

# BRIEFINGS

## INDUSTRY ADVISORS

The ITA's Industry Sector Advisory Committees (ISACs) and Industry Functional Advisory Committees (IFACs) advise the President on trade issues. Vacancies exist on all committees, including Chemicals and Allied Products, Consumer Goods, Electronics, Capital Goods, and Customs committees. Priority is to be given to manufacturers and firms outside of the Washington DC area. Clients are encouraged to join. 67 Fed. Reg. [12969](#) (March 20, 2002). [www.ita.doc.gov/icp](http://www.ita.doc.gov/icp).

## MEXICAN TRUCKS

The Transportation Department has issued an extensive rule that will establish safety requirements for Mexican motor carriers operating in the U.S. The rules set forth the process for application for operating authority and the safety requirements under which the carriers must operate. Comments are due April 18. 67 Fed. Reg. [12652](#) (March 19, 2002).

## CUSTOMS RULINGS

Commissioner Bonner has set a standard of 90 days for Headquarters Rulings to be issued. Douglas Browning has been appointed Deputy Customs Commissioner and assigned with implementing this goal. Currently, Customs issues between 11,000-12,000 rulings per year. OR&R's backlog of approximately 1,500 cases has been decreased to approximately 800 cases.

## C-TPAT

Suggestions for establishing, improving, or amending security procedures for each link in the supply chain, and a fact sheet on the developing Container Security Initiative have been posted on Customs website. Customs has recently begun sending applications to "low risk importers", inviting them to apply to participate in the Customs-Trade Partnership Against Terrorism (C-TPAT). It contains documents not available on its website. Access "[What's New](#)" on our website.

## DOUBLE-INVOICING

The U.S. Justice Department elicited an admission of guilt from Advanced Computer Link, Inc. for double invoicing their export clients to save them from paying the full amount of value-added taxes to foreign governments. In exchange for its guilty plea, Advanced Computer agreed to pay a \$140,000 fine and forfeit \$1.1 million in assets. Clients are reminded to carefully monitor export invoicing procedures. JoC Week (March 11, 2002).

## FOREIGN VISITORS

The INS has issued a proposed rule that would affect foreign tourists, business travelers, and students. Specifically, the rule would limit the availability of extensions to business and tourist visas, and reduce the maximum time of extensions. Comments are due by May 13, 2002. 67 Fed. Reg. [18065](#) (April 12, 2002).

## NAFTA

- Effective April 1, 2002, Mexico has changed its tariff schedule to bring it in line with the international Harmonized Tariff System. The changes affect the separate import and export tariff codes. Clients issuing NAFTA Certificates of Origin should review the changes for potential problems with existing NAFTA Certificates.
- Customs has issued a final rule amending its NAFTA regulations to reflect modifications agreed to by all three NAFTA parties in December 2001, and to reflect changes to the HTSUS. The changes were effective April 1, 2002, and involve: fungible materials or goods; auto parts averaging; allocation of costs over a period of time; and various GAAP related issues. [T.D. 02-15](#) (April 2, 2002).

## USTR

- The USTR has released its 2002 edition of the National Trade Estimates report, which identifies country barriers, acts, policies, and practices that deter U.S. exports. The report notes that non-tariff barriers continue to be an area of significant concern. Access "[What's New](#)" on our website.
- The USTR has released its annual Trade Policy Agenda that outlines the Administration's guiding principles and trade priorities for the year ahead and also reviews the principal trade policy developments of 2001. Access "[What's New](#)" on our website.

## AES/SED CHANGES

Census is requesting that OMB approve the addition of new data elements to both the paper SED (Form 7525V) and AES. Additional AES data elements are needed to handle the mandatory use of AES to file export information for items identified on Commerce's CCL or State's USML. Census is also seeking approval to collect the Forwarding Agents' EIN on the paper SED. 67 Fed. Reg. [9650](#) (March 4, 2002).

## DRAWBACK CHANGES

Recent amendments to regulations allow drawback for packaging materials, certain motor fuel additives, and clarification on recordkeeping for shrinkage, spoilage, and gain on certain textile goods. 67 Fed. Reg. [16634](#) (April 8, 2002).

