



# Insights on Trade & Customs

November 2017



Welcome to the inaugural edition of the KPMG Trade & Customs newsletter. Each month, our firm's trade compliance professionals will share recent developments of interest to our clients and industry peers in this newsletter. Inquiries about the topics presented herein may be directed to any member of our [practice's leadership team](#).

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### Legal Decisions

[Meyer v. United States, Slip Op. 17-110, Ct. Int'l Trade \(August 23, 2017\)](#)

The U.S. Court of International Trade (CIT) issued a decision in *Meyer v. United States*, ruling that importing retail "sets", comprised of both GSP-eligible and non-eligible products classified under a single tariff provision, does not disqualify the GSP-eligible products in the set from the lower GSP duty preference (nor would the existence of GSP eligible products in the set impart eligibility on the non-eligible products).

This decision clarifies the customs law in this area and brings additional predictability on whether the lower duty GSP preferential treatment will be granted to products classified under the HTSUS as retail "sets."

[United States v. Sterling Footwear, Inc., et al, Slip Op. 17-141, Ct. Int'l Trade \(October 12, 2017\)](#)

The CIT issued a decision in *United States v. Sterling Footwear* and found the importer grossly negligent for misclassifying 337 footwear entries over a three year period. In addition, the U.S. government had alleged that 1) Alex Ryan Ng, the president, chief executive officer and majority shareholder of Sterling, was personally liable for the actions of Sterling in

misclassifying the goods and that 2) Ng Branding, another company majority owned by Alex Ryan Ng, was liable as successor to Sterling for the actions of Sterling.

The CIT found on summary judgment that Sterling knowingly misclassified footwear and determined the loss of revenue of \$1.57 million in unpaid duties, but has yet to decide penalties pending a determination on any mitigating/aggravating circumstances.

The CIT found dispute as to material facts regarding the liability of Alex Ryan Ng and Ng Branding, and thus denied summary judgment on those issues, pending additional fact gathering by the CIT.

### Policy Developments

- [Retail Industry Associations and Major Retail Companies team up to launch the U.S. Global Value Chain Coalition](#) – The purpose of the Coalition is to educate Congress, the current administration and the public on the positive impact that global value chains can have on American jobs, consumers and the overall economy.
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- Department of Commerce Bureau of Industry and Security (BIS)-October 3-5, 2017
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- WorldECR Export Controls and Sanctions Forum-October 16-17, 2017
- National Association of Foreign Trade Zone's (NAFTZ) Annual Conference-October 22-25, 2017
- International Compliance Professionals Association (ICPA) Fall Conference-October 22-25, 2017
- Society for International Affairs (SIA) Fall Advanced Conference-October 23-24, 2017

## KPMG Events and Webcasts

- Broker Connectivity for Customs Filings – Webcast hosted on October 10, 2017
- Navigating Through NAFTA – Webcast hosted on November 2, 2017
- Update on Customs Liability and the False Claims Act – Webcast hosted on November 6, 2017
- Export Control Update-December 4, 2017-2:00 p.m. EST. Registration to open soon.
- KPMG Trade & Customs Update-December 12, 2017-Philadelphia, PA
- 2018 Trade Update-What to Expect in the New Administration-January 9, 2018. Registration to open soon.

## Upcoming Conferences and Events in Trade

- ICPA Shanghai Conference-November 9-10, 2017-Shanghai, China
- CBP East Coast Trade Symposium-December 5-6, 2017-Atlanta, GA

## The Current State of Global Trade

### Legal Decisions

*Meyer v. United States*, Slip Op. 17-110, Ct. Int'l Trade (August 23, 2017)

#### Background

A U.S. importer entered shipments of cookware "sets," which included pots and pans produced in Thailand, a Beneficiary Developing Country (BDC) eligible for preferential duty treatment under the Generalized System of Preferences (GSP), and glass lids produced in the People's Republic of China, a non-BDC (and thus, not GSP eligible). U.S. Customs and Border Protection (CBP) denied GSP treatment to the imported sets due to the presence of the non-BDC glass lids. In addition, while the cookware sets were shipped directly from Thailand to the U.S., the goods were purchased by the importer through a related foreign middleman, who in turn purchased the goods from a related manufacturer. Upon importation, the U.S. importer declared the lower "first sale" price as the value basis for customs duties (i.e., the price between the manufacturer and related middleman, rather than the price paid by the importer).

