## International Trade and Transportation Law Newsletter



# **Transportation Law Basics**

On the importance of bills of lading, COGSA, and forum shopping by Oscar Gonzalez, Attorney

Federal and state courts are clogged with lawsuits over loss of or damage to international cargo or when cargo is delayed or refused. There is a huge corpus of law and legal precedent, including treaties and statutes, to decide these conflicts, but the law remains highly volatile with unpredictable outcomes. For example, shippers often sue carriers under the Carriage of Goods by Sea Act (COGSA). US courts focus heavily on the intent of the parties as manifested through the relevant contractual language, commonly the bill of lading. Carriers tend to insert limitations, disclaimers, arbitration, and forum "anywhere except in a US court" selection clauses in bills of lading.

Two recent court cases demonstrate the complicated dynamics.

The first case is Salis v. American Export Lines, an opinion from the US Second Circuit Court of Appeals. The shipper hired a freight forwarder, who in turn contracted with an ocean carrier, to ship a camper to Nigeria. Nigerian customs officials turned the camper away at the port for improper documentation. The ocean carrier demanded that the shipper pay extra money because the ocean carrier was forced to lug the camper around. The shipper sued the freight forwarder and ocean carrier in state court for failing to deliver the camper, but then the freight forwarder had the lawsuit moved to federal district court. The federal appeals court agreed that the lawsuit against the ocean carrier should be dismissed because the bill of lading required that the parties sue in Norway. The ocean carrier had given a

dock receipt to the forwarder, and the dock receipt referenced the bill of lading. Because the forwarder was the shipper's agent, the court reasoned that notice to the forwarder was notice to the shipper as well and, therefor only a Norwegian court may decide a lawsuit between the shipper and the ship owner. Similarly, only a state court, not a federal court, could decide whether the shipper could sue the forwarder in the US because the shipper's damages did not reach a certain statutory threshold and there was no diversity between the forwarder and the shipper, i.e., they were not from different states.

In Garland v. Evergreen Marine Corp. (June 15, 2009), the US District Court for the Southern District of Florida decided that the case would be proceed to trial and would not be decided on summary judgment. Garland Corporation hired Evergreen Marine to ship garlic from Chile to the US. Garland claimed that the garlic was damaged because Evergreen failed to provide proper refrigeration on its long sea voyage. The parties agreed that COGSA limited Garland's recovery to \$500 per "package", but they disagreed on the definition of a "package," with Garland arguing that the smaller boxes and bags were the true packages and Evergreen said pallets and ocean containers were the true measure. The divergent views on COGSA's \$500 limitation "per package" was predictable. There have been hundreds of lawsuits over the years on this issue, with shippers seeing many "packages" and ship owners claiming that only shipping containers qualify. In this particular lawsuit, the court said that only a full vetting of the evidence at trial would determine who was right.

Oscar Gonzalez is a founding member of GRVR Attorneys

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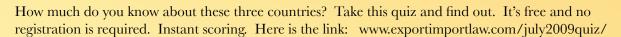
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## Iran, Cuba, and North Korea Quiz

Revolution, saber-rattling, and spy rings are making the headlines because of these three countries. While USA has no trade or diplomatic relations with Iran, Cuba, and North Korea, they play a major role on the world stage.





### **Other Quizzes**

If you like this month's quiz, try our other quizzes:

**Pirates** 

Fines and Penalties World Holidays

Halloween

Alexander Hamilton

China Export

News Update

www.exportimportlaw.com/may2009quiz/ www.exportimportlaw.com/february2009quiz/ www.exportimportlaw.com/december008quiz/ www.exportimportlaw.com/october2008quiz/ www.exportimportlaw.com/september2008quiz/ www.exportimportlaw.com/august2008quiz/ www.exportimportlaw.com/july2008quiz/ www.exportimportlaw.com/april2008quiz/

### Global Training Center and GRVR Attorneys team up to bring you the Best Customs Broker Exam Prep Course

If you are looking for a promotion, or are seeking job security or maybe a new job altogether, or if you want to help your company with its responsibilities under US import law, you should explore getting a customs broker license.

Even in these down times, there is a high demand for competent customs brokers.

The good news is that, when compared to other careers, becoming a customs customs

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customs broker exam. Only a small percentage of people sitting for the exam ever pass it because they do not invest in a good prep course, or the course they choose is a poor, untried one.

The Global Training Center in one of the oldest and most respected international trade training companies. Its involvement will only improve the nation's most successful customs broker exam prep course.

