

BRIEFINGS

ROUTING SLIP

MANDATORY AES UPDATE

- Census intends to publish a Final Rule on mandatory AES usage by the end of September, with 90 days for implementation, effective January 1, 2006.
- The proposed regulations will be modified extensively to reflect the many comments received.
- The current Census thinking on penalties/prior disclosures is that Census will refer all penalty issues to BIS and Customs, who will retain penalty authority for all issues they identify. The prior disclosure provisions of BIS and Customs will both be used. The two separate Customs and BIS penalty and mitigation methodologies will be used. Clients should be very concerned about the complexity and potential for significant BIS penalties.

CENSUS PARAMETERS

Companies that experience Census "warning" messages when submitting entry summary information can request a change in Census parameters for specific HTSUS subheadings utilizing a [form](#) that Customs has posted to its web site.

FTA – SWITZERLAND

The Government of Switzerland's Federal Council instructed the Federal Department of Economic Affairs to begin exploratory Free Trade Agreement talks with the United States. This would be the first Free Trade Agreement between the United States and a European country.

FIRM SEMINARS

The firm still has limited space available at the following no charge client seminars:
Sept. 14 – Current Import/Export/FTZ Developments (NAFTZ Hawaii Convention)
Dec. 7-8 – Import/Export (KC)
Contact Sarah Rogers ASAP at srogers@millerco.com for reservations. More detailed information is available on our web site.

C-TPAT UPDATE

- Many of our clients have received notice of meetings. Clients are encouraged to undertake very significant efforts to update and enhance C-TPAT filings ASAP. Customs has indicated an initial 20% validation reject rate.
- Customs has implemented its new C-TPAT [minimum-security criteria](#). For importer participants who were already members of C-TPAT as of March 25, 2005 a three phase implementation approach will be used.

CCL REVISIONS

BIS has issued a Final Rule effective July 15, 2005, to implement changes agreed to at the December 2004 Wassenaar Arrangement plenary meeting. The rule amends certain entries in Categories 1-9 of the Commerce Control List (CCL); adds Slovenia as a Wassenaar participating member; and creates or expands antiterrorism export controls for certain items controlled in Category 6A. 70 Fed. Reg. [41093](#) (July 15, 2005).

REMINDER ALERT FTZ EXPORTS TO MEXICO/CANADA

Merchandise manufactured in an FTZ and subsequently exported to Mexico/Canada requires the filing of a NAFTA Duty Deferral "08" entry. However, in 2002, Customs, Census, and the NAFTA signed an Agreement authorizing the inclusion of this merchandise on an "06" entry. Under the terms of this Agreement, in order for Census to compile accurate statistics and avoid double counting on product exported to Mexico that is declared on the "06" Customs entry, the export information must be filed through AES and each line of the entry must be designated with a special "ZD" code. Clients should confirm that their entries are being properly submitted.

WCO SECURITY

The Framework of Standards to Secure and Facilitate Global Trade was [adopted](#) by the WCO on June 23. It was patterned after the U.S. C-TPAT and CSI and creates an environment for the necessary Customs administration global capacity building.

FTA – TPA IMPACT

The USITC has issued a Report on the impact of Trade Agreements implemented under Trade Promotion Authority (TPA). USITC Pub. No. [3780](#) (June 2005).

NAFTA

- Revised rules of origin under NAFTA became effective June 15, 2005 for several categories of products from Mexico, including tea and spices, carrageenan, seasonings, precious metals, speed drive controllers and related circuit assemblies, household appliances, loudspeakers, certain machinery parts, thermostats, and toys. The rules were effective on January 1, 2005 for such goods from Canada. 70 Fed. Reg. [37146](#) (June 28, 2005).
- Customs has issued a Final Rule interpreting the NAFTA definition of "production" to include disassembly operations, and to clarify that components recovered from the disassembly of used goods in a NAFTA country are originating if they meet the applicable NAFTA Rule of Origin. 70 Fed. Reg. [37669](#) (June 30, 2005).
- The International Trade Commission (ITC) has requested public comments by August 3, 2005 on potential modifications to the rules of origin under NAFTA affecting 17 different categories of goods, ranging from cocoa and cranberry juice to various metals, TVs, feathers, artificial flowers, and articles of human hair. Clients are encouraged to consider the potential impact and opportunity for process changes. 70 Fed. Reg. [36657](#) (June 24, 2005).

