



EIB World Trade Headlines

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The AES Compliance Report Issued by AES

The Foreign Trade Regulations (FTR), 15CFR, Part 30.5(e), authorizes the Automated Export System (AES) Branch to identify inconsistencies in AES data and to make recommendations that will result in the appropriate corrective actions by the filer. The AES Compliance Report is an important component in this process.

Beginning in April 2012, the AES Compliance Rate was adjusted to include outstanding fatal errors. The AES Compliance Report displays the details of shipments with unresolved fatal errors including the Shipment Reference Numbers, AES Response Codes and AES Response Narratives. The report also provides a listing of the most frequent unresolved fatal error(s) and their associated reason(s) and resolution(s).

For detailed information on your AES response messages and how to resolve any identified errors, please follow this link to Appendix A of the AES Trade Interface Requirements (AESTIR): http://www.cbp.gov/xp/cgov/trade/automated/aes/tech_docs/aestir/june04_intro/appendices/

Two weeks following the AES Compliance Report, filers with remaining fatal errors will receive an AES Fatal Error Report as they have in the past. Only one AES Fatal Error Report will be sent to filers each month, rather than two per month as in the past.

(Continued below)

NEWSLETTER NOTES

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*CBP Issues FR Notice on Final Rule for Changes to NAFTA Rules of Origin

* SEC and DOJ Announce Tyco Settlement for FCPA Violations

The AES Compliance Report displays the following for each company:

*AES Compliance Rate for each of the last three statistical months

*Number of shipments for each of the last three statistical months

*Number of shipments with Response Messages for the latest statistical month (Unresolved Fatal Errors, Compliance Alerts, Informational messages, Warning messages, and Verify messages)

*Details for shipments with unresolved cumulative fatal errors

*Most frequent unresolved fatal error(s) for the latest statistical month

*Details for shipments with Compliance Alerts for the latest statistical month

When a filer's AES Compliance Rate falls below 95 percent, the AES Branch will work with the filer to improve the quality of AES filings and to raise the AES Compliance Rate.

NOTE: The AES Compliance Rate does not factor in the number of Warning, Verify, and Informational messages.

Compliance Alert Messages

A Compliance Alert is sent by the AES when a reporting compliance violation has or has likely occurred. A common example is "Shipment Reported Late". The filer is required to review filing practices and take steps to conform with export reporting compliance.

Fatal Error Messages

A Fatal Error message is sent by the AES when invalid or missing data has been reported, the EEI has been rejected, or when the information is not on file in the AES. The filer is required to immediately correct the data and retransmit the EEI.

15 CFR Part 30 – Foreign Trade Regulations Section 30.9 states that these errors must be corrected and Electronic Export Information (EEI) resubmitted prior to export for shipments filed predeparture and as soon as possible for shipments filed postdeparture but not later than ten calendar days after departure.

(Continued above)

Warning Message

A Warning message is sent by the AES when the filer flags the Ultimate Consignee as "Sold en Route". AES allows four calendar days for the filer to retrieve the shipment, report the actual consignee, and resubmit the EEI. If the EEI is left uncorrected, AES will generate warning reminders to the filer until the correction is made.

Verify Messages

A Verify message is sent by the AES when shipment data conflicts with a U.S. Census Bureau parameter regarding a commodity or another unlikely condition is found. The EEI may or may not be correct. The filer is required to transmit a correction if a correction is warranted.

Informational Messages

An Informational message is sent by the AES to provide non-critical notification to the filer. No action is required by the filer.

Examples of Informational messages include "DDTC License Now Exhausted", "Original License To Be Lodged With CBP", and "Quantity 2 Not Required By Schedule B/HTS".

Census Posts September AES Newsletter

The September 2012 edition of the Automated Export System (AES) Newsletter has been posted by the Census Bureau. Articles in this September edition include:

*Archived and upcoming webinars in the Fundamentals of Exporting series

*Your Guide to Shipment Reference Numbers Is 95% Compliance Good Enough?

*What Should I Use For the Carrier Code?

*Census AES Newsletter:

<http://www.census.gov/foreign-trade/aes/aesnewsletter092012en.pdf>

The “Fundamentals of Exporting” Webinar

Designed with the beginner in mind, this diverse eight-part series provides an essential roadmap to assist you in making effective decisions for your individual export strategy.

