

BRIEFINGS

ROUTING SLIP

FORD CASES

The CIT has issued two very significant cases involving Ford Motor Company. Ford was found negligent in one and grossly negligent in the second for failures to properly declare values and value adjustments to Customs. Approximately \$20 million in penalties plus interest were assessed. Most importantly for clients, the Court found Ford did not correctly indicate the conditional nature of values at the time of entry, did not timely file post-entry value adjustments, and did not satisfy the requirements for prior disclosure. Please contact Sean Murray for detailed explanation of these cases. Slip Op. [05-86](#) (July 20, 2005). Slip Op. [05-87](#) (July 21, 2005).

C-TPAT APPLICATIONS

- Customs has updated their online [C-TPAT instructions](#) indicating that they will not accept paper membership applications postmarked after July 15, 2005.
- DHS has posted an unclassified summary of its audit of the [Automated Targeting System](#) (ATS). The audit found the overseas segment of the supply chain most challenging, and recommends ATS processes and targeting rules be refined.

WOOD PACKAGING RULES

Customs has [posted](#) its enforcement of new import regulations for wood packaging material (WPM) effective Sept. 16 and a series of frequently asked questions ([FAQ](#)). 69 Fed. Reg. [55719](#) (Sept. 16, 2004).

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.

IMPORT LEGISLATION

The House Ways and Means Subcommittee on Trade is [requesting](#) comments on the Miscellaneous Duty Suspension and Technical Corrections Bills. Included in the list of 700 bills is an amendment to the marking of imported furniture, temporary duty suspension on certain footwear, and a bill to provide for re-liquidation of entries for candles. Comments are due by Sept. 2, 2005.

FTA – DR-CAFTA

President Bush signed the [implementing legislation](#) for DR-CAFTA on August 2, 2005 after the House of Representatives passed the legislation by a 217-215 margin on July 28, 2005. The implementation date is scheduled for January 1, 2006, but ratification for Costa Rica, the Dominican Republic, and Nicaragua also must be secured. To obtain the votes necessary to gain passage, the Administration reportedly pledged to address House members' concerns regarding trade with China.

POE/USER-FEE AIRPORTS

- Customs has proposed a new port-of-entry at the New River Valley, Virginia airport which currently operates as a user-fee airport. Comments are due by September 6, 2005. 70 Fed. Reg. [38637](#) (July 5, 2005).
- Customs has proposed a new port-of-entry at Tri-Cities Regional Airport, Tennessee which currently operates as a user-fee airport. Comments are due by September 27, 2005. 70 Fed. Reg. [43808](#) (July 29, 2005).
- The firm has assisted communities and firms in structuring a number of Customs user-fee airports, which involve the payment of fees to Customs for maintaining a Customs presence at the site for local companies to conduct import business.

DOHA NAMA TALKS FAIL

WTO negotiators recently failed to make headway on agriculture and non-agriculture market access (NAMA) issues dimming hopes for a successful Hong Kong Ministerial in Dec.

ITAR/FREIGHT FORWARDERS

The Directorate of Defense Trade Controls (DDTC) is adopting a policy prohibiting freight forwarders from acting as exporters in "routed export transactions" involving articles regulated under the International Traffic in Arms Regulations (ITAR). Specific details are lacking, but DDTC will publish an official announcement on the policy "this week."

INFORMED COMPLIANCE

- A revised [list](#) of informed compliance publications has been issued by U.S. Customs and Border Protection to include new publications on textiles in the African Growth and Opportunity Act, textile costumes, and several other topics.
- Customs has issued a new Informed Compliance Publication (ICP) entitled "[Personal Digital Assistants \(PDAs\) and Electronic Organizers](#)," dated August 2005.

FTZ SIGNS

LA Customs has issued a Public Bulletin that, effective Sept. 5, 2005, all bonded entities regulated by Customs which includes foreign-trade zones, bonded warehouses, container freight stations, and others, to modify all public signs that display the words "U.S. Customs Service" to reflect the new organization name "U.S. Customs and Border Protection." Clients are reminded that the full text accuracy should be confirmed. LAX Public Bulletin [05-024](#) (July 6, 2005).

