including a digital Electronic Flight Instrument System (EFIS), attitude and heading reference systems (AHRS), and air data systems (ADS). These systems may be vulnerable to high-intensity radiated fields (HIRF) external to the airplane.

Discussion

There is no specific regulation that addresses protection requirements for electrical and electronic systems from HIRF. Increased power levels from ground based radio transmitters, and the growing use of sensitive electrical and electronic systems to command and control airplanes, have made it necessary to provide adequate protection.

To ensure that a level of safety is achieved equivalent to that intended by the regulations incorporated by reference, special conditions are needed for the DHC–8–400, which require that new technology electrical and electronic systems, such as the EFIS, AHRS and ADS, be designed and installed to preclude component damage and interruption of function due to both the direct and indirect effects of HIRF.

High-Intensity Radiated Fields

With the trend toward increased power levels from ground based transmitters, plus the advent of space and satellite communications, coupled with electronic command and control of the airplane, the immunity of critical digital avionics systems to HIRF must be established.

It is not possible to precisely define the HIRF to which the airplane will be exposed in service. There is also uncertainty concerning the effectiveness of airframe shielding for HIRF. Furthermore, coupling of electromagnetic energy to cockpit-installed equipment through the cockpit window apertures is undefined. Based on surveys and analysis of existing HIRF emitters, an adequate level of protection exists when compliance with the HIRF protection special condition is shown with either paragraphs 1 or 2 below:

1. A minimum threat of 100 volts per meter peak electric field strength from 10 KHz to 18 GHz.

a. The threat must be applied to the system elements and their associated wiring harnesses without the benefit of airframe shielding.

b. Demonstration of this level of protection is established through system tests and analysis.

2. A threat external to the airframe of the following field strengths for the frequency ranges indicated.

Frequency	Peak (V/M)	Average (V/M)
10 KHz–100 KHz	50	50
100 KHz–500 KHz	60	60
500 KHz–2000 KHz	70	70
2 MHz–30 MHz	200	200
30 MHz–100 MHz	30	30
100 MHz–200 MHz	150	33
200 MHz–400 MHz	70	70
400 MHz–700 MHz	4,020	935
700 MHz–1000 MHz	1,700	170
1 GHz–2 GHz	5,000	990
2 GHz–4 GHz	6,680	840
4 GHz–6 GHz	6,850	310
6 GHz–8 GHz	3,600	670
8 GHz–12 GHz	3,500	1,270
12 GHz–18 GHz	3,500	360
18 GHz–40 GHz	2,100	750

As discussed above, these special conditions would be applicable initially to the DHC–8–400 airplane. Should de Havilland apply at a later date for a change to the type certificate to include another incorporating the same novel or unusual design feature, the special conditions would apply to that model as well, under the provisions of § 21.101(a)(1).

Conclusion

This action affects certain design features only on the modified DHC–8–400 airplane. It is not a rule of general applicability and affects only the manufacturer who applied to the FAA for approval of these features on the airplane.

List of Subjects in 14 CFR Part 25

Aircraft, Aviation safety, Reporting and record keeping requirements.

The authority citation for these proposed special conditions is as follows:

Authority: 49 U.S.C. 106(g), 40113, 44701, 44702, 44704.

The Proposed Special Conditions

Accordingly, the Federal Aviation Administration (FAA) proposes the following special conditions as part of the type certification basis for the deHavilland DHC–8–400 series airplanes.

1. *Protection from Unwanted Effects of High-Intensity Radiated Fields (HIRF).* Each electrical and electronic system that performs critical functions must be designed and installed to ensure that the operation and operational capacity of these systems to perform critical functions are not adversely affected when the airplane is exposed to high-intensity radiated fields.

2. For the purpose of this special condition, the following definition applies:

Critical Functions. Functions whose failure would contribute to or cause a failure condition that would prevent the continued safe flight and landing of the airplane.

Issued in Renton, Washington, on July 9, 1996.

Darrell M. Pederson,

Acting Manager, Transport Airplane Directorate, Aircraft Certification Service.

[FR Doc. 96–18548 Filed 7–19–96; 8:45 am]

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DEPARTMENT OF COMMERCE

International Trade Administration

15 CFR Part 303

DEPARTMENT OF THE INTERIOR

Office of Territorial and International Affairs

[Docket No. 960508126–6126–01]

RIN 0625–AA46

Proposed Changes in Procedures for Insular Possessions Watch Program

AGENCIES: Import Administration, International Trade Administration, Department of Commerce; Office of Territorial and International Affairs, Department of the Interior.

ACTION: Proposed rule and request for comments.

