

BRIEFINGS

HTS SIMPLIFICATION

As noted in April *Briefings*, comments are due June 30 on the ITC's [draft](#) of a simplified Harmonized Tariff Schedule (HTS). The draft pares the current 2,000 page HTS down to 945 pages. It was done without the normal industry input. In "simplifying" the document, certain portions of the Schedule were changed with increased duties and specific rates changed to ad valorem. Clients are urged to review relevant portions of the draft to see whether the changes will have any negative impact.

(a)(1)(A) LIST PENALTIES

Customs has posted to its electronic Bulletin Board proposed guidelines for the imposition and mitigation of recordkeeping penalties under 19 USC 1509(g) when persons fail to comply with lawful Customs demands for production of (a)(1)(A) and entry records. The comment period has been extended to July 1. [CEBB RECORD.EXE](#) (Jun. 4, 1999)

FQA

President Clinton signed H.R. 1183, which significantly amends the Fastener Quality Act, into law on June 8. Among the various provisions, the amendments repeal inspection, testing, and certification provisions and void the implementing regulations that were scheduled to go into effect on June 24. The amendments also narrowed the scope of fasteners subject to the FQA. Contact the firm or see the NIST web site. <http://www.nist.gov/fqa>

COMPLIANCE ASSESSMENTS

Customs Commissioner Kelly testified before the Senate Finance Committee in scheduled Customs oversight hearings that in the 200 compliance assessments completed in the 3 years since Customs initiated its program, they have recovered \$100 million in revenue. Customs currently has another 187 assessments in progress.

CUSTOMS RULINGS

Customs recently changed the language it uses in its notices of proposed ruling revocations or modifications. The fact that the notices are only published in the *Customs Bulletin* or the Customs Bulletin Board web site places a very high standard on all importers. The new language indicates that the revocations or modifications apply to the specific rulings mentioned and, in addition, to all similar rulings and substantially identical transactions. Persons with such rulings are supposed to notify Customs during the comment period. Language regarding claims for detrimental reliance has also been changed so that claims can be entertained after publication of notices of proposed revocations or modifications.

MPF MEXICAN EXEMPTION

Mexican products of NAFTA origin under Special Program Indicators that are entered or withdrawn from warehouse for consumption will be exempt from the MPF effective June 30. [CEBB T-NAFTA2.TXT](#) (Jun. 10, 1999)

FTZ BOARD

- On June 1, the Board issued a Memorandum requiring the submission of current Zone Schedules for FTZ #1 through FTZ #99 before Nov. 15, 1999 and for FTZ #100 through FTZ #235 before Jan. 30, 2000. The firm has a format Zone Schedule to help clients update or structure a current FTZ Schedule.
- FTZ Board staff are conducting community-wide FTZ site visits. Topics include determining if FTZ projects are acting within and conforming to the scope of authority, following appropriate inventory controls, acting within Customs "informed compliance standards," and submitting accurate Annual Reports. Clients are urged to review current operations to assure compliance.

CUSTOMS BROKERS

Comments are due by June 28, 1999, on the proposed Customs Regulations regarding the licensing and conduct of customs brokers. [64 Fed. Reg. 22726](#) (Apr. 27, 1999)

PHARMACEUTICAL APPENDIX

The ITC and the USTR have made it clear that all is on track for a new list of products to be Customs duty free as of July 1. It is unclear at this time when the list may be published. When published, the list will be placed on our web site. Clients are urged to check the list very carefully, not only for new items that are on the list, but for any items that may have been dropped inadvertently or on purpose.

CONFIDENTIALITY

Clients are directed to the May 31 edition of Business Week, page 110, for a very troubling article entitled "They're Listening To Your Calls" concerning NSA's Echelon system and the global confidentiality of e-mail, fax, and telephone conversations.

