

# BRIEFINGS

## EXPORT

- The [Bureau of Export Administration](#) (BXA) is conducting compliance reviews under its Export Enforcement (EE), Shipper's Export Declaration (SED), and License Enforcement Action (LEAP) Programs. Legislation moving through Congress would significantly increase penalties for violation of export laws.
- On [July 17, the Administration](#) revised its export control policy for exports of encryption products to the EU and other key trading partners.
- The [Administration announced on August 4](#) modifications to export controls on high performance computers (HPC).
- BXA has issued a [publication, Don't Let This Happen to You!!!](#), summarizing the Bureau's recent enforcement cases.
- Access "What's New" on our website for all cited matters.

## FSC

The House Ways and Means Committee approved [H.R. 4986](#) (Jul. 27, 2000) that amends the U.S. Tax Code to address the WTO ruling that found that the use of the Foreign Sales Corporation mechanism is an export subsidy and a violation of WTO rules. The amendments would exempt specific foreign-source income generated outside the U. S. from the definition of gross income that is subject to U.S. taxation.

## HTSUS

- The HTS is in the process of being altered. Clients are encouraged to review proposed changes to the HTS and comment on changes whether positive or adverse.
- The ITC has submitted its proposal for simplification of the [HTSUS](#) to the House Ways and Means and the Senate Finance Committees. The proposal includes a 20% reduction of HTS numbers, relocation of general notes including the NAFTA rules of origin, clarification of article descriptions, etc. Access "What's New" on our website.

## FQA

The National Institute of Standards and Technology has issued a final rule that implements the amended Fastener Quality Act. As reported in the January Briefings, the FQA was amended in 1999 to significantly limit the number of fasteners covered by the Act. The final rule went into effect on July 28, 2000. [65 Fed. Reg. 39798](#) (Jun. 28, 2000).

## CHILD LABOR

Customs has issued a final rule that amends the Customs regulations dealing with the seizure and forfeiture of imported merchandise that is found to be manufactured wholly or in part in a foreign country by convict labor, forced child labor, or indentured labor. [65 Fed. Reg. 45873](#) (Jul. 26, 2000).

## CUSTOMS AUDITS

The intensity of audits continues to increase nationwide as Customs has expanded its efforts from the top 1,000 to the top 3,000 importers, correlating to firms that import yearly more than \$33M of goods.

## WEEKLY ENTRY

Effective July 18, the Trade and Development Act of 2000 (P.L. No: 106-200) allows all foreign-trade zones to use weekly entry. A single entry may be used for most merchandise withdrawn from an FTZ during a 7-day period. Clients are encouraged to use this procedure. Contact Marshall Miller for more information. .

## NAFTA STUDY

The Census Bureau released a study that analyzes very significant differences between official trade statistics released by the [United States, Mexico, and Canada](#) for 1996 and 1997. Access "What's New" on our website.

## MISCELLANEOUS TRADE BILL

The Miscellaneous Trade & Technical Corrections Act of 2000 ([H.R. 4868](#)) contains provisions including: statutory and regulatory changes for entitlements; duty-free provisions for certain prototypes; duty suspension or reduction for 160 products, etc. The Senate considers its Legislation in September. Access "What's New" on our website.

## FDA IMPORT REQUIREMENTS

The FDA issued an administrative message reminding importers of FDA regulated products, such as medical devices, drugs, and biologics, that more accurate identification of manufacturers and shippers is necessary. The FDA warns that noncompliance can result in delays, detention, increased sampling and exams, and other enforcement actions. [ADM: 00-0824](#) (Jul. 28, 2000).

## WTO

As reported in the Feb. 2000 Briefings, a dispute panel ruling by the WTO required for the first time that a private firm must repay an illegal export subsidy. As part of the settlement to pay back the A\$30 million granted by the [Australian government](#), the company has paid back A\$7.2 million and the United States and Australian governments agreed to Australian tariff cuts as a settlement for these subsidies. Access "What's New" on our website.

## RELATED PARTY TRADE

According to [Census](#), related parties (companies and their subsidiaries) accounted for 47% of the total US import value in 1999, and 32% of total US export value. Access "What's New" on our website.

## AFTZP CENSUS REPORTING

Information on the [Automated Foreign-Trade Zone Program](#) is available on the Census website. The AFTZP allows direct electronic statistical reporting to Census for goods admitted to FTZs. It is a requirement for use of a blanket and cumulative CF 214 procedure as per Section 146.32(d), C.R. Companies may use diskettes or direct transmission, and reports must be submitted monthly. FTZs and subzones must apply to Census to participate. Access "What's New" on our website.

## TRADE DISPUTES

The USTR has summarized its participation in [WTO and NAFTA](#) trade disputes in the June 2000 publication *Highlights in U.S. International Trade Dispute Settlement*. Highlights include U.S. participation as a plaintiff, defendant and third-party. Access "What's New" on our website.

## EU TRADE REPORT

The EU has issued a report on [U.S. trade barriers](#). While generally noting the positive EU-U.S. trade relationship (\$465 billion in 1999), the report highlighted concerns such as the carousel legislation, restrictions on information technology products and services, U.S. laws with extraterritorial effect, customs user fees, and the proliferation of regulation at the state level. Access "What's New" on our website.

## CAFES

Customs has announced a November 2000 launch date for its new pilot program [Customs Automated Forms Entry System](#), which provides an automated option for in-bond cargo at land border locations. The program will employ 2D bar codes on the CF 7512 to speed cargo release. Access "What's New" on our website.

## TEXTILE MARKING

Customs has issued a final interpretive rule (T.D. 00-44) effective October 10, 2000. Customs will no longer apply 19 CFR 12.130(c) for country of origin marking purposes to United States or United States insular possession textile products returned from abroad after having been advanced in value or improved in condition, but not so much as to result in a change in origin under 19 CFR 102.21 the Customs textile rules of origin. [65 Fed. Reg. 42634](#) (Jul. 11, 2000).

## BANANA WAR

The trade wars between the U.S. and EU over bananas and beef continue. WTO members have criticized the U.S. for limiting third party comment on the dispute settlement proceeding. USTR has finalized the revised penalty lists under the carousel legislation; Presidential approval is pending.

## AES/SED

- Census has reported to both houses of Congress that AES should be the mandatory filing method for all SEDs by 2005, and that AES should be integrated with other agencies beyond just Customs and Census.
- In late July AESweblink became available, allowing the transmittal of SED data via the internet. [www.aesdirect.gov](#).

## ANDEAN TRADE

Comments are due Sep. 11 on the operations of the Andean Trade Preferences Act. The program will expire on Dec. 4, 2001, when renewal will be considered. Comments are sought on the effect of the Act on the volume and composition of trade between the U.S. and beneficiary countries. [65 Fed. Reg. 48041](#) (Aug. 4, 2000).

## CENTRAL AMERICA FTA

Mexico, Guatemala, Honduras and El Salvador concluded negotiations towards a Central American FTA. The agreement could take effect as early as Jan. 1, 2001 and would culminate 8 years of ongoing negotiations. This is the 4<sup>th</sup> FTA that Mexico has concluded in the past 6 years.

FOREIGN-TRADE ZONES BOARD ACTIVITY AS OF 8/15/00		
	APPROVED	PENDING
ZONES	236	7
SUBZONES	434	37
MISCELLANEOUS		33
AVERAGE PROCESSING TIME (MONTHS)		
ZONES	12	
SUBZONES	10	



