

BRIEFINGS

ALTERNATE T&E EXTENDED

We have been informed by Customs Headquarters that the Alternate T&E paperless CF 7512 program for in-bond movements out of FTZs, which was to expire on June 3, 2002, will be extended until further notice. Other priorities have delayed the testing and implementation of the enhanced ACS functionality designed to replace it.

SUPPLY CHAIN SECURITY

Customs is preparing a Supply Chain Security Questionnaire that it intends to start issuing in July in CF 28 form to importers who have not signed up for the Customs-Trade Partnership Against Terrorism (C-TPAT). The draft CF 28 can be accessed at "[What's New](#)" on our website.

ISA

Customs has announced the Importer Self-Assessment (ISA) program, which is the replacement for the Importer Compliance Monitoring Program (ICMP). To participate in ISA, an importer must also participate in the C-TPAT. 67 Fed. Reg. [41298](#) (June 17, 2002).

SINGAPORE JOINS CSI

Singapore has joined the Customs Container Security Initiative (CSI). U.S. Customs agents will target and examine high risk cargo in Singapore that is destined for the U.S. Access "[What's New](#)" on our website.

HOMELAND SECURITY

- On June 6, President Bush proposed the creation of a Department of Homeland Security. This department would combine multiple Federal agencies, including the U.S. Customs Service. Congress will now debate creation of the new department. Access "[What's New](#)" on our website for a copy of the President's proposal.
- On May 14, President Bush signed the Enhanced Border Security and Visa Entry Reform Act of 2002 (H.R. 3525) into law (P.L. 107-173). The Act addresses domestic security issues, such as funding, interagency sharing of information, visas, etc. Access "[What's New](#)" on our website.

2002 TRADE ACT

The Senate has passed an amended version of H.R. 3009 as the Trade Act of 2002. The Senate version of H.R. 3009 includes retroactive extensions of the Andean Trade Preference (through Feb. 28, 2006) and GSP program (through Dec. 31, 2006); provides the President with Trade Promotion Authority; provides new Trade Adjustment Assistance (TAA); and requires using Customs user fees to fund Customs. Trade Promotion Authority ("Fast Track") will still be hotly debated as Congress conferences on the House and Senate versions of the bill. Access "[What's New](#)" on our website.

STEEL DISPUTE

The U.S. steel safeguard measures continue to strain U.S. trade relations:

- The U.S. has posted a list of 61 additional products to be excluded from the Section 201 safeguard duties on certain imported steel products. Access "[What's New](#)" on our website.
- The USTR has issued a notice setting out the procedures for requesting exclusions from the steel safeguards. 67 Fed. Reg. [35842](#) (May 21, 2000).
- The EU has proposed to delay its retaliation against the U.S. steel safeguard measures until the U.S. has announced its final list of products subject to the safeguard duties.
- The U.S. has requested consultations with the EU and establishment of a WTO dispute settlement panel over the EU's imposition of its own safeguard measures against certain steel products. The USTR is requesting comments through June 21, 2002. 67 Fed. Reg. [40766](#) (June 13, 2002).

FDA

Customs has issued a proposed rule to clarify the responsibilities of importers of food, drugs, devices, and cosmetics and to provide a 180-day limit on FDA "conditional releases." This 180-day limit could have a drastic impact on importers. Comments are due Aug. 6, 2002. 67 Fed. Reg. [39322](#) (June 7, 2002).

CUSTOMS LEGISLATION

Numerous bills reflecting post Sept. 11 concerns are still moving through Congress:

- The House recently passed [H.R. 3129](#). Key provisions of the bill include funding for ACE and various anti-terrorism activities. The bill also requires carriers to file advance electronic manifests with Customs.
- The Senate Appropriations Committee has recently reported [S. 2551](#) to the full Senate. Key provisions of this bill include funding for Customs to investigate imported products produced with forced labor, funding for the Customs Container Security Initiative, and funding to address intermodal container security issues.
- The House and Senate have both passed port security bills ([H.R. 3983](#); [S. 1214](#)). The House and Senate are expected to conference to resolve differences in the bills. Access "What's New on our website."

TRADE NEGOTIATIONS

Hemispheric countries have agreed to a schedule for tariff negotiations in the Free Trade Area of the Americas, starting in December 2002. However, they failed to agree on the starting point for the tariff negotiations. Caricom (Caribbean nations) wants the starting point to be agreed-on WTO maximum rates, while other countries want it to be current actual rates.

TARIFF BILLS

The U.S. International Trade Commission is seeking comments on approximately 400 temporary duty bills that are to be combined into a miscellaneous trade bill. Clients are strongly encouraged to review the list of affected products because the governmental review process is being streamlined for time reasons. Comments are due by July 15, 2002. 67 Fed. Reg. [35833](#) (May 21, 2002).

ACE DEVELOPMENT

The GAO has published a report finding that while Customs' plan for building ACE satisfies legislative conditions and is consistent with GAO's previous recommendations, the investment in ACE is high risk and the GAO is uncertain that Customs will be able to deliver ACE in a timely manner and within budget. GAO has put forth multiple recommendations to improve the management and development of ACE. [GAO 02-545](#) (May 2002). Access "What's New" on our website.

FARM BILL

- The mammoth farm bill signed in May is drawing substantial criticism from U.S. trading partners since the U.S. has routinely lectured many of them on the need to reduce agricultural subsidies.
- The farm bill includes several provisions affecting the import and export of food and animals. Of particular note is a provision requiring country of origin labeling to inform consumers at the point of sale for commodities such as beef, lamb, pork, fish, and certain fruits and vegetables. There are also significant restrictions placed on claims of "U.S." origin. Guidelines are to be issued before October 1, 2002.

ENTRY OF "SETS"

Customs has issued an Administrative Message clarifying the information to be provided via ABI for the entry of "sets" provided for in GRI 1. The rules are different for imports qualifying as "sets" through GRI 3(b-c). [ADM 02-0703](#) (June 4, 2002).

BROKER EXAM

Customs has posted to its website the April 2002 broker exam and answer key. The April exam had a pass rate of only 3%. The next scheduled broker exam will take place Oct. 7. Access "[What's New](#)" on our website.

BIOTERRORISM BILL

[H.R. 3448](#), the Public Health Security and Bioterrorism Preparedness and Response Act of 2002, has been sent to the White House for the President's signature. The President intends to sign the bill. The new law makes several changes that will affect food importers, including requiring prior notice to FDA of imported food shipments; new authority requiring rejected food products to be marked as rejected; and a new prohibition against port shopping for food products that have previously been denied entry.

REGULATORY AGENDA

Customs has published its semi-annual regulatory agenda. The agenda includes target dates for the various regulations in the Customs pipeline, including proposed rules on Reconciliation (12/02), remote location filing (10/02), in-transit truck imports from Canada (10/02), and expanded FTZ Weekly Entry (10/02), and final rules on origin marking (8/02) and the "Prototype provision" (9/02). 67 Fed. Reg. [33603](#) (May 13, 2002).

NY CUSTOMS BONDS

As reported in last month's Briefings, Customs has required the re-filing of continuous bonds that were destroyed in the Sept. 11 terrorist attack. Customs subsequently issued a Pipeline message clarifying details of the re-filings. The re-filings were due by June 12, 2002. [ADM 02-0648](#) (May 14, 2002).

FOREIGN-TRADE ZONES BOARD ACTIVITY AS OF		
	APPROVED	PENDING
ZONES	246	3
SUBZONES	477	13
MISCELLANEOUS		38

	AVERAGE PROCESSING TIME (MONTHS)
ZONES	11
SUBZONES	10