



FTZ SECURITY

Customs Headquarters has [issued](#) a document on physical security guidelines for Customs bonded facilities that replaces T.D. 72-56. The document provides a template for Customs officers to review all current FTZ operations. Certain provisions are unclear and subject to interpretation, but FTZ security improvements will be necessary. Issues to be addressed include: a written security plan; employee training; security inspections of trailers, containers, and vehicles; and the use of E-Verify for all new employees. FTZ Manuals should be updated. Contact Marshall Miller or Linda King with questions.

FDA FTZ WEEKLY ENTRY

The FDA has [created](#) a new web page on its Weekly Entry Filing (WEF) program for FTZs. The web page includes guidance on WEF approvals for the various FDA Centers. Significantly, the Center for Drug Evaluation and Research (CDER) will consider applications again. The FDA has also issued a letter response to National Association of Foreign Trade Zones (NAFTZ) questions on WEF under the Automated Commercial Environment (ACE). Contact Sean Murray with questions.

TPP

- On August 12, the Office of the U.S. Trade Representative (USTR) [submitted](#) a draft of the Obama administration's Statement of Administrative Action (SAA) for Trans-Pacific Partnership (TPP) implementation. SAA submission starts a 30-day clock, after which TPP implementation legislation may be submitted to Congress.
- One USTR official indicated that if there is support for the TPP in the lame duck session, it is possible it could pass both houses of Congress in 10 days based on procedural rules.

NEW 2016 SEMINAR DATES

The FTZ 101 & 201 seminars have been rescheduled to December.

- November 1 & 2 - Import/Export 101 & 201
- December 6 & 7 - FTZ 101 & 201
- Seminars are offered to Miller & Company clients only. For more details contact [Penny Freeman](#).

ACE TRANSITION

According to Customs, the July 23 transition for most remaining entry types in ACE passed without any major problems. However, some quota transactions in ACE have been getting "system failure" errors and filers and software developers have reported issues with filing African Growth and Opportunity Act (AGOA) visas, non-responses to Cargo Release and Entry Summary filings, and rejects for ACE Entry Summaries filed on Automated Commercial System (ACS) entries submitted before the July 23 deadline. Customs is also working through license, permit, and certificate reject issues. CSMS [#16-000669](#) (Aug. 3, 2016).

ITC 2015 STATS

The U.S. International Trade Commission (USITC) has [released](#) its annual review of trade activities. Highlights include a 7.2% decrease in exports to Free Trade Agreement (FTA) partners, while imports from FTA partners decreased 4.5%. USITC Pub. [4627](#) (July 2016).

DDTC COMPANY VISITS

The Directorate of Defense Trade Controls (DDTC) has announced the "[Company Visit Program](#)" (CVP). DDTC indicates that the CVP is not an audit program, but that identified issues could lead to recommendations for a disclosure. DDTC will choose companies to visit for a variety of reasons. Contact Chuck Ballard with questions.

INFORMED COMPLIANCE

Customs Regulatory Audit has started to deviate from its traditional audit program, the Focused Assessment, and is [issuing](#) "Informed Compliance Notifications" to advise importers via email, telephone calls, and in writing that Customs has identified specific issues with their imports which could lead to an audit. The notices are requesting signed acknowledgements from importers. Companies should ensure that they are ready for an audit if a notification is received. A prompt Prior Disclosure may also be appropriate. Contact Sean Murray or Brian Murphy with questions.

VALUE ENCYCLOPEDIA

Customs has [issued](#) a revised version of its Customs Valuation Encyclopedia. When considered in conjunction with the recent Regulatory Audit letters, it seems that Customs is re-emphasizing the concept of shared responsibility. Importers should ensure the accuracy of all import declarations.

HAND CARRIES

Chicago Customs has issued guidance for "Hand Carries" under ACE. Chicago Pipeline [#16-09](#) (Aug. 3, 2016).

ACE SYSTEM ISSUES

The National Customs Brokers & Freight Forwarders Association (NCBFAA) has [posted](#) a position paper stating that: ACE filers continue to face downtime and slowdown issues worse than those encountered in the legacy ACS system; several essential functions that were available in ACS are still unavailable in ACE; and ACE's 8 megabyte transmission limit is too low, and in some cases is more restrictive than the ACS 999-line level limitation, because many PGA records require a very large amount of data per line.

CEE & AD/CVD

To detect evasion, Customs Centers for Excellence and Expertise (CEE) have been increasingly using CBPF 28 Requests for Information to question importers if their products are subject to antidumping or countervailing duty (AD/CVD) orders.

LICENSE BALANCES

The U.S. Census Bureau has [deployed](#) a new Automated Export System (AES) function that provides exporters with their export license balances. Shipping above the tolerance on a license (generally no more than 10% on a Bureau of Industry and Security (BIS) license) can result in a violation of the Export Administration Regulations (EAR).

