



## News In Brief

### Panama Canal Expansion to Open in June

The first transit through the expanded Panama Canal is scheduled for June 26. There was a drawing held to determine which ship would be the first to make the trip. China COSCO won the lottery draw and its vessel, the Andronikos, will be the first ship through. The Andronikos has a maximum capacity of 9,400 containers.

If for any reason the Andronikos cannot be deployed for the trip, Wallenius Wilhelmsen Lines drew second in the lottery and its carrier, Thalatta, would take the Andronikos' place. Beyond the first ship, there are already 100 large vessels with reservations made to make the transit through the new and larger locks of the Panama Canal.

### Big Change in HTS on 9801.0010 on American Goods Returned      Coast Guard Issues SOLAS Update for U.S.

The Trade Facilitation and Trade Enforcement Act (commonly referred to as the Customs Reauthorization Bill) included a very important change in the Harmonized Tariff Schedule (HTS) dealing with goods returned to the United States. HTS 9801.0010 has always applied to products made in the United States. It did not include articles that were previously imported, with duties paid, that were exported and then returned. Specifically, Customs regulations under 19 CFR141.2 state that:

*"Dutiable merchandise imported and afterwards exported, even though duty thereon may have been paid on the first importation, is liable for duty on every subsequent importation into the Customs territory of the United States..."*

The regulation then goes on to list the exceptions to the rule. The reauthorization bill has now added another important exemption to this regulation.

The bill changed the language to:

*"Products of the United States when returned after having been exported **or any other products when returned within 3 years after having been exported**, without having been advanced in value or improved in condition by any process of manufacture or other means while abroad"*.

This provision went into effect 60 days after the bill became law on February 24, 2016. The HTSUS has not been updated yet and the item has not been programmed in ABI for electronic transmission. U.S. Customs and Border Protection (CBP) has not issued any instructions for this provision yet. Our customers need to be aware of this new provision and should be prepared to supply support documentation to take advantage of it. Proof of exportation will probably be required and a statement that the goods have not be advanced in value should be expected too. This provision should be very helpful for the returns of individual e-commerce shipments. Previously there were few provisions to get customer returns back without paying duty again. We will be addressing the use of this provision with CBP over the next few weeks.

On April 28, the U.S. Coast Guard released additional information on its determinations for the International Maritime Organization's container weight requirements. USCG Marine Information Bulletin 009/16. This notice was issued to explain the flexibility for the methods of calculating, verifying, and communicating the verified gross mass (VGM). The bulletin allows for other entities in the logistics chain to assist in determining and verifying container weights. It permits any equipment currently being used to comply with Federal or State laws and the container weight requirements in 29 CFR 1918.85(b) to be found acceptable for the purpose of complying with SOLAS (Safety of Life at Sea). Current U.S. law already has weight reporting requirements. This announcement will hopefully allow more flexibility for the shippers on who can provide the VGM information and the accepted methods. The press release can be found at the U.S. Coast Guard website at:

<http://mariners.coastguard.dodlive.mil/2016/04/28/coast-guard-information-container-weight-requirements-verified-gross-mass/>

In this release there is a link to the Information Bulletin from April 28.

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