The CIT concluded that the inclusion of GSP-eligible and non-eligible products under a single tariff classification as "goods put up in sets for retail sale" pursuant to General Rule of Interpretation (GRI) 3(b), Harmonized Tariff Schedule of the United States (HTSUS), does not disqualify the GSP-eligible articles in the set from the lower duty preference. The Court held that the tariff classification rules to determine HTSUS classification and the GSP eligibility rules should be considered separately (i.e., the GSP 35 percent value added test does not apply to the entire retail "set"). Rather, the customs classification is based on the "contours" of the set as a whole while the GSP analysis considers whether, and to what extent, preferential treatment extends to the "content" of the set (i.e., to the individual "articles" in the set).<sup>1</sup>

<sup>1</sup> The CIT left open the issue(s) of whether the rate of duty applicable to the non-eligible items should be the duty rate applicable to the tariff classification of the entire set as a whole under GRI 3(b), or the duty rate applicable to the classification of the individual non-eligible article itself (e.g. the glass lids), including how it would need to be presented upon customs entry, CBP Form 7501.

With respect to the importer's declared value of the imported sets, the Court concluded there were insufficient facts to assess whether the lower "first sale" value basis was an arm's length from a customs perspective, and noted that the issue involved both a factual dispute and a legal dispute over the definition of which entity is the "firm" under 19 C.F.R. 152.103(l)(1)(iii). However, the court notably stated that the parent company's financial information, arguably as representative of the "firm", was "relevant to examining whether any non-market influences affect the legitimacy of the sales price," such as parental support having a market-distortive effect.

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#### [United States v. Sterling Footwear, Inc., et al, Slip Op. 17-141, Ct. Int'l Trade \(October 12, 2017\)](#)

In a recently issued decision, the CIT held in favor of the United States that Sterling Footwear, Inc. ("Sterling"), an importer of various types of footwear, had been grossly negligent in misclassifying 337 of its footwear entries into the U.S. over a period of 3 years (2007-2009). The relevant footwear entries were originally classified as rubber tennis shoes, pursuant to subheading 6402.91.40 of the HTSUS. Although the entries at issue maintained rubber soles, subheading 6402.91.40 pertains to footwear composed of at least 90% rubber or plastic, a threshold not satisfied by Sterling's products at entry which were composed primarily of other materials, not rubber or plastic.

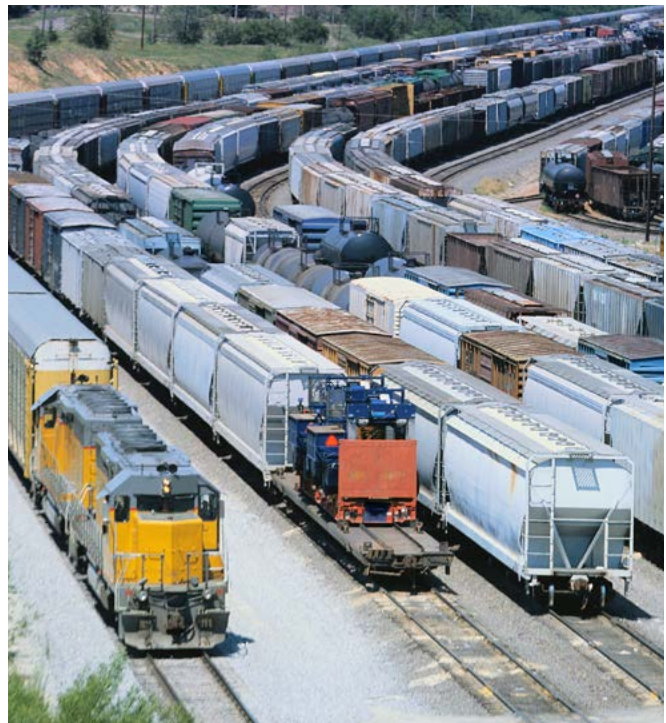
In 2009, CBP reviewed samples of Sterling's entries and informed Sterling that the entries were being misclassified. Despite the notification, Sterling failed to amend previously misclassified entries, and continued to classify imported products as rubber tennis shoes. In light of this behavior, the U.S. government sought to hold both Sterling and Alex Ryan Ng, the president, chief executive officer and majority shareholder of Sterling, responsible for the misclassification violations. Separately, the court also considered whether Ng Branding, another company majority owned by Alex Ryan Ng and founded in February 2009, could also be liable for the actions of Sterling under a theory of successor liability.

