

# BRIEFINGS

## C-TPAT

- Customs held a Customs-Trade Partnership Against Terrorism (C-TPAT) Training Seminar in Miami, FL April 21-24, 2003, that was open to current C-TPAT participants only. Total C-TPAT participants have increased 50% to 3000. Several documents were distributed, including an overview entitled [Supply Chain Security in a New Business Environment](#).
- The firm has developed a comprehensive [program](#) for C-TPAT implementation. Contact Marshall Miller, Sean Murray, or Michael Utchell for details.

## DHS

The Bush Administration's fiscal year 2004 budget [proposal](#) for the DHS has a regional structure with directors within each region in charge of all operations and reporting directly to the DHS Secretary. Numerous trade groups and associations have expressed uniformity concerns over the potential return to the old Customs Regions.

## MISC. TRADE BILL

Senator Richard Shelby (R-AL) continues to hold the [Miscellaneous Trade Bill](#). Shelby objects to the bill because it does not amend a bill passed last year allowing socks sewn shut in the Caribbean, but knit-to-shape in the U.S., to be imported into the U.S. duty- and quota-free. Fort Payne, Alabama is known as the "sock capital of the world."

## FTZ-SKY RADIO

Marshall Miller will be interviewed on FTZs on Sky Radio during June, July, and Aug. on American, United, US Air, Northwest, and Delta Airlines audio channels. You can access the interview now on the [Sky Radio](#) Web site.

## SED PENALTIES INCREASED

Clients are encouraged to note that the long-standing civil penalty of \$1,000 for an erroneous SED or missing SED has been increased to a civil penalty not to exceed \$10,000 per violation, or a criminal penalty not to exceed \$10,000 or imprisonment for not more than five years. See [Pub. L. 107-228](#), Sept. 30, 2002.

## FSC

The WTO [announced](#) on May 7, 2003 that it has authorized the EU to apply additional duties of up to 100% on U.S. products worth approximately \$4 billion in response to the U.S. Foreign Sales Corporation tax law. Expect Congressional action before July 31.

## NAFTA SCRUTINY

The Canada Customs and Revenue Agency (CCRA) and Customs have [signed](#) a Memorandum of Understanding regarding the exchange of NAFTA-related information. The goal is increased scrutiny of NAFTA qualification for imported goods.

## FDA

In order to assist the FDA in meeting its Dec. 12, 2003 deadline for implementation of the Public Health Security and Bioterrorism Preparedness and Response Act of 2002, Customs will be re-programming the ACS to include data collected by the FDA. This marks a milestone for cooperation between the two agencies, and may facilitate more interagency cooperation for improving data reporting and combating terrorism.

- The FDA has issued two proposed rules that 1) requires domestic firms that manufacture, process, pack, transport, distribute, receive, hold or import human or animal food products in the U.S., as well as foreign facilities that manufacture, process, pack or hold food intended for U.S. consumption, to establish and maintain records identifying the previous and subsequent owners and identify the transportation process of all food items; and 2) creates an administrative detention process for any article of food in interstate or intrastate commerce that may pose a public health risk. This administrative detention process is in addition to other sections of the Act that allow the FDA and Customs to detain imported food that appears to be adulterated or misbranded. Comments on both proposed rules are due by June 8. 68 Fed. Reg. [25188](#) (May 9, 2003). 68 Fed. Reg. [25242](#) (May 9, 2003). [FDA Fact Sheet](#)

## IRAQ SANCTIONS

President Bush has [suspended](#) the Iraq Sanctions Act of 1990 that had restricted the export of certain equipment necessary for Iraq's reconstruction. The President has directed the Treasury Secretary to relax administrative sanctions on U.S. companies and citizens conducting business in Iraq that contribute to humanitarian relief and reconstruction.

## FTA

- The U.S. and Singapore signed the [U.S.-Singapore FTA](#) on May 6, 2003.
- President Bush [proposed](#) a U.S.-Middle East Free Trade Area by 2013.

## QP/WP

Customs has issued a [memo](#) advising that the ALT T&E Program for in-bond cargo movements from FTZs will be discontinued as of July 1, 2003. Alternatives available are the Estimated CF 7512 procedure or the ABI QP/WP Tinman process. The NAFTAZ has [proposed](#) a number of key changes to QP/WP.

## CSI

Japan has become the second country to place Customs officials in the U.S. as part of the Container Security Initiative (CSI). Personnel from the Japanese Customs and Tariff Bureau will be working from the Los Angeles/Long Beach seaport inspecting containers for Japan. Expect C-TPAT to be expanded to exports.

## FDA FORMAL ENTRIES

The FDA has informed Customs that it will not require Customs to implement formal entry requirements for certain imported foods, cosmetics, soap, etc., regardless of value. The formal entry procedures were corrected in [ADM 03-1298](#) issued by Customs.

## CUSTOMS FUNDING

Under the Emergency Wartime Supplemental Appropriations Act, 2003 ([Public Law 108-11](#)), which was signed into law by President Bush on April 16, 2003, Customs received \$333 million for funding Operation Liberty Shield and other initiatives, such as portal radiation detection and monitoring technology.

## AES

Census continues to move forward with its plans to implement, in mid-2004, rules requiring that 1) all companies filing through AES have at least one licensed individual at each filing location; 2) Licensees would have to pass an exam, be a U.S. citizen, have a Social Security number, be 21-years old, and pass a background investigation; and 3) Companies would be required to obtain an AES filer permit.

## WTO TRADE FIGURES

On April 22, the World Trade Organization (WTO) released its [2002 World Trade Figures](#). In its release, the WTO noted that merchandise trade grew by 2.5% in 2002, and that trade growth was uneven among certain regions.

## WTO MEMBER LIST

The WTO has [released](#) a current list of members. As of April 4, 2003, there are 146 members of the WTO. Recently added countries since 2001 include Armenia, Former Yugoslav Republic of Macedonia, Chinese Taipei (Taiwan), Moldova, and China. There are currently 30 countries that are considered "observer" countries.

## BIOTECH PRODUCTS

The USTR filed a case in the WTO against the EU's 5 year moratorium on approving agricultural [biotechnology](#) products.

## MANIFEST 24-HOUR RULE

- On May 4, Customs began [issuing](#) "Do Not Load" messages for invalid or incomplete cargo descriptions and monetary penalties for late submission of cargo declarations. On May 15, Customs began issuing "Do Not Load" messages for clear violations of the consignee name and address requirement and monetary penalties (\$5,000 for first-time offenses, \$10,000 for additional offenses) for "Foreign Remaining on Board" (FROB) cargo that has invalid cargo descriptions and has been loaded onboard the vessel without providing Customs a 24-hour time frame for targeting.
- New frequently asked questions (FAQ), dated May 5, 2003, were [posted](#) to its Web site.

## MIDs

Customs has issued and [Administrative Message](#) reiterating the importance of using correct and accurate MIDs in ABI transactions. The message lists invalid entry codes that should not be used on the MID.

## SPECIAL 301 ANNUAL REVIEW

The U.S. Trade Representative issued the results of its "Special 301" annual review of the adequacy and effectiveness of intellectual property protection in seventy-four countries. The report is available at [www.ustr.gov/reports/2003/fullreport.pdf](#).

FOREIGN-TRADE ZONES BOARD ACTIVITY AS OF 5/15/03		
	CURRENTLY	
	APPROVED	AUTHORIZED
ZONES	255	242
SUBZONES	526	445
	PENDING	
ZONES	3	
SUBZONES	21	
MISCELLANEOUS	28	
	AVERAGE PROCESSING TIME (MONTHS)	
ZONES	10	
SUBZONES	10	