

BRIEFINGS

GP ZONES - ASF

The firm has filed or is in the process of filing eight Alternative Site Framework (ASF) applications at the Foreign-Trade Zones Board, including the first one in the country to be accepted for filing by the FTZ Board. If your zone is considering moving into the ASF, please contact Scott Taylor to discuss the benefits.

GAO ON EXPORT CONTROLS

The Gov't. Accountability Office (GAO) recently audited U.S. export controls by covertly buying controlled defense and dual-use items and exporting them without licenses and ignoring "red flags." In a [report](#) submitted to Congress, the GAO noted poor coordination between the Departments of State and Commerce, a backlog of license applications, and a lack of oversight into the effectiveness of current processes. GAO Report #GAO-09-767T (June 4, 2009).

FDA ENHANCEMENTS

The FDA is engaged in an effort to [publicize](#) its new PREDICT and ITACS import trade communications systems. After an August test in Los Angeles, the FDA hopes to roll out the systems nationwide in September. The new systems are designed to improve import screening and targeting through increased automated analysis. This will make it even more important for FDA filers to provide accurate and complete data. Contact Sean Murray with questions.

OPTION 4 AT RISK

Customs and Census continue to discuss the future of the Automated Export System Option 4 post-departure filing program. Census is said to be issuing a new rule later this year that will either keep Option 4 "as is," allow existing Option 4 filers to remain in the program and impose revised requirements for new applicants, or eliminate Option 4 filing altogether. Contact Jerry Greenwell with questions.

AIR IN-BOND

ABI air in-bond functionality (application identifier QX/WX) is [available](#) for testing in ACS as of July 13. QX/WX functionality is similar to QP/WP with additional elements such as carrier flight number and scheduled date of arrival. This is a key new method of expediting the air freight supply chain and reducing costs. QX/WX will move to QP/WP functionality in the M2.1 drop of ACE.

EMPLOYEE LIST

Twice in Los Angeles and now again in Columbus, Ohio, Customs has requested that FTZ Operators provide an employee list for all employees and update the list with all new changes (hires and firings) within 10 days. This requirement would be an extreme challenge for most FTZ Operators and exceeds the intent of Customs Headquarters. Contact Marshall Miller with questions. CBP Pipeline [09-005](#) (June 18, 2009).

E-214

Clients are encouraged to carefully validate their software to ensure that all in-bond transactions and CBPF 214 data have been properly "arrived" and "concurred" in the computer system. Contact Marshall Miller with concerns.

10+2 UPDATES

- Customs has published corrections to the 10+2 Importer Security Filings Interim Final Rule, including: (1) Importer Security Filings (ISF) must be transmitted for intended in-bond shipments no later than 24 hours prior to cargo lading aboard a vessel destined for the U.S.; (2) ISFs must be updated if there is a change before goods enter the first U.S. port of arrival; and (3) amendments to the ISF will be accepted any time after the goods arrive in a U.S. port. 74 Fed. Reg. [33920](#) (July 14, 2009).
- The ISF mitigation guidelines are shortly to be published in the [Customs Bulletin](#). Customs has provided a preview to some members of the trade community, indicating that mitigating factors will include: evidence of ISF implementation, a 50% mitigation in penalties for C-TPAT Tier 2 and 3 importers, a small percentage of ISF violations compared to the total filed by a company, evidence of past remedial action, and ISF inaccuracies that were beyond the importer's control, such as incorrect information received from other parties in the supply chain.

US-CHINA WTO DISPUTE

The U.S. has requested World Trade Organization (WTO) dispute settlement consultations with China over U.S. claims that China violates WTO rules by requiring export quotas, duties, and export-related administrative measures for certain Chinese raw materials. The U.S. Trade Representative also has requested comments, which are due July 31, 2009. 74 Fed. Reg. [32217](#) (July 7, 2009).

AES UPDATE

- Census has released [Sample Shipment Guides](#) for *AESDirect* and *AESPcLink* that serve as a step by step process for filing the Electronic Export Information.
- On August 3, *AESDirect* will activate [new user authentication and security measures](#) that will, among other modifications, change password expiration to 60 days, disable inactive user accounts in 90 days, and decrease user session automatic time out to 15 minutes.
- Customs has updated its [AES Frequently Asked Questions](#) (FAQ) web page.

