

BRIEFINGS

ROUTING SLIP

DOJ EXPORT ENFORCEMENT

In a June 11 speech, Attorney General Alberto Gonzales announced a U.S. Department of Justice (DOJ) national export enforcement initiative to prosecute violations of U.S. export control laws. Steve Pelak, an 18-year DOJ veteran, has been appointed the first National Export Control Coordinator. This position will be responsible for training prosecutors nationwide and coordinating with other government agencies on export enforcement.

EXPORT ENFORCEMENT

The Bureau of Industry and Security (BIS) has issued its [2006 Annual Report](#). Recent [BIS announcements](#) indicate that BIS is stepping up enforcement activities, including assessing more frequent and severe penalties.

CHINA CATCH-ALL

Bureau of Industry and Security (BIS) Assistant Secretary Chris Padilla has indicated that the final "catch-all" rule on exports to China will list fewer items subject to control than the original 47 in the Proposed Rule, with items dropped based on their availability, military utility, and level of trade. The Final Rule is expected to be issued by June 21.

FAST TRACK

If not renewed, the President's Trade Promotion Authority (TPA), also called "Fast Track," will expire on July 1, 2007.

2007 SEMINAR SCHEDULE

- Client-only free seminars are scheduled for:
 - October 2 – Customs/Trade/FTZ Developments - during NAFTA Convention in Phoenix.
 - Nov. 28-29: Import/Export 101
- By client demand, we are scheduling three more Advanced Seminars in 2007. The Advanced Seminars are scheduled for:
 - Sept. 18-19 - Exports
 - Oct. 23-24 - Classification
 - Nov. 13-14 - Value
- 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.

ITC FTZ ORDER

In an intellectual property dispute involving Qualcomm and Broadcom, the U.S. International Trade Commission has issued an [Order](#) excluding infringing chips, sets, cell phones, and PDAs from entry. For the first time, however, the Order specifically exempts admissions into foreign-trade zones, which could be useful precedent for other foreign-trade zone operations. For information contact Marshall Miller.

DEPUTY COMMISSIONER

Customs has [announced](#) that Jason P. Ahern will be the next Deputy Commissioner. He is slated to replace Deborah Spero, who is scheduled to retire in August 2007. Mr. Ahern is currently the Asst. Commissioner for Field Operations.

e-214

Customs has published an updated [list](#) of ports that accept the electronic CBPF 214 (e-214). 45 ports are now trained to accept the e-214. Clients are urged to adopt the e-214: it improves relationships with local Customs because it eliminates their in-bond arrival activity and soon the monthly Census reporting process will be eliminated. Contact Linda King for e-214 assistance.

SAFE PORT ACT

The House Homeland Security subcommittee recently conducted a 6-month review of the SAFE Port Act. Customs indicated that C-TPAT validations/revalidations are expected to exceed 4,000 in 2009, of which revalidations will account for over 2,300. By the end of 2007, CSI is expected to be operational in 58 foreign sea ports, covering 82% of the container cargo shipped to the United States.

INCREASED EXAMS

Effective May 30, Customs implemented enhancements to the Automated Commercial System (ACS). These ACS enhancements have caused an increase in the number of intensive examinations of identified "high risk" shipments. With the new functionality, risk assessments will be conducted on individual in-bond shipments rather than being linked to other shipments under the master bill of lading. ADM [07-0136](#) (May 30, 2007).

ENTITY LIST REVISIONS

BIS has proposed expanding the reasons for adding parties to the Entity List, a list of parties for which most exports require a license. BIS is proposing that it could add a party to the list if it has reasonable cause to believe that the party has been, is, or poses a risk of being involved in activities contrary to U.S. national security or foreign policy interests. The proposal also includes a process for listed entities to request removal from the list. Comments are due by August 6, 2007. 72 Fed. Reg. [31005](#) (June 5, 2007).

