries because of country practices. 77 Fed. Reg. [41209](#) (July 12, 2012).

INFORMATION TECHNOLOGY

Eight members of the World Trade Organization (WTO), including the United States, are continuing discussions on proposed lists of products for tariff-free treatment under an expanded Information Technology Agreement (ITA). Clients in this industry should very carefully monitor these proceedings.

FTA

Customs has updated its side-by-side comparison chart on free trade agreements and selected preference programs. CSMS [#12-000258](#) (July 9, 2012).

USML TO CCL TRANSITION

The Directorate of Defense Trade Controls (DDTC) and the Bureau of Industry and Security (BIS) have issued Proposed Rules to prepare for the transition of items on the U.S. Munitions List (USML) to the Commerce Control List (CCL). Among the items included were:

- Broadening BIS license exceptions to conform to those in the International Traffic in Arms Regulations (ITAR);
 - Extending BIS licenses validity from 2 to 4 years;
 - Inclusion of "600 Series" Export Control Classification Number (ECCN) parts;
 - Changes to reporting thresholds; and
 - Revising *de minimis* rules for "600 Series" parts.
- Comments are due by August 6. 77 Fed. Reg. [37523](#) (June 21, 2012) and 77 Fed. Reg. [37346](#) (June 21, 2012).

LICENSE TOLERANCES

The BIS has proposed a new rule to ensure coordination for items that were formerly on the USML. BIS is asking for comments on the automatic calculation of shipping tolerances for BIS licenses. Comments are due by August 20, 2012. 77 Fed. Reg. [39679](#) (July 5, 2012).

SPECIALLY DESIGNED

The DDTC and the BIS have released a proposed definition of "specially designed" for a military end-use. Instead of the definition, BIS has also offered the option of providing a list of items that are controlled. Comments on each of the Proposed Rules are due by August 3. 77 Fed. Reg. [36409](#) (June 19, 2012); 77 Fed. Reg. [36419](#) (June 19, 2012); and 77 Fed. Reg. [36428](#) (June 19, 2012).

ROLE OF THE BROKER

- Customs has recently conducted "Role of the Broker" [webinars](#). Clients are encouraged to review the webinars and related materials.
- The firm will be conducting its own webinar entitled "Broker/Forwarder Management – Limited Powers of Attorney" on July 26, 2012. For more information visit the firm [eStore](#).

U.S.-EU

The United States and European Union have conditionally [endorsed](#) moving forward on trade negotiations to reduce tariff rates, eliminate trade barriers, and standardize certain regulations and standards.

WASSENAAR CHANGES

The BIS has announced changes to 47 different Export Control Classification Numbers (ECCNs) on July 2. An additional 4 ECCNs were updated based on changes agreed to at the recent Australia Group plenary meeting in June. 77 Fed. Reg. [39354](#) (July 2, 2012) and 77 Fed. Reg. [39162](#) (July 2, 2012).

EAR CORRECTIONS

The BIS published minor corrections to the Export Administration Regulations (EAR) on July 10 and again on July 16. The corrections were spread throughout the EAR and the CCL. 77 Fed. Reg. [40493](#) (July 10, 2012); and 77 Fed. Reg. [41670](#) (July 16, 2012).

BUY AMERICAN/TAA

ADC Telecommunications has [settled](#) a U.S. Department of Justice false claims case with a payment of \$1 million. The company admitted it knowingly violated the Trade Agreements Act (TAA) by selling federal agencies unqualified telecommunications hardware from China and other countries that do not have reciprocal trade agreements with the United States.

AD/CVD CONCERNS

- The Customs Office of International Trade has issued a [memo](#) to the field that provides guidance on actions to take when a port believes an AD/CVD transaction secured by a continuous bond would jeopardize the Customs revenue. The memo provides guidance for determining possible revenue risk, calculating single term bond (STB) amounts, and when to discontinue the STB requirement and require cash deposits.
- Customs has [released](#) a list of active AD/CVD cases and updated its list of [Frequently Asked Questions](#) on how to determine whether goods are subject to AD/CVD. Clients are encouraged to review the data.

AES – OPTION 4

The BIS announced in April that it will no longer allow "Option 4" post-departure filings for BIS licensed exports. Meanwhile, BIS will announce soon that it will shorten the filing timetable from ten to five days.

NAFTA NET COST

Customs has proposed revoking H064378 (December 18, 2009) relating to the calculation of Regional Value Content (RVC) for NAFTA eligibility determinations. Customs determined that the use of Transaction Value was inappropriate because there was no sale for export between the parties. It proposes Net Cost as the proper methodology. Comments are due by August 6. 46 Cust. B. & Dec. [36](#) (July 5, 2012).

FOREIGN-TRADE ZONES BOARD ACTIVITY AS OF 7/15/12		
	APPROVED	CURRENTLY AUTHORIZED
ZONES	278	261
SUBZONES	687	534
	PENDING	
ZONES	6	
SUBZONES	15	
MISCELLANEOUS	52	
	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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4929 MAIN STREET
KANSAS CITY, MO 64112
816.561.4999
FAX 816.561.5999
E-MAIL intllaw@millerco.com

1875 I STREET N.W., 5TH FLOOR
WASHINGTON, D.C. 20006

233 BROADWAY, SUITE 2702
NEW YORK, NEW YORK 10279