

BRIEFINGS

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VALUATION DATABASES

The International Chamber of Commerce (ICC) has expressed [concerns](#) to the World Trade Organization (WTO) regarding the misuse of Customs databases. The ICC provided examples of WTO members using valuation databases to set reference and minimum prices, which is [prohibited](#) by the WTO Customs Valuation Agreement.

ITA

A significant breakthrough has occurred in the Information Technology Agreement (ITA) negotiations. As [announced](#) by President Obama during his visit to China, China has agreed to phase out tariffs on certain advanced semiconductors, magnetic resonance imaging machines, and testing equipment. A specific timetable to resume ITA negotiations in Geneva has not been announced yet.

TFA

The U.S. and India have reached [agreement](#) on Indian agricultural subsidy concerns that should allow World Trade Organization (WTO) members to proceed with the Trade Facilitation Agreement (TFA) at the General Council meeting on December 10.

FALSE CLAIMS ACT

Civil actions involving trade compliance issues under the False Claims Act (FCA) are on the rise due to private whistleblowers or "relators." Under the FCA, violators are liable for three times the damages suffered by the government. Contact Brian Murphy with questions.

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

- November 20 - CBP Audit Management
- December 18 - Increasing FTZ Savings
- January 15 - Changes to Export Regulations
- The full [schedule](#) of 2015 webinars has been issued.
- Register for webinars at our [eStore](#) or contact [Victoria Denney](#). Past [webinars](#) are available on our website.

C-TPAT

- Customs and Mexico's Tax Administration Service have [signed](#) a mutual recognition arrangement (MRA) for the U.S. Customs-Trade Partnership Against Terrorism (C-TPAT) and Mexican New Certified Companies Scheme.
- The new C-TPAT web portal, called [Portal 2.0](#), is said to be launching on December 8. Clients are reminded of the need to update C-TPAT portal data and have internal records to support their portal data. Contact Chuck Ballard with questions.

IMPORTER ID FORM

Customs is proposing changes to Customs Form [5106](#), the "Importer ID Input Record," that would add some data elements that could be considered intrusive and unnecessary, such as primary banking institution and personal information on company officers (i.e., Social Security Numbers, Passport information, etc.). Comments are due December 8, 2014. Contact Sean Murray with questions. 79 Fed. Reg. [61091](#) (Oct. 9, 2014).

CPSC PILOT

The Consumer Products Safety Commission (CPSC) is looking for volunteers to participate in a pilot program on the electronic filing of Certificates of Compliance. Industry has [filed](#) additional comments since the September public workshop. Contact Sean Murray with questions.

LIMITED POAS

In recent weeks, clients have provided copies of powers of attorney presented by brokers that not only give them powers to appoint other brokers, but also to handle export filings. Clients are reminded that they should execute limited powers of attorney that provide them with more control over broker and forwarder functions. Contact Chuck Ballard with questions.

ITDS WORKING GROUP

Customs is creating a Lacey Act import working group to consider the technical requirements for International Trade Data System (ITDS)/ACE system integration. CSMS [#14-000553](#) (Oct. 16, 2014).

EAR AND ITAR UPDATES

The Directorate of Defense Trade Controls (DDTC) and the Bureau of Industry and Security (BIS) have made permanent, with some changes, the interim rules relating to the jurisdiction and classification of spacecraft in Category XV on the U.S. Munitions List (USML), many of which have now been moved to the Commerce Control List (CCL). 79 Fed. Reg. [66608](#) (Nov. 10, 2014); 79 Fed. Reg. [67055](#) (Nov. 12, 2014).

MILITARY LABELING FRAUD

The former CEO of a Los Angeles area battery distributor, Didier De Nier, was recently [sentenced](#) to more than seven years in prison for selling over \$2.7 million in “knock-off” emergency batteries used on U.S. Navy vessels after instructing workers to remove and replace “Made in China” labels with counterfeit labels to indicate the batteries came from approved manufacturers.