CHEMICAL WEAPONS

The Bureau of Export Administration (BXA) has issued an interim rule, effective as of May 18, 1999, amending the Export Administrations Regulations (EAR) to implement the Convention on the Prohibition of the Development, Production, Stockpiling, and Use of Chemical Weapons and on their Destruction. Written comments are due June 17, 1999. [64 Fed. Reg. 27137 \(May 18, 1999\)](#)

FOIA

The Department of Treasury is revising and updating its regulations on the disclosure of records under the Freedom of Information Act (FOIA). The regulations incorporate requirements of the electronic Freedom of Information Act Amendments of 1996 (Pub. L 104-231) with respect to records maintained in electronic formats, the timing of agency responses to FOIA requests, etc. Comments are due no later than July 6. [64 Fed. Reg. 24453 \(May 6, 1999\)](#)

EU SANCTIONS

Modifications to the rates of duty on designated products from certain member countries of the EC have been determined by the United States Trade Representative. As of April 19, 1999, all covered merchandise that is entered or withdrawn from warehouse for consumption on or after March 3, 1999, has a 100 percent ad valorem duty. Also, affected merchandise entered into foreign-trade zones on or after April 19, must be admitted in "privileged foreign status." The list of affected articles is on our website. Los Angeles Public Bulletin 99-020 (May 28, 1999)

SUMMER READING

- *The Lexus and the Olive Tree* by Thomas L. Friedman. This is the best book we have read on globalization that explains the integration of capital, technology, and information.
- *Nathaniel's Nutmeg*, by Giles Milton, a fascinating book about the nutmeg trade on the Island of Run in the Spice Islands over three hundred years ago.

SCHEDULE K

- The U.S. Maritime Commission has updated Schedule K, the classification of foreign ports by geographical trade area and country. [CEBB T-FORNP4.TXT \(May 18, 1999\)](#) The schedule is available at <http://marad.dot.gov/statistics/schedulek.html> and can be accessed through a link on the firm's web page.

VESSEL REPAIR

This proposed rule would amend regulations regarding the declaration, entry, assessment of duty, and processing of petitions for relief from duty for U.S. vessels which undergo foreign shipyard operations, and proposes to exempt Lighter Aboard Ship (LASH) barges and certain repairs in Israel, Canada, and Mexico from vessel repair duties. The comment period has been extended until July 21. [64 Fed. Reg. 29975 \(Jun. 4, 1999\)](#)

CHINA SWPM

Customs posted on its Bulletin Board additional information on Chinese solid wood packing materials that arrive in the United States to or from Canada. Satisfaction of one country's requirements is sufficient for subsequent transit into the other. [CEBB T-OGA1.TXT \(Jun. 10, 1999\)](#)

NHTSA IMPORT RULES

The National Highway Traffic Safety Administration (NHTSA) has posted information concerning the importation of motor vehicles on its web site. www.nhtsa.dot.gov. 49 CFR Chapter 301.

FTC - MADE IN U.S.A. CLAIMS

The Federal Trade Commission is actively reviewing "Made in U.S.A." product claims. Any client that uses "Made in U.S.A." on their merchandise should consider the legal issues. Contact Marshall Miller for further information.

CHINA NTR

- On June 3, President Clinton extended China's Normal Trade Relations (NTR) status for another year. NTR status is the new term for Most Favored Nation status.
- Congress is working on a way to separate debate on Chinese policies from the annual debate over NTR status. The change would provide political cover to allow a vote for permanent NTR status, which is necessary for U.S. support of Chinese WTO accession.

HMT

- The firm continues to proceed with its FTZ HMT case. New Motions and Briefs have recently been filed. Any client operating in an FTZ that is not yet included in the case should do so. Contact Marshall Miller.
- Pursuant to the claims resolution procedure established in U.S. Shoe Corp. v. U.S., the government has provided a status report on the refund process for HMT payments on exports. As of May 11, 3,409 refund claims had been received and 1,449 judgments totaling \$485 million had been paid. See www.customs.ustreas.gov/news/fed-reg/notices/uscourt.htm.

FOREIGN-TRADE ZONES BOARD ACTIVITY AS OF 6/15/99		
	APPROVED	PENDING
ZONES	229	7
SUBZONES	406	33
MISCELLANEOUS		29
AVERAGE PROCESSING TIME (MONTHS)		
ZONES	15	
SUBZONES	11	