

BRIEFINGS

ROUTING SLIP

INTERNATIONAL TRADE BILL

The Customs and Trade Facilitation Reauthorization Act of 2006 ([S.3658](#)), introduced by Senators Grassley and Baucus, should be carefully reviewed by all importers/exporters as it would significantly restructure many aspects of trade law, with key changes concerning CSI, requiring one government ITDS to collect mandatory import/export clearance documents, cargo targeting, and increasing Customs staffing at all U.S. Ports and Headquarters, including import specialists. Staffing would be increased at the Treasury Office of Tax, Trade & Tariff Policy to at least five persons. Customs duty drawback would be totally changed, including requiring the filing of drawback claims within 5 years of the date of importation, changing substitution drawback to be determined on the eight digit HTS level, and requiring electronic drawback claims. It would establish and specially fund a "Customs Industry Partnership Program" (CIPP), combining elements of C-TPAT and ISA. Besides trade security, data and IOR accuracy, bond sufficiency, and trade compliance would be required.

AES HTS/SCHEDULE B LIST

Census has posted an updated [list](#) of 213 HTSUS classifications that are invalid for use in the Automated Export System (AES). Exports of these items must be reported using the associated Schedule B number.

FIRM TRAINING SEMINARS

- FTZ/General at NAFTA Convention – Sept. 19
 - FTZ Training – Oct. 24-25
 - Import/Export – Dec. 5-6
- More information is on our [web site](#). Make reservations now as seating is limited.

C-TPAT DEADLINE

Clients in C-TPAT are reminded that October 1 is the deadline for the mandatory submission of Supply Chain Security Profile data. Contact Mike Utchell for details.

COAC MEMBERSHIP

Customs has issued a Notice, and correction requesting applications from individuals who are interested in being appointed to serve on the Departmental Advisory Committee on Commercial Operations of Customs and Border Protection and Related Homeland Security Functions ([COAC](#)). Interested parties must submit their information by Sept. 15. 71 Fed. Reg. [40528](#) (July 17, 2006); 71 Fed. Reg. [46919](#) (Aug. 15, 2006).

EXPORTS TO CHINA

Industry reaction to the BIS July 6, 2006 proposed rule (71 Fed. Reg. [38313](#)) on exports to China has been negative. BIS will be holding open meetings in Boston, Chicago, Houston, and La Jolla during the month of August to discuss the proposed rule. The meeting schedule, times, and locations are provided in the Notice. 71 Fed. Reg. [44943](#) (Aug. 8, 2006).

DOHA NEGOTIATIONS

Doha Round negotiations collapsed on July 24th. Much of the difficulty stemmed from a lack of progress in market access and domestic support. Expect a renewed effort in the Fall as FTA's rapidly expand globally.

FORD AND ISA

Ford has filed a Complaint for Declaratory and Injunctive Relief, seeking production of Customs records and admission into the Customs Importer Self-Assessment (ISA) program. Interestingly enough, the allegations in the Complaint raise serious concerns about the viability of both the Customs audit and ISA programs. Compl. of Pl., [Ford Motor Co. v. U.S.](#), E.D. Mich. Case 2:06-cv-13346.

EAR PENALTIES INCREASED

The Bureau of Industry and Security (BIS) has amended the civil and monetary penalty provisions of the Export Administration Regulations (EAR) to clarify that BIS' penalty authority derives from, among other statutes, the USA PATRIOT Act, under which BIS may assess penalties of up to \$50,000 per violation. The previous per-penalty maximum was \$11,000 under the International Emergency Economic Powers Act (IEEPA). 71 Fed. Reg. [44189](#) (Aug. 4, 2006).

2007 HTS MODIFICATIONS

Clients are reminded to carefully review the proposed modifications to the 2007 HTSUS.

WTO – CHINA COMPLIANCE

A public hearing will be held and public comments are requested to assist the USTR to prepare its annual report to Congress on China's compliance with commitments made in its accession to the World Trade Organization (WTO). Written comments are due September 18, 2006 and the hearing will be held on September 28, 2006. 71 Fed. Reg. [42886](#) (July 28, 2006).

MTCR ANNEX REVISIONS

The Bureau of Industry and Security (BIS) has issued a final rule that amends the Export Administration Regulations (EAR) Missile Technology Control Regime (MTCR) Annex. The final rule implements amendments agreed to by MTCR members in September 2005, and also makes one additional missile technology (MT) controlled item eligible for certain license exceptions. 71 Fed. Reg. [43043](#) (July 31, 2006).

