



U.S. Customs and  
Border Protection

# CBP Trade Newsletter

FY 2012, Second Quarter April 2012



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### CBP Trade Vision

CBP enforces U.S. trade laws while fostering our nation's economic security through lawful international trade. CBP's trade vision is to develop a swift, safe, and secure system by which legitimate imports rapidly enter the United States, while harmful goods are intercepted and deterred. To meet these challenges, CBP concentrates its efforts in the following trade areas: anti-dumping/ countervailing duty, intellectual property rights, import safety, revenue, textiles and wearing apparel, and trade agreements.

*This newsletter is intended to provide general information to the trade community. It reflects the position on or interpretation of the applicable laws or regulations by CBP as of the date of publication. It does not in any way replace or supersede any laws or regulations.*

## CBP Key to Textile Industry's Competitiveness

The textile and apparel industry is dynamic and multi-faceted — from the fashion trendsetters, to technical innovations in machinery, the science of fabric treatments or new fiber blends, or the business aspects of delivery schedules and cost estimates. Customs compliance is but one element that the industry works with every day. But CBP trade enforcement and facilitation efforts are critically important to the bottom line of the domestic and foreign producers, exporters, importers and retailers that play by the rules and comply with U.S. trade laws.



CBP's core mission revolves around the dual concept of enforcement and facilitation. We keep out the bad (terrorists and their weapons, unsafe cargo, harmful insects, etc.) while facilitating the good (legitimate trade and travel). Facilitating legitimate textile shipments and taking enforcement action on illegitimate ones is essential to our nation's economic competitiveness in this critical industry sector. Trusted importer partners who prove to CBP that they take compliance seriously will be expedited and examined less. Those who ignore the rules, or worse, engage in fraud, will face CBP enforcement action.

CBP textile experts face the challenge of staying abreast of the latest industry and business developments in an ever-changing economic environment, as well as implementing and enforcing textile tariff and trade law. This goal can only be met by maintaining strong

and open lines of communication with our industry and foreign government counterparts.

Did you know that replenishment orders for apparel from Central America can be received, produced, shipped, entered through U.S. CBP, and on the way to store floors all in a matter of days?! More and more companies are taking advantage of the duty break by sourcing in the CAFTA-DR region. CBP ensures they comply with the rules of this trade agreement, which is hugely important to jobs in this hemisphere.

In this fast-paced environment, CBP's dual role of facilitating legitimate trade (through training, dissemination of information, and our trusted partner programs) and enforcing the rules through targeting and the pursuit of penalties against violators are equally important. In doing this, CBP helps keep all stakeholders within the industry – in particular importers and domestic producers – economically viable and competitive. Politicians frequently talk about the need for a "level playing field" for trade, but CBP trade personnel are on the frontline making it happen!

*"...We steadfastly enforce the laws of the United States while fostering our Nation's economic security through lawful international trade and travel."*

*- excerpt from CBP Mission Statement*

## Re-Engineering Dumping

CBP is committed to ensuring that the AD/CVD laws are enforced and that those who would try to evade those laws are identified and dealt with appropriately. CBP helps domestic industries by leveling the playing field against unfair foreign competition. CBP is proactively combating AD/CVD evasion by using resources from the entire agency to address this serious problem.



Petroleum wax candles are subject to AD/CVD

CBP has created a Re-Engineering Dumping “RED” Team composed of members of many different offices within CBP. This group is charged with studying the regulatory and logistical import process for entries subject to AD/CVD and then identifying the threats, challenges, and vulnerabilities in each step of the process. The group is looking with special interest at transshipment, under collections, the role of shell companies, and other gaps/vulnerabilities/challenges.

The goals of the RED Team are to strengthen AD/CVD enforcement, reduce the AD/CVD administrative burden to free up resources for enforcement, and increase communication with the Department of Commerce (DOC), U.S. Immigration and Customs Enforcement, and the Trade.

