

# BRIEFINGS

## FTZ WEEKLY ENTRY

The House and Senate have passed the Trade & Development Act of 2000 authorizing the expansion of the weekly entry system to include distribution operations. The [legislation](#) and [Conference Report](#) structure it to not require new regulations. Interested clients are encouraged to call Marshall Miller in order to immediately implement this procedure. Access "What's New" on our website.

## CENSUS

- Census will no longer accept faxed SED's as of 90 days after May 4. Original SEDs should be forwarded to the export carrier before exportation in conformance with Foreign Trade Statistics regulations. Access "[What's New](#)" on our website.
- Customs will develop enforcement and outreach programs in order to increase SED compliance. A recent Customs survey of exports transshipped through Canada to third countries found that 25% did not have proper SED documentation. Expect more enforcement actions.

## SCIENTIFIC INSTRUMENTS

Customs has proposed making technical changes on the duty-free U.S. entry of scientific instruments and apparatus by non-profit and educational institutions. Comments are due Jun. 12. [65 Fed. Reg. 30555](#) (May 12, 2000).

## 2000 TRADE ACT

Besides FTZ Weekly Entry, key provisions of the Trade and Development Act of 2000 include authorization of a new trade and investment policy and special trade benefits for sub-Sahara Africa, expansion of trade benefits to the countries in the Caribbean Basin, renewal of the Generalized System of Preferences (GSP) until 2004, reauthorization of the Trade Adjustment Assistance programs, reduction of duties on certain fabric, and authorization of "carousel" procedure that would require the USTR to rotate the list of goods subject to retaliatory action for non-compliance with World Trade Organization dispute settlement decisions. President Clinton is planning a White House signing ceremony on Thursday, May 18<sup>th</sup>, with the legislation becoming effective 60 days later. Access "[What's New](#)" on our website.

## EXPLANATORY NOTES

The World Customs Organization has issued amendments to the Harmonized Tariff Schedule Explanatory Notes. (No. 8, dated August 1999). Of particular note to pharmaceutical clients are a table of chemical structures that has been added to Chapter 29 and a comment that transdermal administration systems (i.e., patches) should be included in HTS 3004. Access "[What's New](#)" on our website.

## MEXICAN NAFTA TARIFF

NAFTA Article 303 prohibits duty deferral on goods imported into Mexico for re-export to another NAFTA country after January 1, 2001. As a preemptive remedy, on May 9, 2000, Mexico published tariff eliminations or substantial reductions for 200 pages of tariff classification. The full text in Spanish can be accessed on "[What's New](#)" on our website.

## NAFTA RULES OF ORIGIN

The US, Canada and Mexico agreed to trilateral rectifications to the NAFTA rules of origin. The US modifications were published in the Federal Register on Feb. 28<sup>th</sup>, and the Canadian modifications were printed in the Canada Gazette on March 15, 2000. All agreed to modifications are effective as of March 1, 2000, although there has been some indication of Canadian efforts to use the changes retroactively. Clients are advised to review the modifications very carefully.

## SFNT

The [Foreign Narcotics Kingpin Designation Act](#) imposes a new set of import transaction requirements on all importers. The law imposes stiff civil and criminal penalties on persons and corporations that engage in transactions or dealings with designated individuals and firms. By June 1, 2000, there will be published lists of SFNT's and foreign affiliated entities.

## TRADE & TARIFF BILLS

- HR 4337, developed by BACM, would provide additional importer options for commercial operations processing by making changes to the Customs laws in ten areas. Access ["What's New"](#) on our website.
- Written comments are due to the House Ways and Means Trade Subcommittee by close of business May 19, 2000 from all parties interested in 17 miscellaneous trade and tariff bills. Introduction is expected during Summer 2000.

