

BRIEFINGS

ROUTING SLIP

2007 HTSUS MODIFICATIONS

• The ITC has completed the 2007 HTS modifications to the 10-digit level, but the U.S. Trade Representative (USTR) has not permitted their release. The implementation date of the 2007 HTSUS remains uncertain. We continue to monitor the situation. Updates can be obtained from our web site or Jennifer Morgan.

• Clients are encouraged to review the [2007 HTS changes](#) for their products. The firm has developed a program for updating client classifications. Please contact us for details.

AES AUDITS?

Census has indicated again that it intends to begin auditing export filings made via the Automated Export System (AES) in 2007. Although Census says that these audits will be for informational purposes only, we suspect that Census and other U.S. export control agencies will realize AES's potential as an audit and enforcement tool.

BIS EXPORT GUIDANCE

• The Bureau of Industry and Security (BIS) has issued a [report](#) on export controls that is intended to be a primer on BIS controls.

• BIS has issued a [guidance document](#) on its controls on reexports of U.S.-origin and U.S.-related goods.

• BIS has also requested comments on its "foreign policy-based" export controls. Comments must be submitted by November 22, 2006. 71 Fed. Reg. [62065](#) (Oct. 23, 2006).

FIRM TRAINING SEMINAR

Dec. 5-6 Import/Export training
For details, see our [web site](#).

CBP TRADE SYMPOSIUM

The Customs [Trade Symposium](#) will occur December 13-15. Online registration began Nov. 1. The firm will provide a summary to interested clients.

GUIDANCE ON CHINA RULE

The Bureau of Industry and Security (BIS) has issued [supplemental guidance](#) on its proposed "catch-all" rule for China, answering a series of frequently asked questions about the validated end-user (VEU) program, restrictions on military end-uses, and the scope change for end-user certificates. The comment period on the Proposed Rule closed November 3, 2006. 71 Fed. Reg. [38313](#) (July 6, 2006).

OFFICE OF INT'L TRADE

In addition to incorporating the former Office of Strategic Trade (OST) and Office of Rules and Regulations (OR&R), Customs' new Office of International Trade (OT) will split the Office of Field Operations (OFO), incorporating the Textile Enforcement and Operations, Special Enforcement, Summary and Account Management, and part of the Seizures and Penalties Divisions within OT. The Cargo Verification Division and Import Specialists will remain in OFO, along with some branches of the Seizures and Penalties Division.

AUTOMATED CLASSIFICATION

The firm has developed an electronic checksheet process to assist companies in classifying their imported goods. The electronic checksheets can be used to automatically classify goods by providing answers to a series of questions that are premised on the Harmonized Tariff Schedule of the United States. The electronic checksheets also create a record of the classification process for subsequent review. Please contact Marshall Miller or Michael Utchell for further information.

"FALSE STATEMENTS"

For the first time, the CIT has defined "false statement." In [U.S. v. Rockwell Automation, Inc.](#), the CIT ruled in favor of Customs in a 1592(a)(1) penalty action, agreeing that Rockwell made false statements in classifying its merchandise and omitting a classification ruling it was required to attach to its entries. CIT Slip. Op. No. [06-155](#) (Oct. 18, 2006).

EXPEDITED ENTRY

L.A. Customs has announced a 90-day pilot program (November 15, 2006 through February 12, 2007) known as "Expedited Entry Processing" (EEP) for port code 2720 (LAX) only. Under this pilot, low risk entries originally designated as "entry documents required" will be processed electronically under specific circumstances without the need for submission of a hard copy CBP Form 3461.

E-MANIFEST: TRUCK

Customs has designated the Automated Commercial Environment (ACE) Truck Manifest System as the approved electronic data interchange (EDI) for transmission of required data for advance electronic truck cargo through certain border ports effective January 25, 2007. 71 Fed. Reg. [62922](#) (Oct. 27, 2006).

