

BRIEFINGS

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2012 CONSIDERATIONS

As you set your business plans for 2012, consider a renewed focus on trade compliance, including:

1. review of government import/export data;
2. updating procedures to reflect current operations;
3. record access and retention;
4. training;
5. internal audit;
6. proactively addressing new business ventures; and
7. financial savings opportunities.

2012 HTSUS MODS

The U.S. International Trade Commission (ITC) has issued its final report on the modifications to the 2012 Harmonized Tariff Schedule of the United States (HTSUS). The report includes a correlation between old and new HTSUS numbers. The changes may not be implemented by the U.S. on January 1. A Presidential Proclamation and Federal Register Notice are required. USITC Pub. [4166](#) (June 2010).

BUY AMERICAN

- The 42 WTO Government Procurement Agreement (GPA) members have [agreed](#) on changes to the agreement that will lower dollar thresholds and make more than 150 additional foreign governmental entities available for bidding by U.S. suppliers of goods and services.
- The Office of the U.S. Trade Representative (USTR) has issued revised dollar thresholds for determining when products of GPA members and FTA partners can compete for U.S. government contracts. 76 Fed. Reg. [76808](#) (Dec. 8, 2011).



**SEASONS GREETINGS!
BEST WISHES FOR A HAPPY
& HEALTHY NEW YEAR!**

2012 SEMINARS & WEBINARS

The firm has announced its initial list of seminars for 2012, including:

- March 6-7 - HTSUS Classification
- April 10 - FTZ 101
- April 11 - Advanced FTZ 201
- May 1 - Import/Export 101
- May 2 - Advanced Import/Export 201

For more details on our seminars, contact [Penny Freeman](#) or visit our website.

- Our first webinar of the new year will be January 10 on FTZ Board Annual Reports. Additional webinar topics will be announced in January 2012. For more details contact [Victoria Denney](#).

JINGLE BELLS

Just in time for the holiday season, Customs has proposed re-classifying jingle bell wreaths and hanging decorations in HTS subheading 8306.10 or 8306.29 (5.8% duty rate) as bells or ornaments instead of in HTS subheading 9505.10 (Free) as festive articles. 45 Cust. B & Dec. [45](#) (Nov. 2, 2011).

ACE SIMPLIFIED ENTRY

Customs has [identified](#) nine brokers to participate in the planned test of the Automated Commercial Environment (ACE) Simplified Entry (SE) in the air environment. The Customs target date for the first SE filing is late January 2012.

I.D. - DUTY REDUX

Customs has issued immediate delivery procedures for merchandise that is released on or after December 15. These procedures allow filers to take advantage of lower duty rates that take effect on January 1, 2012 by using a 2012 entry summary date. They do not apply to absolute quota merchandise or merchandise moved under an Immediate Transportation (IT) entry. CSMS [#11-000313](#) (Dec. 15, 2011).

FTZ YEAR-END CHECKLIST

Clients are reminded of the following year-end actions:

- Renewal of Yearly Blanket CBPF 216s
- FTZ Board Annual Report
- Customs Annual Reconciliation
- FTZ Scope of Authority/ Land/ Buildings Activation Review
- Consider new FTZ savings opportunities for 2012
- Important required FTZ Manual updates

Contact Scott Taylor or Linda King with questions.

CBPF 216s

FTZ clients are encouraged to submit the CBPF 216 annual blanket activity permits as early as possible and ensure receipt of Customs-signed versions before leaving for the holidays. We are already seeing issues in some ports again this year.

MANIFEST CONFIDENTIALITY

Customs has changed its procedure to request manifest confidentiality. Requests should be forwarded to Customs as an email attachment only. Contact Brian Murphy with questions.

CUSTOMS FY 2011 REVIEW

Customs FY 2011 [review](#) indicates that it processed \$2.3 trillion in import value, a 14% increase over 2010; conducted 24,800 seizures for intellectual property rights violations, almost 5,000 more than 2010; seized more than 1.6 million prohibited plant materials, meat, and animal by-products; and, intercepted nearly 183,000 pests.

U.S.-CANADA BORDER PLAN

• On December 7, the United States and Canada [agreed](#) to details of the Beyond the Border Action Plan, including 2012-2014 target dates to achieve: (1) common data elements for advance cargo screening; (2) mutual recognition of air cargo security programs for passenger aircraft; (3) alignment of Canada's Customs Self-Assessment and the U.S. Importer Self-Assessment (ISA) programs; and (4) the movement of wood packing material inspections away from the border. Comments are due by January 9, 2012. 76 Fed. Reg. [76981](#) (Dec. 9, 2011).

