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114TH CONGRESS
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HOUSE OF REPRESENTATIVES

REPT. 114–114
Part 1

TRADE FACILITATION AND TRADE ENFORCEMENT ACT OF 2015

R E P O R T

OF THE

COMMITTEE ON WAYS AND MEANS HOUSE OF REPRESENTATIVES

ON

H.R. 1907

together with

ADDITIONAL VIEWS

[Including cost estimate of the Congressional Budget Office]

MAY 14, 2015.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

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TRADE FACILITATION AND TRADE ENFORCEMENT ACT OF 2015

MAY 14, 2015.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. RYAN of Wisconsin, from the Committee on Ways and Means, submitted the following

R E P O R T

together with

ADDITIONAL VIEWS

[To accompany H.R. 1907]

[Including cost estimate of the Congressional Budget Office]

The Committee on Ways and Means, to whom was referred the bill (H.R. 1907) to reauthorize trade facilitation and trade enforcement functions and activities, and for other purposes, having considered the same, report favorably thereon with an amendment and recommend that the bill as amended do pass.

The amendment is as follows:

Strike all after the enacting clause and insert the following:

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the "Trade Facilitation and Trade Enforcement Act of 2015".

(b) TABLE OF CONTENTS.—The table of contents for this Act is as follows:

Sec. 1. Short title; table of contents.
Sec. 2. Definitions.

TITLE I—TRADE FACILITATION AND TRADE ENFORCEMENT

Sec. 101. Improving partnership programs.
Sec. 102. Report on effectiveness of trade enforcement activities.
Sec. 103. Priorities and performance standards for customs modernization, trade facilitation, and trade enforcement functions and programs.
Sec. 104. Educational seminars to improve efforts to classify and appraise imported articles, to improve trade enforcement efforts, and to otherwise facilitate legitimate international trade.
Sec. 105. Joint strategic plan.
Sec. 106. Automated Commercial Environment.
Sec. 107. International Trade Data System.
Sec. 108. Consultations with respect to mutual recognition arrangements.
Sec. 109. Commercial Customs Operations Advisory Committee.
Sec. 110. Centers of Excellence and Expertise.
Sec. 111. Commercial Targeting Division and National Targeting and Analysis Groups.

Sec. 112. Report on oversight of revenue protection and enforcement measures.
Sec. 113. Report on security and revenue measures with respect to merchandise transported in bond.
Sec. 114. Importer of record program.
Sec. 115. Establishment of new importer program.
Sec. 116. Customs broker identification of importers.
Sec. 117. Requirements applicable to non-resident importers.

TITLE II—IMPORT HEALTH AND SAFETY

Sec. 201. Interagency import safety working group.
Sec. 202. Joint import safety rapid response plan.
Sec. 203. Training.

TITLE III—IMPORT-RELATED PROTECTION OF INTELLECTUAL PROPERTY RIGHTS

Sec. 301. Definition of intellectual property rights.
Sec. 302. Exchange of information related to trade enforcement.
Sec. 303. Seizure of circumvention devices.
Sec. 304. Enforcement by U.S. Customs and Border Protection of works for which copyright registration is pending.
Sec. 305. National Intellectual Property Rights Coordination Center.
Sec. 306. Joint strategic plan for the enforcement of intellectual property rights.
Sec. 307. Personnel dedicated to the enforcement of intellectual property rights.
Sec. 308. Training with respect to the enforcement of intellectual property rights.
Sec. 309. International cooperation and information sharing.
Sec. 310. Report on intellectual property rights enforcement.
Sec. 311. Information for travelers regarding violations of intellectual property rights.

TITLE IV—PREVENTION OF EVASION OF ANTIDUMPING AND COUNTERVAILING DUTY ORDERS

Sec. 401. Short title.
Sec. 402. Definitions.
Sec. 403. Application to Canada and Mexico.

Subtitle A—Actions Relating to Enforcement of Trade Remedy Laws

Sec. 411. Trade remedy law enforcement division.
Sec. 412. Collection of information on evasion of trade remedy laws.
Sec. 413. Access to information.
Sec. 414. Cooperation with foreign countries on preventing evasion of trade remedy laws.
Sec. 415. Trade negotiating objectives.

Subtitle B—Investigation of Evasion of Trade Remedy Laws

Sec. 421. Procedures for investigation of evasion of antidumping and countervailing duty orders.
Sec. 422. Government Accountability Office report.

Subtitle C—Other Matters

Sec. 431. Allocation and training of personnel.
Sec. 432. Annual report on prevention of evasion of antidumping and countervailing duty orders.
Sec. 433. Addressing circumvention by new shippers.

TITLE V—ADDITIONAL ENFORCEMENT PROVISIONS

Sec. 501. Trade enforcement priorities.
Sec. 502. Exercise of WTO authorization to suspend concessions or other obligations under trade agreements.
Sec. 503. Trade monitoring.

TITLE VI—MISCELLANEOUS PROVISIONS

Sec. 601. De minimis value.
Sec. 602. Consultation on trade and customs revenue functions.
Sec. 603. Penalties for customs brokers.
Sec. 604. Amendments to chapter 98 of the Harmonized Tariff Schedule of the United States.
Sec. 605. Exemption from duty of residue of bulk cargo contained in instruments of international traffic previously exported from the United States.
Sec. 606. Drawback and refunds.
Sec. 607. Office of the United States Trade Representative.
Sec. 608. United States-Israel Trade and Commercial Enhancement.
Sec. 609. Elimination of consumptive demand exception to prohibition on importation of goods made with convict labor, forced labor, or indentured labor; report.
Sec. 610. Customs user fees.
Sec. 611. Report on certain U.S. Customs and Border Protection agreements.
Sec. 612. Certain interest to be included in distributions under Continued Dumping and Subsidy Offset Act of 2000.

SEC. 2. DEFINITIONS.

In this Act:

(1) AUTOMATED COMMERCIAL ENVIRONMENT.—The term "Automated Commercial Environment" means the Automated Commercial Environment computer system authorized under section 13031(f)(4) of the Consolidated Omnibus Budget Reconciliation Act of 1985 (19 U.S.C. 58c(f)(4)).

(2) COMMISSIONER.—The term "Commissioner" means the Commissioner responsible for U.S. Customs and Border Protection.

(3) CUSTOMS AND TRADE LAWS OF THE UNITED STATES.—The term "customs and trade laws of the United States" includes the following:

(A) The Tariff Act of 1930 (19 U.S.C. 1202 et seq.).

(B) Section 249 of the Revised Statutes (19 U.S.C. 3).

(C) Section 2 of the Act of March 4, 1923 (42 Stat. 1453, chapter 251; 19 U.S.C. 6).

(D) The Act of March 3, 1927 (44 Stat. 1381, chapter 348; 19 U.S.C. 2071 et seq.).

(E) Section 13031 of the Consolidated Omnibus Budget Reconciliation Act of 1985 (19 U.S.C. 58c).

(F) Section 251 of the Revised Statutes (19 U.S.C. 66).

(G) Section 1 of the Act of June 26, 1930 (46 Stat. 817, chapter 617; 19 U.S.C. 68).

(H) The Foreign Trade Zones Act (19 U.S.C. 81a et seq.).

(I) Section 1 of the Act of March 2, 1911 (36 Stat. 965, chapter 191; 19 U.S.C. 198).

(J) The Trade Act of 1974 (19 U.S.C. 2102 et seq.).

(K) The Trade Agreements Act of 1979 (19 U.S.C. 2501 et seq.).

(L) The North American Free Trade Agreement Implementation Act (19 U.S.C. 3301 et seq.).

(M) The Uruguay Round Agreements Act (19 U.S.C. 3501 et seq.).

(N) The Caribbean Basin Economic Recovery Act (19 U.S.C. 2701 et seq.).

(O) The Andean Trade Preference Act (19 U.S.C. 3201 et seq.).

(P) The African Growth and Opportunity Act (19 U.S.C. 3701 et seq.).

(Q) The Customs Enforcement Act of 1986 (Public Law 99–570; 100 Stat. 3207–79).

(R) The Customs and Trade Act of 1990 (Public Law 101–382; 104 Stat. 629).

(S) The Customs Procedural Reform and Simplification Act of 1978 (Public Law 95–410; 92 Stat. 888).

(T) The Trade Act of 2002 (Public Law 107–210; 116 Stat. 933).

(U) The Convention on Cultural Property Implementation Act (19 U.S.C. 2601 et seq.).

(V) The Act of March 28, 1928 (45 Stat. 374, chapter 266; 19 U.S.C. 2077 et seq.).

(W) The Act of August 7, 1939 (53 Stat. 1263, chapter 566).

(X) Any other provision of law implementing a trade agreement.

(Y) Any other provision of law vesting customs revenue functions in the Secretary of the Treasury.

(Z) Any other provision of law relating to trade facilitation or trade enforcement that is administered by U.S. Customs and Border Protection on behalf of any Federal agency that is required to participate in the International Trade Data System.

(AA) Any other provision of customs or trade law administered by U.S. Customs and Border Protection or U.S. Immigration and Customs Enforcement.

(4) PRIVATE SECTOR ENTITY.—The term "private sector entity" means—

(A) an importer;

(B) an exporter;

(C) a forwarder;

(D) an air, sea, or land carrier or shipper;

(E) a contract logistics provider;

(F) a customs broker; or

(G) any other person (other than an employee of a government) affected by the implementation of the customs and trade laws of the United States.

(5) TRADE ENFORCEMENT.—The term "trade enforcement" means the enforcement of the customs and trade laws of the United States.

(6) TRADE FACILITATION.—The term "trade facilitation" refers to policies and activities of U.S. Customs and Border Protection with respect to facilitating the movement of merchandise into and out of the United States in a manner that complies with the customs and trade laws of the United States.

TITLE I—TRADE FACILITATION AND TRADE ENFORCEMENT

SEC. 101. IMPROVING PARTNERSHIP PROGRAMS.

(a) IN GENERAL.—In order to advance the security, trade enforcement, and trade facilitation missions of U.S. Customs and Border Protection, the Commissioner shall ensure that partnership programs of U.S. Customs and Border Protection established before the date of the enactment of this Act, such as the Customs-Trade Partnership Against Terrorism established under subtitle B of title II of the Security and Accountability for Every Port Act of 2006 (6 U.S.C. 961 et seq.), and partnership programs of U.S. Customs and Border Protection established after such date

of enactment, provide trade benefits to private sector entities that meet the requirements for participation in those programs established by the Commissioner under this section.

(b) ELEMENTS.—In developing and operating partnership programs under subsection (a), the Commissioner shall—

(1) consult with private sector entities, the public, and other Federal agencies when appropriate, to ensure that participants in those programs receive commercially significant and measurable trade benefits, including providing preclearance of merchandise for qualified persons that demonstrate the highest levels of compliance with the customs and trade laws of the United States, regulations of U.S. Customs and Border Protection, and other requirements the Commissioner determines to be necessary;

(2) ensure an integrated and transparent system of trade benefits and compliance requirements for all partnership programs of U.S. Customs and Border Protection;

(3) consider consolidating partnership programs in situations in which doing so would support the objectives of such programs, increase participation in such programs, enhance the trade benefits provided to participants in such programs, and enhance the allocation of the resources of U.S. Customs and Border Protection;

(4) coordinate with the Director of U.S. Immigration and Customs Enforcement, and other Federal agencies with authority to detain and release merchandise entering the United States—

(A) to ensure coordination in the release of such merchandise through the Automated Commercial Environment, or its predecessor, and the International Trade Data System;

(B) to ensure that the partnership programs of those agencies are compatible with the partnership programs of U.S. Customs and Border Protection;

(C) to develop criteria for authorizing the release, on an expedited basis, of merchandise for which documentation is required from one or more of those agencies to clear or license the merchandise for entry into the United States; and

(D) to create pathways, within and among the appropriate Federal agencies, for qualified persons that demonstrate the highest levels of compliance to receive immediate clearance absent information that a transaction may pose a national security or compliance threat; and

(5) ensure that trade benefits are provided to participants in partnership programs.