SUMMARY: This action invites public comment on a proposal to amend the ITA regulations, which govern duty-exemption allocations and duty-refund entitlements for watch producers in the United States' insular possessions (the Virgin Islands, Guam and American Samoa) and the Northern Mariana Islands. The proposed amendments would modify procedures for completion and use of the ''Permit to Enter Watches and Watch Movements into the Customs Territory of the United States'' (Form ITA–340); make the technical changes required by the passage of the Uruguay Round Agreements Act in 1994; eliminate the mid-year report (Form ITA–321P); change the percentage creditable towards the duty-refund of wages for non-9⅕ watch and watch movement repairs and raise one of the percentages in the formula for calculating the duty-refund; revise the total quantity and respective territorial shares of insular watches and watch movements which would be allowed to enter the United States free of duty; remove reference to watches and watch movements which are only ineligible for duty-free

treatment due to value-limit reasons from the percentage of non-9⅕ wages creditable toward the duty-refund; raise the maximum value of components for watches; and make other necessary changes to consolidate and simplify the regulations.

DATES: Comments must be received on or before August 21, 1996.

ADDRESSES: Address written comments to Faye Robinson, Program Manager, Statutory Import Programs Staff, Room 4211, U.S. Department of Commerce, Washington, D.C. 20230.

FOR FURTHER INFORMATION CONTACT: Faye Robinson, (202) 482–3526, same address as above.

SUPPLEMENTARY INFORMATION: The insular possessions watch industry provision in Sec. 110 of Pub. L. No. 97–446 (96 Stat. 2331) (1983) as amended by Sec. 602 of Pub. L. No. 103–465 (108 Stat. 4991) (1994) additional U.S. Note 5 to chapter 91 of the HTS requires the Secretary of Commerce and the Secretary of the Interior, acting jointly, to establish a limit on the quantity of watches and watch movements which may be entered free of duty during each calendar year. The law also requires the Secretaries to establish the shares of this limited quantity which may be entered from the Virgin Islands, Guam, American Samoa and the Northern Mariana Islands. After the Departments have verified the data submitted on application Form ITA–334P, the producers' duty-exemption allocations are calculated from the territorial share in accordance with Section 303.14 of the regulations and each producer is issued a duty-exemption license. Section 303.7 paragraph (b) of the regulations states the procedures for the issuance of the ''Permit to Enter Watches and Watch Movements into the Customs Territory of the United States'' (''permit'' or ''shipment permit''), Form ITA–340, against the producers' duty-exemption licenses. Currently, an authorized official of the territorial government issues each shipment permit (completed from data supplied by the licensee) and certifies that the permit is issued against a valid license and that the remaining balance of the license, as shown on the permit, has been verified. Under the proposed amendment, the licensed companies would be given revised permits for completion and the licensee would have responsibility for self-certifying that the permit is issued against a valid license and that the remaining balance of the license, as shown on the permit, is correct according to company records. The licensee would also continue to certify that the watches and watch movements to be entered under the permit have been assembled in the U.S. insular possessions in compliance with the regulations of the Departments of Commerce and the Interior and the U.S. Customs Service, and that they meet all U.S. Customs Service requirements for duty-free entry under additional U.S. note 5 of chapter 91 of the Harmonized Tariff Schedule of the United States. A copy of the signed permit would then be taken or sent via facsimile, no later than the day of shipment, to the appropriate territorial government officials for recording and verification. The completed and signed permit would be filed along with the other Customs Service entry paperwork requirements unless the importer or its representative transmits the data through the Automated Broker Interface (''ABI'') system of the Customs Service. Entries made by electronic transmission would not require the submission of a permit (Form ITA–340) to Customs, but the permit information would have to be maintained by the importer or its authorized agent for the period prescribed by Customs' recordkeeping regulations, currently five years. The changes in permit procedures are being proposed to eliminate paperwork, namely, the submission of Form ITA–340 to Customs with ABI entries. Also, the proposed new procedures would allow required permit information to pass between the territorial government and the watch producers via facsimile, which would eliminate the burden of travel to and from the territorial office.