• President Obama and Prime Minister Harper also [agreed](#) to details of the U.S.-Canada Regulatory Cooperation Council's Action Plan, which involves regulatory alignment on food safety, agriculture, health and personal care products, workplace chemicals, dangerous goods, auto and boat standards, environment and emissions, nanomaterials and small business needs.

EXPORT REFORM

The Bureau of Industry and Security (BIS) and the Directorate of Defense Trade Controls (DDTC) have issued Proposed Rules moving certain aircraft engines and military vehicles from the U.S. Munitions List (USML) to the Commerce Control List (CCL). The DDTC also announced that it was proposing a new USML Category XIX for gas turbine engines. Comments are due by January 20. 76 Fed Reg. [76072](#), [76085](#), [76097](#), [76100](#) (Dec. 6, 2011).

ISF PROGRESS REPORTS

Customs will no longer email Importer Security Filing (ISF) Progress Reports after the December 2011 reports. Future reports will only be made available to participants in the ACE Secure Data Portal. CSMS # [11-000288](#) (Nov. 28, 2011).

C-TPAT

• Customs and the European Union (EU) Taxation and Customs Union Directorate have [agreed](#) on mutual recognition and reciprocal benefits for the Customs–Trade Partnership Against Terrorism (C-TPAT) and the EU's Authorized Economic Operator programs. The agreement is scheduled to be signed in the Spring of 2012.

• At the December 5 Advisory Committee on Commercial Operations of Customs and Border Protection (COAC) meeting, Customs officials discussed a C-TPAT program for exporters. Customs indicated it was working with Costa Rica, Colombia, and Japan on a pilot program.

IIT RESIDUE GUIDANCE

Customs is updating Customs Automated Manifest Interface Requirements (CAMIR) and ANSI X12 Sea and Rail Interface guidelines to indicate empty container bill types that can only be used for carrier-owned/leased Instruments of International Traffic (IITs). This is a step in anticipation of enforcing the residue declaration requirement first proposed by Customs in 2009. Contact Sean Murray with questions. CSMS #[11-000304](#) (Dec. 12, 2011).

CENSUS WARNINGS

Chicago Customs has published a Pipeline about Census warning, error, and reject messages on imports. Chicago Pipeline [11-19](#) (Dec. 1, 2011).

SYRIA

The BIS has clarified the Export Administration Regulations (EAR) regarding Syria. 76 Fed. Reg. [77115](#) (Dec. 12, 2011).

GSP REFUNDS

Customs has begun to process refunds for the Generalized System of Preference (GSP) claims on entries filed between January and November 2011. CSMS #[11-000309](#) (December 12, 2011). Non-ABI filers must file claims by April 18, 2012. CSMS #[11-000310](#) (Dec. 13, 2011). Importers should be reviewing 2011 entries for potential refunds.

CUSTOMS ON AIR CARGO

The December 7 COAC meeting included a [presentation](#) by the Air Cargo Subcommittee summarizing successes of the Air Cargo Advanced Screening (ACAS) Pilot and announcing plans to make it a permanent program and possibly integrating it with ACE Simplified Entry Pilot (SE).

MORE PPG PENALTIES

Xun Wang, a former PPG Paints executive, has [settled](#) with BIS regarding the illegal diversion of EAR99 paint from China to a nuclear facility in Pakistan. As part of her plea agreement she will be placed on the denied persons list for five years and pay a \$200,000 penalty. She still faces up to five years in prison and \$250,000 in fines for criminal charges.

ORIGIN PENALTY

In [U.S. v. Inner Beauty Int'l \(USA\) Ltd.](#), the Court of International Trade (CIT) allowed a negligence penalty against the importer for misdeclaring the country of origin of garments on Customs entries. CIT Slip Op. [11-148](#) (Dec. 2, 2011).

FOREIGN-TRADE ZONES BOARD ACTIVITY AS OF 12/15/11

	APPROVED	CURRENTLY AUTHORIZED
ZONES	277	260
SUBZONES	683	534

	PENDING
ZONES	5
SUBZONES	17
MISCELLANEOUS	34

	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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