(c) REPORT REQUIRED.—Not later than the date that is 180 days after the date of the enactment of this Act, and December 31 of each year thereafter, the Commissioner shall submit to the Committee on Finance of the Senate and the Committee on Ways and Means of the House of Representatives a report that—

(1) identifies each partnership program referred to in subsection (a);

(2) for each such program, identifies—

(A) the requirements for participants in the program;

(B) the commercially significant and measurable trade benefits provided to participants in the program;

(C) the number of participants in the program; and

(D) in the case of a program that provides for participation at multiple tiers, the number of participants at each such tier;

(3) identifies the number of participants enrolled in more than one such partnership program;

(4) assesses the effectiveness of each such partnership program in advancing the security, trade enforcement, and trade facilitation missions of U.S. Customs and Border Protection, based on historical developments, the level of participation in the program, and the evolution of benefits provided to participants in the program;

(5) summarizes the efforts of U.S. Customs and Border Protection to work with other Federal agencies with authority to detain and release merchandise entering the United States to ensure that partnership programs of those agencies are compatible with partnership programs of U.S. Customs and Border Protection;

(6) summarizes criteria developed with those agencies for authorizing the release, on an expedited basis, of merchandise for which documentation is required from one or more of those agencies to clear or license the merchandise for entry into the United States;

(7) summarizes the efforts of U.S. Customs and Border Protection to work with private sector entities and the public to develop and improve partnership programs referred to in subsection (a);

(8) describes measures taken by U.S. Customs and Border Protection to make private sector entities aware of the trade benefits available to participants in such programs; and

(9) summarizes the plans, targets, and goals of U.S. Customs and Border Protection with respect to such programs for the 2 years following the submission of the report.

SEC. 102. REPORT ON EFFECTIVENESS OF TRADE ENFORCEMENT ACTIVITIES.

(a) IN GENERAL.—Not later than one year after the date of the enactment of this Act, the Comptroller General of the United States shall submit to the Committee on Finance of the Senate and the Committee on Ways and Means of the House of Representatives a report on the effectiveness of trade enforcement activities of U.S. Customs and Border Protection.

(b) CONTENTS.—The report required by subsection (a) shall include—

(1) a description of the use of resources, results of audits and verifications, targeting, organization, and training of personnel of U.S. Customs and Border Protection; and

(2) a description of trade enforcement activities to address undervaluation, transshipment, legitimacy of entities making entry, protection of revenues, fraud prevention and detection, and penalties, including intentional misclassification, inadequate bonding, and other misrepresentations.

SEC. 103. PRIORITIES AND PERFORMANCE STANDARDS FOR CUSTOMS MODERNIZATION, TRADE FACILITATION, AND TRADE ENFORCEMENT FUNCTIONS AND PROGRAMS.

(a) PRIORITIES AND PERFORMANCE STANDARDS.—

(1) IN GENERAL.—The Commissioner, in consultation with the Committee on Finance of the Senate and the Committee on Ways and Means of the House of Representatives, shall establish priorities and performance standards to measure the development and levels of achievement of the customs modernization, trade facilitation, and trade enforcement functions and programs described in subsection (b).

(2) MINIMUM PRIORITIES AND STANDARDS.—Such priorities and performance standards shall, at a minimum, include priorities and standards relating to efficiency, outcome, output, and other types of applicable measures.

(b) FUNCTIONS AND PROGRAMS DESCRIBED.—The functions and programs referred to in subsection (a) are the following:

(1) The Automated Commercial Environment.

(2) Each of the priority trade issues described in paragraph (3)(B)(ii) of section 2(d) of the Act of March 3, 1927 (44 Stat. 1381, chapter 348; 19 U.S.C. 2072(d)), as added by section 111(a) of this Act.

(3) The Centers of Excellence and Expertise described in section 110 of this Act.

(4) Drawback for exported merchandise under section 313 of the Tariff Act of 1930 (19 U.S.C. 1313), as amended by section 406 of this Act.

(5) Transactions relating to imported merchandise in bond.

(6) Collection of countervailing duties assessed under subtitle A of title VII of the Tariff Act of 1930 (19 U.S.C. 1671 et seq.) and antidumping duties assessed under subtitle B of title VII of the Tariff Act of 1930 (19 U.S.C. 1673 et seq.).

(7) The expedited clearance of cargo.

(8) The issuance of regulations and rulings.

(9) The issuance of Regulatory Audit Reports.

(c) CONSULTATIONS AND NOTIFICATION.—

(1) CONSULTATIONS.—The consultations required by subsection (a)(1) shall occur, at a minimum, on an annual basis.

(2) NOTIFICATION.—The Commissioner shall notify the Committee on Finance of the Senate and the Committee on Ways and Means of the House of Representatives of any changes to the priorities referred to in subsection (a) not later than 30 days before such changes are to take effect.

SEC. 104. EDUCATIONAL SEMINARS TO IMPROVE EFFORTS TO CLASSIFY AND APPRAISE IMPORTED ARTICLES, TO IMPROVE TRADE ENFORCEMENT EFFORTS, AND TO OTHERWISE FACILITATE LEGITIMATE INTERNATIONAL TRADE.

(a) IN GENERAL.—

(1) ESTABLISHMENT.—The Commissioner and the Director shall establish and carry out on a fiscal year basis educational seminars to—

(A) improve the ability of U.S. Customs and Border Protection personnel to classify and appraise articles imported into the United States in accordance with the customs and trade laws of the United States;

(B) improve the trade enforcement efforts of U.S. Customs and Border Protection personnel and U.S. Immigration and Customs Enforcement personnel; and

(C) otherwise improve the ability and effectiveness of U.S. Customs and Border Protection personnel and U.S. Immigration and Customs Enforcement personnel to facilitate legitimate international trade.

(b) CONTENT.—

(1) CLASSIFYING AND APPRAISING IMPORTED ARTICLES.—In carrying out subsection (a)(1)(A), the Commissioner, the Director, and interested parties in the private sector selected under subsection (c) shall provide instruction and related instructional materials at each educational seminar under this section to U.S. Customs and Border Protection personnel and, as appropriate, to U.S. Immigration and Customs Enforcement personnel on the following:

(A) Conducting a physical inspection of an article imported into the United States, including testing of samples of the article, to determine if the article is mislabeled in the manifest or other accompanying documentation.

(B) Reviewing the manifest and other accompanying documentation of an article imported into the United States to determine if the country of origin of the article listed in the manifest or other accompanying documentation is accurate.

(C) Customs valuation.

(D) Industry supply chains and other related matters as determined to be appropriate by the Commissioner.

(2) TRADE ENFORCEMENT EFFORTS.—In carrying out subsection (a)(1)(B), the Commissioner, the Director, and interested parties in the private sector selected under subsection (c) shall provide instruction and related instructional materials at each educational seminar under this section to U.S. Customs and Border Protection personnel and, as appropriate, to U.S. Immigration and Customs Enforcement personnel to identify opportunities to enhance enforcement of the following:

(A) Collection of countervailing duties assessed under subtitle A of title VII of the Tariff Act of 1930 (19 U.S.C. 1671 et seq.) and antidumping duties assessed under subtitle B of title VII of the Tariff Act of 1930 (19 U.S.C. 1673 et seq.).

(B) Addressing evasion of duties on imports of textiles.

(C) Protection of intellectual property rights.

(D) Enforcement of child labor laws.

(3) APPROVAL OF COMMISSIONER AND DIRECTOR.—The instruction and related instructional materials at each educational seminar under this section shall be subject to the approval of the Commissioner and the Director.

(c) SELECTION PROCESS.—

(1) IN GENERAL.—The Commissioner shall establish a process to solicit, evaluate, and select interested parties in the private sector for purposes of assisting in providing instruction and related instructional materials described in subsection (b) at each educational seminar under this section.

(2) CRITERIA.—The Commissioner shall evaluate and select interested parties in the private sector under the process established under paragraph (1) based on—

(A) availability and usefulness;

(B) the volume, value, and incidence of mislabeling or misidentification of origin of imported articles; and

(C) other appropriate criteria established by the Commissioner.

(3) PUBLIC AVAILABILITY.—The Commissioner and the Director shall publish in the Federal Register a detailed description of the process established under paragraph (1) and the criteria established under paragraph (2).

(d) SPECIAL RULE FOR ANTIDUMPING AND COUNTERVAILING DUTY ORDERS.—

(1) IN GENERAL.—The Commissioner shall give due consideration to carrying out an educational seminar under this section in whole or in part to improve the ability of U.S. Customs and Border Protection personnel to enforce a countervailing or antidumping duty order issued under section 706 or 736 of the Tariff Act of 1930 (19 U.S.C. 1671e or 1673e) upon the request of a petitioner in an action underlying such countervailing or antidumping duty order.

(2) INTERESTED PARTY.—A petitioner described in paragraph (1) shall be treated as an interested party in the private sector for purposes of the requirements of this section.

(e) PERFORMANCE STANDARDS.—The Commissioner and the Director shall establish performance standards to measure the development and level of achievement of educational seminars under this section.

(f) REPORTING.—Beginning September 30, 2016, the Commissioner and the Director shall submit to the Committee of Finance of the Senate and the Committee of Ways and Means of the House of Representatives an annual report on the effectiveness of educational seminars under this section.

(g) DEFINITIONS.—In this section:

(1) DIRECTOR.—The term "Director" means the Director of U.S. Immigration and Customs Enforcement.

(2) UNITED STATES.—The term "United States" means the customs territory of the United States, as defined in General Note 2 to the Harmonized Tariff Schedule of the United States.

(3) U.S. CUSTOMS AND BORDER PROTECTION PERSONNEL.—The term "U.S. Customs and Border Protection personnel" means import specialists, auditors, and other appropriate employees of the U.S. Customs and Border Protection.

(4) U.S. IMMIGRATION AND CUSTOMS ENFORCEMENT PERSONNEL.—The term "U.S. Immigrations and Customs Enforcement personnel" means Homeland Security Investigations Directorate personnel and other appropriate employees of U.S. Immigrations and Customs Enforcement.

SEC. 105. JOINT STRATEGIC PLAN.

(a) IN GENERAL.—Not later than one year after the date of the enactment of this Act, and every 2 years thereafter, the Commissioner and the Director of U.S. Immigration and Customs Enforcement shall jointly develop and submit to the Committee on Finance of the Senate and the Committee on Ways and Means of the House of Representatives, a joint strategic plan.

(b) CONTENTS.—The joint strategic plan required under this section shall be comprised of a comprehensive multi-year plan for trade enforcement and trade facilitation, and shall include—

(1) a summary of actions taken during the 2-year period preceding the submission of the plan to improve trade enforcement and trade facilitation, including a description and analysis of specific performance measures to evaluate the progress of U.S. Customs and Border Protection and U.S. Immigration and Customs Enforcement in meeting each such responsibility;

(2) a statement of objectives and plans for further improving trade enforcement and trade facilitation;

(3) a specific identification of the priority trade issues described in paragraph (3)(B)(ii) of section 2(d) of the Act of March 3, 1927 (44 Stat. 1381, chapter 348; 19 U.S.C. 2072(d)), as added by section 111(a) of this Act, that can be addressed in order to enhance trade enforcement and trade facilitation, and a description of strategies and plans for addressing each such issue;

(4) a description of efforts made to improve consultation and coordination among and within Federal agencies, and in particular between U.S. Customs and Border Protection and U.S. Immigration and Customs Enforcement, regarding trade enforcement and trade facilitation;

(5) a description of the training that has occurred to date within U.S. Customs and Border Protection and U.S. Immigration and Customs Enforcement to improve trade enforcement and trade facilitation, including training under section 104 of this Act;

(6) a description of efforts to work with the World Customs Organization and other international organizations, in consultation with other Federal agencies as appropriate, with respect to enhancing trade enforcement and trade facilitation;

(7) a description of U.S. Custom and Border Protection organizational benchmarks for optimizing staffing and wait times at ports of entry;

(8) a specific identification of any domestic or international best practices that may further improve trade enforcement and trade facilitation;

(9) any legislative recommendations to further improve trade enforcement and trade facilitation; and

(10) a description of efforts made to improve consultation and coordination with the private sector to enhance trade enforcement and trade facilitation.

(c) CONSULTATIONS.—

(1) IN GENERAL.—In developing the joint strategic plan required under this section, the Commissioner and the Director shall consult with—

(A) appropriate officials from the relevant Federal agencies, including—

(i) the Department of the Treasury;

(ii) the Department of Agriculture;

(iii) the Department of Commerce;

(iv) the Department of Justice;

(v) the Department of the Interior;
(vi) the Department of Health and Human Services;
(vii) the Food and Drug Administration;
(viii) the Consumer Product Safety Commission; and
(ix) the Office of the United States Trade Representative; and

(B) the Commercial Customs Operations Advisory Committee established by section 109 of this Act.

(2) OTHER CONSULTATIONS.—In developing the joint strategic plan required under this section, the Commissioner and the Director shall seek to consult with—

(A) appropriate officials from relevant foreign law enforcement agencies and international organizations, including the World Customs Organization; and

(B) interested parties in the private sector.

SEC. 106. AUTOMATED COMMERCIAL ENVIRONMENT.

(a) FUNDING.—Section 13031(f)(4)(B) of the Consolidated Omnibus Budget Reconciliation Act of 1985 (19 U.S.C. 58c(f)(4)(B)) is amended—

(1) by striking "2003 through 2005" and inserting "2016 through 2018";

(2) by striking "such amounts as are available in that Account" and inserting "not less than $153,736,000"; and

(3) by striking "for the development" and inserting "to complete the development and implementation".