FDA PRODUCT CODES

In August 2006, FDA created 190 [new product codes](#) for non-medical radiation emitting devices that replace the 25 existing codes in order to more accurately categorize and increase the "may proceed" rates for lower-risk items. Currently, either set of codes will be accepted. However, the 25 existing codes are slated to be phased-out, and importers should switch to the new codes as soon as possible to avoid problems.

BIS WITHDRAWS PROPOSAL

The Bureau of Industry and Security has withdrawn a Proposed Rule issued in October of 2004 that would have expanded the "red flags" for exports, created a "safe harbor" provision, and revised the definition of "knowledge" under the Export Administration Regulations (EAR). The proposal had drawn much criticism from the trade. 71 Fed. Reg. [61435](#) (Oct. 18, 2006).

CUSTOMS BROKER EXAM

The national pass rate for the recent [Customs broker exam](#) was above 25 percent, the highest in many years. As a result, expect the April 2007 exam to be particularly difficult.

NAFTA SETTLEMENT

According to *American Shipper*, Customs has settled a case against Pioneer Speakers for \$10 million for false NAFTA claims on speakers imported from Mexico. Customs initially had sought nearly \$37 million.

WTO ACCESSION

U.S. and Russian officials have reached an agreement in principal on market access issues and expect to sign a bilateral agreement this week, paving the way for Russia's accession into the World Trade Organization (WTO). Once Russia has settled the bilateral market access issues with other WTO members, it may begin the process of obtaining WTO membership.

The WTO General Council has approved Vietnam's accession to the WTO, leaving only Vietnam's ratification of the membership agreement before the country becomes the WTO's 150th member. U.S. officials have asked Congress to approve permanent normal trade relations (PNTR) status for Vietnam, which would mean the removal of textile quotas and apparel and other measures against the country. The House failed to pass PNTR legislation under super-majority rules, but it is expected to pass with a normal majority in December. Also, several holds on Senate consideration were removed after concessions by Vietnam, making approval very likely.

AD/CVD EMERGENCY RELIEF

The International Trade Administration has published a Final Rule suspending antidumping and countervailing duties on supplies imported for emergency relief work. 71 Fed. Reg. [63230](#) (Oct. 30, 2006).

GSP

The Office of the United States Trade Representative has issued a [notice](#) that [lists](#) articles currently eligible for GSP for which the import levels have reached a level whereby the articles stand to lose their GSP duty-free treatment on July 1, 2007. Waivers may be granted to continue GSP duty-free treatment. Petitions are due November 17, 2006. 71 Fed. Reg. [37129](#) (June 29, 2006).

C-TPAT

Customs is expected to issue new security criteria for Customs brokers soon, and expects to remove a number of brokers from the C-TPAT program if they do not show a commitment to the new criteria.

Clients are reminded that foreign manufacturers that were already enrolled in C-TPAT must implement the C-TPAT [minimum security criteria](#) by November 27, 2006. These criteria are a good checklist of minimum standards for all foreign firms, not just C-TPAT participants.

MEXICAN DUTIES LOWERED

On September 29, 2006, the Mexican Ministry of Economy published a [decree](#) reducing duties on over 6,000 parts, components, and chemicals needed to complete production that are imported from countries with which Mexico does not have free trade agreements. The decree is intended to assist manufacturers and Maquiladoras in competing with goods produced in other countries. Both Canada and Mexico have reduced such duties previously.

FTA GROWTH

According to ITA statistics, trade activity with U.S. FTA partners in 2005 accounted for 30% of U.S. imports and 41% of exports. If all FTAs that are currently pending are completed, these numbers would account for 37% of imports and 50% of U.S. exports in 2006. FTA compliance is becoming increasingly important for companies. The firm has an FTA/TPP package.

FOREIGN-TRADE ZONES BOARD ACTIVITY AS OF 11/15/06		
	APPROVED	CURRENTLY AUTHORIZED
ZONES	270	256
SUBZONES	588	488
PENDING		
ZONES	1	
SUBZONES	15	
MISCELLANEOUS	25	
AVERAGE PROCESSING TIME (MONTHS)		
ZONES	8	
SUBZONES	8	