

# BRIEFINGS

VOLUME 25, NO. 10

November 15, 2013

## IIT RESIDUE ENFORCEMENT

- A reminder that the enforcement of the new Customs pilot program on the declaration of residue in Instruments of International Traffic (IIT) begins on November 25. 78 Fed. Reg. [52958](#) (Aug. 27, 2013).
- Trade associations have appealed to the Department of Homeland Security for a delay.

## COMMODITY JURISDICTIONS

The Directorate of Defense Trade Controls ([DDTC](#)) started reviewing as of November 14 Commodity Jurisdiction requests (CJs) relating to items in U.S. Munitions List Categories VI (Naval Equipment), VII (Ground Vehicles), XIII (Materials and Miscellaneous Items), and XX (Submersible Vessels) that are moving to the Commerce Control List.

## SIMPLIFIED ENTRY PILOT

Customs is expanding the Simplified Entry pilot program and officially rebranding it as the Automated Commercial Environment (ACE) Cargo Release test. Customs brokers and importer self-filers will no longer be required to be Customs-Trade Partnership Against Terrorism (C-TPAT) participants to join the pilot program. Customs has opened the pilot to all eligible applicants for an indefinite period on a first-come, first-served basis and has added some new filing capabilities. 78 Fed. Reg. [66039](#) (Nov. 4, 2013).

## ACAS PILOT EXTENDED

The Air Cargo Advanced Screening pilot is being reopened through July 26, 2014. 78 Fed. Reg. [63237](#) (Oct. 23, 2013).

## WEBINARS

- November 21 - Import/Export/ FTZ Compliance Planning for 2014.
  - December 12-FTZ Expansions - ASF
- Register for webinars at our [eStore](#) or contact [Victoria Denney](#). Past [webinars](#) are available on our website.

## MARK YOUR CALENDARS

- January 16, 2014 - Webinar on Export Reform
- The firm will be releasing its schedule for 2014 Webinars and Seminars shortly.

## e-214 FTZ ADMISSION

- All Customs ports of entry will now [accept](#) electronic CBP Form 214 in lieu of a paper copy. While paper copies will still be accepted, Customs will eventually make electronic filing of the CBP Form 214 mandatory.
- An issue has been identified by Customs with the quantity for electronically filed FTZ admissions. ACE is defaulting to the total manifest quantity and not the actual quantity reported in the e-214. This is a display issue only and concurrences are processed for the actual amount. CSMS [#13-000517](#) (Oct. 24, 2013). Contact Linda King with questions.

## NEW ITAR DCS

With the implementation of the first round of export reform changes on October 15, the DDTC has revised the Destination Control Statement (DCS) on exports subject to the International Traffic in Arms Regulations (ITAR) found in [22 C.F.R. § 123.9](#). 78 Fed. Reg. [22740](#) (April 16, 2013).

## GOVERNMENT SHUTDOWN/EPA

- At the Coalition of New England Companies for Trade's Northeast Cargo Symposium, Acting Assistant Commissioner Richard DiNucci said that the recent government shutdown has caused Customs and other federal agencies to review how trade operations were handled and learn lessons for future shutdowns. In particular, the Environmental Protection Agency (EPA) now realizes that its pesticide import procedures for Notice of Arrival forms are terribly inefficient and is working with Customs to address the issue.
- In a [report](#), the Office of Management and Budget detailed how the shutdown affected international trade and other federal functions.

## NOT "MADE IN THE USA"

E.K. Ekcessories, a Logan, Utah based marketer of cell phone accessories, bottle holders, dog collars, and other accessories has entered into a proposed [Consent Agreement](#) with the Federal Trade Commission to settle charges that it falsely claimed its products were "Truly Made in the USA." The proposed settlement requires notices to distributors, the provision of stickers with corrected markings, a commitment to comply with all marking requirements, and other measures.

## BUY AMERICAN

The "Buy American Improvement Act of 2013" (H.R. [3346](#)) was introduced in Congress by Rep. Daniel Lipinski (D-IL). It would increase the American content requirement under the Buy American Act.

## U.S.-PANAMA FTA

- U.S. Trade Representative (USTR) Michael Froman recently [announced](#) that exports from the U.S. to Panama increased by 17% in the first year of the Free Trade Agreement (FTA) with Panama.
- Customs has issued interim regulations that cover several subjects under the Panama FTA, including regional value content, rules of origin and export requirements. 78 Fed. Reg. [63052](#) (Oct. 23, 2013).