If you are thinking about taking the customs broker exam, it will be held on the first Monday in October, barely enough time to study. Start studying now. People flunk because they do not prepare sufficiently, a problem you can avoid by taking our course.

broker is relatively achievable by most people, even those without any college or have not been in school for many years. And there is even more good news.

Our course guard sessions, personal 24/7 online study of the sessions of the session of the sessions of the session of the sess

The Global Training Center and GRVR Attorneys have teamed up to greatly increase your chances of passing the Our course guarantees you will pass and offers study sessions, personalized homework, a 94% pass rate, a demo, 24/7 online study material, and multiple-day boot camps in different cities. For more info, visit

www.bestcustomsbrokercourse.com/ or call (214) 720-7720.

## EXCERPTS FROM INTERNATIONAL TRADE NEWS FROM THE WEB

Reader: we provide the web links to the full stories only in our electronic newsletter

## **Shell Settles Nigeria Case: Oil Giant to Pay** \$15.5 Million Over Deaths of Activists

by Isabel Ordonez and Russell Gold (Wall Street Journal)

"Royal Dutch Shell PLC agreed Monday to pay \$15.5 million to settle a lawsuit over the 1995 deaths of Nigerian author and activist Ken Saro-Wiwa and others. The Anglo-Dutch oil giant faced a lawsuit in federal court in Manhattan under the Alien Tort Claims Act, on allegations that it was complicit in the 1995 deaths of Mr. Saro-Wiwa and other activists. The lawsuit was brought by family members and surviving activists."

### China's export restrictions are target of U.S. complaint to WTO by Don Lee and Jim Puzzanghera (LA Times)

"In filing its first major complaint of unfair trade practices by accusing China of restricting competitors' access to raw materials, the Obama administration raised hopes among U.S. manufacturers and unions that it would move aggressively to defend their interests in the global economy. But whether the complaint filed Tuesday on behalf of U.S. producers of steel, aluminum and chemicals was the harbinger of a broadbased attack or just a symbolic step to fulfill a campaign promise remains an open question."

## **Author Tells Story Of Kenyan Whistle-Blower** (NPR)

"John Githongo is a Kenyan who was given a dream job. In 2002, a new government came into power in Kenya with a mandate to clean up government and recruited Githongo as its anti-corruption czar. His office was in the State House, the Kenyan equivalent of the White House, and he reported frequently and directly to the president. And then he ended up in exile. Author Michela Wrong tells Githongo's story in her new book, It's Our Turn to Eat: The Story of a Kenyan Whistle-Blower."

### A Threat In Every Port

Lawrence M. Wein (New York Times)

"How should the detection office proceed? The best way to view the problem strategically is through game theory. In this case, the government plays first and uses its budget to place detection resources — technology, security experts and the like — at the

various "nodes" along the transportation network, like seaports, airports and border stations. The terrorists, in turn, can be expected to choose the path that gives them the best chance to carry out an attack."

## Fla. Bread Importer Wins Refund of Expired Tariffs

(Courthouse News Service)

"A Florida company is entitled to a refund of the tariffs it paid to import toasted bread from Spain after July 2007, because that's when the duties were supposed to automatically expire, a trade

court ruled. The tariffs had been imposed in retaliation for the European Union's refusal to lift a ban on the importation of U.S. meats treated with certain growth hormones."

### Mexican Truckers File \$6 Billion Claim Against U.S. in Nafta Spat by Jose De Cordoba (Wall Street Journal)

"A Mexican trade association representing more than 4,500 trucking companies is seeking \$6 billion in damages from the U.S. government because of Washington's refusal to allow Mexican trucks to carry cargo over U.S. roads."

### Former State Department Official and Wife Arrested for Serving as Illegal Agents of Cuba for Nearly 30 Years (US Justice Dept. Press Release)

"A former State Department official and his wife have been arrested on charges of serving as illegal agents of the Cuban government for nearly 30 years and conspiring to provide classified U.S. information to the Cuban government...An indictment and criminal complaint unsealed today in the District of Columbia charge Walter Kendall Myers, 72, a.k.a. "Agent 202," and his wife, Gwendolyn Steingraber Myers, 71, a.k.a. "Agent 123," and "Agent E-634," with conspiracy to act as illegal agents of the Cuban government and to communicate classified information to the Cuban government. Each of the defendants is also charged with acting as an illegal agent of the Cuban government and with wire fraud."

## **CBP Posts C-TPAT seminar videos on its** website

If you missed the big C-TPAT conference that CBP hosted in Washington, DC, don't fret. CBP has posted videos of all eighteen sessions on its website (links provided only in our electronic newsletter).



