

BRIEFINGS

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2011 CONSIDERATIONS

As you review your business plans for 2011, we urge you to consider a renewed focus on import, export, and FTZ compliance including: (1) import/export government data analyses; (2) updated procedures; (3) record access and retention; (4) training; (5) internal audit; (6) proactively addressing new business ventures; and (7) financial savings opportunities.

HTS/SCHEDULE B CHANGES

The International Trade Commission has provided a [list](#) of statistical changes to the Harmonized Tariff Schedule and Schedule B. The changes involve only the ninth and tenth digit level of tariff numbers, quantity, unit of measure, and/or description. Some changes will identify various children's products for Consumer Product Safety Commission purposes. The changes were ratified, and are scheduled to take effect on January 1, 2011. CSMS #[10-000284](#) (Dec. 10, 2010).

ONE DENIED PARTY LIST

The U.S. Government has finally consolidated [denied party lists](#) from the Bureau of Industry and Security (BIS), Office of Foreign Asset Controls (OFAC), and the State Department. In the past, exporters had to either purchase a software service that consolidated the lists, or check webpages individually. The new single list can be downloaded into Excel or ASCII. The list is generally current, but updates to the list are not made as quickly as the Federal Register notices. Contact Chuck Ballard with questions.



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

2011 SEMINARS

Our 2011 seminar schedule will be posted on our [website](#) by January 1.

FTZ BOARD

- The FTZ Board is expected to release extensively rewritten proposed regulations for public comment before year-end 2010.
- The Foreign-Trade Zones Board has announced minor adjustments to the Alternative Site Framework (ASF) Application, including eliminating the requirement to "allocate" 2,000 acres of potential activated FTZ space between existing zone sites, adding flexibility on county service area letters, and adding flexibility on the location of sites within an industrial park or business district area. Contact Scott Taylor with questions. 75 Fed. Reg. [71069](#) (Nov. 22, 2010).

TRADE BILL

Congress continues to try to complete trade legislation before the end of 2010. On December 15, 2010, the House passed the Omnibus Trade Act of 2010 (H.R. [6517](#)), which contains hundreds of duty suspension and reduction provisions and would extend the Generalized System of Preferences (GSP) and the Andean Trade Preference Act/Andean Trade Promotion and Drug Eradication Act (ATPA/ATPDEA). Both are set to expire on December 31, 2010. The bill will now go before the Senate for vote.

FTZ CHECKLIST

Clients are reminded of the following year-end actions:

- FTZ Board Annual Report
- CBP Annual Reconciliation
- Renewal of Yearly Blanket CBPF216
- FTZ Scope of Authority/ Land/ Buildings Activation Review
- Consider new FTZ savings opportunities for 2011.

Contact Scott Taylor or Linda King with questions.

EXPORT REFORM UPDATES

The Obama Administration's export controls reform initiative is starting to yield specific work product:

- The Bureau of Industry and Security BIS is seeking public comment on how the Commodity Control List (CCL) can list items more clearly and be divided into three tiers. Comments are due February 7, 2011. 75 Fed. Reg. [76664](#) (Dec. 9, 2010).
- The Directorate of Defense Trade Controls (DDTC) is seeking public comment on the revised U.S. Munitions List (USML) Category VII (military vehicles). Comments are due February 8, 2011 and are particularly important for all defense exporters because they will impact revisions to other categories. 75 Fed. Reg. [76935](#) (Dec. 10, 2010).
- In an update on the National Export Initiative, Brian Nilsson, Director of Non-Proliferation and Arms Control at the National Security Council indicated that the single export license application form for use by BIS, the DDTC, and the Office of Foreign Asset Controls (OFAC) is expected to be publicly unveiled in early 2011, followed by a comment period.

AIR CARGO SECURITY

- In November 16 Senate testimony, the Department of Homeland Security (DHS) indicated plans to accelerate work to obtain critical air cargo information prior to loading. DHS is working with international private sector partners to develop and share intelligence, and information capabilities to target high risk cargo.
- Customs is [working](#) with the trade to obtain air cargo import data prior to departure to the United States. There is some concern that the four (4) hour time frame is not sufficient for flights from some countries, such as Canada and Mexico.

