

Aug 2017

Importer to be penalized for lack of reasonable care, false statements

(From our friends at Sandler Travis)

The Court of International Trade ruled recently that an importer negligently entered by misclassification three types of freezable products designed to keep beverages cold.... The court ordered the importer to pay \$8,228.20 in unpaid duties plus prejudgment interest but said more information is needed before a penalty can be assessed.

The importer consulted a customs broker concerning the classification of one of the items and argued that he exercised reasonable care because he relied on the broker's recommended classification. However, the broker suggested three possible classifications within 20 minutes and the importer ultimately used the one with the lowest duty rate.

"Under these circumstances," the court said, "a reasonable importer would have taken some further steps to investigate the proper classification." Such steps might have included seeking a binding ruling, consulting the CROSS database of CBP rulings, or consulting the tariff schedule, informed compliance publications,...[etc.], none of which the importer did. It also appears that the importer did not take any such steps or even consult with the broker concerning the classification of the other two products at issue. For more info, please go to

<http://www.strtrade.com/news-publications-reasonable-care-importer-false-statement-penalty-court-072417.html>

Ed. note: CBP is asking for a \$45K penalty in this case. Using a licensed customs broker (CHB) can be deemed reasonable care ONLY when the importer gives the broker ALL information relevant to the imported merchandise. As you can see, exercising reasonable care is the importer's responsibility, and we are delighted to help you achieve this standard of care. Please contact us for any assistance, and we urge you to review informed compliance and reasonable care in Fundamentals of Importing on our website at

http://www.lhcb.com/index_files/Page614.htm

FDA's Voluntary Qualified Importer Program

The Food and Drug Administration's Voluntary Qualified Importer Program is a fee-based program that will offer food importers that have demonstrated a high level of control over the safety and security of their supply chains an opportunity for expedited clearance of shipments. The FDA will start accepting applications to participate in VQIP starting Jan. 1, 2018, but participation will be limited and the application period will only be open for three months. There can be significant benefits for importers that qualify. For more info, please go to the below FDA website and download the guidance:

<https://www.fda.gov/food/guidanceregulation/guidancedocumentsregulatoryinformation/ucm448728.htm>

West Coast dockworkers ratify contract extension with PMA (From American Shipper)

Longshore workers at 29 ports in California, Oregon and Washington have officially ratified a three-year contract extension with the Pacific Maritime Association, the International Longshore and Warehouse Union (ILWU) said Aug. 4. The vote by rank-and-file ILWU members on the West Coast eliminates the possibility of a labor strike over the next five years. The current agreement was set to expire July 1, 2019, but the newly approved three-year extension pushes the expiration back three years to July 1, 2022. Sixty-seven percent of International Longshore and Warehouse Union members voted in favor of the extension, according to balloting results from all longshore locals within the states where ILWU members voted. For more info, please go to

<http://www.americanshipper.com/main/asd/west-coast-dockworkers-ratify-contract-extension-with-pma-68333.aspx>

U.S. Expands Economic Sanctions Against Russia, Iran, North Korea (From our friends at Sandler Travis)

This law is expected to significantly expand the lists of entities with which U.S. persons are limited or prohibited from doing business. In addition, these prohibitions could be extended to a substantial number of other entities due to the Office of Foreign Assets Controls' so-called 50 percent rule, which provides that any entity owned 50 percent or more by a listed entity is

subject to the same prohibitions as the listed entity. For more info, please go to

<http://www.strtrade.com/news-publications-economic-sanctions-Russia-Iran-North-Korea-080417.html>

Border Adjustment Tax Proposal Discarded (From Sandler Travis again)

Trump administration officials and congressional leaders announced July 27 that a border adjustment tax is being dropped from a proposed overhaul of the tax code in an effort to move that reform forward. For more info, please go to

<http://www.strtrade.com/news-publications-border-adjustment-tax-import-trade-073117.html>

Broad import restrictions on steel may be delayed (From Sandler Travis)

This was initially reported in June: “Tariffs, quotas, or other restrictions on a wide range of imported steel products could be imposed in a matter of months as a result of the Trump administration’s latest trade enforcement effort. The Department of Commerce had self-initiated an investigation under section 232 of the Trade Expansion Act of 1962 to determine whether imports of foreign-made steel are harming U.S. national security.” On July 27, President Trump announced a delay in the investigation. It is still ongoing, but other legislative efforts will take priority: tax reform and infrastructure were mentioned. We will advise you when the report is finished and submitted to the President. For more info, please go to

<http://thehill.com/policy/finance/343769-trump-says-decision-on-steel-imports-will-take-more-time>

Reminder: GSP expires Dec 31, 2017

Congress usually reinstates GSP retroactively, but there is no guarantee, especially with the current legislative environment in Washington. We will keep you advised as we get closer to the end of the year.

Please visit our website at

www.lhcb.com

for additional and updated information and contact us with any questions.

Lee Hardeman	LeeH@LHCB.com	Direct: 404-477-3452
Sandy Cato	SandyC@LHCB.com	Direct: 404-477-3454
Mildred Barnes	MildredB@LHCB.com	Cell: 404-401-5950

If you do not wish to continue to receive our newsletter, please email me at leeh@lhcb.com and put "Unsubscribe" in the subject line.