

ATTORNEYS AT LAW

# BRIEFINGS

ROUTING SLIP

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## FTZ AUDITS

For the first time in several years, a foreign-trade subzone has been included in a Customs audit. Interestingly, it is not being separately audited, but is being included as a part of a regular Focused Assessment. The Customs auditors indicated they were instructed to include the FTZ in the assessment, suggesting a policy change within Customs.

## FTA/GSP

Customs has posted a [comparison](#) of Free Trade Agreements and the Generalized System of Preferences provisions including direct shipment requirements, regional value content calculation, duty phase-out periods, and value comparisons. Clients are reminded that procedures are required to ensure compliance with the numerous, detailed requirements of these programs.

## TRADE AGREEMENT INFO

The U.S. Departments of Agriculture, Commerce, State, and Treasury, and the Office of the U.S. Trade Representative have created a web site, [TradeAgreements.gov](#), which is to provide the latest news and information on existing and pending U.S. free trade agreements.

## ISA

ISA auditors have recently been assigned to regular Focused Assessments because of a lack of Importer Self-Assessment (ISA) applicants.

## 2007 SEMINAR SCHEDULE

- We have three Advanced Seminars remaining for 2007. The Advanced Seminars are:
  - **Sept. 18-19** - Exports (waiting list only)
  - **Oct. 23-24** - Classification
  - **Nov. 13-14** - Value
- Two client-only, free seminars remain:
  - **Oct. 1** - Customs/Trade/FTZ Developments (at the NAFTA Convention)
  - **Nov. 28-29**: Import/Export 101
- 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](mailto:kgalate@millerco.com).

## EXPORT PENALTIES

BIS has issued an updated version of its report entitled [Don't Let This Happen to You!: Actual Investigations of Export Control and Antiboycott Violations](#)

## AES COMPLIANCE REVIEWS

The Census Bureau has completed its "pretest" of certain companies in the mid-Atlantic/DC area under its new compliance review program, and has issued a "best practices" [manual](#) to guide exporters. Census is now expanding its review program nationwide, focusing on companies with poor compliance records and issues with the Automated Export System (AES). Once reviewed, a company will be given 90 days to comply with the agency's recommendations or lose their AES reporting privileges and be referred for enforcement.

## IMPORT SAFETY

- The Interagency Working Group on Import Safety issued its [report](#) to the President on September 10. The report recommended immediate actions involving collaboration with the private sector and state, local, and foreign governments, cataloging U.S. safety-related international agreements, inter-agency coordination meetings, and ACE/ITDS implementation. The group will hold a public meeting on October 1, 2007 to solicit public comments as it develops an Action Plan for mid-November release. 72 Fed. Reg. [50374](#) (Aug. 31, 2007).
- The Consumer Product Safety Commission (CPSC) and its Chinese counterpart, China's General Administration of Quality Supervision, Inspection and Quarantine (AQSIQ), have [agreed](#) on cooperative work plans covering toys, fireworks, cigarette lighters, and electrical products. The Chinese agreed to take immediate action towards the elimination of lead paint on toys destined for the U.S., and also to increase inspections of U.S.-bound consumer goods.

## ACE-ITDS

The Office of Management and Budget (OMB) has issued a [memorandum](#) to the heads of departments and agencies, requiring use of the International Trade Data System (ITDS). An interagency team led by Treasury, will coordinate activities. Each agency is expected to fully utilize ITDS by 2009.

## POST-ENTRY AMENDMENTS

Customs has published a change to the Post-Entry Amendment (PEA) process. The Supplemental Information Letter (SIL) process was ended, leaving only PEAs. Additionally, PEAs must be submitted at least 20 days prior to the scheduled entry liquidation date. 72 Fed. Reg. [46654](#) (Aug. 21, 2007).

## LAPTOPS

Clients are reminded that when transporting laptops internationally, data contained on the laptops are subject to export licensing requirements. Contact Mark Teerink for more information.

