



NEWS IN BRIEF

MTB Passes the Senate

The Senate has finished its review of the Miscellaneous Tariff Bill (MTB). The Senate has made some changes from the House version of the MTB. The changes expanded the description of footwear, while removing benefits for some electric vehicles and was passed under unanimous consent. It now has to go back to the House for its review and passing. The House passed its version of the MTB early in the year with a vote of 402-0. MTB legislation is expected to move quickly when the House goes back into session after its summer recess.

Are You Attending the 2018 Trade Symposium in Atlanta?

We are pleased to announce that Carmichael will be in attendance this year and we would love to meet our customers while there! This year's event promises to be informative and from the agenda, it looks very beneficial to members of the trade in attendance.

If you are attending, please let us know. Please email Daniel Meylor (danielm@carmnet.com) and Danielle Brown (danielleb@carmnet.com) to let us know you'll be there and set up a meeting.

We look forward to seeing you!

CBP Announces Increases in User Fees

U.S. Customs and Border Protection (CBP) has issued a Federal Register Notice (FRN) announcing the increases in Consolidated Omnibus Budget Reconciliation Act (COBRA) user fees for physical year 2019. These fees include the Merchandise Processing Fees (MPF) charged on entries. The new maximum to be charged on a formal entry will be \$508.70 and the minimum on a formal entry will increase to \$26.22. The percentage charges of the MPF will not increase,

These increases will go into effect on October 1, 2018. A copy of the FRN with all the fee changes can be found at <https://www.gpo.gov/fdsys/pkg/FR-2018-08-01/pdf/2018-16510.pdf>.

U.S. and EU Agree to Work on Eliminating Industrial Tariffs

Last week President Trump announced that the U.S. and European community will work together to eliminate all non-auto industrial tariff barriers and remove bureaucratic barriers to trade between the two countries. During the ongoing trade talks, there will be no new tariffs proposed, especially auto tariffs that the president had earlier suggested. With all the challenges of retaliatory duties, this is a positive move to enhance trade between the EU and the U.S.

ZTE Denial Order Lifted

The Secretary of Commerce has announced that Zhongxing Telecommunications Equipment Corporation, of Shenzhen, China (ZTE Corporation) and ZTE Kangxun Telecommunications Ltd. of Hi-New Shenzhen, China has placed \$400 million in escrow at a U.S. bank as a guaranty against unfair trade actions by the companies. With the deposit in escrow, along with the setup of a team of special compliance coordinators that were selected by the Bureau of Industry

and Security (BIS) to monitor export practices on a real time basis, the Department of Commerce has lifted the denial order on ZTE that went into effect in April of 2018. Due to the harsh fines and the sanctions on U.S. equipment that were imposed in April, ZTE (one of China's largest companies) faced closure.

The negotiated actions are pursuant to a June settlement agreement that included the harshest penalties and strictest compliance measures ever imposed in such a case. The escrow funds are in addition to the \$1 billion penalty imposed by the Department of Commerce that ZTE paid to the U.S. Treasury this year. BIS and the Department of Commerce will be watching ZTE transaction very closely

The purpose of this stringent settlement is to modify ZTE's behavior while setting a new precedent for monitoring to assure compliance with U.S. law. The unprecedented access afforded the compliance team by this agreement vastly improves the speed with which the Department of Commerce can detect and deal with any violations.

Legislation Introduced in the Senate to Delay Auto Tariffs

President Trump has ordered the Office of the United States Trade Representative (USTR) to look at a Section 232 action for retaliatory duties on cars, trucks and auto parts. Taking into account the current negotiations with the European Community, President Trump said he would withhold any auto retaliatory duties from the EU while the new trade negotiations are going on. Last week, the Automotive Jobs Act of 2018 was introduced as a bipartisan bill that looks to delay President Trump's proposed 25 percent tariff on imported cars, trucks and auto parts. To that end, the bill would require that the International Trade Commission (ITC) conducts a comprehensive study of the well-being, health and vitality of the United States automotive industry before tariffs could be applied

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As a part of the study, the ITC will be assessing:

- The number of automobiles assembled in the United States that are exported each year and to which countries
- The percentage of component parts of automobiles assembled in the United States that are imported
- The number of component parts for automobiles that are not produced in the United States and would thus not be available to United States automotive producers if prohibitively high duties were imposed on imports of those parts
- The effect an increase in automotive manufacturing costs would have on jobs in the United States

This report will be required to be sent to Congress and is to include policy recommendations based on the study. Under this legislation, these tariffs cannot be applied until the report is delivered.

CBP Posts the Rules on Drawback

U.S. Customs and Border Protection (CBP) has finally published its proposed rulemaking for Drawback in ACE under the Trade Facilitation and Trade Enforcement Act (TFTEA). [This document](#) is 444 pages long and deals with a variety of issues such as joint liability for the importer and drawback claimant for the drawback claim; challenges on excise taxes; and other technical changes to CBP's regulations. Drawback claims filed under the TFTEA process will not receive refunds until the proposed regulations become final. Drawback claims can still be filed and refunds will be processed using ACE Core Process filing, but CBP will no longer accept those claims after February 24, 2019. The actual Federal Register Notice (FRN) with the proposed regulations is expected to be published on August 2, and comments will be due 45 days after the release of the FRN.



By **Todd Boice**, President