

ROUTING SLIP

BRIEFINGS

FTZ IMPROVEMENTS

The Foreign-Trade Zones Board issued a notice seeking proposals for the modification and improvement of the Temporary/Interim Manufacturing Authority application and add flexibility into the scope of authority of subzone and manufacturing operations in zones. 71 Fed. Reg. [23895](#) (April 25, 2006). Our firm is preparing a submission. If you have any comments, please contact Scott Taylor.

C-TPAT GUIDELINES

Customs [posted](#) six new C-TPAT Security Guidelines for the following entities: (1) licensed Customs brokers; (2) freight forwarders; (3) manufacturers; (4) air carriers; (5) rail carriers; and (6) marine or port terminal operators.

ACE PERIODIC PAYMENT

ACE monthly payments now represent 25 percent of the total of duties and fees collected by Customs. Contact the firm for assistance in implementing a monthly payment system.

C-TPAT APPLICATIONS

Customs published a [notice](#) on its website stating that it has suspended accepting all applications for C-TPAT until the new C-TPAT Security Link Portal System is operational. Customs states that the new portal should be operational within the next few weeks and will post a notice on its website when the new portal is operational.

EXPORT PENALTIES

The Bureau of Industry and Security (BIS) has [reported](#) that in FY 2005 it obtained 31 criminal convictions and denial orders with combined criminal and civil fines totaling more than \$14 million

ADD/CVD SEARCHES

Customs initiated a new [search engine](#) for antidumping and countervailing duties on May 1, 2006. ADD/CVD Liquidation instructions, messages, and communications can be queried from the site.

FTA CLAIMS

We have recently been informed by a client that its Customs Broker's ABI software defaults to claiming preferential treatment under Free Trade Agreements when such treatment is available and a good is shipped from the FTA country. Clients are encouraged to review their entries closely to ensure that FTAs are only claimed when Brokers have been instructed to make such a claim.

CLASSIFICATION FINES

Some Customs ports recently have taken a more aggressive position against importers that they determine have used incorrect classifications to import items, threatening Section 1592 sanctions for negligence or fraud, rather than stating their own classification determination and seeking overdue duties and interest, according to an article in the May 1, 2006 edition of The Journal of Commerce.

ICE: FIST

Immigration and Customs Enforcement (ICE) announced a new initiative called the Fraud Investigation Strike Team (FIST). FIST teams have/will make unannounced "visits" to bonded/importers facilities to focus on Customs fraud including, but not limited to, recordkeeping, inventory verification, discrepancies, free trade agreement compliance, origin marking, IPR violations, physical security, in bond diversion, smuggling, money laundering, trans-shipment, quota violations, shortages, unauthorized deliveries, changes to bonded facilities and hazmat violations. Members of FIST teams include ICE special agents, CBP officers, CBP import specialists, FP&F officers, CBP auditors, and detention and removal officers.

IMAGE

Department of Homeland Security (DHS) has implemented a new C-TPAT type program for employment verification. The program requires education and tracing, fraudulent document verification, electronic employment eligibility verification, and antidiscrimination procedures.

MISC. TARIFF BILL

The Senate Finance Committee leadership [announced](#) on April 21, 2006 that it is encouraging Senators to submit duty suspension bills for a larger miscellaneous tariff bill by May 26, 2006.

BROKER EXAM

Customs has posted the questions and answer key for the April 2006 [broker's exam](#). Customs indicated the pass rate was 13.2% and no questions were voided.

e-214

The number of ports available for e-214 filing has expanded to 6. Once eManifest is available in all ports, truck shipments admitted to FTZs can be reported on the e-214. A few e-214 technical corrections have been identified and are being corrected.

FTA TARIFF SHIFT RULES

Customs has posted [guidance](#) on understanding tariff shift rules under U.S. Free Trade Agreements (FTAs). The presentation is part of Customs in-house training material for field Import Specialists.

BYRD AMENDMENT

As of May 1, the European Union has expanded the scope of its retaliatory sanctions on U.S. products for its failure to comply with the WTO decision against the Byrd Amendment.