The CIT granted the U.S. government's motion for summary judgment on the issue of liability against Sterling. The CIT determined that Sterling was liable for the loss of revenue of \$1.57 million in unpaid duties. In addition, the CIT noted that the U.S. government had identified up to \$3.2 million more in possible lost revenue from Sterling's misclassifications. Under import penalty provisions (19 U.S.C. 1592(c)(2)), Sterling could be liable for up to four times the loss of revenue for gross negligence, a potential penalty of upwards of \$20 million, pending a determination by the CIT on any mitigating/aggravating circumstances.

The U.S. government's assertion of liability against Ng was based upon the precedent established in *United States v. Trek Leather, Inc.*, 767 F.3d 1288 (Fed. Cir. 2014), where the court in that case determined that, in addition to the importer of record, an individual can be personally and jointly liable for valuation violations if they engage in activities prescribed by 19 U.S.C. 1592(a)(1)(A). The CIT in *Sterling* did determine that Ng's activities with respect to classifying the merchandise would fall within the scope of "introduce" under *Trek Leather*, however the CIT denied the U.S. government's motion for summary judgment on the issue of liability against Ng. The CIT held that while Ng did have a role in shipping the footwear to the U.S. (design, development, marketing, sales, and manufacturing), Ng's role in determining which HTS provision Sterling's products would be imported under was disputed, and therefore, summary judgment on that issue was unwarranted pending further determination on the facts. The CIT however did not decide on Ng's culpability here and thus leaves open the possibility that Ng could be held personally liable by the CIT at trial.

As for Ng Branding's liability, the CIT found that there is dispute as to the material facts on the issue and denied the U.S. government's motion for summary judgment. At issue are whether Ng Branding 1) actually purchased Sterling and 2) carried on the same business as its predecessor, two factors that will likely impact Ng Branding's liability as a successor entity under existing precedent. Ng Branding's liability as a successor entity will be determined by the CIT at trial.

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## Policy Developments

### Retail Industry Associations and Major Retail Companies team up to launch the U.S. Global Value Chain Coalition

On October 20, 2017 a number of retail industry associations and major brands, suppliers and businesses launched the U.S. Global Value Chain Coalition. With the increasing sophistication of global supply chains and the provision of goods and services to the U.S. economy, the purpose of the Coalition is to educate Congress, the current administration and the public on the positive impact that global value chains have and can have on American jobs and the U.S. economy.

The coalition is being led by the American Apparel & Footwear Association (AAFA), National Retail Federation (NRF), Retail Industry Leaders Association (RILA) and the U.S. Fashion Industry Association (USFIA) and includes globally recognized brands such as Target Corporation, Gap Inc., VF Corporation, and Levi Strauss & Co, and others.

Many individuals, including U.S. policymakers, believe that when a product is physically manufactured abroad, a majority of the jobs involved with the creation of the product are also abroad. While 98 percent of apparel sold in the U.S. is imported, the U.S. value-added to those products is in excess of 70 percent. With the current administration taking a more protectionist position on global trade, the Coalition plans to educate the administration on the benefit of global supply chain jobs to the U.S. economy, as well as the overall benefit to American consumers in the variety and lower cost of apparel. The U.S. Global Value Chain Coalition aims to prove that the idea of global value chains harming the American economy and labor force does not hold true in today's global business landscape.

The U.S. Global Value Chain Coalition position on the positive impact to the U.S. economy is based on a study performed by the international consulting firm Moongate Associates. Most notably, on average U.S. labor activities account for 70.3 percent of an apparel product's final value, despite the fact that said products were physically manufactured abroad.<sup>2</sup>

Some other key findings of this study were:

- U.S. value-added activities include 1) designing and managing production abroad, 2) security, 3) logistics, 4) customs/trade compliance, 5) U.S. warehousing and distribution, 6) quality assurance, 7) marketing, 8) sales, 9) customer service, and 10) legal support.

