

BRIEFINGS

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EXPORT REFORM

- Effective January 6, a number of armored vehicles, marine vessels, and related parts of U.S. Munitions List (USML) Categories VI, VII, XIII, and XX transferred jurisdiction from the International Traffic in Arms Regulations (ITAR) to the Commerce Control List (CCL).
- On January 2, the Bureau of Industry and Security (BIS) and the Directorate of Defense Trade Controls (DDTC) announced the latest reforms, issuing Final Rules that transfer jurisdiction of some personal protective equipment, explosives, missiles, and training equipment from USML Categories IV, V, IX, X, and XVI to the CCL. These changes go into effect on July 1. 79 Fed. Reg. [22](#); 79 Fed. Reg. [26](#); 79 Fed. Reg. [34](#); and 79 Fed. Reg. [263](#) (Jan. 2, 2014).

EXPORT PENALTY

Although Amplifier Research Corporation's employee responsible for obtaining export licenses was previously convicted and sentenced in January 2013 to 42 months in prison for failing to obtain licenses and falsifying documents, ARC has now itself been [fined](#) \$500,000 by the BIS for exporting amplifiers to China and Russia without the required licenses.

COUNTERFEIT IMPORTS

An [investigation](#) into a massive counterfeit goods operation has resulted in nine persons pleading guilty to conspiracy charges. Goods manufactured in China were smuggled into the U.S. through containers fraudulently associated with legitimate importers.

2014 SEMINAR SCHEDULE

- March 4-5 - Advanced Exports
- 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:

- January 16, 2014 - Export Reform
 - February 13, 2014 - FTZ CBP Annual Reconciliations, Prior Disclosures, and FTZ Board Annual Reports
 - March 13, 2014 - HTS Classification Basics
- Register for webinars at our [eStore](#) or contact [Victoria Denney](#). Past [webinars](#) are available on our website.

MISSED INVOICES

Customs has posted an administrative message informing that Post-Entry Amendments (PEAs) and Post Summary Corrections (PSCs) are not acceptable means to report missed invoices and a new Customs entry must be filed. This raises a number of concerns, including the possibility of liquidated damage assessments. As a result, we anticipate this message might be reconsidered. Contact Brian Murphy with questions. CSMS [#12-000027](#) (Jan. 14, 2014).

2014 HTSUS

- The U.S. International Trade Commission (ITC) has [posted](#) the 2014 Harmonized Tariff Schedule of the United States (HTSUS).
- Customs has updated General Statistical Note 3(c) in the 2014 HTSUS to clarify that imports under the trade agreements on civil aircraft, pharmaceutical products, and intermediate chemicals (Special Program Indicators (SPI) C, K, and L, respectively) are exempt from Merchandise Processing Fees when they are the product of a country with a free trade agreement with the U.S. CSMS [#14-000003](#) (Jan. 3, 2014).
- The Census Bureau has updated the Harmonized Tariff Schedule (HTS) and Schedule B tables to reflect the 2014 changes. The Automated Export System (AES) will continue to accept the 2013 codes until January 30. Broadcast Message [#2013106](#) (Dec. 31, 2013).

UNVERIFIED LIST

The BIS has published a Final Rule that affects exports to entities on the Unverified List (UVL). Effective January 21, 2014, exports to these entities require an AES filing regardless of their value and require the exporter to obtain a statement from the UVL party regarding the transaction. In addition, BIS is eliminating the use of all license exceptions for shipments to entities on the UVL. 78 Fed. Reg. [76741](#) (Dec. 19, 2013).

CUSTOMS BROKER EXAM

The Customs Broker's license [examination](#) will be on Monday April 7, 2014.

WHISTLEBLOWER LAWSUIT

The U.S. government has announced it will take part in a whistleblower lawsuit against three companies for knowingly under-declaring the value of imported apparel. The estimated revenue loss was about \$3 million per year. The suit seeks a \$10,000 penalty per entry, to be calculated on a "per garment basis," plus a penalty of eight times the loss to the government. [U.S. v. Siouni and Zarr Corp. et. al.](#), Case 1:11-CV-04247-CM (S.D.N.Y. filed Dec. 20, 2013).

