

ROUTING SLIP

BRIEFINGS

PRODUCT SAFETY

- The Consumer Product Safety Commission (CPSC) has [created](#) a new Import Surveillance Division, which will coordinate with Customs to inspect import shipments at the ports. The first port to have a CPSC presence will be Long Beach, California and current plans are for presence in 10 ports. The specific CPSC port presence is not being publicized to prevent port shopping.
- The Senate has passed its version of [H.R. 4040](#), the "Consumer Product Safety Modernization Act," which significantly increases civil fines and criminal penalties, requires importers to identify manufacturers, allows the CPSC to prohibit export of recalled products, and empowers DHS to seize and destroy refused products. The bill now goes to conference with the House of Representatives to reconcile differences.

IPR

- [IPR seizures](#) by Customs and ICE decreased by over 1000 from FY 2007 to FY 2006, but increased in value by [27%](#). Chinese goods accounted for 80% by value of the seizures.
- The USTR has requested input on issues for the Anti-Counterfeiting Trade Agreement (ACTA) that it is negotiating with the E.U., Japan, Canada, Mexico, South Korea, and other countries. Comments are due by March 21, 2008. 73 Fed. Reg. [8910](#) (Feb. 15, 2008).

2008 SEMINAR SCHEDULE

- Space is still available in the two intensive, Advanced Seminars that are scheduled for Spring 2008:
 - **April 15-16** – Valuation
 - **May 20-21** – ClassificationAttendance for each is limited to twenty participants.
- Another client-only, free Import/Export 101 seminar has been scheduled for August 12-13.
- 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.

EXPORTER AUDITS EXPAND

The Census Bureau began auditing exporter AES records last year, and the Bureau of Industry and Security (BIS) has often audited exporters when apparent issues were identified, but the Office of Foreign Assets Control (OFAC) and the Directorate of Defense Trade Control (DDTC) are also auditing exporters, both in response to alleged violations and randomly. To be prepared for this increased focus on export enforcement, all clients should review export records and compliance procedures. The firm has developed a comprehensive export audit and compliance program, consisting of an analysis of government export records, an extensive audit questionnaire, and detailed documented procedures. Please contact Mark Teerink for details.

IN-BOND ISSUES

- Immigration and Customs Enforcement (ICE) has [announced](#) a guilty plea in a massive commercial fraud case involving at least 7,000 containers of garments valued at \$267 million brought into the U.S. under the in-bond system and then sold to U.S. buyers instead of being shipped to Mexico, their claimed destination.
- Customs has issued an [In-Bond Plan Summary](#) that sets forth contemplated regulatory changes to address findings in the recent GAO report (GAO-07-561) that were critical of current in-bond processes. Greg Olsavsky, Director, Office of Cargo Control (OFO), has requested industry comments on the contemplated changes. Customs is working to re-program the ACS in-bond module to track open in-bonds and to incorporate the changes into the new ACE in-bond module.

FTZ BOARD REPORT

The FY 2006 FTZ [statistics](#) are interesting. The percentage of general purpose zones authorized/reporting (256/127) at 49% and subzones (487/259) at 53% did not change from FY 2005. Six new zones reported; two zones stopped reporting. Fourteen new subzones reported/eleven subzones stopped reporting. The dollar value of receipts increased 20% to \$491 billion; employment increased 3% to 350,000 persons; exports increased 30% to \$30 billion.

EXPORT CONTROL CHANGES

Matt Borman, Deputy Assistant Secretary of Commerce in the Bureau of Industry and Security (BIS) stated at the March 10 meeting of the Regulations and Procedures Technical Advisory Committee that BIS is considering several changes to export controls, including:

- A new "Intra-Company Transfer" (ICT) license exception for exports to foreign subsidiaries of U.S. companies based on BIS's prior approval of their export control program; and
- Revised deemed export license criteria, considering a person's "probable loyalties" based on country of birth, prior residences, current citizenship, and current and prior activities, rather than just citizenship and residence.