UPDATED AES HTS LIST

Census has posted to its web site a revised [list](#) of HTSUS classifications that are invalid for use in the Automated Export System (AES). Exports of these 182 HTSUS items must be reported using the associated Schedule B number.

ADVANCE CARGO PENALTIES

Customs has issued [guidelines](#) relating to penalties and damages incurred by sea, air, and rail carriers that fail to comply with advance electronic cargo information timing and format requirements or for providing inaccurate or invalid information.

GAO CRITIQUES C-TPAT/CSI

The Government Accountability Office (GAO) has issued a C-TPAT [report](#) and a CSI [report](#) that identify significant program shortcomings.

ITAR AMENDMENTS

The State Department has issued a Final Rule amending the International Traffic in Arms Regulations (ITAR) to: (1) clarify the general policies concerning defense articles, services, and data that require an export license to Canada; and (2) add a new provision that establishes an expedited licensing process for exports of ITAR items to the United Kingdom and Australia. 70 Fed. Reg. [39919](#) (July 12, 2005).

ACE

- Customs has posted a [fact sheet](#) on the Automated Commercial Environment (ACE), ACE benefits, ACE progress, and the introduction of periodic payments dated June 30, 2005, to its web site.
- Customs has announced the creation of a new ACE Portal Support Center to answer questions regarding ACE functionality for all ACE accounts and users effective June 27, 2005. ADM [05-0718](#) (June 28, 2005).
- Customs has posted to its web site new "[Trade Engagement Biweekly Reports](#)" summarizing topics discussed during workshops held to develop the business requirements for ACE Release 5.

HTSUS UPDATE

The U.S. International Trade Commission has posted an [updated version](#) of the 2005 Harmonized Tariff Schedule of the United States (HTSUS) to its web site.

STEEL IMPORTS

The ITC has revised its schedule of hearings, briefs, and submissions for the investigation of the effectiveness of steel import relief. 70 Fed. Reg. [39789](#) (July 11, 2005).

GSP DUTY-FREE MODS

On June 29, President Bush issued Proclamation 7912, modifying duty-free treatment under the Generalized System of Preferences (GSP) and certain rules of origin under NAFTA. 70 Fed. Reg. [37959](#) (June 30, 2005).

FTA – MOROCCO

The U.S.-Morocco FTA is expected to be officially implemented on January 1, 2006.

TEXTILE VISAS TERMINATED

As of July 1, the U.S. terminated the requirements for visas, exempt certifications, quota reporting, ELVIS transmissions, and staged entry for goods that are subject to the WTO Agreement on textiles that were exported prior to January 1, 2005. 70 Fed. Reg. [38659](#) (July 5, 2005).

CUSTOMS BROKER EXAM

The next Customs broker license exam will be held October 3, 2005. The application and exam fee are due no later than September 3, 2005. Previous exams and answers are [posted](#) for review.

GSP REVIEW RESULTS

The 2004 GSP Annual Product, *De Minimis* Waiver, Redesignation, and Competitive Need Limitation Reviews results have been published. 70 Fed. Reg. [39843](#) (July 11, 2005).

TEXTILE COSTUMES

Customs has issued a new informed compliance publication dated June 2005 that provides information on the classification of [textile costumes](#).

FOREIGN-TRADE ZONES BOARD ACTIVITY AS OF 7/15/05		
	<u>APPROVED</u>	<u>CURRENTLY AUTHORIZED</u>
ZONES	262	249
SUBZONES	564	495
<u>PENDING</u>		
ZONES	6	
SUBZONES	16	
MISCELLANEOUS	32	
<u>AVERAGE PROCESSING TIME (MONTHS)</u>		
ZONES	7	
SUBZONES	10	