

Reducing Costs and Avoiding Risks in the Global Market

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EXECUTIVE SUMMARY

Companies seeking sales or suppliers in the global marketplace must proceed with caution. This presentation provides an overview of U.S. regulation of import and export transactions. Importers must exercise “reasonable care” to ensure that accurate information is provided to U.S. Customs & Border Protection regarding the nature, value, and origin of imported merchandise. Reliance on third parties or suppliers for that information does not protect the importer from liability. Further, importers must establish and maintain compliance programs consistent with the customs laws and regulations. On the export side, companies seeking new markets for their products must ensure compliance with U.S. export controls, economic sanctions, and embargoes. This presentation will give companies insight into how to manage these risks while employing legal tools to reduce costs in international trade.

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Import Side

Import Obligations

- Exercise “reasonable care”
- Act with level of care a similarly situated importer would exercise
- “Informed compliance”

Applies To:

- Classification
- Valuation
- Rate of duty
- Origin declaration
- Admissibility

Classification

- Tariff classification
 - Boards
 - Components
 - Materials
- Errors . . .
 - Incorrect duty payments, over or under
 - Possible penalties

For the purposes of heading 8534 “printed circuits” are circuits obtained by forming on an insulating base, by any printing process (for example, embossing, plating-up, etching) or by the “film circuit” technique, conductor elements, contacts or other printed components (for example, inductances, resistors, capacitors) alone or interconnected according to a pre-established pattern, other than elements which can produce, rectify, modulate or amplify an electrical signal (for example, semiconductor elements).

Explanatory Notes

For the purposes of this section, the term "printed circuit assembly" means goods consisting of one or more printed circuits of heading 8534 with one or more active elements assembled thereon, with or without passive elements. For the purposes of this note, "active elements" means diodes, transistors and similar semiconductor devices, whether or not photosensitive, of heading 8541, and integrated circuits of heading 8542.

HTSUS

Harmonized Tariff Schedule of the United States (2008) - Supplement 1

Annotated for Statistical Reporting Purposes

XVI
85-52

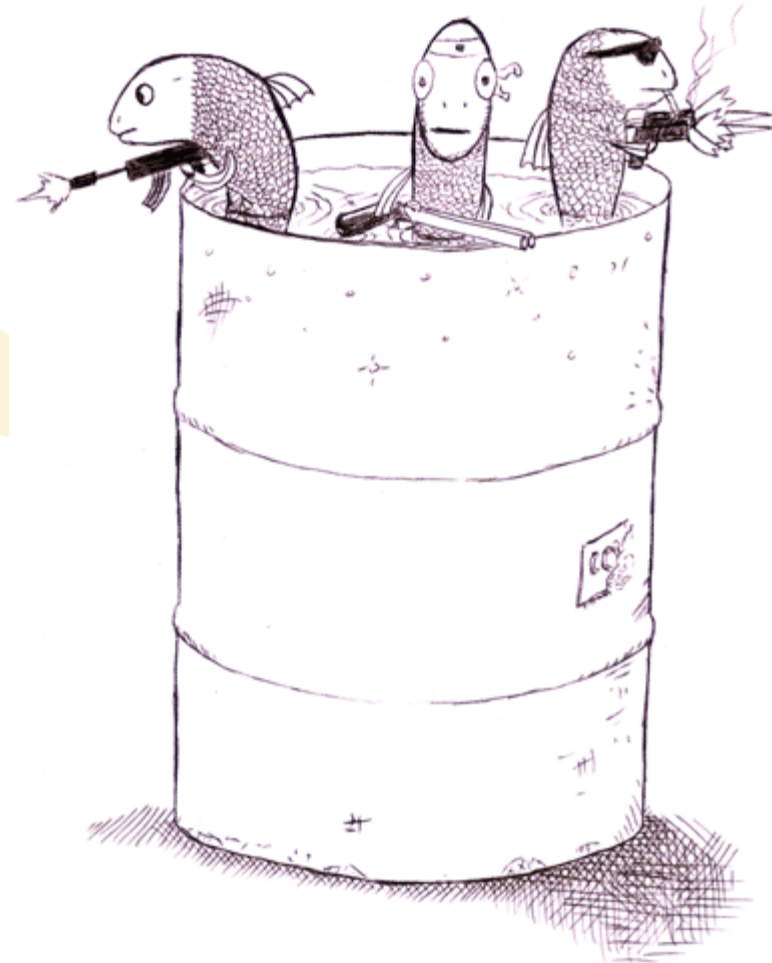
Heading/ Subheading	Stat. Suf- fix	Article Description	Unit of Quantity	Rates of Duty		2
				1		
				General	Special	
8534.00.00		Printed circuits		Free		35%
		Plastics impregnated, not flexible type:				
	20	Having a base wholly of impregnated glass:	No.			
	40	With 3 or more layers of conducting materials ..	No.			
	50	Other	No.			
	70	Having a base wholly of impregnated paper	No.			
		Other	No.			
	80	Other:				
	85	Flexible type	No.			
	95	Other, having a ceramic base	No.			
		Other	No.			
8535		Electrical apparatus for switching or protecting electrical circuits, or for making connections to or in electrical circuits (for example, switches, fuses, lightning arresters, voltage limiters, surge suppressors, plugs and other connectors, junction boxes), for a voltage exceeding 1,000 V:				
8535.10.00		Fuses		2.7%	Free (A,AU,BH,CA, CL,E,IL,J,JO, MA,MX,P,SG)	35%
	20	In circuits of 2,300 V or more	No.			
	40	Other	No.			
		Automatic circuit breakers:				