COLOMBIA FTA

Democratic Congressional leadership continues to block the Colombia FTA, but House Speaker Nancy Pelosi (D-CA) recently stated that it could be considered in conjunction with a "robust" Trade Adjustment Assistance (TAA) bill.

ACE CATAIR

Customs has [posted](#) a "Census Warning Override" chapter and two appendices to the ACE ABI CATAIR document that will replace the current Customs and Trade Automated Interface Requirements (CATAIR). Even though the document retains the "draft" designation, the chapters and appendices in the ACE ABI CATAIR are considered final. Customs will continue to build the ACE CATAIR until all ABI functionality is moved to ACE.

100% SCANNING

The Customs 100% scanning pilot of U.S.-bound maritime containers for nuclear or other radiological materials is fully operational in three foreign ports. Customs is expanding to four additional ports. Data is being transmitted to the National Targeting Center.

ABI MESSAGES RIP

The Cargo Systems Messaging Service ([CSMS](#)) is now the official communication service between Customs and the trade community. The [first message](#) was issued on February 11. It replaces the Automated Broker Interface (ABI) administrative message system. 2,800 messages from 1992 to 2007 are in the CSMS database, and [Customs](#) expects to include more messages soon.

UNCOLLECTED AD/CVD

Customs has posted a [report](#) revealing an increase in uncollected antidumping (AD) and countervailing duties (CVD) of 62% from 2006. Indications are that commodities from China yielded the highest margin of uncollected duties. A cited problem is that new shippers post small bonds to cover anticipated AD/CVD duties. Expect a new Customs compliance effort.

FTZ NAFTA RULING

Customs is revoking a ruling that applied a NAFTA analysis to a sugar/gelatin blend processed in a foreign-trade zone. Customs has ruled that the NAFTA analysis should not have been applied because there were no Canadian or Mexican inputs in the FTZ processing activity. 42 Cust. B. & Dec. [10](#) (Feb. 27, 2008).

GSP CHANGES

The U.S. Trade Representative has published [notice](#) of its annual review of the Generalized System of Preferences (GSP) duty preference program. Certain country-tariff pairs are projected to lose GSP duty free status. Comments must be submitted by March 21, 2008. 73 Fed. Reg. [10826](#) (Feb. 28, 2008).

POST-ENTRY AMENDMENTS

Customs has posted [Frequently Asked Questions](#) on its Post-Entry Amendment (PEA) processing test, which became effective in August 2007, as well as a sample [form](#).

C-TPAT

During the February meeting of the Advisory Committee on Commercial Operations of Customs and Related Homeland Security Functions (COAC), Customs indicated that discussions with China regarding joint C-TPAT validations have been slow and there is a lack of interest from eligible importers in the third-party validations.

New C-TPAT offices are opening in Buffalo and Houston to focus on Canadian and Mexican issues.

Canada plans to [introduce](#) a modernized Partners in Protection (PIP) program that will achieve mutual recognition and compatibility with the U.S. C-TPAT program.

ICPs

Customs has posted the following new and revised Informed Compliance Publications (ICPs):

- [Fasteners of Heading 7318](#)
- [Eyewear Frames and Eyewear](#)
- [Agricultural Actual Use](#)
- [Classification of Children's Apparel](#)

The following ICPs were re-posted with no changes: [Diodes, Transistors, and Similar Semiconductor Devices](#); [Distinguishing Bolts from Screws](#); [Waste and Scrap as it Relates to Base Metals of HTS Chapter 81](#); [Basic Forms of Non-Ferrous Metals](#); and [Stranded Wire, Rope and Cable, of Iron or Steel](#).

ATPA

President Bush has [signed](#) a law that extends until December 31, 2008 the Andean Trade Preference Act (ATPA).

FOREIGN-TRADE ZONES BOARD ACTIVITY AS OF 3/15/08		
	APPROVED	CURRENTLY AUTHORIZED
ZONES	271	256
SUBZONES	606	504
PENDING		
ZONES		1
SUBZONES		19
MISCELLANEOUS		19
AVERAGE PROCESSING TIME (MONTHS)		
ZONES		8
SUBZONES		8