

# BRIEFINGS

## FOCUSED ASSESSMENTS

Beginning Oct. 1, Customs will replace its Compliance Assessment process with "Focused Assessments (FA)." FA will be a two-step process. Initially Customs will conduct a Pre-Assessment Survey, which will evaluate a company's internal controls. If problems are identified during the PAS, then Assessment Compliance Testing will be conducted to determine compliance and measure loss of revenue. Customs has posted initial information on Focused Assessments on its website. Access ["What's New"](#) on our website.

## ICMP

Customs has begun receiving applications to participate in its revised Informed Compliance Monitoring Program (ICMP). Customs has posted initial information on the revised ICMP on its website. Clients are encouraged to contact the firm before deciding to participate in the revised ICMP. Significant information, such as an explanatory handbook for participants, have not yet been published. Access ["What's New"](#) on our website.

## HMT

H.R. 2737 has been introduced and would repeal the Harbor Maintenance Tax. No quick action is expected. Access ["What's New"](#) on our website.

## TRAGEDY

The tragedy in New York, Washington, and Pennsylvania has deeply impacted all of us. Our prayers go out to all the victims and their families. We have chosen to make a donation to the Firefighter's 9-11 Relief Fund. We are grateful that all Miller & Company employees and their immediate families are safe. Our New York office is one block from the World Trade Center in the Woolworth building and is currently closed. Those in our NY office are working out of their homes. Contact can be made through our Kansas City office.

## GSP

- GSP expires on Sep. 30 without Congressional renewal. President Bush proposed a 1 year extension in the FY 2002 budget. Do not expect quick action. Alternate Customs mechanisms should be considered.
- USTR reinstated GSP duty free benefits for India. Most products consist of jewelry, leather goods and carpet amounting to \$543 million in exports. Access ["What's New"](#) on our website.

## RULINGS

Customs extended the period to comment on its proposed rule changing 19 CFR 177 concerning administrative rulings. The new deadline is Oct. 17, 2001. [66 Fed. Reg. 45235](#) (Aug. 28, 2001).

## EMERGENCY CONDITIONS

Customs is on Level One Alert. The New York Customhouse was completely destroyed. We understand that the original signed/sealed copies of an estimated 70% of Customs bonds appear to be destroyed. Several of the major bonding firms offices were also destroyed. The records of National Import Specialists and the Customs Information Exchange were destroyed. Many Customs unpublished rulings were destroyed. All filings with Customs and Classification Ruling requests will have to be resubmitted. New classification rulings may be problematic for some time. The Customs commercial system is slowly recovering. Expect significant delays. ABI currency rate updates may not be available for some time; September 10 rates are to be used. Paperless entries are at a minimum. Border crossings are open, but with long delays and increased cargo inspections. All ocean ports are now open. Cargo is now prohibited from Commercial planes for security reasons. Air cargo operations are beginning to reopen. "Snow days" have been authorized for New York entries. See ADM: 01-0968, 0969 (9/12/01). New York entries can be filed only at JFK and Newark. The Court of International Trade is closed. Deadlines for filings will be extended.

## SUGAR REVERSAL

The Court of Appeals for the Federal Circuit (CAFC) has reversed a ruling by the Court of International Trade (74 F. Supp. 2d 1324 (Ct. Int'l Trade 1999), regarding the classification of certain sugar syrup imported from Canada. The importing party added molasses to the sugar before importation to effectively change the HTSUS classification. After importation, the molasses was removed from the sugar. The CAFC supported Customs revocation of the original HTSUS classification. . Heartland By-Products, Inc. V. U.S., Appeal No. 00-1287,-1289 (Aug. 30, 2001).

## MAD COW DISEASE

APHIS has proposed regulations to require government certification from mad cow non-risk countries on animal species, origin, processing and handling of materials. APHIS has also expanded its list of banned animal products from high-risk countries. Animal-derived materials for cosmetics and insulin for personal use are exempted from the proposed regulations. 66 Fed. Reg. 42597 (Aug. 14, 2001).

## AES/AESTIR CHANGES

Census and Customs have recently announced changes to the Automated Export System (AES) and AES Trade Interface Requirements (AESTIR). Census has changed numerous units of measure so that AES units of measures match HTSUS units of measure.

## IMPORT RESTRAINTS

The ITC has scheduled its third update report in investigation No. 332-325, The Economic Effects of Significant U.S. Import Restraints. The public hearing is Dec. 4, 2001 and written comments are due on January 10, 2002. 66 Fed. Reg. 43024 (Aug. 16, 2001).

## ICP'S

Customs has posted to its website a new Informed Compliance Publications

- ["Decorative Glassware"](#)
  - ["Customs Enforcement of Intellectual Property Rights"](#)
- Access "What's New" on our website.

## NAFTA

The International Trade Commission (ITC) has initiated an investigation into the economic effect of proposed Accelerated Tariff Elimination under the North American Free Trade Agreement (NAFTA). Comments are due September 28, 2001. 66 Fed. Reg. 47636 (Sept. 13, 2001).

## PRODUCE IMPORTS

- APHIS has proposed a rule that would require a phytosanitary certificate on all fruits and vegetables imported to the U.S. The effective date would be 6 months from publication of a final rule. 66 Fed. Reg. 45637 (Aug. 29, 2001).
- USDA has also delayed until January 22, 2002, the effective date of its new policy of consistently and routinely enforcing an existing requirement that a phytosanitary certificate of inspection accompany restricted plants, other than certain greenhouse-grown plants from Canada that are offered for importation into the U.S. 66 Fed. Reg. 45921 (Aug. 31, 2001).

## EXPORT CONTROLS

Because the Export Administration Act of 1979 has expired, President Bush declared a national emergency to continue all rules and regulations on export controls. National security, foreign policy and nuclear nonproliferation controls are included along with antiboycott regulations and short supply controls to protect domestic supplies. Access "[What's New](#)" on our website

## HTS EXPLANATORY NOTES

The World Customs Organization has issued a supplement (No. 11, dated February 2001) amending descriptions on food preparations, fermented beverages, disinfectants for animal feeds, appliances, printing machinery, data processing machines and vehicle lighting and signaling equipment.

## ART CLASSIFICATION

The CIT has ruled in Thoms. Zani D/B/A Wholesale Art & Frame Ltd. v. U.S. that Customs erred when it classified paintings from South Korea under Chapter 63. The Court found that Customs' testing and Laboratory reports were unreliable. Because Customs: destroyed the samples taken; had a discrepancy in the entry number of the sample; and failed to conduct appropriate tests based on the circumstances. Slip Op 01-98 (Aug. 9, 2001).

## LAN/WAN HTS

Customs is modifying or revoking 18 Rulings in order to correctly classify certain networked computer equipment entered or withdrawn from warehouse for consumption on or after approximately October 9, 2001. The equipment must meet all three requirements of Harmonized Tariff Schedule Chapter 84, Note 5(B) to be classified as an automatic data processing (ADP) unit. 35 Cust. B. & Dec. 32 (Aug. 8, 2001).

FOREIGN-TRADE ZONES BOARD ACTIVITY AS OF 9/15/99		
	APPROVED	PENDING
ZONES	242	7
SUBZONES	453	21
MISCELLANEOUS		25
AVERAGE PROCESSING TIME (MONTHS)		
ZONES	12	
SUBZONES	10	