

BRIEFINGS

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CUSTOMS FTZ UPDATE

- At the NAFTAZ Legislative & Regulatory Seminar in Washington, DC on February 11, Customs FTZ Program Manager Ms. Lydia Jackson indicated that the three ACE functionalities for FTZs are on track for 2015. They will cover FTZ Admissions, Weekly Cargo Release, and the Type "06" Customs Entry.

- Customs is currently revising the test program it launched last June to eliminate certain annual CBP Form 216 activity permits, clarify language, eliminate the "5-day rule" that requires the removal of merchandise from zones within 5 days of entry filing, and eliminate the "owner/purchaser" Direct Delivery standard for non-owner Operators and importers that are enrolled in the Customs-Trade Partnership Against Terrorism (C-TPAT) program. These changes would greatly improve the test program for FTZ Operators and Users, but we do not expect them all to occur in the short term.

GREEN GOODS

Fifteen World Trade Organization (WTO) members, including the U.S., EU, and China, issued a joint statement on January 24 at the World Economic Forum in Davos that they will start negotiations to eliminate tariffs on [environmental goods](#). These countries represent 85% of total trade for products such as solar water heaters, wind turbines, and water treatment filters. The U.S. Trade Representative has [issued](#) a press release stating that it will be seeking input from Congress, environmental, and business groups.

2014 SEMINAR SCHEDULE

- March 4-5 - Advanced Exports and Export Control Reforms
 - April 1-2 - FTZ 101 & 201
 - April 22-23 - Advanced HTSUS Classification
 - April 24 - ECCN Classification/License Determination
 - May 20-21 - Import/Export 201 & 201
 - November 11-12 - Import/Export 101 & 201
- Seminars are offered to Miller & Company clients only. For more details contact [Penny Freeman](#).

WEBINARS

Upcoming Webinars:

- March 13 - HTS Classification
 - April 17 - Import Guidelines for Purchasing and Sourcing Departments
- Register for webinars at our [eStore](#) or contact [Victoria Denney](#). Past [webinars](#) are available on our website.

NEW RPS LIST - FSE

On February 6 the Office of Foreign Assets Control (OFAC) published a new list of [Foreign Sanctions Evaders](#) (FSE). The FSEs are entities who have evaded the U.S. sanctions on Iran and Syria. U.S. persons are generally not permitted to engage in transactions or other activities with entities on the FSE list.

FTZ SITE IDENTIFIERS

When the revised Census Foreign Trade Regulations go into effect on April 5, the Automated Export System (AES) will [require](#) FTZ site numbers in the new seven digit reporting format. Contact Linda King with questions and for FTZ Operations Manual updates.

FTZ BOARD UPDATE

Andrew McGilvray, Executive Secretary of the Foreign-Trade Zones Board, provided an update at the NAFTAZ Legislative & Regulatory Seminar in Washington, DC on February 11:

- Updated Zone Schedules are due at the Board by February 28.
- Conflict of interest waivers for FTZ Administrators must be submitted before February 28.
- He requested proposals for consistent reporting of export value-added for the FTZ Board Annual Report. Direct and indirect export values are being significantly under-reported. Please contact Scott Taylor or Linda King with questions.

ROUTED EXPORTS

The Bureau of Industry and Security (BIS) has issued a Proposed Rule to add a new concept called Foreign Principal Party Controlled Export Transaction (FPPCET). This is different than the Census-defined Routed Export Transactions, which focuses on responsibility for Automated Export System (AES) filings. Under the proposed FPPCET, the Foreign Principal Party in Interest (FPPI) also takes licensing and export control responsibility. Comments are due by April 7. Contact Chuck Ballard with questions. 79 Fed. Reg. [7105](#) (February 6, 2014).

2013 TRADE DATA

Now is the time to order your complete 2013 import and export data from the government. We have already received the 2013 entry data for some clients. Contact Brenda Zeller for assistance or with questions about our import/export activity reports.

ISF ENFORCEMENT

In an NAFTAZ webinar [presentation](#), Craig Clark, Customs ISF Program Manager, said that Customs is developing new guidance for Importer Security Filing (ISF) enforcement efforts. This guidance is expected to be released in the next few months, and is intended to address differences in port-level ISF enforcement. For example, it was recently announced that the Port of Los Angeles/Long Beach will put manifest holds on any cargo that does not have an ISF on file 48 hours before vessel arrival.