- The majority of U.S. value-added was in compliance, security, legal support, and U.S. warehousing and distribution.
- Whether or not raw materials were sourced abroad, or the type of apparel or company involved had no major impact on the U.S. value-added.
- The lowest American value-added was for women's man-made fiber outerwear (65.8 percent) while the highest was for women's cotton knit shirts (75.4 percent).
- Americans tended to hold the more high-skilled jobs while low-skilled jobs were generally performed abroad.
- Study does not include the value-added to U.S. economy for products manufactured and exported from the U.S.

According to Moongate Associates, the findings of the apparel study are consistent with recent academic studies and OECD and WTO reports, and well as other research institution reports. For more information please refer to the U.S. Global Value Chain Coalition [website](#).

### Update on NAFTA Renegotiations

The fourth round of the North American Free Trade Agreement (NAFTA) renegotiations took place October 11-17, 2017 in Arlington, Virginia. As expected, the Trump administration's recent proposals were at the forefront, including a proposed five year "sunset clause," and sweeping revisions to NAFTA's dispute resolution mechanisms.

The proposed "sunset clause" would require NAFTA to be renewed every five years, and automatically terminate if all NAFTA members do not agree to its continuance. Mexico and Canada, and many industry lobbyists and leaders warned that the "sunset clause" would damage their ability to attract long-term investments, maintain long-term business plans, damage supply chains, and essentially neutralize the purpose of NAFTA.

The Trump Administration is also continuing to push for sweeping changes to the dispute resolution mechanisms that resolve disagreements between NAFTA states, and also between states and investors. In sum, the proposals would alter the power of independent panels' rulings on NAFTA disputes. The three nations agreed to extend negotiations into the first quarter of 2018, citing "significant conceptual gaps."

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<sup>2</sup> In addition to publicly available data, this study utilized proprietary data of 20 company-product combinations for calendar year 2011. This differs from similar studies conducted that only utilized publically available data.

Additionally, Mexico has a general election in July 2018. Likewise, the U.S. is approaching mid-term elections in November 2018 and Canada is holding federal elections in October 2019. This political activity may add additional complexity to the NAFTA renegotiations.

In response to both international and domestic pressure, U.S. Trade Representative Robert E. Lighthizer said that U.S. businesses would have to give up some of the benefits they receive under the current structure of NAFTA to allow the U.S. to negotiate a better deal for America's workers. Lighthizer further stated that he had "seen no indication that our partners are willing to make any changes that will result in a rebalancing and a reduction in these huge trade deficits." The fifth round of talks is scheduled for November 17, 2017 in Mexico City.

### [Automotive Companies Form Coalition in Support of NAFTA](#)

On October 24, 2017, a number of major automakers, suppliers and auto dealers formed a coalition called 'Driving American Jobs,' which seeks to dissuade U.S. lawmakers from withdrawing from NAFTA. The coalition supports an advertising campaign that aims to convince lawmakers and U.S. voters that NAFTA has been one of the main reasons for the U.S. auto sector's steady growth in recent years. This week, the coalition posted on their website: "We're winning with NAFTA."

'Driving American Jobs' is comprised of many leading auto companies, including General Motors, Toyota Motor Corporation, Volkswagen, Hyundai Motor Company and Ford Motor Corporation, as well as many auto trade associations, including the Motor & Equipment Manufacturers Association and the American International Automobile Dealers Association.

The group warns that a U.S. departure from NAFTA would expose car and truck manufacturers that have plants in Mexico to high tariff rates, as well as heightened tariffs on vehicle components manufactured in North America.

The Trump administration's recent proposal to change NAFTA's rules of origin, specifically regarding vehicles, has also been receiving attention from the auto industry during the fourth round of renegotiations. Currently, NAFTA requires that at least 62.5 percent of all materials used in the production of the vehicle must be traced to one of the three countries, in order to qualify for preferential duty treatment under NAFTA. However, the Trump administration recently proposed that this amount be raised to 85 percent, and that 50 percent of the materials used in the production of the

vehicle be of U.S. origin. Opponents fear this will hurt U.S. automakers' ability to remain competitive when sourcing components from multiple countries.

