

# BRIEFINGS

ROUTING SLIP

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## 2007 HTSUS

- On January 3, the U.S. International Trade Commission (ITC) published a [draft](#) 2007 HTSUS with the large-scale changes. The Presidential Proclamation implementing the HTSUS changes was published in the *Federal Register* on Jan. 4, with an effective date of Feb. 3. Customs has [announced](#) a grace period for the enforcement of the HTSUS changes, allowing until Feb. 20 to correct any rejects or other errors caused by the transition to the new HTSUS.
- The CBP computer system has been programmed to accept the modifications to Chapter 99 resulting from P.L. 109-432, which were effective on Jan 4.

## PHARMACEUTICAL APPENDIX

- The additions to the HTSUS Pharmaceutical Appendix went into effect on Jan. 1, 2007. 72 Fed. Reg. [428](#) (Jan. 4, 2007).
- Clients are reminded that the firm has structured a methodology for securing Company and product-specific Customs Port approval for filing entry on newly duty-free pharmaceuticals. Contact Linda King for information.

## H.R. 6111

President Bush signed H.R. 6111 into [law](#) on Dec. 20, 2006. As published in last month's *Briefings*, the bill implemented the Miscellaneous Trade Bill, granted PNTR to Vietnam, extended GSP and ATPA, and granted additional trade benefits to Haiti and certain African nations.

## 2007 SEMINAR SCHEDULE

Spaces are filling up fast for our 2007 training seminars. Our \$1,000 advanced seminars are scheduled for:

- March 6-7: Exports
- March 27-28: Classification
- May 8-9: Valuation

Our client-only free seminars are scheduled for:

- April 18-19: Import/Export 101
- June 20-21: FTZ 101
- Nov. 28-29: Import/Export 101

More information is available on our web site. All seminars are on a first-come, first-served basis. Register now by e-mail to Kelly Galate at [kgalate@millerco.com](mailto:kgalate@millerco.com).

## "10+2" DATA ELEMENTS

Customs has published a [notice](#) on its web site requesting comments by February 5 on its [proposed](#) "10 + 2" Advance Trade Data Elements initiative. The initiative would require importers to provide 10 data elements (e.g., manufacturer name and address, seller name and address, container stuffing location, consolidator name and address, ship to name and address, importer of record number, consignee number, and HTSUS classification to the 6-digit level) beyond those already required by the 24-Hour Rule, 24 hours prior to vessel loading. Customs believes these data elements are readily available, but we believe advance provision of this information could prove difficult for many importers. We encourage clients to review and comment.

## CENSUS EXPORT AUDITS

- Details are emerging on the Census [export audit program](#). Census will begin by conducting on-site visits and reviewing Automated Export System (AES) filings of D.C.-area exporters to gain experience in conducting the reviews. One D.C. client has already received an audit notice. Sources say Census may refer issues discovered during audits to Customs and BIS for enforcement. Other U.S. export control agencies may soon begin to use AES as an audit/enforcement tool. We urge clients to review and upgrade their export compliance programs accordingly.

- Jerome Greenwell, former Chief of Census Regulations, Outreach, and Educational Branch, has taken the new title of "Trade Ombudsman" and Gerald Horner, former Chief of the AES branch, has transferred to BIS. These changes are interesting in light of the still-pending finalization of the proposed Census Foreign Trade Regulations (i.e., mandatory AES) and the new audit program.

## 9/11 BILL

On January 9, the House of Representatives passed H.R.1, "Implementing the 9/11 Commission Recommendations Act of 2007." One of the most significant provisions of this bill is Title V, requiring 100% inspection of cargo containers destined for U.S. ports. The Senate version (S.4) of the bill was introduced on January 4.

## C-TPAT

Customs has indicated plans to mutually recognize programs similar to the Customs-Trade Partnership Against Terrorism (C-TPAT) in a handful of countries. Companies accredited in one country as having adequate safeguards for container shipments would receive faster U.S. Customs clearance without going through multiple application and vetting processes or waiting until U.S. officers arrive.

## C-TPAT FOR BROKERS

Customs has published its new [Minimum Security Criteria](#) for Customs brokers, which became effective December 31, 2006. Current participants have 90 days to meet the new criteria, whereas Customs brokers newly applying to participate in C-TPAT must meet the criteria at the time of application.