Rate of Duty

- MFN rate
- Special rate
 - Generalized System of Preferences
 - NAFTA, CAFTA-DR, Australia, Morocco
 - African Growth and Opportunity Act
- Antidumping and Countervailing Duties
- NAFTA: A change to heading 8534 from any other heading.

Valuation

- Price paid or payable
- Other bases
- Royalties
- Indirect payments
- Assists (HQ H023814)



Origin

- Impacts
 - Duty
 - Admissibility
 - Sales to government
- Tests
 - NAFTA/Textile rules
 - Substantial transformation

Marking

- Legible
- Permanent
- Conspicuous
- Exceptions
 - Further processed
 - Imported by end user
 - Outer container marked

Penalties

- Negligence: 2x duties or 20% value
- Gross negligence: 4x duties or 40% value
- Fraud: Forfeiture value
- Prior disclosure and mitigation

Admissibility

- Cargo security, C-TPAT
- Product safety
- Defense articles

Export Side

Export Administration Regulations

- Designated dual use U.S.-origin products and data
- Exported from U.S.
- Includes re-exports from another country
- Need confirmation of license status
- May need “validated license”

International Trade in Arms Regulations

- U.S. Munitions List
- Requires registration with Department of State

USML

Category I-Firearms

Category II-Artillery Projectors

Category III-Ammunition

Category IV-Launch Vehicles, Guided Missiles, Ballistic Missiles, Rockets, Torpedoes, Bombs and Mines

Category V-Explosives, Propellants, Incendiary Agents, and Their Constituents

Category VI-Vessels of War and Special Naval Equipment

Category VII-Tanks and Military Vehicles

Category VIII-Aircraft, [Spacecraft] and Associated Equipment

Category IX-Military Training Equipment

Category X-Protective Personnel Equipment

Category XI-Military [and Space] Electronics

Category XII-Fire Control, Range Finder, Optical and Guidance and Control Equipment

Category XIII-Auxiliary Military Equipment

Category XIV-Toxicological Agents and Equipment and Radiological Equipment

Category XV-Spacecraft Systems and Associated Equipment

Category XVI-Nuclear Weapons Design and Test Equipment

Category XVII-Classified Articles, Technical Data and Defense Services Not Otherwise Enumerated

Category XVIII-[Reserved]

Category XIX-[Reserved]

Category XX-Submersible Vessels, Oceanographic and Associated Equipment

Category XXI-Miscellaneous Articles

Deemed Exports/Defense Services

- Can “export” without shipping
- Plant visitors
- E-mailing specifications, manufacturing info
- Publishing on web site

Embargoes and Sanctions

- Office of Foreign Assets Control
- Terrorists and terrorist organizations
- Non-proliferation
- Narcotics trafficking
- Cuba, Iran, Iraq, Sudan, North Korea, Syria

Questions?

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