

BRIEFINGS

PATRIOT ACT

Attorney General John Ashcroft on September 22, 2003, announced a new policy initiative by the Department of Justice that federal prosecutors must charge and pursue the most serious, readily provable offenses or offenses that are supported by the facts of the case; prosecutors must bring the toughest charges available, yielding the toughest penalties under the sentencing guidelines.

CF 7512

On October 20, 2003, Customs will implement the new procedures that should slow down all in-bond movements. Clients are advised to switch to the Automated Manifest System for inbound ocean shipment arrivals and using Air Waybills as an in-bond document to expedite the receipt of merchandise. QP/WP should also be examined. It is unclear whether the new procedures will apply to weekly foreign-trade zone activity.

USTR/DHS

DHS has taken a very proactive role by securing a "seat at the table" at all Free Trade Agreement negotiations and World Trade Organization actions. DHS is now routinely involved in interagency discussions and must sign off on all Administration positions. This "trade policy" role has not been made public and has significant repercussions.

IMPORTER ACTIVITY DATA

Two Customs' offices (OST/NFC) provide importer activity data. Unfortunately, the data is not in a usable format. We have developed computer software to analyze the data. A firm memorandum on this subject is posted at "What's New" on our web site or you can contact Marshall Miller.

CUSTOMS PORT DIRECTORS

On Sept. 26, the Bureau of Customs and Border Protection (CBP) [announced](#) the permanent appointment of 78 port directors managing enforcement of Customs, immigration and agriculture laws. For the first time, some port directors are not former Customs employees.

FTZ/TREASURY/DHS

As recently agreed, DHS will have an advisory role on FTZ applications. It will be consulted by the Foreign-Trade Zones Board when necessary but will not officially join Treasury and Commerce as members of the Board. In a related matter, the temporary authority to the Deputy Assistant Secretary at Treasury to approve FTZ applications expired; renewal is expected soon.

AES PENALTIES

Census is considering initiating penalties for incorrect AES filing under the Customs 592 Regulations. Delegation Orders are being drafted.

FDA BIOTERRORISM

The Food and Drug Administration (FDA) published the final rules that implement two sections of Title III of the Public Health Security and Bioterrorism Preparedness and Response Act of 2002 (Bioterrorism Act). The sections are [Registration of Food Facilities](#) and [Prior Notice of Imported Food Shipments](#). FDA estimates that food imports will decline 16% because of the complexity. The effective date is December 12, 2003; comments are due December 24, 2003. The FDA will hold a public meeting via satellite on October 28, 2003, to provide information on the rules and allow the public to ask questions. 68 Fed. Reg. [56600](#) (Oct. 1, 2003).

WTO CUNCUN

The failure of the WTO talks in the "snake pit" (the definition of Cancun in the Mayan language) will definitely cast a pall over WTO actions and accelerate bilateral free trade agreements. Clients are urged to read two articles in [The Economist](#) of September 20.

MPF DRAWBACK

Customs has issued a proposed rule that would allow, in limited circumstances, the Merchandise Processing Fee to be claimed as drawback based on substitution of finished petroleum derivatives. Comments are due by Dec. 1. 68 Fed. Reg. [56804](#) (Oct. 2, 2003).

SMART CONTAINERS

A [white paper](#) was issued by members of the World Shipping Council, the National Industrial Transportation League, and the International Mass Retailers Association suggesting a new government rule requiring the use of ISO-standard, high-security seals on all marine containers.

FTA

- A public hearing on the Dominican Republic FTA was held October 8, 2003, in Washington, D.C. Written comments are due by noon on November 2, 2003.
- A public hearing on the Bahrain FTA will be held on November 5, 2003. Written comments are due by noon, November 17, 2003.
- Singapore has recently achieved FTAs with the U.S., the EU, Australia, New Zealand, and Japan. It is also negotiating with Canada and Mexico.
- The Japanese government has adopted a plan to fast track FTAs with South Korea and China.

ACE

- Customs and Border Protection (CBP) has issued its quarterly "Report to Congress: The Automated Commercial Environment ([ACE](#))" for the period of April 15, 2003, through June 15, 2003. ACE Release 2 was four months behind schedule. CBP expects full ACE implementation in September 2007.
- Several PowerPoint [presentations](#) from the Trade Support Network's September meetings have been [posted](#) to the CBP [web site](#). The presentations outline the development of ACE, the ACE Secure Data Portal, and its potential expansion and enhancement during ACE Releases 2 and 3.

MPF

Customs issued an Administrative Message regarding the retroactive reinstatement of the merchandise processing fee (MPF). ADM [03-2390](#) (Oct. 2, 2003).

FDA/CUSTOMS IMPORT BLITZ

The Food and Drug Administration (FDA) recently announced the results of a series of spot [examinations](#) or "blitz" exams that were conducted in Miami, New York, San Francisco, and Carson, CA in July-August, 2003. The FDA indicated that 88% of the examinations contained unapproved drugs. Canada was the leading source of these imports.

FAST

- New U.S./Mexico Free and Secure Trade (FAST) program documents, which include information on the application process, agreements to participate, security questionnaires and penalty and mitigation guidelines, are posted on Customs web site.
- CBP modifications, effective Sept. 25, 2003, have been made for its "Free and Secure Trade (FAST)" prototype and providing updated FAST border site locations. 68 Fed. Reg. [55405](#) (Sept. 25, 2003).

NAFTA AT TEN

Leaders from the U.S., Mexico and Canada released a joint [statement](#) on the success of NAFTA as the treaty nears ten years in existence.

EU EXPANSION

Public comments are requested to assess the impact on U.S. trade resulting from the EU membership increasing from 15 to 35 countries. Comments are due by noon on October 16, 2003. 68 Fed. Reg. [54259](#) (Sept. 16, 2003).

CUSTOMS USER FEE AIRPORTS

The Bureau of Customs and Border Protection increased the fee for Customs services at User Fee Airports. The fee for the initial year of operations has increased from \$129,125 to \$140,874. The annual fee for subsequent years of operation has increased from \$115,400 to \$123,438. The fee changes were effective October 1, 2003. 68 Fed. Reg. [56644](#) (Oct. 1, 2003).

STEEL TARIFFS

Since imposing steel tariffs, a recent [ITC report](#) concludes the U.S. steel industry has restructured and upgraded its facilities while steel-consuming industries have not lost significant number of jobs.

BOND PILOT PROGRAM

Customs announced a [pilot program](#) that will centralize continuous transaction bond processing. The bond centralization effort will include the filing, approval and maintenance of continuous transaction bonds. The pilot program includes the ports of St. Albans, VT, Chicago, IL, Buffalo, NY, Los Angeles/Long Beach Seaport, CA, and Seattle, WA.

CHINA

The [Financial Times](#) published a series of five articles the week of September 22-26, entitled "Asia's Impact" on a China-dominated Asia being the future of the global economy.

FOREIGN-TRADE ZONES BOARD ACTIVITY AS OF 10/15/03	
	CURRENTLY
	APPROVED AUTHORIZED
ZONES	255 242
SUBZONES	526 445
	PENDING
ZONES	6
SUBZONES	11
MISCELLANEOUS	29
	AVERAGE PROCESSING TIME (MONTHS)
ZONES	10
SUBZONES	8