Type of Review: Extension.

Title: Entry Summary and Continuation Sheet.

Description: Customs Form 7501 is used by Customs as a record of the import transaction, to collect proper duty, taxes, exactions, certifications and enforcement endorsements, and to provide copies to Census for statistical purposes.

Respondents: Business or other for-profit, Individuals or households, Not-for-profit institutions.

Estimated Number of Respondents/Recordkeepers: 38,193.

Estimated Burden Hours Per Respondent/Recordkeepers: 20 minutes.

Frequency of Response: On occasion.

Estimated Total Reporting Burden: 6,665,000 hours.

Clearance Officer: J. Edgar Nichols (202) 927–1426, U.S. Customs Service, Printing and Records Management Branch, Ronald Reagan Building, 1300 Pennsylvania Avenue, NW, Room 3.2.C, Washington, DC 20229.

OMB Reviewer: Alexander T. Hunt (202) 395–7860, Office of Management and Budget, Room 10202, New Executive Office Building, Washington, DC 20503.

Dale A. Morgan,

Departmental Reports Management Officer.

[FR Doc. 99–19054 Filed 7–26–99; 8:45 am]

BILLING CODE 4820–02–P

DEPARTMENT OF THE TREASURY

Customs Service

Announcement of a General Test Regarding the International Trade Prototype

AGENCY: Customs Service, Department of the Treasury.

ACTION: General notice.

SUMMARY: This notice announces Customs plan to conduct the next phase in a series of prototypes collectively called the International Trade Prototype (ITP). This notice invites public comments concerning any aspect of the planned prototypes; informs interested members of the public of the eligibility requirements for voluntary participation in the second phase of the first prototype, called International Trade Prototype 1.2 (ITP1.2); and outlines the development and evaluation methodology to be used in the test.

This notice supersedes and replaces the **Federal Register** notice on the first phase of the first prototype, called International Trade Prototype 1.1 (ITP1.1), published by the U.S. Customs Service on June 3, 1998.

DATES: ITP1.2 will commence after June 30, 1999, and will run for at least 6 months with evaluations of the prototype occurring periodically. Comments concerning any aspect of this phase must be received on or before August 26, 1999. Operations under the procedures for ITP1.1 will cease upon implementation of ITP1.2.

ADDRESSES: Written comments regarding this notice and application information submitted to be considered for voluntary participation in ITP1.2 should be addressed to the U.S. Customs Service, International Trade Prototype Team, Attn: Pamela McGuyer, 1300 Pennsylvania Avenue, NW., Room 5.4–129, Washington, DC 20229. Note that all comments received by U.S. Customs will be part of the public record.

FOR FURTHER INFORMATION CONTACT: For any prototype or participation questions, please contact Daniel Buchanan, U.S. Customs Service at (617) 565–6236, or Pamela McGuyer, U.S. Customs Service at (202) 927–0279, or Michael Coussins, United Kingdom, Her Majesty's Custom and Excise at 011 44 171 865 4728 in London, England.

SUPPLEMENTARY INFORMATION:

Background

The International Trade Prototype project has evolved from an international drive to streamline global trade. In both business and government, around the world, processes are being automated and reengineered. Trade and information are moving faster and more effectively all the time. Many international companies share critical data with business and trading partners around the world, and they expect government to maintain the leadership position it has taken in developing domestic electronic trade systems by moving into the global arena.

The ITP concept has been under consideration by both the U.S. Customs Service (USCS) and Her Majesty's Custom and Excise (HMCE) since 1996. The nucleus of this program is an extension of ideas developed in partnership with the trade community by various members of the Trans-Atlantic Team, which is primarily comprised of USCS and HMCE officers. The ITP concept also addresses issues raised by international traders, the World Customs Organization (WCO), the United Nations Conference on Trade and Development (UNCTAD), G–7 and other international organizations. The concept is intended to simplify and standardize customs processes and procedures in order to facilitate trade while maintaining effective and efficient control. Information on the ITP contained in an announcement published in the **Federal Register** (63 FR 30288) on June 3, 1998, is superseded by this notice.

