

BRIEFINGS

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FTR REVISIONS - APRIL 5

U.S. Census has issued a Broadcast [message](#) reminder that the changes to the Foreign Trade Regulations (FTR) take effect on April 5. Exporters that do not complete the added required fields will have their AES filings rejected. Among the major changes are the requirements to report the type of end user (consumer, reseller, government, or unknown/other), use the unique Foreign-Trade Zone 7-digit alpha-numeric identifier, and include license values. Contact Jerry Greenwell with questions. 78 Fed. Reg. [16365](#) (March 14, 2013).

DEEMED EXPORT FINE

Esterline Technologies Corporation has signed a [consent agreement](#) with the Directorate of Defense Trade Controls (DDTC), [agreeing](#) to pay a record \$20 million for deemed export [violations](#) relating to the improper classification of defense articles, the failure to properly administer licenses and agreements, the release of ITAR technology by two subsidiaries for manufacturing components without first obtaining a license, and providing access to ITAR technology to foreign nationals in its California facility.

ITDS

President Obama issued Executive Order (EO) 13659 on February 19. It requires the single portal for trade data, the International Trade Data System (ITDS), to be completed by the end of 2016. This deadline will put significant pressure on Customs and other agencies to complete the necessary programming. 79 Fed. Reg. [10657](#) (Feb. 25, 2014).

2014 SEMINAR SCHEDULE

- 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:

- April 17 - Import Guidelines for Purchasing and Sourcing Departments
- May 15 - Customs Value Issues - Assists/Other Payments Register for webinars at our [eStore](#) or contact [Victoria Denney](#). Past [webinars](#) are available on our website.

CEEs

Customs has published a notice of some significant changes to the Centers of Excellence and Expertise (CEEs):

- The CEEs now process the following entry types: 01 (Consumption), 04 (Appraisalment), 06 (FTZ), 08 (Duty Deferral), 11 (Informal), 23 (TIB), and 24 (Trade Fair).
- The scope of coverage for each CEE has been changed at the HTS Heading level.
- Certain Customs Regulations have been waived to either transfer functions to the CEEs or grant CEEs the authority to make decisions that had been reserved for the Port Directors. 79 Fed. Reg. [13322](#) (March 10, 2014).

FTZ ANNUAL RECONCILIATION

For FTZs whose zone year is a calendar year, your Annual Reconciliation must be completed by March 31, 2014. The Certification Letter to the Customs Port Director is due within 10 working days of completing the Reconciliation. A CBPF/e-214 must be filed for any overages and a CBPF 7501 for any shortages. If significant inventory discrepancies are discovered, a Prior Disclosure/Voluntary Notification may be appropriate. Contact Linda King with questions.

UKRAINIAN SANCTIONS

President Obama issued EO 13660 on March 10. It imposed sanctions on a limited number of persons and authorized sanctions on persons undermining democratic processes in the Ukraine. On March 17, the President issued [another EO](#) that could expand the sanctions by blocking U.S. property of seven Russians and Ukrainians and authorizing the Secretaries of State and Treasury to include Russian government officials, persons in the Russian arms industry, and entities owned or controlled by or assisting them. The EO also includes restrictions on entry into the U.S. and other contributions to [blocked parties](#). 79 Fed. Reg. [13493](#) (March 10, 2014).

CUSTOMS

- New Customs Commissioner Gil Kerlikowske was unanimously confirmed by the Senate on March 6 and sworn into office on March 7.
- Customs has unveiled a re-designed website ([www.CBP.gov](#)). CSMS [#14-000147](#) (March 11, 2014).

FOCUSED ASSESSMENTS

Customs is now [updating](#) its Focused Assessment (FA) program to align with government auditing standards and provide greater auditor flexibility. Customs expects to implement the changes in FY 2015, but the firm already has two FA audits in progress applying the new standards.

CUSTOMS BUDGET

The FY 2015 Customs [budget](#) includes a \$1.5 million cut to C-TPAT, which will delay implementation of C-TPAT Web portal updates, and impact validations and other program enhancements. Also impacted is the Import Safety Mandate, which will be cut \$6 million, preventing Customs from hiring 52 additional personnel to support the initiative.