INSULAR POSSESSIONS

Customs has issued a Proposed Rule to eliminate the requirement that a Customs official at the port of export sign the CBPF 3229 Certificate of Origin for U.S. Insular Possessions, and to require that the importer present this form only upon Customs request, rather than with each entry as is currently required. Comments are due by March 17, 2014. 79 Fed. Reg. [2395](#) (Jan. 14, 2014).

INSURANCE VALUE

Clients are reminded of the need to use acceptable and reasonable values for returned merchandise under the "fallback" or "derived" valuation methodology in 19 U.S.C. § 1401a(f). In a recent ruling, Customs Headquarters concluded that returned antiques could be appraised utilizing their insurance value under certain circumstances. For further information contact Tom Lobred. HQ [H233019](#) (Nov. 14, 2013).

PROCUREMENT THRESHOLD

The U.S. Trade Representative has published the qualifying U.S. dollar thresholds for U.S. government procurement under U.S. trade agreement obligations, including those under the World Trade Organization (WTO) Agreement on Government Procurement. These thresholds went into effect January 1, 2014. 78 Fed. Reg. [76700](#) (Dec. 18, 2013).

EX-EMPLOYEES

In a new incident that reminds of the need to have careful screening and controls over information released to employees, [Mozaffar Khazae](#), a naturalized U.S. Citizen has been arrested on charges of attempting to ship technical data to Iran about the F-35 Joint Strike Fighter (JSF) program. Mr. Khazae worked for a defense contractor and possessed technical information from several companies.

GSP

Customs recently issued guidance on entries filed under the expired Generalized System of Preferences (GSP). Importers should continue to pay the Normal Trade Relations (Column 1 General) duty rate, but flag GSP-eligible importations with the applicable SPI ("A" or "A+") to allow Customs to process automatic duty refunds when GSP is renewed. Customs Trade Information Notice 14.01 (Jan. 9, 2014).

AGOA/CBERA/ATPA/ISRAEL

President Obama issued Presidential Proclamation 9072 on December 23. It reinstates Mali as a beneficiary country under the African Growth and Opportunity Act (AGOA), designates Curacao as a beneficiary country under the Caribbean Basin Economic Recovery Act (CBERA) and Caribbean Basin Trade Partnership Act (CBTPA), extends the Andean Trade Preference Act (ATPA) which had expired on July 31, 2013, and extends the U.S.-Israel FTA through December 31, 2014 to allow a new agreement to be implemented. 78 Fed. Reg. [80415](#) (Dec. 31, 2013).

CUSTOMS AUTHORIZATION

On January 10, the U.S. Customs and Border Protection Authorization Act, [HR-3846](#), was introduced in the House of Representatives. The Act would formally authorize Customs and clarify the security missions of the department.

INFORMED COMPLIANCE

Showing a limit on informed compliance, Customs has issued a ruling that rejected an importer's reliance on the Informed Compliance Publication (ICP) on the "Classification of Coated and Water Resistant Apparel." Customs indicated that there appears to be a discrepancy between the ICP and Customs rulings, and Customs rulings take precedence. ICPs are considered to be non-binding advice to the trade. HQ [H159096](#) (Sept. 9, 2013).

C-TPAT UPDATE

Customs has [announced](#) that it completed 2,111 Customs-Trade Partnership Against Terrorism (C-TPAT) validations in 2013. This includes 569 initial validations and 1,542 revalidations. This represents a decline in validations from 2,376 in 2012. There were also 1,768 suspensions and 1,280 removals.

BROKER PENALTIES

The Court of International Trade (CIT) has issued a default \$30,000 penalty judgment against a customs broker for misclassifying two shipments of pesticides, failing to file an EPA Notice of Arrival, claiming NAFTA preferences without a NAFTA certificate, and providing invoices that were not in English and without duty rates. [U.S. v. Alejandro Santos, et al.](#), CIT Slip Op. [13-154](#) (Dec. 26, 2013).

EMPLOYEE SATISFACTION

Customs employee satisfaction ranked [277th out of 300](#) federal agency ranked by the Partnership for Public Service.

FOREIGN-TRADE ZONES BOARD ACTIVITY AS OF 1/15/14		
	APPROVED	CURRENTLY AUTHORIZED
ZONES	285	268
SUBZONES	701	557
PENDING		
ZONES		3
SUBZONES		11
MISCELLANEOUS		40
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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