In the United States Customs Service Annual Plan for Fiscal Year 1998, USCS states a number of objectives associated with increased cooperation and support of international trade automation. The plan's objectives include increased cooperation with other customs administrations at the multilateral, regional, and bilateral levels. The plan further states that USCS will work to promote standardized customs processing through implementation of ''Customs Guidelines'' and establishment of best practices. This is to be accomplished by working with the WCO and the international trade community to promote the development of international instruments to reduce customs procedural barriers to trade and to secure greater standardization, transparency, simplification, and automation worldwide.

USCS and HMCE have agreed that ITP will be delivered in a series of prototypes. Each prototype will be evaluated against predetermined success criteria. USCS and HMCE have conducted ITP1.1 since June 1998. USCS and HMCE have agreed that ITP1.1 operations will cease upon implementation of ITP1.2. Plans beyond ITP1.2 are also under consideration. Subsequent ITP prototypes will build on lessons learned in ITP1.2 and the need for enabling legislation will be evaluated.

If a subsequent ITP phase is planned following evaluation of ITP1.2, operations under ITP1.2 may be continued until implementation of the next phase. Future phases, prototypes, or participant expansion of this prototype will be announced in a **Federal Register** notice.

USCS will be testing ITP1.2 in accordance with section 101.9 of the Customs Regulations (19 CFR 101.9). By virtue of 19 CFR 101.9, USCS may impose requirements different than those specified in the Customs Regulations, but only to the extent that such different requirements do not affect the collection of revenue, public health, safety, or law enforcement.

Descripton of Proposed International Trade Prototype

The mission/vision of ITP is a standard customs regime that will facilitate the movement of goods internationally. This regime will operate within an electronic environment in which there will be automated systems using data that conform to

internationally agreed upon standards. The amount of information supplied by business to customs will be minimized to the extent possible, consistent with the customs administrations' performance of their missions.

The goal of the project is to allow trade participants to supply their information only once (seamless transaction, i.e., exports equals imports) and will be restricted to the information that is essential to allow customs to effect the processing and clearance of goods.

More specifically, the mission/vision of the ITP is: ''to deliver an automated system that utilizes internationally-accepted standard message formats and codes, streamlines data transmission, simplifies and facilitates global trade, and assists governments world-wide in enforcing their laws.''

I. Goals, Principles and Scope of ITP1.2

The following goals, principles, and scope support USCS and HMCE missions and strategic plans and have guided development of ITP1.2.

Goals and Principles

- *Customs Administration Cooperation.* ITP will improve international trade practices that are best addressed through cooperative efforts between customs administrations, international traders, and international trade organizations.
- *International Trade Transactions.* This prototype will work toward the development of harmonized and simplified messages and procedures, based upon business practices, for transactions that support import, export, and transportation without the need for redundant entry or transmission of data.
- *Commercial and Enforcement Compliance Focus.* Each country will continue to use its own targeting and compliance measurement approaches and procedures to ensure that the legal requirements of all participating countries are met.
- *Account-Based Approach.* Both countries will work with prototype accounts, primarily importers and exporters, to better understand their systems, procedures, and levels of compliance, with mutual assistance between designated Customs Account Managers.
- *Automation and Information Sharing.* Automation will allow the sharing of information to enable the collection and exchange of standardized information mutually agreed to by both governments in a secured electronic environment.
- *Reduce the Burden on the Trade.* This prototype will work toward streamlining government reporting requirements placed upon the trade community.

Scope

The scope of ITP1.2 will include:

—Air and sea cargo shipments;
—Cargo release and supporting information;
—Merchandise restrictions and limitations agreed between customs administrations;
—Sharing of agreed standard data using various technological means accepted by both administrations;
—UN/EDIFACT message syntax between governments;
—Unique Consignment Reference Numbers (UCRN) to be used by USCS and HMCE in separate formats;
—A two-step import process in which data provided to the export customs administration is forwarded to the import customs administration and used, in conjunction with information supplied by the importer, to effect import cargo release;
—Acceptance of all participating traders being subject to compliance review;
—Risk assessment, anti-smuggling, and commercial compliance checks continuing to be applied to goods being moved under these simplified procedures; and,
—Development of agreed joint operational procedures to manage traders' accounts.