TRITIUM ECCN

The BIS has published an Interim Final Rule to add Export Control Classification Number (ECCN) 0A521 for targets made of or containing lithium specially designed for the production of tritium by insertion into a nuclear reactor core. Related technology is assigned ECCN 0E521. Comments are due October 7. 81 Fed. Reg. [52326](#) (Aug. 8, 2016).

IRS ANTIBOYCOTT

The Internal Revenue Service (IRS) has published a current list of countries that are likely to require participation in a non-sanctioned boycott: Iraq, Kuwait, Lebanon, Libya, Qatar, Saudi Arabia, Syria, United Arab Emirates, and Yemen. 81 Fed. Reg. [51967](#) (Aug. 5, 2016).

EXPORT CONTROL REFORM

The BIS and DDTC have published Final Rules, effective December 31, to move controls of certain toxicological agents and directed energy weapons and parts from the U.S. Munitions List (USML) to the Commerce Control List (CCL). Affected CCL categories include Category 1 and Category 6. 81 Fed. Reg. [49517](#) and [49531](#) (July 28, 2016).

AIRCRAFT FLYING TO IRAN

The Office of Foreign Assets Control (OFAC) has issued [General License \(GL\) J](#), which authorizes the temporary export to Iran of U.S. civil aircraft and foreign aircraft with U.S.-controlled equipment on board. This permits foreign airlines to operate scheduled flights into Iran using Boeing aircraft.

FTZ 06 NHTSA FLAGGING

Effective August 13, 2016, National Highway Traffic Safety Administration (NHTSA) HTS flags are being enforced on Weekly Type 06 Entry Summary filings. System validations will be in place to reject any ACE weekly Type 06 entry summary filings that do not include the NHTSA PGA Message Set data. CSMS [#16-000698](#) (Aug. 12, 2016).

TRADE BARRIERS

The USTR has requested public comments on significant barriers to the export of U.S. goods, services, and investment for inclusion in its 2017 National Trade Estimate Report. Comments are due by Oct. 27, 2016. 81 Fed. Reg. [46994](#) (July 19, 2016).

GSP AND PROTESTS

The U.S. Court of International Trade (CIT) has ruled that an importer may assert a Generalized System of Preferences (GSP) claim for duty-free treatment in a Protest, disagreeing with Customs' arguments that a claim may not be raised for the first time in a Protest and that "no change" liquidations may not be protested. [Zojirushi America Corp. v. U.S.](#), CIT Slip Op. [16-78](#) (Aug. 4, 2016).

ACE – TEST PROTEST FILING

Effective August 29, 2016, all electronic filings of protests will be transitioned to ACE under a "test" program. 81 Fed. Reg. [49685](#) (July 28, 2016); 81 Fed. Reg. [52453](#) (Aug. 8, 2016); and 81 Fed. Reg. [53497](#) (Aug. 12, 2016).

TTIP

The USTR is evaluating the impact of the Brexit on the Transatlantic Trade and Investment Partnership (TTIP) negotiations as Britain has been a key economic part of the TTIP negotiations.

SEAFOOD PERMITS

The National Marine Fisheries Service (NMFS) has issued a Final Rule to revise procedures and requirements for filing import, export, and re-export documentation for certain fishery products. 81 Fed. Reg. [51126](#) (Aug. 3, 2016).

FDA – FOREIGN SUPPLIERS

Customs has announced that the FDA Foreign Supplier Verification Program (FSVP) rule will require importers to validate, pre-importation and periodically, that imported food items have met U.S. safety standards by verifying the food safety practices of foreign suppliers. This major change will require importers to implement significant new processes. Contact Sean Murray with questions. CSMS [#16-000691](#) (Aug. 11, 2016).

FCPA

The Wall Street Journal has reported that J.P. Morgan will pay around \$200 million to settle Foreign Corrupt Practices Act violations related to hiring relatives of key foreign government officials.

CUSTOMS EXPORT TRAINING

Customs announced at the recent Customs Operations Advisory Committee (COAC) meeting that it is deploying a new export training module to improve port uniformity in enforcing export laws.

FOREIGN-TRADE ZONES BOARD ACTIVITY AS OF 8/15/16		
	APPROVED	CURRENTLY AUTHORIZED
ZONES	291	273
SUBZONES	754	600
PENDING		
ZONES		4
SUBZONES		16
MISCELLANEOUS		46

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.

1875 I STREET N.W., 5TH FLOOR
WASHINGTON, D.C. 20006

4929 MAIN STREET
KANSAS CITY, MO 64112
816.561.4999
FAX 816.561.5999
E-MAIL intllaw@millerco.com

233 BROADWAY, SUITE 2702
NEW YORK, NEW YORK 10279