

The following articles were written by Daniel Meylor

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Important Notice to Importers for Year End

While the Code of Federal Regulations (CFR 19) Section 111.29 (b) mandates that a broker will provide once a year of the below written notification, at Carmichael we send it out twice a year:

If you are the importer of record, payment to the broker will not relieve you of liability for Customs charges (duties, taxes, or other debts owed Customs) in the event the charges are not paid by the broker.

Therefore, if you pay by check, Customs charges may be paid with a separate check payable to "Customs and Border Protection" which will be delivered to Customs by the broker.

The payment of Customs duties or fees can also be accomplished by opening an Automated Clearing House (ACH) account with an authorized bank (details available upon request). The account must be timely funded, as Customs will access it directly.

Duty statements are provided by CIS to all clients using the ACH method of payment at least three days before the duties and taxes are due.

The Periodic Payment program allows for one month's entries to be paid by the 15th working day of the following month. Payment by ACH is required for Periodic Payment participation.

Congress Finishes Conference Agreement on Customs Reauthorization Bill

Senate and House conferees have finished the conference work on the customs reauthorization legislation, tying together the concepts from both the Senate and the House proposed Customs bills. Some of its highlights are:

- Corrections to Re-liquidation Deadlines
Past legislation allowed U.S. Customs and Border Protection (CBP) to re-liquidate an entry 90 days after the posting of the initial liquidation notice. This allowed CBP to correct an entry that was "deemed liquidated" at any time by posting the liquidation date and then making corrections up to 90 days later. This left many entries subject to arbitrary changes at any time. The proposed legislation will only allow CBP to re-liquidate an entry on its own, 90 days from the actual liquidation.
- Enforce Act Deadlines
Whenever any allegations of duty evasion that are submitted, CBP must begin its investigations within 15 days and should complete them within 300 days. The bill did not include some important opt out provisions.
- De Minimis Exemption Increased
The bill increases the de minimis exemption for entry (commonly called the Section 321 provision) from \$200.00 to \$800.00.
- Customs Broker Importer ID Requirements
The conference bill permits CBP to issue regulations that will require customs brokers to collect the identity of importers and to maintain the records to substantiate a person's identity, including the name address and other identifying information. Brokers could be subject to a \$10,000.00 penalty and/or possible. . .

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license suspension or revocation for failure to keeping the records.

- Use of Trade Data for Commercial Enforcement

The bill reaffirms past legislation that security enforcement data that is collected shall not be used for commercial enforcement purposes.

- Sets Priority Trade Issues

The bill includes instructions that the CBP Commissioner will establish the following Trade Priority Issues: 1) Agriculture programs 2) Antidumping and countervailing duties 3) Import Safety 4) Intellectual Property Rights 5) Revenue.

There are several more issues included in this large (384 page) document. We will report on many of them over the next month.

China Has Approved the COSCO-China Shipping Merger

China's state owned Assets Supervision and Administration Commission has approved the merger of the COSCO and Shina Shipping Group. The two lines will consolidate operations in an attempt to eliminate inefficiencies and to deal with overcapacity.

CMA CGM Will Acquire NOL

In our last Memo we wrote about possible bids for Neptune Orient Lines (NOL by CMA CGM and Maersk). CMA CGM has come to an agreement to obtain NOL for \$2.4 billion. NOL is the parent company of American President Lines (APL). CMA CGM plans to keep the APL brand. The acquisition will move APL from the G6 consortium to the Ocean 3 Alliance.

The merger will bring together the third and twelfth largest container lines. This purchase is still subject to antitrust approval by the United States, the European Community, and China.

Agriculture Issue Hinders U.S. - E.U Trade Negotiates

The United States and the European Union have been negotiating a new Transatlantic Trade and Investment Partnership (TTIP) that would encompass a third of world trade and almost one-half of the global gross domestic production. However, after 11 rounds of meetings there are still some important issues to be worked out. Agriculture is one of the hardest to agree on. There is strong E.U. opposition to U.S. exports of beef and genetically modified organisms. The U.S. says that science shows that U.S. products such as genetically modified crops and hormone treated beef are safe. The U.S. opposes the E.U. system of protection of geographical indications and designation of origin protection of agricultural products such as Champagne and Parma ham. Negotiations are ongoing.

Highway Bill Reinstates EXIM Bank

The Export-Import Bank of the United States (EXIM Bank) was reinstated under the new Highway bill that was passed last week. The EXIM Bank was authorized to begin back up on December 4, 2105 and will begin to process applications from U.S. exporters right away. The funding for the EXIM Bank expired earlier this year.

The EXIM Bank is an independent federal agency that supports and maintains U.S. jobs by filling gaps in private export financing at no cost to American taxpayers. The Bank provides a variety of financing mechanisms such as: working capital guarantees and export credit insurance (to promote the sale of U.S. goods and services abroad). Ninety percent of its transactions directly serve American small businesses.

Senate Leader has Reservations about Passage of TPP

An article in The Hill has pointed out that Senate Majority Leader, Mitch McConnell, has concerns on whether the Trans-Pacific Trade Partnership (TPP) can gather enough votes to win approval. He has suggested that the White House not send the deal to Congress until after the elections. The White House is battling these comments that put the President's trade agenda in jeopardy. The vote will be an up or down vote under the recently passed fast track legislation. Some have suggested a lame duck Congress vote for the end of 2016. The White house does not want to wait that long and is working on support. The President cannot sign the agreement for presentation to Congress until February 4, 2016. He is looking to work with congressional leaders to set a date to introduce the trade bill, triggering a 90-day clock for both chambers to pass it.



By **John Salvo**, *President*