

# BRIEFINGS

## HOMELAND SECURITY

- On March 1 the U.S. Customs Service became part of the new Department of Homeland Security (DHS). Customs responsibilities have been organized into two groups: the Bureau of Customs and Border Protection and the Bureau of Immigration and Customs Enforcement.
- Treasury Department Order 165-09, effective Feb. 28, 2003, formally delegated Customs' revenue functions to DHS. As a result of the Order, Treasury redesignated many employees formerly involved in Customs functions. It has an immediate effect on FTZ Board actions. 68 Fed. Reg. [10777](#) (March 6, 2003).
- Representative Chris Cox (R-CA) has been appointed Chairman of the new House/Homeland Security Committee.
- Representative Jerrold Nadler (D-NY) has introduced the Port Protection Act, which would require that all cargo destined for the United States be inspected and sealed by a DHS officer. All inspections would take place at a foreign port or airport. [H.R. 1010](#) (Feb. 27, 2003).

## BYRD AMENDMENT

Customs has announced \$329 million in FY 2002 disbursements under the Continued Dumping and Subsidy Offset Act of 2000, (the "Byrd Amendment"). Access ["What's New"](#) on our website.

## C-TPAT

- Customs reports that 1,886 firms have signed up for C-TPAT. Of these firms, 1,178 are importers, 496 are brokers and forwarders, 208 are carriers, and 4 are port authorities. These firms represent 37% of the import value into the United States, 60 of the top 100 importers, 32 of the 50 top ocean carriers, and 93% of ocean containers arriving in the United States.
- 18 of the top 20 megaports have committed to joining the Customs Container Security Initiative (CSI) and are at various stages of implementation.
- Several clients have reported a reduction in Customs exams since signing up for C-TPAT. Clients that have not signed up for C-TPAT are receiving CF28's on supply chain security.
- Miller & Company has a comprehensive program for C-TPAT implementation. Contact Marshall Miller, Sean Murray, or Michael Utchell for details.

## FTAs

- The USTR has published the U.S.-Singapore Free Trade Agreement (FTA) text and a summary of the U.S.-Chile FTA. Both documents can be found at [www.ustr.gov](http://www.ustr.gov).
- The United States government has pledged to eliminate tariffs on all textiles and clothing from 34 nations by 2010 as part of the Free Trade Agreement of the Americas (FTAA) negotiations.

## ADVANCE MANIFESTS

- Customs has posted updated Frequently Asked Questions (FAQ) to its website regarding the advance manifest requirement.
- As of Feb. 20, 2003, Customs had issued about 40 denial of lading messages for inappropriate cargo descriptions.
- Customs has received overwhelmingly negative responses to its "strawman" advance manifest proposals for air, ocean, truck, and rail imports and exports.
- The Coast Guard has published a final rule consolidating the Notice of Departure into the Notice of Arrival, requiring electronic submission of cargo manifest information to Customs, and requiring additional crew and passenger information. This rule takes effect April 1, 2003. 68 Fed. Reg. [9537](#) (Feb. 28, 2003).

## FTZs

- The National Association of Foreign Trade Zones (NAFTZ) has forwarded a letter to Customs expressing serious concerns that the [QP/WP](#) system cannot accommodate a wide range of FTZ shipments. The NAFTAZ is insisting that the June 1, 2003 deadline be deferred.
- Customs has posted the new FTZ Manual to its website. The new [FTZ Manual](#) supercedes the October 1996 manual. Customs states it welcomes comments on the manual.

## SILS

Customs has issued Administrative Message 03-0768 (Feb. 27, 2003), which makes changes in the Supplemental Information Letter (SIL) process. Customs now requires specific information to be submitted on a cover sheet. Access ["What's New"](#) on our website.

## SPLIT SHIPMENTS

Customs has issued a Final Rule (T.D. 03-09), effective March 27, 2003, to allow an importer of record to submit a single entry for split shipments under certain circumstances. 68 Fed. Reg. [8713](#) (Feb. 25, 2003).

