

BRIEFINGS

C-TPAT

- In several national speeches, it has become clear that the U.S. Customs Service is initiating a C-TPAT verification methodology, both overseas and in the U.S. Firms that do not have a structured, organized, and documented C-TPAT program may be at risk.
- A Canadian company, Maple Leaf Foods Inc., has become the first non-resident importer of Record to join C-TPAT.

PORT & MARITIME SECURITY

The House and Senate have passed a conference version of the Port and Maritime Security Act (S.1214). An important change in the conference version is the removal of port security user fee language, while provisions on electronic manifests, denial of entry to ships from non-secure ports, development of a maritime intelligence system, regulation of port access, and local port security committees have remained intact. Conference Report 107-777. Access "[What's New](#)" on our website.

CUSTOMS SYMPOSIUM

Customs will hold its annual trade symposium on November 21-22, 2002 in Washington, D.C. Customs Commissioner Robert Bonner will be the keynote speaker. Additional information regarding the symposium can be located at www.customs.gov/hot-new/pressrel/2002/1016-00.htm.

24-HR RULE

Customs has issued a Final Rule (T.D. 02-62), effective December 7, 2002, implementing with certain changes, its proposed rule requiring the presentation of cargo manifests 24 hours prior to the cargo being laden on board a vessel. The goal of the rule is to pre-screen cargo destined for the U.S. to assess the cargo's security risk. Failure to provide the required information may result in fines and delays. 67 Fed. Reg. [66318](#) (Oct. 31, 2002).

EXPORT VIOLATIONS

An Administrative Law Judge has ruled that corporations are accountable for export violations of the companies they acquire. The Bureau of Industry and Security (BIS) fined a company \$1.76 million for export violations that occurred before and after their purchase of another company. In the matter of Sigma-Aldrich Business Holdings, Inc., et al. (BIS Case Nos. 01-BXA-06, 01, 07, 11) (Aug. 29, 2002). Access "[What's New](#)" on our website.

MISC TRADE BILL

The Senate Finance Committee is in the process of reviewing the Miscellaneous Trade Bill passed by the House on Oct. 7. It is uncertain whether the bill will be passed during the lame duck Congressional session. [H.R. 5385](#) (Oct. 7, 2002).

FTZ WEEKLY ENTRY

We understand that Customs Headquarters will be issuing a letter that withdraws the proposed FTZ Weekly Entry regulations that were the subject to the July 25, 2002 *Federal Register* notice. They have agreed that the regulations need to be re-written and we will be part of the process in re-writing those regulations.

CSI

- Customs Commissioner Robert Bonner has stated that an "Air (Container Security Initiative) CSI" would be the "next logical step" following the initial success of the ocean CSI. There would be many details to work out.
- Italy has agreed to participate in Customs Container Security Initiative (CSI). Under the terms announced on November 7, 2002, U.S. Customs officers will be stationed at the Italian ports of LaSpezia and Genoa.

ASSISTS

Clients are reminded to review transactions for assists. The Justice Department announced last month that an importer, Electrolux Home Products, has agreed to pay the U.S. nearly \$700,000 to settle claims that it defrauded Customs by failing to declare certain assists (tooling molds, assembly labels, and parts) that it provided to overseas manufacturers.

FTAs

- The United States Trade Representative has requested comments and provided notice of public hearings on the proposed free trade agreements with Central America and Southern Africa. For the Central America FTA, a hearing will be held in Washington, D.C. on November 19 and comments are due Dec. 2. 67 Fed. Reg. [63954](#) (Oct. 16, 2002). For the Southern Africa FTA, a hearing will be held on Dec. 16 and comments are due Dec. 20. 67 Fed. Reg. [69295](#) (Nov. 15, 2002).
- The second draft text of the Free Trade Area of the Americas Agreement (FTAA) is available on the USTR website www.ustr.gov/new/ftaa-quito.htm. Conclusion of the FTAA by January 2005 has been placed in doubt by the downturn in the global economy.
- President Bush has announced a new trade initiative with the Association of Southeast Asian Nations, titled the Enterprise for ASEAN Initiative (EAI). The [EAI](#) offers the prospect of bilateral free trade agreements between the U.S. and ASEAN countries.
- The Bush Administration announced that it will begin negotiations with Australia for a free Trade Agreement.

BROKER HANDBOOK

Customs has posted the January 2002 version of its "Broker Management Handbook" to its web site. Customs states that the purpose of the book is to provide broker's with the necessary tools to perform their duties. Access "[What's New](#)" on our website.

STAR INITIATIVE

The U.S. and APEC have recently launched the Secure Trade in APEC Region (STAR) Initiative. Access "[What's New](#)" on our website.

ATPDEA

- President Bush issued Proclamation 7616 on October 31, 2002, which implements the Andean Trade Promotion and Drug Eradication Act (ATPDEA). Bolivia, Columbia, Ecuador, and Peru are designated ATPDEA beneficiary countries. Access "[What's New](#)" on our website.
- Customs has issued two sets of instructions for ATPDEA implementation, one for [textile](#) products and one for [non-textile](#) products.

INVOICE ALERT

Customs recently issued two valuation rulings which demonstrate the importance of paying attention to details:

- In HQ 547886 (July 30, 2002), Customs rejected an importer's claim that the imported merchandise should be appraised on an ex-factory basis. The importer's problem was that the invoice clearly provided that the terms of sale were FOB.
- In HQ 548093 (April 26, 2002), the importer was attempting to arrange scenario in which the invoice price would reflect a future deduction for warranty payments that had not yet occurred. Customs rejected this proposal because the invoicing proposal did not reflect the actual transaction as it existed at the time of exportation.

INVOICING, PART 2

The Court of International Trade recently rebuffed Customs for bringing a classification dispute where the Import Specialist involved in the dispute acknowledged that he had not examined the item he was classifying, but merely reviewed documentation such as the commercial invoice. The court acknowledged that there is no legal requirement that invoice descriptions match classification descriptions exactly. Slip Op. [02-133](#) (Oct. 31, 2002).

PHONY PRICING

An analysis of overpriced U.S. imports and underpriced U.S. exports has been released, estimating that corporations shaved \$53.1 billion from their tax bills last year. Government officials and academics have dismissed the tax-avoidance totals as much too large. Customs is the only government agency that has seriously studied the pricing schemes to prosecute money laundering and tax evasion. Washington Post (Nov. 1, 2002).

TEXTILE TRANSHIPMENT

Customs has published its semiannual list of persons who illegally tranship textiles and apparel products. All persons listed have been issued a penalty claim for the violation. 67 Fed. Reg. [63729](#) (Oct. 15, 2002).

GO. WAREHOUSES

Customs has issued a final rule to amend the Customs Regulations to create a new class of bonded warehouse exclusively for the receipt of general order merchandise. Customs states that this is in response to both an increase in the amount of unentered merchandise and a request from the importing community for uniform national procedures for approving and operating warehouses receiving G.O. merchandise. 67 Fed. Reg. [68027](#) (Nov. 8, 2002).

FOREIGN-TRADE ZONES BOARD ACTIVITY AS OF 10/15/02		
	APPROVED	CURRENTLY AUTHORIZED
ZONES	254	241
SUBZONES	517	437
PENDING		
ZONES	2	
SUBZONES	22	
MISCELLANEOUS	21	
AVERAGE PROCESSING TIME (MONTHS)		
ZONES	11	
SUBZONES	10	