



BPE Global Hot Topic—July 2018

Mid-Year Mapping: All eyes on the Trade War

Whether you are lucky enough to harbor a trade compliance title or consider trade compliance another hat worn amongst dozens of other functions, you are at the frontline of protecting your company against trade compliance risk.

Last month's Hot Topic addressed the challenges of sifting through clickbait headlines surrounding "Trade War", "Retaliation," and the accompanying "headline fatigue" to thoroughly understand what is at stake for our business, all while helping our organization forecast the outcome of it all using our trade-compliance crystal ball.

If this cyclone of 2018 trade change has you reeling- don't forget it's mid-year, so we suggest it is also a perfect time to put some focus on all other aspects of your compliant global trade organization and ensure you are on-target for the remainder of the year. Here is an outline to help you navigate the rest of the year:

Preparing for Global Tariff Changes

1) Section 301

Is your organization affected by any of the enforced and/or proposed tariffs? Run your AMS 008 reports against our complimentary [trade impact calculator](#) to assess. Work with Finance to prepare for possible enforcement. Analyze whether you have any product that might be eligible for Chapter 98 or Chapter 99 provisions (don't forget your RMA volumes). Offer comments prior to the August 20th hearing for List 3 items if your products might be affected- remember 500 items were removed from the List 1 Tariffs due to industry feedback. The following summarizes key Section 301 facts:

	List 1	List 2	List 3
Notice Date	April 6, 2018	June 20, 2018	July 10, 2018
Effective Date	July 6, 2018	TBD	TBD
Duty Rate	25%	25%	10%
Estimated Export Value	\$34B	\$16B	\$200B
Affected Tariff Numbers	818	284	6,031
Tariff Lists	List 1	List 2	List 3
Request to appear at hearing	N/A	N/A	July 27, 2018
ITC hearing	N/A	July 24, 2018	August 20-23, 2018
Pre-Commentary Deadline	N/A	July 23, 2018	August 17, 2018
Post-Commentary Deadline	N/A	July 31, 2018	August 30, 2018

2) Retaliatory Tariffs

Don't forget your exports! Use ACE to run your export reports against the enforced and potential retaliatory lists. Will your company be affected by any of the [EU retaliatory tariffs](#)? Did China's [first round](#) of tariffs affect your organization? Don't forget the recently proposed articles on China's [List 2](#).

3) Eye on Brexit

Though Brexit developments are currently underway, the existing target date for Brexit is March 2019, with a transition period lasting through December 2020. The key factor with Brexit is to have a strategy for its implementation. Does your organization currently leverage European Union free trade benefits? Raise this consideration to upper management to prepare a plan should these benefits become defunct once the UK separates itself from the EU.

Stay on Track: Reporting, Auditing and Recordkeeping

1) Reporting

If subject, your encryption reporting deadline is August 1. If you are part of the Importer Self-Assessment (ISA) program, set aside time to work on your annual ISA report; the end of the year will be here before we know it! Don't forget to mark your calendar for the Antiboycott Report BIS Form 621-P for single transactions or BIS 6051P.

2) Audits

Keep on track of your quarterly audits as well as your screening audits. We have seen an increase in CBP and Census inquiries across all sectors of the industry; now is the time to ensure accuracy across both your imports and exports. Remember to have a process in place to continuously screen transactions.

3) Recordkeeping

Mark your calendars to update all Power of Attorneys (POAs) on file. If relevant to your organization, streamline the logistics providers filing exports and imports on your organization's behalf- this ensures higher controls of brokerage operations and more accurate metrics. If your organization is, or could be, impacted by Section 301 tariffs, update your continuous bond with CBP accordingly.

Training and Forecasting for 2019 and beyond

1) Training

Imparting the confidence to identify trade compliance risk, avoid problematic behavior and knowing how and where to escalate red flags is a minimum training requirement for a global organization. Training isn't relegated to those who have a trade compliance "hat" or title - sales representatives, engineers, and supply chain employees are each exposed to different workflows during which a trade compliance risk could present itself. Are you confident in the knowledge within these groups? If you're short on bandwidth, outsource this function. It is paramount to protecting your organization.

Are those responsible for trade compliance well versed in classification and evaluating items' eligibility for Chapter 98 and Chapter 99 provisions? Do employees know how to run and modify ACE reports to execute the audit and analysis needed to keep abreast of recent trade tariffs?

2) Forecasting through 2019 and beyond

Along with sharing trade developments and analysis with upper management and working on a plan to mitigate potential impact, think about other key areas in which trade compliance needs a more proactive role. If there is an opportunity to visit Terms and Conditions, ensure the Incoterms used in supply chain are aligned with the Transfer of Title outlined in the T&Cs...If there is an opportunity to speak with the Mergers and Acquisitions group, use the above outline to illustrate the magnitude of trade compliance risk which must be considered when looking at target acquisitions.

Juggling these considerations is no-joke. It can be overwhelming and now is not the time to back down. It is your job to implement resources and a plan to manage the effectiveness of your compliance program

and stay current with the constant industry changes. Vocalize this to upper management, set a plan in motion.

As always, BPE Global is in your corner and is happy to assist in any capacity. You can follow us on [LinkedIn](#) where we publish topical opinions on the ever-changing rules and regulations governing the landscape of global trade.

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