The first five webinars were presented in July, August, and early September 2012; these have been archived and may be viewed at

www.census.gov/newsroom/releases/archives/news_conferences/webinars_exporting.html

Archived Webinars:

**Understanding the Basics—An Introduction to Foreign Trade Statistics*

**Discovering New Markets—Utilizing USA Trade Online*

**All Products Have a Classification Number—Learn How to Find Yours*

**Foreign Trade Regulations—Demystifying the Rules of Exporting*

**Filing Export Information Electronically—The ABCs of AES*

Foreign Trade Division Call Center
800-549-0595 (see menu options in the table below) *Secure Fax: 301-763-8835 (all branches)

Automated Export System Branch, Option 1
Monday–Friday 7:30 a.m.–5:30 p.m. (Eastern Time) Fax: 301-763-6638 E-mail:
askaes@census.gov

Commodity Analysis Branch, Option 2
Monday–Friday 8:00 a.m.–5:30 p.m. (Eastern Time) Fax: 301-763-4962 E-mail:
fd.scheduleb@census.gov



BATFE Issues FT Notice on Annual Explosives List

The annual list of explosives determined to be within the coverage of 18 U.S.C., has been released by the Justice Department Bureau of Alcohol, Tobacco, Firearms, and Explosives (BATFE). The list affects imported products. The BATFE advised they did not add, revise or remove any items from the list of explosive materials since its last publication. The list is intended to include any mixtures containing any of the materials on the list. The Bureau notes that the list is comprehensive, but it is not all-inclusive. Be aware an explosive material that's not on the list can be within the coverage of the law if it otherwise meets the statutory definitions.

BATFE contact: William O'Brien, 202-207-8969.

BATFE import list (effective 09/20/12):
<http://www.gpo.gov/fdsys/pkg/FR-2012-09-20/html/2012-23241.htm>

BATFE notice: <http://www.gpo.gov/fdsys/pkg/FR-2012-09-20/html/2012-23241.htm>

EPA Issues FR Notice on New Rules for 107 Additional Chemicals under TSCA

Effective 11/20/12, the Environmental Protection Agency (EPA) is setting significant new use rules (SNURs) under the Toxic Substances Control Act (TSCA) for 107 chemical substances which were the subject of premanufacture notices. EPA advises that eight of them are subject to TSCA consent orders.

The SNURs require those who intend to manufacture, import, or process any of the 107 chemical substances for an activity that is designated as a significant new use by this rule to notify EPA at least 90 days before beginning, giving EPA the opportunity to evaluate the intended use and, if necessary, to prohibit or limit that activity.

EPA contact: Kenneth Moss, 202-564-9232 or
moss.kenneth@epa.gov

EPA FR notice:
http://www.pdfdownload.org/pdf2html/pdf2html.php?url=http%3A%2F%2Fwww.ofr.gov%2FOFRUpload%2FORData%2F2012-23235_PI.pdf&images=yes

USTR Issues FR Notice Seeking Comments on AGOA Country Eligibility

The Office of the U.S. Trade Representative (USTR) is seeking comments for the annual review of the eligibility of sub-Saharan African countries under the African Growth and Opportunity Act (AGOA). USTR will consider the comments in developing recommendations on AGOA country eligibility for calendar year 2013.

Comments are due by 10/12/12; submitted via <http://www.regulations.gov>, docket number USTR-2012-0026.

USTR contact: Don Eiss, 202-395-3475.

FR Notice available at http://www.pdfdownload.org/pdf2html/pdf2html.php?url=http%3A%2F%2Fwww.ofr.gov%2FOFRUpload%2FOFRData%2F2012-23144_PI.pdf&images=yes

Panama FTA - May Happen in October

Industry is hopeful that the United States-Panama Free Trade Agreement (FTA) will be implemented on 10/01/12. As reported, before the FTA can take effect Panama's National Assembly (PNA) must approve four bills that were recently introduced. Similar to Colombia FTA, the bills contain additional provisions required to strengthen intellectual property rights (IPR) protections. Panama also needs to pass trade capacity-building initiatives needed in areas such as the administration of tariff-rate quotas (TRQs).

Panama's Minister of Trade and Industry Ricardo Quijano, noted they gave the U.S. the necessary documentation in May; he noted they sent the documentation in English to avoid delays from translation.