II. Development Methodology

ITP1.2 will be monitored by an Evaluation Task Force consisting of trade participants, the USCS Offices of Field Operations, Strategic Trade, Information and Technology, International Affairs, and other interested government agencies. This team will meet regularly throughout the prototype period in appropriate locations to set development milestones, monitor progress, resolve issues and evaluate program effectiveness. The development effort will be coordinated with National Customs Automation Program (NCAP) prototype programs such as the NCAP, Remote Location Filing, and Reconciliation Prototypes, and will be as consistent as possible with the overall direction of USCS development of the Automated Commercial Environment (ACE).

Potential participants should recognize that this is a prototype test of new processes. Data definitions, values and formats for electronic transmission of data will differ from those currently used in the Automated Export System (AES) and the Automated Commercial System (ACS). It is also important to note that development efforts undertaken for ITP1.2 may not meet the requirements for programs as they are finally implemented.

The public is invited to comment on any aspect of the ITP test as described by this notice. Public comments received that concern the methodology of the test program or procedures will be reviewed by both USCS and HMCE.

III. Description of Proposed ITP1.2

ITP1.2 will test an account-based declaration process that integrates preliminary export and preliminary import reporting. The number of U.S. participants will be limited. In order for a shipment to be eligible for processing under ITP1.2 procedures, both the exporter and the importer of the shipment must be ITP1.2 participants in their respective countries. ITP1.2 shipments must be exported from or entered at one of the following six U.S. ports: Baltimore, Chicago, Detroit, JFK, Newark, and San Francisco. Additional port selections may be considered upon request. For shipments processed under ITP1.2 procedures, export notification and import cargo examination decisions will be based primarily on pre-established account/entry information, minimizing the transaction data that needs to be transmitted to customs authorities prior to release of cargo. Cargo examinations will be performed mostly on the basis of selectivity criteria and for random compliance measurement sampling.

Information supplied by the trade participants concerning their ITP transactions will be shared between the USCS and HMCE customs administrations. The customs administrations will not further release this information unless specifically required or authorized by law.

U.S. Exports

While various automatic notifications and back-up procedures will also be supported, the basic declaration flow for U.S. exports in ITP1.2 will be as follows:

1. The exporter's application, including any amendments, will be used to assess the suitability of proposed export shipments for ITP1.2 processing.

2. Using an Internet web form provided by USCS, the exporter or an authorized agent will transmit a pre-departure export notification message to USCS for each ITP1.2 shipment exported from the U.S. The data elements of the pre-departure export notification message are:

—Universal Consignment Reference Number (to identify transactions)
—Country of Export

—Country of Import
—Mode of Transportation
—Port of Loading
—Shipping Reference (identification of Bill of Loading or Air Waybill)
—Shipping Quantity
—Exporter
—Importer

3. ITP1.2 shipments exported from the U.S. will be subject to physical inspections and compliance reviews by various federal agencies.

4. USCS will forward the data from the pre-departure export notification message to HMCE. Applicants should note that participants must agree to the transmission of these data between governments.

5. HMCE will use the forwarded data from the pre-departure export notification message to effect operational release of the cargo upon importation into the United Kingdom (U.K.)

6. All U.S. export reporting requirements for ITP1.2 shipments must be satisfied through existing export reporting procedures and systems.

U.S. Imports

While various automatic notifications, override, and back-up procedures will also be supported, the basic declaration flow for U.S. imports in ITP1.2 will be as follows. Note that data transmitted by participants to USCS with regard to imports into the U.S. will not routinely be forwarded to HMCE.

1. The importer's application, including any amendments, will serve as a pre-filed entry for each ITP1.2 shipment. USCS will assign an ITP Authorization Code to each participant who imports into the U.S. A participating importer or an authorized broker will provide USCS with timely and accurate notification of any proposed changes to the original application, e.g., changes in a participant's ITP1.2 business partners and merchandise imported under the prototype.