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## Regulatory Updates

### [Customs – Trade Partnership Against Terrorism \(C-TPAT\) Reauthorization](#)

On October 23, 2017, the U.S. House of Representatives passed the [C-TPAT Reauthorization Act](#). The bill, H.R. 3551, will be introduced in the U.S. Senate for further consideration.

If enacted, the C-TPAT program, will be reauthorized. As provided in the text of H.R. 3551 Sec. 211(b), the "purposes of the C-TPAT program are to (1) strengthen and improve the overall security of the international supply chain and United States border security;(2) facilitate the movement of secure cargo through the international supply chain; (3) ensure compliance with applicable law; and (4) serve as the Authorized Economic Operator program for the United States."

According to the CBP website, "From its inception in November 2001, CTPAT continued to grow. Today, more than 11,400 certified partners spanning the gamut of the trade community, have been accepted into the program. The partners include U.S. importers/exporters, U.S./Canada highway carriers; U.S./Mexico highway carriers; rail and sea carriers; licensed U.S. Customs brokers; U.S. marine port authority/terminal operators; U.S. freight consolidators; ocean transportation intermediaries and non operating common carriers; Mexican and Canadian manufacturers; and Mexican long haul carriers, all of whom account for over 52 percent (by value) of cargo imported into the United States."

The new Act seeks to expand the number of entities that are eligible for C-TPAT participation.

### [C-TPAT Best Practices Framework](#)

CBP recently issued guidance to C-TPAT participants on the framework that companies should implement as a best practice, as well as examples of those practices. This framework may be used by companies looking to gain C-TPAT Tier 3 status.

According to CBP, a best in class C-TPAT program should include 5 main components:

- (1) Senior Management Support-philosophy and culture to promote security
- (2) Innovative Business Process/Technology-to enhance/improve security

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(3) Documented Process-written process to ensure consistency and continuity

(4) Checks, Balances, Accountability, and Testing-auditing/testing to ensure reliability of security measures

(5) Evidence of Implementation-minimum security criteria met and validated

When conducting a self-assessment of C-TPAT business partners, importers must also require that business partners execute a written/electronic confirmation that they have implemented the five main components of the C-TPAT framework to at least the minimum criteria allowed.

#### [CBP publishes final rule updating in-bond regulations](#)

On September 28, 2017, CBP together with the U.S. Treasury Department, published in the Federal Register a final rule that adopts, with changes, proposed amendments (first proposed in 2012) to CBP regulations regarding the in-bond process.

The in-bond process allows imported merchandise to be entered at one U.S. port of entry without appraisal or payment of duties and be transported by a bonded carrier to another U.S. port of entry or other authorized destination, provided all statutory and regulatory conditions are met. The final rules, effective November 27, 2017, were drafted and intended to enhance CBP's ability to regulate and track in-bond merchandise and to determine whether in-bond merchandise is properly entered or exported. Some enhancements include, but are not limited to: 1) changing the current paper-dependent process to an automated paperless process, 2) requiring additional description information on the in-bond application, including the six-digit HTSUS number if available, 3) harmonize the time permitted for goods to be left in bond for all modes of transport except pipeline, and 4) require carriers to electronically request and receive permission from CBP before diverting in-bond merchandise. CBP was aided by several public comments in making these enhancements, which CBP hopes will allow greater accuracy in tracking in bond movements while utilizing less CBP resources. CBP included a flexible enforcement period of 90 days to allow the industry to adapt to the changes in the regulations without penalty.

#### [Senate introduces GSP benefits for certain Footwear](#)

On October 31, 2017 the U.S. Senate introduced a bill (S. 2032) to designate certain types of footwear eligible for the GSP program. A House version of

the bill (H.R. 2735) was introduced earlier in the year that included GSP benefits for a variety of different footwear types.

The Senate bill, along with the House bill, if passed is estimated to benefit the U.S. footwear industry by \$57 million annually. The full text of the Senate legislation is expected soon so stay tuned for future updates. Click [here](#) for the full text of the House bill.

