

BRIEFINGS

PUERTO RICO

Board Order No. 1020 is an historic development for the U.S. Foreign-Trade Zones Program. The Grantee, the Puerto Rico Industrial Development Company, (PRIDCO), is a unique global organization providing development, financing, and real estate and buildings for lease. Foreign-trade zone status has been secured for 136 PRIDCO industrial parks throughout Puerto Rico totaling some 667 buildings with 18.2 million square feet of space and open land. It is the most comprehensive and unique zone project in the world. The firm developed the concept and strategy, prepared and filed the Application, and assisted in securing its final authorization. Clients are encouraged to consider the flexibility of being able to locate almost anywhere in Puerto Rico and have immediate zone status plus the availability of fast-track manufacturing authority. [64 Fed. Reg. 5765 \(Feb. 5, 1999\)](#)

FTZ DIST. WEEKLY ENTRY

Negotiations are continuing between the NAFTAZ and Customs Headquarters. Expect a continuation of the status quo, a review of current operations, and an increase in MPF payments by a daily calculation and weekly summary payment.

TIN MAN

Expect tightened oversight. A sampling of the in-bond documents presented to Chicago Customs disclosed a 51% error rate on surface movements and 38% error rate on air shipments.

POSTERS

Clients are reminded that we would very much like to have copies of colorful corporate posters that we can frame as artwork for the walls in our offices.

BXA LEAP

The License and Enforcement Action Program (LEAP), to enhance the licensing process and enforcement operations, has been announced by Commerce's Bureau of Export Administration. The program will clarify and expand exporter and end-user responsibility, licensing enforcement record keeping, enforcement activities, the use of reviews and spot checks, information sharing with intelligence agencies, and outreach. Details are available on the BXA website. www.bxa.doc.gov/press/99/LEAPfs.htm

ACE

The continuing controversy over the new Customs computer system structure and industry payments misses the basic problem. Many critical materials are no longer available in the US; most firms operate on a "just-in-time" basis with modest inventory. If the Customs system significantly slows or stops imports, the impact on the economy will be overwhelming. Immediate action is necessary.

RECONCILIATION

The ABI reconciliation summary transaction (RA) entry type '09' became available for testing/filing Feb. 3, 1999. [CEBB T-RECON6.TXT \(Feb. 2, 1999\)](#).

AES

- The Bureau of the Census has proposed amending the Foreign Trade Statistics Regulations by including detailed provisions on the Automated Export System. Comments are due by April 13, 1999. [64 Fed. Reg. 7412 \(Feb. 12, 1999\)](#)
- Treasury has issued proposed regulations cross-referencing the proposed Census regulations and setting out criteria for firms participating in Option 4 post departure data filing. Comments are due by April 13, 1999. [64 Fed. Reg. 7422 \(Feb. 12, 1999\)](#)
- A list of who is AES licensed and who is applying for a license can be found at <http://www.customs.ustreas.gov/imp-exp2/auto-sys/aes/vendors.htm>

FTC ENFORCEMENT

On January 19, 1999, the FTC announced the settlement of charges against 6 U.S. manufacturers for allegedly misleading "Made in USA" claims. No fines are included in the cease and desist order but the threat of future fines looms if violations occur. Clients are encouraged to review product origin marking. <http://www.ftc.gov/opa/1999/9901/musasweep6.htm>

PHARM APPENDIX

The ITC has initiated an investigation on pharmaceutical products and chemical intermediates proposed to be added to the Pharmaceutical Appendix. Comments are due by February 17, 1999. [64 Fed. Reg. 3310 \(Jan. 21, 1999\)](#)

Y2K

- Customs has issued a general notice and administrative message that it plans to conduct a voluntary test to allow certain members of the trade to transmit trial data to determine whether their computer software applications will interface properly with Customs' Y2K compliant systems. [64 Fed. Reg. 3586 \(Jan. 22, 1999\)](#)
- Experts meeting at the recent World Economic Forum in Davos, Switzerland, were concerned that Asia has paid inadequate attention to Y2K systemic issues related to: utilities, power infrastructures, transportation, and payment systems. As the source of critical raw materials, parts and products this is a serious matter.