2. The U.K. exporter or an authorized agent will transmit a pre-departure export notification message to HMCE for each ITP1.2 shipment exported from the U.K. This will consist of the same data elements as the U.S. pre-departure export notification message which are listed under item 2 of the ITP1.2 export process, above. U.K. filers of pre-departure export notifications will transmit the U.S. importer's ITP Authorization Code to identify the importer.

3. Upon departure of the exporting conveyance, HMCE will forward the data from the pre-departure export notification message to USCS.

4. The USCS ITP1.2 system will assign, based upon the importer's request as provided in the application, an entry filer and entry number to each shipment. The entry filer, i.e., the importer or a licensed customs broker designated by the importer for ITP1.2 shipments, will be assigned to and responsible for the entry. The entry number will be assigned from the range of entry numbers provided in advance by each designated entry filer for that purpose.

5. The USCS ITP1.2 system will determine whether a physical examination of cargo will be performed for the shipment. An initial system determination that no physical examination of cargo will occur is subject to subsequent override by USCS.

6. If no physical examination of cargo is required, a record of the shipment is found in the USCS Automated Manifest System (AMS), and the ITP1.2 participant has indicated that it will enter ITP1.2 imports at the port of unloading reported for the shipment in AMS, the cargo will be released without additional data or documentation. Both the entry filer (through the USCS ITP1.2 system) and the carrier (through AMS) will receive automated cargo release notifications. The port of entry will be the port of unloading reported for the shipment in AMS.

7. If no physical examination of cargo is required, but no record of the shipment is found in the USCS Automated Manifest System (AMS), or the ITP1.2 participant has not indicated that it will enter ITP1.2 importations at the port of unloading reported for the shipment in AMS, the USCS ITP1.2 system will generate an e-mail message to the entry filer requesting supplemental shipment information. Using an Internet web form provided by USCS, the importer or broker must transmit the following data elements to USCS:

—Port of Unloading
—Port of Entry
—Estimated Date/Time of Arrival at Port of Entry
—Shipping Reference (if correct data is not provided in U.K. exporter's pre-departure export notification)
—Shipping Quantity (if correct data is not provided in U.K. exporter's pre-departure export notification)

If the Port of Unloading is different from the Port of Entry, movement of the cargo between ports must be accomplished under existing in-bond procedures.

8. If a physical examination of cargo is required, the USCS ITP1.2 system will generate an e-mail message to the entry filer requesting cargo exam data. Using either an Internet web form provided by USCS or an EDIFACT CUSDEC message, the entry filer must transmit the required data to USCS. Cargo exam data will include partial entry and commercial data, provided to the detailed line item level. Cargo will not be examined until these data are received by Customs.

9. The date of entry will be the latter of the date the merchandise arrives in the port where entry is made or the date the merchandise is released by U.S. Customs into the commerce of the United States. The release will obligate the continuous bond identified in the prototype application of the importer whose ITP Authorization Code is present in the pre-departure export notification data forwarded to USCS by HMCE.

10. Within 10 working days after the date of entry, U.S. entry summary reporting and payment requirements for ITP1.2 shipments must be satisfied through existing import reporting and payment procedures and systems.

IV. Remote Location Filing

Remote location filing allows U.S. Customs brokers to electronically file data for the entry of merchandise with USCS from any location in the United States. This feature of remote location filing will be supported in ITP1.2. A U.S. ITP participant or their customs broker who electronically transmits supplemental shipment information or cargo exam data for an ITP1.2 import shipment from a location other than the port where entry is made must meet the criteria for remote filing established in 19 U.S.C. 1414.

The designation of alternative locations for cargo examination will not be supported in ITP1.2. All cargo examinations will be conducted at the port where the cargo is entered, or at another location chosen by USCS.