EXPORT PENALTIES

- Signal Micro Systems (dba Techonweb) of Addison, Texas, along with its two officers, have had their export privileges taken away for ten years for conspiring and exporting computers to Iran via the UAE. 79 Fed. Reg. [63379](#) (Oct. 23, 2014).
- Mohammad Hashemi has been sentenced to 27 months in prison and had his export privileges revoked for 9 years for shipping aircraft parts to Iran. 79 Fed. Reg. [67158](#) (Nov. 12, 2014).
- Lisong Ma has lost his export privileges for 10 years and been sentenced to 46 months incarceration for attempting to export carbon fiber to China. 79 Fed. Reg. [66354](#) (Nov. 7, 2014).
- [Hsien Tas Tsai](#) of Taiwan has pled guilty to attempting to ship sophisticated machinery to North Korea.
- [Zhenchun Huang](#) was sentenced to 15 months in prison for pretending to work for NASA in a scheme to export controlled items to China.

VENEZUELAN END USE

The BIS has added a military end use restriction on any export, reexport, or in-country transfer to the Venezuelan military. This restriction is similar to the military end-use restrictions in effect for China and Russia. If the end-user is the Venezuelan military, a license is required, even for EAR99 items. The restriction also applies to any item where the Export Control Classification Number (ECCN) ends in “018” and any “600 series” ECCN, regardless of the end user. 79 Fed. Reg. [66288](#) (Nov. 7, 2014).

OFAC ACTIVITY

The Office of Foreign Assets Control (OFAC) has published [statistics on license activity](#) for the 4th quarter of 2013. Most of the licenses were for medical products to Iran. Only one license was denied in the quarter.

OFAC PENALTIES

- [Indame International](#), a Houston supplier to the oil and gas industry, was fined \$44,850 for exporting goods and equipment to the UAE for transshipment to Iranian offshore drilling rigs.
- [ESCO Corporation](#) was fined \$2,057,540 because one of its foreign subsidiaries purchased Cuban origin nickel briquettes.

HVAC – BUY AMERICAN

Customs has issued a final determination (HQ H248850) that outdoor units for heating, ventilation, and air conditioning (HVAC) systems are of U.S. origin due to substantial processing performed in the U.S. to complete the units. 79 Fed. Reg. [68284](#) (Nov. 14, 2014).

DEEMED LIQUIDATION

A court challenge has been filed by the importer of antidumping duty merchandise that was the subject of [HQ H215035](#) (Apr. 18, 2014), in which Customs ruled that it could reliquidate entries that were deemed voluntarily liquidated years earlier simply by providing a notice of deemed liquidation.

MADE IN USA

A U.S. Federal Court for the Southern District of California has denied a motion to dismiss a class action claim filed against a retailer of garments labeled “Made in the USA” and “Made in USA of Imported Fabric” under a California state law that prohibits “Made in USA” markings for products with any foreign parts. The court ruled that the federal labeling laws did not preempt the lawsuit. [David Paz v. AG Adriano Goldschmeid, Inc.](#), No. 14cv1372 DMS (DHB) (S.D. Cal. filed Oct. 27, 2014).

ANTIDUMPING

Customs has decided that a 24-year delay in liquidating entries of Japanese steel wire rope subject to antidumping duties (ADD) did not violate Constitutional due process. Customs ruled that it acted timely on liquidation instructions issued by the Commerce Department in 2011 for entries that had been filed in the early 1980s. [HQ H233640](#) (Aug. 5, 2014).

COUNTERFEIT IMPORTS

A Turkish citizen, Ozkan Semizoglu, was recently [sentenced](#) in the U.S. District Court in St. Louis to 27 months in prison for smuggling counterfeit and adulterated cancer treatment drugs into the United States. They were labeled as “gifts” or “documents” to conceal their identity.

ITAR LICENSES DOWN

The Directorate of Defense Trade Controls (DDTC) has [indicated](#) that the number of licenses it has issued has decreased by 64% due to the export control reforms.

FOREIGN-TRADE ZONES BOARD ACTIVITY AS OF 11/15/14		
	APPROVED	CURRENTLY AUTHORIZED
ZONES	286	268
SUBZONES	722	568
PENDING		
ZONES	5	
SUBZONES	15	
MISCELLANEOUS	42	

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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