Further information: <http://forms.strtradenews.com/Extranet/95988/forms.aspx?msgid=uvkpedhijxcjcytirbimfbs>

Burma Opposition Leader Seeks to Lift the U.S. Import Ban

Burmese pro-democracy leader and parliamentarian Aung San Suu Kyi recently voiced her support for lifting the U.S. ban on imports from Burma. "I do support the easing of sanctions, because I think that our people must start taking responsibility for their own destiny."

While grateful for the sanctions' political effect, there are many other ways in which the U.S. can encourage development of democracy in Burma.

Suu Kyi's remarks at the U.S. Institute of Peace: <http://www.usip.org/newsroom/multimedia/video-gallery/burmamyanmar-in-transition-discussion-aung-san-suu-kyi>

State Department press briefing (9/18/12): <http://www.state.gov/r/pa/prs/dpb/2012/09/197912.htm#BURMA>

Comprehensive Import and Export Compliance Support



Sequestration Will Slow Down CBP Operations

U.S. Customs and Border Protection (CBP) would face nearly \$1 billion in budget cuts if budget sequestration occurs as currently scheduled on 01/02/13. Immigration and Customs Enforcement (ICE) budget cuts would equal \$478 million. As reported, almost all government agencies involved, even just peripherally, with trade would face budget cuts of about 8.2 percent, if sequestration occurs. The news came in the administration's much anticipated sequestration report, which detailed sharp across-the-board cuts to the budgets of most federal agencies.

The Office, Management & Budget (OMB) report spells out what steps Cabinet-level and quasi-independent regulatory agencies of the executive branch would need to take to cut pay and other expenses if Congress doesn't avoid sequestration before 2013. The sequester is an automatic, ten-year, \$1.2 trillion across-the-board budget cut, is required by the Budget Control Act of 2011.

The administration report, required by the Sequestration Transparency Act was released by OMB on 09/14/12. Senior administration officials noted they hoped Congress would act to avoid the sequester, because if lawmakers fail "it would have a significant impact on the federal workforce." A CBP official recently predicted the cuts would create a tough environment for the agency and trade community.

Cuts of 7 percent or higher are "going to be a challenge for CBP" and will make it difficult to "maintain efficient throughput of incoming and outgoing cargo," said Al Gina, assistant commissioner for CBP's Office of International Trade (OIT). If sequestration takes effect, it would be "a nightmare" for international trade, echoed James Cannon of Cassidy Levy, president of the Customs and International Trade Bar Association.

Cannon noted, cuts at CBP and ICE would "have a pretty negative effect on enforcement" of international trade rules, which is "a particular concern for the trade community. There is already enough trade fraud." The actual impact of sequestration on trade will "depend on how they elect to use what they have" after the budget cuts.

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Cannon speculated that CBP will try to keep "front line" staff in place to keep ports open and trade flowing, but advised that would likely mean even less staff available to handle things like trade protests. The National Customs Brokers and Forwarders Association of America declined to comment on the potential cuts.

Further information and quotes are posted. Other government agencies involved in international trade facing cuts and the cut amounts are: Court of International Trade, \$2 million; the Food Safety & Inspection Service, \$86 million; the Bureau of the Census, \$21 million; the International Trade Administration, \$37 million; the Bureau of Industry & Security, \$9 million; the Transportation Security Administration, \$508 million; the Coast Guard, \$733 million; the Federal Highway Administration, \$663 million; the Pipeline & Hazardous Materials Safety Administration, \$14 million; the Maritime Administration, \$41 million; Alcohol & Tobacco Tax & Trade Bureau, \$62m million; the Office of U.S. Trade Representative, \$5 million; Trade & Development Agency, \$4 million; the Federal Maritime Commission, \$2 million; the International Trade Commission, \$7 million. The Export Import Bank of U.S. would be little affected (less than \$1 million) by sequestration because of its limited net cost to the treasury.

Other government agencies likely to be affected include: Army Corps of Engineers, U.S. Court of Appeals-Federal Circuit, the Environmental Protection Agency, Food and Drug Administration, Departments of Justice and State, Consumer Product Safety Commission and Federal Trade Commission.

Budget Control Act of 2011:

<http://xrl.us/bnoiym>

OMB administration report: <http://xrl.us/bnoi4h>

Press release:

<http://democrats.budget.house.gov/sites/democrats.budget.house.gov/files/stareport.pdf>

BIS Posts Testimony on Proposed Changes on Components Specially Designed

As reported, responses were mixed to the Bureau of Industry and Security's (BISs) request for comments on the feasibility of positively identifying parts and components on the Commerce Control List (CCL) instead of using a catch-all definition like "specially designed." While some comments were in favor of eliminating or replacing "specially designed" language, GE and Boeing expressed concern over the difficulties of creating such a list and the possibility of a list that would be even more difficult to use because of its length. "While enumeration may be feasible, Boeing believes it would constitute a significant effort, for which the benefits may be minimal."