PAPER IMPORT FEE

The Agricultural Marketing Service (AMS) has issued a Final Rule that states, beginning March 1, 2014, a fee of \$0.35 per short ton will be assessed on four types of imported and domestically manufactured paper and paper-based packaging, including: printing, writing and related paper, kraft paper, containerboard, and paperboard. 79 Fed. Reg. [3696](#) (Jan. 22, 2014).

SPECIALLY DESIGNED

The Bureau of Industry and Security (BIS) has issued an [Advisory Opinion](#) (AO) that releases certain multipurpose die, standard packages, and the integrated circuits within them from export control classification under the new "600-series" Export Control Classification Numbers (ECCNs) for articles moving from the U.S. Munitions List to the Commerce Control List. The items were released from classification in the 600-series ECCNs because they are designed for a wide range of applications.

ILLEGAL DRUG IMPORTS

Seven Ohio oncologists have been ordered to pay \$2.6 million for importing cancer medications that were not approved by the Food and Drug Administration (FDA). The doctors [pleaded guilty](#) to causing the shipment of misbranded drugs.

TRANSFER PRICING

Customs has issued a ruling that a transfer pricing methodology with year-end adjustments to provisional values is an acceptable transaction value. Instead of the importer's current supplemental letter filings, Customs Headquarters "strongly encouraged" the use of the Reconciliation Prototype program to report these values. For further details contact Tom Lobred or Sean Murray. HQ [H024857](#) (Jan. 7, 2014).

IRAN SANCTIONS RELIEF

OFAC has published written [guidance](#) on the multi-lateral agreement on interim sanctions relief. The U.S. has removed certain sanctions not involving U.S. persons, but retained sanctions involving U.S. persons, including foreign-owned subsidiaries. A few exceptions exist for aircraft parts and to facilitate payments for licensed items. 79 Fed. Reg. [5025](#) (Jan. 30, 2014).

ITAR UPDATES

The Directorate of Defense Trade Controls (DDTC) has published minor corrections and clarifications to the International Traffic in Arms Regulations (ITAR). 79 Fed. Reg. [8082](#) (Feb. 11, 2014).

2013 FTZ STATS

- 2013 was a record year with 288 applications. Applications have doubled from 2007.
- 114 zones have converted to the Alternative Site Framework, with 24 more either pending or in pre-docket mode.
- Exports from FTZs reached \$70 billion in 2012, which is more than double the 2009 amount.

IIT RESIDUE ENFORCEMENT

According to the National Industrial Transportation League, the Customs pilot program on the declaration of residue in Instruments of International Trade (IIT), which was previously scheduled to begin November 25, has now been delayed indefinitely.

C-TPAT AND IMMIGRATION

Customs recently issued a C-TPAT Bulletin addressing non-compliance with immigration laws identified in C-TPAT validations, reminding employers that they are required to complete Form I-9 for all new employees. I-9 violations found during C-TPAT validations will not result in Customs fines or penalties, but other government agencies may impose fines or penalties if they find them. [C-TPAT Bulletin](#) (Feb. 2014).

POST-EXPORT AES FILING

Census has issued a notice soliciting volunteers for a pilot program to evaluate a new Automated Export System (AES) post-departure filing option. Under the pilot program, exporters will submit partial Electronic Export Information (EEI) prior to departure and then submit the rest within 5 days. Applications are due by April 1. Contact Jerry Greenwell with questions. 79 Fed. Reg. [5330](#) (Jan. 31, 2014).

STEEL IMPORT LICENSES

Customs has issued an administrative message reminding brokers and importers that all entries of steel mill products need a steel import license. CSMS [#14-000078](#) (Feb.7, 2014).

EAR FTR UPDATE

In anticipation of the changes to the Census Foreign Trade Regulations (FTR) taking effect on April 5, the Bureau of Industry and Security (BIS) has issued corresponding updates to the Export Administration Regulations (EAR). 79 Fed. Reg. [4613](#) (Jan. 29, 2014).

FOREIGN-TRADE ZONES BOARD ACTIVITY AS OF 2/15/14		
	APPROVED	CURRENTLY AUTHORIZED
ZONES	285	268
SUBZONES	713	560
PENDING		
ZONES		4
SUBZONES		9
MISCELLANEOUS		44

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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