

BRIEFINGS

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FALSE CLAIMS - AD/CVD

Three companies are [paying](#) a total of \$3 million to settle allegations that they violated the False Claims Act by making false declarations on Customs entries to avoid the antidumping and countervailing (AD/CVD) duties on aluminum extrusions imported from China. The companies allegedly transshipped product through Malaysia and conspired with domestic suppliers who imported PRC-made aluminum extrusions. Contact Sean Murray or Brian Murphy with questions.

FTZ BOARD ACTIONS

- All Grantee fee schedules have been posted on the Foreign-Trade Zones Board website with a [Notice](#) that the Board did not review or approve them. The Board has indicated that it will initiate a modest review process.
- The FTZ Board has [posted](#) extensive filings on its uniform treatment/conflict of interest waiver requirement, including Board responses. This is a nuanced subject that requires careful consideration by Grantees and service providers.
- Expect more action on both issues. Contact Marshall Miller or Scott Taylor with questions.

2014 TRADE STATISTICS

The Customs [2014 Travel and Trade Statistics](#) indicate the total value of imports for FY 2014 increased to \$2.4 trillion, a 4% increase over FY 2013. Revenue collections increased 2% to \$34 billion. In addition, there were 23,000 seizures of goods, valued at \$1.2 billion, for intellectual property rights violations.

2015 SEMINAR SCHEDULE

- March 3 & 4 - Advanced Exports
- March 31 & April 1 - FTZ 101 & 201
- May 20 & 21 - Import/Export 101 & 201
- September 15 & 16 - HTSUS/ ECCN Seminar
- October 20 & 21- FTZ 101 & 201
- November 17 & 18 - Import/Export 101 & 201
- Seminars are offered to Miller & Company clients only. For more details contact [Penny Freeman](#).

UPCOMING WEBINARS

- February 19 - FTZ Annual Reconciliations
- March 12 - HTS Classification Basics
- The full 2015 webinar [schedule](#) has been issued.
- Register for webinars at our [eStore](#) or contact [Victoria Denney](#). Past [webinars](#) are available on our website.

ANNUAL RECONCILIATION

For FTZs whose zone year is the calendar year, your Annual Reconciliation and Annual System Review must be completed by March 31, 2015. The Certification Letter and System Discrepancies Report to the Customs Port Director is due within 10 working days of completing the reconciliation. A CBPF/e-214 must be filed for any overages and a CBPF 7501 for any shortages. If significant inventory discrepancies are discovered, a Prior Disclosure / Voluntary Notification may be appropriate. Contact Linda King with questions.

FTZ DEVELOPMENTS

The 2015 National Association of Foreign-Trade Zones (NAFTZ) Legislative Seminar on February 10 had many very significant developments for FTZs:

- [FTZ Board Production Authority](#): Andrew McGilvray and Elizabeth Whiteman announced the initiation of spot checks to confirm Production Authority. Fines and penalties may be issued by Customs. More detailed information is provided [here](#).
- [Customs – ACE](#): Vincent Annunziato and Jim Swanson provided an update on the Automated Commercial Environment (ACE). Very significant changes to the current import and FTZ processes will occur. The current major focus is Partner Government Agencies (PGAs). While negotiations continue, it appears that many PGAs want the import data prior to or at U.S. arrival instead of at the time of Customs entry. This would be a major change for many FTZ operations.
- Please contact Marshall Miller or Linda King for further information.

CEEs FULLY OPERATIONAL

On January 28, Customs Centers of Excellence and Expertise (CEE) for Electronics; Petroleum, Natural Gas and Minerals; and Pharmaceuticals, Health and Chemicals transitioned from the test phase to fully operational. These CEEs have assumed trade authority for post-release trade processes for certain Ports of Entry. CSMS [#15-000040](#) (Jan. 20, 2015); CSMS [#15-000064](#) (Jan. 27, 2015).

NEW CUBAN REGULATIONS

The Office of Foreign Assets Control (OFAC) and the Bureau of Industry and Security (BIS) have issued new regulations relating to Cuba. There are limited opportunities to sell products and some additional travel options, but the general embargo remains in place. Contact Chuck Ballard with questions. 80 Fed. Reg. [2286](#) (Jan. 16, 2015); 80 Fed. Reg. [2291](#) (Jan. 16, 2015); 80 Fed. Reg. [6137](#) (Feb. 4, 2015).

EXPORT CONVICTION

Mr. Ali Saboonchi of Parkville, Maryland has been [sentenced](#) to two years in prison for attempting to smuggle industrial equipment from the U.S. to Iran by first shipping the equipment to the UAE and China.