In a 06/19/12 *Federal Register* notice issued alongside the revised proposed definitions of "specially designed," BIS requested comments on whether it would be possible to positively identify "specially designed" parts and components on the CCL in order to reduce use of the term on the CCL. BIS noted that, if it decided the effort would be feasible, it would submit its findings to multilateral export control regimes.

The Alliance for Network Security, which represents companies including Cisco, Google, Hewlett-Packard, Intel and Microsoft, said it supports the adoption of a "specially designed" definition for items moving from the U.S. Munitions List (USML) to the CCL as part of Export Control Reform, but prefers eliminating or replacing the term where it currently appears on the CCL. Commenter Bill Root, export controls consultant and former member of the BIS Regulations and Procedures Technical Advisory Committee, favored a similar approach. Root advised that "required" is the only defined term referring to controlled performance levels, characteristics or functions on the CCL, and so supported replacing "specially designed" with "required." Boeing and GE cautioned against any such effort, however.

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Specifically, Boeing commented it is concerned that the effort would create "a list so long as to be unwieldy and difficult to use," and would potentially require companies to divulge proprietary information to positively describe components. Boeing also identified other difficulties, including differing technical viewpoints on what would belong on a positive list, challenges in defining technical parameters or performance thresholds that would distinguish components for control, and the heavy burden of constantly reviewing and updating such a list.

GE added that even if a positive list were developed, some level of catch-all provision would be inevitable because of government concerns on whether the list is complete. Any effort to create a positive list should "be postponed until all interested parties have had an opportunity to see the outcome of this effort," GE noted.

BIS press release: http://beta-www.bis.doc.gov/index.php/licensing/forms-documents/doc_view/626-feasibility-of-enumerating-specially-designed-components-advanced-notice-of-proposed-rulemaking

Brazil Temporarily Lowers Tariffs on Certain Capital and Information/Communication Products

Brazil temporarily reduced tariffs effective 09/24/12 on 356 products in the capital goods and information and communication technology (ICT) sectors. The temporary reductions were announced in two Brazilian official journal notices.

As reported, the temporary tariff reductions on capital goods include 150 renewals of temporary reductions and 200 new reductions. The ICT tariff reductions include one renewal and five new reductions. The actions grant a temporary reduction in the tariff rates to two percent.

Brazil government press release: <http://www.mdic.gov.br/sitio/interna/noticia.php?area=1¬icia=11822>

USTR Issues Information About Filing WTO Case against China's Auto and Auto Part Subsidy Program

U.S. Trade Representative (USTR) Ron Kirk recently announced that the U.S. requested dispute settlement consultations with the government of China at the World Trade Organization on China's auto and auto parts "export base" subsidy program. The U.S. had earlier challenged China's imposition of antidumping and countervailing duties (AD/CVD) on more than \$3 billion in exports of American-produced automobiles "The export subsidy program that we are challenging today is implemented through dozens of Chinese legal instruments."

Kirk noted the Interagency Trade Enforcement Center (ITEC) has provided crucial investigative and analytical resources to support the effort. In addition, the U.S. asked the WTO to establish a dispute settlement panel to address China's imposition of AD/CVD on more than \$3 billion in exports of American-produced automobiles. The U.S. and China tried to resolve the matter in consultations in June, but they didn't succeed, USTR advised, so the U.S. is taking the next step in the WTO dispute settlement process.

USTR announced the value of subsidies made available to auto and auto parts manufacturers in China between 2009 and 2011 was at least \$1 billion. In a fact sheet, it said the export subsidies make it harder for autos and auto parts manufactured in the U.S. to compete with Chinese products in the world market. Under WTO dispute settlement procedures, the U.S. and China would normally consult within 30 days.

