

# BRIEFINGS

## RECONCILIATION PROTOTYPE

- In the first month of operation, over 20,000 import entry summaries were flagged for reconciliation. There are numerous technical issues that must be corrected requiring new legislation. The necessary 09 entry reconciliation is not yet operational in ACS.
- Customs issued an "ACS Reconciliation Prototype Operations Handbook" to provide a comprehensive look at the processes involved. This handbook is termed by Customs "a work-in-progress document." Expect updates in the next few months. [www.customs.ustreas.gov/imp-exp2/comm-imp/recon/index.htm](http://www.customs.ustreas.gov/imp-exp2/comm-imp/recon/index.htm)
- Congress failed to pass legislation prior to its adjournment which would permit a mid-point interest calculation allowing entry summarization. The current statutory requirement for entry-by-entry filing and interest calculation will remain in effect ADM 98-0989 (Oct. 29, 1998).

## BXA SNAP

Under a new program Simplified Network Application Processing (SNAP), exporters will be allowed to have the option to submit via the Internet, export and reexport license applications, item classification requests, and reports required by the encryption, high performance computer, and Wassenaar provisions of the EAR. Expect implementation in late 1998. [www.bxa.doc.gov/snap](http://www.bxa.doc.gov/snap)

## WEBSITE

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## PENALTY GUIDELINES

Customs issued a proposed rule to revise its guidelines for imposing and mitigating penalties for negligence, gross negligence, and fraud under 19 USC 1592. It re-organizes the guidelines, redefines some of the mitigating, aggravating, and extraordinary factors affecting penalties, declares that placing merchandise in-bond is considered entering merchandise into the U.S. for purposes of Section 1592, defines certain key terms, and extends certain statute of limitations. Comments are due December 28. [63 Fed. Reg. 57628](http://63.Fed.Reg.57628) (Oct. 28, 1998).

## QP BOND

ACS allows at all ports, the transmission of selected bill of lading information and the initiation, modification, arrival and exportation of certain in-bond movements. ABI entry filers in the surface (ocean, rail, truck) environment, freight forwarders and trucking companies may participate. No air movements are included. A second notifying party (SNP) may be designated. Unfortunately, all master bill quantities must move in-bond. ADM 98-0953 (Oct. 22, 1998).

## NAFTA-MAQUILADORAS

Facing the restriction or elimination of preferential duty treatment on Jan. 1, 2001, Mexico apparently has developed a new way to benefit Maquila manufacturers similar to previous actions by Canada. On a user specific basis, Mexico proposes to eliminate duties on necessary imported materials. This directly contravenes the theory of NAFTA. U.S. manufacturers never will be able to achieve parity.

## BANANA RETALIATION

Alleging that the EU is not fully implementing the results of two WTO panels, the U.S. is preparing retaliatory measures unless the EU changes its import policies on Latin American bananas and U.S. beef produced with growth hormones. The USTR has issued a broad list of EU products that may be made subject to 100% duties if the EU fails to implement the WTO recommendations by Jan. 1, 1999. A public hearing will be held December 9. Written comments are due December 10. [63 Fed. Reg. 63099](http://63.Fed.Reg.63099) (Nov. 10, 1998).

## CHINA-WOOD PALLETS

A notice was published clarifying that the rule banning untreated wood packing materials from China applies to shipments departing China for the U.S. on or after Dec. 17. Expect a potential delay. [63 Fed. Reg. 56781](http://63.Fed.Reg.56781) (Oct. 23, 1998).

## SUBSTITUTION DRAWBACK

Customs issued a Notice on Determining "Commercial Interchangeability" for Unused Merchandise Substitution Drawback (19 USC 1313 (j) (2)). Now, substituted merchandise exported or destroyed for drawback purposes must be commercially interchangeable with imported merchandise, instead of commercially identical. Necessary non-binding determination requests filed at the drawback offices where claims are filed must include eleven (11) detailed items. [CEBB T-DRWBK4.TXT](#)

## US-EU CERTIFICATION

The U.S. and EU will implement on Dec. 1 the Mutual Recognition Agreement signed earlier in the year to eliminate the need for duplicative testing and certification on a range of products stretching from pharmaceuticals to telecommunications. Implementation will be phased in over the next 2 to 3 years.

## KYRGYZ REPUBLIC

The House Ways and Means Committee's Trade Subcommittee is seeking comments on the extension of "unconditional" normal trade relations to the Kyrgyz Republic. Comments were due November 6, 1998. TR-31 (Oct. 7, 1998).

## SINGLE ENTRY BONDS

Effective January 1, 1999, entry summaries transmitted via ABI 'EI', will have a new record required if a single entry bond (SEB) is used. ADM 98-0920 (Oct. 16, 1998).

## CORPORATE WELFARE

Expect more federal and state actions to curtail special governmental incentive programs. See *Time* magazine's articles of Nov. 9 and 16.

## FTZ BOARD REPORT

The format for [Annual Reports to the Foreign-Trade Zones Board](#) has been changed and is now available and can be accessed through a link from the firm's webpage at millerco.com.

## HTS FORMAL ENTRY

Customs has updated Harmonized Fact Sheet 30 of HTS numbers that require a formal entry for commercial shipments. One list requires formal entries due to legislation requirements valued at more than \$250. A second list requires formal entries due to quota and/or visa concerns regardless of value. [www.cebb.customs.treas.gov/public/cgi/cebb.exe.T-TBT.96.TXT](#)

## ICE

Customs has developed a prototype in Northern California whereby letters are sent to brokers and their clients when brokers make documentation errors. Statistics will be kept on repeat violators. After a Headquarters evaluation, the program may be expanded nationwide.

## GSP

- The program was extended through June 30, 1999, retroactive to June 30, 1998. Entries will be entitled to GSP duty-free treatment if the article was entered between July 1, 1998 and Oct. 21, 1998. Liquidation or reliquidation requests must be made to Customs within 180 days after Oct. 21, 1998. Customs' ACS has been reprogrammed for ABI entries. H.R. 4328
- USTR has accepted for consideration 16 product petitions of 46 received. The schedule for public hearings and comment submissions was published. [63 Fed. Reg. 57150 \(Oct. 26, 1998\)](#).

## FOREIGN-TRADE BARRIERS

USTR is seeking comments on import policies; standards, testing, labeling, and certification; government procurement; export subsidies; lack of intellectual property protection; services, investment and other barriers; anticompetitive practices with trade effects tolerated by foreign governments; and trade restrictions that affect electronic commerce. Comments are due December 4. [63 Fed. Reg. 59619 \(Nov. 4, 1998\)](#).

## ANTI-BRIBERY LAW

President Clinton signed the International Anti-Bribery and Fair Competition Act of 1998 that allows civil and criminal penalties. The law prohibits issuers of securities, officials of international organizations, and domestic concerns to secure improper advantages from foreign officials. Public Law: 105-366 (Nov. 10, 1998)

## US/UK DATA PROTOTYPE

On October 13, 1998, a prototype test account-based paperless export/import declaration process began. The concept is that the same data will be used for export reporting and import cargo release.

## USDA

USDA fees for inspection, grading, and certification of processed fruits and vegetables have been raised. [63 Fed. Reg. 50745 \(Sep. 23, 1998\)](#).

FOREIGN-TRADE ZONES BOARD ACTIVITY AS OF 11/15/98		
	<u>APPROVED</u>	<u>PENDING</u>
ZONES	226	7
SUBZONES	400	25
MISCELLANEOUS		33
AVERAGE PROCESSING TIME (MONTHS)		
ZONE	12	
SUBZONES	10	