US-MEXICO COLLABORATION

The U.S. and Mexico signed an [agreement](#) on June 15, 2009 to collaborate on new initiatives such as creating a single Customs entry form. DHS Press Release (June 15, 2009).

CANADA TARIFF RULINGS

The Canada Border Services Agency (CBSA) is posting a [sample](#) of tariff classification rulings on its website.

ASSIST OR NOT AN ASSIST?

In HQ [HO31244](#) (4/10/09), Customs held that design work performed by a foreign subsidiary of a U.S. importer was an assist. Two key points to be noted: (1) Customs held certain pattern and reference samples to be an assist because they were integral in the creation of the garments; and (2) the value of the assist could not be apportioned to the first duty-free entry each year. Contact Tom Lobred with any questions.

ACE UPDATES

- Customs has posted a [Frequently Asked Questions](#) (FAQ) regarding the Automated Commercial Environment (ACE) initial Entry Summary release. It covers topics such as entry visibility, responding to Customs inquiries (i.e., CBPF 28s, 29s, 4647s) through ACE, and attaching documents for submission.
- Customs has [upgraded](#) ACE to include specific reasons for the insufficiency of bonds, such as: increased import volume, outstanding debt, and missing documentation.

NEW TRADE CURBS?

China and seventy-seven developing nations [declared](#) at a July 6 United Nations meeting in Geneva that the world recession may cause them to restrict imports to address balance of payment problems. Leaders of these countries argue that developing nations are suffering the consequences of an economic crisis they did not create.

ELVIS IS DEAD

The Committee for the Implementation of Textile Agreements has canceled the electronic visa (ELVIS) transmission requirement for textiles from China that were previously under quota and imported on or before December 31, 2008. 74 Fed. Reg. [29470](#) (June 22, 2009).

BIS APPROVES INDIAN VEU

The Bureau of Industry and Security (BIS) has approved GE India as the first Indian company to qualify as a validated end-user (VEU), allowing it to receive eligible products on the Commerce Control List (CCL) without the exporter first acquiring an individual license. 74 Fed. Reg. [31620](#) (July 2, 2009).

BROKER EXAM

The next Customs broker licensing exam will be [held](#) October 5, 2009. The application and exam fee are due Sept. 4.

BUY AMERICAN

Legislation recently passed in the House (like the Water Quality Investment Act [H.R. 1262](#)) includes "Buy American" provisions that could further exacerbate trade tensions.

GSP AMENDMENTS

Presidential Proclamation 8394 covers the annual modifications to the U.S. Generalized System of Preferences (GSP). Twelve products were removed from the GSP program, effective July 1, 2009, including certain drug ingredients and motor vehicle parts from India. 74 Fed. Reg. [31819](#) (July 2, 2009).

PROF SENTENCED

Retired University of Tennessee professor John Roth has been [sentenced](#) to four years in prison for illegally exporting technical information related to the development of technology under an Air Force contract.

PEZ

Customs has revoked the classification of "Pez dispensers" as articles of plastic for the conveyance of goods and is classifying them as other articles of plastic, increasing the duty rate from 3% to 5.3%. While the dispensers are used to carry and dispense candy, Customs drew a distinction between personal use and commercial use. [43 Cust. B & Dec. 26](#) (June 26, 2009).

TRADE SECURITY PARTNERS

The U.S. and Japan have signed a [mutual recognition arrangement](#) for Japan's Authorized Economic Operators (AEO) program and the U.S. C-TPAT program.

FOREIGN-TRADE ZONES BOARD ACTIVITY AS OF 7/15/09		
	APPROVED	CURRENTLY AUTHORIZED
ZONES	273	255
SUBZONES	643	538
PENDING		
ZONES		2
SUBZONES		18
MISCELLANEOUS		31
AVERAGE PROCESSING TIME (MONTHS)		
ZONES		8
SUBZONES		10