## C-TPAT BENEFIT SURVEY

Customs has published the [results](#) of a C-TPAT cost/benefit analysis by the University of Virginia. Of the 6,000 companies that were eligible to complete the survey, only 1,756 actually completed it, of which 953 were importers. Of the 953, 64% have been validated and of those validated, 21.7% received Tier 3 benefits. Additionally, 59.3% of the importers stated that it was somewhat or very easy to implement the C-TPAT program criteria.

## MISC TARIFF BILL

Congress has been delayed in formulating a miscellaneous tariff bill this session due to changes caused by ethics reforms passed earlier in 2007 that require members to identify the individual or entities that may benefit from tariff suspension provisions. Disclosure requirements are being finalized by the House Means and Ways Committee.

## SUBZONE REJECTION

The Foreign-Trade Zones Board (FTZB) recently issued a Board Order disapproving a pending warehousing/distribution subzone application for failure to provide requested information regarding the public benefits standard. 72 Fed. Reg. [50325](#) (Aug. 31, 2007).

## FREIGHT FORWARDER FINED GSP

The Bureau of Industry and Security (BIS) has [settled](#) with P.R.A. World Wide Trading Co., Inc. and fined the forwarder \$250,000 for knowingly filing incorrect Shipper's Export Declarations.

## NAFTA

The trade administrators of the U.S., Canada, and Mexico recently announced sectoral [initiatives](#) involving steel, consumer electronics, chemicals, and swine, that are aimed at removing trade barriers. They also agreed on changes in the NAFTA dispute settlement process.

## DRAWBACK RECORDS

Customs has recently published two drawback rulings that drawback claimants are not required to retain documentation supporting drawback claims more than three years from payment unless some other statute requires a longer retention period. However, if Customs initiates verification or audit more than three years after payment, even under accelerated payment, any records that exist may be required by Customs and used. [HQ W231108](#) (May 2, 2007; [HQ W231061](#) (May 2, 2007),

## IPR SEIZURES

The Customs mid-year FY 2007 Intellectual Property Rights (IPR) seizure [statistics](#) indicate that seizures have more than doubled in value and increased in number by more than 20% from 2006.

## EU—CHEMICAL IMPORTS

On June 1, the European Union implemented new regulations on the Registration, Evaluation, Authorization and Restriction of Chemicals (REACH). The regulations are designed to protect human health and the environment and to create a single regulatory system for chemical substances. The regulations impact importers of more than one ton of any chemical.

The USTR has accepted 11 products and 7 country practice petitions and announced dates for its annual GSP review. Hearings are scheduled for October 3-4, and comments may be submitted. 72 Fed. Reg. [51264](#) (Sept. 6, 2007).

## ACCURATE VALUES

In another chapter of a decade-long dispute involving overdeclared values, the U.S. District Court for the District of Columbia has ruled in favor of the government, and against an importer's allegation of malicious prosecution and abuse of process. The ruling emphasizes government investigative and penalty authority, and the legal requirements for filing accurate invoices and declaring accurate values even if there is no government revenue impact. [Tri-State Hospital Supply Corp. v. U.S.](#), No. [00-01463](#) (D.D.C. July 6, 2007).

## \$1.1M EXPORT PENALTY

The Bureau of Industry and Security has [reported](#) that Armor Holdings, Inc. has settled charges concerning 167 unlicensed or improper exports of crime control equipment to 41 countries by paying a \$1.1 million fine.

## CCL REVISIONS REQUEST

The Bureau of Industry and Security (BIS) has extended the deadline for public comments on whether and how to revise the Commerce Control List (CCL). Public comments are now due by November 1, 2007. 72 Fed. Reg. [51213](#) (Sept. 6, 2007).

FOREIGN-TRADE ZONES BOARD ACTIVITY AS OF 9/15/07		
	APPROVED	CURRENTLY AUTHORIZED
ZONES	271	256
SUBZONES	598	496
<b>PENDING</b>		
ZONES	1	
SUBZONES	21	
MISCELLANEOUS	31	
<b>AVERAGE PROCESSING TIME (MONTHS)</b>		
ZONES	8	
SUBZONES	8	