

BRIEFINGS

ROUTING SLIP

FTZ FTA PARITY BILL

The National Association of Foreign-Trade Zones (NAFTZ) worked in the NAFTA negotiations to get foreign-trade zones included in the "NAFTA territory" even though they are not included in the U.S. Customs territory. This allows FTZs to be used to manufacture NAFTA-qualifying product for sale in Mexico or Canada. Legislation prepared by the NAFTZ has now been introduced by Rep. Bill Pascrell (D-NJ) that would extend the benefits of all the free trade agreements to FTZs by allowing the manufacture of products for U.S. sale using FTA duty rates. [The Wall Street Journal](#) endorsed the legislation (H.R. 6415) in a July 12 editorial. Please contact Marshall Miller with questions.

e-ALLEGATIONS

Further demonstrating the increased government emphasis on enforcement, Customs has established an on-line "e-Allegation" [process](#) that allows "concerned" individuals to report illegal import and export activity. Clients should be aware that disgruntled employees and competitors can easily access and use this program. The submitter can remain anonymous. Chicago Customs has already issued Pipeline [08-22](#) (June 23, 2008) on the process to the trade. This new program coincides nicely with Customs identifying "penalties" as a Priority Trade Issue and providing guidance to reduce penalty mitigation.

2008 SEMINAR SCHEDULE

- We have a client-only, free Import/Export 101 seminar scheduled for Aug. 12-13.
- We have scheduled three more Advanced Seminars for Fall 2008:
 - **Oct. 21-22** – Valuation
 - **Nov. 12-13** – Classification
 - **Dec. 9-10** – Exports
- More information is available on our web site. All seminars are on a first-come, first served basis. Register now by e-mail to Jackie Davis at jdavis@millerco.com.

IMPORT/EXPORT ANALYSIS

If your company has not already requested 2007 import and/or export government data, now is a good time to consider undertaking a comprehensive review. Requestable data is significantly more complete than ACE reports. The firm has developed custom programs for organizing, charting, and graphing the data into activity reports. Contact Marshall Miller or Brenda Zeller for details.

GENDER DISCRIMINATION

The Court of Int'l Trade (CIT) recently dismissed a claim that gender-based duty distinctions constitute unconstitutional discrimination. The CIT held that the importer failed to prove discrimination based on gender did in fact occur because the subject tariff classifications are not "actual use" provisions. [Totes-Isotoner v. U.S.](#), Slip Op. [08-73](#) (July 3, 2008).

EXPORT C-TPAT

Customs has initiated a pilot C-TPAT certified exporter program. The pilot program will develop minimum security requirements for exporters. It is only available to C-TPAT participants, and requires the completion of an export security profile and a Customs review. No site validations are included in the pilot. The firm's structured and documented C-TPAT program is also appropriate for exporters. Contact Sean Murray or Mike Utchell with questions.

MANDATORY AES

- The Census mandatory Automated Export System (AES) [Final](#) Rule went into [effect](#) July 2, 2008. However, full implementation is September 30, 2008, giving exporters not currently filing via AES four months to switch to electronic filing. 73 Fed. Reg. [31548](#) (June 2, 2008). Contact Mark Teerink with questions about the Final Rule.
- Although Census has yet to enforce its regulations requiring exporters to file AES records, the Bureau of Industry and Security (BIS) already does charge exporters for such errors under the Export Administration Regulations (EAR) when they occur in conjunction with other violations. As an example, Andes Chemical Corp. will pay a \$60,000 [fine](#) for failing to license and report exports of sodium bifluoride, classified in ECCN 1C350.

TRUSTED TRAVELERS

Raising concerns about the potential dangers of preferential access programs, two travelers in the "Trusted Traveler" program were recently arrested for smuggling illegal narcotics on the [Canadian](#) and [Mexican](#) borders. The implications for all government "green-lane" - type programs are enormous.

CANADA BORDER SECURITY

On June 28, 2008, the U.S. and Canada signed an [arrangement](#) to align cross-border security standards. The goal is for Customs and Canada Border Services to apply similar security standards and perform similar validations for companies in their respective C-TPAT and Canadian Partners in Protection programs.

