

USDA Foreign Agricultural Service  
U.S. DEPARTMENT OF AGRICULTURE




# USDA FAS Dairy Import Licensing 2024 Webinar

Spring 2024




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## Agenda

- Overview of Application Process
- Surrender and Reallocation
- 85% Utilization Rule
- Reminders and Resources
- CBP Quota Branch

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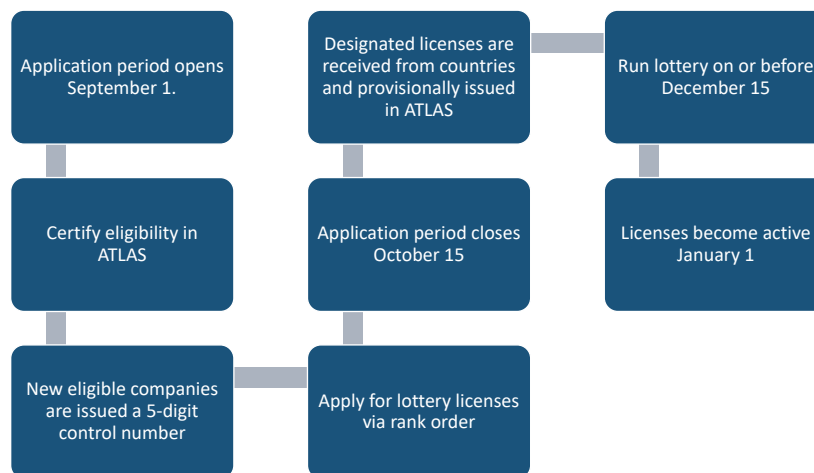
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## Products we license and program regulations

- **The licenses that this office issues are not required to import dairy products, only to access the preferential tariff treatment under the Dairy tariff-rate quota.**
- Chapter 4 of the Harmonized Tariff Schedule of the United States (HTSUS) contains all the products subject to the tariff-rate quota (TRQ) and lists individual tariff codes and associated rates
  - Broad categories are:
    - Cheese: Blue Mold, Cheddar, Italian-Type, Edam & Gouda, Gruyere, Swiss Cheese, American-Type, Lowfat, and Other Cheese
    - Non-Cheese: Butter, Dried Skim Milk, Dried Whole Milk, Dried Buttermilk/Whey, Butter Substitutes

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## Timeline of Application Process



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## Eligibility (6.23)

- U.S. address (not P.O. box)
- U.S. tax ID or social security number (importer of record number)
- Email address
- **Listed on the AMS Dairy Plants List OR**
- **Exporter (minimum exports) OR**
- **Importer (minimum imports)**

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## Eligibility (6.23)

### Option 1

- **Eight separate commercial entries** of cheese or cheese products,
- from at least **eight separate shipments**,
- totaling **not less than 19,000kg** net weight,
- each of the **eight entries not less than 450kg** net weight,
- with a **minimum of two entries** in each of **at least three quarters** during the eligibility period **or**

### Option 2

- **Three separate commercial entries** of cheese or cheese products
- totaling **not less than 57,000kg** net weight,
- each of the **three entries not less than 2,000kg** net weight

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## 85% Utilization Rule

- 6.23 paragraph C provides that **85%** of a license must be utilized, otherwise the licensee will not be eligible to receive a license for the **same article** from the **same country** for the next quota year.
- Licensees can surrender quantity by October 1
- Only two waivers to this rule
  1. Breach of contract by carrier or supplier
  2. Act of God / force majeure
- December 31, 2024, is the last day a 2024 license can be utilized.
- If you receive reallocated quantities, **that additional allocation is considered in the 85% rule**

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## Surrender and Reallocation

- Deadline to surrender is October 1
  - If you are not sure you can meet the 85% utilization rule by the end of the year, consider this option
  - Any surrendered quantity may be available for reallocation to other users
- Three rounds of reallocation
  - Any **eligible** importer can receive reallocated quantities
- Reallocated quantities are added to an existing license **OR** a new, type-9 license will be created (you pay for type-9 licenses)

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## How utilization is calculated

- 38,000kg license and 15,775kg imported =  $(15,775\text{kg}/38,000\text{kg}) = 41\%$  utilization
- If you surrender 20,000kg by October 1, your license size is 18,000kg
  - $38,000\text{kg} - 20,000\text{kg} = 18,000\text{kg}$
  - The Utilization on 18,000kg license with imports of 15,775kg =  $(15,775\text{kg}/18,000\text{kg}) = 87\%$
- If you request and receive 10,000kg during reallocation, your license size is now 48,000kg
  - $10,000\text{kg} + 38,000\text{kg} = 48,000\text{kg}$ .
  - The new utilization becomes  $(15,775\text{kg}/48,000\text{kg}) = 32\%$

