

# BRIEFINGS

## ABI CIF REPORTING

As noted in last months *Briefings*, Customs is now requiring an ABI transmission of a "\$2.00 CIF Flag" in the CF-7501 "changes" field with each entry relating to an invoice that includes unsubstantiated nondutiable charges that are not deducted. Every effort should be made to secure accurate freight and insurance data to avoid this new compliance issue. Access "What's New" on our website for the Customs Memorandum and [TD-20](#).

## FTZ ALT/PAPERLESS

A [Headquarters memo](#) (January 18, 2001) advised field offices that use of Alternate/Paperless T&Es will no longer be accepted for in-bond cargo movements after August 31, 2001; the pilot is being discontinued and replaced with the paperless ABI QP/WP process. QP will not handle in-bond withdrawals out of an FTZ and there is no time schedule or funding to make changes to the QP system. QP is not a paperless program; CF 7512s are required to be generated for each move. We expect no changes.

## LOW RISK IMPORTERS

Customs has recognized 150 high-compliance importers with a low-risk designation. The importers will receive fewer cargo exams, requests for information and samples, reviews and site visits. U.S. Customs Press Release (Feb. 5, 2001).

## SED'S

- The Census Bureau has issued a new form of Shipper's Export Declaration as Form 7525-V. Use of the new form becomes mandatory after April 1, 2001. It contains new concepts such as an identification of the "U.S. Principal Party In Interest." The new form and instructions for use can be found at [http://www.census.gov/foreign-trade/regulations/forms/index.html#sed\\_new](http://www.census.gov/foreign-trade/regulations/forms/index.html#sed_new).
- Census has indicated that it will issue a FTSR letter allowing freight forwarders to be the US principal party in interest (PPI) on the SED or AES record when there is no US supplier or manufacturer of the goods to be exported.

## PERSONNEL

- On January 19, 2001 Commissioner Raymond Kelly left his post; Charles Winwood is the acting Commissioner.
- The Senate has confirmed Robert Zoellick as the USTR.

## CUSTOMS BROKERS

As of January 2001, Customs has issued 139 national broker permits.

## 7512 IN BOND

Effective March 1, blocks of control numbers can be issued at [Customs Ports of Entry](#). Customs Headquarters will continue to issue blocks of numbers until June 1. The letter submission should reference the Importer Number, request a block size (i.e., 100 - 500,000) and fulfill local Port requirements.

## COMPLIANCE ASSESSMENT

Customs has implemented the following refinements: (1) Establishment of a problem resolution process; (2) Elimination of informal entry lines from the CA sample; (3) No longer counting information disclosed before a CA as an error when assigning the importer's compliance risk category (CAC); and (4) Excluding from an importer's CA sample importations where no actual role was played even if the importer was listed as the ultimate consignee.

## POST-ENTRY AMENDMENT

Customs has started its voluntary test post-entry amendment program (PEAP). Errors discovered after December 31, 2000 are eligible to be reported through PEAP, either through an individual letter or a quarterly tracking report. The first quarterly reports are due by April 15. Participants in the program are reminded to follow the procedures in the November 28 Federal Register notice and that once in the program, they must use it for the test program's duration. Please contact the firm with any questions. [65 Fed. Reg. 70872 \(Nov. 28, 2000\)](#)

## MPF/DRAWBACK

Customs has issued an interim rule effective February 9, 2001 that amends its regulations to indicate that merchandise processing fees are eligible to be claimed as unused merchandise drawback. [T.D. 01-18 66 Fed. Reg. 9647 \(Feb. 9, 2001\)](#)

## ORIGIN MARKINGS

The Court of International Trade (CIT) held that an importer acted negligently by not researching the country of origin of imported t-shirts. The Court stated that the importer did not use "reasonable care" in determining the country of origin by relying on information provided by the exporter of the t-shirts because the importer made no effort to question the exporter. [U.S. v Goldenship Trading Company, et al, Slip Op. 01-7 \(Jan. 24, 2001\)](#).