BIS SEEKS COMMENTS

The Bureau of Industry and Security (BIS) is requesting comments on the extension of import certificates, end-user certificates, and delivery verification procedures. Written comments are due August 15. 73 Fed. Reg. [33974](#) (June 16, 2008).

GSP

- President Bush has issued Proclamation 8272, modifying duty-free treatment and certain designations under the Generalized System of Preferences (GSP) and the African Growth and Opportunity Act (AGOA). 73 Fed. Reg. [38297](#) (July 3, 2008).
- Congress is yet to take action on the pending December 31 expiration of GSP.
- The Office of the U.S. Trade Representative (USTR) has announced a review to consider whether Vietnam should be designated as a GSP beneficiary developing country (BDC). Comments are due August 4. 73 Fed. Reg. [35173](#) (June 20, 2008).

BROKER EXAM

Applications for the October Customs Broker Exam are due September 5, 2008.

IMPORT SAFETY & IPR

• The Interagency Working Group on Import Safety has published an Action Plan [Update](#) on import safety efforts, requirements, and enforcement actions.

• The Consumer Product Safety Commission has issued its [Import Safety Strategy](#). Included are implementing product safety agreements with foreign agencies; strengthening safety standards; ensuring compliance through testing, inspection and compliance programs; and educating foreign manufacturers, importers, and foreign officials.

• The Food and Drug Administration (FDA) has [summarized](#) its import safety accomplishments since the Interagency Working Group report in November 2007, including increased refusals, implementation of two MOUs with China, leveraging foreign site inspection resources with Australia and the EU; and interagency coordination on improved cargo clearance procedures.

• The FDA revised the Import Operations chapter of its Regulatory Procedures [Manual](#) in January of 2008.

• The Department of Homeland Security [announced](#) on July 11 the establishment of the National Intellectual Property Rights Coordination Center (IPR Center), which is intended to focus law enforcement efforts on keeping violative products out of the U.S. Interestingly, the announcement focused on the consumer protection aspect of IPR enforcement. The IPR Center will host personnel from Customs, Immigration and Customs Enforcement, the CPSC, FDA, FBI, and Postal Service.

ANTIBOYCOTT TRAINING

The Bureau of Industry and Security (BIS) has posted a training [module](#) on antiboycott compliance on its website, joining modules on "Essentials of Export Controls" and "Deemed Exports."

HTSUS REVISIONS

Effective July 1, the U.S. International Trade Commission (ITC) has [updated](#) the 2008 Harmonized Tariff Schedule of the United States, including modifications to duty-free treatment and certain designations under GSP and AGOA, amendments to rules of origin for the Chile and Singapore FTAs, and changes to statistical notes and various tariff numbers at the statistical 9- and 10-digit levels.

EXPORTS TO AFFILIATES

The Bureau of Industry and Security (BIS) has indicated that it expects to adopt a rule by the end of 2008 that will permit U.S. companies to export certain controlled high-tech items to approved foreign affiliates without licenses, as otherwise would be required. A draft proposal is being vetted by other agencies, and will be published for comment.

WPM STANDARDS

The International Plant Protection Convention (IPPC) Secretariat has posted [draft revised standards on wood packing material](#) (WPM). The draft revised ISPM 15 standards include the new requirement that WPM would have to be debarked and encourage the use of fumigants other than ozone-depleting methyl bromide. Comments on the draft are due by September 30. U.S. Customs has issued a [notice](#) reminding importers of their obligation to comply with the WPM standards. To date, thirty-seven countries have implemented ISPM 15 or similar measures.

FOREIGN-TRADE ZONES BOARD ACTIVITY AS OF 7/15/08		
	APPROVED	CURRENTLY AUTHORIZED
ZONES	272	256
SUBZONES	613	506
PENDING		
ZONES	0	
SUBZONES	24	
MISCELLANEOUS	28	
AVERAGE PROCESSING TIME (MONTHS)		
ZONES	8	
SUBZONES	10	