(b) REPORT.—Section 311(b)(3) of the Customs Border Security Act of 2002 (19 U.S.C. 2075 note) is amended to read as follows:

"(3) REPORT.—

"(A) IN GENERAL.—Not later than December 31, 2016, the Commissioner responsible for U.S. Customs and Border Protection shall submit to the Committee on Appropriations and the Committee on Finance of the Senate and the Committee on Appropriations and the Committee on Ways and Means of the House of Representatives a report detailing—

"(i) U.S. Customs and Border Protection's incorporation of all core trade processing capabilities, including cargo release, entry summary, cargo manifest, cargo financial data, and export data elements into the Automated Commercial Environment computer system authorized under section 13031(f)(4) of the Consolidated Omnibus Budget and Reconciliation Act of 1985 (19 U.S.C. 58c(f)(4)) not later than September 30, 2016, to conform with the admissibility criteria of agencies participating in the International Trade Data System identified pursuant to section 411(d)(4)(A)(iii) of the Tariff Act of 1930;

"(ii) U.S. Customs and Border Protection's remaining priorities for processing entry summary data elements, cargo manifest data elements, cargo financial data elements, and export elements in the Automated Commercial Environment computer system, and the objectives and plans for implementing these remaining priorities;

"(iii) the components of the National Customs Automation Program specified in subsection (a)(2) of section 411 of the Tariff Act of 1930 that have not been implemented; and

"(iv) any additional components of the National Customs Automation Program initiated by the Commissioner to complete the development, establishment, and implementation of the Automated Commercial Environment computer system.

"(B) UPDATE OF REPORTS.—Not later than September 30, 2017, the Commissioner shall submit to the Committee on Appropriations and the Committee on Finance of the Senate and the Committee on Appropriations and the Committee on Ways and Means of the House of Representatives an updated report addressing each of the matters referred to in subparagraph (A), and—

"(i) evaluating the effectiveness of the implementation of the Automated Commercial Environment computer system; and

"(ii) detailing the percentage of trade processed in the Automated Commercial Environment every month since September 30, 2016.".

(c) GOVERNMENT ACCOUNTABILITY OFFICE REPORT.—Not later than December 31, 2017, the Comptroller General of the United States shall submit to the Committee on Appropriations and the Committee on Finance of the Senate and the Committee on Appropriations and the Committee on Ways and Means of the House of Representatives a report—

(1) assessing the progress of other Federal agencies in accessing and utilizing the Automated Commercial Environment; and

(2) assessing the potential cost savings to the United States Government and importers and exporters and the potential benefits to enforcement of the customs and trade laws of the United States if the elements identified in clauses (i) through (iv) of section 311(b)(3)(A) of the Customs Border Security Act of 2002, as amended by subsection (b) of this section, are implemented.

SEC. 107. INTERNATIONAL TRADE DATA SYSTEM.

Section 411(d) of the Tariff Act of 1930 (19 U.S.C. 1411(d)) is amended—

(1) by redesignating paragraphs (4) through (7) as paragraphs (5) through (8), respectively;

(2) by inserting after paragraph (3) the following:

"(4) INFORMATION TECHNOLOGY INFRASTRUCTURE.—

"(A) IN GENERAL.—The Secretary shall work with the head of each agency participating in the ITDS and the Interagency Steering Committee to ensure that each agency—

"(i) develops and maintains the necessary information technology infrastructure to support the operation of the ITDS and to submit all data to the ITDS electronically;

"(ii) enters into a memorandum of understanding, or takes such other action as is necessary, to provide for the information sharing between the agency and U.S. Customs and Border Protection necessary for the operation and maintenance of the ITDS;

"(iii) not later than June 30, 2016, identifies and transmits to the Commissioner responsible for U.S. Customs and Border Protection the admissibility criteria and data elements required by the agency to authorize the release of cargo by U.S. Customs and Border Protection for incorporation into the operational functionality of the Automated Commercial Environment computer system authorized under section 13031(f)(4) of the Consolidated Omnibus Budget and Reconciliation Act of 1985 (19 U.S.C. 58c(f)(4)); and

"(iv) not later than December 31, 2016, utilizes the ITDS as the primary means of receiving from users the standard set of data and other relevant documentation, exclusive of applications for permits, licenses, or certifications required for the release of imported cargo and clearance of cargo for export.

"(B) RULE OF CONSTRUCTION.—Nothing in this paragraph shall be construed to require any action to be taken that would compromise an ongoing law enforcement investigation or national security."; and

(3) in paragraph (8), as redesignated, by striking "section 9503(c) of the Omnibus Budget Reconciliation Act of 1987 (19 U.S.C. 2071 note)" and inserting "section 109 of the Trade Facilitation and Trade Enforcement Act of 2015".

SEC. 108. CONSULTATIONS WITH RESPECT TO MUTUAL RECOGNITION ARRANGEMENTS.

(a) CONSULTATIONS.—The Secretary of Homeland Security, with respect to any proposed mutual recognition arrangement or similar agreement between the United States and a foreign government providing for mutual recognition of supply chain security programs and customs revenue functions, shall consult—

(1) not later than 30 days before initiating negotiations to enter into any such arrangement or similar agreement, with the Committee on Finance of the Senate and the Committee on Ways and Means of the House of Representatives; and

(2) not later than 30 days before entering into any such arrangement or similar agreement, with the Committee on Finance of the Senate and the Committee on Ways and Means of the House of Representatives.

(b) NEGOTIATING OBJECTIVE.—It shall be a negotiating objective of the United States in any negotiation for a mutual recognition arrangement with a foreign country on partnership programs, such as the Customs-Trade Partnership Against Terrorism established under subtitle B of title II of the Security and Accountability for Every Port Act of 2006 (6 U.S.C. 961 et seq.), to seek to ensure the compatibility of the partnership programs of that country with the partnership programs of U.S. Customs and Border Protection to enhance trade facilitation and trade enforcement.

SEC. 109. COMMERCIAL CUSTOMS OPERATIONS ADVISORY COMMITTEE.

(a) ESTABLISHMENT.—Not later than the date that is 60 days after the date of the enactment of this Act, the Secretary of the Treasury and the Secretary of Homeland Security shall jointly establish a Commercial Customs Operations Advisory Committee (in this section referred to as the "Advisory Committee").

(b) MEMBERSHIP.—

(1) IN GENERAL.—The Advisory Committee shall be comprised of—

(A) 20 individuals appointed under paragraph (2);

(B) the Assistant Secretary for Tax Policy of the Department of the Treasury and the Commissioner, who shall jointly co-chair meetings of the Advisory Committee; and

(C) the Assistant Secretary for Policy and the Director of U.S. Immigration and Customs Enforcement of the Department of Homeland Security, who shall serve as deputy co-chairs of meetings of the Advisory Committee.

(2) APPOINTMENT.—

(A) IN GENERAL.—The Secretary of the Treasury and the Secretary of Homeland Security shall jointly appoint 20 individuals from the private sector to the Advisory Committee.

(B) REQUIREMENTS.—In making appointments under subparagraph (A), the Secretary of the Treasury and the Secretary of Homeland Security shall appoint members—

(i) to ensure that the membership of the Advisory Committee is representative of the individuals and firms affected by the commercial operations of U.S. Customs and Border Protection; and

(ii) without regard to political affiliation.

(C) TERMS.—Each individual appointed to the Advisory Committee under this paragraph shall be appointed for a term of not more than 3 years, and may be reappointed to subsequent terms, but may not serve more than 2 terms sequentially.

(3) TRANSFER OF MEMBERSHIP.—The Secretary of the Treasury and the Secretary of Homeland Security may transfer members serving on the Advisory Committee on Commercial Operations of the United States Customs Service established under section 9503(c) of the Omnibus Budget Reconciliation Act of 1987 (19 U.S.C. 2071 note) on the day before the date of the enactment of this Act to the Advisory Committee established under subsection (a).

(c) DUTIES.—The Advisory Committee established under subsection (a) shall—

(1) advise the Secretary of the Treasury and the Secretary of Homeland Security on all matters involving the commercial operations of U.S. Customs and Border Protection, including advising with respect to significant changes that are proposed with respect to regulations, policies, or practices of U.S. Customs and Border Protection;

(2) provide recommendations to the Secretary of the Treasury and the Secretary of Homeland Security on improvements to the commercial operations of U.S. Customs and Border Protection;

(3) collaborate in developing the agenda for Advisory Committee meetings; and

(4) perform such other functions relating to the commercial operations of U.S. Customs and Border Protection as prescribed by law or as the Secretary of the Treasury and the Secretary of Homeland Security jointly direct.

(d) MEETINGS.—

(1) IN GENERAL.—The Advisory Committee shall meet at the call of the Secretary of the Treasury and the Secretary of Homeland Security, or at the call of not less than ⅔ of the membership of the Advisory Committee. The Advisory Committee shall meet at least 4 times each calendar year.

(2) OPEN MEETINGS.—Notwithstanding section 10(a) of the Federal Advisory Committee Act (5 U.S.C. App.), the Advisory Committee meetings shall be open to the public unless the Secretary of the Treasury or the Secretary of Homeland Security determines that the meeting will include matters the disclosure of which would compromise the development of policies, priorities, or negotiating objectives or positions that could impact the commercial operations of U.S. Customs and Border Protection or the operations or investigations of U.S. Immigration and Customs Enforcement.

(e) ANNUAL REPORT.—Not later than December 31, 2016, and annually thereafter, the Advisory Committee shall submit to the Committee on Finance of the Senate and the Committee on Ways and Means of the House of Representatives a report that—

(1) describes the activities of the Advisory Committee during the preceding fiscal year; and

(2) sets forth any recommendations of the Advisory Committee regarding the commercial operations of U.S. Customs and Border Protection.

(f) TERMINATION.—Section 14(a)(2) of the Federal Advisory Committee Act (5 U.S.C. App.; relating to the termination of advisory committees) shall not apply to the Advisory Committee.

(g) CONFORMING AMENDMENT.—

(1) IN GENERAL.—Effective on the date on which the Advisory Committee is established under subsection (a), section 9503(c) of the Omnibus Budget Reconciliation Act of 1987 (19 U.S.C. 2071 note) is repealed.

(2) REFERENCE.—Any reference in law to the Advisory Committee on Commercial Operations of the United States Customs Service established under section 9503(c) of the Omnibus Budget Reconciliation Act of 1987 (19 U.S.C. 2071 note) made on or after the date on which the Advisory Committee is established under subsection (a), shall be deemed a reference to the Commercial Customs Operations Advisory Committee established under subsection (a).

SEC. 110. CENTERS OF EXCELLENCE AND EXPERTISE.

(a) IN GENERAL.—The Commissioner shall, in consultation with the Committee on Finance of the Senate, the Committee on Ways and Means of the House of Representatives, and the Commercial Customs Operations Advisory Committee established by section 109 of this Act, develop and implement Centers of Excellence and Expertise throughout U.S. Customs and Border Protection that—

(1) enhance the economic competitiveness of the United States by consistently enforcing the laws and regulations of the United States at all ports of entry of the United States and by facilitating the flow of legitimate trade through increasing industry-based knowledge;

(2) improve enforcement efforts, including enforcement of priority trade issues described in subparagraph (B)(ii) of section 2(d)(3) of the Act of March 3, 1927 (44 Stat. 1381, chapter 348; 19 U.S.C. 2072(d)), as added by section 111(a) of this Act, in specific industry sectors through the application of targeting information from the Commercial Targeting Division established under subparagraph (A) of such section 2(d)(3) and from other means of verification;

(3) build upon the expertise of U.S. Customs and Border Protection in particular industry operations, supply chains, and compliance requirements;

(4) promote the uniform implementation at each port of entry of the United States of policies and regulations relating to imports;

(5) centralize the trade enforcement and trade facilitation efforts of U.S. Customs and Border Protection;

(6) formalize an account-based approach to apply, as the Commissioner determines appropriate, to the importation of merchandise into the United States;

(7) foster partnerships though the expansion of trade programs and other trusted partner programs;

(8) develop applicable performance measurements to meet internal efficiency and effectiveness goals; and

(9) whenever feasible, facilitate a more efficient flow of information between Federal agencies.

(b) REPORT.—Not later than December 31, 2016, the Commissioner shall submit to the Committee on Finance of the Senate and the Committee on Ways and Means of the House of Representatives a report describing—

(1) the scope, functions, and structure of each Center of Excellence and Expertise developed and implemented under subsection (a);

(2) the effectiveness of each such Center of Excellence and Expertise in improving enforcement efforts, including enforcement of priority trade issues, and facilitating legitimate trade;

(3) the quantitative and qualitative benefits of each such Center of Excellence and Expertise to the trade community, including through fostering partnerships through the expansion of trade programs such as the Importer Self Assessment program and other trusted partner programs;

(4) all applicable performance measurements with respect to each such Center of Excellence and Expertise, including performance measures with respect to meeting internal efficiency and effectiveness goals;

(5) the performance of each such Center of Excellence and Expertise in increasing the accuracy and completeness of data with respect to international trade and facilitating a more efficient flow of information between Federal agencies; and

(6) any planned changes in the number, scope, functions or any other aspect of the Centers of Excellence and Expertise developed and implemented under subsection (a).