INDUSTRIAL ESPIONAGE

In a December 9 jury [verdict](#), two engineers were found guilty of stealing the design of production equipment. They took photos of a competitor's equipment while performing service on the equipment and provided the photos to a subsidiary, which was able to copy the design. Sentencing will not occur until 2011, but the engineers face 10 years in prison for each trade secret count, 20 years for each wire fraud count, and \$2.5 million in fines.

CANADIAN ISPM EXEMPTION

The Animal and Plant Health Inspections Service (APHIS) has issued a Proposed Rule which [removes](#) the exemption allowing wood packaging materials from Canada to be imported without meeting International Standard for Phytosanitary Measures (ISPM) 15 requirements. Comments are due January 31, 2011. 75 Fed. Reg. [75157](#) (Dec. 2, 2010).

FDA SEEKS COMMENTS

The FDA released its annual guidance document agenda list and is accepting comments on agenda items. One item on the list involves Pre-Launch Activities Importation Requests (PLAIR). Comments are accepted any time. 75 Fed. Reg. [76011](#) (Dec. 7, 2010). Contact Sean Murray with questions.

NEW VISA REQUIREMENT

Effective November 23, employers sponsoring workers for an H-1B visa are required to certify in section 6 of the [I-129](#) Petition for a Non-immigrant Worker that they are in compliance with various export control regulations in regards to employing the foreign national. Under the deemed export rules, an export license is often required to enable non-U.S. citizens to view or work with technical data that is controlled to the person's home country. Contact Sean Murray with questions.

BROKER INFO SHARING

Comments on the Proposed Rule for broker information sharing are due December 27, 2010. 75 Fed. Reg. [66050](#) (Oct. 27, 2010).

CUSTOMS BROKER EXAM

Customs has posted its April 2010 Broker's [exam](#) and [answer key](#) to its web site. The pass rate was 29%, up significantly from April 2010's pass rate of 11.1%.

APHIS LACEY ACT CODES

The Animal and Plant Health Inspection Service (APHIS) has posted a comprehensive "[Special Use \(or Species\) Codes](#)" list for use filling out and filing the Lacey Act Declaration ([Form PPQ 505](#)).

CBP BOND PROCEDURES

Custom has posted an updated version of its Revenue Division's "[Policies and Procedures](#)" that includes new information on Importer Security Filing (ISF) Bonds, Single Transaction Bonds (STBs), Continuous Bonds, and Intellectual Property Sample Bonds.

MANIFEST DESCRIPTIONS

In an Immigration and Customs Enforcement (ICE) news [release](#), indicated that Customs intercepted an express package from China with a manifest indicating a "100% cotton knitted men's vest," but actually containing a Level IIIa bullet proof vest. ICE arrested the recipient when he signed for the delivery.

KOREA FTA

On December 3, President Obama announced that the United States and South Korea have agreed on a deal that supplements the FTA with Korea by enhancing access for U.S. automakers to the Korean market and delaying the elimination of U.S. and Korean vehicle tariffs. The agreement must still be authorized by Congress, which is not expected to take immediate action.

AD/CVD

The Department of Commerce (DOC) has [posted](#) additional justifications for its 2002 decision to issue liquidation instructions to Customs 15 days after publication of antidumping /countervailing duty final results.

NEW LICENSE EXCEPTION

The BIS has proposed a new license exception for "Strategic Trade Authorization" (STA) to permit the export, re-export, and transfers in-country of many commodities without the requirement to obtain a formal export license. Comments are due by February 7, 2011. 75 Fed. Reg. [76653](#) (Dec. 9, 2010).

IMPORTED RESIDUE FAQs

Customs is yet to enforce a July 2009 Customs ruling on the treatment of "residue" in instruments of international trade (IIT), but recently posted an updated list of frequently asked questions ([FAQs](#)), emphasizing that companies should develop base line measures. Contact Sean Murray with questions.

FOREIGN-TRADE ZONES BOARD ACTIVITY AS OF 12/15/10		
	APPROVED	CURRENTLY AUTHORIZED
ZONES	274	257
SUBZONES	665	521
PENDING		
ZONES	3	
SUBZONES	25	
MISCELLANEOUS	27	
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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