The permit currently consists of five self-carboned pages with one copy to be presented to the U.S. Customs officer at the port of entry and then forwarded to the Department of Commerce after entry number, date of entry, and port of entry have been added by the Customs officer; one copy to be retained by the licensee's broker or agent; one copy to be retained by the licensee; one copy to be retained by the territorial office; and one copy to be forwarded by the territorial office to the Department of Commerce. Under the proposed amendment, the revised permit would be a single page document which could be produced by the licensee in an approved computerized format or any other medium or format approved by the Department of Commerce. On entries made through ABI, the licensee would not need to make any copies of the original permit if the permit is sent via facsimile or other data communications system to the territorial government officials and the importer or its authorized agent (otherwise, two copies needed). For non-electronic transmission entries filed with Customs officials at the port, the original permit would continue to be a required part of the paperwork submitted to Customs to receive duty-free treatment. Customs would still forward the permit to the Department of Commerce after filling in the entry number and date of entry. The licensee, as with ABI entries, would need to make a copy of the permit for the territorial government and the importer or its authorized agent's records only if the permit is not sent via facsimile or other data communication system. The territorial government officials would continue to send a copy of each permit to the Department of Commerce. The proposed revision of the permit would not only reduce the paperwork associated with the permit, but would also eliminate the need for Customs to mail a copy of the permit to the Department of Commerce for all ABI entries.

Section 602 of Public Law 103–465 enacted on December 8, 1994 amended Public Law 97–446. The proposed rule would make the necessary technical changes to reflect the new authority for the duty-refund entitlements for the insular watch program. Changes would be made to Authority, Sec. 303.1(a), Sec 303.2((a)(1) and Sec. 303.12(c)(2).

We also propose eliminating the mid-year report (Form ITA–321P). Sec. 303.11 (Mid-year reporting requirement) of the regulations and Sec. 303.2(b)(4) (Form ITA–321P) would be removed. A major purpose of the mid-year report was to establish whether companies required more duty-exemption allocation or wished to relinquish duty-exemption that had been allocated. These purposes can be satisfied less formally and without paperwork. Even if the reporting requirement and the associated form are eliminated, companies could still request supplemental duty-free allocations or voluntarily relinquish units in accordance with Sec. 303.6(c) and (f). We also propose amending Sec. 303.6(f) in order to clarify the procedures for requesting annual supplemental allocations and relinquishing units.

We propose increasing the percentage of wages for the repair of non-9⅕ watches and watch movements creditable towards the duty-refund to a maximum of fifty percent of the firm's total creditable wages by amending Sec. 303.2(a)(13) and Sec. 303.14(c)(3). The increase is being proposed to permit producers to further diversify their operations.

Currently, the percentage of wages paid for the repair of non-9⅕ watches and watch movements and for the assembly of non-9⅕ watches and watch

movements (ineligible only due to value-limit reasons) which is creditable towards the duty-refund is twenty-five percent of the firm's other 9⅕ creditable wages. No duty-refunds have ever been issued on the basis of wages paid for the production of watches and watch movements because they exceeded regulatory value limits. Accordingly, we propose eliminating this exclusion by amending Sec. 303.2(a)(13).

Pub. L. 97–446, as amended by Pub. L. 103–465, requires the Secretary of Commerce and the Secretary of the Interior, acting jointly, to establish a limit on the quantity of watches and watch movements which may be entered free of duty during each calendar year. The law also requires the Secretaries to establish the shares of this limited quantity which may be entered from the Virgin Islands, Guam, American Samoa and the Northern Mariana Islands. Regulations on the establishment of these quantities and shares are contained in Sec. 303.3 and 303.4 of title 15, Code of Federal Regulations (15 CFR 303.3 and 303.4). The Departments propose to establish for calendar year 1997 a total quantity and respective territorial shares as shown in the following table:

Virgin Islands	3,100,000
Guam	500,000
American Samoa	500,000
Northern Mariana Islands	500,000

Compared to the total quantity established for 1994 (59 FR 8847; February 24, 1994), this amount would be a decrease of 500,000 units. The proposed Virgin Islands territorial share would be reduced by 500,000 and the shares for Guam, American Samoa and the Northern Mariana Islands would not change. The amount we propose for the Virgin Islands is more than sufficient for the anticipated needs of all the existing producers.

We also propose raising the maximum value of components for duty-free treatment of watches from $175 to $200 by amending Sec. 303.14(b)(3). This change would relax the limitation on the value of imported components that may be used in the assembly of duty-free insular watches. The proposed value levels would also help offset the effects of the declining dollar and allow the producers wider options in the kinds of watches they assemble.

The proposed changes include amending Sec. 303.14(c)(1)(iv), which sets the incremental percentage for calculating that part of the duty-refund for producers who have shipped between 600,000 and 750,000 units free of duty into the United States. Currently the value of the duty-refund is based on the producer's average creditable wages per unit shipped free of duty into the United States multiplied by a factor of 90% for the first 300,000 units and declining percentages in additional increments of 85%, 80% and 65% up to a maximum of 750,000 units. The amendment would raise the 65% increment to 75%. In recent years most producers have shipped fewer than 600,000 units. This change would add a further incentive for producers to increase shipments which would help raise territorial employment.