SEC. 111. COMMERCIAL TARGETING DIVISION AND NATIONAL TARGETING AND ANALYSIS GROUPS.

(a) IN GENERAL.—Section 2(d) of the Act of March 3, 1927 (44 Stat. 1381, chapter 348; 19 U.S.C. 2072(d)) is amended by adding at the end the following:

"(3) COMMERCIAL TARGETING DIVISION AND NATIONAL TARGETING AND ANALYSIS GROUPS.—

"(A) ESTABLISHMENT OF COMMERCIAL TARGETING DIVISION.—

"(i) IN GENERAL.—The Secretary of Homeland Security shall establish and maintain within the Office of International Trade a Commercial Targeting Division.

"(ii) COMPOSITION.—The Commercial Targeting Division shall be composed of—

"(I) headquarters personnel led by an Executive Director, who shall report to the Assistant Commissioner for Trade; and

"(II) individual National Targeting and Analysis Groups, each led by a Director who shall report to the Executive Director of the Commercial Targeting Division.

"(iii) DUTIES.—The Commercial Targeting Division shall be dedicated—

"(I) to the development and conduct of commercial risk assessment targeting with respect to cargo destined for the United States in accordance with subparagraph (C); and

"(II) to issuing Trade Alerts described in subparagraph (D).

"(B) NATIONAL TARGETING AND ANALYSIS GROUPS.—

"(i) IN GENERAL.—A National Targeting and Analysis Group referred to in subparagraph (A)(ii)(II) shall, at a minimum, be established for each priority trade issue described in clause (ii).

"(ii) PRIORITY TRADE ISSUES.—

"(I) IN GENERAL.—The priority trade issues described in this clause are the following:

"(aa) Agriculture programs.

"(bb) Antidumping and countervailing duties.

"(cc) Import safety.

"(dd) Intellectual property rights.

"(ee) Revenue.

"(ff) Textiles and wearing apparel.

"(gg) Trade agreements and preference programs.

"(II) MODIFICATION.—The Commissioner is authorized to establish new priority trade issues and eliminate, consolidate, or otherwise modify the priority trade issues described in this paragraph if the Commissioner—

"(aa) determines it necessary and appropriate to do so;

"(bb) submits to the Committee on Finance of the Senate and the Committee on Ways and Means of the House of Representatives a summary of proposals to consolidate, eliminate, or otherwise modify existing priority trade issues not later than 60 days before such changes are to take effect; and

"(cc) submits to the Committee on Finance of the Senate and the Committee on Ways and Means of the House of Representatives a summary of proposals to establish new priority trade issues not later than 30 days after such changes are to take effect.

"(iii) DUTIES.—The duties of each National Targeting and Analysis Group shall include—

"(I) directing the trade enforcement and compliance assessment activities of U.S. Customs and Border Protection that relate to the Group's priority trade issue;

"(II) facilitating, promoting, and coordinating cooperation and the exchange of information between U.S. Customs and Border Protection, U.S. Immigration and Customs Enforcement, and other relevant Federal departments and agencies regarding the Group's priority trade issue; and

"(III) serving as the primary liaison between U.S. Customs and Border Protection and the public regarding United States Government activities regarding the Group's priority trade issue, including—

"(aa) providing for receipt and transmission to the appropriate U.S. Customs and Border Protection office of allegations from interested parties in the private sector of violations of customs and trade laws of the United States of merchandise relating to the priority trade issue;

"(bb) obtaining information from the appropriate U.S. Customs and Border Protection office on the status of any activities resulting from the submission of any such allegation, including any decision not to pursue the allegation, and providing any such information to each interested party in the private sector that submitted the allegation every 90 days after the allegation was received by U.S. Customs and Border Pro-

tection unless providing such information would compromise an ongoing law enforcement investigation; and

"(cc) notifying on a timely basis each interested party in the private sector that submitted such allegation of any civil or criminal actions taken by U.S. Customs and Border Protection or other Federal department or agency resulting from the allegation.

"(C) COMMERCIAL RISK ASSESSMENT TARGETING.—In carrying out its duties with respect to commercial risk assessment targeting, the Commercial Targeting Division shall—

"(i) establish targeted risk assessment methodologies and standards—

"(I) for evaluating the risk that cargo destined for the United States may violate the customs and trade laws of the United States, particularly those laws applicable to merchandise subject to the priority trade issues described in subparagraph (B)(ii); and

"(II) for issuing, as appropriate, Trade Alerts described in subparagraph (D); and

"(ii) to the extent practicable and otherwise authorized by law, use, to administer the methodologies and standards established under clause (i) —

"(I) publicly available information;

"(II) information available from the Automated Commercial System, the Automated Commercial Environment computer system, the Automated Targeting System, the Automated Export System, the International Trade Data System, the TECS (formerly known as the 'Treasury Enforcement Communications System'), the case management system of U.S. Immigration and Customs Enforcement, and any successor systems; and

"(III) information made available to the Commercial Targeting Division, including information provided by private sector entities.

"(D) TRADE ALERTS.—

"(i) ISSUANCE.—Based upon the application of the targeted risk assessment methodologies and standards established under subparagraph (C), the Executive Director of the Commercial Targeting Division and the Directors of the National Targeting and Analysis Groups may issue Trade Alerts to directors of United States ports of entry directing further inspection, or physical examination or testing, of specific merchandise to ensure compliance with all applicable customs and trade laws and regulations administered by U.S. Customs and Border Protection.

"(ii) DETERMINATIONS NOT TO IMPLEMENT TRADE ALERTS.—The director of a United States port of entry may determine not to conduct further inspections, or physical examination or testing, pursuant to a Trade Alert issued under clause (i) if—

"(I) the director finds that such a determination is justified by security interests; and

"(II) notifies the Assistant Commissioner of the Office of Field Operations and the Assistant Commissioner of International Trade of U.S. Customs and Border Protection of the determination and the reasons for the determination not later than 48 hours after making the determination.

"(iii) SUMMARY OF DETERMINATIONS NOT TO IMPLEMENT.—The Assistant Commissioner of the Office of Field Operations of U.S. Customs and Border Protection shall—

"(I) compile an annual public summary of all determinations by directors of United States ports of entry under clause (ii) and the reasons for those determinations;

"(II) conduct an evaluation of the utilization of Trade Alerts issued under clause (i); and

"(III) submit the summary to the Committee on Finance of the Senate and the Committee on Ways and Means of the House of Representatives not later than December 31 of each year.

"(iv) INSPECTION DEFINED.—In this subparagraph, the term 'inspection' means the comprehensive evaluation process used by U.S. Customs and Border Protection, other than physical examination or testing, to permit the entry of merchandise into the United States, or the clearance of merchandise for transportation in bond through the United States, for purposes of—

"(I) assessing duties;

"(II) identifying restricted or prohibited items; and

"(III) ensuring compliance with all applicable customs and trade laws and regulations administered by U.S. Customs and Border Protection.".

(b) USE OF TRADE DATA FOR COMMERCIAL ENFORCEMENT PURPOSES.—Section 343(a)(3)(F) of the Trade Act of 2002 (19 U.S.C. 2071 note) is amended to read as follows:

"(F) The information collected pursuant to the regulations shall be used exclusively for ensuring cargo safety and security, preventing smuggling, and commercial risk assessment targeting, and shall not be used for any commercial enforcement purposes, including for determining merchandise entry. Notwithstanding the preceding sentence, nothing in this section shall be treated as amending, repealing, or otherwise modifying title IV of the Tariff Act of 1930 or regulations prescribed thereunder.".

SEC. 112. REPORT ON OVERSIGHT OF REVENUE PROTECTION AND ENFORCEMENT MEASURES.

(a) IN GENERAL.—Not later the March 31, 2016, and not later than March 31 of each second year thereafter, the Inspector General of the Department of the Treasury shall submit to the Committee on Finance of the Senate and the Committee on Ways and Means of the House of Representatives a report assessing, with respect to the period covered by the report, as specified in subsection (b), the following:

(1) The effectiveness of the measures taken by U.S. Customs and Border Protection with respect to protection of revenue, including—

(A) the collection of countervailing duties assessed under subtitle A of title VII of the Tariff Act of 1930 (19 U.S.C. 1671 et seq.) and antidumping duties assessed under subtitle B of title VII of the Tariff Act of 1930 (19 U.S.C. 1673 et seq.);

(B) the assessment, collection, and mitigation of commercial fines and penalties;

(C) the use of bonds, including continuous and single transaction bonds, to secure that revenue; and

(D) the adequacy of the policies of U.S. Customs and Border Protection with respect to the monitoring and tracking of merchandise transported in bond and collecting duties, as appropriate.

(2) The effectiveness of actions taken by U.S. Customs and Border Protection to measure accountability and performance with respect to protection of revenue.

(3) The number and outcome of investigations instituted by U.S. Customs and Border Protection with respect to the underpayment of duties.

(4) The effectiveness of training with respect to the collection of duties provided for personnel of U.S. Customs and Border Protection.

(b) PERIOD COVERED BY REPORT.—Each report required by subsection (a) shall cover the period of 2 fiscal years ending on September 30 of the calendar year preceding the submission of the report.

SEC. 113. REPORT ON SECURITY AND REVENUE MEASURES WITH RESPECT TO MERCHANDISE TRANSPORTED IN BOND.

(a) IN GENERAL.—Not later than December 31 of 2016, 2017, and 2018, the Secretary of Homeland Security and the Secretary of the Treasury shall jointly submit to the Committee on Finance of the Senate and the Committee on Ways and Means of the House of Representatives a report on efforts undertaken by U.S. Customs and Border Protection to ensure the secure transportation of merchandise in bond through the United States and the collection of revenue owed upon the entry of such merchandise into the United States for consumption.

(b) ELEMENTS.—Each report required by subsection (a) shall include, for the fiscal year preceding the submission of the report, information on—

(1) the overall number of entries of merchandise for transportation in bond through the United States;

(2) the ports at which merchandise arrives in the United States for transportation in bond and at which records of the arrival of such merchandise are generated;

(3) the average time taken to reconcile such records with the records at the final destination of the merchandise in the United States to demonstrate that the merchandise reaches its final destination or is re-exported;

(4) the average time taken to transport merchandise in bond from the port at which the merchandise arrives in the United States to its final destination in the United States;

(5) the total amount of duties, taxes, and fees owed with respect to shipments of merchandise transported in bond and the total amount of such duties, taxes, and fees paid;

(6) the total number of notifications by carriers of merchandise being transported in bond that the destination of the merchandise has changed; and

(7) the number of entries that remain unreconciled.

SEC. 114. IMPORTER OF RECORD PROGRAM.

(a) ESTABLISHMENT.—Not later than the date that is 180 days after the date of the enactment of this Act, the Secretary of Homeland Security shall establish an importer of record program to assign and maintain importer of record numbers.

(b) REQUIREMENTS.—The Secretary shall ensure that, as part of the importer of record program, U.S. Customs and Border Protection—

(1) develops criteria that importers must meet in order to obtain an importer of record number, including—

(A) criteria to ensure sufficient information is collected to allow U.S. Customs and Border Protection to verify the existence of the importer requesting the importer of record number;

(B) criteria to ensure sufficient information is collected to allow U.S. Customs and Border Protection to identify linkages or other affiliations between importers that are requesting or have been assigned importer of record numbers; and

(C) criteria to ensure sufficient information is collected to allow U.S. Customs and Border Protection to identify changes in address and corporate structure of importers;

(2) provides a process by which importers are assigned importer of record numbers;

(3) maintains a centralized database of importer of record numbers, including a history of importer of record numbers associated with each importer, and the information described in subparagraphs (A), (B), and (C) of paragraph (1);

(4) evaluates and maintains the accuracy of the database if such information changes; and

(5) takes measures to ensure that duplicate importer of record numbers are not issued.

(c) REPORT.—Not later than one year after the date of the enactment of this Act, the Secretary shall submit to the Committee on Finance of the Senate and the Committee on Ways and Means of the House of Representatives a report on the importer of record program established under subsection (a).

(d) NUMBER DEFINED.—In this subsection, the term "number", with respect to an importer of record, means a filing identification number described in section 24.5 of title 19, Code of Federal Regulations (or any corresponding similar regulation) that fully supports the requirements of subsection (b) with respect to the collection and maintenance of information.

SEC. 115. ESTABLISHMENT OF NEW IMPORTER PROGRAM.

(a) IN GENERAL.—Not later than the date that is 180 days after the date of the enactment of this Act, the Commissioner shall establish a new importer program that directs U.S. Customs and Border Protection to adjust bond amounts for new importers based on the level of risk assessed by U.S. Customs and Border Protection for protection of revenue of the Federal Government.

