

BRIEFINGS

HTS MODIFICATIONS

The ITC has issued its final report on the proposed modifications to the HTS. The majority of the modifications are technical. There are some substantive changes, including new HTS subheadings. Clients are urged to review their current HTS numbers now, identify any concerns, and notify the firm for assistance. Access ["What's New"](#) on our website.

MPF EXTENSION

The House has added an extension of the Customs Merchandise Processing Fee to the bipartisan Patient Protection Act. The Senate version of the bill, H.R. 2563, has a similar provision. Clients are urged to continue to fight this provision. Access ["What's New"](#) on our website.

AD/CVD

Customs published a notice of intent to distribute assessed antidumping (AD) and countervailing (CVD) duties that are received in FY 2001. Customs expects to distribute approximately \$120 million for FY 2001 to affected domestic producers. The notice, designed to implement the Byrd Amendment, contains instructions for filing claims and lists 367 individual AD/CVD orders and the names of the parties potentially eligible to receive a distribution. [66 Fed. Reg. 40782](#) (Aug. 3, 2001).

CLIENT POSTERS

Clients are urged to forward to us copies of company posters. As you may know, we frame these posters and hang them in our offices. We are now expanding into additional offices and would like more posters that represent client's businesses.

NAFTA ORIGIN RULES

The USTR has asked the ITC to review proposed modifications to the NAFTA Rules of Origin that would ease qualification for preferential NAFTA duty rates on certain products, such as alcoholic beverages, petroleum products, glycerol esters, and chassis fitted with engines. Comments are due August 30, 2001. [www.usitc.gov](#)

FTZ-PAPERLESS 7512

Customs posted a confusing and inaccurate notice to its website extending its Alternate (Paperless) T&E pilot program until Jan. 1 in order to accomplish the programming in ABI necessary to accept the in-bond FTZ movements through the QP/WP Tinman process. However, the QP/WP process is not a paperless system. It allows the participant to initiate the CF 7512 in ACS, but then requires the participant to prepare and sign a hard copy CF 7512 and send a copy of the signed form is sent to Customs. Access ["What's New"](#) on our website.

RULING REQUESTS

Customs issued a proposed rule to amend its regulations concerning administrative rulings. The proposal would significantly re-write 19 CFR Part 177 to change ruling procedures, internal advice procedures, and business confidentiality requirements. Clients are urged to review the document carefully. Information is available on our website. Comments are due Sept. 17. [66 Fed. Reg. 37370](#) (July 17, 2001).

SEAPORT SECURITY

S. 1214 would amend the Merchant Marine Act to increase the security of U.S. seaports. One provision would require presentation of full entry data for all in-bond transactions. This would be a major problem for many importers. It has been a longtime Customs goal. Many groups will oppose. Clients are encouraged to follow this legislation closely.

FSC

A WTO panel issued its final ruling against the U.S. FSC tax provision. There is currently significant debate within the U.S. government over whether to appeal the ruling, negotiate a settlement with the EU, or take the issue into the next round of multilateral WTO talks. If the U.S. fails to take action, the EU may be entitled to approximately \$4 billion in annual sanctions on U.S. products.

SOFTWOOD LUMBER

The Commerce Department's International Trade Administration (ITA) has made a preliminary countervailing duty determination that softwood lumber from Canada has a net countervailable subsidy of 19.31%. If finalized, countervailing duties would be assessed retroactively from mid-May. (C-122-839). An antidumping duty determination on the same product is due by September 24, 2001. (A-122-838). Access "[What's New](#)" on our website.

AES

- Census has announced several changes to the internet-based *AESDirect* system, including additions or modifications to: the departure date format; the port of export and country of destination look-up; the USPPI look-up; entry number field; and the consignee and intermediate consignee profile. New functions allow the user to create up to 10 templates and to access archived shipments.
- Census has issued a notice requiring that all items on the Commerce Control List (CCL) and the U.S. Munitions List (USML) that require an SED be filed with AES. The AES filing requirement is independent of any licensing requirements. The effective date will be 270 days after Commerce, Treasury, and the NIST certify that a secure and functional AES mainframe and the *AESDirect* system are in place. A March 2002 effective date is planned. [66 Fed. Reg. 39006](#) (July 26, 2001).

TEXTILE TRANSSHIPMENT

Customs posted its 45th update of companies engaged in textile transshipment to the Customs Electronic Bulletin Board. CEBB [TBT-01-001-03](#) (June 28, 2001).

AIRCRAFT CLEARANCE

Customs is proposing an expedited and simplified Customs notification, inspection, waiver, and clearance system for corporate and general aviation aircraft. Comments are due before October 2, 2001. [66 Fed. Reg. 40649](#) (Aug 3, 2001).

WTO

- Expect final action on China's WTO accession this year. Several key areas remain to be decided. The US has foregone its past practice of examining the drafts of laws that would need to be implemented in order to meet accession commitments.
- The WTO Rules of Origin committee has reached an impasse in its efforts to harmonize the rules of origin used by customs organizations to determine the country of origin for products transformed in multiple countries. The impasse is due to a conflict between the current WTO system-based concept of "substantial transformation" and the alternative concept of "value-added."
- The United States has committed to rescinding the Antidumping Act of 1916 and offering compensation to the EU for the 1998 Fairness in Music Licensing Act.
- The launch of a new round of global trade talks is still stalled by a lack of consensus by WTO members.
- The next ministerial round will occur in Doha, Qatar in November.

SHOES

The Court of International Trade has allowed a HTSUS reclassification from 37.5% to 6% based on excluding laces when calculating the composition of textile shoe to the shoe's upper external surface. *Carrini, Inc. v. U.S.*, CIT [Slip Op., 01-91](#) (Aug. 2, 2001).

BROKER LICENSES

Customs has issued Treasury Decision 01-53 that cancels over 400 Customs broker licenses. The notice lists the name, license number and port name of the cancelled licenses. [66 Fed. Reg. 38053](#) (July 20, 2001).

NAFTA

- The Court of Appeals for the Federal Circuit (CAFC) has reversed the Court of International Trade's (CIT) decision in *Bestfoods*, finding that the Customs regulations exempting agricultural provisions from the de minimis rule were a valid exercise of Customs regulatory powers. CAFC [Slip Op 00-1547](#) (July 26, 2001).
- Clients interested in the Mexican truck issue should read New York Times articles published on August 2 and August 5, 2001.

WOOD PACKING

As of October 1, the EU will require imports from the U.S., China, and Japan packed with solid wood material to be treated for the pine wood nematode. The import must be subjected to one of the following treatments: heat or kiln drying, chemical pressure, or fumigation with an approved chemical. APHIS, the American Lumber Standard Committee and other interested parties have started a voluntary treatment program.

FOREIGN-TRADE ZONES BOARD ACTIVITY AS OF 8/15/01		
	APPROVED	PENDING
ZONES	242	6
SUBZONES	453	21
MISCELLANEOUS		26
AVERAGE PROCESSING TIME (MONTHS)		
ZONES	11	
SUBZONES	11	