FTAs

- Customs has issued interim regulations on the U.S.-Singapore Free Trade Agreement (SFTA), including requirements for claiming SFTA preferential tariff treatment. Notably, the rule does not provide for post-entry claims, but standard pre-liquidation adjustment provisions may be used. 72 Fed. Reg. [31990](#) (June 11, 2007).
- The release of the U.S. – Korea FTA text has been delayed by both governments. The U.S. ITC has rescheduled a public hearing that was to occur on June 7, 2007, and will now occur on June 20, 2007. 72 Fed. Reg. [28997](#) (May 23, 2007).

ATPA/ATPDEA

While FTAs involving member countries are pending, the Andean Trade Preference Act (ATPA)/Andean Trade Promotion and Drug Eradication Act (ATPDEA) is scheduled to expire on June 30, 2007. A two-year extension is rumored.

EXPORT ENFORCEMENT ACT

The Department of Commerce has issued a [press release](#) that outlines the proposed replacement for the Export Administration Act of 1979. The Export Enforcement Act of 2007, if passed, would greatly increase penalties and provide a better foundation for government agents to investigate and prosecute export control violations.

FTZ MARKETING ACTIVITY

Marshall Miller presented a unique [document](#) at the May National Association of Foreign-Trade Zone (NAFTZ) conference that shows trends and marketing opportunities in FTZ operations.

QRS AND USML

The Directorate of Defense Trade Controls (DDTC) has amended the U.S. Munitions List and International Traffic in Arms Regulations (USML and ITAR) to provide that quartz rate sensors (QRS) are no longer included in Categories XII(d) and VIII(e) of the USML if they are integrated into commercial primary instrument systems on civil aircraft or exported solely for such integration. This change to the USML should mark the final official revision relating to QRS, which arose from the infamous Boeing QRS-11 saga. 72 Fed. Reg. [31452](#) (June 7, 2007).

DDTC REJECTION POLICY

Due to the large percentage of incomplete and inaccurate registration packets, DDTC has adopted a new rejection policy for registration requests received that do not meet basic criteria. The ["Helpful Hints"](#) guide has been updated and expanded to include additional tips on preparing and submitting the required documents.

AD/CVD

Customs has issued a notice announcing its intent to distribute the antidumping and countervailing (AD/CVD) duties collected for Fiscal Year 2007 pursuant to the Byrd Amendment. Companies wishing to be included in the distribution must provide a written certification by July 30, 2007. 72 Fed. Reg. [29581](#) (May 29, 2007).

MANDATORY AES

Census and Customs have resumed discussions in an effort to finalize the proposed Foreign Trade Regulations and implement mandatory AES filing. A new Proposed Rule is expected to be issued.

FOOD/FEED SAFETY

Representatives of the U.S. Government met with Chinese officials in late May and requested specific Chinese actions to help ensure U.S. food and feed safety. The Department of Agriculture has posted an [announcement](#) on its website outlining the requests. The Wall Street Journal has reported that the FDA is likely to propose a new risk-based food inspection system, based on its 2002 Import Strategic Plan, that will require more pre-import data provision.

D-TRADE UPGRADE

The Directorate of Defense Trade Controls (DDTC) has advised the Trade that it will be [upgrading](#) the current version of D-Trade. Therefore, it will shut down D-Trade from June 27, 2007 through July 2, 2007. Additional information as to how operations will be handled during the down period will be posted on the DDTC website.

C-TPAT - EXAMS

Customs has announced that when a C-TPAT member's entry is selected for examination and the entry is for multiple containers, all of the containers that Customs does not intend to examine will be released to the importer. However, the importer must keep the released containers intact pending release of the entire shipment.

IN-BOND SYSTEM

The GAO has issued a [report](#) that identified weaknesses in the Customs in-bond system. Expect another effort to eliminate the system.

FOREIGN-TRADE ZONES BOARD ACTIVITY AS OF 6/15/07.		
	APPROVED	CURRENTLY AUTHORIZED
ZONES	271	257
SUBZONES	596	496
PENDING		
ZONES	1	
SUBZONES	17	
MISCELLANEOUS	23	
AVERAGE PROCESSING TIME (MONTHS)		
ZONES	8	
SUBZONES	8	