2007 HTS UPDATES

Every five years the World Customs Organization updates the Harmonized Tariff System (HTS). An HTS update is scheduled to take place on Jan. 1, 2007. Clients are encouraged to monitor potential changes.

ACE BORDER PORTS

Beginning May 15, 2006, any conveyance arriving at an ACE-implemented border port without having transmitted advance cargo information (PAPS, QP) to Customs by the time of arrival will not receive a permit to unlade and to proceed.

FTZ SIGN

It appears that the recently signed Patriot Act amended 18 USC 659 extending incarceration from 2 to 10 years for unauthorized removal from an FTZ.

FREE TRADE AGREEMENTS

The USTR has requested proposals from industry on ways to promote trade between NAFTA countries. The review is to be completed in mid-September 2006. USTR noted that less than 1% of NAFTA trade remains subject to duties.

Customs has posted [guidance](#) on the Israel and Jordan FTAs and qualified industrial zone programs with Jordan and Egypt.

DIPLOMATIC IMPORTS

The State Department has announced that any imports to foreign diplomatic or consular missions in the United States may only be cleared by Customs through the State Department's diplomatic customs clearance procedure on Form DS 1504. It is unlawful for any entity to assist foreign missions with importations cleared by any other means. 71 Fed. Reg. [23979](#) (April 25, 2006).

EAR/ITAR OBSOLETE?

A Pentagon advisory group, the Defense Science Board, has issued a [report](#) asserting that the U.S. Export Administration Regulations (EAR) and International Traffic in Arms Regulations (ITAR) are out-of-step with industry, forcing technology, R&D, and production abroad and potentially damaging U.S. military capabilities.

MULTI-CHIP CIRCUITS

The USTR has clarified the duty treatment of products classifiable in Harmonized Tariff Schedule of the United States (HTSUS) subheading 8543.89.96 to provide for a zero rate of duty only for multi-chip integrated circuits, by deleting that subheading and creating two new subheadings: 8543.89.93 for multi-chip integrated circuits and 8543.89.97 for other items previously classified in subheading 8543.89.96. The USTR also added a new Additional U.S. Note 14 to Chapter 85 to define multi-chip integrated circuits. 71 Fed. Reg. [25251](#) (April 28, 2006)

USDA ePERMIT PROGRAM

A new [web-based](#) system has been implemented. PPQ and BRS permits are now available online. VS will be available July 3; APHIS will be available in late 2006.

MEXICO BONDED SHIPMENTS

Customs issued an Administrative Message advising exporters to Mexico about a new mandatory edit in the Automated Commercial System (ACS) that will require the Mexican pedimento entry number for all southbound I.E. in-bond shipments into Mexico originating at all southern border ports. ADM [06-0539](#) (May 5, 2006).

A related [notice](#) advises Customs Automated Forms Entry System (CAFES) users to download the new CAFES software to avoid rejection of the I.E. in-bonds into Mexico.

DEEMED EXPORTS

The BIS has upped its deemed export enforcement efforts, and a revised deemed export rule under consideration may impose even tougher restrictions. BIS' April 2006 "[Major Cases](#)" list includes 4 cases of deemed exports with penalties ranging as high as \$560,000.

C-TPAT – HIGHWAY CARRIERS

Customs [security criteria](#) for highway carriers became effective March 13th for new carriers applying to C-TPAT. Phase one of the criteria implementation plan for participating highway carriers in C-TPAT, including conveyance security, physical access controls and physical security, must have been completed by May 12th.

FOREIGN-TRADE ZONES BOARD ACTIVITY AS OF 5/15/06		
	APPROVED	CURRENTLY AUTHORIZED
ZONES	268	254
SUBZONES	577	479
PENDING		
ZONES	2	
SUBZONES	20	
MISCELLANEOUS	30	
AVERAGE PROCESSING TIME (MONTHS)		
ZONES	9	
SUBZONES	10	