#### [U.S. Government lifts sanctions on Sudan](#)

As of October 12, 2017 the U.S. government has lifted some of the economic sanctions previously placed on Sudan. The official reasoning behind lifting the sanctions is: "in recognition of the Government of Sudan's sustained positive actions to maintain a cessation of hostilities in conflict areas in Sudan, improve humanitarian access throughout Sudan, and maintain cooperation with the United State on addressing regional conflicts and the threat of terrorism". The sanctions were originally implemented under Executive Order 13067 in 1997 and Executive Order 13412 in 2006.

The revocation of these sanctions comes after a 16 month long review of Sudan's efforts to improve certain key areas of diplomacy. President Obama issued Executive Order 13761 shortly before leaving office in January, which indicated that the sanctions would be lifted after six months, so long as the progress made by Sudan was deemed satisfactory. The Executive Order detailed five key areas that would be monitored for improvement. President Trump issued an additional Executive Order to move the timeline to October, in order to provide additional time for his administration to review results. The report released on October 12, 2017 provided additional detail on each of the five areas and results of the review.

While this is a positive step forward for diplomatic relations with Sudan, not all sanctions have been lifted. According to the October 12th report, "The national emergency with respect to Sudan, established in E.O. 13067 of November 3, 1997, will remain in effect. The Darfur-related sanctions pursuant to E.O. 13400 of April 26, 2006 will remain in place as a means of addressing issues with respect to the conflict in Darfur." Additionally, the report indicates that Sudan will remain on the list of State Sponsors of Terrorism, which leaves in place restrictions on U.S. foreign assistance, defense exports and sales, and controls over exports and re-exports of dual use items.

Additional information on the lifting of these sanctions, including the full report and briefing, can be found [here](#).

## OFAC Global Terrorism Sanctions Regulations amended for the IRGC

The Department of the Treasury's Office of Foreign Assets Control (OFAC) is amending its Global Terrorism Sanctions Regulations, effective October 31, 2017. The amendment includes the imposition of terrorism related sanctions to foreign persons that are officials, agents or affiliates of Iran's Islamic Revolutionary Guard Corps (IRGC). Additional information on these sanctions can be found [here](#).

### Section 201 – Global Safeguard Investigations

In May 2017, Suniva Inc. & SolarWorld Americas, Inc. initiated an investigation for photovoltaic solar panels. The U.S. International Trade Commission (USITC) made a unanimous affirmative injury determination in October 2017. The final report with recommendations will be submitted to the President by November 13, 2017.

Potential actions by the President may include, but are not limited to, increases in, or imposition of, duties on the imported article, a tariff-rate quota or other quantitative restrictions on import, or **any other action**. Section 201 grants broad authority to the President to accept the ITC's recommendation and select the type of relief to impose for a preliminary period of four years.

## Global Trade Automation

### Automation Update: Broker Connectivity for Customs Filings

KPMG's Trade & Customs practice, including a team of Global Trade Management Solution (GTMS) recently hosted a webcast on "Broker Connectivity for Customs Filings: Benefits and Approach."

If your company is exploring how to speed up your international supply chain, reduce border clearance issues, gain visibility into your global import data, lower your customs brokerage fees and manage your trade compliance risk, then you may benefit from this discussion.

As all companies are different, this webcast will provide you with a baseline of knowledge that you can apply in understanding how broker connectivity could benefit your company, helping you build a strong business case for management. You will gain the following from this webcast:

- Learn basics of broker filing and its role in the supply chain
- Appreciate the potential benefits of broker connectivity within a GTMS
- Observe how to automate broker connectivity using a GTMS

This webcast will be of greatest interest to trade and technology managers and executives who are considering ways to increase supply chain efficiency, reduce risk and explore costs savings opportunities. It will provide important insights regardless of your current or future GTMS. There will be additional benefit for those companies using or considering the use of SAP Global Trade Services (GTS), as we'll demonstrate via GTS how connectivity functions.