## MISC. TARIFF BILL

The Senate Finance Committee approved its version of the Miscellaneous Trade and Technical Corrections Act of 2003. On March 5<sup>th</sup>, the House of Representatives, passed its version ([H.R. 1047](#)). This bill now moves to the Senate for consideration. However, Alabama Senators Shelby and Sessions have placed a hold on the bill in the Senate over an apparel issue, preventing it from coming to a Senate vote.

## RULES OF ORIGIN

Customs has enacted a final rule that amends the Customs Regulations to align the existing country of origin rules for certain textile and apparel products with the statutory amendments to Section 334 of the Uruguay Round Agreements Act, as set forth in the Trade and Development Act of 2000. The interim rule was adopted for the final rule. 68 Fed. Reg. [8711](#) (Feb. 25, 2003).

## USTR TRADE

The USTR has released its 2003 Trade Policy Agenda and 2002 Annual Report on the Trade Agreements Program. Access ["What's New"](#) on our website.

## GSP

The International Trade Commission has instituted its annual review of Generalized System of Preferences eligibility. A public hearing is scheduled for April 8, 2003. 68 Fed. Reg. [11143](#) (March 7, 2003).

## SCHEDULE B

Census has posted the 2003 [Schedule B](#) to its web site. Clients are reminded that HTSUS classifications may be reported for most exports in lieu of the Schedule B number.

## FISH & WILDLIFE

According to a [notice](#) issued by the Fish and Wildlife Service (FWS), effective March 1, 2003, all U.S. ports of entry staffed by FWS inspectors will accept and process Declarations for Importation or Exportation of Fish or Wildlife (FWS Form 3-1777) using its new electronic declarations system (eDecs). Use of the paper form is still accepted. Even if the Form 3-1777 is filed via eDecs, some components of the filer's document package still must be submitted in paper form.

## CLASSIFICATION RULES

In [E. T. Horn Co. v. United States](#), CIT slip op. 03-20 (Feb. 27, 2003), the CIT ruled that a chemical was classifiable based on its chemical formula, not on its production process. Access ["What's New"](#) on our web site.

## FSC RETALIATION

On February 26, 2003, the European Commission submitted a revised [draft](#) list of products that could be subject to countermeasures in the WTO Foreign Sales Corporations case. The list includes \$4 billion of U.S. exports to Europe. Precious stones and metals are about one fourth of the list, but the list ranges from agricultural goods to engines and machine tools.

## EXPORT CONTROLS

BIS has issued a final rule that modifies certain entries in Categories 2-9 of the Commerce Control List, as agreed to under the Wassenaar Arrangement. The final rule also revises reporting requirements, definitions, and the general technology and software notes. 68 Fed. Reg. [10586](#) (Mar. 5, 2003).

## ACCOUNT MANAGEMENT

Customs has posted new information on its [Account Management](#) program to its website. The program was created to increase importer compliance and improve services through one-on-one interaction with designated Customs representatives.

## TRADE AGREEMENT IMPACT

The ITC is requesting public comments on the impact and effectiveness of five trade agreements that were concluded in the last 25 years: the Tokyo Round of Multilateral Trade Negotiations; the U.S.-Israel FTA; the U.S.-Canada FTA; NAFTA; and the Uruguay Round [Agreements](#). Comments are due March 31.

## RECONCILIATION

Customs has changed the blanket flag function in the reconciliation prototype to extend to an infinite future date. Users wanting specific ending dates for blanket flagging must contact Customs. [ADM 03-0837](#) (Mar. 6, 2003).

FOREIGN-TRADE ZONES BOARD ACTIVITY AS OF 3/15/03		
	APPROVED	CURRENTLY AUTHORIZED
ZONES	255	242
SUBZONES	526	446
PENDING		
ZONES		2
SUBZONES		21
MISCELLANEOUS		24
AVERAGE PROCESSING TIME (MONTHS)		
ZONES		10
SUBZONES		9