## First issuance of lottery licenses

- We do this after all designated licenses have been provisionally issued in ATLAS
- In mid-December FAS runs the lottery for next year's licenses
- If you are awarded a lottery license, **it is contingent on the corresponding current year license meeting the 85% rule**

## How the lottery works

- Based on quantity in Appendix + minimum license quantity set forth in regulations, there is a limited number of lottery licenses we can issue annually per commodity.
- Example 1: High-Demand Commodity
  - Butter-Any Country has 2,777,604 kg available for lottery and the minimum license quantity is 57,000 kg, so we can only issue a max of 48 lottery licenses (2,777,604kg/57,000kg).
  - For QY 2024, 189 companies ranked Butter-Any Country #1 on their application.
- Example 2: Low-Demand Commodity
  - American Type Cheese-Other Country has 168,556 kg available for lottery and the minimum license quantity is 9,500 kg. However, there were only four applicants for this commodity, so ATLAS divided it equally between them.

## Important dates to remember

- January 1-December 31 is a quota year
- September 1, 2023-August 31, 2024 qualifying entries for 2025 must be made in this period
- September 1, 2024-October 15, 2024 = application period
- October 1, 2024 = deadline to surrender quantity
- March 1-15 = pay for current quota year licenses
- Per the regulations, **if a deadline falls on a Saturday, Sunday, or federal holiday, the deadline will be the following business day**

## Common ATLAS, eAuth, and other issues

- ATLAS
  - If you're experiencing issues, try a different browser such as Google Chrome.
  - Clear cookies/cache often (ctrl+shift+del in Chrome)
- Credentials are shifting to login.gov
  - If you have eAuth account, this should transition to login.gov seamlessly
- Multiple people can have access to a single company profile with separate login credentials (Access Manager vs Member)
  - One person can manage/have access to multiple companies within ATLAS
- Users are responsible for ensuring contact information is up to date in ATLAS
- **DO NOT SHARE credentials among colleagues/fellow importers/family members**
- Only answer/act on emails from **.gov** addresses (USDA and pay.gov)
- **DO NOT** send passwords or credit card info in emails!

## Resources

- Governing regulations: <https://www.ecfr.gov/current/title-7/part-6>
- FAS Import Programs Website: <https://www.fas.usda.gov/programs/dairy-import-licensing-program>
- Adjustment to the Appendix: <https://www.federalregister.gov/documents/2023/08/31/2023-18900/adjustment-of-appendices-under-the-dairy-tariff-rate-quota-import-licensing-regulation>
- ATLAS guides: <https://apps.fas.usda.gov/atlas/>
- Log in to ATLAS here: <https://usdafas.my.salesforce-sites.com/atlas>




## Contact

- [TFAA-FAS-MultilateralAffairs@usda.gov](mailto:TFAA-FAS-MultilateralAffairs@usda.gov)
- Leave a query in ATLAS
- (202) 720-1703

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## Office of Trade

### USDA CBP Dairy License Webinar

March 27, 2024  
Pelbea Griffin Jones, International Trade Specialist  
CBP Office of Trade  
Interagency Collaboration Division, Quota Branch

U.S. Customs and Border Protection

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## Quota and Agriculture Branch (QAB) Responsibility