### Compliance Posters, T-shirts, and Gear

Trade compliance can be perplexing, but one way out of the regulatory jungle is by using the compliance tools we offer. Our compliance posters condense the subject into easily understood explanations and flowcharts, while our t-shirts, caps, and other gear allow you to brag to the world about your role in international trade.

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- Deemed Export Rule
- Foreign-Trade Zones in a Nutshell
- Importer Best Practices
- 9 Commandments of Export Compliance
- Importers and Intellectual Property Rights
- C-TPAT
- Customs Brokers/Freight Forwarders

Shop at www.exportimportlaw.com under the "store" tab.

### **Post-Entry Amendments Survey**

We need your help. There is a big controversy within the trade community on whether filing Post-entry Amendments (PEAs) is a good idea. Your answers to this survey will help resolve the controversy. We will report our findings through this newsletter to help importers decide their PEA policies and procedures.

Did you know that according to CBP, importers who file Post-Entry Amendments will still "be subject to the usual penalties, liquidated damages, and other administrative sanctions for any Customs laws violations." See the November 22, 2000 "Announcement of a General Program Test Regarding Post-Entry Amendment Processing." CBP created PEAs to allow importers to correct entries before liquidation. Many importers use PEAs enthusiastically. However, there is a hidden danger in using PEAs. Importers should not confuse PEAs with prior disclosures. By filing a prior disclosure, an importer is protected against penalties. Importers do not receive this important protection when filing PEAs. There is a concern in the trade community that CBP is penalizing or flagging importers who file PEAs.



There are only seven questions in this survey. You may remain anonymous. Here is the link: www.exportimportlaw.com/peasurvey/

### **Importers Must File Antidumping Certificates of** Reimbursement

What if a foreign supplier reimburses its customer/importer for the antidumping duties the customer/importer paid? That would circumvent US antidumping law and would be illegal. The Government requires importers to file a Certificate of Reimbursement before liquidation.

Here is a directive from CBP describing importers' obligations.

### **Guidance for Certificates of** Reimbursement

(11/29/2005)

#### **Purpose**

The Department of Commerce (DOC) regulations require that the importer file, prior to liquidation and the assessment of antidumping [FN1: Certificates of Reimbursement apply to Antidumping duties only.] (AD duties), a certificate advising whether the importer has entered into an agreement or otherwise has received reimbursement of AD duties. [FN2:19 CFR 351.4027

CBP field offices should keep in mind that the DOC regulations governing the deadline for filing the reimbursement certificate have undergone significant changes over the years since DOC began administering the antidumping laws in 1980. Thus, depending upon the regulation that was in effect at the time of entry, the importer may or may not

have missed the relevant deadline for filing the reimbursement certificate.

#### **Time Requirements for Providing Reimbursement** Certificate

The regulations governing the deadline for filing the reimbursement certificate have changed over the years since DOC began administering the AD laws.

- For entries made prior to February 5, 1980, the regulations required the importer to file the reimbursement certificate before CBP (Customs) proceeded with appraisement of the merchandise. [FN3: 19 CFR 153.49 (1979)]
- For entries made from February 5, 1980 to April 26, 1989, the importer was required to file the reimbursement certificate within 30 days after the earlier of 1) publication of the order or any administrative review thereof pursuant to § 353.53, or, if appropriate, § 353.49, or 2) importation of the merchandise in a district in which not previously imported. [FN4: 19 CFR 353.26]
- The current regulation, which took effect April 27, 1989, requires the importer to file the reimbursement certificate prior to liquidation. [FN5: 19 CFR 351.402]



Liquidation occurs on the date that the bulletin notice of liquidation is posted in the Customhouse. Under the current regulations, the importer of record has until the bulletin is posted to provide CBP with the statement of reimbursement. CBP field offices should apply the regulation that was in effect at the time of

In 1992, DOC implemented a change in the language of the FR notices regarding the preliminary and final results of administrative reviews. The new language notifies importers of their responsibility to file a certificate of reimbursement of AD duties prior to liquidation of the entries relevant to the review period. The notice also states that failure to comply could result in the Secretary's

> (DOC) presumption that reimbursement of AD duties occurred and the subsequent assessment of double antidumping duties.

As a result, the responsibility to provide the reimbursement certificate has shifted to the importers. CBP field offices should no longer reject an entry summary or issue a CPB Form 28 requesting a reimbursement certificate. If the reimbursement certificate is still lacking at the time of liquidation, DOC has authorized CBP to assess double antidumping duties. In this situation, CBP field offices would issue a CBP Form 29, Notice of Action, taken, informing the importer of the doubling of the antidumping duties. [FN 6:19 CFR 152.2] If the importer acknowledges reimbursement, an amount equal to the reimbursement, but not more than twice the antidumping duties, should be assessed.