(b) REQUIREMENTS.—The Commissioner shall ensure that, as part of the new importer program established under subsection (a), U.S. Customs and Border Protection—

(1) develops risk-based criteria for determining which importers are considered to be new importers for the purposes of this subsection;

(2) develops risk assessment guidelines for new importers to determine if and to what extent—

(A) to adjust bond amounts of imported products of new importers; and

(B) to increase screening of imported products of new importers;

(3) develops procedures to ensure increased oversight of imported products of new importers relating to the enforcement of the priority trade issues described in paragraph (3)(B)(ii) of section 2(d) of the Act of March 3, 1927 (44 Stat. 1381, chapter 348; 19 U.S.C. 2072(d)), as added by section 111(a) of this Act;

(4) develops procedures to ensure increased oversight of imported products of new importers by Centers of Excellence and Expertise established under section 110 of this Act; and

(5) establishes a centralized database of new importers to ensure accuracy of information that is required to be provided by new importers to U.S. Customs and Border Protection.

SEC. 116. CUSTOMS BROKER IDENTIFICATION OF IMPORTERS.

(a) IN GENERAL.—Section 641 of the Tariff Act of 1930 (19 U.S.C. 1641) is amended by adding at the end the following:

"(i) IDENTIFICATION OF IMPORTERS.—

"(1) IN GENERAL.—The Secretary shall prescribe regulations setting forth the minimum standards for customs brokers and importers, including nonresident importers, regarding the identity of the importer that shall apply in connection with the importation of merchandise into the United States.

"(2) MINIMUM REQUIREMENTS.—The regulations shall, at a minimum, require customs brokers to implement, and importers (after being given adequate notice) to comply with, reasonable procedures for—

"(A) collecting the identity of importers, including nonresident importers, seeking to import merchandise into the United States to the extent reasonable and practicable; and

"(B) maintaining records of the information used to substantiate a person's identity, including name, address, and other identifying information.

"(3) PENALTIES.—Any customs broker who fails to collect information required under the regulations prescribed under this subsection shall be liable to the United States, at the discretion of the Secretary, for a monetary penalty not to exceed $10,000 for each violation of those regulations and subject to revocation or suspension of a license or permit of the customs broker pursuant to the procedures set forth in subsection (d).

"(4) DEFINITIONS.—In this subsection—

"(A) the term 'importer' means one of the parties qualifying as an importer of record under section 484(a)(2)(B); and

"(B) the term 'nonresident importer' means an importer who is—

"(i) an individual who is not a citizen of the United States or an alien lawfully admitted for permanent residence in the United States; or

"(ii) a partnership, corporation, or other commercial entity that is not organized under the laws of a jurisdiction within the customs territory of the United States (as such term is defined in General Note 2 of the Harmonized Tariff Schedule of the United States) or in the Virgin Islands of the United States.".

(b) STUDY AND REPORT REQUIRED.—Not later than 180 days after the date of enactment of this Act, the Commissioner shall submit to Congress a report containing recommendations for—

(1) determining the most timely and effective way to require foreign nationals to provide customs brokers with appropriate and accurate information, comparable to that which is required of United States nationals, concerning the identity, address, and other related information relating to such foreign nationals necessary to enable customs brokers to comply with the requirements of section 641(i) of the Tariff Act of 1930 (as added by subsection (a)); and

(2) establishing a system for customs brokers to review information maintained by relevant Federal agencies for purposes of verifying the identities of importers, including nonresident importers, seeking to import merchandise into the United States.

SEC. 117. REQUIREMENTS APPLICABLE TO NON-RESIDENT IMPORTERS.

(a) IN GENERAL.—Part III of title IV of the Tariff Act of 1930 (19 U.S.C. 1481 et seq.) is amended by inserting after section 484b the following new section:

"SEC. 484c. REQUIREMENTS APPLICABLE TO NON-RESIDENT IMPORTERS.

"(a) IN GENERAL.—Except as provided in subsection (c), if an importer of record under section 484 of this Act is not a resident of the United States, the Commissioner of U.S. Customs and Border Protection shall require the non-resident importer to designate a resident agent in the United States subject to the requirements described in subsection (b).

"(b) REQUIREMENTS.—The requirements described in this subsection are the following:

"(1) The resident agent shall be authorized to accept service of process against the non-resident importer in connection with the importation of merchandise.

"(2) The Commissioner of U.S. Customs and Border Protection shall require the non-resident importer to establish a power of attorney with the resident agent in connection with the importation of merchandise.

"(c) NON-APPLICABILITY.—The requirements of this section shall not apply with respect to a non-resident importer who is a validated Tier 2 or Tier 3 participant in the Customs-Trade Partnership Against Terrorism program established under subtitle B of title II of the SAFE Port Act (6 U.S.C. 961 et seq.).

"(d) PENALTIES.—

"(1) IN GENERAL.—It shall be unlawful for any person to import into the United States any merchandise in violation of this section.

"(2) CIVIL PENALTIES.—Any person who violates paragraph (1) shall be liable for a civil penalty of $50,000 for each such violation.

"(3) OTHER PENALTIES.—In addition to the penalties specified in paragraph (2), any violation of this section that violates any other customs and trade laws of the United States shall be subject to any applicable civil and criminal penalty, including seizure and forfeiture, that may be imposed under such customs or trade law or title 18, United States Code, with respect to the importation of merchandise.

"(4) DEFINITION.—In this subsection, the term 'customs and trade laws of the United States' has the meaning given such term in section 2 of the Customs Trade Facilitation and Enforcement Act of 2015.".

(b) EFFECTIVE DATE.—Section 484c of the Tariff Act of 1930, as added by subsection (a), takes effect on the date of the enactment of this Act and applies with respect to the importation of merchandise of an importer of record under section 484 of the Tariff Act of 1930 who is not resident of the United States on or after the date that is 180 days after such date of enactment.

TITLE II—IMPORT HEALTH AND SAFETY

SEC. 201. INTERAGENCY IMPORT SAFETY WORKING GROUP.

(a) ESTABLISHMENT.—There is established an interagency Import Safety Working Group.

(b) MEMBERSHIP.—The interagency Import Safety Working Group shall consist of the following officials or their designees:

(1) The Secretary of Homeland Security, who shall serve as the Chair.

(2) The Secretary of Health and Human Services, who shall serve as the Vice Chair.

(3) The Secretary of the Treasury.

(4) The Secretary of Commerce.

(5) The Secretary of Agriculture.

(6) The United States Trade Representative.

(7) The Director of the Office of Management and Budget.

(8) The Commissioner of Food and Drugs.

(9) The Commissioner responsible for U.S. Customs and Border Protection.

(10) The Chairman of the Consumer Product Safety Commission.

(11) The Director of U.S. Immigration and Customs Enforcement.

(12) The head of any other Federal agency designated by the President to participate in the interagency Import Safety Working Group, as appropriate.

(c) DUTIES.—The duties of the interagency Import Safety Working Group shall include—

(1) consulting on the development of the joint import safety rapid response plan required by section 202 of this Act;

(2) periodically evaluating the adequacy of the plans, practices, and resources of the Federal Government dedicated to ensuring the safety of merchandise imported in the United States and the expeditious entry of such merchandise, including—

(A) minimizing the duplication of efforts among agencies the heads of which are members of the interagency Import Safety Working Group and ensuring the compatibility of the policies and regulations of those agencies; and

(B) recommending additional administrative actions, as appropriate, designed to ensure the safety of merchandise imported into the United States and the expeditious entry of such merchandise and considering the impact of those actions on private sector entities;

(3) reviewing the engagement and cooperation of foreign governments and foreign manufacturers in facilitating the inspection and certification, as appropriate, of such merchandise to be imported into the United States and the facilities producing such merchandise to ensure the safety of the merchandise and the expeditious entry of the merchandise into the United States;

(4) identifying best practices, in consultation with private sector entities as appropriate, to assist United States importers in taking all appropriate steps to ensure the safety of merchandise imported into the United States, including with respect to—

(A) the inspection of manufacturing facilities in foreign countries;

(B) the inspection of merchandise destined for the United States before exportation from a foreign country or before distribution in the United States; and

(C) the protection of the international supply chain (as defined in section 2 of the Security and Accountability For Every Port Act of 2006 (6 U.S.C. 901));

(5) identifying best practices to assist Federal, State, and local governments and agencies, and port authorities, to improve communication and coordination among such agencies and authorities with respect to ensuring the safety of merchandise imported into the United States and the expeditious entry of such merchandise; and

(6) otherwise identifying appropriate steps to increase the accountability of United States importers and the engagement of foreign government agencies with respect to ensuring the safety of merchandise imported into the United States and the expeditious entry of such merchandise.

SEC. 202. JOINT IMPORT SAFETY RAPID RESPONSE PLAN.

(a) IN GENERAL.—Not later than December 31, 2016, the Secretary of Homeland Security, in consultation with the interagency Import Safety Working Group, shall develop a plan (to be known as the "joint import safety rapid response plan") that sets forth protocols and defines practices for U.S. Customs and Border Protection to use—

(1) in taking action in response to, and coordinating Federal responses to, an incident in which cargo destined for or merchandise entering the United States has been identified as posing a threat to the health or safety of consumers in the United States; and

(2) in recovering from or mitigating the effects of actions and responses to an incident described in paragraph (1).

(b) CONTENTS.—The joint import safety rapid response plan shall address—

(1) the statutory and regulatory authorities and responsibilities of U.S. Customs and Border Protection and other Federal agencies in responding to an incident described in subsection (a)(1);

(2) the protocols and practices to be used by U.S. Customs and Border Protection when taking action in response to, and coordinating Federal responses to, such an incident;

(3) the measures to be taken by U.S. Customs and Border Protection and other Federal agencies in recovering from or mitigating the effects of actions taken in response to such an incident after the incident to ensure the resumption of the entry of merchandise into the United States; and

(4) exercises that U.S. Customs and Border Protection may conduct in conjunction with Federal, State, and local agencies, and private sector entities, to simulate responses to such an incident.

(c) UPDATES OF PLAN.—The Secretary of Homeland Security shall review and update the joint import safety rapid response plan, as appropriate, after conducting exercises under subsection (d).

(d) IMPORT HEALTH AND SAFETY EXERCISES.—

(1) IN GENERAL.—The Secretary of Homeland Security and the Commissioner shall periodically engage in the exercises referred to in subsection (b)(4), in conjunction with Federal, State, and local agencies and private sector entities, as appropriate, to test and evaluate the protocols and practices identified in the joint import safety rapid response plan at United States ports of entry.

(2) REQUIREMENTS FOR EXERCISES.—In conducting exercises under paragraph (1), the Secretary and the Commissioner shall—

(A) make allowance for the resources, needs, and constraints of United States ports of entry of different sizes in representative geographic locations across the United States;

(B) base evaluations on current risk assessments of merchandise entering the United States at representative United States ports of entry located across the United States;

(C) ensure that such exercises are conducted in a manner consistent with the National Incident Management System, the National Response Plan, the National Infrastructure Protection Plan, the National Preparedness Guidelines, the Maritime Transportation System Security Plan, and other such national initiatives of the Department of Homeland Security, as appropriate; and

(D) develop metrics with respect to the resumption of the entry of merchandise into the United States after an incident described in subsection (a)(1).

(3) REQUIREMENTS FOR TESTING AND EVALUATION.—The Secretary and the Commissioner shall ensure that the testing and evaluation carried out in conducting exercises under paragraph (1)—

(A) are performed using clear and objective performance measures; and

(B) result in the identification of specific recommendations or best practices for responding to an incident described in subsection (a)(1).

(4) DISSEMINATION OF RECOMMENDATIONS AND BEST PRACTICES.—The Secretary and the Commissioner shall—

(A) share the recommendations or best practices identified under paragraph (3)(B) among the members of the interagency Import Safety Working Group and with, as appropriate—

(i) State, local, and tribal governments;

(ii) foreign governments; and

(iii) private sector entities; and

(B) use such recommendations and best practices to update the joint import safety rapid response plan.

SEC. 203. TRAINING.

The Commissioner shall ensure that personnel of U.S. Customs and Border Protection assigned to United States ports of entry are trained to effectively administer the provisions of this title and to otherwise assist in ensuring the safety of merchandise imported into the United States and the expeditious entry of such merchandise.

TITLE III—IMPORT-RELATED PROTECTION OF INTELLECTUAL PROPERTY RIGHTS

SEC. 301. DEFINITION OF INTELLECTUAL PROPERTY RIGHTS.

In this title, the term "intellectual property rights" refers to copyrights, trademarks, and other forms of intellectual property rights that are enforced by U.S. Customs and Border Protection or U.S. Immigration and Customs Enforcement.

