

BRIEFINGS

RECONCILIATION

Customs posted an updated version of its [Reconciliation](#) Prototype Handbook to its website. The handbook has been updated since the original 1998 version to include modified policies and procedures. Access "What's New" on our website.

PRIOR DISCLOSURES

Customs stepped up its audit review of prior disclosures. It is finding that prior disclosures are not always complete and do not accurately reflect the total circumstances. Significant new financial payments may be necessary. New issues identified may be outside the scope of the prior disclosure. Clients are encouraged to be very careful when making prior disclosures to assure that they are complete.

CUSTOMS BROKER REGS

Customs issued a final rule that amends the regulations governing the licensing and conduct of customs brokers. The main changes include the addition of a national permit, the updating of the definition of "customs business", the separation of the examination and application processes, and a detailed listing of duties and responsibilities. These [regulations](#) and the new customs Broker Compliance Management Program will focus closer scrutiny on brokers. Access "What's New" on our website.

HMT REFUNDS

- The Court of Appeals for the Federal Circuit (CAFC) has reversed the Court of International Trade (CIT) in [Swisher International v. U.S.](#) and ruled that refunds of Harbor Maintenance Taxes paid on exports back to 1987 can be refunded. The government will appeal the decision. Clients are encouraged to contact the firm for more information. [CAFC 99-1277](#) (Feb. 28, 2000).
- The CAFC Brief has recently been filed in the firm's FTZ HMT case. There is positive language in the recent CAFC [IBM](#) decision that supports our position. The Swisher decision expands the amount of potential recovery. FTZ clients who have not yet participated in our FTZ HMT case should consider doing so. Contact Marshall Miller for more information.

WTO WITHDRAWAL

Representative Ron Paul (R-TX) introduced a Resolution that would mandate withdrawal of the United States from the World Trade Organization. The House has 45 days to vote on this Resolution. The President maintains veto power. [H.J. Res. 90](#): (Mar. 6, 2000).

CUSTOMS BROKER EXAM

The next Customs broker license examination will be given on Mon., [April 3, 2000](#). Access "What's New" on our website.

COMPLIANCE ASSESSMENTS

The U.S. Customs Service has announced changes to its procedures for companies that undergo a Customs compliance assessment. Generally, the changes ease the importers burdens. Among the refinements made: use of "point estimate" (permissible errors are now 5/100), revised materiality criteria, adjusted materiality criteria for classification and value, implementation of a six-month conditional period before designation of a risk category, and addition of two new risk categories. These modifications are generally effective immediately except for the new risk categories to be implemented October 1. All clients are urged to review the changes in detail. Access ["What's New"](#) on our website.

HTS SIMPLIFICATION

The International Trade Commission announced that it is revising its time line for publishing a report on simplification of the HTSUS. The report, originally slated for publication on February 28, 2000, is now due out by June 30, 2000. The Commission is requesting comments on "sunsetting" 10-digit statistical annotations to the HTS. Clients are urged to study this notice carefully. Comments are due by [April 3, 2000](#). Access "What's New" on our website.

NAFTA

- Customs has issued a request for comments on the extension of CF 434, Certificate of Origin. [65 Fed. Reg. 7101](#) (Feb. 11, 2000).
- Customs has announced that the NAFTA center in Dallas, Texas will permanently close on March 15. NAFTA questions should be directed to the local Customs office.
- The USTR issued modifications to the NAFTA Rules of Origin for Chapters 29, 85, 86 and 87. Clients with NAFTA certifications involving these Chapters should carefully review these changes. These modifications were effective [March 1](#). Access "What's New" on our website.

TSCA

Customs has issued final rule T.D. 00-13, effective March 30, 2000, which allows a Port Director, at his discretion, to approve an importer's use of a blanket [Toxic Substance Control Act \(TSCA\)](#) certification. Access "What's New" on our website.

FTZS ANNUAL REPORT

The 60th Annual Report of the FTZ Board has been published. Also included with the report was a memorandum from the FTZ Board on the Production Equipment provision of the FTZ Act and a list of expired subzones. Contact the firm for a copy of the Report and other materials.

FSCs

On February 24, a WTO Appellate Body affirmed an earlier decision that the U.S. Foreign Sales Corporation (FSC) program constitutes an illegal subsidy. The U.S. has until October 1, 2000 to implement corrective measures or be required to compensate the EU unless some deal can be structured.

GSP

- The USTR has released preliminary 1999 import statistics that may change the eligibility of certain commodities under GSP competitive need limitations (CNL). Redesignation is effective July 1. Comments are due by [March 31](#). Access "What's New" on our website.
- Customs is accepting claims for GSP duty-free treatment for goods entered during the period that the GSP program lapsed (July 1, 1999 - Dec. 16, 1999). Refunds are being paid with [interest](#). Access "What's New" on our website.

CHINA-NTR STATUS

- President Clinton transmitted to Congress legislation which would allow him to provide China with permanent Normal Trade Relations (NTR) status. The legislation states that the extension of permanent NTR status to products of China will not be effective until [China](#) becomes a member of the World Trade Organization. Access "What's New" on our website.
- The full text of the U.S.-China market access [Agreement](#) has been released. Access "What's New" on our website.

CUSTOMS DISTRICTS

Customs published the geographic districts for purposes of Customs broker permits and certain cartage and lighterage purposes. Service ports and ports of entry are included in the list. Districts for all other purposes were abolished several years ago. [65 Fed. Reg. 14011](#) (Mar. 15, 2000) See also T.D. 00-17 effective April 14, 2000.

FEDEX/TOWER

FedEx has agreed to purchase one of the nation's largest customs brokerage operations, Tower Group International.

TRADE DEFICIT

The Commerce Department has reported that the U.S. trade deficit surged 65% to a record level of \$271 billion in 1999. The surge is attributed to a strong domestic economy, relatively weak foreign economies, the increase in the price of oil, and unfavorable exchange rates. The goods deficit grew with all major trading partners, including Canada (92.7%), EU (61.3%), Mexico (44.1%), China (20.6%), and Japan (15.5%).

"MISTAKE OF FACT"

In deciding [Chrysler Corp. v U.S.](#), the CIT clarified 19 USC 1520(c)(1), which gives importers one year from the date of liquidation to request reliquidation to correct clerical errors and mistakes of fact. Specifically, the CIT ruled that a computer error was a mistake of fact eligible for reliquidation under Section 1520(c)(1). Slip Op. [00-12](#) (Feb. 7, 2000).

IMPORT INSPECTIONS

The Air Courier Conference of America issued a report showing that U.S. Customs inspects 90% of its members' shipments, compared with 6% of Postal Service shipments. Customs stated that it cannot properly process as many postal shipments as private courier shipments because the Postal Service is not automated and there is no documentation provided in advance of 95% of its shipments.

<http://www.aircour.org/pdf/wirthlin.pdf>

FOREIGN-TRADE ZONES BOARD ACTIVITY AS OF 3/15/00		
	APPROVED	PENDING
ZONES	233	8
SUBZONES	420	35
MISCELLANEOUS		23
AVERAGE		
PROCESSING	TIME (MONTHS)	
ZONES	14	
SUBZONES	13	