V. Eligibility Requirements

Customs will select a limited number of participants for ITP1.2. In order to be eligible for participation in ITP1.2, a company operating in the United States must:

1. Be participating or approved for participation in the Importer Compliance Monitoring Program (see 63 FR 20442; April 24, 1998) or be scheduled for, be participating in, or, in the application, agree to undergo, and cooperate fully with, a Customs Compliance Assessment. At the time the application is filed, if a Customs Compliance Assessment or other type of Customs audit is in progress, the importer must be fully cooperating and

providing timely and accurate information and the resources necessary for USCS to conduct the Compliance Assessment or audit. If the importer is subject to a compliance improvement plan, the importer must be abiding by the terms and conditions of the plan;

2. Export merchandise from the U.S. for importation into the U.K. and/or import into the U.S. merchandise exported from the U.K. Note that in order for a shipment to be eligible for processing under ITP1.2 procedures, both the exporter and the importer of the shipment must be ITP1.2 participants in their respective countries. It is therefore important that potential U.S. participants coordinate their participation with that of their U.K. trading partners;

3. For participants who wish to include U.S. export shipments in ITP1.2, provide or arrange for provision of timely and accurate electronic transmission to USCS of pre-departure export notification data for all included U.S. export shipments. If a participant does not transmit electronic data for a particular export shipment, USCS may exclude that shipment from ITP1.2 processing; and

4. For participants who wish to include U.S. import shipments in ITP1.2, commit in the application to file or maintain a continuous bond with sufficient liability coverage that will be obligated upon release of each ITP1.2 shipment.

Applications will be accepted from all volunteers; however, priority consideration will be given to:

1. ITP1.1 participants;

2. Companies within the top 463 U.S. importers ranked by entered value (the top 463 represent approximately 50 percent of all imports by value);

3. Companies within the top 250 U.S. importers within any of the USCS Primary Focus Industry (PFI) categories, which are:

a. Agriculture
b. Automotive
c. Communications—Telecommunications, Advanced Displays, Board Level Products
d. Critical Components—Bearings, Fasteners
e. Footwear
f. Production Equipment
g. Steel
h. Textiles—Textile Products, Wearing Apparel;

4. Companies that do not represent an unacceptable compliance risk; and

5. Companies that indicate they plan to maintain an average of at least 10 entries per month throughout the prototype period.

VI. Application

Importers and exporters who wish to participate in ITP1.2 must submit a written application within 30 days of this notice including the following information:

1. Participant name, address and designated contact person.

2. An e-mail address to be used by the USCS ITP1.2 system for automatic routing of ITP1.2 status notification messages.

3. For all exported cargo proposed for inclusion in the ITP1.2 test:

—Names and addresses of all U.K. importers;
—For each U.K. importer, a listing of all the six-digit HTS numbers in which the commodities to be exported are classified;
—Detailed explanation of any licenses or permits required for export of the listed commodities;
—Lists of all air and ocean freight carriers to be used;
—For each carrier, a listing of the trade routes (U.S. ports of loading and U.K. ports of unloading) for which the carrier will be used; and
—An estimate for the total number of export shipments per month the participant expects to include in the ITP1.2 test for each trade route.

4. For participants who wish to include U.S. export shipments in ITP1.2: the names and addresses of any agents who will provide ITP1.2 export data.

5. For all imported cargo proposed for inclusion in the ITP1.2 test:

—Names and addresses of all U.K. exporters;
—For each U.K. exporter, a listing of all the 6-digit HTS numbers in which the commodities to be imported are classified;
—Lists of all air and ocean freight carriers to be used;
—For each carrier, a listing of the trade routes (U.K. ports of loading and U.S. ports of unloading) for which the carrier will be used; and
—An estimate of the total number of import shipments per month the participant expects to include in the ITP1.2 test for each trade route.

6. For participants who wish to include U.S. import shipments in ITP1.2: a designated single import entry filer, i.e., the importer itself or a licensed customs broker, to file required import data for all ITP1.2 imports at U.S. ports of entry. Each entry filer designated by one or more participant importers must provide USCS with a range of entry numbers to be reserved for assignment by USCS to ITP1.2 shipments. Entry filers may not assign these numbers to non-ITP transactions.

7. For participants who wish to include U.S. import shipments in ITP1.2: the surety company and surety code and the number of the continuous surety bond that will cover all cargo processed under ITP1.2 procedures.

8. For applicants not participating in or approved for participation in the Importer Compliance Monitoring Program or not already scheduled for or participating in a Customs Compliance Assessment, a statement in which the applicant commits to undergo and cooperate fully with a Customs Compliance Assessment.

