

BRIEFINGS

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FTZ SCOPE OF AUTHORITY

The U.S. Foreign-Trade Zones Board will begin spot checks of compliance with the approved FTZ Operator/User Scope of Authority. Operators and Users not in compliance need to update their Scope of Authority with a Production Notification and possibly file a Prior Disclosure and Voluntary Notification to preclude possible penalties. Contact Marshall Miller with questions.

TRADE BILLS

- On May 14, the Senate passed the Customs Reauthorization bill and trade preference legislation, including renewal of the African Growth and Opportunity Act (AGOA) and the Generalized System of Preferences (GSP) retroactively to their expiration on July 31, 2013, and extension of trade preference programs for Haiti. They now go to the House and Senate for discussion on the "Fast-Track" Trade Promotion Authority (TPA) can begin again.
- A May 13 [Financial Times](#) article reminds of the benefits of multilateral World Trade Organization (WTO) agreements versus bilateral and regional FTAs.

EXPORT REFORM

The Bureau of Industry and Security (BIS) and the Directorate of Defense Trade Controls (DDTC) have published Proposed Rules to transfer certain fire control, range finders, and optical guidance and control equipment from the U.S. Munitions List (USML) to the Commerce Control List (CCL). Comments are due July 6. 80 Fed. Reg. [25797](#) (May 5, 2015); 80 Fed. Reg. [25821](#) (May 5, 2015).

2015 SEMINAR SCHEDULE

- 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

- June 18 - FTZ Compliance
- July 16 - Buying/Selling Agents
- Visit the Miller & Company website for the full 2015 webinar [schedule](#).
- Register for webinars at our [eStore](#) or contact [Victoria Denney](#). Past [webinars](#) are available on our website.

ISF FULL ENFORCEMENT

The informed compliance period for Importer Security Filings (ISF) [ended](#) on May 14, and Customs has moved into full ISF enforcement. Warnings may still be issued at the discretion of local ports, but they are not required and ports may issue liquidated damages assessments without warning.

KNOWN IMPORTERS

Customs launched the [Broker Known Importer Program](#) (BKIP) in the Automated Commercial Environment (ACE) in January 2015. The National Customs Brokers and Forwarders Association (NCBFAA) has recently provided a [questionnaire](#) that brokers can use as their basis for determining if a client is "known." CSMS [#15-000275](#) (May 13, 2015).

ACE FILING DEADLINE

Customs and industry are growing concerned about the transition of the Customs entry and release process to ACE on November 1. Customs has [provided](#) a list of entry summary filing methods that will be available. Customs has also posted an updated list of Implementation Guides for Partner Government Agencies. Currently only 4% of all entries are filed in ACE, with 100% required by November 1. CSMS [#15-000273](#) (May 12, 2015).

C-TPAT FOR EXPORTERS

- Effective May 16, Customs is [opening](#) the Customs-Trade Partnership Against Terrorism (C-TPAT) to exporters. The firm has already expanded its C-TPAT program documentation to include exports. Contact Chuck Ballard or Sean Murray with questions. CSMS [#15-000269](#) (May 8, 2015).
- Customs intends to roll-out a [new security profile](#) for C-TPAT. Phase II of C-TPAT 2.0 will change the security profile function into individual line items. It will also allow participants to merge multiple C-TPAT accounts.

NAFTA TECH CORRECTIONS

Customs has published a Final Rule with technical corrections to the North American Free Trade Agreement (NAFTA) regulations. The amendments, which become effective on July 10, involve corrections to the Schedule IV Light Duty Automotive Tracing List to conform tariff classifications to the current HTSUS and other updates to the Appendix to 19 C.F.R. Part 181. 80 Fed. Reg. [26828](#) (May 11, 2015).

TEMPORARY EXPORTS

Census has issued a Final Rule that eliminates the reporting requirements for temporary exports, including Carnets, and goods imported on a temporary importation bond (TIB). 80 Fed. Reg. [27853](#) (May 15, 2015).

GOLF IS GOOD

A Customs Headquarters ruling has determined the BatCaddy (electronic golf caddy) is classified in HTSUS subheading 8704.90.00 as an other motor vehicles for the transport of goods. The classification carries a 25% duty rate. HQ [H225039](#) (Jan. 28, 2015).