TEXTILE LABELING

"Threading Your Way Through the Labeling Requirements Under the Textile and Wool Acts" is available on the FTC's website. The guide assists importers with complying with federal labeling requirements for textile, wool, and fur products. www.ftc.gov/bcp/online/pubs/bu/spubs/thread.htm

UNTREATED WOOD

- The Animal and Plant Health Inspection Service (APHIS) has issued an advanced notice of proposed rulemaking soliciting public comment on how to amend regulations on the importation of logs, lumber, and other unmanufactured wood articles to decrease the risk of introducing exotic plant pests into the U.S. Comments are due by March 22, 1999. [64 Fed. Reg. 3049 \(Jan. 20, 1999\)](#)
- Customs has posted on its Electronic Bulletin Board (CEBB) a notice on the solid wood packing requirements for Chinese and Hong Kong goods that are imported into Canada for a U.S. ultimate destination. The Canadian Food Inspection Agency (CFIA) is imposing requirements similar to those being imposed by APHIS. CEBB [T-SWPM4.TXT](#) (Feb. 10, 1999)

SENATE TERMINOLOGY

The Finance Committee has adopted a new strategy to secure "Fast Track" trade negotiation authority that expired in 1993; the Committee Chairman Sen. William Roth (R-Del.) has renamed it "Negotiating Authority." The name change is similar to when "normal trade relations" was adopted over the "most favored nation" term in 1998.

ORIGIN MARKING

The CAFC recently upheld the special NAFTA country of origin marking rules in 19 CFR 134.35 that displace the "substantial transformation" test. [Bestfoods v. U.S.](#), CAFC Slip Op. 98-1069 (Jan. 25, 1999).

GSP

- USTR is currently reviewing competitive need limitations (CNLs) on duty-free treatment to beneficiary countries under GSP eligibility. Extensive lists are provided in the notice. Comments are due by March 19, 1999. [64 Fed. Reg. 4732 \(Jan. 29, 1999\)](#)
- USTR accepted a petition for review under GSP that could modify India's GSP status. The petition claims that India failed to provide adequate access to its soda ash market. Comments are due by March 15, 1999. [64 Fed. Reg. 4168 \(Jan. 27, 1999\)](#)

INDIA-PAKISTAN SANCTIONS

The BXA has made available on its website an answer section on the November 19, 1998, export and reexport sanctions against India and Pakistan. www.bxa.doc.gov/Entities/question.htm

CORRECTIONS TO FTZ REGS

Customs issued a correction on general order merchandise as it relates to FTZ procedures at 19 CFR 146.40. [64 Fed. Reg. 6801 \(Feb. 11, 1999\)](#)

TRANSSHIPMENTS

An updated list of Hong Kong and Macau textile transshipment companies is at CEBB [T-TBT119.TXT](#) (Feb. 4, 1999).

CUSTOMS STRATEGIES

- Customs Commissioner Raymond Kelly reshuffled 14 key managers. Two key posts were in Washington, switching Robert Trotter, the director of field operations with Chuck Winwood, the head of the strategic trade division. Kelly has replaced the top administrators at the ports of New Orleans, Miami and Los Angeles. Four SAIC positions were changed. A new Director of the Office of Public Affairs was appointed and several enforcement related positions were changed. Expect more personnel shifts.
- The Commissioner created an Office of Training at the Assistant Commissioner level.
- After four years of effort, in its Annual Compliance Report to Congress, Customs will state that importer compliance with laws on merchandise classification and valuation showed only a modest increase to 83% for the fiscal year that ended last Sept. 30, falling short of goals. Expect a tougher enforcement strategy.

HMF UPDATE

- The government has begun mailing refunds of HMT paid by exporters. The mailings were made just in time to avoid a CIT contempt hearing.
- The government has appealed the decisions in [IBM v. U.S.](#), the test case on interest owed on refunds, and [Stone Container v. U.S.](#), the test case on statute of limitations issues, to the Court of Appeals for the Federal Circuit.
- The Clinton Administration's HMT replacement is now scheduled to be officially unveiled in March.

FOREIGN-TRADE ZONES BOARD ACTIVITY AS OF 2/15/99		
	APPROVED	PENDING
ZONES	228	6
SUBZONES	401	28
MISCELLANEOUS		31
AVERAGE PROCESSING TIME (MONTHS)		
ZONES	15	
SUBZONES	10	