## AD/CVD

- On January 18, Customs published a list of US companies who have filed AD complaints with the ITC, and would be eligible for disbursement of antidumping or countervailing duty assessments as allowed under the "[Byrd Amendment](#)." Access "What's New" on our website.
- In response to the WTO consultations requested by the U.S. trading partners, the USTR is accepting comments during the WTO dispute settlement proceedings. Comments due by 2/9/01. [66 Fed. Reg. 3641 \(Jan. 16, 2001\)](#)

## FOOD SAFETY

The FDA has proposed a rule that will require food products that are refused U.S. entry to be marked "United States Refused Entry". The FDA has also established a program where shipments from "bad actors" be detained until released by the FDA. [66 Fed. Reg. 6502 \(Jan. 22, 2001\)](#).

## CUSTOMS BROKER EXAM

The October 2000 Customs Broker exam had a 22.7% pass rate; a decrease from the previous 30.5% pass rate in April 2000. The deadline for applying for the April 2, 2001 Customs Broker exam is March 2, 2001.

## LABOR IMPORT BAN

Customs has posted to its website a final advisory regarding its enforcement of 19 USC 1307, which prohibits imports of goods made with prison labor, forced labor, or indentured labor under penal sanction, including forced child labor. Customs also notes that civil sanctions under 19 USC 1592 (fraud, gross negligence, and negligence and 19 USC 1595 introduction of goods contrary to law) as well as criminal sanctions under 18 USC 545 (fraudulent or knowing importation of goods contrary to law) and 18 USC 542 (entry of goods by false statements, etc.), which may include penalties and forfeiture of the goods may be applicable. <http://www.customs.gov/impoexpo/pdf/redflag1.pdf>

## GAO CUSTOMS REPORT

The GAO has released "[Major Management Challenges and Program Risks Department](#)," which is part of the Performance and Accountability Series from the Department of the Treasury, that addresses Customs ongoing challenges. The report is available through a link on our website at "What's New."

## DIRECT INVESTMENTS

The United States International Trade Commission has issued a study of U.S. direct investment abroad and foreign direct investment in the United States during 1990-1998. The United Kingdom is the largest direct investment partner. Affiliate transactions rather than traditional cross-border trade is the principal mode of delivering goods and services across borders. [SRS-26 USITC Publication 3383 \(Jan. 2001\)](#).

## FTAA

An initial draft text reflecting the positions of all 34 countries negotiating in the Free Trade Area of the Americas (FTAA) has concluded. The initial text will be submitted at the April meetings in Quebec City. The goal is to complete negotiations no later than 2005. [www.ustr.com](http://www.ustr.com)

## FTZ ADJACENCY

The Foreign-Trade Zones Board has announced that it will be addressing the adjacency requirement more thoroughly in its review of Foreign-Trade Zone Applications. Recently updated Guidelines state that a general-purpose foreign-trade zone site must be within 60 miles distance or 90 minutes driving time from the outer limits of a Port of Entry. A subzone must meet the same requirements or if outside this distance, a subzone must qualify under alternative means set out in § 400.21, Customs Regs.

## NAFTA

- In one of his last Proclamations, former President Clinton implemented accelerated duty-free treatment under NAFTA for Mexican origination goods under 29 Footwear HTS numbers and 2 organic HTS numbers. [66 Fed Reg 7375 \(1/23/01\)](#)
- Canada and Mexico implemented accelerated duty elimination on a certain number of products shipped to each other. The [List](#) has been added to Canada's Department of Foreign Affairs and International Trade web site (DFAIT). Access "What's New" on our website.

## GSP

- The USTR has issued a list of countries and HTS numbers that may lose/regain GSP status on July 1, due to Comparative Need Limitations (CNL). Comments are due to the USTR by noon on March 14. [66 Fed. Reg. 9117 \(Feb. 6, 2001\)](#)
- Customs' Regulatory Audit Office has posted compliance information for importers to establish internal controls to identify and gather records that support GSP claims. [www.customs.ustreas.gov/impoexpo/impoexpo.html](http://www.customs.ustreas.gov/impoexpo/impoexpo.html)

FOREIGN-TRADE ZONES BOARD ACTIVITY AS OF 2/15/01		
	APPROVED	PENDING
ZONES	238	8
SUBZONES	443	28
MISCELLANEOUS		33
AVERAGE PROCESSING TIME (MONTHS)		
ZONES	11	
SUBZONES	14	