

News In Brief

FDA Issues FRN for Comments on Proposed Voluntary Qualified Importer

The U.S. Food and Drug Administration (FDA) has issued a Federal Register Notice (FRN) to announce its draft for a Voluntary Qualified Importer Program (VQIP). The FRN gives an outline of the program and information on where to get the full draft of the proposed program. It explains the fees and potential benefits for importers to participate in this program. The FRN also asks for comments before FDA completes the finalized guidance document. The FRN can be found at: <http://www.gpo.gov/fdsys/pkg/FR-2015-06-05/pdf/2015-13706.pdf>

A more detailed explanation of the Qualified Voluntary Importer Program can be found on FDA's website at: <http://www.fda.gov/food/guidanceregulation/guidancedocumentsregulatoryinformation/ucm448728.htm>

The Trade Legislation is Moving!

Last week the U.S. Congress finally approved several pieces of legislation needed for the orderly continuation of trade programs between the U.S. and other countries. Details of the legislation are part of this memo.

The action of the U.S. Congress and the Obama Administration prevented economic disengagement of the U.S. from the rest of the world. The U.S. will hopefully retain a position of leadership in global economic matters.

The following articles were written by Daniel Meylor

GSP has Been Renewed and AGOA and Hope for Haiti have Been Extended

Congress passed the Trade Preferences Extension ACT on June 25, 2015 and sent it to President Obama for signature who signed the bill into law on June 29, 2015. The bill extends the provisions for trade benefits of the African Growth and Opportunity Act (AGOA) and the Hope for Haiti. Most importantly it has extended the Generalized System of Preferences (GSP) retroactively from August 1, 2013 to December 31 of 2017.

Refunds will be granted on liquidated and unliquidated entries. However, Congress specifically did not allow interest on those duties deposited for GSP qualifying merchandise. The law will require a request for any GSP refund. U.S. Customs and Border Protection (CBP) has allowed entries for GSP qualifying merchandise to be transmitted with the "A" special preference indicator (SPI) on the entry along with the duty payments. CBP has indicated that they will consider the transmission of the "A" SPI a request for the refund as required by the bill. For the shipments of goods that were entered without the SBI, because at the time importers were not sure if the goods qualified for GSP, importers can

declare for the duty free preference with written request supported by the information on the goods that they do qualify for duty free treatment.

The renewal will go into effect 30 days after the president signed it into law. All requests for refunds must be filed within 180 days of the effective date, but no claims can be accepted prior to the effective date. We are expecting written instructions from CBP confirming the above shortly have the bill has been signed

Additional HST Numbers for Luggage Added to GSP Preferences

There are two additional paragraphs in the Trade Preferences Extension Act that give the president authority to add certain luggage classifications for GSP preferences:

Articles classifiable under subheading 4202.11.00, 4202.12.40, 4202.21.60, 4202.21.90, 4202.22.15, 4202.22.45, 4202.31.60, 4202.32.40, 4202.32.80, 4202.92.15, 4202.92.20, 4202.92.45, or 4202.99.90 of the Harmonized Tariff Schedule of the United States may be added by the president.

Articles classifiable under statistical reporting number 4202.12.2020, 4202.12.2050, 4202.12.8030, 4202.12.8070, 4202.22.8050, 4202.32.9550, 4202.32.9560, 4202.91.0030, 4202.91.0090, 4202.92.3020, 4202.92.3031, 4202.92.3091, 4202.92.9026, or 4202.92.9060 of the Harmonized Tariff Schedule of the United States, as such statistical reporting numbers are in effect on the date of the enactment of the Act.

A copy of the Trade Preferences Extension Act can be found at: <https://www.congress.gov/114/bills/hr1295/BILLS-114hr1295enr.pdf>

Marine Cargo. Is it Really Moving Faster Off the Docks?

Marine Terminals in major seaports of the U.S. Pacific Coast particularly in Los Angeles/Long Beach have returned to regular working hours. The cargo started to move faster, however the desired increase in productivity has not yet materialized and the needed increase in efficiency has not yet been implemented. Consequently, slow deliveries will continue.

How Will We Track and Apply for GSP Refunds?

Carmichael will run a report in the next few weeks for a list of any customers that had an entry with the "A" SPI from August 1, 2013 to the date of enactment on July 28, 2015. From that report we will produce an individual report for each customer on that list with information of the entries that were filed declaring the GSP preference while still paying duty. These entries should liquidate or re-liquidate automatically with refunds. However, CBP will not be able to immediately process all the refunds at one time since there are so many entries involved. CBP will process refunds for entries in blocks of entry. The Carmichael report will help our customers to track the refunds. If the refunds are not received within a certain amount of time, we will assume that those entries fell between the tracks and written requests will have to be submitted. For those entries where GFSP status was not claimed at the time of entry, importers will still be able to file a request for GSP and the duty refunds

Trade Promotion Authority Approved by Congress

Congress has also passed Trade Promotion Authority which will give the president's administration more flexibility in negotiating trade treaties. This law has included congressional transparency that will allow any member of congress to request updates on any treaty negotiations. However, once a treaty has been signed it will allow congress to have an up or down vote with no amendments allowed. This provision will allow our trading parties to rely on the fact that the treaties they agree to will not be subject congressional changes which would be cause for new negotiations. Congress still keeps the authority to refuse a trade agreement, but only in its entirety. This is an important part of the separation of powers under the U.S. Constitution.

Negotiations on TPP can now Move Forward

Now that Trade Promotion Authority (TPA) has been signed by the president into law, we hope to expect much more progress on the Trans Pacific Partnership (TPP). TPP is a new trade agreement that the United States is in negotiation with including eleven other countries on the Pacific Rim. The twelve Asia-Pacific nations that are currently part of the negotiations are Australia, Brunei, Darussalam, Canada, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, United States and Vietnam. The Office of the United States Trade Representative (USTR) is working very hard on the completion of this wide reaching and very comprehensive trade agreement. The USTR has a TPP Issue by Issue Information Center on its website that can be found at:

<https://ustr.gov/trade-agreements/free-trade-agreements/trans-pacific-partnership/tpp-issue-issue-negotiating-objectives>

Update on TTIP (Transatlantic Trade and Investment Partnership)

The negotiations with 21 European countries are continuing and the conclusion of such negotiations is not in sight yet. The variety of countries involved and the complexities of some issues are a real hurdle.

These two free trade agreements, when fully negotiated and signed, will among other things reduce or eliminate the amount of customs duties to be paid.

Have a great Independence Day!



By Enrico Salvo, Director Client Services (Ret)