## KOREA FTA

South Korean trade officials planned to raise the possibility of adding the joint North-South Korea factory complex in Kaesong, North Korea to the area covered by the U.S.-South Korea FTA during ongoing FTA meetings in Washington. Clients sourcing material from South Korea should be verifying that the products are not from Kaesong or contain Kaesong contents, which could raise Office of Foreign Assets Control (OFAC) issues. Contact Sean Murray with questions.

## IPR SEIZURES

Customs, ICE, other government agencies, foreign governments, and industry partners have worked together to [produce](#) a record number of IPR seizures for the year, based on manufacturer's suggested retail prices. The National Intellectual Property Rights Center is projecting \$1.8 billion in IPR seizures.

## CEEs

Customs has [announced](#) the integration of Laboratories and Scientific Services with the Centers of Excellence and Expertise (CEE), providing more resources for facilitation and enforcement.

## SHUTDOWN ENDS FDA PILOT

The Food and Drug Administration (FDA) has ended its Centralized Entry Review pilot program because of the partial government shutdown. CSMS [#13-000513](#) (Oct. 23, 2013).

## NEW DDTC REGISTRATION

The DDTC has updated the [DS2032 Form](#) used for registering defense exporters and manufacturers. All registrations submitted to the DDTC after October 25 need to be on the new form. After December 31, the DDTC will only accept electronic forms.

## EXPORT VIOLATIONS

- [Hannah Robert](#), owner of One Source USA, has been charged with sending ITAR-regulated drawings to a company she owned in India without the necessary licenses. She used her church's website to provide access to the drawings. Ms. Roberts was also accused of supplying the Indian company with U.S. controlled technology so that they could manufacture parts for entities in the United Arab Emirates and Pakistan. Ms. Roberts faces up to 20 years in prison if convicted.
- [GrafTech International Holdings](#) of Parma, Ohio is paying \$300,000 to settle claims it exported graphite usable in missiles to China and India without the required export licenses.

## DEEMED EXPORTS

The Bureau of Industry and Security (BIS) has [issued](#) new guidance on the release of technology and source code to dual and foreign nationals. The updated guidance is to make it consistent with recent export control reforms. Contact Chuck Ballard with questions.

## NRC ECCNS

Census has indicated in Automated Export System (AES) Broadcast [#2013095](#) (Nov. 14, 2013) that the Export Control Classification Numbers (ECCNs) found in Categories 0 and 1 of the Commerce Control List that fell under the jurisdiction of the Nuclear Regulatory Commission (NRC) will no longer be accepted in AES. The BIS eliminated these ECCNs on October 4. 78 Fed. Reg. [61873](#) (Oct. 4, 2013).

## FOOTWEAR CLASSIFICATION

Customs has adopted a new test methodology for classifying footwear and textile soles. The method applies to Additional HTSUS Note 5, which requires certain textiles to be disregarded when determining the constituent material. The new test is to help Customs ensure that the textile outer sole on footwear is actually a textile outer sole, rather than a rubber outer sole with textile fabric. 47 Cust. B & Dec. [57](#) (Nov. 13, 2013).

## EXPORT REFORM

With the new export reform effort underway, certain license exceptions take on added emphasis. License exceptions LVS (for low value shipments), TMP (for temporary exports), RPL (for servicing and replacement of parts and equipment), and STA (the strategic trade authorization) are available in some circumstances for the new "600" series products that moved from the U.S. Munitions List to the Commerce Control List. However, before using any license exception, it is imperative that the exporter understand and comply with any of the conditions for using the license exception. Contact Chuck Ballard with questions.

## MAD COW RULE AMENDED

The U.S. Department of Agriculture's (USDA) Animal and Plant Health Inspection Service (APHIS) recently [issued](#) new import rules for cattle and beef that will comply with international standards for the prevention of mad cow disease.

FOREIGN-TRADE ZONES BOARD ACTIVITY AS OF 11/15/13		
	APPROVED	CURRENTLY AUTHORIZED
ZONES	283	266
SUBZONES	705	552
PENDING		
ZONES		5
SUBZONES		15
MISCELLANEOUS		45
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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