

# BRIEFINGS

## CAT

- Since 1996, Customs has completed 283 assessments; 173 assessments are in progress. 38% of the companies were placed in the "low risk" category, 16% were in the "moderate risk" category, and 46% were placed in the "high risk" category.
- 80% of those companies assigned moderate or high risk designations failed in the area of classification, 66% failed in the area of value, and 33% failed in the area of quantity reporting.
- Future compliance assessments will focus on the top 3,000 importers, as opposed to the previous top 1,000.
- Clients who have not prepared themselves for a CAT should do so. Contact Marshall Miller.

## WTO

Efforts to agree on an Agenda for a new round of trade negotiations have failed. The US and EU bilateral summit in Lisbon contained a long list of issues and concluded with no agreement. The Quad has no consensus for future action. Do not expect any breakthroughs in 2000 and well into 2001.

## HTSUS REVISIONS

The ITC has posted a 3<sup>rd</sup> revision of the 2000 HTSUS to its website. Access the updated version at "[What's New](#)" on our website.

## VALUE ADDED

As reported in the June 14 *New York Times*: When asked how the government could broaden an interpretation of the Antiballistic Missile Treaty that dates from the Reagan administration, a senior Pentagon official replied, "Better lawyers."

## CAROUSEL

The beef/banana dispute with the EU is generating significant action. Section 407 of the Trade and Development Act of 2000 implemented the "carousel plan" for rotating the articles on the penalty lists in WTO disputes. The target date is expected to be missed. Expect changes to the product list and potential increases of the 100% tariff to a level that will prohibit future imports of certain articles.

## HMT

- A recent CIT decision, [Citgo Petroleum Corporation v. US, Slip Op. 00-55](#) (May 18, 2000), found an exemption from the applicability of the HMT to aircraft jet fuel imported into a customs bonded warehouse and subsequently withdrawn as supplies for U.S. aircraft actually engaged in foreign trade.
- The firm's FTZ case is moving along well. Final Court of Appeals Briefs are due soon. Copies will be sent to all participants. FTZ firms not yet in the litigation should consider joining. Contact Marshall Miller.

## RESEARCH PHARMAS

Customs has issued its decision on the classification of pharmaceuticals imported for clinical research. The ruling classifies bulk mixed compounds and dosage form products as "medicaments" in HTSUS headings 3003 and 3004, respectively. However, for unmixed compounds, the ruling draws a debatable distinction between product imported for FDA Phase I trials and those imported for Phase II and III trials. The decision adds a significant level of complexity to all imports. Each entry must be identified by its Phase. No mention is made of pre-Phase I research material. [34 Cust. B. & Dec. 3](#) (May 24, 2000). A more detailed firm memorandum on the subject is available for interested parties. Contact Sean Murray.

## CUSTOMS DEFERENCE

The US Supreme Court has agreed to clarify whether or not courts must defer to policies and practices established via Customs rulings. This conflict stems from a 1999 Decision in [Mead v. US](#) (Slip Op 98-1569, Jul. 29, 1999) by the CAFC which held that customs rulings are not binding on the courts because they are made on a case-by-case basis rather than through formal regulations or policy. Contact Sid Kuflik the attorney responsible for the Brief and Oral Argument for more information.

## RECONCILIATION

Customs is evaluating the Automated Commercial System Reconciliation Prototype and is soliciting suggested changes by July 10. A voluntary survey can be completed on-line. The survey can be accessed on our website at "What's New." [65 Fed. Reg. 36505](#) (Jun. 8, 2000).

## TRADE BILLS

The Senate Finance Committee has requested comments by July 7 on 142 miscellaneous trade and tariff bills that may be added to in the fall. For more information and a complete list access "[What's New](#)" on our website.

## US-JORDAN FTA

The USTR has requested comments by noon July 17 on negotiating objectives and specific goods and services to be covered. The agreement is expected to be similar to the US-Israel FTA. [65 Fed. Reg. 37594](#) (Jun. 15, 2000).

## USER FEE AIRPORTS

Customs issued a notice revising the list of User Fee Airports. The firm has established a number of these operations. [65 Fed. Reg. 31263](#) (May 17, 2000).

## FWS

Effective July 3, the Customs/ Fish and Wildlife Service (FWS) electronic interface terminates. Form 3-177, or an FWS non-subject statement, will be required to obtain Customs release. [ADM 00-0599](#) (Jun. 8, 2000).

## CONTROLLED SUBSTANCES

Customs amended its regulations to make Schedule II controlled substances subject to the same seizure and forfeiture procedures that apply to Schedule I controlled substances. [65 Fed. Reg. 33254](#) (May 23, 2000).

## ERP

A second draft of the revised Customs Entry Revision Project (ERP) has been posted to the Customs website. Comments are due by June 30. Access "[What's New](#)" on our website.

## BOLTS/SCREWS

Customs has updated its advanced informed compliance publication (ICP) "Distinguishing Bolts from Screws". Access this and all other publications at "[What's New](#)" on our website.

## DUTY-FREE STORES

The Customs Regulations have been amended to include a provision that permits duty-free stores to be located within 25 statute miles of any staffed port of entry, whether or not it is the same port through which a purchaser at the store will depart the U.S. Customs Territory. [65 Fed. Reg. 31260](#) (May 17, 2000).

## DEPUTY COMMISSIONER

Charles Winwood was formally appointed Deputy Commissioner of Customs on June 5. Robert McNamara was chosen as Acting Asst. Commissioner, Field Operations.

## EXPORT PENALTIES

BXA has reported that in 1999 it imposed \$2.15 million in civil penalties and \$1 million in criminal fines, sent some executives to prison, and suspended the export privileges of some companies. To better deter future export violations, the BXA is seeking legislation to raise the penalty from \$10,000 per violation to \$100,000 in administrative cases and to \$10 million in criminal cases. Access "[What's New](#)" on our website.

## OVER-UNDER PAYMENTS

Customs issued a final rule on the assessment of duties, taxes, and fees on import over- and underpayments. [65 Fed. Reg. 31261](#) (May 17, 2000).

## USTR COMMENTS

- Canada's recent request for WTO consultation with the US regarding specific US subsidies and countervailing duty actions. Comments are due immediately. [65 Fed. Reg. 35969](#) (Jun. 6, 2000).
- Proposals for improving the outreach activities and transparency of the WTO. Comments are due by July 10. [65 Fed. Reg. 36501](#) (Jun. 8, 2000).
- WTO consultations that the US has requested with Brazil for textile valuation and patent protection, with Argentina for patent and test data protection and with Romania for valuation issues. [65 Fed. Reg. 36497](#) (Jun. 8, 2000).

## HTS AMENDMENTS

The ITC has requested proposals to amend the harmonized description and coding system to reflect changes in technology and trade. Proposals are due to the ITC by June 30. [65 Fed. Reg. 35395](#) (Jun. 2, 2000)

## CF 1300

Effective June 1, 2000, a new consolidated vessel entrance and clearance form, CF 1300, became mandatory nationwide. The new form replaces and consolidates: (1) CF 1300 Master's Oath of Vessel in Foreign Trade; (2) CF 1301 General Declaration; and (3) CF 1378 Clearance of Vessel to a Foreign Port.

FOREIGN-TRADE ZONES BOARD ACTIVITY AS OF 6/15/2000		
	APPROVED	PENDING
ZONES	235	7
SUBZONES	432	36
MISCELLANEOUS		28
AVERAGE PROCESSING TIME (MONTHS)		
ZONES	13	
SUBZONES	12	