The team has identified priority issues that it will address in order to strengthen the AD/CVD administration, enforcement and collections process. The accomplishments of the RED Team so far include:

- Developed a five-year AD/CVD enforcement strategy

- Created specific scenarios to promote use of Single Transaction Bonds for AD/CVD evasion at CBP ports
- Implemented a new SOP to proactively enforce AD/CVD cases
- Conducted the first joint CBP-DOC training webinar for CBP field staff on AD/CVD cases
- Enhanced coordination with DOC to provide more timely and regular comments on proposed scope of investigations
- Tested national automated tools to provide more efficient means to process AD/CVD entries and instructions

The RED team is also continuing work on other high-priority areas, such as validating claims of transshipment through production verification teams, and determining the best ways to ensure that importers of merchandise subject to AD/CVD have the right to make entry. The RED team is expanding industry outreach and jointly working with the newly formed AD/CVD subcommittee of the Advisory Committee on Commercial Operations of Customs and Border Protection (COAC). The COAC has recommended that a prospective AD/CVD system be established to allow CBP to focus more resources on AD/CVD enforcement.



Concrete Reinforcing Bar (Rebar) is subject to AD/CVD



## U.S. - Korea Free Trade Agreement (UKFTA)



On March 15, 2012, the U.S.-Korea Free Trade Agreement (UKFTA) entered into force. The UKFTA was originally signed in 2007, and was ratified by Congress in October 2011. The agreement is meant to enhance the competitiveness of U.S. businesses in Korea, the world's 12th largest economy, and to increase opportunities for U.S. businesses and workers through improved access for their products and services in foreign markets. CBP plays an integral role in the implementation and enforcement of trade agreements, such as the UKFTA, which provide duty-free or reduced duty access to the U.S. market for qualifying merchandise.

President Obama has issued a Proclamation officially modifying the Harmonized Tariff Schedule of the United States (HTSUS), a new General Note (GN) and other provisions needed per the terms of the agreement. CBP has programmed its automated systems to allow for UKFTA claims. CBP has issued im-

plementation instructions to CBP field resources and the trade community with a short summary of the requirements for preferential treatment and publish interim regulations. [http://www.cbp.gov/xp/cgov/trade/trade\\_programs/international\\_agreements/free\\_trade/](http://www.cbp.gov/xp/cgov/trade/trade_programs/international_agreements/free_trade/)

In addition, CBP will work to ensure that the benefits afforded by the UKFTA accrue only to eligible importations, ensuring a level playing field for U.S. industry. CBP uses a layered approach to prevent, address, and deter trade law violations. These efforts include trade data analysis to spot unusual trade patterns, the emergence of new importers, or changes in importer behavior; a review of intelligence provided by other governments or industry; local and national targeting; post-release verifications; verification visits to exporters and producers in South Korea; and audits in cases of the highest risk offenders.

## 2012 TUNA TARIFF RATE QUOTA

The tariff rate quota for tuna, which opened on January 3, 2012, exceeded the preliminary restraint limit at the opening. All entries presented at the over-quota (high) rate since the opening have been charged and may be released. Entries should continue to be submitted at the over-quota (high) rate.

The final quota limit should be provided to CBP this month (April 2012). Upon receipt of the final quota limit from the National Marine Fisheries Service (NMFS), CBP

will issue a Federal Register Notice and instructions outlining the proration.

If a warehouse entry is liquidated

prior to receipt of the final restraint limit from NMFS, it is recommended that the importer file a protest to ensure proper processing of any applicable refund once the final proration is determined.



### Upcoming Events

- On April 9<sup>th</sup>, Maria Luisa O'Connell will join Acting Commissioner David Aguilar, Acting Deputy Commissioner Thomas Winkowski, and senior leadership to host a Trade Day meeting with the National Association of Manufacturers (NAM).
- On April 10<sup>th</sup>, Trade Day meetings will continue with the American Association of Exporters and Importers (AAEI) and the Retail Industry Leaders Association (RILA).
- On April 25<sup>th</sup>, CBP will participate in the 38<sup>th</sup> National Customs Brokers & Forwarders Association of America (NCBFAA) Annual Conference, in Hollywood, FL.



