

BRIEFINGS

CARGO MANIFESTS

The U.S. Customs Service has issued a proposed rule that would amend the Customs Regulations (19 CFR Parts 4 and 113) to require the advance (24 hours in advance of lading in a foreign port) and accurate (precise, but not necessarily HTS descriptions) presentation electronically of vessel cargo manifest information. The failure to provide the required information in the time period prescribed may result in Customs delaying the issuance of the permit to unlade upon United States arrival, denying preliminary entry of cargo, and the assessment of civil monetary penalties or claims for liquidated damages. Written comments were due September 9, 2002. Expect significant opposition. 67 [Fed. Reg. 51519](#) (Aug. 8, 2002).

STEEL

On Aug. 22, the Office of the U.S. Trade Representative (USTR) and Commerce Department announced the final batch of exclusions from the safeguard restrictions on steel imports that were imposed by President Bush in March. The administration accepted 727 of over 1300 requests for exclusions, exempting approximately of 25% of the steel imports that were originally subject to the safeguard restrictions. 67 [Fed. Reg. 56182](#) (Aug. 30, 2002).

C-TPAT

Currently, according to the Customs Service, over 422 importers, 25 Customs brokers, 37 carriers, and 20 consolidators have signed up for C-TPAT. The Customs Service started taking applications to participate in Phase 3 of C-TPAT from Customs brokers, freight forwarders, and non-vessel operating common carriers on August 26, 2002. The firm has a detailed and comprehensive C-TPAT action plan available for clients. It can be found at ["What's New"](#) on our website.

USER FEE AIRPORTS

The U.S. Customs Service has published a General Notice that fees for user fee airports are to be increased effective October 1, 2002. The initial fee is being raised to \$129,125 (from \$118,000) and the annual fee is being raised to \$115,400 (from \$88,500). 67 [Fed. Reg. 57866](#) (Sept. 12, 2002).

HTS CHANGES

The U.S. International Trade Commission is requesting comments on a World Customs Organization proposal to delete over 300 tariff provisions that are not often used. The deletions would not take effect until 2007. Comments were due September 6, which was only a week after being requested. Therefore they probably could still be submitted. 67 [Fed. Reg. 55872](#) (Aug. 30, 2002).

NAFTA AUDITS

The OIG has completed its audit of Customs' NAFTA Enforcement Program, concluding that the program is inadequate to detect noncompliance and recommending changes. Importers should expect to see increased Customs enforcement actions. A copy of the Report is available at ["What's New"](#) on our website.

RULINGS

Customs has issued its final rule (T.D. 02-49) effective Sept. 16, 2002 on changes to the administrative ruling process. The final rule is significantly changed from the original proposed rule. 67 [Fed. Reg. 53483](#) (Aug. 16, 2002).

FSC/ETI

The World Trade Organization (WTO) has approved \$4 billion in European Union retaliation for the U.S. Foreign Sales Corporation (FSC) program and its successor, the Extraterritorial Income Act (ETI). On September 13, the EU published a preliminary list of products that could be subject to up to 100% in additional duties as a result of the decision. The EU has delayed imposing retaliatory measures while the U.S. has worked to implement a replacement for the FSC/ETI. Congressional action is expected soon. Access ["What's New"](#) on our website.

WTO ORIGIN RULES

The World Trade Organization (WTO) will be addressing the tough issue of harmonizing the rules of origin among member countries this Fall. This will be a very difficult issue, as countries like the United States use different criteria to determine origin for Customs purposes (i.e. AD/CVD, NAFTA, Special Trade Programs, Textiles/Apparel). A "one formula fits all" global formula will definitely change current U.S. practices.

HMT

The Court of International Trade has decided another case on the Harbor Maintenance Tax. In Thompson Multimedia, Inc. v. U.S., the court ruled that the HMT does not violate the Uniformity and Port Preference clauses of the U.S. Constitution as applied to imports. CIT [Slip Op. 02-91](#) (Aug. 21, 2002).

QUOTA PREPROCESSING

Customs has announced the expansion and extension of the Quota Preprocessing Program (QPP). The QPP is now being extended to all ports and will not expire until December 31, 2004. 67 [Fed. Reg. 57271](#) (Sept. 9, 2002).

FDA

The FDA announced the withdrawal of two proposed rules. One proposed rule would have established reporting and record keeping requirements for certain products that are imported into the U.S. for further processing or incorporation into products that are then exported. The second proposed rule would have established requirements for marking imported food that has been refused entry into the U.S. for safety reasons. The proposed rules were withdrawn August 21, 2002. 67 [Fed. Reg. 54138](#) (Aug. 21, 2002).

CUSTOMS SECURITY

- On August 19, 2002, the Sea Cargo Targeting Initiative began more thoroughly examining high-risk cargo, Access ["What's New"](#) on our website.
- Customs Commissioner Bonner recently gave a speech at the Center for Strategic and International Studies. Access ["What's New"](#) on our website for a copy of the Commissioner's speech.
- Customs is now looking at the seals used to secure containers. Expect new seal requirements.
- In the ports of Newark and New York, Customs has examined three times as many containers this year as in the past. Similar increases in exams is occurring nationwide.

FDA-FOOD SAFETY

The Food and Drug Administration's Center for Food Safety and Applied Nutrition (CFSAN) has posted information to its website regarding food and cosmetics compliance programs for imports and domestic production that provide guidance to the FDA's field offices in carrying out investigations, inspections, and regulatory activities in defined programs. Access ["What's New"](#) on our website.

GSP RENEWAL

- Customs has issued instructions on the retroactive renewal of the Generalized System of Preferences and the procedures for obtaining a refund of duties paid on goods entered during the lapsed period. GSP has been extended to December 31, 2006. Access ["What's New"](#) on our website.
- The President has issued Proclamation 7586 on August 28, 2002 modifying duty free status under GSP for Argentina. 67 [Fed. Reg. 56211](#). (Sept. 3, 2002).

AES ERRORS

Customs has been verifying and enforcing the validity of AES exemption statements since May 1, 2002. Customs has issued an AES Broadcast document that discusses several recurring errors; most common errors include: late filing, false claims, and incorrect exemption statements. Access ["What's New"](#) on our website.

PORT SECURITY/FEE

A House-Senate conference committee has been working to resolve differences between the House and Senate passed versions of S. 1214 (H.R. 3983), the Port and Maritime Security Act that would improve the security of the 361 U.S. ports. One of the major problems keeping the bill in conference is finding a way to pay for it. Estimates of the total annual costs for the bill range from \$2.3 billion to more than \$3.5 billion. Proposals to impose a fee of \$15 to \$20 per container on imports and exports, as well as a \$3 per passenger fee, a \$3 per assembled automobile fee, and similar fees for other uncontainerized goods are being considered and are likely.

TEXTILES/APPAREL ORIGIN

Customs has issued an interim rule (T.D. 02-47) amending the rules of origin applicable to textiles and apparel. The amendments largely result from recent changes to the Harmonized Tariff Schedule of United States (HTSUS). 67 [Fed. Reg. 51751](#) (Aug. 9, 2002).

FOREIGN-TRADE ZONES BOARD ACTIVITY AS OF 9/15/02		
	<u>APPROVED</u>	<u>PENDING</u>
ZONES	247	2
SUBZONES	481	11
MISCELLANEOUS		21
AVERAGE PROCESSING TIME (MONTHS)		
ZONES	11	
SUBZONES	10	