FTC INVESTIGATION

The Federal Trade Commission (FTC) has dropped its [investigation](#) of Office Depot for misleading "Made in USA" claims because of the company's remedial action plan. Contact Sean Murray with FTC marking questions.

BNP PARIBAS

BNP Paribas has been [sentenced](#) to five years probation, the forfeiture of \$8.83 billion, and the payment of a \$140 million fine. Leslie Caldwell, Assistant Attorney General for the Justice Department's Criminal Division, recently indicated that a lack of cooperation was a factor in the record penalties.

LAPTOP SEARCHES

A DC Federal Court judge has ruled that information obtained by Customs from a traveler's laptop was inadmissible evidence because it was obtained in an unreasonable search and seizure. The Justice Department may appeal the ruling. [U.S. v. Kim](#), USDC Crim. Action No. [13-0100](#) (ABJ) (May 8, 2015).

RESIDUES

Rep. Griffith (R-Va) has introduced [H.R. 1773](#) on April 14 to amend the HTSUS to exempt from Customs duty residue of bulk cargo contained in instruments of international traffic previously exported from the U.S.

SENSOR EXPORT VIOLATION

Bo Cai and his cousin Wentong Cai, a Chinese graduate student, were [sentenced](#) to 2 years and 18 months, respectively, for attempting to smuggle sensors used in military line-of-sight stabilization and motion control systems out of the U.S. Following their sentences, they will be deported.

CALIFORNIA SUPPLY CHAIN

The California Attorney General has published a [Resource Guide](#) that provides compliance recommendations on the California Transparency in Supply Chains Act, which requires large retailers and manufacturers in California to disclose their efforts to eradicate slavery and human trafficking.

FALSE CLAIMS ACT

A federal district court has again dismissed a case filed under the False Claims Act against an importer by a company that analyzed import records and eBay listings to allege that the importer imported pipe fittings lacking country of origin markings. [U.S. ex rel. Customs Fraud Investigations, LLC v. Victaulic Company, E.D. Pa. 13-2983](#) (Apr. 10, 2015).

CUBA FAQs

The Office of Foreign Assets Control (OFAC) has [published](#) an updated list of frequently asked questions (FAQs) relating to the Cuban sanctions.

BATTERY PACKS

Customs is requesting comments on the proposed reclassification of rechargeable battery packs, some used for iPhones and other electronic devices and some used to provide battery power to motor vehicles, as lithium-ion batteries under HTSUS 8507.60.00 (3.4%) instead of as static converters for telecom apparatus under HTSUS 8504.40.8500 (duty-free) or power supplies under HTSUS 8504.40.9530 (1.5%). Comments are due by May 22. 49 Cust. B. & Dec. [133](#) (April 22, 2015).

2017 HTS

The World Customs Organization (WCO) has published "[Correlation Tables](#)" that detail the differences between the 2012 and upcoming 2017 versions of the Harmonized System.

CPSC IMPORT SUIT

The Consumer Product Safety Commission (CPSC) has [sued](#) Michaels Stores Inc. for allegedly knowingly failing to timely and correctly notify the CPSC of defective vases sold from 2006 to 2010. The CPSC alleges Michaels reported the vases years after it first learned of consumer injuries and misrepresented that it was only the retailer and not the importer of the vases.

EU FIRST SALE

The EU has published a proposed change to limit transaction value to the last sale before goods are brought into the EU. This proposed change could have a significant impact on clients utilizing the "first sale" rule and clients who have multiple sales of goods prior to arrival in the EU. If finally adopted, the rule would go into effect in May 2016.

IS IT REALLY EAR99?

A reminder that many common products assumed to be EAR99, are not. Items like valves, pumps, software, computers, machinery, boats, oscilloscopes, aircraft parts, many semiconductors, personal computers, etc. have Export Control Classifications Numbers (ECCNs). Depending on where they are going, they may require an export license. Contact Chuck Ballard with export classification questions.

FOREIGN-TRADE ZONES BOARD ACTIVITY AS OF 5/15/15		
	APPROVED	CURRENTLY AUTHORIZED
ZONES	288	270
SUBZONES	730	576
PENDING		
ZONES	4	
SUBZONES	15	
MISCELLANEOUS	33	

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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