The following amendments are being proposed to simplify and consolidate the regulations and to eliminate redundancy:

- Remove the concluding text of § 303.6(f) which would require the publication of notices in the Federal Register to invite new entrants and would amend § 303.8(c)(2), which also related to new entrant invitations (the regulations contain a standing invitation to new entrants in § 303.14);
- Eliminate Section 303.10 (Limitations, requirements, restriction and prohibitions) and would consolidate non-duplicative language in Sec. 303.14(b);
- Amend Sec. 303.12(b)(3) by changing registered mail to registered, certified or express carrier mail;
- Amend Sec. 303.12(c)(1) by changing the reference from Sec. 303.2(b)(6) to Sec. 303.2(b)(5), due to other proposed changes affecting the numbering of provisions;
- Amend Sec. 303.14(b) by removing references to Sec. 303.10 and incorporating the non-duplicative language in Sec. 303.14(b);
- Amend Sec. 303.14(c)(2) by replacing a reference to Sec. 303.10(c)(2) with the correct reference (Sec. 303.5(c)) and by removing Sec. 303.14(c)(3) as redundant; and
- Eliminate Sections 303.10 and 303.11.

The proposed rule does not contain policies with Federalism implications sufficient to warrant preparation of a Federalism assessment under Executive Order 12612.

Regulatory Flexibility Act

In accordance with the Regulatory Flexibility Act, 5 U.S.C. 601 *et seq.*, the Assistant General Counsel for Legislation and Regulation has certified to the Chief Counsel, Small Business Administration, that the proposed rule will not have a significant economic impact on a substantial number of small entities. This is because the rulemaking is primarily to consolidate and simplify the regulations, make technical changes and reduce paperwork.

Paperwork Reduction Act

This rulemaking involves information collection activities subject to the Paperwork Reduction Act of 1980, 44 U.S.C. 3501 et seq. which are currently approved by the Office of Management and Budget under control numbers 0625–0040 and 0625–0134. The proposed amendments reduce the information burden on the public.

Notwithstanding any other provision of the law, no person is required to respond to, nor shall any person be subject to a penalty for failure to comply with a collection of information unless it displays a currently valid OMB Control Number.

It has been determined that the proposed rulemaking is not significant for purposes of Executive Order 12866.

List of Subjects in 15 CFR Part 303

Administrative practice and procedure, American Samoa, Customs duties and inspection, Guam, Imports, Marketing quotas, Northern Mariana Islands, Reporting and recordkeeping requirements, Virgin Islands, Watches and jewelry.

For reasons set forth above, 15 CFR Part 303 is proposed to be amended as follows:

PART 303—[AMENDED]

1. The authority citation for 15 CFR Part 303 is revised to read as follows:

Authority: Pub. L. 94–241, 90 Stat. 263 (48 U.S.C. 1681, note); Pub. L. 97–446, 96 Stat. 2331 (19 U.S.C. 1202, note); Pub. L. 103–465, 108 Stat. 4991.

303.1 [Amended]

2. Section 303.1(a) is amended by removing the period at the end of the first sentence and adding ‘‘, and amended by Pub. L. 103–465, enacted December 8, 1994.’’.

§ 303.2 [Amended]

3. Section 303.2(a)(1) is amended by removing the period at the end of the sentence and adding ‘‘, as amended by Pub. L. 103–465, enacted December 8, 1994, 108 Stat. 4991.’’.

4. In § 303.2, paragraphs (a)(13) and (b)(3) are revised to read as follows:

§ 303.2 Definitions and forms.

(a) * * *

(13) Creditable wages means all wages—up to the amount per person shown in § 303.14(a)(1)(i)—paid to permanent residents of the territories employed in a firm's 9⅕ watch and watch movement assembly operations, plus any wages paid for the repair of

non-9⅕ watches up to an amount equal to 50 percent of the firm's total creditable wages. Excluded, however, are wages paid for special services rendered to the firm by accountants, lawyers, or other professional personnel and for the repair of non-9⅕ watches and movements to the extent that such wages exceed the foregoing ratio. Wages paid to persons engaged in both creditable and non-creditable assembly and repair activities may be credited proportionately provided the firm maintains production and payroll records adequate for the Departments' verification of the creditable portion.

* * * * *

(b) * * *

(3) *ITA–340 ''Permit to Enter Watches and Watch Movements into the Customs Territory of the United States.''* This form may be obtained, by producers holding a valid license, from the territorial government or may be produced by the licensee in an approved computerized format or any other medium or format approved by the Departments of Commerce and the Interior. The completed form authorizes duty-free entry of a specified amount of watches or watch movements at a specified U.S. Customs port.