SEC. 302. EXCHANGE OF INFORMATION RELATED TO TRADE ENFORCEMENT.

(a) IN GENERAL.—The Tariff Act of 1930 is amended by inserting after section 628 (19 U.S.C. 1628) the following new section:

"SEC. 628A. EXCHANGE OF INFORMATION RELATED TO TRADE ENFORCEMENT.

"(a) IN GENERAL.—Subject to subsections (c) and (d), if the Commissioner responsible for U.S. Customs and Border Protection suspects that merchandise is being imported into the United States in violation of section 526 of this Act or section 602, 1201(a)(2), or 1201(b)(1) of title 17, United States Code, and determines that the examination or testing of the merchandise by a person described in subsection (b) would assist the Commissioner in determining if the merchandise is being imported in violation of that section, the Commissioner, to permit the person to conduct the examination and testing—

"(1) shall provide to the person information that appears on the merchandise and its packaging and labels, including unredacted images of the merchandise and its packaging and labels; and

"(2) may, subject to any applicable bonding requirements, provide to the person unredacted samples of the merchandise.

"(b) PERSON DESCRIBED.—A person described in this subsection is—

"(1) in the case of merchandise suspected of being imported in violation of section 526, the owner of the trademark suspected of being copied or simulated by the merchandise;

"(2) in the case of merchandise suspected of being imported in violation of section 602 of title 17, United States Code, the owner of the copyright suspected of being infringed by the merchandise;

"(3) in the case of merchandise suspected of being primarily designed or produced for the purpose of circumventing a technological measure that effectively controls access to a work protected under that title, and being imported in violation of section 1201(a)(2) of that title, the owner of a copyright in the work; and

"(4) in the case of merchandise suspected of being primarily designed or produced for the purpose of circumventing protection afforded by a technological measure that effectively protects a right of an owner of a copyright in a work or a portion of a work, and being imported in violation of section 1201(b)(1) of that title, the owner of the copyright.

"(c) LIMITATION.—Subsection (a) applies only with respect to merchandise suspected of infringing a trademark or copyright that is recorded with U.S. Customs and Border Protection.

"(d) EXCEPTION.—The Commissioner may not provide under subsection (a) information, photographs, or samples to a person described in subsection (b) if providing such information, photographs, or samples would compromise an ongoing law enforcement investigation or national security.".

(b) TERMINATION OF PREVIOUS AUTHORITY.—Notwithstanding paragraph (2) of section 818(g) of the National Defense Authorization Act for Fiscal Year 2012 (Public Law 112–81; 125 Stat. 1496; 10 U.S.C. 2302 note), paragraph (1) of that section shall have no force or effect on or after the date of the enactment of this Act.

SEC. 303. SEIZURE OF CIRCUMVENTION DEVICES.

(a) IN GENERAL.—Section 596(c)(2) of the Tariff Act of 1930 (19 U.S.C. 1595a(c)(2)) is amended—

(1) in subparagraph (E), by striking "or";

(2) in subparagraph (F), by striking the period and inserting "; or"; and

(3) by adding at the end the following:

"(G) U.S. Customs and Border Protection determines it is a technology, product, service, device, component, or part thereof the importation of which is prohibited under subsection (a)(2) or (b)(1) of section 1201 of title 17, United States Code.".

(b) NOTIFICATION OF PERSONS INJURED.—

(1) IN GENERAL.—Not later than the date that is 30 business days after seizing merchandise pursuant to subparagraph (G) of section 596(c)(2) of the Tariff Act of 1930, as added by subsection (a), the Commissioner shall provide to any person identified under paragraph (2) information regarding the merchandise seized that is equivalent to information provided to copyright owners under regulations of U.S. Customs and Border Protection for merchandise seized for violation of the copyright laws.

(2) PERSONS TO BE PROVIDED INFORMATION.—Any person injured by the violation of (a)(2) or (b)(1) of section 1201 of title 17, United States Code, that resulted in the seizure of the merchandise shall be provided information under paragraph (1), if that person is included on a list maintained by the Commissioner that is revised annually through publication in the Federal Register.

(3) REGULATIONS.—Not later than one year after the date of the enactment of this Act, the Secretary of the Treasury shall prescribe regulations establishing procedures that implement this subsection.

SEC. 304. ENFORCEMENT BY U.S. CUSTOMS AND BORDER PROTECTION OF WORKS FOR WHICH COPYRIGHT REGISTRATION IS PENDING.

Not later than the date that is 180 days after the date of the enactment of this Act, the Secretary of Homeland Security shall authorize a process pursuant to which the Commissioner shall enforce a copyright for which the owner has submitted an application for registration under title 17, United States Code, with the United States Copyright Office, to the same extent and in the same manner as if the copyright were registered with the Copyright Office, including by sharing information, images, and samples of merchandise suspected of infringing the copyright under section 628A of the Tariff Act of 1930, as added by section 302.

SEC. 305. NATIONAL INTELLECTUAL PROPERTY RIGHTS COORDINATION CENTER.

(a) ESTABLISHMENT.—The Secretary of Homeland Security shall—

(1) establish within U.S. Immigration and Customs Enforcement a National Intellectual Property Rights Coordination Center; and

(2) appoint an Assistant Director to head the National Intellectual Property Rights Coordination Center.

(b) DUTIES.—The Assistant Director of the National Intellectual Property Rights Coordination Center shall—

(1) coordinate the investigation of sources of merchandise that infringe intellectual property rights to identify organizations and individuals that produce, smuggle, or distribute such merchandise;

(2) conduct and coordinate training with other domestic and international law enforcement agencies on investigative best practices—

(A) to develop and expand the capability of such agencies to enforce intellectual property rights; and

(B) to develop metrics to assess whether the training improved enforcement of intellectual property rights;

(3) coordinate, with U.S. Customs and Border Protection, activities conducted by the United States to prevent the importation or exportation of merchandise that infringes intellectual property rights;

(4) support the international interdiction of merchandise destined for the United States that infringes intellectual property rights;

(5) collect and integrate information regarding infringement of intellectual property rights from domestic and international law enforcement agencies and other non-Federal sources;

(6) develop a means to receive and organize information regarding infringement of intellectual property rights from such agencies and other sources;

(7) disseminate information regarding infringement of intellectual property rights to other Federal agencies, as appropriate;

(8) develop and implement risk-based alert systems, in coordination with U.S. Customs and Border Protection, to improve the targeting of persons that repeatedly infringe intellectual property rights;

(9) coordinate with the offices of United States attorneys in order to develop expertise in, and assist with the investigation and prosecution of, crimes relating to the infringement of intellectual property rights; and

(10) carry out such other duties as the Secretary of Homeland Security may assign.

(c) COORDINATION WITH OTHER AGENCIES.—In carrying out the duties described in subsection (b), the Assistant Director of the National Intellectual Property Rights Coordination Center shall coordinate with—

(1) U.S. Customs and Border Protection;

(2) the Food and Drug Administration;

(3) the Department of Justice;

(4) the Department of Commerce, including the United States Patent and Trademark Office;

(5) the United States Postal Inspection Service;

(6) the Office of the United States Trade Representative;

(7) any Federal, State, local, or international law enforcement agencies that the Director of U.S. Immigration and Customs Enforcement considers appropriate; and

(8) any other entities that the Director considers appropriate.

(d) PRIVATE SECTOR OUTREACH.—

(1) IN GENERAL.—The Assistant Director of the National Intellectual Property Rights Coordination Center shall work with U.S. Customs and Border Protection and other Federal agencies to conduct outreach to private sector entities in order to determine trends in and methods of infringing intellectual property rights.

(2) INFORMATION SHARING.—The Assistant Director shall share information and best practices with respect to the enforcement of intellectual property rights with private sector entities, as appropriate, in order to coordinate public and private sector efforts to combat the infringement of intellectual property rights.

SEC. 306. JOINT STRATEGIC PLAN FOR THE ENFORCEMENT OF INTELLECTUAL PROPERTY RIGHTS.

The Commissioner and the Director of U.S. Immigration and Customs Enforcement shall include in the joint strategic plan required by section 105 of this Act—

(1) a description of the efforts of the Department of Homeland Security to enforce intellectual property rights;

(2) a list of the 10 United States ports of entry at which U.S. Customs and Border Protection has seized the most merchandise, both by volume and by value, that infringes intellectual property rights during the most recent 2-year period for which data are available; and

(3) a recommendation for the optimal allocation of personnel, resources, and technology to ensure that U.S. Customs and Border Protection and U.S. Immigration and Customs Enforcement are adequately enforcing intellectual property rights.

SEC. 307. PERSONNEL DEDICATED TO THE ENFORCEMENT OF INTELLECTUAL PROPERTY RIGHTS.

(a) PERSONNEL OF U.S. CUSTOMS AND BORDER PROTECTION.—The Commissioner and the Director of U.S. Immigration and Customs Enforcement shall ensure that sufficient personnel are assigned throughout U.S. Customs and Border Protection and U.S. Immigration and Customs Enforcement, respectively, who have responsibility for preventing the importation into the United States of merchandise that infringes intellectual property rights.

(b) STAFFING OF NATIONAL INTELLECTUAL PROPERTY RIGHTS COORDINATION CENTER.—The Commissioner shall—

(1) assign not fewer than 3 full-time employees of U.S. Customs and Border Protection to the National Intellectual Property Rights Coordination Center established under section 305 of this Act; and

(2) ensure that sufficient personnel are assigned to United States ports of entry to carry out the directives of the Center.

SEC. 308. TRAINING WITH RESPECT TO THE ENFORCEMENT OF INTELLECTUAL PROPERTY RIGHTS.

(a) TRAINING.—The Commissioner shall ensure that officers of U.S. Customs and Border Protection are trained to effectively detect and identify merchandise destined for the United States that infringes intellectual property rights, including through the use of technologies identified under subsection (c).

(b) CONSULTATION WITH PRIVATE SECTOR.—The Commissioner shall consult with private sector entities to better identify opportunities for collaboration between U.S. Customs and Border Protection and such entities with respect to training for officers of U.S. Customs and Border Protection in enforcing intellectual property rights.

(c) IDENTIFICATION OF NEW TECHNOLOGIES.—In consultation with private sector entities, the Commissioner shall identify—

(1) technologies with the cost-effective capability to detect and identify merchandise at United States ports of entry that infringes intellectual property rights; and

(2) cost-effective programs for training officers of U.S. Customs and Border Protection to use such technologies.

(d) DONATIONS OF TECHNOLOGY.—Not later than the date that is 180 days after the date of the enactment of this Act, the Commissioner shall prescribe regulations to enable U.S. Customs and Border Protection to receive donations of hardware, software, equipment, and similar technologies, and to accept training and other support services, from private sector entities, for the purpose of enforcing intellectual property rights.

SEC. 309. INTERNATIONAL COOPERATION AND INFORMATION SHARING.

(a) COOPERATION.—The Secretary of Homeland Security shall coordinate with the competent law enforcement and customs authorities of foreign countries, including by sharing information relevant to enforcement actions, to enhance the efforts of the United States and such authorities to enforce intellectual property rights.

(b) TECHNICAL ASSISTANCE.—The Secretary of Homeland Security shall provide technical assistance to competent law enforcement and customs authorities of foreign countries to enhance the ability of such authorities to enforce intellectual property rights.

(c) INTERAGENCY COLLABORATION.—The Commissioner and the Director of U.S. Immigration and Customs Enforcement shall lead interagency efforts to collaborate with law enforcement and customs authorities of foreign countries to enforce intellectual property rights.

SEC. 310. REPORT ON INTELLECTUAL PROPERTY RIGHTS ENFORCEMENT.

Not later than June 30, 2016, and annually thereafter, the Commissioner and the Director of U.S. Immigration and Customs Enforcement shall jointly submit to the Committee on Finance of the Senate and the Committee on Ways and Means of the House of Representatives a report that contains the following:

(1) With respect to the enforcement of intellectual property rights, the following:

(A) The number of referrals from U.S. Customs and Border Protection to U.S. Immigration and Customs Enforcement relating to infringement of intellectual property rights during the preceding year.

(B) The number of investigations relating to the infringement of intellectual property rights referred by U.S. Immigration and Customs Enforcement to a United States attorney for prosecution and the United States attorneys to which those investigations were referred.

(C) The number of such investigations accepted by each such United States attorney and the status or outcome of each such investigation.

(D) The number of such investigations that resulted in the imposition of civil or criminal penalties.

(E) A description of the efforts of U.S. Custom and Border Protection and U.S. Immigration and Customs Enforcement to improve the success rates of investigations and prosecutions relating to the infringement of intellectual property rights.

(2) An estimate of the average time required by the Office of International Trade of U.S. Customs and Border Protection to respond to a request from port personnel for advice with respect to whether merchandise detained by U.S. Customs and Border Protection infringed intellectual property rights, distinguished by types of intellectual property rights infringed.

