

BRIEFINGS

VOLUME 25, NO. 6

June 15, 2013

FTZ PILOT PROGRAM

- Customs has published a General Notice announcing a pilot program to eliminate the Blanket CBP Form 216 for manipulation, manufacture, and exhibition in zones, and allowing duty paid merchandise that has been entered for consumption to remain in an activated zone area for up to 90 days after Customs release. The initial phase of the FTZ test is to commence July 17, 2013 and run for two years. Interested parties must submit an email to Customs by July 8. 78 Fed. Reg. [34395](#) (June 7, 2013).
- There are technical concerns and clarifications that must be addressed and resolved with Customs prior to commencement of this pilot program. Members of the National Association of Foreign-Trade Zones (NAFTZ) met with Customs on June 10 to discuss questions about the pilot. The NAFTZ will be submitting detailed questions and suggested changes. Expect further clarification from Customs on the pilot.
- We recommend that clients do not apply to participate until the questions have been answered. Contact Marshall Miller with questions.

GSP EXPIRATION

The U.S. Generalized System of Preferences special trade program will [expire](#) on July 31, 2013 unless renewal legislation passes through Congress and is signed into law before this date. That is looking increasingly unlikely. Clients should be considering the potential impact and proactive options, such as scheduling changes for shipments.

WEBINARS & SEMINARS

- July 11 - HTS Classification Basics
- August 8 - Export Reform Register for the webinars at our [eStore](#) or contact [Victoria Denney](#).
- Podcasts of past webinars are available on our website.
- The Firm is offering FTZ and Import/Export seminars in the fall. More information is available on our [website](#).

EXPORT REFORM

- The Directorate of Defense Trade Controls (DDTC) and the Bureau of Industry and Security (BIS) have released Proposed Rules to move some spacecraft and related products from the U.S. Munitions List (USML) to a new Commerce Control List (CCL) "500" series of Export Control Classification Numbers (ECCNs). The "500 series" ECCNs have been created because the BIS believes spacecraft should not be in the new "600 series" ECCNs, which generally provides for military items. Comments are due July 8. 78 Fed. Reg. [31431](#) (May 24, 2013) and 78 Fed. Reg. [31444](#) (May 24, 2013).
- BIS has issued three [decision trees](#) covering: whether an item is [specially designed](#), the [order of review](#) when classifying, and how to determine whether the [Strategic Trade Authorization](#) (STA) license exception is applicable.
- In a recent webinar, Mr. Gerry Horner of the BIS indicated that changes are being made to the Automated Export System (AES) to accommodate the new 600 series ECCNs by October 14, the day before they become effective.

ISF ENFORCEMENT

Beginning July 9, 2013, Customs will implement full enforcement of the Importer Security Filing (ISF) (aka 10+2), which means Customs can assess [liquidated damages](#) of \$5,000 per violation to importers and carriers for inaccurate, incomplete, or untimely ISF filings. Clients should review their current ISF filings in anticipation of this significant change in Customs practice and implement any necessary process changes before July 9. Contact Sean Murray with questions. CSMS [#13-000298](#) (June 7, 2013).

USDA COOL RULING

The U.S. Department of Agriculture (USDA) has published a controversial Final Rule amending the Country of Origin Labeling (COOL) requirements for certain meat products. Industry groups and the Canadian government oppose the more stringent labeling rules. 78 Fed. Reg. [31367](#) (May 24, 2013).

C-TPAT STATISTICS

- Customs has [released](#) C-TPAT [statistics](#) for 2012:
- There are now 10,554 certified partners, with only 328 being Tier 3 importers.
 - There were a total of 2,376 validations in 2012, including 640 initial validations and 1,736 revalidations.
 - 3% of program participants were suspended and 1% were removed during 2012.
 - Many importers are still not in C-TPAT. Consider using the firm's C-TPAT document package and program to apply. Contact Sean Murray with questions.

NEW CEEs

Customs has [announced](#) the opening of the final three Centers of Excellence and Expertise (CEE): Agriculture & Prepared Products in Miami; Apparel, Footwear & Textiles in San Francisco; and Consumer Products & Mass Merchandising in Atlanta.

CCL CHANGES TO CAT 1

The BIS has updated the Export Administration Regulations (EAR) and the Commerce Control List (CCL) to reflect changes from the 2012 Australia Group meetings relating to viruses, bacteria, toxins, and related controlled substances. The majority of the changes can be found in ECCNs 1C351, 1C352, 1C353, 1C354, and 1C991. 78 Fed. Reg. [33692](#) (June 5, 2013).

