

News In Brief

West Coast Ports Labor Contract Renewal

The newly negotiated contract has been informally well received by the members of the ILWU, a vote by mail should be concluded on May 24, unless one of the seaports has specific objections. In this case the formal vote will be further delayed until the beginning of June. Actions by Teamsters against certain truckers may continue, and delays may be experienced at certain piers.

On the topic of port delays, the Wall Street Journal published on April 29 a good article on this matter: it may be informative for our clients to review it. The article covers subjects which we have addressed numerous times.

A Process Reform for Miscellaneous Tariff Bill Introduced

On April 16, a group of Senators lead by Sen. Rob Portman introduced legislation to reform the process for developing miscellaneous tariff duty reductions. It is anticipated that it will be added as an amendment to the Customs Reauthorization Bill. This process change will help remove earmark opposition to the Miscellaneous Trade Bill (MTB) program. In addressing this bill of reform it is hopeful that Congress can also take action on the earlier introduced MTB legislation, the Temporary Duty Suspension Program Act (S.998)

The following Memo to Clients briefly summarizes the actions which the US Congress intends to take. Most of these provisions have languished in the US Congress for years: we sincerely hope that any action will be conducted timely and effectively to clear up the backlog and allow all parties involved to implement any procedure which benefits their business.

We urge our clients interested in any provision of the proposed legislation affecting their business to contact, at the appropriate time, their elected Representatives in Washington and urge them to complete their duties.

Keep an eye on any Free Trade Agreements when they are formally introduced.

Since the establishment of our company in 1961, we have dedicated much time and effort to keep our clients informed on important issues concerning international trade, and we intend to continue to do so.

Enrico Salvo,

Director of Client Services

The following articles were written by Daniel Meylor, Customs Administration Manager

Customs Reauthorization and Trade Promotion Authority

The Senate Finance Committee and the House Ways and Means Committee have marked up and approved their respective trade packages last week for presentation to the floors. The Customs Re-Authorization Bill has some differences that we hope will be worked out in conference between the two Houses. Trade Promotion Authority is expected to receive numerous offers of amendments during the Senate debate. The House is not expected to take up its trade legislation until after it returns on May 11 from a one-week district work period/recess.

GSP and AGOA Renewal is Moving Forward Too

In addition to legislation granting the President Trade Promotion Authority (TPA), Congressional trade leaders have also introduced separate legislation to renew the African Growth and Opportunity Act (AGOA), the Generalized System of Preferences (GSP), and programs that provide tariff benefits to Haiti. Here are the details that we have so far:

- GSP would be extended through December 31, 2017. The bill would also reimburse U.S. companies that paid duties on imports under the program since it expired July 31, 2013. GSP provides tariff elimination on about 5,000 products from 126 countries. The bill instructs U.S. Customs and Border Protection (CBP) to liquidate or re-liquidate entries of qualifying goods upon request of the importer.
- AGOA would be extended for 10 years. The program allows eligible Sub-Saharan African countries to export a wide range of items duty free to the U.S. The bill would also allow the eligible African countries to get tariff benefits on apparel that uses fabric from China and other non-African countries.
- The Hemispheric Opportunity through Partnership Encouragement (HOPE) Act and the Haiti Economic Lift Program would be extended through Sept. 30, 2025. Those programs were mainly aimed at helping Haiti's textile and apparel industry by reducing tariffs and were enhanced following the country's devastating 2010 earthquake

The House of Representatives has had a corresponding bill also introduced. HR 1891 has the very same language as S. 1009. The text of Senate bill S. 1009 can be found at: <https://www.congress.gov/114/bills/s1009/BILLS-114s1009is.pdf>

Industry Groups Ask FMC for Action on Demurrage and Detention Fees

94 groups and associations representing shippers, importers, customs brokers, and forwarders have signed a joint letter to the Federal Maritime Commission (FMC) to take action on charges on demurrage and detention they believe were unfair. This follows the release of the FMC's report on demurrage and detention fees. While the report provides a good foundation for review of the policies, many cargo owners believe that the FMC has enough information to start to plan for action.

The letter tells the FMC that Beneficial Cargo Owners (BCO's) and their motor carriers are frustrated by the fact that they are being charged demurrage and detention when port factors beyond their control make it impossible for them to pick up and return containers on a timely basis. The groups state that charging these fees under the congestion circumstances represent unfair and unreasonable practices which may violate the Shipping Act.

While commending the FMC's Office of Consumer Affairs and Dispute Resolution (CADRS) for its assistance to help importers, exporters, and motor carriers on individual situations, the groups say that more needs to be done so that the Marine Terminal Operators and Vessel Operating Ocean Carriers discontinue the practice of assessing fees for BCO's and motor carriers not being able to pick up cargo or return of empty containers within free time when the terminals do not have the containers available for pick or refuse the return of containers when they cannot accept them. Copy of the letter can be found at:

http://www.usfashionindustry.com/pdf_files/Multi-Association-Letter-to-FMC-042715.pdf

Trek Case Moves to the Supreme Court

The Trek leather Case, a controversial case on the liability of compliance and corporate officers for their employer's Customs violation, will go to the Supreme Court to decide whether it will hear the appeal. Harich Shadapuri, the owner of Trek Leather, was found personally liable for penalties under 19 USC 1952(a)(1)(A); for violations for failure to declare assists by the incorporated company. Trek Leather was the importer of record for the entries for the shipments and not Mr. Shadapuri. The American Association of Exporters and Importers had (AAEI) filed a brief stating that subjecting corporate employees to liability would cause upheaval in the importing community. The decision by the Supreme Court on whether to consider this case is expected by the end of June

Pre-Clearances at the U.S. - Mexico Border Clear a Major Hurdle

Both U.S. and Mexican Customs officials have been planning to develop a pre-clearance facility in Tijuana to help speed up the movement of imports. With the vote of the Mexico's Chamber of Deputies to approve changes in the country's firearm laws, the change will allow U.S. Customs officers to work in Mexico while carrying their firearms.

The two countries plan to set up a pre-clearance station for both Mexican and U.S. Customs officers to work together under one roof. The joint inspections would be launched under a six month voluntary pilot program. It will first be limited to high volume and then look at risk fruits and vegetable. Plans are for the program to begin in about four months. This will be the first pre-clearance program in Mexico and hopefully after the pilot has been established there will be discussions for a similar program at the Laredo International Airport for auto, electronic, and aerospace parts going into Mexico.