

# BRIEFINGS

## **CUSTOMS ACCOUNTABILITY**

The U.S. Customs Service has posted to its Web site its first Accountability Report for fiscal year (FY) 1997. Customs conducted compliance assessments of approximately 125 companies in 1997; the trade community met or exceeded compliance goals in only 3 of the 12 primary focus industries. [www.customs.ustreas.gov/imp-exp2/pubform/a1997.htm](http://www.customs.ustreas.gov/imp-exp2/pubform/a1997.htm).

## **ISRAEL**

The Office of the United States Trade Representative has exempted the Merchandise Processing Fee (MPF) on products of Israel that are entered, or withdrawn from warehouse for consumption on or after September 16. 63 Fed. Reg. 46496 (Sept. 1, 1998). ADM 98-0772 (Sept. 4, 1998).

## **BONDED CARRIERS/CF 7512**

- Customs posted to its Web site a list of bonded carriers authorized to move merchandise under Customs control. Clients should review this database for compliance in the new CF 7512 procedure. [www.customs.ustreas.gov/what's hot](http://www.customs.ustreas.gov/what's%20hot).
- Customs issued an Administrative Message, and correction, providing the Automated Broker Interface (ABI) in-bond "SPECIAL" K Codes for Canada and Mexico. These codes should be used for filing paper CF 7512s in-bond. ADM 98-0860 (Sept. 29, 1998).

## **WEB SITE**

The firm's Web site is fully operational. It can be reached at [www.millerco.com](http://www.millerco.com). Besides details on the firm, it contains new issues that will be reported in future Briefings with links to source documents, Briefings, all FTZ Board actions when they occur, links to U.S. government and global organizations, newspapers, news organizations, weather, maps, and a currency converter. We hope you will actively use it in day-to-day business. Suggestions for improvements would be appreciated.

## **RECONCILIATION**

Customs launched the ACS Reconciliation Prototype on Oct. 1. It is the exclusive vehicle for importer reconciliation, except for certain "grandfathered" transactions. Locally sanctioned adjustment/reconciliation methods are no longer permissible.

## **UNENTERED MERCHANDISE**

Customs adopted a final rule effective October 26 on unentered merchandise that significantly changes current practice. Arriving or in bond carriers must give notice to Customs of merchandise or baggage that remains at unloading for 15 calendar days before entry has been completed. Penalties and liquidated damages are provided for failure to provide the required notice. 63 Fed. Reg. 51283 (Sept. 25, 1998).

## **CHINESE WOOD PALLETS**

Beginning December 17, all wood pallets from China and Hong Kong must be specially treated to prevent the spread of the Asian longhorned beetle if they are to be used in import shipments to the United States. Hearings will be conducted November 3 in Seattle and November 5 in Long Beach. 63 Fed. Reg. 50099 (Sept. 18, 1998).

## **DISTRIBUTION WEEKLY ENTRY**

Expect the U.S. Customs Service to withdraw the proposed rulemaking. 62 Fed. Reg. 12129 (March 14, 1997). The sticking point continues to be Merchandise Processing Fee payments only. Participants in the Pilot Program will be allowed to continue as negotiations to resolve the differences proceed.

## **FALSE DRAWBACK CLAIMS**

Customs has issued a proposed rule concerning penalties for false drawback claims filed to be added to Appendix D of Part 171. Besides not paying the refund, a structure for significant penalties is described. 63 Fed. Reg. 51868 (Sept. 29, 1998).

## **ALCOHOLIC BEVERAGES**

The Bureau of Alcohol, Tobacco, and Firearms (ATF) has recently issued a guide entitled "International Requirements for the Trade of Alcohol Beverages". [www.atf.treas.gov](http://www.atf.treas.gov).

## SANCTIONS

No single US. Government agency is responsible for administering or monitoring all U.S. sanctions, and no national sanctions database or clearing house exists. The ITC recently compiled a list of 42 major U.S. laws with 142 separate provisions for current sanctions. ITC Publication 3124; August 1998.

