

# BRIEFINGS

## RECONCILIATION

October 1 the ACS Reconciliation Prototype will be the exclusive means of reconciling entry summaries for types of import transactions. A rider to the Customs Form 301 Bond is required. Applications must be submitted to Customs Headquarters. A Reconciliation procedures handbook will be made available to the public via the Customs Web site. Clients are encouraged to carefully review all the *Federal Register* notices on the subject as a number of changes have occurred since the original February 6 announcement. 63 Fed. Reg. 44949 (Aug. 21, 1998).

## AES/AERP

Clients are reminded that the long running Automated Export Reporting Program (AERP) is scheduled to end on December 31, 1999, to be replaced by the Automated Export System (AES). Clients wishing to continue automated export reporting should be restructuring the activity under the recently revised AES.

## WISDOM

A statue has been placed in front of the new U.S. Customs Service Headquarters in Washington, D.C. at the Ronald Reagan Building. Chiseled in marble is the following: "The voice of reason is more to be regarded than the bent of any present inclination".

## HMT ON FTZ ADMISSIONS

Judge Jane Restani of the C.I.T. has designated BMW Manufacturing Corp. v. U.S. as the test case for our litigation challenging the legal validity of Harbor Maintenance Tax payments on admissions to foreign-trade zones. The Judge directed us to file a Scheduling Order by September 14. This deadline indicates that the C.I.T. is interested in processing this case promptly. Clients are encouraged to join the litigation.

## FTZ CUSTOMS AUDITS

U.S. Customs Service Headquarters is initiating full scale audits of foreign-trade zones. We have been told that Congress is interested in confirming that foreign-trade zones are being managed appropriately. Clients are encouraged to review their existing operations in detail and prepare themselves now for these audits.

## SED FILINGS

Customs has warned exporters that the failure to file Shipper's Export Declarations (SEDs) will be treated more severely than the late filing of SEDs. The failure to file SEDs and/or export bills of lading constitutes an intentional falsification of the manifest, which can result in penalties of \$5,000 for the first violation and \$10,000 for subsequent violations. New York/Newark Pipeline 98-73 (Aug. 27, 1998).

## TIN MAN

National implementation of the redesigned in-bond program (Tin Man) is scheduled for September 26, 1998. Among other changes, clients are reminded that the IRS number or the Customs-assigned number of the bonded carrier will be required on the CF 7512.

## FDA IMPORTS/EXPORTS

Comments on the Food and Drug Administration's draft guidance on importing/exporting human and animal drugs, biologics, food additives and medical devices that cannot be sold in the U.S. has been extended. Comments are now due by November 24, 1998. 63 Fed. Reg. 45827 (Aug. 27, 1998).

## IMPORT CERTIFICATE SYMBOL

The Commerce Department Bureau of Export Administration has requested approval from OMB of a new certification requirement that clients should carefully consider. A triangular symbol on the U.S. Import Certificates will notify the exporting country that the U.S. importer, whether or not the material is imported into the U.S., will not deliver the material to any other destination except in accordance with the U.S. Export Administration Regulations. Comments are due by Sept. 24, 1998. 63 Fed. Reg. 45222 (Aug. 25, 1998).

## EXPORT CONTROLS

Under the International Emergency Economic Powers Act, President Clinton extended Executive Order 12924 and continued the national emergency he declared in 1994 because of Congressional non-renewal of the Export Administration Act of 1979. 63 Fed. Reg. 44121 (Aug. 17, 1998).

## PIRP

The proposed revisions will not be implemented on October 1, 1998. Customs hopes to implement these revisions within the 1st quarter of fiscal 1999 (Oct. 1- Dec. 31, 1998) but it could be as late as January, 1999. CEBB T-PIRP2.TXT (Jul. 20, 1998).

## FACSIMILE SIGNATURE

Customs bonds that are executed by the principal or its attorney-in-fact, can now be done by facsimile signature, as per Customs ruling HQ 114290,

## USTR AGENDA

The U.S. Trade Representative is seeking written comments on the proposed agenda of the third Ministerial Conference of the World Trade Organization. The conference will be held in 1999. The USTR is interested in recommendations on the agenda, scope, content, and timetables for further trade negotiations and work in the WTO. Comments should be submitted by October 16, 1998. 63 Fed. Reg. 44500 (Aug. 19, 1998).

## CARICOM, DOMINICAN REPUBLIC

The Caribbean Community (Caricom) and the Dominican Republic have signed a free-trade treaty, which will be effective at the start of 1999.

## AIRCRAFT CLASSIFICATIONS

Showing the limits of the scope of the Agreement on Trade in Civil Aircraft (ATCA), the Court of International Trade ruled in Northwest Airlines v. U.S. that the Brake and Steering Control Unit of an Airbus airplane is classified as a programmable controller and, therefore, subject to duty. The CIT specifically rejected the argument that the ATCA applies to all aircraft parts, because such an interpretation contradicts the HTSUS. Slip Op. 98-114 (Aug. 5, 1998).

## HMT

- The CIT has issued an order in U.S. Shoe v. U.S. establishing a streamlined claims resolution procedure. The order directs immediate refund for HMT payments received by Customs within two years of the filing of the Complaint. Claims forms should be returned to Customs by October 15. Customs will then process undisputed claims forms in chronological order of case filing. More detailed procedures will apply to disputed claims.
- The Clinton Administration has unveiled its plan for replacing the Harbor Maintenance Tax. The new plan, called the Harbor Services User Fee (HSUF), would assess shipowners based on vessel type, capacity, and sailing frequency. A lengthy Congressional debate is expected.

## ENTRY FILER CODES

The filer code index (available on Customs web site: [www.customs.ustreas.gov](http://www.customs.ustreas.gov)) can now be searched by selecting the first number or letter of the filer code viewable through Excel 5.0, and Access Database formats.

## TEXTILE ORIGIN

Customs has extended until September 30, 1998, the comment period on its proposed interpretation that 19 CFR 12.130(c) should not control for purposes of country of origin marking of U.S. or Insular Possession textiles and apparel. If finalized, U.S. or Insular possession products which are exported, but do not undergo a change in origin as a result of certain operations would retain their U.S. or Insular Possession origin upon reimportation. 63 Fed. Reg. 39931 (Jul. 24, 1998).

## WOOL TARIFFS

Duties on certain imports of fine wool fabrics for fabrication into garments in the U.S. would be temporarily reduced or suspended through December 31, 2004 under a provision of the pending Tariff and Trade Act of 1998. Significantly this would provide U.S. producers with financial benefits that the Foreign-Trade Zones Board has consistently denied in the past.

## EU-MEXICO/MERCOSUR

- Formal negotiations have begun between Mexico and the European Union on a free trade pact.
- The European Commission has proposed free trade negotiations with Uruguay, Brazil, Paraguay and Argentina leading to a pact after 2005.

FOREIGN-TRADE ZONES BOARD ACTIVITY AS OF 09/15/98		
	APPROVED	PENDING
ZONES	226	7
SUBZONES	398	23
MISCELLANEOUS		34
AVERAGE PROCESSING TIME (MONTHS)		
ZONE	13	
SUBZONES	10	