9. It is required that the following consent form be executed and filed with USCS:

Authorization to Provide ITP Data to UK Customs

I, _____, holding the position of

_____

at _____
(name of company)

being duly authorized to represent and bind said company, hereby authorize the United States Customs Service to provide Her Majesty's Custom and Excise of the United Kingdom all the information contained in our application for participation in the International Trade Prototype and the following export data related to shipments from the United States to the United Kingdom made pursuant to the International Trade Prototype:

a. Universal Consignment Reference Number
b. Country of Export
c. Mode of Transportation
d. Port of loading
e. Shipping reference (identification of bill of loading or air waybill)
f. Shipping quantity
g. Exporter
h. Importer

_____
(name of company)

unconditionally releases the United States Customs Service and its employees from any and all liability, and waives any and all legal action, claims and causes of action related to or concerning the release of the afore-listed data to Her Majesty's Custom and Excise for shipments made pursuant to the International Trade Prototype.

_____
Signature

_____
Date

ITP1.1 participants who wish to continue their participation must re-apply. These applications must contain all of the elements listed above, except that for items 3 and 4 they need provide only changes to the information provided in their applications for ITP1.1.

USCS will make import admissibility determinations on ITP1.2 shipments imported into the U.S. based on any

cargo examinations and the information supplied with the application, which shall serve as a pre-filed entry for ITP1.2 purposes. Applications may be referred to HMCE and other government agencies for review. All ITP1.2 applicants will be notified in writing of their acceptance or rejection. USCS will assign an ITP Authorization Code to each accepted participant whose application indicates intent to include imports into the U.S. in the ITP1.2 test. USCS and HMCE will schedule meetings with each new participant to review the current prototype requirements, data elements, technologies, and evaluation criteria.

If an applicant is denied participation, the notification letter will include the reasons for that denial. The applicant may appeal such decision in writing within 15 days to the Director, Trade Programs. Applicants who are denied participation in ITP1.2 may re-apply if USCS subsequently opens participation to additional participants. USCS will publish a notice in the **Federal Register** if an expansion of participation is planned.

Applicants should note that participation is not confidential, and that lists of participants will be made available to the public. Additionally, all comments provided to U.S. Customs will be part of the public record.

VII. General Requirements and Restrictions

For ITP1.2, the following restrictions will be placed upon participants.

Participants who export ITP1.2 shipments from the United States:

A. Must export merchandise identified in the application as being from their typical commodities in their established lines of business to pre-identified U.K. importers;

B. Must export only the merchandise identified in the application as being within a range of pre-identified commodities (classified at the six-digit HTS level);

C. Must export merchandise using carriers pre-identified in the application;

D. Must export merchandise from a port selected by USCS for inclusion in the ITP1.2 test;

E. Must not include export shipments of used vehicles or of DEA essential and precursor chemicals for the manufacture of narcotics, shipments subject to State Department licensing or shipments destined to an embargoed nation;

F. Must not export any merchandise subject to export prohibitions or restrictions;

G. Must not export ITP1.2 merchandise under a transportation and exportation (T&E) entry;

H. Must ensure that ineligible merchandise is not included in ITP1.2 shipments. Customs will exclude ineligible shipments from ITP1.2 processing.

Participants who import ITP1.2 shipments into the United States:

A. Must enter merchandise identified in the application as being from their typical commodities in their established lines of business from pre-identified U.K. exporters;

B. Must enter only the merchandise identified in the application as being within a range of pre-identified commodities (classified at the six-digit HTS level);

C. Must enter merchandise transported by carriers pre-identified in the application;

D. Must enter merchandise for release into the commerce under a consumption entry, e.g., may not enter ITP1.2 merchandise into a warehouse or Foreign Trade Zone;

E. Must enter merchandise at a port selected by USCS for inclusion in the ITP1.2 test;

F. Must not enter merchandise in ITP1.2 if it is subject to antidumping or countervailing duty, absolute or tariff rate quota, visa requirements, or pre-release reporting requirements imposed by other federal agencies;

G. Must not import restricted or prohibited merchandise in prototype shipments; and,

H. Must ensure that ineligible merchandise is not included in ITP1.2 shipments. Customs will exclude ineligible shipments from ITP1.2 processing.