FOREIGN TRADE BARRIERS

The USTR has requested public comments on significant barriers to U.S. exports of goods, services and overseas direct investment for inclusion in the National Trade Estimates Report on Foreign Trade Barriers. Comments are due by November 8, 2006. 71 Fed. Reg. [46525](#) (Aug. 14, 2006).

FAST-TRACK EXTENSION

Fast track negotiating authority is scheduled to expire mid-2007. The law ensures that trade bills are considered by Congress without amendment. Due to the mid-term elections in 2006, legislation will probably not be introduced for its renewal until 2007.

CANADIAN DRUG IMPORTS

Customs recently began seizing individual mail orders of pharmaceuticals from Canadian companies, a change from Customs previous practice, which has prompted legislators in both Houses of Congress to propose legislation barring Customs from such action.

FTA UPDATE

- Customs recently updated its [presentation](#) on tariff shift rules under FTAs with respect to textile and apparel products.
- A recent round of negotiations between the United States and South Korea concluded without agreement because of disputes in sensitive areas. A third round of talks is scheduled for September 4, 2006.
- The USTR is requesting comments on the impact of the U.S.-Singapore FTA on domestic producers and workers for accelerating planned duty reductions on nutritionals, peanuts, and polycarbonates, as well as the rule of origin for photocopiers from Singapore. Comments are due by September 15, 2006. 71 Fed. Reg. [46250](#) (Aug. 11, 2006).
- President Bush has issued [Proclamation 8039](#) implementing the U.S.-Bahrain FTA effective August 1, 2006. Customs has [issued](#) instructions for goods entered or withdrawn from warehouse for consumption on or after August 1, 2006 that qualify for FTA treatment.
- Congress continues to consider Oman and Peru FTA's.

ORIGIN STANDARD CHANGE

A Notice of Proposed Rulemaking in order to implement a fundamental change in country of origin requirements is still under review by the Treasury Department. A Notice is expected soon.

MEDICINAL NITROGLYCERIN

BIS has deleted a reference from the [Alphabetical Index to the Commerce Control List](#) (CCL) to "Nitroglycerin" in Export Control Classification Number (ECCN) 1C018.c and added a new reference to "Nitroglycerin (in medicinal form)" in ECCN 1C992.I. Both ECCNs cover explosives, and the correct export classification of medicinal nitroglycerin is not clear from the terms of the ECCNs. However, while the Alphabetical Index is not legally binding, it is given deference.

AUTOMATION UPDATES

- Customs has [announced](#) that 30 ports are now accepting the electronic CBPF 214 in lieu of the paper copy of the foreign-trade zone admission document.
- Customs has announced that the next cluster of ports to be deployed for transmission of automated truck manifest data for truck carrier accounts will be in the state of New York. 71 Fed. Reg. [42103](#) (July 25, 2006).

DFARS EXPORT CONTROLS

The Department of Defense has issued a revised proposed rule to add export control terms to the Defense Federal Acquisition Regulation Supplement (DFARS), requiring contracting officers to review transactions for export control issues and to include terms and conditions in solicitations and contracts regarding export controls. Written comments are due October 13, 2006. 71 Fed. Reg. [46434](#) (Aug. 14, 2006).

TIBS

The Port of Chicago has issued a pipeline regarding interim procedures for export document requirements for temporary importation bonds (TIB). The pipeline reaffirms the proof of export documents and signatures that are acceptable to Customs for TIB closure.

ATPDEA IMPLEMENTATION

Customs has issued its final rule implementing the Andean Trade Promotion and Drug Eradication Act (ATPDEA), which provides duty-free and quota-free treatment for many kinds of goods from qualifying Andean countries. 71 Fed. Reg. [44564](#) (Aug. 7, 2006).

FOREIGN-TRADE ZONES BOARD ACTIVITY AS OF 8/15/06		
	APPROVED	CURRENTLY AUTHORIZED
ZONES	269	255
SUBZONES	586	486
	PENDING	
ZONES	2	
SUBZONES	13	
MISCELLANEOUS	28	
	AVERAGE PROCESSING TIME (MONTHS)	
ZONES	8	
SUBZONES	8	