WTO report:

http://www.wto.org/english/news_e/news12_e/ds450rfc_17sep12_e.htm

USTR press release: <http://www.ustr.gov/about-us/press-office/press-releases/2012/september/obama-administration-challenges-china-auto-subsidies>

CBP Working with Other U.S. Agencies to Create Electronic Filing for Trade

U.S. Customs and Border Protection (CBP) Deputy Commissioner David Aguilar worked with the Border Interagency Executive Council in developing a "one U.S. government" approach to partnerships with the trade. The council is made up of senior executives from 10 U.S. federal agencies and collaborates on issues including the federal government's efforts to transform the trade process, ongoing efforts across federal agencies to partner with the trade, and the use of automation to streamline the international trade clearance process, advised CBP in a press release. CBP expects to reduce the universe of shipments that require inspection or review at the border as a result of the joint implementation and monitoring of the cooperative programs. One such initiative "is to move from paper to electronic filings required for commodities regulated by each agency in a central location." CBP reported that these electronic filings are key to better facilitating movement of legitimate goods, and minimizing reporting burdens for trade."

CBP notice:

http://www.cbp.gov/xp/cgov/newsroom/news_releases/national/09212012_4.xml

Department of Labor Posts Updated List of Products Produced with Child/Forced Labor

The Department of Labor (DOL) recently updated its list of goods it believes to have been produced by child labor or forced labor to add four products from 3 countries South Sudan, Suriname and Vietnam. Products are:

1. baked goods,
2. beef,
3. fish, and
4. thread/yarn.

The full report, including the updated list and a discussion of the list's context, scope, methodology, and limitations, as well as frequently asked questions and a bibliography of sources, will be available on the DOL website. www.dol.gov

DOL notice: <http://www.gpo.gov/fdsys/pkg/FR-2012-09-27/pdf/2012-23402.pdf>

EU Seeks USD12 Billion in the Boeing WTO Case

In a recent notification to the WTO, the European Union advised it intends to "take countermeasures" against the U.S. as a result of its allegations that the U.S. did not comply with an Appellate Body ruling against subsidies provided to Boeing in the Large Civil Aircraft WTO Dispute (DS 353). The EU advised it would request permission from the WTO at the 10/23/12 meeting of the Dispute Settlement Body (DSB). The approximate value of the requested countermeasures is about \$12 billion. The countermeasures, which may include tariff hikes and suspension of service sector commitments, may not be imposed until after the WTO rules on the adequacy of U.S. compliance efforts. As background, in March, the WTO ruled that \$3-4 billion in subsidies to Boeing violated WTO agreements.

The WTO mandated U.S. compliance with the ruling by 09/24/12. After reviewing the U.S. compliance report, submitted, the EU advised the U.S. has neither withdrawn the illegal subsidies granted to Boeing, nor removed their adverse affects. The U.S. had actually granted more illegal subsidies to Boeing in the meantime, the EU noted. The EU subsequently requested consultations with the U.S. on compliance with the WTO ruling. Pursuant to a sequencing agreement, the EU cannot apply the countermeasures without prior approval from the WTO. If the U.S. and EU do not reach agreement through the consultations, then the EU may then request a WTO panel to review the issue. The \$12 billion in countermeasures requested on 09/27/12 is based on estimates of the damages suffered by the EU due to "unfair and biased competition from U.S. industry," the EU reported.

WTO press release: http://www.wto.org/english/news_e/news_12_e/ds353oth_27sep12_e.htm

EU press release: <http://europa.eu/rapid/pressReleasesAction.do?reference=IP/12/1036&format=HTML&aged=0&language=EN&guiLanguage=en>

CBP Opens Houston CEE for Petroleum, Natural Gas, and Minerals

U.S. Customs and Border Protection (CBP) opened the Petroleum, Natural Gas and Minerals Center of Excellence and Expertise (CEE) in Houston 09/17/12. The CEE has started centralized processing for all trusted partners in the industry, "providing uniformity for trusted importers." CBP announced there are three additional CEEs, Pharmaceuticals, Health and Chemicals; Electronics; and Automotive and Aerospace which will handle a number of processing functions as of 09/27/12. The agency advised the Petroleum, Natural Gas and Minerals CEE will transition to handling the same functions 10/01/12. Five more CEEs are scheduled to be completed by the end of FY 2013, though their locations haven't been finalized.

CBP advises the other CEEs will focus on Agriculture and Prepared Products, Base Metals and Machinery, Consumer Products, Industrial and Manufacturing Materials, and Textiles, Wearing Apparel and Footwear. Center personnel answer questions, provide information and develop trade facilitation strategies to address uniformity and compliance concerns. They will also act as a single point of processing for businesses enrolled in CBP's trusted shipper programs: the Customs-Trade Partnership Against Terrorism (C-TPAT) and Importer Self-Assessment (ISA).

