

BRIEFINGS

HOMELAND SECURITY

Confusion continues as to what agency controls supply chain security. On July 23 DHS Secretary Tom Ridge signed an Order that delegated responsibility for cargo security to the Transportation Security Administration, even though Customs has taken the lead role with C-TPAT, CSI, proposed rules regarding the collection of advance electronic cargo data, etc. [68 Fed. Reg. 43573](#) (July 23, 2003)

C-TPAT EXPANSION

Customs opened up C-TPAT to Mexican manufacturers and certain other foreign manufacturers directly invited to join C-TPAT by Customs. Customs' [Web site](#) contains detailed information on the subject. The responsibilities for foreign manufacturers are significantly more than what is required from U.S. importers.

CF 7512 DIRECTIVE

Customs new Directive ([3240-036A, August 7, 2003](#)) effective October 20, 2003, should be carefully reviewed by clients. Clients using CF 7512s should consider shifts to AMS "V" numbers for ocean receipts, the AWB as an in bond document, and QP/WP. Further clarification is necessary as to the applicability and necessary clarification changes on in bond shipments to and out of foreign-trade zones.

FIRM SEMINAR

The firm will be hosting a free seminar for clients on Customs, trade, and foreign-trade zone current issues, the evening of Oct. 7 during the NAFTA Convention at the Paradise Point Resort in San Diego, CA. Contact Janet Haynes for registration by September 19.

C-TPAT SEMINAR

Customs is conducting a [seminar](#) for C-TPAT members only on October 27-30 in San Francisco, California. Registration for the seminar is online and began Sept. 8, 2003. Seating is limited to 300 participants and no more than two from each C-TPAT member company. Clients are urged to attend.

WTO FAILURE

As a result of the Cancun meetings collapse September 14, clients should not expect any timely agreements for further reductions in Customs duties and other trade barriers. Agricultural subsidies must be addressed.

EXPORT REGULATIONS

The BIS issued a final rule on August 21, 2003 that amends the Export Administration Regulations (EAR) to add references to the Automated Export System (AES) and to bring the EAR into conformance with certain provisions of the Foreign Trade Statistics Regulations (FTSR). [68 Fed. Reg. 50470](#)

EXPORT MANAGEMENT

The control and administration of exports will become much more important in the future. Two recent developments merit consideration. Informally, the Census Bureau has made it clear that the AES system is expected to be mandatory by July 1, 2004, for all exports and AES will interface with C-TPAT-type security requirements enforcement by Customs. Recently in ACE development, the Export Committee posted user requirements on their [Web site](#). Clearly exports will be much more tightly controlled by Customs. Clients are urged to begin taking necessary action now to be certain that export management is at the same level as import management.

DHS INTEGRATION

On Sept. 2 DHS announced its "One Face at the Border" initiative to consolidate the border inspection operations that are currently performed by Customs, INS, and APHIS. This will not be an easy process. Visit the Customs' [Web site](#) for more information about the changes.

BURMA BAN

The import ban went into effect on August 28, and applies to all landed merchandise that has not received an Office of Foreign Assets Control import license. [ADM 03-2084](#) (August 27, 2003).

TRIPS-GENERIC DRUGS

On Aug. 30 WTO member governments finally agreed on [procedures](#) that will make it easier for developing countries to import cheaper generic drugs. The WTO member governments had been deadlocked over intellectual property protection. The agreement allows any member country to export pharmaceutical products made under compulsory licenses within the terms set out in the decision. All WTO member countries are eligible to import under this decision.

U.S. IMPORT RESTRAINTS

The International Trade Commission has scheduled its fourth update report in Investigation No. 332-325, The Economic Effects of Significant U.S. Import Restraints. The public hearing is Dec. 9 and written comments are due on Jan. 10, 2004. [68 Fed. Reg. 50553](#) (Aug. 21, 2003).

IG REPORT

DHS released in early August a Treasury Department Inspector General's report on Customs' distribution of anti-dumping duties. The report states that the Government has experienced at least a \$25 million short fall in its accounts as a result of inadequate controls.

CUSTOMS RULINGS

The GAO recently issued a report titled "U.S. Customs Service: Prospective Rulings More Timely but Database Liability Questions Remain." While 94% of the cases were completed in 90 days, significant questions remain. [GAO 03-828](#)

U.S. TRADE LAW

The House of Representatives Committee on Ways and Means has issued a revised "[Overview and Compilation of U.S. Trade Statutes](#)."

MFG DRAWBACK

Effective August 22, 2003 Customs has adopted a final rule regarding the calculation of manufacturing substitution drawback when the imported merchandise contains a chemical element. [68 Fed. Reg. 50700](#) (Aug. 22, 2003).

AES MANDATORY FILING

The Census Bureau has issued a [final rule](#) amending the Foreign Trade Statistics Regulations (FTSR, 15 CFR Part 30) to: (1) incorporate requirements for mandatory AES filing for items on the Commerce Department's Commerce Control List (CCL) and the State Department's U.S. Munitions List (USML); (2) add to freight forwarders Employer Identification Number to the paper Shipper's Export Declaration; and (3) remove AES Filing Option 3.

WCO SECURITY

The World Customs Organization (WCO) recently held a meeting in Brussels, Belgium to formulate a series of [measures](#) to secure the international trade supply chain. Clients should review the WCO data model.

BORDER SECURITY

For a second year, U.S. government screeners have failed to detect a shipment of depleted uranium in a container sent by ABC News from overseas as part of a test of security at U.S. ports. The ABC News [project](#) involved a shipment to Los Angeles of just under 15 pounds of depleted uranium.

CANADIAN FOOD IMPORTS

On September 1 the USDA's Animal and Plant Health Inspection Service (APHIS) began issuing import permits for certain ruminant-derived [products](#) (cattle, sheep, goats, bison, deer, etc). Details can be found on the USDA Web site.

FTA TRADE AGREEMENTS

President Bush signed the implementing legislation for FTAs with Chile and Singapore on Sept. 3. Neither FTA will enter into force before Jan. 1. Free trade negotiations are currently underway with Australia, Bahrain, Morocco, five Central American nations, and the South African Customs Union.

GSP

The USTR announced that it is reviewing certain petitions filed in 2001 and 2002 for review of certain practices and specific beneficiary developing countries to determine compliance with GSP eligibility criteria. Requests to appear at the Oct. 7 public hearing must be submitted to the USTR by Sept. 26. [68 Fed. Reg. 52437](#) (Sept. 3, 2003).

HUMAN RIGHTS

The Sub-Commission on the Promotion and Protection of Human Rights, which is a United Nations panel, unanimously approved on August 13 [guidelines](#) that establish specific human rights and social responsibility standards that companies will be expected to comply with on a global basis. The UN is accepting comments from businesses and national governments on the proposed guidelines.

CBP FOIA REQUESTS

CBP issued [guidelines](#) for filing Freedom of Information Act (FOIA) requests.

FOREIGN-TRADE ZONES BOARD ACTIVITY AS OF 9/15/03		
	CURRENTLY	
	APPROVED	AUTHORIZED
ZONES	255	242
SUBZONES	534	451
PENDING		
ZONES	5	
SUBZONES	10	
MISCELLANEOUS	26	
AVERAGE PROCESSING TIME (MONTHS)		
ZONES	8	
SUBZONES	10	