



NAFTA

- President Trump has asked Secretary of Commerce nominee Wilbur Ross to lead the Administration's effort to renegotiate NAFTA.
- The Commerce Department Advisory Committee on Supply Chain Competitiveness (ACSCC) has formed a NAFTA Working Group to identify a structure for renegotiating NAFTA.
- Although the Trump Administration has withdrawn the U.S. from the Trans-Pacific Partnership (TPP) ratification process, Treasury Secretary [Steve Mnuchin](#) recently indicated that the TPP would be a starting point for the NAFTA renegotiations.
- Clients wanting NAFTA changes or to prevent changes need to consider acting. Contact Sean Murray or Marshall Miller with questions.

PGA ACE RULES

Several agencies have issued Final Rules related to Automated Commercial Environment (ACE) implementation:

- DEA controlled substances and production equipment: 82 [Fed. Reg.](#) 8688 (Jan. 30, 2017).
- EPA vehicles and engines: 82 [Fed. Reg.](#) 8590 (Jan. 27, 2017).
- TSCA filings: 81 [Fed. Reg.](#) 94980 (Dec. 27, 2016).

The Trump Administration has issued a Directive which delays the effective date of all pending regulations to March 21, 2017.

ACE LATE FILES

Customs recently discovered that ACE may be increasing the number of late files due to a "glitch." Fines, Penalties, and Forfeitures personnel have been directed to thoroughly research before issuing liquidated damage claims. Contact Brian Murphy with questions.

2017 SEMINARS

The firm seminar schedule for 2017 is:

- March 28 & 29 - Import-Export 101 & 201
- March 30 - Advanced Export
- April 4 & 5 - FTZ 101 & 201
- September 12 & 13 - FTZ 101 & 201
- October 3 & 4 - Import-Export 101 & 201

• Seminars are offered to Miller & Company clients only. For more details contact [Loretta Bisacca](#).

FTZ ANNUAL REPORTS

FTZ clients are encouraged to very carefully review and validate the statistics in their FTZ Annual Reports, which are due March 31. Special efforts should be directed to the accuracy of calculations for domestic merchandise, value added, and "exports" -- both direct in-bond and indirect. Contact Linda King for assistance.

U.S. GOODS RETURNED

Customs has issued guidance on the documents it may request to verify duty-free claims under HTSUS 9801.00.10, following the provision's expansion to non-U.S. goods in 2016. CSMS # [17-000046](#) (Jan. 31, 2017).

FTZ BOARD

Andrew McGilvray, Executive Secretary of the Foreign-Trade Zones Board, provided updated [statistics](#) on February 14 at the NAFTAZ Legislative Seminar in Washington, DC:

- 88 Foreign-Trade Zones Board cases began in 2016 vs. 85 in 2015.
- 192 "staff" cases, which include minor boundary modifications and administrative actions, were completed in 2016; the highest-ever level of "staff" cases.
- 186 active foreign-trade zones for 2015 vs. 179 in 2014.

BORDER TAX

With a potentially huge impact on trade, tax, and even merger activity, legislation is being drafted for a border adjustment tax focused on imports. Many questions are being raised, including its negative impact on importers, whether it will benefit U.S. manufacturing and exports, whether it will violate WTO rules, and how FTZs will be treated. Representative Brady (R-Texas) has indicated that it could be introduced before the August Congressional recess.

FTZ STATUS & TRADE CHANGES

In the evolving import/export tax area, foreign-trade zones status remains a potential "safe harbor." While it is impossible to know the details of future legislation, the legal concept of foreign-trade zone status merchandise being "not within the customs territory" continues to be a positive and unique feature of the FTZ program. Contact Marshall Miller with questions.

CEEs

- Customs is providing an additional 60 days for comments on its Interim Final Rule that establishes the Centers of Excellence and Expertise (CEEs) as a permanent organizations within the agency and transitioning certain additional trade functions to them. Comments are due by March 20, 2017. 82 [Fed. Reg.](#) 8588 (Jan. 27, 2017).
- In a [response](#) to the Interim Final Rule, UPS Supply Chain Solutions has indicated that Customs should allow express couriers to participate in CEEs or create a separate CEE for express couriers.

US-UK FTA?

UK Prime Minister May and President Trump discussed a bilateral FTA at their January 27 White House meeting.