## REG AUDIT REPORT

Treasury's Office of Inspector General (OIG) has issued a report finding that the Department's internal follow-up systems for Customs' Regulatory Audit activities are not in compliance with OMB requirements. The report cites Customs for failing to have adequate internal follow-up systems, especially on outstanding monetary recoveries. [www.ustreas.gov/oig/oig02059.pdf](http://www.ustreas.gov/oig/oig02059.pdf).

## STEEL

- The USTR has issued a Notice implementing the complete or partial exclusion of additional steel products from Presidential Proclamation 7529. 67 Fed. Reg. [12635](#) (March 19 2002).
- Customs has issued a temporary rule requiring a short deferral until April 19, 2002 for deposits of Section 201 Steel duties subject to Presidential Proclamation 7529. 67 Fed. Reg. [12860](#) (March 20, 2002).
- Certain entries of steel products subject to additional duties can now be filed using EIP and RLF. [ADM 02-0488](#) (April 8, 2002).

## MEAD CONCLUDED

The landmark [Mead Corp. v. U.S.](#) case has finally been concluded, with the Court of Appeals for the Federal Circuit (CAFC) ruling on remand from the Supreme Court that Customs classification of "day planners" did not warrant the deference given by the CIT. The CAFC applied "Skidmore deference," as mandated by the Supreme Court in its landmark decision in the case. Participating as counsel for the prevailing party was Sidney Kuflik, Of Counsel to Miller & Company.

## WTO

- The USTR is requesting comments on U.S. negotiating objectives and the work program launched at Doha. Comments are due by May 1, 2002. 67 Fed. Reg. [12637](#) (March 19, 2002).
- The USTR is requesting comments regarding U.S. commercial interests and related issues concerning the accession of 23 countries to the WTO. Comments are due by May 15, 2002. 67 Fed. Reg. [13205](#) (March 21, 2002).

## UNASSEMBLED ITEM ENTRIES

Customs has issued a Proposed Rule to amend the Customs Regulations to allow importers under certain conditions, to submit a single entry to cover multiple portions of a single entry which, due to its size or nature, arrives in the U.S. on separate conveyances. The regulations as written are too restrictive and should be changed. Comments are due on or before June 7, 2002. 67 Fed. Reg. [16664](#) (April 8, 2002).

## CHICKEN LEG DISPUTE

Russia's ban on imports of U.S. poultry will be lifted according to the Russian government. This is significant as last year the United States shipped about \$840 million of poultry meat to Russia, representing the largest single item that the U.S. exports to Russia.

## TRICK OR TREAT

Fall-out from the CIT decision in [Rubie's Costume Company v. U.S.](#) continues. In [Rubie's](#), the CIT ruled that textile costumes are to be classified as textiles, not as "festive articles." The government is expected to appeal the ruling. Meanwhile, the Committee for the Implementation of Textile Agreements (CITA) is extending its waiver of the visa requirement for textile costumes exported before June 1, and entered before August 1. 67 Fed. Reg. [13319](#) (March. 22, 2002).

## OZONE TAX

The IRS has issued its 2002 publication on excise taxes that will be imposed on chemicals that deplete the ozone layer and imported finished products containing these chemicals. Imported products that may be impacted include refrigerators, freezers, laptop computers, keyboards, facsimile machines, television receivers, VCR's, and printed circuits. Internal Revenue Service Publication 510 (February 2002). Access "[What's New](#)" on our website.

## MRA EFTA

The USTR has issued a notice and is seeking comment for a possible Mutual Recognition Agreement (MRA) with the European Free Trade Association (EFTA) countries that are part of the European Economic Area (EEA). This includes Norway, Iceland and Liechtenstein. Comments are due by May 3, 2002. 67 Fed. Reg. [14762](#) (March 27, 2002).

### FOREIGN-TRADE ZONES BOARD ACTIVITY AS OF 4/15/2002

	APPROVED	PENDING
ZONES	246	3
SUBZONES	474	13
MISCELLANEOUS		42

	AVERAGE PROCESSING TIME (MONTHS)
ZONES	11
SUBZONES	10