PNSI UPDATE

FDA has [announced](#) new and updated versions of the Prior Notice System Interface (PNSI), including new data requirements, improved user interface, as well as correction of several defects.

CHINA-ASEAN FTA

The implementation of the China-ASEAN Free Trade Agreement, which includes Indonesia, Thailand, Brunei, Malaysia, the Philippines, and Singapore, has begun to impact trade between these countries. As of July 20th, 90% of all goods traded between these countries had duties reduced to 5% or lower; with the target of duty rates to zero by 2010.

PILOT BOND GUIDANCE

Customs has posted a [guidance document](#) on its web site regarding the Pilot Bond Centralization Program and discussing policies and procedures, as well as general information on the program.

CHINA/LEGISLATION/ACTION

- The House passed [HR 3100](#) on July 19, 2005 providing for restrictions on exports of U.S. military and dual-use items to Europe and other countries that have sold arms to China since Jan. 1, 2005.
- The House passed [H.R. 3283](#) on July 27, 2005 authorizing the application of U.S. countervailing duty law to non-market economies such as China. The legislation also amends the definition of countervailing duty to allow flexibility in calculating the amount of a subsidy benefit from China.
- The Office of U.S. Trade Representative (USTR) has decided to negotiate a broad textile agreement with the Chinese government. Talks will begin August 16-17 in San Francisco.

RECENT EXPORT PENALTIES

- Elan Pharmaceuticals-\$31,000 civil penalty for 8 violations of export licensing requirements. BIS explicitly stated that it considered Elan's voluntary self disclosure to be a substantial mitigating factor.
- Valtex-\$250,000 criminal fine and 5-year probation, a \$77,000 civil fine and 5-year denial of export privileges for attempting to export polyimide film to China. Vladimir Alexanyan received \$12,000 criminal fine and 3-year probation, an \$88,000 civil fine and 5-year denial of export privileges, and is barred from engaging in all international business for 3 years.
- BJ Services-\$142,450 to settle charges of 13 unlicensed exports of chemicals controlled for chemical weapons reasons, knowing violations, and filing false submissions.
- ExxonMobil-\$49,500 to settle charges that affiliates made unlicensed reexports of computers and hardware to another affiliate in Sudan.
- Lufthansa German Airlines-\$18,000 to settle charges of aiding and abetting unlicensed exports to an Indian Government agency on BIS' Entity List.

ACE UPDATE

- Customs has posted to its web site changes to AESTIR Appendix V, which lists the HTS numbers that cannot be reported in AES.
- Customs has published a *Federal Register* Notice extending the time of deposit of estimated duties and fees on a periodic monthly statement from the 15th calendar day to the 15th working day of the month following the month in which the goods were either entered or released. 70 Fed. Reg. [45736](#) (Aug. 8, 2005).

CHINA SAFEGUARDS

- The Committee on Textile Agreements (CITA) has [posted](#) on its web site Census data for China-origin textile and apparel, including those that are subject to safeguard proceedings. The list includes the estimated 4-month prorated safeguard quantity if the safeguard is implemented from August through December 31, 2005.
- Customs has [published](#) entry procedures for safeguard excess shipments for cotton trousers from China (categories 347 and 348) as outlined in the *Federal Register* on April 26, 2005. 70 Fed. Reg. [21399](#) (April 26, 2005).

BONDS — AD/CVD CASES

Customs has issued [revised guidelines](#) on setting bond amounts for merchandise subject to antidumping or countervailing duties, intended to better reflect the duty risk associated with entries of such merchandise and increase the amount of security required as necessary.

FOREIGN-TRADE ZONES BOARD ACTIVITY AS OF 8/15/04		
	APPROVED	CURRENTLY AUTHORIZED
ZONES	263	250
SUBZONES	567	496
PENDING		
ZONES	5	
SUBZONES	16	
MISCELLANEOUS	31	
AVERAGE PROCESSING TIME (MONTHS)		
ZONES	7	
SUBZONES	10	