(3) A summary of the outreach efforts of U.S. Customs and Border Protection and U.S. Immigration and Customs Enforcement with respect to—

(A) the interdiction and investigation of, and the sharing of information between those agencies and other Federal agencies to prevent the infringement of intellectual property rights;

(B) collaboration with private sector entities—

(i) to identify trends in the infringement of, and technologies that infringe, intellectual property rights;

(ii) to identify opportunities for enhanced training of officers of U.S. Customs and Border Protection and U.S. Immigration and Customs Enforcement; and

(iii) to develop best practices to enforce intellectual property rights; and

(C) coordination with foreign governments and international organizations with respect to the enforcement of intellectual property rights.

(4) A summary of the efforts of U.S. Customs and Border Protection and U.S. Immigration and Customs Enforcement to address the challenges with respect to the enforcement of intellectual property rights presented by Internet commerce and the transit of small packages and an identification of the volume, value, and type of merchandise seized for infringing intellectual property rights as a result of such efforts.

(5) A summary of training relating to the enforcement of intellectual property rights conducted under section 308 of this Act and expenditures for such training.

SEC. 311. INFORMATION FOR TRAVELERS REGARDING VIOLATIONS OF INTELLECTUAL PROPERTY RIGHTS.

(a) IN GENERAL.—The Secretary of Homeland Security shall develop and carry out an educational campaign to inform travelers entering or leaving the United States about the legal, economic, and public health and safety implications of acquiring merchandise that infringes intellectual property rights outside the United States and importing such merchandise into the United States in violation of United States law.

(b) DECLARATION FORMS.—The Commissioner shall ensure that all versions of Declaration Form 6059B of U.S. Customs and Border Protection, or a successor form, including any electronic equivalent of Declaration Form 6059B or a successor form, printed or displayed on or after the date that is 30 days after the date of the enactment of this Act include a written warning to inform travelers arriving in the United States that importation of merchandise into the United States that infringes intellectual property rights may subject travelers to civil or criminal penalties and may pose serious risks to safety or health.

TITLE IV—PREVENTION OF EVASION OF ANTIDUMPING AND COUNTERVAILING DUTY ORDERS

SEC. 401. SHORT TITLE.

This title may be cited as the "Preventing Recurring Trade Evasion and Circumvention Act" or "PROTECT Act".

SEC. 402. DEFINITIONS.

In this title:

(1) APPROPRIATE CONGRESSIONAL COMMITTEES.—The term "appropriate congressional committees" means—

(A) the Committee on Finance and the Committee on Appropriations of the Senate; and

(B) the Committee on Ways and Means and the Committee on Appropriations of the House of Representatives.

(2) COVERED MERCHANDISE.—The term "covered merchandise" means merchandise that is subject to—

(A) a countervailing duty order issued under section 706 of the Tariff Act of 1930; or

(B) an antidumping duty order issued under section 736 of the Tariff Act of 1930.

(3) ELIGIBLE SMALL BUSINESS.—

(A) IN GENERAL.—The term "eligible small business" means any business concern which, in the Commissioner's judgment, due to its small size, has neither adequate internal resources nor financial ability to obtain qualified outside assistance in preparing and submitting for consideration allegations of evasion.

(B) NON-REVIEWABILITY.—Any agency decision regarding whether a business concern is an eligible small business for purposes of section 411(b)(4)(E) is not reviewable by any other agency or by any court.

(4) ENTER; ENTRY.—The terms "enter" and "entry" refer to the entry, or withdrawal from warehouse for consumption, in the customs territory of the United States.

(5) EVADE; EVASION.—The terms "evade" and "evasion" refer to entering covered merchandise into the customs territory of the United States by means of any document or electronically transmitted data or information, written or oral statement, or act that is material and false, or any omission that is material, and that results in any cash deposit or other security or any amount of applicable antidumping or countervailing duties being reduced or not being applied with respect to the merchandise.

(6) SECRETARY.—The term "Secretary" means the Secretary of the Treasury.

(7) TRADE REMEDY LAWS.—The term "trade remedy laws" means title VII of the Tariff Act of 1930.

SEC. 403. APPLICATION TO CANADA AND MEXICO.

Pursuant to article 1902 of the North American Free Trade Agreement and section 408 of the North American Free Trade Agreement Implementation Act (19 U.S.C. 3438), this title and the amendments made by this title shall apply with respect to goods from Canada and Mexico.

Subtitle A—Actions Relating to Enforcement of Trade Remedy Laws

SEC. 411. TRADE REMEDY LAW ENFORCEMENT DIVISION.

(a) ESTABLISHMENT.—

(1) IN GENERAL.—The Secretary of Homeland Security shall establish and maintain within the Office of International Trade of U.S. Customs and Border Protection, established under section 2(d) of the Act of March 3, 1927 (44 Stat. 1381, chapter 348; 19 U.S.C. 2072(d)), a Trade Remedy Law Enforcement Division.

(2) COMPOSITION.—The Trade Law Remedy Enforcement Division shall be composed of—

(A) headquarters personnel led by a Director, who shall report to the Assistant Commissioner of the Office of International Trade; and

(B) a National Targeting and Analysis Group dedicated to preventing and countering evasion.

(3) DUTIES.—The Trade Remedy Law Enforcement Division shall be dedicated—

(A) to the development and administration of policies to prevent and counter evasion;

(B) to direct enforcement and compliance assessment activities concerning evasion;

(C) to the development and conduct of commercial risk assessment targeting with respect to cargo destined for the United States in accordance with subsection (c);

(D) to issuing Trade Alerts described in subsection (d); and

(E) to the development of policies for the application of single entry and continuous bonds for entries of covered merchandise to sufficiently protect the collection of antidumping and countervailing duties commensurate with the level of risk of noncollection.

(b) DUTIES OF DIRECTOR.—The duties of the Director of the Trade Remedy Law Enforcement Division shall include—

(1) directing the trade enforcement and compliance assessment activities of U.S. Customs and Border Protection that concern evasion;

(2) facilitating, promoting, and coordinating cooperation and the exchange of information between U.S. Customs and Border Protection, U.S. Immigration and Customs Enforcement, and other relevant agencies regarding evasion;

(3) notifying on a timely basis the administering authority (as defined in section 771(1) of the Tariff Act of 1930 (19 U.S.C. 1677(1))) and the Commission (as defined in section 771(2) of the Tariff Act of 1930 (19 U.S.C. 1677(2))) of any finding, determination, civil action, or criminal action taken by U.S. Customs and Border Protection or other Federal agency regarding evasion;

(4) serving as the primary liaison between U.S. Customs and Border Protection and the public regarding United States Government activities concerning evasion, including—

(A) receive and transmit to the appropriate U.S. Customs and Border Protection office allegations from parties of evasion;

(B) upon request by the party or parties that submitted an allegation of evasion, provide information to such party or parties on the status of U.S. Customs and Border Protection's consideration of the allegation and decision to pursue or not pursue any administrative inquiries or other actions, such as changes in policies, procedures, or resource allocation as a result of the allegation;

(C) as needed, request from the party or parties that submitted an allegation of evasion any additional information that may be relevant for U.S. Customs and Border Protection determining whether to initiate an administrative inquiry or take any other action regarding the allegation;

(D) notify on a timely basis the party or parties that submitted such an allegation of the results of any administrative, civil or criminal actions taken by U.S. Customs and Border Protection or other Federal agency regarding evasion as a direct or indirect result of the allegation;

(E) upon request, provide technical assistance and advice to eligible small businesses to enable such businesses to prepare and submit allegations of evasion, except that the Director may deny assistance if the Director concludes that the allegation, if submitted, would not lead to the initiation of an administrative inquiry or any other action to address the allegation;

(F) in cooperation with the public, the Commercial Customs Operations Advisory Committee, the Trade Support Network, and any other relevant parties and organizations, develop guidelines on the types and nature of information that may be provided in allegations of evasion; and

(G) regularly consult with the public, the Commercial Customs Operations Advisory Committee, the Trade Support Network, and any other relevant parties and organizations regarding the development and implementation of regulations, interpretations, and policies related to countering evasion.

(c) PREVENTING AND COUNTERING EVASION OF THE TRADE REMEDY LAWS.—In carrying out its duties with respect to preventing and countering evasion, the National Targeting and Analysis Group dedicated to preventing and countering evasion shall—

(1) establish targeted risk assessment methodologies and standards—

(A) for evaluating the risk that cargo destined for the United States may constitute evading covered merchandise; and

(B) for issuing, as appropriate, Trade Alerts described in subsection (d); and

(2) to the extent practicable and otherwise authorized by law, use information available from the Automated Commercial System, the Automated Commercial Environment computer system, the Automated Targeting System, the Automated Export System, the International Trade Data System, and the TECS, and any similar and successor systems, to administer the methodologies and standards established under paragraph (1).

(d) TRADE ALERTS.—Based upon the application of the targeted risk assessment methodologies and standards established under subsection (c), the Director of the Trade Remedy Law Enforcement Division shall issue Trade Alerts or other such means of notification to directors of United States ports of entry directing further inspection, physical examination, or testing of merchandise to ensure compliance with the trade remedy laws and to require additional bonds, cash deposits, or other security to ensure collection of any duties, taxes and fees owed.

SEC. 412. COLLECTION OF INFORMATION ON EVASION OF TRADE REMEDY LAWS.

(a) AUTHORITY TO COLLECT INFORMATION.—To determine whether covered merchandise is being entered into the customs territory of the United States through evasion, the Secretary, acting through the Commissioner—

(1) shall exercise all existing authorities to collect information needed to make the determination; and

(2) may collect such additional information as is necessary to make the determination through such methods as the Commissioner considers appropriate, including by issuing questionnaires with respect to the entry or entries at issue to—

(A) a person who filed an allegation with respect to the covered merchandise;

(B) a person who is alleged to have entered the covered merchandise into the customs territory of the United States through evasion; or

(C) any other person who is determined to have information relevant to the allegation of entry of covered merchandise into the customs territory of the United States through evasion.

(b) ADVERSE INFERENCE.—

(1) IN GENERAL.—If the Secretary finds that a person who filed an allegation, a person alleged to have entered covered merchandise into the customs territory of the United States through evasion, or a foreign producer or exporter of covered merchandise that is alleged to have entered into the customs territory of the United States through evasion, has failed to cooperate by not acting to the best of the person's ability to comply with a request for information, the Secretary may, in making a determination whether an entry or entries of covered merchandise may constitute merchandise that is entered into the customs territory of the United States through evasion, use an inference that is adverse to the interests of that person in selecting from among the facts otherwise available to determine whether evasion has occurred.

(2) ADVERSE INFERENCE DESCRIBED.—An adverse inference used under paragraph (1) may include reliance on information derived from—

(A) the allegation of evasion of the trade remedy laws, if any, submitted to U.S. Customs and Border Protection;

(B) a determination by the Commissioner in another investigation, proceeding, or other action regarding evasion of the unfair trade laws; or

(C) any other available information.

SEC. 413. ACCESS TO INFORMATION.

(a) IN GENERAL.—Section 777(b)(1)(A)(ii) of the Tariff Act of 1930 (19 U.S.C. 1677f(b)(1)(A)(ii)) is amended by inserting "negligence, gross negligence, or" after "regarding".

(b) ADDITIONAL INFORMATION.—Notwithstanding any other provision of law, the Secretary is authorized to provide to the Secretary of Commerce or the United States International Trade Commission any information that is necessary to enable the Secretary of Commerce or the United States International Trade Commission to assist the Secretary to identify, through risk assessment targeting or otherwise, covered merchandise that is entered into the customs territory of the United States through evasion.

SEC. 414. COOPERATION WITH FOREIGN COUNTRIES ON PREVENTING EVASION OF TRADE REMEDY LAWS.

(a) BILATERAL AGREEMENTS.—

(1) IN GENERAL.—The Secretary shall seek to negotiate and enter into bilateral agreements with the customs authorities or other appropriate authorities of foreign countries for purposes of cooperation on preventing evasion of the trade remedy laws of the United States and the trade remedy laws of the other country.

(2) PROVISIONS AND AUTHORITIES.—The Secretary shall seek to include in each such bilateral agreement the following provisions and authorities:

(A) On the request of the importing country, the exporting country shall provide, consistent with its laws, regulations, and procedures, production, trade, and transit documents and other information necessary to determine whether an entry or entries exported from the exporting country are subject to the importing country's trade remedy laws.

(B) On the written request of the importing country, the exporting country shall conduct a verification for purposes of enabling the importing country to make a determination described in subparagraph (A).

(C) The exporting country may allow the importing country to participate in a verification described in subparagraph (B), including through a site visit.

(D) If the exporting country does not allow participation of the importing country in a verification described in subparagraph (B), the importing country may take this fact into consideration in its trade enforcement and compliance assessment activities regarding the compliance of the exporting country's exports with the importing country's trade remedy laws.

