

BRIEFINGS

ASSISTS/ROYALTIES

Customs Office of Strategic Trade (OST) will soon begin sending letters and publications to importers explaining assists/royalties. Clients should recognize that the area of assists/royalties can be highly technical in nature; it is desirable to proceed cautiously. The presence or absence of a particular fact may change the dutiable consequences of a transaction. For more information contact Marshall Miller.

FOCUSED ASSESSMENT

Customs Regulatory Audit has developed a new process to be announced soon. Questions and a written evaluation will be asked concerning a firm's internal controls over the import/export process. Clients without comprehensive internal controls over the import/export process including a Compliance Manual are encouraged to take action now.

NEW CAT KIT

Customs posted a new CAT Kit that supercedes the Aug. 1999 version. It incorporates the changes announced by Customs in late 2000 at its Trade Symposium. New items include the exclusion of certain ultimate consignee imports and informal entries from Compliance Assessments, revised risk assessment procedures, and a guide for supporting GSP claims. Access "[What's New](#)" on our website.

THOMAS L. LOBRED

Tom Lobred, former Chief, Value Branch of the U.S. Custom's Service, Washington, D.C., and former Chairman, World Customs Organization Technical Committee on Customs Valuation, Brussels, Belgium has joined the firm as Of Counsel and will continue to practice in the area of Customs and International Trade Law.

CHINA MFN/PNTR

As a result of the spy plane incident, expect a very difficult battle to renew/extend MFN/PNTR to China. HR 1467 has been introduced to nullify the President's authority. Contingency plans for increased U.S. Customs duty payments should be made. <http://www.house.gov/hunter/china-pntrremoval.html>

DRAFT ENTRY DIRECTIVE

Customs has posted to its website a draft Customs Directive on entry summary acceptance and rejection designed to provide national guidelines. Access "[What's New](#)" on our website.

BANANA WAR RESOLVED

USTR announced on April 11 that it reached an agreement with the EU to resolve the banana trade dispute. The EU is expected to implement a new banana trade regime on July 1, 2001; then the U.S. would suspend its sanctions. Access "[What's New](#)" on our website.

HMT REFUNDS

Customs has issued a proposed rule for administratively handling all Harbor Maintenance Taxes paid on exports that are to be refunded pursuant to the [Swisher Int'l v. U.S.](#) case. The new rule provides for refunding HMT paid on exports back to inception of the HMT in 1987 with minimal filing requirements for exporters, including no requirements for supporting documentation for payments after July 1, 1990. Export HMT requests must be filed before the effective date of this proposed rule, which could occur shortly. Payors of export HMT who have not already requested refunds are encouraged to contact the firm immediately. [66 Fed. Reg. 16854 \(Mar. 28, 2001\)](#).

FDA INADMISSIBLES

Customs has issued T.D. 01-26, a final rule effective April 27, 2001, that is intended discourage the illegal sale of imported merchandise not meeting FDA standards by increasing the size of liquidated damages. [66 Fed. Reg. 16850 \(Mar. 28, 2001\)](#); T.D. 01-26 (Mar. 8, 2001).

REVISED FTSR

The Census Bureau has recently posted to its website its revised Foreign Trade Statistics Regulations as of January 2001, based on revisions made during 2000. www.census.gov/foreign-trade/regulations/regs012001.pdf

NAFTA

- The implementation of NAFTA duty deferral provisions in Mexico continues to complicate the calculation of duties on certain parts. The PROSEC program implemented by the Mexican government covers 20 different industrial sectors by reducing the duty rates on inputs covered by specific HTS numbers. However, last month the Mexican government unilaterally removed hundreds of HTS numbers from the program. This is a situation that must be constantly monitored.
- The Bush Administration has announced that it is opening the borders to Mexican trucks as required by the NAFTA in early 2002. There has been a long delay in the implementation of this provision due to concerns by the former Clinton Administration regarding safety issues. Expect lower freight rates on merchandise shipped from Mexico.

FLAT PANEL DISPLAYS

Customs has posted a new Informed Compliance Publication on flat panel displays to its website. Access "[What's New](#)" on our website.

2000 TRADE REPORTS

The State Department has released its 2000 Country Reports on Economic Policy and Trade Practices. Each report contains key economic information on trends, policies, and labor practices. The 2000 report can be found at www.state.gov/e/eb/rls/rpts/eptp.

ANTIDUMPING

USTR has requested comments on the U.S. response to WTO recommendations and rulings regarding the Antidumping Act of 1916. Last October the U.S. agreed to implement the WTO rulings and recommendations by July 26. [66 Fed. Reg. 15517](#) (Mar. 19, 2001).

PRISON LABOR

Customs announced the first criminal conviction of a Chinese company in a prison labor case. Binder clips assembled by prison labor in China were exported to the U.S. by Allied International Manufacturing Stationary Co., Ltd. (AIMCO) located in Nanjing, China to its sister company Officemate International Corporation (OIC) of Edison, NJ and its customers. AIMCO pleaded guilty and was fined \$50,000; OIC paid Customs \$500,000 in settlement of any potential civil charges.

GSP

- In its FY2002 budget, the Administration is proposing a one year extension of GSP, which is due to expire on 9/30/01. Expect another battle. Contingency plans for higher Customs duty payments should be formulated. www.whitehouse.gov/news/usbu_dget/blueprint/blueprint.pdf.
- The USTR has announced its annual GSP Product and Country Eligibility Practices review. Petitions for the 2001 review must be submitted to the USTR by 5:00 pm on June 13, 2001. [66 Fed. Reg. 19278](#) (Apr. 13, 2001).

TRADE BARRIERS

The US has issued its 2001 *National Trade Estimate (NTE) Report on Foreign Trade Barriers*, which identifies foreign barriers to US exports. www.ustr.gov/html/2001_contents.html.

PEA QUARTERLY REPORT

For those importers who chose to amend eligible entries by filing a post-entry summary amendment (PEA) on a quarterly basis, the first quarterly report is due April 16. The report must be created using Customs' database, which is available at www.customs.gov/impoexpo/postamend.htm. The report can be forwarded by email or diskette to the port where the summaries being amended were filed.

SUMMIT OF THE AMERICAS

Expect another Seattle-like episode in Quebec City on April 22 when leaders of 34 countries meet. A significant level of planning has occurred for many months by groups seeking to disrupt the meetings and create demonstrations in the U.S. and elsewhere. The third Summit of the Americas will see President Bush push hard for FTAA quick finalization. One new development is the reluctance of Brazil, the largest country in South America, where current duty rates average 4 times the U.S. average, to become part of the agreement. The entire FTAA market is modest; U.S. exports to the area last year were \$59 billion, or 7.7% of total shipments.

TEXTILE/APPAREL

The Customs New York Strategic Trade Center (STC) has recently announced two efforts to boost compliance in the area of textiles/apparel. The separate efforts are directed against importers of fabrics and water-resistant apparel. ADM 01-0360 (Mar. 19, 2001) ([fabric](#)); ADM 01-0427 (Apr. 6, 2001) ([water-resistant apparel](#)).

ACS/AES

The Census Bureau has issued a list of sixty (60) Customs client representatives in various U.S. locations that can be contacted regarding both the Automated Commercial System (ACS) and the Automated Export System (AES). www.census.gov/foreign-trade/aes/aesnewsletter022001.pdf

FOREIGN-TRADE ZONES BOARD ACTIVITY AS OF 4/15/2001		
	APPROVED	PENDING
ZONES	239	8
SUBZONES	445	26
MISCELLANEOUS		34
AVERAGE PROCESSING TIME (MONTHS)		
ZONES	11	
SUBZONES	11	