



For more information on how your company can take advantage of this process, please contact the below Venable professionals:

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Reducing Supply Chain Costs: Eliminating Customs Duties on Imports

The current global recession has forced businesses of all sizes to consider innovative ways of reducing costs and streamlining operations. For U.S. businesses that source products from overseas, one way of remaining competitive while also controlling costs is by seeking passage of "duty suspension" legislation to temporarily eliminate import Customs fees. The 111th Congress is expected to consider such legislative relief for American companies on a wide array of articles. Although previous Congresses have passed similar legislation, it is anticipated that the current economic environment will only heighten interest this time around.

Congress periodically adopts what are referred to as "miscellaneous trade bills" that, along with other "house keeping" trade related measures, establish temporary suspension of (or reductions) the import duties on an array of specifically enumerated products. The duty suspensions and reductions generally are limited to products unavailable or unavailable in sufficient supply in the United States. Businesses operating in the U.S. that are dependent on such a product and that are suffering competitive harm from the import duty, can seek to have the duty temporarily suspended or reduced as part of a miscellaneous trade bill.

In years past, various types of importers have used this process to suspend or reduce Customs duties. As an example, the chemical industry has taken advantage of duty suspension bills to eliminate or substantially reduce duties on certain chemical imports. Typically, the chemicals are not domestically produced and the duties do not protect any U.S. industry. The imported chemicals may be needed, however, for use in a product that is produced domestically. Imposing the Customs duties on the chemical component thus has the perverse effect of harming U.S. production.

Below outlines the general process by which duty suspension are considered by Congress:

- After introduction of individual duty suspension and related tariff/trade bills, the House Trade Subcommittee issues an advisory requesting public comment on the bills.
- The Trade Subcommittee will ask that the bills be reviewed by the U.S.

Trade Representative (“USTR”), the International Trade Commission (“ITC”) and U.S. Customs and Border Protection (“CBP”).

- Typically, it takes between 3 to 4 months for each duty suspension bill to be reviewed and analyzed.
- The ITC will issue a report on the bill identifying whether enactment may adversely affect U.S. domestic industry and discussing the possible revenue loss associated with lifting or reducing the duty.
- Final consideration of the duty suspension bills usually occurs during the latter part of the second session of a congress.

Venable is well situated to help companies with duty suspension bills. We have experience in assisting importers interested in pursuing duty suspension legislation, including:

- Drafting proposed legislation to temporarily suspend or reduce Customs duties;
- Formulating legislative strategies to address duty suspension concerns;
- Assisting with the introduction of duty suspension bills;
- Working with congressional staff to help advance the bill through the legislative process;
- Assisting with the ITC, USTR, and CBP reviews of the bills; and
- Shepherding the inclusion of individual duty suspension bills in the final consolidated legislation.

It should be noted that bills that create revenue losses, operate retroactively, or attract significant controversy or opposition may not be included in final passage. Venable will work with the importer, Members of Congress, and congressional staff to address these issues, if necessary, throughout the legislative process.

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