- On May 10<sup>th</sup>, CBP will host the 2012 West Coast Trade Symposium at the Long Beach Convention Center in Long Beach, California. The theme of this year's Symposium is "Transforming Trade for a Stronger Economy." Seven hundred participants representing all aspects of the trade community are expected to attend.

For more information go to:

[http://www.cbp.gov/xp/cgov/trade/trade\\_outreach/2012\\_symposium/symposium12.xml](http://www.cbp.gov/xp/cgov/trade/trade_outreach/2012_symposium/symposium12.xml)



## On the Road—Textiles/Apparel Policy and Programs



Left to right - Jacqueline Sprungle (CBP), Bill Jasper (Unifi), and John Leonard (CBP) at Unifi's Yadkinville, North Carolina plant.

The Textile/Apparel Policy and Programs Division (T/APP) hit the road early in 2012, taking advantage of opportunities to meet with industry representatives and/or provide training to foreign government counterparts from the Western Hemisphere:

### January 2012

T/APP Division Director and Policy Branch Chief visited the North Carolina plants of U.S. yarn producers Parkdale Mills and Unifi. These are two of the largest yarn producers in the world and great examples of American cutting-edge technology in manufacturing.

### February 2012

T/APP joined the U.S. Government "Pathways to Prosperity" team headed by the Department of Commerce to present a seminar program on customs border management and trade facilitation in Tegucigalpa, Honduras.

The focus of the project is public-private sector collaboration for the more efficient movement of goods and compliance with CAFTA-DR rules and regulations.

T/APP Policy and Operations Branches provided detailed training on the textile and apparel preference rules and verification procedures to CAFTA-DR government counterparts in Washington, DC. Each CAFTA-DR country sent one customs official and one ministry of economy official to

take part in the training offered through SIECA (Secretaría de Integración Económica Centroamericana), funded by USAID.

The element in common to all of the above is the importance of the hemispheric trade agreements, particularly for the textile and apparel industry, and the critical role that CBP plays in promoting compliance among legitimate traders and pursuing enforcement actions against those that would circumvent the rules.

Members from the Office of International Trade (OT), the U.S. Trade Representative (USTR), and USDA's Foreign Agriculture Service (FAS) provided Tariff-Rate Quota (TRQ) training in Bogota, Colombia, during the week of February 13, 2012. OT staff provided technical assistance on administration of the First Come - First Served (FC-FS) TRQ system. Meetings were held with high ranking government officials from trade, customs, agriculture and health to discuss Colombia's processing of TRQs using the FC-FS method. The outcome of this training is to increase exports for U.S. products to new markets and Colombian exports into the United States.

Approximately 80 members of the Colombian government attended a half-day training session. The next day, approximately 80 importers attended a meeting to explain how the U.S. and Colombia FC-FS TRQ processing works.



Left to right - José Antonio Gulfo (Colombia-Department of Customs and Tax (CO-DIAN)), Brian Grunenfelder (USTR), Lorena Guarnizo (CO-DIAN), Richard Wallio (CBP), Betty Castillo (CO-DIAN), Dylan Daniels (Foreign Agriculture Service (FAS)) and Charles Bertsch (FAS).



Acting Commissioner  
David V. Aguilar

### Upcoming Events

- On May 22<sup>nd</sup>, CBP's Acting Commissioner David Aguilar and Timothy Skud, the Department of Treasury's Deputy Assistant Secretary for Tax, Trade and Tariff Policy, will host the Commercial Operations Advisory Committee's (COAC) second public meeting of the year in Savannah, Georgia. Among the issues the COAC will highlight are Trade Facilitation, One U.S. Government at the Border, and Land Border Initiatives.
- On June 4<sup>th</sup>, CBP will participate in the American Association of Exporters and Importers (AAEI) Annual Conference, in Arlington, VA.
- On June 20-21<sup>st</sup>, CBP will participate in the 7<sup>th</sup> Advanced Forum on Import Compliance and Enforcement, in Washington, D.C.

For questions or comments regarding this Trade Newsletter please contact: [HQ.quota@dhs.gov](mailto:HQ.quota@dhs.gov)



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