CUSTOMS PENALTIES

The U.S. Court of International Trade (CIT) has issued a \$15,000 gross negligence penalty against an importer for entering Chinese candles without paying the required antidumping duties. [U.S. v. NYCC 1959 Inc.](#), CIT Slip Op. [15-13](#) (Feb. 6, 2015).

LACEY ACT DECLARATIONS

The Animal and Plant Health Inspection Service (APHIS) has issued a Notice that the fifth phase of Lacey Act import declaration enforcement, covering 20 additional lines from Harmonized Tariff Schedule (HTS) Chapters 44, 82, 92, and 96, will begin on August 6, 2015. Comments must be received by April 7. 80 Fed. Reg. [6681](#) (Feb. 6, 2015).

U.S. INSULAR POSSESSIONS

Customs has amended the process for executing CBPF 3229, Certificates of Origin for U.S. Insular Possessions. 80 Fed. Reg. [7537](#) (Feb. 11, 2015).

AUSTRALIA FTA REGS

Customs has finally issued an Interim Rule with the U.S.-Australia FTA regulations. Comments are due April 13, 2015. 80 Fed. Reg. [7303](#) (Feb. 10, 2015).

IMPORTER OF RECORD

Customs has ruled that a purchaser that was mistakenly listed as the Importer of Record on a Customs entry is liable for the antidumping duties when the entry finally liquidated five years later. Clients are reminded to review their Customs data. Our firm uses proprietary software to [analyze](#) import activity. Contact Marshall Miller or Brenda Zeller with questions. [HQ H157616](#) (Sept. 22, 2014).

HOW DRY?

Reminding that classifications can be nuanced and not always intuitive, Customs has ruled that electric hand dryers are fans of Heading 8414 rather than dryers of Heading 8516 because they use a strong flow of air to dry hands. [HQ H200443](#) (Sept. 8, 2014).

ACE CARGO RELEASE PILOT

Customs recently began testing modifications to cargo release in ACE that allow the submission of the entry and the Importer Security Filing (ISF) in a joint transmission to Customs. Testing began February 10 and will run until November 1. 80 Fed. Reg. [7487](#) (Feb. 10, 2015).

FOKKER IRAN SETTLEMENT

The original \$21 million settlement between OFAC and Fokker Services, B.V. for selling aircraft parts to Iran has been rejected by the U.S. District Court for the District of Columbia as being too lenient. [U.S. v. Fokker Services, BV](#), USDC 1:14-cr-121 (RJL) (Feb. 5, 2015).

MULTI-PARTY SALES

Customs has ruled that transactions between a non-resident Canadian seller and a related U.S. buyer did not meet the standards for transaction value when the importer had virtually no U.S. presence. The merchandise was appraised on the basis of transaction value between the Canadian exporter and the ultimate U.S. purchaser. [HQ H243327](#) (Nov. 5, 2014).

CUSTOMS BUSINESS

The U.S. Court of International Trade (CIT) has imposed a \$10,000 statutory penalty on a freight forwarder for transacting "customs business" without a corporate customs broker license for paying Customs duties on behalf of importers. [U.S. v. Freight Forwarder International, Inc.](#), CIT Slip Op. [15-05](#) (Jan. 21, 2015).

ORIGIN MARKING

The CIT has ruled that the relaxed origin marking standard in 19 C.F.R. § 134.47 for imported goods bearing trademarks with geographic references other than the country of origin only applies when the trademark is federally registered. [JBLU, Inc. v. U.S.](#), CIT Slip Op. [15-08](#) (Jan. 28, 2015).

RED CARPET TREATMENT

Customs recently issued a ruling that high-end clothing for celebrities to wear at events did not qualify for duty free treatment under (1) an A.T.A. carnet as samples; (2) a Temporary Importation Bond (TIB) as articles not for sale or sale on approval imported for repair, alteration, or processing; or (3) unused merchandise drawback. [HQ H251771](#) (Dec. 16, 2014).

DOCUMENT IMAGING PILOT

- Effective February 17, Customs is adding nine Animal and Plant Health Inspection Service (APHIS) forms to its Document Image System (DIS) pilot. 80 Fed. Reg. [5126](#) (Jan. 30, 2015).
- Customs will add EPA Notice of Arrival of Pesticides and Devices (NOA) to the DIS pilot on April 15, 2015. 80 Fed. Reg. [6098](#) (Feb. 4, 2015).

FOREIGN-TRADE ZONES BOARD ACTIVITY AS OF 2/15/15		
	APPROVED	CURRENTLY AUTHORIZED
ZONES	286	268
SUBZONES	724	570
PENDING		
ZONES		5
SUBZONES		16
MISCELLANEOUS		38

The material contained herein is not to be construed as legal advice or opinion. More information may be obtained by contacting any attorney within the firm.
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