



NEWS IN BRIEF

Korea-U.S. Trade Agreement Talks Continue

With all the attention on free trade agreements focusing on the NAFTA discussions, talks between South Korea and U.S. officials will begin on January 5. These meetings will focus on possible amendments and modifications to the Korea-U.S. Trade Agreement (KORUS). The talks were waiting for the Korean government to complete domestic procedures that would allow the talks to move forward.

Fraudulent Organic Certificates Posted

The USDA Agricultural Marketing Service (AMS) National Organic Program (NOP) has issued an alert to the trade on the presence of two new fraudulent organic certificates. Fraudulent organic certificates listing the following businesses are in use and have been reported to the NOP:

- Cloud Vaping Industries
- Vietnam Agricultural Biotechnology Joint Stock Company

These certificates falsely represent agricultural products as certified organic under the USDA organic regulations, violating the Organic Foods Production Act of 1990.

Fraudulent certificates may have been created and used without the knowledge of the operator or the certifying agent named in the certificate. The posting of fraudulent certificates does not necessarily mean that the named business or certifying agent was involved in illegal activity. If a business named on a fraudulent certificate is certified, its certifying agent (identified in the list of certified operations) can provide additional information and verification to the organic trade.

Organic handlers should continue to review certificates carefully and validate them with their certifying agents, where needed. Any use of these certificates or other fraudulent documents to market, label, or sell non-organic agricultural products as organic can result in a civil penalty of up to \$11,000 per violation.

The USDA alert can be found at:

<https://www.ams.usda.gov/services/enforcement/organic/fraudulent-certificates>.

It includes links to other USDA documents that explain how to monitor organic certificates.

Delayed ACE Deployment Including Statements Live This Weekend

The ACE deployment scheduled by U.S. Customs and Border Protection (CBP) on December 9, 2017 was set to include the move of payment statements from ACS to ACE, but that part of the deployment was postponed. The deployment with the statements is now scheduled for Saturday, January 6, 2018.

With the changeover, duty payments from statements will be controlled by ACE. For this feature, filers have not been able to test the programs in the real environment, but CBP has stated that the system is ready and that this change should be transparent. While CBP has stated that they are ready, we still suggest caution. In the first few days after the deployment, January 8-9, we recommend importers with statements to be paid on those days check with their banks that the funds for payments due were actually taken by CBP. If there is a problem, we can report it to CBP and get it fixed immediately instead waiting until CBP discovers the problem. We will send notices or make calls to our customers that have statements due on these days. If there is no problem on the first two days, then we will stop.

While we do not expect any glitches in the changeover, when it comes to duty payments to CBP we want to be sure there aren't any problems of non-payment of duties.

GSP Has Expired

The Generalized Systems of Preferences (GSP) has expired and duty-free status will not be granted for shipments releases on or after January 1. The program, as approved by Congress, historically has been passed with expiration dates. In the past, GSP has always been renewed by Congress.

In anticipation of the renewal, U.S. Customs and Border Protection (CBP) has allowed the filing of the entry with the duty paid, but with the

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transmission of the “A” special program indicator (SPI). For those items that should qualify for GSP treatment when the status is renewed, CBP has programmed entries using the “A” SPI will automatically liquidate with the appropriate refund when/if GSP is renewed.

All along we had hoped for the renewal of GSP before it expired this time, but the House Ways and Means Committee was very focused on the Tax bill that was passed days before the last session of Congress for 2017. The last time that GSP expired, Congress took many months before putting forth the renewal. We anticipate that it should move forward much quicker this time, but there are still other Congressional challenges in the way.

Today, a White House official stated that the Trump Administration “supports a three-year reauthorization of GSP and hopes to get it done early this year.” While support by a presidential administration is very unusual, it is very encouraging. GSP is unlikely to be addressed immediately as Congress only passed a Continuing Resolution to fund the government until January 19, and negotiating a long-term funding package will take precedent. Other legislative priorities that are set to be addressed in January include immigration, flood insurance, the extension of a surveillance law, and another disaster aid package. We will watch the progress of GSP renewal closely.



By **Todd Boice**, *President*