### Launch Webcast Replay

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## Conferences and Events in Trade

### [Department of Commerce Bureau of Industry and Security's \(BIS\) Annual Update Conference on Export Controls and Policy-October 3-5, 2017](#)

KPMG Trade & Customs attended and had a booth at the BIS Annual Update Conference in Washington, D.C. According to information provided at the conference, in FY 2017, fines associated with export control violations exceeded \$286 million and administrative penalties \$691 million. BIS noted that as a general trend fewer criminal fines are being issued, but the ones that are issued are of higher value.

### [KPMG Trade & Customs CBP Update and Hot Topics seminar-October 5, 2017](#)

KPMG Trade & Customs hosted a seminar in New York on October 5, 2017, and invited CBP Regulatory Audit to provide an update on the current state of regulatory audit, and its survey approach for conducting audits. One key takeaway from the session with CBP is that regulatory audit and the CBP Centers for Excellence and Expertise (CEEs) are increasingly coordinating to target companies for audit.

In addition, KPMG Trade & Customs consultants provided an update on hot topics in trade, such as trade policy in the first nine months of the Trump administration, NAFTA, tax reform and trade related executive orders, as well as other updates on trade opportunities and efficiencies such as Section 321 informal entries, duty drawback, first sale for export, global trade automation and global value added tax. For more information, please contact KPMG Trade & Customs.

### [WorldECR Export Controls and Sanctions Forum-October 16-17, 2017](#)

KPMG Trade & Customs participated in the WorldECR Export Controls and Sanctions Forum in Washington, DC. In the welcome letter to the forum attendees, it was stated that "this year's Forum events take place against a backdrop of quite extraordinary uncertainty—with many of the issues hitting the headlines of the mainstream press having a direct bearing on the practice of export controls and sanctions practitioners and their advisers." During the two day session, trade professionals presented on topics including: key developments in sanction regimes of the United States and European Union; the ZTE Settlement; the Google Approach to Technology Controls; BREXIT, European Union Export Control Reforms, Dual-Use Regulations; the Power of OFAC; Responding to the Heightened Proliferation Threat;

Compliance Lessons from the C-Suite; Defense Sector Compliance; Talking with H.R.; and the Iran Resolution 2321.

### [Society for International Affairs Fall Conference-October 24-25, 2017-Arlington, VA](#)

KPMG Trade & Customs participated in the SIA Fall Conference alongside many trade compliance professionals representing different sectors of industry, government, and service providing firms. The conference featured discussions on topics including: ITAR Brokering; Defense Trade in Services; OFAC Licensing Requirements and Sanctions; Establishing and Sustaining a Compliant IT Landscape; Export Enforcement; Root Cause Analysis Techniques for Compliance; and Foreign Military Sales and Third Party Transfers. The 2017 conference was notable because it marked the 50th anniversary of the Society for International Affairs, which serves to educate the international trade community on export and import processing.

### [NAFTZ 45th Annual Conference and Exposition-October 22-25, 2017](#)

KPMG Trade & Customs attended the NAFTAZ annual conference in San Diego, CA. The theme of this year's conference was "FTZs: Creating American Jobs." Based on the attendance and statistics provided by government authorities present at the conference, it appears the FTZ program continues to grow.

During the three-day session, participants heard from representatives at CBP and the Foreign Trade Zones Board. KPMG presented on direct delivery versus non-direct delivery zones and how importers can manage the General Order time clock. Sessions this year were more inter-active than in years past, including a game-show format discussion around the new in-bond regulations set to go into effect in November. Hot topics also included tax reform, NAFTA renegotiations and conducting audits within the zone. One of the key takeaways was a general feeling of apprehension towards CBP's migration to the Automated Commercial Environment (ACE) reporting which is fast approaching, however the feeling from industry is that there is not sufficient time to perform adequate systems testing because CBP has not yet published its system requirements.

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### KPMG Trade & Customs at ICPA on Global Trade Automation-October 22-25, 2017-Grapevine, TX

During the ICPA Fall Conference, Robert Waldrop from KPMG's Trade & Customs Global Trade Technology team presented on the topic of "Global Trade Automation: Straight Talk and Myth-busting." If your company is considering automation via a GTM solution, starting the journey with an establish GTM solution or looking to evolve with an existing one, you will benefit from the presentation.