OFAC VIOLATION

The Office of Foreign Assets Control (OFAC) has fined [Aban Offshore Limited](#) \$17,500 for its Singapore subsidiary purchasing oil rig supplies from a U.S. company in the United States, knowing that they would be re-exported to Iran.

ALL SQUARE

Customs has issued a ruling on whether square precious metal bars could be classified as rectangular. Customs determined from dictionaries and mathematic and geometric texts that squares are a type of rectangle. HQ [H276755](#) (Jan. 5, 2017).

APHIS GMO PROPOSED RULE

Animal and Plant Health Inspection Service (APHIS) is proposing revisions to its regulations on importation of certain genetically engineered organisms. Comments are due by May 19. 82 [Fed. Reg.](#) 7008 (Jan. 19, 2017).

PUERTO RICO ENFORCEMENT

Customs and ICE have formed the San Juan Trade [Enforcement](#) Coordination Center to focus on civil and criminal violations involving classification, valuation, FTZs, FTAs, and broker compliance.

CONFLICT MINERALS RULE

The Securities and Exchange Commission (SEC) is reconsidering implementation of its [Conflict Minerals rule](#). At question are the effects of the rule and its unintended impacts on the legitimate mining industry. Contact Sean Murray with questions.

LIQUIDATION NOTICES

Customs has unveiled its [website](#) with official postings of liquidations, suspensions, and extensions. The searchable website only includes liquidation activity beginning in January 2017. CSMS [#17-000021](#) (Jan. 17, 2017).

HONG KONG

Effective April 19, the Bureau of Industry and Security (BIS) is requiring exporters to Hong Kong of goods controlled for national security (NS), missile technology (MT), nuclear nonproliferation (NP), or chemical and biological weapons (CB) reasons to obtain a copy of the Hong Kong import license prior to export. The new rules also apply to license exceptions such as "ENC" or "GBS" and re-exports. 82 [Fed. Reg.](#) 6216 (Jan. 19, 2017).

IPR SEIZURES

- Customs FY 2016 [statistics](#) on intellectual property rights (IPR) seizures show an overall increase and the number of seizures of express shipments exceeded regular cargo seizures.
- Customs has issued a Proposed Rule to permit it to accept donated technology, training, and support services for IPR enforcement. Comments are due by March 3. 82 [Fed. Reg.](#) 4800 (Jan. 17, 2017).

CPSC PILOT

On December 31 the Consumer Product Safety Commission (CPSC) ended its ["alpha" pilot](#), which gave filers the option to transmit PGA message set data elements or a single unique identifier referencing a registry. CPSC is now developing a "beta" pilot for 100 participants, including FTZs.

DHS

The U.S. Senate has confirmed retired Marine general, John [Kelly](#), as the Secretary of the Department of Homeland Security.

EXTRATERRITORIAL REACH

OFAC has found that [B Whale](#), a Taiwanese ocean carrier, violated U.S. sanctions on Iran when it refueled a vessel using fuel from Iran. The company is Taiwanese, but OFAC based jurisdiction on a U.S. bankruptcy filing.

ATF IMPORTS

Effective February 3, 2017, importers filing ATF information electronically through ACE are required to use the PGA Message Set. CSMS [#17-000057](#) (Feb. 3, 2017).

MILWAUKEE ELECTRIC TOOL

As a reminder that commercially-available products may require export licenses, BIS has fined [Milwaukee Electric Tool Corporation](#) \$301,000 for exporting commercial grade night vision equipment, typically available for sale at retail outlets, to Hong Kong and various Latin American locations without the required export license.

IRAN MEDICAL EQUIPMENT

On February 2, OFAC has issued an expanded [list](#) of medical equipment that requires a specific license to export to Iran.

ALUMINUM SEIZURE

Customs recently [seized](#) hundreds of shipping containers, holding aluminum pallets worth some \$25 million, as part of an investigation into alleged efforts by a Chinese aluminum magnate, Liu Zhongtian, to avoid U.S. tariffs.

SCIENTIST CONVICTED

The Justice Department reached a plea [agreement](#) with Szuhsiung Ho over his consulting with the Chinese Government and a nuclear power plant. Mr. Ho is admitting to conspiring to produce "special nuclear material" without a Department of Energy license and faces up to 10 years in prison.

FOREIGN -TRADE ZONES BOARD ACTIVITY AS OF 2/15/17		
	APPROVED	CURRENTLY AUTHORIZED
ZONES	292	274
SUBZONES	769	615
PENDING		
ZONES	3	
SUBZONES	16	
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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