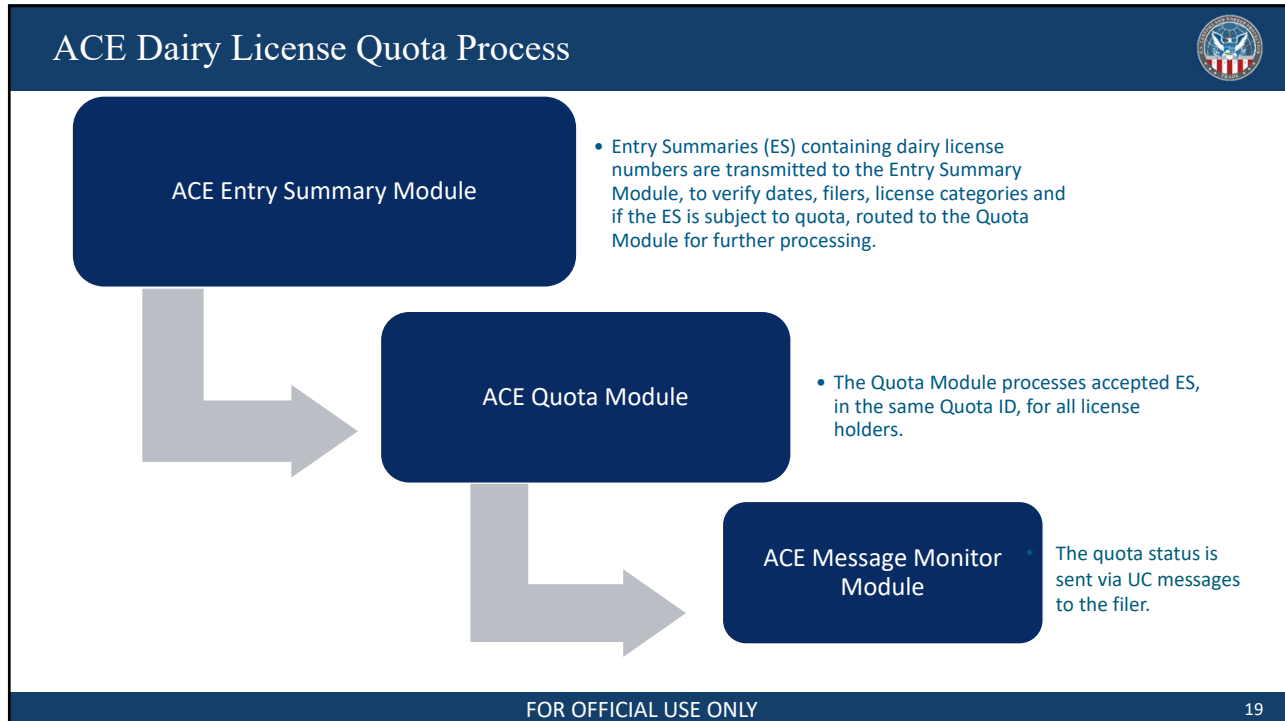


- QAB acts as CBP's liaison with USDA for the processing of Dairy Licenses; however, QAB cannot modify any information including quantity and dates on a USDA Dairy License.
- Once the Entry Summary information is transmitted to ATLAS, if any corrections are needed, the **only** action QAB can do is to cancel the quota line.
- After the quota line is cancelled, the entry summary **must** be retransmitted in ACE to properly allocate the quantity against the license.
- Any action other than quota line cancellation must be completed by USDA FAS personnel.

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## License Information in ACE

Details for USDA License Number: 2-SU-031-3

Actions ▾

Details		History	
License Number	2-SU-031-3	Annual Allocation (UOM)	0 KG
Description	New Lottery License	License Amount (UOM)	57,000 KG
License Type	2	Total Quantity to Date (UOM)	57,000 KG
Additional Notes		License Balance Remaining (UOM)	0 KG
		Filled Percentage	100 %
		License Status	Active
Last Transaction Date	04/04/2023 21:01		
Fee Date			
Start Date	01/01/2023		
End Date	12/31/2023		
Commodity Type	SU		
Country/Region	AC1		

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## License UC Messages



```

4  E4002Q26  LICENSE EXPIRED  000000014400KG
5  Y  S201406UC000002
6  Z5201406  010324
7
E4001Q27  LICENSES PROCESSED / ACCEPTED 000000421100KG
E4002Q27  LICENSES PROCESSED / ACCEPTED 000000881200KG
E4003Q27  LICENSES PROCESSED / ACCEPTED 000000199100KG
Y  S203406UC000004
Z5201406  122123

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## Quota Dairy License Management



- Quota IDs are identification units composed of one or more Harmonized Tariff Schedule (HTS) numbers of a similar product. This governs the quota process and is instrumental in accounting for the remaining quota balance, to prevent overfilling the annual limits.
- After the quantity is decremented in the Quota Module, the detailed information is sent on a Daily Feed upload to USDA ATLAS.
- ATLAS verifies the data from the CBP ACE Daily Feed and updates the license quantity for each license holder. It is incumbent upon the license holder to ensure their license quantity is strictly adhered.
- The Quota Module only works with Quota ID's, not individual licenses; therefore, QAB only has the capabilities to cancel the quota line.



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**QUESTIONS?**  
**HQQUOTA@CBP.DHS.GOV**

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