The presentation covers 15 major questions that people have about Global Trade Management solutions and provides you with the answers that get you thinking about the right approach for your company. Whether you are debating about trade automation, developing your business case, considering GTM solutions available on the market, or in the process of evaluating the functionality, costs and trade content, the points discussed in the presentation will help you increase your awareness of global trade automation.

**Request the presentation**

### KPMG Events and Webcasts

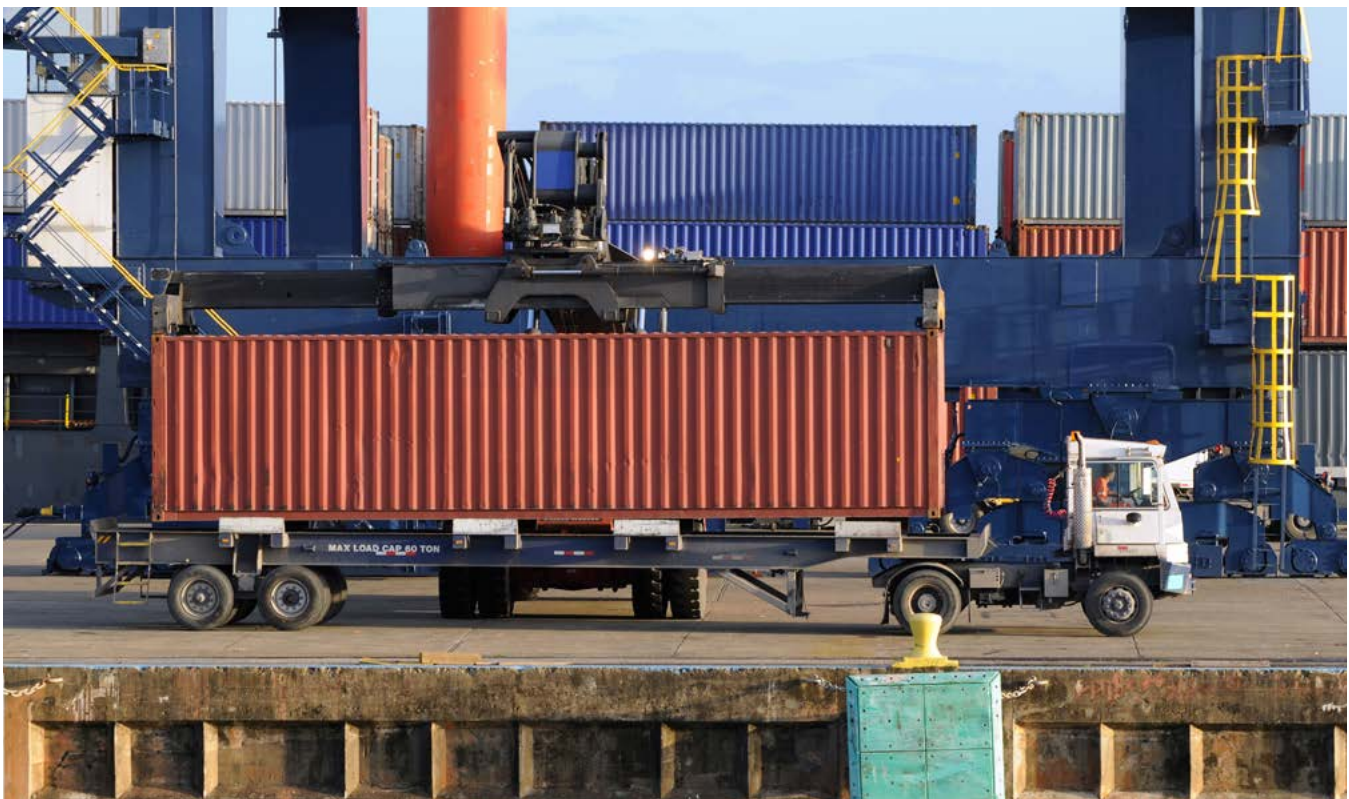
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### TaxNewsFlash Alerts – Trade & Customs

TaxNewsFlash alerts provide summaries of the latest regulatory and legislative developments being reported by KPMG International member firms. To learn more, go to: [Trade & Customs-TaxNewsFlash](#).



## Contact us

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— [Trade & Customs Services](#)

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