CONTINUOUS BONDS

Customs has announced that it will render continuous bonds [insufficient](#) when Customs receives returned mail from the bond principal. The bond will be returned to sufficient status once a CBPF [5106](#) is filed with a corrected address.

FDA SUPPLY CHAIN PILOT

The FDA has [selected](#) 13 companies to participate in its Secure Supply Chain Pilot, which provides expedited entry release for designated pharmaceutical products. The pilot is expected to run through February 2016. The FDA has already indicated compliance issues with one of the participants. Contact Sean Murray with questions.

ACE CARGO RELEASE PILOT

Customs has added 14 new airports to the Automated Commercial Environment (ACE) Cargo Release pilot program. The pilot program, previously called "Simplified Entry," allows importers to file a streamlined set of data earlier in the import process and to update the data up to the point of conveyance arrival. CSMS [#14-000115](#) (Feb. 24, 2014).

LED LAMPS

Customs has issued a notice to reclassify light-emitting diode (LED) lamps and light bulbs in Harmonized Tariff Schedule of the United States (HTSUS) subheading 8543.70.70 as "electric luminescent lamps," rather than in HTSUS Headings 8539 and 8541 as electrical filament or discharge lamps and light-emitting diodes. 48 [Cust. B. & Dec. 1](#) (Feb. 26, 2014).

DHS REGULATIONS INPUT

The Department of Homeland Security is seeking input on possible modifications to Customs and trade regulations. This is your chance to suggest regulatory improvements. Written comments are due by March 28, 2014. 79 Fed. Reg. [10760](#) (Feb. 26, 2014).

COUNTERFEIT IMPORTS

The Department of Justice recently asked a federal court in California to bar four California companies and six individuals from importing toys tainted with dangerous levels of lead and containing banned phthalates. DOJ [14-192](#) (Feb. 24, 2014).

WHISTLEBLOWER SUIT

Bizlink Technology, a California computer cable manufacturer, recently agreed to pay \$1.2 million to [settle](#) a whistleblower suit that accused the company of underpaying Customs duties based on false invoices for imports from China.

DEEMED EXPORT FINE

Reminding of the importance for deemed export controls, [Intevac](#), a Santa Clara, California, manufacturer of hard drives, solar cells, and night vision products, has been fined \$115,000 for allowing a Russian employee to have access to controlled technical data while a deemed export license was pending. During its investigation, the Bureau of Industry and Security (BIS) also discovered Chinese employees at Intevac's Shenzhen, China facility had access to controlled drawings and technology.

PERSONAL PENALTIES

The full Court of Appeals for the Federal Circuit (CAFC) has vacated and agreed to rehear a prior CAFC decision (Slip Op. 2011-1527) that had ruled individual corporate officers and shareholders cannot be liable for their corporation's negligent misstatements, barring proof of individual fraud or the piercing of the corporate veil. [U.S. v. Trek Leather, Inc. and Harish Shadadpuri](#), CAFC No. [2011-1527](#) (March 5, 2014) (order granting petition for rehearing en banc).

ILLEGAL IMPORTS

The Environmental Protection Agency (EPA) has [fined](#) a Chinese motor sports company and its U.S. affiliate \$725,000 for illegally importing motorcycles and all-terrain vehicles that did not have the required emissions certificates.

WTO – REVISED GPA

The World Trade Organization (WTO) has announced that the [revised](#) Government Procurement Agreement will go into effect on April 6, 2014 for 10 countries. 79 Fed. Reg. [14776](#) (March 17, 2014).

FESTIVE ARTICLES

In a potentially significant expansion of the festive articles provision, Customs has proposed to revoke a ruling that classified poinsettia wreaths in HTSUS subheading 6709.90.3500 at a 9% rate of duty and classify them in HTSUS subheading 9505.10.50 as duty free festive articles based on their physical characteristics and channels of trade. Comments are due by March 21, 2014. 48 Cust. B & Dec. [4](#) (Feb. 19, 2014).

FOREIGN-TRADE ZONES BOARD ACTIVITY AS OF 3/15/14		
	APPROVED	CURRENTLY AUTHORIZED
ZONES	285	268
SUBZONES	713	560
PENDING		
ZONES	4	
SUBZONES	9	
MISCELLANEOUS	49	

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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