

# BRIEFINGS

## FTZ WEEKLY ENTRY REGS

Customs has proposed regulations governing the expanded foreign-trade zone weekly entry procedures for warehousing/distribution operations that were previously authorized in the Trade and Development Act of 2000. There are major flaws in the regulations proposed by Customs. The requirement that the estimated CF 3461 be filed through ABI would eliminate use of FDA Weekly Entry Filing procedures. We understand that wording on the availability of weekly exports and zone-to-zone transfers is not included because Customs intends to eliminate both of these procedures. We strongly urge clients to submit comments by September 23, 2002. 67 Fed. Reg. [48594](#) (July 25, 2002). A detailed explanatory memo is available at "[What's New](#)" on our website.

## CARGO MANIFESTS

Customs has issued a proposed rule that will require the presentation of accurate manifest data 24 hours prior to lading at foreign ports. The rationale is cargo and homeland security. This rule has the potential to significantly disrupt many logistics operations. Comments are due to Customs by September 9, 2002. 67 Fed. Reg. [51519](#) (Aug. 8, 2002).

## C-TPAT

It has become clear that Customs security concerns are permanent and that participation in the C-TPAT program is the appropriate response for importers. We have formulated a C-TPAT Action Plan and eighteen C-TPAT program development documents for implementing a comprehensive C - T P A T program. Implementation of this Action Plan will significantly tighten the security arrangements for the import and export of merchandise without extraordinary efforts or cost, and should enable companies to comply with C-TPAT program requirements. Contact Marshall Miller to further discuss C-TPAT programs.

## CUSTOMS AUDIT STATISTICS

Since January, Customs has completed approximately 74 more Compliance Assessments and collected an additional \$20 million in revenue. Customs has now completed approximately 500 audits and collected approximately \$200 million through Compliance Assessments. Meanwhile, Focused Assessments have replaced Compliance Assessments. Currently 40-50 Focused Assessments are in process. Clients are urged to prepare for Focused Assessments. Contact Marshall Miller for more information.

## FTZ QUESTIONNAIRE

We have developed a unique Questionnaire to assist clients in evaluating FTZ operations. Completing the Questionnaire will help identify the areas of FTZ operations that need revision and require Operations Manual enhancement. Clients should contact Clarissa Pence for a copy of the Questionnaire and begin the review/update process.

## FAST TRACK

President Bush signed the Trade Act of 2002 on August 6, 2002. The most visible component is the approval of Trade Promotion Authority (TPA) (formerly Fast Track). Other highlights include a renewal of the GSP Program retroactively through December 31, 2006; retroactive renewal of ATPA and the expansion of Andean trade benefits; the amendment of certain CBTPA and AGOA benefits; and the appropriation of \$308 million for ACE funding. P.L. [107-210](#). (Aug. 6, 2002).

## BYRD AD DISTRIBUTION

A WTO dispute panel has issued a preliminary ruling that the Byrd amendment violates global anti-dumping and subsidy rules. The amendment requires U.S. Customs to forward AD/CVD duties collected to affected domestic producers. *Washington Trade Daily* (July 18, 2002).

## STEEL

• The ITA has published a proposed rule to establish a steel licensing and surge monitoring system. All products listed in the President's Section 201 relief determination will require a steel import license, which would be declared on the CF 7501. According to Customs Administrative Message 02-0910, dated July 19, 2002, a steel license number will be optional for certain types of entries: TIB entries (23), warehouse entries (21 or 22), and informal entries (11 or 12). Currently, FTZs would require two steel import licenses, one upon admission and one upon withdrawal from the zone for transfer to Customs territory. 67 Fed. Reg. [47338](#) (July 18, 2002).

• Although the EU has indicated that it will not impose retaliatory duties until at least the end of September, it has requested that the WTO establish a dispute settlement panel to hear complaints on the U.S. steel safeguard measures. Seven other countries have joined the EU. The USTR is requesting comments by September 12<sup>th</sup> on the dispute settlement proceedings. 67 Fed. Reg. [52767](#) (Aug. 13, 2002).

## TRADING WITH THE ENEMY

The Treasury Department's Office of Foreign Assets Control (OFAC) has released a list of 115 fines totaling \$5.8 million for violations of the Trading with the Enemy Act dating back to 1998. The enemies list of nations includes Iran, Iraq, Cuba, and North Korea. *Wall Street Journal* (July 3, 2002).

## IMPORT RESTRAINTS

The U.S. International Trade Commission has issued a report, *The Economic Effects of Significant U.S. Import Restraints* (No. 3519). Access "[What's New](#)" on our website.

## DRAWBACK

• Customs has published an interim rule on the method for calculating manufacturing substitution drawback when the imported merchandise on which drawback is claimed is a chemical element that is dutiable on its value. Comments are due on September 23, 2002. 67 Fed. Reg. [48368](#) (July 24, 2002)

• Customs has published a final rule implementing the regulations that allow drawback to be claimed on Merchandise Processing Fees (MPF) in Unused Merchandise Drawback. The rule also provides the method to use for calculating drawback on the MPF. 67 Fed. Reg. [48547](#) (July 25, 2002).

## CHILD LABOR REPORT

The Trade and Development Act (TDA) of 2000 included a provision that denies trade benefits under GSP, CBTPA, or AGOA to any beneficiary country that has not implemented its commitments to eliminate the worst forms of child labor. *The Department of Labor's 2001 Findings on the Worst Forms of Child Labor* details the efforts of 143 countries and territories to meet their commitments. Access "[What's New](#)" on our website.

## HMF

The CAFC has reversed the CIT and ruled that prejudgment interest is not due on Harbor Maintenance Fee refunds pursuant to the *U.S. Shoe* case. CAFC Slip Op. [98-1574](#) (July 23, 2002).

## FUNCTIONAL UNITS

Customs is adopting a new approach to the classification of "functional units." Functional units which lack one of the unit's key components at the time of importation may now be classified as a complete unit. Access "[What's New](#)" on our website.

## DEA ADDRESS CHANGE

DEA has a new post office box number for certain reports that must be filed in connection with the importation or exportation of certain chemicals and other articles. 67 Fed. Reg. [49568](#) (July 31, 2002).

## FARM EXPORT SUBSIDIES

The U. S. has announced an ambitious proposal for global agricultural trade reform to reduce global trade barriers, slash trade-distorting subsidies, and eliminate export subsidies. Trade diplomats view this proposal positively in light of the recently passed U.S. farm bill, which raised agricultural subsidies by an estimated 70% and caused a global backlash against the U.S. Access "[What's New](#)" on our website.

## AIRPORT SECURITY

Customs published a proposed rule, effective immediately, to amend the regulations governing access to Customs security areas at airports handling international air commerce. Comments are due by Sept. 27. 67 Fed. Reg. [48977](#) (July 29, 2002); 67 Fed. Reg. [51928](#) (Aug. 9, 2002).

## CHINA WTO ACCESSION

The WTO has distributed notice of China's implementation of the WTO Valuation Agreement. USTR has requested comments by Sept. 10 on China's WTO implementation and will conduct a hearing on Sept. 18. Contact Tom Lobred for more information.

FOREIGN-TRADE ZONES BOARD ACTIVITY AS OF 8/15/02		
	APPROVED	PENDING
ZONES	247	2
SUBZONES	479	13
MISCELLANEOUS		21
AVERAGE PROCESSING TIME (MONTHS)		
ZONES	11	
SUBZONES	10	