CBP notice: http://www.cbp.gov/xp/cgov/newsroom/news_releases/national/09242012.xml



USTR Issues FR Notice on Effective Date of 10/13/12 for DR-CAFTA Textile Rules of Origin

The U.S. Trade Representative (USTR) announced it set 10/13/12 as the date on which the equivalent amendments to textile and apparel rules of origin of the Dominican Republic-Central America-U.S. Free Trade Agreement (CAFTA) enter into force in all other CAFTA-DR Parties. The changes are pursuant to a law signed by President Obama in August that also extended the third-country fabric provision of the African Growth and Opportunity Act (AGOA) and extended the import ban for Burma. The modifications apply to goods of a CAFTA-DR Party that are entered, or withdrawn from warehouse for consumption, on or after 10/13/12.

USTR contact: Caroyl Miller, caroyl_miller@ustr.eop.gov.

USTR notice (09/26/12)

<http://www.pdfdownload.org/pdf2html/pdf2html.php?url=http%3A%2F%2Fwww.ofr.gov%2FOFRUpload%2FOFRData%2F2012-23612.PI.pdf&images=yes>

CBP Issues FR Notice on Final Rule for Changes to NAFTA Rules of Origin

U.S. Customs and Border Protection (CBP) will make technical corrections relating to the NAFTA rules of origin. The corrections apply to 19 CFR 102.20 of CBP's rules, which are used to determine whether a good is considered NAFTA-originating, and will allow CBP's tariff shift rules to conform with the current Harmonized Tariff Schedule (HTS). The new CBP rule follows the 02/03/12 update to the HTS, which contained hundreds of World Customs Organization-recommended as well as other tariff changes.

CBP advises certain tariff provisions have been added or removed, and certain goods have been transferred, for tariff classification purposes, to different or newly-created tariff provisions as a result of the 2012 HTS changes. The changes to the HTS involve product coverage and/or numbering of certain headings and subheadings and are not intended to have any other substantive effect. The rule also makes technical corrections to Section 102.20 and 102.21 so that the regulations conform to the tariff shift rules. It also corrects typographical errors in certain subheadings of Chapter 90 that occurred when the regulations were updated for the 2007 HTS. Complete details are posted for review.

CBP FR Notice: <http://ofr.gov/OFRUpload/OFRData/2012-23499.PI.pdf>

IATA and ICAO Set New Limit on Shipping Lithium Batteries -Effective January 1, 2013-

On 01/01/13 new limits on airline carriage of bulk lithium batteries (IB) will take effect following final approval by the Council of the International Civil Aviation Organization (ICAO). The ICAO Dangerous Goods Panel (DGP) announced it doesn't necessarily believe the new limits will significantly decrease the number of incidents involving lithium batteries. The International Air Transport Association (IATA) announced it supports "enhanced outreach of regulations applicable to the transport and testing of lithium batteries by manufacturers as well as shippers."

The new rules limit packages of lithium batteries to:

*For those cells with up to 2.7 Watt-hour (Wh) rating, maximum mass per package of 2.5 kg;

*For those cells 2.7-20 Wh, 8 cells; and

*For those units above 20 Wh, batteries. Batteries that exceed those limits must be shipped as Class 9, but do not require UN specification packaging, under the new rules.

Other provisions include:

*Dangerous goods training will be required for personnel involved in the transport of IB batteries.

*Consignment does not require a Shipper's Declaration if that alternative written documentation or electronic information describes the contents.

*Package requires a Class 9 hazard label AND the lithium battery (IB) handling label to distinguish it from other lithium battery packages.

*A dangerous goods acceptance check is required.

*A summary NOTOC, similar to that permitted for Dry Ice.

*Alignment of the net quantity limits is required for lithium batteries packed with and contained in equipment.

IATA notice:

http://www.iata.org/whatwedo/cargo/dangerous_goods/Pages/lithium-battery-change.aspx

CBP Interim Rule Implements Colombia TPA Provisions

U.S. Customs and Border Protection (CBP) will issue an interim rule, effective 09/26/12 that amends CBP regulations to implement the customs-related provisions of the U.S.-Colombia Trade Promotion Act (CTPA). Comments must be received by 11/26/12. Presidential Proclamation 8818, published on 05/18/12, amended the Harmonized Tariff Schedule (HTS) to implement the CTPA, effective for goods of Colombia entered or withdrawn from warehouse for consumption on or after 05/15/12. ITC Report 4320 contains Annexes I and II to the Proclamation and lists all the 2012 and later year amendments to the HTS for the CTPA. Complete details are posted for review.

