

# BRIEFINGS

## EGREGIOUS ENTRY ERRORS

Customs Headquarters has issued a [Memorandum](#) to customs brokers and importers advising them that Customs will be reviewing entry summaries to identify "egregious errors." Targeted errors include, but are not limited to, inaccurate reporting of statistical data, value, classification, origin, and manufacturer identification numbers (MIDs). Customs states that such errors demonstrate a lack of "reasonable care." Ports will be instructed to pursue penalties against brokers and/or importers for the errors.

## 10+2 PROPOSAL

- Customs has issued a [Frequently Asked Questions](#) document on its draft proposal for additional advance trade data elements ("10+2 proposal"). Expect final action in 2007.
- Customs [extended](#) the deadline for comments on its [10+2 proposal](#) to February 14. Despite the passing of the deadline, clients are still encouraged to submit comments. Contact us for assistance.

## CBP/FDA FINAL RULE

Customs has issued a long-pending Final Rule that establishes a 30-day conditional release period for foods, drugs, devices, and cosmetic items. The 30-day period limits the FDA's time to perform admissibility determinations, but is not absolute. The Final Rule goes into effect May 1, 2007. 72 Fed. Reg. [4423](#) (Jan. 31, 2007).

## 2007 SEMINAR SCHEDULE

Spaces are filling up fast for our 2007 training seminars.

Our \$1,000 client 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).

## IMPORT/EXPORT ANALYSIS

Identifying import and export compliance issues is critical to exercising "reasonable care" and preventing the issuance of penalties. Calendar year 2006 data is now available from the Office of Strategic Trade (OST), National Finance Center (NFC), and Census. Our recently enhanced proprietary software can provide the reports more quickly and at less expense.

## CENSUS AUDITS

The first Census audit has been delayed for budget reasons. Clients are encouraged to insure that they have robust compliance processes in place.

## FTA AUDITS/CBPF 28s

Customs is actively engaged in FTA audits nationwide. Clients are encouraged to validate the accuracy of currently filed claims.

## HTSUS IMPLEMENTATION

- The U.S. International Trade Commission has published the [official 2007 HTSUS](#), which went into effect on February 3, 2007.

- We are currently working on behalf of clients to resolve several Customs computer system issues with the 2007 HTSUS. Any issues, such as error messages, incorrect FDA or Other Government Agency flags, and unusable or unupdated HTSUS classifications, should be brought to Customs attention. We have found that these issues require direct contact with Customs and/or ITC, but are generally resolved quickly.

## AES 2007 HTSUS/SCHEDULE B

The Census Harmonized Tariff Schedule (HTS) tables have been updated. AES and the AESDirect program will accept both the 2006 and 2007 codes until March 4, 2007. Beginning March 5, use of a 2006 code will result in a fatal error.

## 2007 HTSUS – FTZ IMPACT

The Foreign-Trade Zones Board will not act on FTZ Scope of Authority heading-level changes resulting from the 2007 HTS revisions so long as the changes do not modify the basic inverted Customs duty relationship previously approved by the Board. A revised Scope of Authority, identifying these changes, should be added to your FTZ files for future reference. HTS changes that modify the basic inverted duty relationship should be addressed.

## HTSUS & EAR ASSISTANCE

The firm has developed automated check-sheets that greatly simplify the classification of goods in the Harmonized Tariff Schedule of the United States (HTSUS) and the Export Administration Regulations (EAR). The check-sheets are designed for users that have only a very basic understanding of the HTSUS or EAR, and simply require "yes" or "no" answers to a series of questions. Once the user has answered sufficient questions to arrive at a classification, that classification is provided. The document serves as an excellent tool both to assist in classifying goods and for documenting results. Please contact Marshall Miller or Michael Utchell for further information.

## ACE/ITDS DATA SET

Customs has posted an updated "Standard Data Set" (SDS) of the data elements to be gathered for government agency use through the Automated Commercial Environment (ACE)/International Trade Data System (ITDS).