## CHINA WTO OBLIGATIONS

The U.S. Trade Representative (USTR) has issued a [report](#) asserting that China's implementation of its obligations under the World Trade Organization has been "mixed." In particular, the USTR singled out intellectual property and government market intervention as problems.

## DDTC OVERVIEW

The Directorate of Defense Trade Controls (DDTC) has issued an updated [overview](#) of its trade control regulations, providing general guidance on the International Traffic in Arms Regulations (ITAR) and procedures applicable to DDTC-regulated parties.

## VIETNAM

- On December 29, President Bush signed a [Presidential Proclamation](#) that extended Permanent Normal Trade Relations (PNTR) to Vietnam.
- Vietnam became the 150<sup>th</sup> member of the World Trade Organization on January 11, 2007, 30 days after ratifying its membership agreement.

## GSP/AGOA

On December 29, President Bush signed a [Presidential Proclamation](#), granting eligibility under AGOA to Liberia, designating East Timor as a least-developed beneficiary developing country under GSP, removing GSP eligibility from Bulgaria and Romania upon their accession to the European Union, and designating the South Asian Association for Regional Cooperation as one country for GSP purposes.

## SECURE FREIGHT INITIATIVE

The Departments of Homeland Security (DHS) and Energy (DOE) have announced the first of three phases of the [Secure Freight Initiative](#) (SFI). Under phase one, the United States has agreed to place radiation portal monitors, radiography x-ray machines, and optical character readers in six foreign ports. The SFI pilot will commence in early 2007.

## EU CUSTOMS CODE

The European Parliament has approved an overhaul to the European Union (EU) Community Customs Code. The overhaul is an effort to create a more efficient EU customs system. The American Chamber of Commerce to the EU has raised some concerns about the changes, such as the new broker licensing system, and discussions will still address centralized clearance and trade security requirements.

## DUTY ALLOWANCE

The Court of Appeals for the Federal Circuit (CAFC) has upheld a Court of International Trade (CIT) decision to allow duty refunds for port repair expenses for damaged merchandise. The court denied duty refunds on warranty expenses because the importer failed to prove the amount of allowance for each entry and was not able to link the defective merchandise to specific entries. *Saab Cars USA, Inc. v. U.S.*, No. 04-1268-1416 (Fed. Cir. 2006).

## e-MANIFEST

Customs will start enforcing [ACE e-manifest](#) as the approved data interchange for transmission of advance electronic cargo information to Customs at all land border ports in Washington and Arizona, and the ports of Pembina, Neche, Walhalla, Maida, Hannah, Sarles and Hansboro, beginning January 25, 2007. Customs will exercise enforcement discretion for at least 60 days. Beginning no earlier than March 26, 2007, Customs will deny permits to proceed into the U.S., but may accept the ACE e-manifest cover sheet as proof of an attempt to transmit. Beginning no earlier than April 26, 2007, Customs will deny permits to proceed into the U.S. without successful transmission of the e-manifest.

## DOHA/FARM BILL UPDATE

The Financial Times reports that U.S. and E.U. officials have restarted negotiations to get the Doha agenda back on track prior to the expiration of Fast Track in July. The American Farm Bureau Federation (AFBF) stated that passage of a new farm bill should not wait until a Doha agreement is reached. In an address before the AFBF, U.S. Chief Agriculture Negotiator Richard Crowder stated that the extension of Fast Track is a top priority for the Administration in order to secure the passage of several FTAs.

## U.S.-CHILE FTA

Customs has issued a Final Rule, effective January 19, 2007, finally amending the Customs Regulations to include the U.S.-Chile FTA. 71 Fed. Reg. [76127](#) (Dec. 20, 2006).

FOREIGN-TRADE ZONES BOARD ACTIVITY AS OF 1/15/07		
	APPROVED	CURRENTLY AUTHORIZED
ZONES	270	256
SUBZONES	593	493
<b>PENDING</b>		
ZONES	1	
SUBZONES	11	
MISCELLANEOUS	24	
<b>AVERAGE PROCESSING TIME (MONTHS)</b>		
ZONES	8	
SUBZONES	8	