Interim Rule amends:

- *Temporary Importations Under Bond;
- *Claiming preferential treatment;
- *Certification of treatment;
- *Importer obligations;
- *Non-commercial, low-value shipments;
- *Maintenance of records;
- *Denial of CTPA tariff benefits;
- *CTPA Rules of Origin – Definitions;
- *General rules of origin;
- *Value content;
- *Accumulation;
- *De minimis;
- *Fungible goods and materials;
- *Accessories, spare parts, or tools;
- *Goods classifiable as "goods put up in sets";
- *Packaging and packing materials;
- *Indirect materials;
- *Transit and transshipment; and
- *Penalty Exceptions for CTPA Transactions.

CBP Contacts:

Textile Operational Aspects – Nancy Mondich
[\(202\) 863-6524](tel:(202)863-6524)

Other Operational Aspects – Katrina Chang [\(202\) 863-6532](tel:(202)863-6532)

Legal Aspects – Karen Greene [\(202\) 325-0041](tel:(202)325-0041)
(Docket Number USCBP-2012-0017, FR Pub 09/26/12)

CBP FR Notice (09/26/12)

http://ofr.gov/OFRUpload/OFRData/2012-23604_PI.pdf

SEC and DOJ Announce Tyco Settlement for FCPA Violations

Tyco International agreed to pay more than \$26 million to settle charges of Foreign Corrupt Practices Act (FCPA) Violations. Subsidiaries of the Switzerland-based manufacturer perpetuated schemes that typically involved payments of fake "commissions" or the use of third-party agents to funnel money improperly to obtain lucrative contracts, the Securities and Exchange Commission (SEC) alleged. \$13.68 million of the total went to the Department of Justice (DOJ) as part of a non-prosecution agreement to settle criminal charges stemming from the alleged violations, which include misstated books and records, failure to maintain internal controls, and violations of FCPA anti-bribery provisions. The SEC alleged that Tyco subsidiaries operated 12 different illicit payment schemes around the world starting before 2006 and continuing until 2009.

In Germany, agents of a Tyco subsidiary paid third parties to secure contracts or avoid penalties or fines in several countries, said the SEC. These payments were falsely recorded as "commissions" in Tyco's books and records when they were in fact bribes to pay off government customers, the SEC alleged. Tyco's benefit as a result of these illicit payments was more than \$4.6 million. Additionally, Tyco's subsidiary in China signed a contract with the Chinese Ministry of Public Security for \$770,000 but reportedly paid about \$3,700 to the "site project team" of a state-owned corporation to be able to obtain the contract. This amount was improperly recorded as a commission, the SEC reported.

Tyco's subsidiary in France recorded payments to individuals from 2005 to 2009 for "business introduction services." However, according to the SEC, one of the individuals receiving payments was a security officer at a government-owned mining company in Mauritania, and many of the earlier payments were deposited in the official's personal bank account in France.

In Thailand, Tyco's subsidiary had a contract to install a CCTV system in the Thai Parliament House in 2006, and paid more than \$50,000 to a Thai entity that acted as a consultant. The invoice for the payment refers to "renovation work," but Tyco is unable to ascertain what, if any, work was actually done, the SEC noted.

(Continued below)

In addition, the SEC alleged that another scheme occurred in Turkey, where Tyco's subsidiary retained a New York City-based sales agent who made illicit payments involving the sale of microwave equipment in September 2006 to an entity controlled by the Turkish government.

Employees at Tyco's subsidiary were well aware that the agent was paying foreign government customers to obtain orders, the SEC advised. One internal e-mail stated, "Hell, everyone knows you have to bribe somebody to do business in Turkey. Nevertheless, I'll play it dumb if [the sales agent] should call." In arriving at the settlements, the SEC and DoJ considered Tyco's voluntary disclosure, cooperation in the investigation, and remedial measures.

The SEC press release: <http://www.sec.gov/news/press/2012/2012-196.htm>

The DoJ press release: <http://www.justice.gov/opa/pr/2012/September/12-crm-1149.html>

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