

# BRIEFINGS

## AERP/AES

The Automated Export Reporting Program (AERP) was shut down on December 31, 1999. 78% of AERP filers are now on the Automated Export System (AES). As of January 2, 2000, AES is the only option available for filing Shipper's Export Declarations (SED) data electronically. Clients should consider AES Direct, a Web-based system allowing filers to file SED data with [AES](#) at no cost. Access "What's New" at our website.

## PURSES

The U.S. Customs Service has issued an important proposed revocation of a ruling that classifies women's clutch purses. The firm submitted the original ruling/request for revocation. Customs has proposed to change the [HTSUS](#) classification from 4202.22.15 (17.6% duty rate) to HTSUS 4202.32.10 (4.6% + 12.1¢ per kilogram duty rate). Comments are due February 25, 2000. Access "What's New" at our website.

## NAFTA COMPLIANCE

Importers have reported that NAFTA certificates of origin are increasingly being reviewed by the Customs services of all three NAFTA countries. Clients are encouraged to review their NAFTA eligibility process for each country.

## COUNTRY OF ORIGIN

Customs has issued a proposed rule that would restructure and clarify the country of origin marking regulations. Clients are encouraged to carefully review it and comment. Comments are due by March 27. 65 Fed. Reg. [4193](#) (Jan. 26, 2000). Access "What's New" on our website.

## TRADE/CONGRESS

Three major trade issues stand before Congress this year; an Africa - CBI Bill; continued membership in the WTO; and permanent MFN status to China. No date has been set for Congressional action.

## EU-MEXICO

The European Commission formally approved the free trade agreement between the EU and Mexico on January 18, 2000. EU member states and the Mexican Senate must now approve. A copy of the Commission's summary of the EU-Mexico Agreement is available from the firm.

## INFORMED COMPLIANCE

Customs has issued two new revised informed compliance publications (ICP): "Buying and Selling Commissions" and "Bona Fide Sales and Sales for Exportation." Access "What's New" at our website for copies of the [publications](#).

## EPA/FTZ COMPLIANCE

The EPA will initiate reviews of FTZ's that involve EPA materials. Clients should analyze their operations for EPA compliance and be aware of the prior disclosure provisions in the [EPA](#) regulations. Access "What's New" on our website.

## SENATE TRADE BILL

The Senate Finance Committee has sent a letter requesting trade and tariff legislation to be included in a Miscellaneous Trade Bill. Submissions must be received by Mar. 3, and will be reviewed for possible opposition on [revenue](#) loss to the U.S. Access "What's New" at our website.

## CUSTOMS RULINGS

According to a Treasury Advisory Committee on Commercial Operations of the U.S. Customs Service ("COAC") subcommittee report, the office of Regulations and Rulings (OR&R) has taken anywhere between 106 and 478 days to issue rulings, with the average being 8-9 months.

## RECONCILIATION

Clients who participate in the program are urged to file with the Reconciliation Team to request confidential treatment of data on an internet-based lookup system 64 Fed. Reg. [73121](#) (Dec. 29, 1999). Access "What's New" at our website.

## IMPORTER COMPLIANCE

Expect more active Customs compliance efforts. A recent [GAO](#) study reports that Customs trade compliance rates have remained at 81%. Projected net revenue underpayments increased from \$135 million in 1995 to \$343 million in 1998 because revenue collection rates decreased from 99.37% to 98.35% during the same years. Access "What's New" on our website.

## NCAP/P

Customs issued a General Notice announcing conclusion of the National Customs Automated Program Prototype (NCAP/P) effective March 13, 2000, due to the cessation of funding for the NCAP/P automated system. 65 Fed. Reg. [6688](#) (Feb. 10, 2000). Access "What's New" at our website.

## DRAWBACK

Customs issued a final rule regarding false drawback claims that establishes a procedure applicable when false drawback claims are filed, as well as guidelines for penalty assessment and mitigation. 65 Fed. Reg. [3803](#) (Jan. 25, 2000). Access "What's New" on our website.

## BOND PROCEDURES

Customs is proposing to amend its regulations regarding bond procedures for articles subject to exclusion order issued by the ITC. Comments are due on or before April 10, 2000. 65 Fed. Reg. [6062](#) (Feb. 8, 2000). Access "What's New" at our website.

## PATS

A new "Port Activity Tracking System" (PATS), will be launched at 8 ports to evaluate entry filer (broker) compliance performance March through June 2000.

## UK-US FREE TRADE PACT

The United States International Trade Commission (ITC) is conducting an investigation of the impact on the U.S. economy of including the United Kingdom in a free trade arrangement with the U.S., Canada, and Mexico. The Report is due on August 18, 2000. The ITC is accepting requests by interested parties to appear at a hearing on April 11, 2000. Written comments may be submitted until May 4, 2000.

## VESSEL CLEARANCE

Customs' Final Rule T.D. 00-4, effective February 18, 2000, amends 19 CFR Part 4 on vessel boarding, entry and clearance. FTZs are not included. 65 Fed. Reg. [2868](#) (Jan. 19, 2000).

## HMT INTEREST REFUND

The CAFC recently ruled that exporters seeking HMT refunds are not entitled interest on those payments. In [IBM v. US](#), the court overturned a lower court's ruling, stating that Congress structured the law as a Customs duty without interest being available. Fed. Cir. Ct. No. 98-1590 (Jan. 19, 2000)

## CUSTOMS SIDE-ARMS

Commissioner Kelly has authorized the voluntary use of 24-hour carry of service issued side-arms for inspectors, canine enforcement officers, seized property officers, and seized property custodians at selected locations.

## ASSIST

A recent Court of International Trade case held that U.S fabric waste that was generated during the manufacturing of apparel should be considered an assist under 19 U.S.C. § 1401a(h)(1)(A). [Salant Corp v. U.S.](#), CIT [Slip Op.](#) 00-5 (Jan. 14, 2000). Access "What's New" at our website.

## MAQUILAS

Mexico and the U.S. released the terms of an Intergovernmental Agreement establishing a new tax regime for U.S. and Mexican companies in the maquiladora industry. Under the agreement, Maquilas can choose between two options for preserving exemptions from Mexican income tax and asset tax for the years 2000, 2001, and 2002. The deadline for electing one of these alternatives for the year 2000 is May 31.

## WTO

- On February 11, WTO members adopted a controversial disputes panel ruling that requires, for the first time, a private firm to repay an illegal export subsidy. Whether or not this sets a precedent is problematic. Panel decisions involving billions of dollars of alleged similar subsidies are expected soon.
- In an effort to win support of least developed countries (LDC's) for a new trade liberalization, Japan, several European countries, and the WTO-Director General Mike Moore, are proposing a new plan that would provide tariff and quota free access to developed nations for most LDC's products.

## A D COMMISSIONER

Charles Winwood has been named Acting Deputy Commissioner of Customs. He will also continue as Assistant Commissioner, Office of Field Operations.

FOREIGN-TRADE ZONES BOARD ACTIVITY AS OF 2/15/00		
	APPROVED	PENDING
ZONES	232	7
SUBZONES	417	37
MISCELLANEOUS		23
AVERAGE PROCESSING TIME (MONTHS)		
ZONES	14	
SUBZONES	13	