

Compliance News



CBP Announces New Form 6084 for Supplemental Duty Bills

On October 11, 2011, CBP announced an updated version of the CBP Form 6084 for bill payments. Importers will no longer receive the old pink carbon forms in the mail.

Link: http://apps.cbp.gov/csms/viewmsg.asp?Recid=18490&page=&srch_argv=11-000245&srchtype=all&dtype=&sortby=&sbv

(Source: US Customs and Border Protection, 11 October 2011)



Congress Passes Legislation on Generalized System of Preferences, Merchandise Processing Fees and Trade Adjustment Assistance Program

U.S. Congress recently approved the Trade Adjustment Assistance Extension Act of 2011 (H.R. 2832) which retroactively renews the Generalized System of Preferences (GSP), Trade Adjustment Assistance Program and increases the Merchandise Processing Fees from .21 to 0.3464. This increase in merchandise processing fees will be retroactively applied to merchandise entered on or after October 1, 2011. The Act was presented to President Obama on October 13, 2011 for signature. Further details will be provided as they become available.

Link: <http://www.gpo.gov/fdsys/pkg/BILLS-112hr2832enr/pdf/BILLS-112hr2832enr.pdf>

(Source: Government Printing Office, October 2011)



Congress Approves Pending FTA's with Columbia, Panama and South Korea

On October 12, U.S. Congress approved the pending free trade agreements with Columbia, Panama and South Korea. These agreements are expected to boost the U.S. export industry by \$13 million a year, and increase the U.S. gross domestic product by more than \$15 million. The agreements are currently awaiting signature by President Obama, and upon enactment, most imported goods will receive duty free treatment into the U.S.

Link: <http://www.ustr.gov/FTA>

(Source: Office of the United States Trade Representative, 12 October 2011)

Logistics News



Manufacturing Jobs to Shift from China to US, Report Says

"Reshoring" trend expected to bring more factory work back to States over next 5 years. A big shift of manufacturing from China to the U.S. and other parts of North America will create up to 3 million U.S. jobs in coming years, says a study from Boston Consulting Group. The report says labor costs in China are rising so fast, while U.S. productivity continues to climb, that the cost advantage of sourcing many types of goods production in China is rapidly shrinking.

"Factor in shipping, inventory costs and other considerations," and for many types of goods "the cost gap between sourcing in China and manufacturing in the U.S. will be minimal," according to the report. The report, titled "Made in America, Again," cites various examples of companies already shifting work back to the U.S. and says that process will quickly speed up. The move of jobs and production back to this country is often called "re-shoring," and some organizations are promoting policies to spur greater returns of factory jobs from overseas.

In just five years, BCG said, "the total cost of production for many products will be only about 10 to 15 percent less in Chinese coastal cities than in some parts of the U.S. where factories are likely to be built," before counting shipping costs. But the report said ocean shipping rates have risen in recent years, mainly because of spiking bunker fuel prices since the depths of the recession in 2009, while a shortage of container port capacity projected in 2015 and a falloff in shipbuilding could push rates higher.

The authors said the steady appreciation of China's currency against the U.S. dollar is another factor raising the cost of goods made there, while trade disputes continue over many products made in China and the ocean supply chain is subject to threat of disruptions. BCG said several southern U.S. states "will turn out to be among the least expensive production sites in the industrialized world." Mexico is also getting some of the output shifting from China, and can deliver goods into the U.S. in one or two days compared with 21 by ocean. But BCG officials said Mexico would not benefit as much as some expect because U.S. expertise in many goods would draw the work back here instead.

The group said industries most likely to see a production shift back to the U.S. are transportation goods, electrical equipment and appliances, furniture, plastics and rubber products, machinery, fabricated metal products, and electronics. "Together, these seven industry groups could add \$100 billion in output to the U.S. economy and lower the U.S. non-oil trade deficit by 20 to 35 percent," BCG said.

(Source: Journal of Commerce, 07 October 2011)



Dependence on Asian growth threatens recovery

Latest freight data indicates slowdown in US and EU exports to ASEAN countries

The latest global freight data has underlined concern over economic recovery, and exposes the risk of dependence on Asia-led growth, according to the Organisation for Economic Co-operation and Development (OECD).

Data from the OECD shows that freight volumes indicate a marked macroeconomic slowdown. External trade by sea in Europe and the US is settling around 3% and 4%, respectively, below pre-crisis levels, according to preliminary estimates. Jari Kaupila, an economist for the OECD, said seasonally adjusted data compiled from both sea and air freight pointed to an underlying change.

"Recovery in the EU and the US has, so far, been led to a considerable extent by exports to Asia," he said. "However, our latest data indicates that this positive trend has reversed, and exports by sea from the US and EU to ASEAN countries declined in the months before June 2011." He added that trade by sea to China suggests a similar slowdown, with volumes exported from the US declining, while exports from the EU seemed to be static.

(Source: IFW, 13 October 2011)



Trans-Pacific Partnership Agreement gains momentum

Just one day after the U.S. Senate voted to penalize China for its currency valuation, Congress passed three pending free trade agreements with Columbia, Panama and South Korea that possibly signals momentum is building towards the regional Trans-Pacific Partnership Agreement that Japan might now reportedly join.

The Obama Administration says the three-country trade deal will bolster U.S. exports to the tune of \$13 billion a year and the trade pact with South Korea alone, the largest-such deal since the North American Free Trade Agreement of 1994, would support 70,000 jobs in the U.S. as numerous export duties on a variety of products would be removed over the next five years.

South Korean President Lee Myung-bak was in Washington D.C. today on a visit with President Obama to commemorate the big trade deal.

In related news, Japan's Chief Cabinet Secretary Osamu Fujimura has reportedly said his country has agreed to launch more serious discussions over possibly joining the TPP Agreement at the next Asia-Pacific Economic Cooperation summit to be held in Honolulu in mid-November.

The TPP is a multi-lateral free trade agreement that initially sought to drastically reduce and eventually eliminate trade tariffs between the trading partners.

The current members in the Agreement are the U.S. Australia, Brunei, Chile, Malaysia, New Zealand, Peru, Singapore, and Vietnam.

(Source: Cargo Business News, 13 October 2011)