#### Importers Who Have Gone Out of **Business Prior to Liquidation**

Once CBP establishes the appropriate deadline for providing the reimbursement certificate, CBP must determine whether or not the importer missed the relevant deadline prior to going out of business. If the importer was still in business after the deadline passed, the importer should have filed the reimbursement certificate.

#### **Certificates of Reimbursement**

A competent officer of the importer of record must sign the certificate. DOC does not interpret its regulations to allow a customhouse broker to sign the reimbursement certificate. Also, DOC has indicated that an original, facsimile or photocopied reimbursement certificate(s) is acceptable. Thus, CBP may not require an original signature on reimbursement certificates.

The DOC recognizes two types of reimbursement certificates; either may be supplied to fulfill the requirement.

#### **Individual Certificates**

Individual certificates will contain the following language:

I hereby certify that I (have) (have not) entered into any agreement or understanding for the payment or for the refunding to me, by the manufacturer, producer, seller, or exporter, of all or any part of the antidumping duties or countervailing duties assessed upon the following importations of (commodity) from (country): (List entry numbers) which have been purchased on or after (date of publication of antidumping notice suspending liquidation in the Federal Register) or purchased before (same date) but

exported on or after (date of final determination of sales at less than fair value). [FN7: 19 CFR 351.402(f)(2)]

#### **Blanket Certificates**

These statements must provide: 1) the specific antidumping case number(s), 2) the shipper(s), 3) and the review period covered. A blanket reimbursement certificate example is attached to this document. This is not a CBP form so importers can utilize other formats provided they contain the information required by DOC. The time period for which a blanket certificate of reimbursement is applicable is the longer of either 12 months or the administrative review period. Blanket certificates, on file at a port office, dated prior to this memorandum need not be replaced until the time period covered by those blankets expire. Ports with open blanket certificates, no specified end date, must request replacement certificates with an end date. All new blankets must comply with the time periods cited in this memorandum.

#### Result of Failure to Provide Reimbursement Certificates

If DOC instructs that reimbursement applies and the importer fails to provide a statement of reimbursement prior to liquidation, CBP should presume reimbursement and double the AD duties due.

#### **Protests involving Reimbursement Certificates**

Any protest of an entry made on and after April 27,1989, in which the protestant argues that a reimbursement certificate filed after the bulletin notice of liquidation was posted complies with the time period set in 19 CFR 351.402 should be denied. CBP's position for entries made on and after April 27,1989, is that, in order for a reimbursement certificate to be considered timely filed, it must be filed before liquidation of the entry, i.e., before the date that the bulletin notice of liquidation is posted in the Customhouse.

In contrast, a protest in which the protestant disputes the assessment under 19 CFR 351.402, that does not involve the timeliness of filing the reimbursement certificate, should be sent to the Department of Commerce for review and recommendation as to the disposition. Ports should follow the current procedure for sending protests to the DOC. [FN8: Protest/Petition Processing Handbook, January 2002]

#### Countervailing Duty (CVD) Cases

DOC's position is, unless stated otherwise, CBP should not require a reimbursement certificate for CV cases. Therefore, the DOC will provide specific instructions if and when a reimbursement certificate is required for entries subject to CV duties.

#### **Source Document:**

**Memorandum From:** Executive Director, Trade Enforcement and Facilitation

Titled: Guidance for Certificates of Reimbursement

**Dated:** November 18, 2005

#### BLANKET STATEMENT OF NON-REIMBURSEMENT

DATE:
IMPORTER:
MANUFACTURER:
ANTIDUMPING CASE NUMBER:
I hereby certify that I have not entered into any agreement or understanding for the payment or for the refunding to me, by the manufacturer, producer, seller, or exporter of all or any part of the antidumping duties upon all shipments of:
COMMODITYFROM
COUNTRY
Which have been and/or will be exported by this company.
This blanket applies to importations on or after MMDDCCYY through MMDDCCYY. [FN1: The time period for a blanket certificate of reimbursement is either 12 months or the administrative review period, whichever is longer.]
I further certify that the Bureau of Customs and Border Protection will be notified if there is any reimbursement of antidumping duties by the manufacturer, producer, seller, or exporter to the importing company at any time in the future.

INFORMATION REGARDING ANY REFUND OF ANTIDUMPING DUTIES MUST BE SENT IMMEDIATELY TO:

#### PORT DIRECTOR

(ADDRESS)

FAILURE TO FILE THIS CERTIFICATE PRIOR TO LIQUIDATION WILL RESULT IN THE PRESUMPTION OF REIMBURSEMENT AND THE ASSESSMENT OF DOUBLE ANTIDUMPING DUTIES.