## BALANCE OF TRADE

- China recorded its highest-ever trade surplus in 2006, with an overall trade surplus in excess of \$177.5 billion.
- In what some may argue is related news, in 2006 the U.S. ran a record trade deficit for the fifth straight year of \$763.6 billion. The deficit with China was \$232.5 billion.
- Expect those figures and the Democratic majority in Congress to put more pressure on trade issues.

## PERRIGO

The Perrigo subzone review continues. The company has submitted an "updated sourcing plan" as a trade-off for the Foreign-Trade Zones Board not imposing a restriction or cap on the FTZ financial savings. The FTZ Board is considering the company's submission. Contact Scott Taylor for further information.

## FAST TRACK EXTENSION

- The President's Trade Promotion Authority ("fast-track") expires on July 1, 2007.
- Senator Charles Rangel, Chairman of the House Ways and Means Committee, recently expressed an interest in extending TPA exclusively for purposes of negotiating the WTO Doha Round.

## DRUG ESTABLISHMENTS

The FDA has reopened the comment period on its Proposed Rule to revise the registration and listing requirements for foreign and domestic drug establishments and human drugs, including the revocation of two key exemptions applying to imports of unapproved articles for reexport or further processing and foreign establishments operating in foreign-trade zones. Comments are due on Feb. 27, 2007. 71 Fed. Reg. [51276](#) (Aug. 29, 2006) (Proposed Rule). 72 Fed. Reg. [5944](#) (Feb. 8, 2007) (Comment Period).

## N. KOREA EXPORTS

The Bureau of Industry and Security has issued a Final Rule requiring, with very limited exceptions, export licenses for the export or reexport of any goods to North Korea. 77 Fed. Reg. [3722](#) (Jan. 26, 2007).

## TEXTILE DOCUMENTATION

A recent Port of Chicago Pipeline states that Customs will begin requesting additional documents to verify textile country of origin claims. Requested documents may include, but are not limited to, certificates of origin, bills of lading and export clearance documents. If the country of origin cannot be verified, the textiles may be excluded from entry. Chicago Pipeline [07-05](#) (Jan. 17, 2007).

## CUSTOMS REPORT

Customs has [posted](#) its Performance and Accountability Report for FY 2006. According to the report, Customs processed 31.1 million entries in 2006, and collected \$30 billion in revenue.

## ELECTRONIC 214 UPDATE

Customs has published an updated list of ports that accept the electronic CBPF 214 (FTZ Admission and/or Status Designation). Paper CBPF 214s will still be accepted, but Customs is urging use of the electronic version. Until the e-214 provides Census reporting, it will not be fully utilized.

## U.S./CHINA WTO DISPUTE

The United States has [initiated](#) World Trade Organization dispute settlement proceedings against China, alleging subsidies that violate China's WTO commitments.

## GSP ELIGIBILITY

- As of Jan. 1, 2007, Bulgaria and Romania are no longer eligible for GSP because they have become EU members. 72 Fed. Reg. [2717](#) (Jan. 22, 2007).
- Brazil, India, Venezuela, Cote d'Ivoire, Thailand, and the Philippines may lose their GSP eligibility due to changes in the "competitive need limitation."

## CUBAN CIGARS

Buyer Beware! The Office of Foreign Assets Controls (OFAC) has announced a \$765 individual penalty for Cuban cigars purchased over the internet.

## RULING NUMBERS

Customs has issued an Administrative Message announcing that the ORR has adopted a new tracking system for rulings. All rulings will now have a sequentially assigned 6-digit number that will be preceded by an "N" for National Commodity Specialist rulings or an "H" for Headquarters rulings. ADM [07-0048](#) (Feb. 12, 2007).

FOREIGN-TRADE ZONES BOARD ACTIVITY AS OF 2/15/07		
	APPROVED	CURRENTLY AUTHORIZED
ZONES	270	256
SUBZONES	594	494
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PENDING		
ZONES	1	
SUBZONES	11	
MISCELLANEOUS	24	
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AVERAGE PROCESSING TIME (MONTHS)		
ZONES	8	
SUBZONES	8	