* * * * *

5. In Section 303.2, paragraph (b)(4) is removed and paragraphs (b)(5) and (b)(6) are redesignated as paragraphs (b)(4) and (b)(5).

§ 303.6 [Amended]

6. Section 303.6(f) introductory text is amended at the beginning of the second sentence by removing ''The'' and adding ''At the request of a producer, the''; and in the middle of the fourth sentence by removing ''invited'' and adding ''considered''.

7. In § 303.6, the concluding text of paragraph (f) is removed.

8. Section 303.7 is amended by revising paragraph (b) to read as follows:

§ 303.7 Issuance of licenses and shipment permits.

* * * * *

(b) *Shipment Permit Requirements (ITA–340).* (1) Producers may obtain shipment permits from the territorial government officials designated by the Governor. Permits may also be produced in any computerized or other format or medium approved by the Departments. The permit is for use against a producer's valid duty-exemption license and a permit must be completed for every duty-free shipment.

(2) Each permit must specify the license and permit number, the number of watches and watch movements included in the shipment, the unused balance remaining on the producer's license, pertinent shipping information and must have the certification statement signed by an official of the licensee's company. A copy of the completed permit must be sent electronically or taken to the designated territorial government officials, no later than the day of shipment, for confirmation that the producer's duty exemption license has not been exceeded and that the permit is properly completed.

(3) The permit (form ITA–340) shall be filed with Customs along with the other required entry documents to receive duty-free treatment unless the importer or its representative clears the documentation through Customs' automated broker interface. Entries made electronically do not require the submission of a permit to Customs, but the shipment data must be maintained as part of a producer's recordkeeping responsibilities for the period prescribed by Customs' recordkeeping regulations. U.S. Customs Service Import Specialists may request the documentation as they deem appropriate to substantiate claims for duty-free treatment, allowing a reasonable amount of time for the importer to produce the permit.

§ 303.8 [Amended]

9. In § 303.8, paragraph (c)(2) is revised to read as follows:

§ 303.8 Maintenance of duty-exemption entitlements.

* * * * *

(c) * * *

(2) Reallocate the allocation or part thereof to new entrant applicants; or

* * * * *

§ 303.10 [Removed and Reserved]

10. Section 303.10 is removed and reserved.

§ 303.11 [Removed and Reserved]

11. Section 303.11 is removed and reserved.

§ 303.12 [Amended]

12. Section 303.12(b)(3) introductory text is amended by adding, after the word ''registered'', the words '', certified or express carrier mail''.

13. Section 303.12(c)(1) is amended by removing from the first sentence ''§ 303.2(b)(6)'' and adding ''§ 303.2(b)(5)''.

14. Section 303.12(c)(2) is amended at the end of the first sentence by removing the period and adding '', as amended by Pub. L. 103–465.''.

15. In § 303.14, the heading of paragraph (b) and paragraphs (b)(1) and (b)(3) are revised and paragraph (b)(4) is added to read as follows:

§ 303.14 Allocation factors and miscellaneous provisions.

* * * * *

(b) *Minimum assembly requirements and prohibition of preferential supply relationship.* (1) No insular watch movement or watch may be entered free of duty into the customs territory of the United States unless the producer used 30 or more discrete parts and components to assemble a mechanical watch movement and 33 or more discrete parts and components to assemble a mechanical watch.

* * * * *

(3) Watch movements and watches assembled from components with a value of more than the $35 for watch movements and $200 for watches shall not be eligible for duty-exemption upon entry into the U.S. Customs territory. Value means the value of the merchandise plus all charges and costs incurred up to the last point of shipment (i.e., prior to entry of the parts and components into the territory).

(4) No producer shall accept from any watch parts and components supplier advantages and preferences which might result in a more favorable competitive position for itself vis-a-vis other territorial producers relying on the same supplier. Disputes under this paragraph may be resolved under the appeals procedures contained in § 303.13(b).

* * * * *

16. Section 303.14(c)(1)(iv) is amended by removing ''65%'' and adding ''75%''.

17. Section 303.14(c)(2) is amended by removing ''§ 303.10(c)(2)'' and adding ''§ 303.5(c)''.

18. Section 303.14(c)(3) is removed.

19. Section 303.14(e) is amended by removing ''3,600,000'' and adding ''3,100,000'' in its place.

Paul L. Joffe,

Acting Assistant Secretary for Import Administration, International Trade Administration, Department of Commerce.

Allen Stayman,

Director, Office of Insular Affairs, Department of the Interior.

[FR Doc. 96–18427 Filed 7–19–96; 8:45 am]

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