## CRIBB APPOINTED TO ITA

Troy Cribb, former Deputy Assistant Secretary for Textiles, Apparel, and Consumer Goods Industries and Chairman of the Committee for the Implementation of Textile Agreements, has become the Acting Assistant Secretary for Import Administration, Department of Commerce. Ms. Cribb will replace Mr. Robert LaRussa who has moved to Under Secretary of Commerce. The FTZ Board staff reports directly to Ms. Cribb.

## USTR

- Released its Annual Report on Foreign Trade Barriers. For the first time, trade regimes of Eastern and Central Europe are included in the report. The report may be accessed at ["What's New"](#) on our website.
- Submitted to Congress on May 1 its Report on Trade Expansion Priorities. [65 Fed. Reg. 26262](#) (May 5, 2000).

## EXPORTATION

Customs has proposed to modify HQ 546798 to remove language that prohibited the use of transaction value for determining value of cars purchased in Germany and not immediately shipped to the US. Comments are due by May 26<sup>th</sup>. [34 Cust. B & Dec. 17](#) (Apr. 26, 2000).

## PATS

Customs began a prototype of a national filer compliance program, the Port Activity Tracking System (PATS), in nine ports on March 1, 2000. PATS will enable Customs to evaluate the performance of both filers and Customs by providing summary, historical, time-line and baseline analysis for filer's rejects, CF28s, informed compliance notices, etc. divided by categories such as value, country of origin, classification, quantity, etc.

## CUSTOMS AGENDA

The updated regulatory agenda contains a list of Customs' regulations at the proposed, final, long-term, and completed stages with target dates. [65 Fed. Reg. 23288](#) (Apr. 24, 2000).

## INFORMED COMPLIANCE

The US Customs service has posted to its web site two new Informed Compliance Publications: "Classification and Marking Requirements for Watches and Clocks," and "Tractors (HTS 8701) Versus Heavy Industry Machinery (HTS 8429 and 8430)." Access ["What's New"](#) on our web site.

## BXA NEWS

- BXA's Offices of Chemical & Biological Controls & Treaty Compliance and Nuclear & Missile Technology Controls have merged to create the Office of Nonproliferation Controls and Treaty Compliance. The newly formed Office will administer export control responsibilities under CWC, MTCR, and the NSG. Access ["What's New"](#) on our website.
- The BXA issued an index of license exceptions applicable to encryption items. Access ["What's New"](#) on our website.
- BXA has issued a reference guide on "deemed exports" on its website. Access ["What's New"](#) on our website.

## COURT DECISIONS

- In [Luxury International, Inc. v. U.S.](#), the CIT held that copyright owners who have not recorded with Customs for import protection can nevertheless apply provisions of the Customs regulations to prevent the import of goods that infringe on a copyright. [Slip Op 00-27](#) (Mar. 17, 2000).
- The CAFC has overruled the CIT to hold that Customs must exclude Customs duties paid from transaction value only if they are separately identified from the price actually paid or payable. Interestingly, the CAFC also considered the importer's repeated failure to not properly document the imports as "duty paid" a negligent mistake of law, and thus not correctable under 19 USC 1520(c)(1). [Century Importers, Inc. v. US \(CAFC No. 99-1117\)](#), Mar. 3, 2000).

## PRODUCTION EQUIPMENT

Customs has issued an ABI daily message stating that it has identified numerous compliance problems with production equipment entered under the HTSUS 9802 trade program (American Goods Returned). <http://www.customs.gov/imp-exp/1/comply/marc2000/9802.htm>

## NAFTZ VIDEO UPDATE

The NAFTAZ is updating its association video this summer, and is requesting original footage clips of actual FTZ operations to use in the update. Contact the NAFTAZ at (202) 331-1950.

FOREIGN-TRADE ZONES BOARD ACTIVITY AS OF 5/15/00		
	APPROVED	PENDING
ZONES	235	7
SUBZONES	426	30
MISCELLANEOUS		25

  

AVERAGE PROCESSING TIME (MONTHS)	
ZONES	13
SUBZONES	13