## ANDEAN TRADE PREFERENCE

Effective October 26, 1998, U.S. Customs published a final rule concerning the Andean Trade Preference Act. The final rule determines origin, documentation, and procedural requirements for goods the product of Columbia, Bolivia, Ecuador, and Peru. 63 Fed. Reg. 51291 (Sept. 25, 1998).

## CONTROLLED SUBSTANCES

A proposed rule issued by the DEA would exempt certain chemical mixtures from the Controlled Substances Act (CSA) and create an application process used to identify products that do not meet the criteria for an exemption. 63 Fed. Reg. 49506 (Sept. 16, 1998).

## FTZ EXPANSION

Foreign-Trade Zone No. 137 filed a notable Expansion Application with the Foreign-Trade Zones Board seeking to expand the general-purpose zone project a significant distance to three new sites on the eastern shore of Virginia in close proximity to existing FTZ #20 and #207. Expect the Application to be closely scrutinized.

## PRINTED CIRCUIT BOARDS

The Port of Chicago issued guidelines for products classified under HTS heading 8534 "printed circuit boards" to clarify the decision standards. Chicago Pipeline 98-33 (Sept. 14, 1998).

## 592 PENALTIES

A recent decision of the Court of International Trade contains a decision that should be understood by all individuals involved in the import process. 592 penalties are directed towards a "person" rather than the "importer of record"; as a result, an individual or entity that is not the importer of record but is involved in the process can be within the scope of 592 penalties. U.S. v. Golden Ship Trading, Joanne Wu and American Motorist Insurance Co., defendants. Slip Op. 98-138 (Sept. 25, 1998).

## FQA

- The Fastener Quality Act (FQA) Regulations have been amended to reflect the new June 1, 1999 effective date. Many new questions are raised by the regulations. 63 Fed. Reg. 51525 (Sept. 28, 1998).
- The Department of Commerce is seeking comments by November 6, 1998 regarding its FQA reporting requirements on: (1) fastener manufacturing processes since the enactment of the FQA; (2) the relationship between the FQA and other regulatory programs on fasteners; and (3) changes to the FQA resulting from its reports. 63 Fed. Reg. 53870 (Oct. 7, 1998).

## FTZ APPEAL

The Court of Appeals for the Federal Circuit has vacated a CIT decision that assessed over \$5 million in additional duties against Ford for Customs documentation errors in one of its subzone operations. The CAFC determined that issues of fact require a trial on whether Customs' three-year delay of liquidation was reasonable and whether a Ford employee's errors in filing CF 7501s constitute correctable "clerical errors." Ford Motor vs US, CAFC Slip Op. 98-1066 (Sept. 14, 1998).

## DUAL-USE ITEMS EXPORTS

Effective October 14, 1998, an interim rule was implemented by the Bureau of Export Administration under the Wassenaar Arrangement of dual-use items and reporting requirements. This rule clarifies the reporting requirements described on the Wassenaar Arrangements Annex 1 and 2. 63 Fed. Reg. 55017 (Oct. 14, 1998).

## COUNTERFEIT TRADEMARKS

Treasury Decision 98-75 amends the Customs Regulations to provide for civil fines in addition to any other civil or criminal (including RICO) penalty or other remedy authorized by law for persons involved in the importation and final disposition of the merchandise. 63 Fed. Reg. 51296 (Sept. 25, 1998).

## STANDBY LETTERS OF CREDIT

International Standby Practices (ISP98) has been proposed by the Institute of International Banking & Practice, Inc. to provide a needed supplement to the International Chamber of Commerce Uniform Customs and Practices for Letters of Credit (ICC Publication 500). ISP98 is to be effective January 1, 1999, but there is some question as to the reality of this date since copies of the rules are not yet publicly available. Questions or comments should be directed to Lee Shultz.

FOREIGN-TRADE ZONES BOARD ACTIVITY AS OF 10/15/98		
	APPROVED	PENDING
ZONES	226	7
SUBZONES	399	23
MISCELLANEOUS		33
AVERAGE PROCESSING TIME (MONTHS)		
ZONE	13	
SUBZONES	10	