

# **U.S. EXPORT/IMPORT COMPLIANCE OVERVIEW**

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*Export/Import Compliance*



# U.S. Import Compliance

**Under Informed Compliance, importers are expected to achieve a standard of “Reasonable Care/Due Diligence”**

**For non-compliant companies, CBP mandates increased examinations, and, ultimately, Enforced Compliance**

# What's new with U.S. Imports?

| <b>10+2</b>                             |  |
|---|--|
| 24 hours before sailing                 | 24 hours before arrival                |
| Importer of Record Number               | Container Stuffing Location            |
| Consignee Number                        | Consolidator (Stuffer)<br>name/address |
| Seller (Owner)<br>name/address          |  |
| Buyer (Owner)<br>name/address           |  |
| Ship-to Party<br>name/address           |  |
| Manufacturer (Supplier)<br>name/address | ← at a line item level                 |
| Country of Origin                       | ← at a line item level                 |
| Commodity HTS – 6 digits                | ← at a line item level                 |

**By the end of 2010, CBP can enforce 10+2 by:**

- **issuing DNLs**
- **assessing liquidated damages**
- **examining or holding cargo**

**...continued.**

**HQ H026715 requires chemical residue contained within imported containers to be:**

- ▶ **classified,**
- ▶ **manifested, and**
- ▶ **entered, but**
- ▶ **allows containers to still be IIT.**

# Potential Import Problem Areas

**Shipments initiated by inexperienced personnel**

**Hand-Carries**

**Regulations (DOT, EPA, USDA)**

**Liquidations**

**Documentation**

**Changing an import type midstream**

- **Failure to close out Temporary Import Bonds and other similar instruments**

# How to stay compliant on imports?

**Licensed U.S customs broker required by law.**

## What is required to initiate?

- ▶ **Customs Power of Attorney**
- ▶ **Continuous Customs Bond**
  - Alternate (more expensive): Single Transaction Bonds

# U.S. Export Controls

| <b>Government Agency</b>   | <b>Items Controlled</b>   |
|--|---|
| <b>Department of Commerce, Bureau of Industry &amp; Security (BIS), Export Administration Regulations (EAR)</b>      | <b>EAR items designated by a specific ECCN or under the “miscellaneous” categorization: EAR99</b> |
| <b>Department of State, Office of Defense Trade Controls (DTC), International Traffic in Arms Regulations (ITAR)</b> | <b>Defense articles</b>   |
| <b>Treasury Department, Office of Foreign Assets Control (OFAC)</b>  | <b>Broad controls and embargoes with certain foreign countries – various items</b>                |
| <b>U.S. Nuclear Regulatory Commission (NRC)</b>  | <b>Nuclear reactor vessels and related commodities</b>  |
| <b>Department of Energy (DOE)</b>  | <b>Technology related to the production of special nuclear materials</b>                          |
| <b>Patent and Trademark Office (PTO)</b>   | <b>Unclassified technology related to patent applications</b>                                     |

# Upcoming Export Changes?

**The Administration has determined that fundamental reform of the U.S. export control system is needed in each of its four component areas, with transformation to a:**

- **Single Control List,**
- **Single Primary Enforcement Coordination Agency,**
- **Single Information Technology (IT) System, and**
- **Single Licensing Agency.**



# **You Can't Outsource Ultimate Responsibility**

**Government investigates all parties to a violation.**

**Post 9/11, Government Agencies made it clear that Shippers are responsible for specific data elements.**

**Reputable forwarders and customs brokers are deeply concerned about compliance. Avoid those who seem lackadaisical.**

# **I can trust brand name companies, right?**

**Credit Suisse AG settles with OFAC for \$536M.**

**Lloyds TSB Bank settles with OFAC for \$217M.**

- **Why? Intentional obfuscation of Iranian transactions.**

**Lloyds TSB Bank: violations occurred from the mid-90s onwards; 4,281 EFTs for \$37M from June 2003 to August 2006**

**Credit Suisse AG: violations occurred from 1989 to 2009.**