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NOTE: AN OFFICER OF THE IMPORTING COMPANY MUST SIGN THIS CERTIFICATE. IT MAY NOT BE SIGNED BY A CUSTOMHOUSE BROKER ON BEHALF OF THE CLIENT.

# **Export and Import Compliance Snapshots Free and Fun**

www.exportimportlaw.com/snapshots.html

Federal enforcement officials and the courts look to the existence of an objective, periodic, and thorough auditing procedure as a necessary component of a sound corporate compliance program. If you audit properly, government authorities tend to mitigate (reduce) penalties and fines. You invite their wrath if you do not audit. Audits also make sense even if there is no government investigation. How else do you know what needs to be done if you have not thoroughly vetted your compliance procedures?



Our law firm offers a snapshot of your export or import compliance programs. This service is free. The information you submit is encrypted and will not be released to anyone outside our law firm. Your information will be evaluated by an international trade lawyer from GRVR Attorneys.

To submit a snapshot request, go to www.exportimportlaw.com/snapshots.html. If you prefer a hard copy and not to process the snapshot online, please call us (214) 720-7720.

# **Do-Gooder Corner: Shipping Container Architecture**

Ever wonder what happens to all those shipping containers that haul freight back and forth between countries? They are built

to exacting industry standards to survive punishing weather, thieves, terrorists, and clumsy stevedores. People even sneak into countries in containers, using them for temporary shelters. But is shipping the only thing these things are good for? They are piling up at the docks, especially

with the economic downturn.



In a beautiful marriage of art and function, people are starting to use shipping containers to build houses and office buildings. Shipping container houses are cheaper and sturdier than traditional houses, so they shouldn't be confused with trailers/motor homes. They also serve an important conservation purpose and be converted to emergency shelters when, for example, a hurricane hits.

Shipping container architecture is not new and there are plenty of resources on the Internet on the subject. One site is <a href="http://firmitas.org/">http://firmitas.org/</a>, and a second one: <a href="https://www.weburbanist.com/2008/05/26/">weburbanist.com/2008/05/26/</a>

cargo-container-homes-and-offices/

#### Calendar

#### Free Compliance Workshops

GRVR provides free compliance workshops to the trade community. The workshops are in-person seminars, not webinars. You may register at www.exportimportlaw.com or info@exportimportlaw.com.

- July 3 The Basics of Importing and Exporting 12 noon - 2 pm (Austin, Texas)
- July 15 Foreign-Trade Zones: US Customs Procedures and Requirements, 12 noon - 1 pm (Irving, Texas)
- Aug 19 Customs Valuation 12 noon - 1 pm (Irving, Texas)
- Sept 16 NAFTA Verifications (Irving, Texas)
- Oct 14 Fines, Penalties, Forfeitures, & Liquidated Damages 12 noon-1 pm (Irving, Texas)

#### Webinars

July 22 Ten Commandments of Trade Compliance 11 am - 12 noon, \$99 per connection www.exportimportlaw.com/courseregistration.php

#### Seminars:

Aug 14 Export Administration Regulations and the Foreign Corrupt Practices Act 9 am - 4 pm (Houston, Texas) Global Training Center

#### Courses:

The Best Customs Broker Exam Review Course www.bestcustomsbrokercourse.com

- year-round study
- guarantee you will pass
- · weekly study sessions
- personalized homework,
- 94% pass rate
- demo, 24/7 online study material,
- multiple-day boot camps in different cities
- glowing testimonials
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Looking for a job? Looking for qualified candidates to fill a position? Post your ad in this newsletter for **free**. Tens of thousands of people read our newsletter each month. Space is limited. First come, first served. If interested, please send your information to info@exportimportlaw.com. Please keep it "classified ad" short. This month's we feature the following:

## Senior Financial Executive Is Available To Savvy Corporation

I am a Senior Financial Executive looking for a position with a company that will capitalize upon my unique experience and distinguished career as a CFO for small and mid-sized corporations. I guided healthy companies to greater financial success and have helped distressed companies turnaround financially. I have proven experience in M&A, debt restructuring, internal controls, cost reduction, private equity and focusing corporations on their specific core competency. Credentials include, public audit experience (tier one), bachelor of science in accounting, Certified Public Accountant, Master of Business Administration (top ranked business school) and I have solicited advice and counsel from one of the best import/export firms in the nation. If interested, please direct inquiries to info@exportimportlaw.com.

#### **GRVR Attorneys**

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