VIII. Maintenance of Account Information

Throughout the prototype period, participants must provide USCS with advance notification of any proposed changes to the information provided in the application. This notification must be provided to USCS at least 7 days before the effective date of a proposed change and will be considered a proposed amendment to the application. By notification of the participant, USCS may reject such an amendment or prohibit the participant's use of a particular carrier, U.K. importer or exporter, or the export or import of particular merchandise under this prototype. If USCS does not reject the proposed amendment within 7 days of the proposed amendment, it is accepted.

IX. Technical Requirements

ITP1.2 participants are required, at a minimum, to have the following hardware and software:

A. Pentium series PC with Windows 95, 98, or NT 4.0 operating system and an available serial port;

B. 28.8 Kbps or better modem;

C. Microsoft Internet Explorer 4.01 or higher (but not IE 5.0);

D. Established account with an Internet service provider; and,

E. Internet e-mail service and a valid e-mail address.

ITP1.2 will not support Netscape or Internet Explorer 5.0 Web browsers. Treasury Department and USCS automated information security requirements mandate the use of Data Encryption Standard III (DES III) for Internet security. For ITP 1.2, this will be accomplished using smart cards and serial readers. USCS will provide ITP1.2 participants with this equipment and supporting software. Up to three readers will be distributed to each ITP1.2 participant company. Although each user must have his/her own smart card and personal identification number, multiple users may access one reader. Smart cards will be initialized by USCS and sent to users in a separate package from the readers and software.

Users are encouraged to access ITP1.2 via the ITP Web site. Limited EDI support will be offered only for submission of cargo exam data and return of import release notification messages.

X. Misconduct under Prototype

All participants in ITP1.2 are required to abide by the terms and conditions of this notice.

A participant may be suspended from the prototype, subject to liquidated damages, penalties, and/or other administrative sanctions, and/or prevented from participation in future prototypes if the participant:

- Fails to cooperate fully in a Compliance Assessment or audit;
- Fails to provide timely and accurate data and adequate resources in support of a Customs Compliance Assessment or audit;
- Fails to comply fully with the terms of a Compliance Improvement plan;
- Exports or attempts to export goods to U.K. importers or conveyed by carriers not approved by USCS;
- Exports or attempts to export goods classified in commodity ranges not approved by USCS;
- Exports or attempts to export or submit data relating to prohibited or restricted merchandise or other non-eligible merchandise;

- Enters or attempts to enter goods from U.K. exporters or conveyed by carriers not approved by USCS;
- Enters or attempts to enter goods classified in commodity ranges not approved by USCS;
- Files non-consumption import entries;
- Enters or attempts to enter or submit data relating to prohibited or restricted merchandise, merchandise subject to absolute or tariff rate quota or antidumping or countervailing duties, or other non-eligible merchandise;
- Fails to maintain sufficient continuous bond coverage;
- Files erroneous or untimely data;
- Makes late or inadequate payments;
- Fails to supply USCS with requested invoice data;
- Fails to maintain a sufficient level of compliance;
- Fails to exercise reasonable care in the execution of participant obligations; or,
- Fails to follow the procedures, terms, and conditions outlined herein, and applicable laws and regulations.

USCS has the discretion to suspend a prototype participant based on the determination that an unacceptable compliance risk exists. This suspension may be invoked at any time after acceptance in the prototype.

Any decision proposing suspension of a participant may be appealed in writing to the Director, Trade Programs, within 15 days of the decision date. Such proposed suspension will apprise the participant of the facts or conduct warranting suspension. Should the participant appeal the notice of proposed suspension, the participant should address the facts or conduct charges contained in the notice and state how he does or will achieve compliance. However, in the case of willfulness or where public health interests or safety are concerned, the suspension may be effective immediately.

XI. Regulatory Provisions Suspended

Certain provisions of parts 24, 111, 113, 141, 142, 143, and 159 of the Customs Regulations (19 CFR parts 24, 111, 113, 141, 142, 143, and 159) will be suspended during ITP1.2. Absent any specified alternate procedure, the current regulations apply.

