
❖ SPC&B Update ❖

A Newsletter for Clients of Sharretts, Paley, Carter & Blauvelt, P.C.

September 12, 2011

I. CBP Adds New Sections to C-TPAT Security Profiles For Some Members

II. CBP to Eliminate Paper Courtesy Notices of Liquidation for Entries Filed in ABI

III. Reminder — California Anti-Slavery Supply Chain Disclosure Law Goes Into Effect January 1, 2012



I. In certain Partner Security Profiles on its C-TPAT Portal, Customs & Border Protection (CBP) recently added four new sections and revised the description of a fifth section. The new and revised sections, which can easily be identified by the designation “(Updated)” at the end of their titles, are: (1) Business Partner Requirements; (2) Physical Access Controls, Building Security; (3) Personnel Security; (4) Procedural Security; and (5) Physical Security, Building Security. These changes do not currently appear in all Partners’ Security Profiles, but have been found in Profiles for which the annual review is coming due or is past due.

Therefore, it appears that all C-TPAT Partners will eventually have to address these new and revised sections of their Security Profiles, when it is time to conduct their annual reviews. The C-TPAT Portal will not allow the annual review to be certified and submitted unless and until responses to the new sections are entered.

II. U.S. Customs and Border Protection (CBP) has issued a final rule under which it plans to eliminate the mailing of paper courtesy notices of liquidation to importers of record whose entry summaries are filed electronically via the Automated Broker Interface (“ABI”). Paper courtesy notices were used to provide informal, advance notice of the date of liquidation, but were not required by statute. For entries filed in ABI, CBP’s previous practice was to provide an electronic courtesy notice to the ABI filer (importer of record or broker) and a paper courtesy notice to the importer of record. Now, CBP will only provide the electronic courtesy notice for entries filed in ABI. Electronic courtesy notices will be provided to all ABI filers, including both importers of record and brokers that file as the agent of an importer of record. For importers of record whose entries are not filed through ABI, CBP will continue to provide paper courtesy notices.

In response to concerns that this change will make it difficult for importers of record to determine liquidation information without the assistance of their brokers, CBP has reprogrammed the Automated Commercial Environment (“ACE”) Secure Data Portal to enable importers of record to monitor the liquidation of entries filed under their importer number, and will allow importers of record limited access to their broker’s ACE Portal account to obtain records for entries filed on their behalf.

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While this rule takes effect September 30, 2011, it will be implemented on the first day on or after September 30 that CBP can provide importers with complete liquidation reports, including liquidation dates, electronically through the ACE Portal. CBP estimates that the new rule will eliminate over 90% of paper courtesy notices, resulting in a savings of \$3.8 million annually.

III. As discussed in previous *Updates*, effective January 1, 2012, large retailers and manufacturers with annual gross receipts above \$100 million that sell goods in the state of California will be required to disclose information relating to their companies' efforts to eliminate slavery and human trafficking from their supply chains. Companies subject to the law must post the disclosure on their websites with a "conspicuous and easily understood link to the required information" appearing on the homepage. The full disclosure, which can be located on a separate page of the website, must state to what extent, if any, the company:

- 1) Engages in verification of product supply chains to evaluate and address risks of human trafficking and slavery, and whether the verification is conducted by a third party.
- 2) Conducts audits of suppliers to evaluate supplier compliance with company standards for trafficking and slavery in supply chains, and if the verification is accomplished by an independent, unannounced audit.
- 3) Requires direct suppliers to certify that materials incorporated into the product comply with the laws regarding slavery and human trafficking of the country or countries in which they are doing business.
- 4) Maintains internal accountability standards and procedures for employees or contractors failing to meet company standards regarding slavery and trafficking.
- 5) Provides training to company employees and management who have direct responsibility for supply chain management, on human trafficking and slavery, particularly with respect to mitigating risks within the supply chains of products.

For assistance with responding to the new C-TPAT Portal sections or have questions on entry liquidations, please contact Gail Cumins at gcumins@spcblaw.com, or Ken Paley at kpaley@spcblaw.com. If you have concerns about complying with the California anti-slavery law, please contact Gail Cumins at gcumins@spcblaw.com or Donna Shira at dshira@spcblaw.com, or call us at 212-425-0055.