KOREA FTA

U.S. Customs has issued a Final Rule with two changes to the 2012 Interim Rule that implemented the U.S.-Korea FTA. 78 Fed. Reg. [32356](#) (May 30, 2013).

SYRIAN POLICY

Because of the ongoing Syrian civil war, U.S. export controls for Syria are in flux. On June 12, the Office of Foreign Assets Control (OFAC) released a Syrian [licensing policy](#) for transactions involving (a) telecommunications to private individuals in Syria; (b) agriculture; and (c) petroleum or petroleum products. License requests will be considered on a case-by-case basis by OFAC.

EXPORT VIOLATIONS

- [Lisong Ma](#) faces up to 20 years in prison and a \$1 million fine for attempting to export five tons of carbon fiber to China. Mr. Ma, a Chinese national, traveled to the United States and was arrested when he was leaving to go back to Shanghai.
- [Solenta Aviation](#) of South Africa was fined \$70,000, \$30,000 of which was suspended, for leasing and re-exporting a Beechcraft aircraft to a company in Sudan without obtaining a license.

IRAN

- President Obama has issued an [Executive Order](#) (EO) to implement the Iran Freedom and Counter-Proliferation Act (IFCA), further extending U.S. sanctions on banks and financial institutions. 78 Fed. Reg. [33945](#) (June 5, 2013).
- The Office of Foreign Assets Control (OFAC) issued [General License \(GL\) D](#) on May 30. The General License allows the direct or indirect export and re-export of services incident to the exchange of personal communications over the Internet so long as they do not involve the government of Iran or blocked parties. The General License also includes EAR99 software to enable such services and payment for such services.
- The U.S. Treasury has posted a [list](#) of companies and front companies controlled by the leadership of Iran.

AD/CVD DISTRIBUTION

Customs has [published](#) a list of applicable AD/CVD cases and affected domestic producers that are possibly eligible for distribution of assessed antidumping or countervailing duties for the fiscal year 2013 under the Continued Dumping and Subsidy Offset Act (CDSOA). 78 Fed. Reg. [32714](#) (May 31, 2013).

USTR

President Obama has nominated his top international economic adviser, Mike Froman, to be the next U.S. Trade Representative.

AES ERROR CODES

The Census Bureau has published comments on two common AES error codes. Error code "133" appears if the port submitted into AES conflicts with the mode of transport selected. Error code "623," will appear if the exporter uses an invalid Harmonized Tariff Schedule (HTS) or Schedule B. AES Broadcast #2013040 (May 17, 2013). Clients are reminded that a robust AES filing process is essential.

PRIOR NOTICE

The Food and Drug Administration has issued a Final Rule adopting, without change, the Interim Final Rule requirement for Prior Notice submissions to report the name of any country to which the article to be imported has been refused entry. 78 Fed. Reg. [32359](#) (May 30, 2013).

CUSTOMS BROKER EXAM

Customs has posted the [answer key](#) to the April 2013 Broker's [exam](#). Customs has indicated that the pass rate was only 4.4%.

NAFTA COO CORRECTIONS

Customs has issued a new ruling reminding that 19 C.F.R. § 181.22(c) requires Customs to give an importer at least 5 working days to correct a NAFTA Certificate of Origin (COO) that was not completed in accordance with the regulations. There are several nuances to the NAFTA COO correction process, which emphasizes the need for companies to be careful in securing, using, and correcting NAFTA COOs. [HQ H239669](#) (Apr. 23, 2013).

JAPAN AND U.K. BEARINGS

The Court of Appeals for the Federal Circuit (CAFC) has reversed several lower court decisions that will likely result in the reinstatement of the antidumping (AD) orders on bearings from Japan and the UK. [NSK Corporation, et al. v. U.S. International Trade Commission, et al.](#), CAFC Slip Ops. [2011-1362](#), [-1382](#), [-1383](#), [-1454](#) (May 16, 2013).

FOREIGN-TRADE ZONES BOARD ACTIVITY AS OF 6/15/13		
	APPROVED	CURRENTLY AUTHORIZED
ZONES	283	266
SUBZONES	701	548
PENDING		
ZONES		4
SUBZONES		13
MISCELLANEOUS		53
AVERAGE PROCESSING TIME (MONTHS)		
ZONES		8
SUBZONES		10

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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