XII. Prototype Evaluation

Once the participants are selected for ITP1.2, both the domestic Evaluation Task Force and the international Joint Evaluation Team will, during the initial 6 months of the test period, evaluate the effectiveness of the automation involved. Subsequent reviews will additionally consist of evaluating the data received from the participants, along with the internal and external process operations of ITP1.2. The intention of the evaluations is to enhance operational procedures and to develop the detailed data requirements that are needed for ITP.

Note that the fact of participation in ITP1.2 is not confidential information. Lists of participants, comments provided to U.S. Customs, and evaluation results may be made available to the public by means of the Customs Electronic Bulletin Board and the Customs Administrative Message System, and upon written request. The G–7 countries will participate in evaluation development and review. We stress that all interested parties are invited to comment on the design, conduct, and evaluation of ITP at any time during prototype.

Upon conclusion of the prototype, the final results will be published in the **Federal Register** and the Customs Bulletin as required by § 101.9(b) of the Customs Regulations and will be reported to Congress.

Dated: July 21, 1999.

Raymond W. Kelly,

Commissioner of Customs.

[FR Doc. 99–19071 Filed 7–26–99; 8:45 am]

BILLING CODE 4820–02–P

DEPARTMENT OF THE TREASURY

Customs Service

Changes Regarding Customs User Fees

AGENCY: Customs Service, Treasury.

ACTION: General notice.

SUMMARY: On June 25, 1999, the Miscellaneous Trade and Technical Corrections Act of 1999 (the Act) was signed into law. The Act makes miscellaneous and technical changes to various trade laws, including 19 U.S.C. 58c pertaining to Customs user fees. While these changes are self-effectuating, Customs is announcing in this notice, for the convenience of the importing public, several changes affecting Customs administration of user fees. Appropriate amendments to the Customs Regulations will be published in due course.

EFFECTIVE DATE: The effective date for the statutory changes set forth in this document is July 25, 1999.

FOR FURTHER INFORMATION CONTACT: Mr. Edward Matthews at (202) 927–0552.

SUPPLEMENTARY INFORMATION:

Background

Section 13031 of the Consolidated Omnibus Budget Reconciliation Act of 1985, codified at 19 U.S.C. 58c (section 58c), established user fees for certain inspectional services performed by the Customs Service. On June 25, 1999, the Miscellaneous Trade and Technical Corrections Act of 1999 (the Act) was signed into law (Pub. L. 106–36, 113 Stat. 127). The Act makes miscellaneous and technical changes to various trade laws, including 19 U.S.C. 58c.

Subtitle B (entitled ''Trade Provisions'') of Title II of the Act sets forth, in section 2418 (entitled ''Customs User Fees''), several amendments to section 58c. These statutory amendments are self-effectuating and become effective before the Customs Regulations can be amended to reflect the changes. Regulatory amendments will be published as appropriate. In the meantime, Customs presents below those changes that affect the importing public.

Past Fees

Under 19 U.S.C. 58c(a), Customs is authorized to collect fees charged for certain Customs inspectional services. A schedule of such fees is set forth in paragraphs (1) through (10) of that section. Section 58c(a)(5) pertains to fees for passengers arriving in the United States aboard commercial vessels and commercial aircraft. The fees are collected from passengers by the companies involved in providing commercial vessel and aircraft travel and transportation and are remitted by such companies to the Secretary of the Treasury (see 19 U.S.C. 58c(d)).

Prior to enactment of the Act, section 58c(a)(5)(A) provided for a fee of $6.50 per passenger arriving in the United States aboard a commercial vessel or aircraft. The fee applied broadly to such passengers arriving in the United States from any place outside the customs territory of the United States. However, these provisions were effective only for fiscal years 1994 through 1997. Thus, after fiscal year 1997 (ending on September 30, 1997), the $6.50 fee was no longer in effect.

Prior to enactment of the Act, section 58c(a)(5)(B), applicable to fiscal year 1998 and each fiscal year following, provided for a fee of $5.00 per passenger arriving in the United States aboard a commercial vessel or aircraft. This fee, however, applied to such passengers arriving from places outside the United States with the following limitation: the fee did not apply to such passengers arriving from the places set forth in