(b) CONSIDERATION.—The Commissioner is authorized to take into consideration whether a country is a signatory to a bilateral agreement described in subsection (a) and the extent to which the country is cooperating under the bilateral agreement for purposes of trade enforcement and compliance assessment activities of U.S. Customs and Border Protection that concern evasion by such country's exports.

(c) REPORT.—Not later than December 31 of each year beginning after the date of the enactment of this Act, the Secretary shall submit to the appropriate congressional committees a report summarizing—

(1) the status of any ongoing negotiations of bilateral agreements described in subsection (a), including the identities of the countries involved in such negotiations;

(2) the terms of any completed bilateral agreements described in subsection (a); and

(3) bilateral cooperation and other activities conducted pursuant to or enabled by any completed bilateral agreements described in subsection (a).

SEC. 415. TRADE NEGOTIATING OBJECTIVES.

The principal negotiating objectives of the United States shall include obtaining the objectives of the bilateral agreements described under section 414(a) for any trade agreements under negotiation as of the date of the enactment of this Act or future trade agreement negotiations.

Subtitle B—Investigation of Evasion of Trade Remedy Laws

SEC. 421. PROCEDURES FOR INVESTIGATION OF EVASION OF ANTIDUMPING AND COUNTERVAILING DUTY ORDERS.

(a) IN GENERAL.—Title VII of the Tariff Act of 1930 (19 U.S.C. 1671 et seq.) is amended by inserting after section 781 the following:

"SEC. 781A. PROCEDURES FOR PREVENTION OF EVASION OF ANTIDUMPING AND COUNTERVAILING DUTY ORDERS.

"(a) DEFINITIONS.—In this section:

"(1) ADMINISTERING AUTHORITY.—The term 'administering authority' has the meaning given that term in section 771.

"(2) COMMISSIONER.—The term 'Commissioner' means the Commissioner responsible for U.S. Customs and Border Protection.

"(3) COVERED MERCHANDISE.—The term 'covered merchandise' means merchandise that is subject to—

"(A) a countervailing duty order issued under section 706; or

"(B) an antidumping duty order issued under section 736.

"(4) EVASION.—

"(A) IN GENERAL.—Except as provided in subparagraph (B), the term 'evasion' refers to entering covered merchandise into the customs territory of the United States by means of any document or electronically transmitted data or information, written or oral statement, or act that is material and false, or any omission that is material, and that results in any cash deposit or other security or any amount of applicable antidumping or countervailing duties being reduced or not being applied with respect to the merchandise.

"(B) EXCEPTION FOR CLERICAL ERROR.—

"(i) IN GENERAL.—Except as provided in clause (ii), the term 'evasion' does not include entering covered merchandise into the customs territory of the United States by means of—

"(I) a document or electronically transmitted data or information, written or oral statement, or act that is false as a result of a clerical error; or

"(II) an omission that results from a clerical error.

"(ii) PATTERNS OF NEGLIGENT CONDUCT.—If the Commissioner determines that a person has entered covered merchandise into the customs territory of the United States by means of a clerical error referred to in subclause (I) or (II) of clause (i) and that the clerical error is part of a pattern of negligent conduct on the part of that person, the Commissioner may determine, notwithstanding clause (i), that the person has entered such covered merchandise into the customs territory of the United States through evasion.

"(iii) ELECTRONIC REPETITION OF ERRORS.—For purposes of clause (ii), the mere nonintentional repetition by an electronic system of an initial clerical error does not constitute a pattern of negligent conduct.

"(iv) RULE OF CONSTRUCTION.—A determination by the Commissioner that a person has entered covered merchandise into the customs territory of the United States by means of a clerical error referred to in subclause (I) or (II) of clause (i) rather than through evasion shall not be

construed to excuse that person from the payment of any duties applicable to the merchandise.

"(b) PREVENTION BY ADMINISTERING AUTHORITY.—

"(1) PROCEDURES FOR INITIATING INVESTIGATIONS.—

"(A) INITIATION BY ADMINISTERING AUTHORITY.—An investigation under this subsection shall be initiated with respect to merchandise imported into the United States whenever the administering authority determines, from information available to the administering authority, that an investigation is warranted with respect to whether the merchandise is covered merchandise.

"(B) INITIATION BY PETITION OR REFERRAL.—

"(i) IN GENERAL.—The administering authority shall determine whether to initiate an investigation under this subparagraph not later than 30 days after the date on which the administering authority receives a petition described in clause (ii) or a referral described in clause (iii).

"(ii) PETITION DESCRIBED.—A petition described in this clause is a petition that—

"(I) is filed with the administering authority by an interested party specified in subparagraph (A), (C), (D), (E), (F), or (G) of section 771(9);

"(II) alleges that merchandise imported into the United States is covered merchandise; and

"(III) is accompanied by information reasonably available to the petitioner supporting those allegations.

"(iii) REFERRAL DESCRIBED.—A referral described in this clause is a referral made by the Commissioner pursuant to subsection (c)(1).

"(2) TIME LIMITS FOR DETERMINATIONS.—

"(A) PRELIMINARY DETERMINATION.—

"(i) IN GENERAL.—Not later than 90 days after the administering authority initiates an investigation under paragraph (1) with respect to merchandise, the administering authority shall issue a preliminary determination, based on information available to the administering authority at the time of the determination, with respect to whether there is a reasonable basis to believe or suspect that the merchandise is covered merchandise.

"(ii) EXPEDITED PROCEDURES.—If the administering authority determines that expedited action is warranted with respect to an investigation initiated under paragraph (1), the administering authority may publish the notice of initiation of the investigation and the notice of the preliminary determination in the Federal Register at the same time.

"(B) FINAL DETERMINATION BY THE ADMINISTERING AUTHORITY.—The administering authority shall issue a final determination with respect to whether merchandise is covered merchandise not later than 300 days after the date on which the administering authority initiates an investigation under paragraph (1) with respect to the merchandise.

"(3) ACCESS TO INFORMATION.—

"(A) ENTRY DOCUMENTS, RECORDS, AND OTHER INFORMATION.—Upon receiving a request from the administering authority, and not later than 10 days after receiving the administering authority's request, the Commissioner shall transmit to the administering authority copies of the documentation and information required by section 484(a)(1) with respect to the entry of the merchandise, as well as any other documentation or information requested by the administering authority.

"(B) ACCESS OF INTERESTED PARTIES.—Not later than 10 business days after the date on which the administering authority initiates an investigation under paragraph (1) with respect to merchandise, the administering authority shall provide to the authorized representative of each interested party that filed a petition under paragraph (1) or otherwise participates in a proceeding, pursuant to a protective order, the copies of the entry documentation and any other information received by the administering authority under subparagraph (A).

"(C) BUSINESS PROPRIETARY INFORMATION FROM PRIOR SEGMENTS.—Where an authorized representative to an interested party participating in an investigation under paragraph (1) has access to business proprietary information released pursuant to administrative protective order in a proceeding under 19 U.S.C. §§ 1671 et seq., 1673 et seq., or 1675 et seq. that is relevant to the investigation conducted under paragraph (1), that authorized representative may submit such information to the administering authority

for its consideration in the context of the investigation conducted under paragraph (1).

"(4) AUTHORITY TO COLLECT AND VERIFY ADDITIONAL INFORMATION.—In making a determination under paragraph (2) with respect to covered merchandise, the administering authority may collect such additional information as is necessary to make the determination through such methods as the administering authority considers appropriate, including by—

"(A) issuing a questionnaire with respect to such covered merchandise to—

"(i) a person that filed an allegation under paragraph (1)(B)(ii) that resulted in the initiation of an investigation under paragraph (1)(A) with respect to such covered merchandise;

"(ii) a person alleged to have entered such covered merchandise into the customs territory of the United States through evasion;

"(iii) a person that is a foreign producer or exporter of such covered merchandise; or

"(iv) the government of a country from which such covered merchandise was exported;

"(B) conducting verifications, including on-site verifications, of any relevant information; and

"(C) requesting—

"(i) that the Commissioner provide any information and data available to U.S. Customs and Border Protection, and

"(ii) that the Commissioner gather additional necessary information from the importer of covered merchandise and other relevant parties.

"(5) ADVERSE INFERENCE.—If the administering authority finds that a person described in clause (i), (ii), or (iii) of paragraph (4)(A) has failed to cooperate by not acting to the best of the person's ability to comply with a request for information, the administering authority may, in making a determination under paragraph (2), use an inference that is adverse to the interests of that person in selecting from among the facts otherwise available to make the determination.

"(6) EFFECT OF AFFIRMATIVE PRELIMINARY DETERMINATION.—If the administering authority makes a preliminary determination under paragraph (2)(A) that merchandise is covered merchandise, the administering authority shall instruct U.S. Customs and Border Protection—

"(A) to suspend liquidation of each entry of the merchandise that—

"(i) enters on or after the date of the preliminary determination; or

"(ii) enters before that date, if the liquidation of the entry is not final on that date; and

"(B) to require the posting of a cash deposit for each entry of the merchandise in an amount determined pursuant to the order or finding described in subsection (a)(2)(A)(i), or administrative review conducted under section 751, that applies to the merchandise.

"(7) EFFECT OF AFFIRMATIVE FINAL DETERMINATION.—

"(A) IN GENERAL.—If the administering authority makes a final determination under paragraph (2)(B) that merchandise is covered merchandise, the administering authority shall instruct U.S. Customs and Border Protection—

"(i) to assess duties on the merchandise in an amount determined pursuant to the order or finding described in subsection (a)(2)(A)(i), or administrative review conducted under section 751, that applies to the merchandise;

"(ii) notwithstanding section 501, to reliquidate, in accordance with such order, finding, or administrative review, each entry of the merchandise that was liquidated and is determined to include covered merchandise; and

"(iii) to review and reassess the amount of bond or other security the importer is required to post for such merchandise entered on or after the date of the final determination to ensure the protection of revenue and compliance with the law.

"(B) ADDITIONAL AUTHORITY.—If the administering authority makes a final determination under paragraph (2)(B) that merchandise is covered merchandise, the administering authority may instruct U.S. Customs and Border Protection to require the importer of the merchandise to post a cash deposit or bond on such merchandise entered on or after the date of the final determination in an amount the administering authority determines in the final determination to be owed with respect to the merchandise.

"(8) EFFECT OF NEGATIVE FINAL DETERMINATION.—If the administering authority makes a final determination under paragraph (2)(B) that merchandise is not covered merchandise, the administering authority shall terminate the suspension of liquidation and refund any cash deposit imposed pursuant to paragraph (6) with respect to the merchandise.

"(9) NOTIFICATION.—Not later than 5 business days after making a determination under paragraph (2) with respect to covered merchandise, the administering authority may provide to importers, in such manner as the administering authority determines appropriate, information discovered in the investigation that the administering authority determines will help educate importers with respect to importing merchandise into the customs territory of the United States in accordance with all applicable laws and regulations.

"(10) SPECIAL RULE FOR CASES IN WHICH THE PRODUCER OR EXPORTER IS UNKNOWN.—If the administering authority is unable to determine the actual producer or exporter of the merchandise with respect to which the administering authority initiated an investigation under paragraph (1), the administering authority shall, in requiring the posting of a cash deposit under paragraph (6) or assessing duties pursuant to paragraph (7)(A), impose the cash deposit or duties (as the case may be) in the highest amount applicable to any producer or exporter of the merchandise pursuant to any order or finding described in subsection (a)(2)(A)(i), or any administrative review conducted under section 751.

"(11) PUBLICATION OF DETERMINATIONS.—The administering authority shall publish each notice of initiation of investigation made under paragraph (1)(A), each preliminary determination made under paragraph (2)(A) and each final determination made under paragraph (2)(B) in the Federal Register.

"(12) REFERRALS TO OTHER AGENCIES.—

"(A) AFTER PRELIMINARY DETERMINATION.—Notwithstanding section 777 and subject to subparagraph (C), when the administering authority makes an affirmative preliminary determination under paragraph (2)(A), the administering authority shall—

"(i) transmit the administrative record to the Commissioner for such additional action as the Commissioner determines appropriate, including proceedings under section 592; and

"(ii) at the request of the head of another agency, transmit the administrative record to the head of that agency.

"(B) AFTER FINAL DETERMINATION.—Notwithstanding section 777 and subject to subparagraph (C), when the administering authority makes an affirmative final determination under paragraph (2)(B), the administering authority shall—

"(i) transmit the complete administrative record to the Commissioner; and

"(ii) at the request of the head of another agency, transmit the complete administrative record to the head of that agency.

"(c) PREVENTION BY U.S. CUSTOMS AND BORDER PROTECTION.—In the event the Commissioner receives information that a person is entered covered merchandise into the customs territory of the United States through evasion, but is not able to determine whether the merchandise is in fact covered merchandise, the Commissioner shall—

"(A) refer the matter to the administering authority for additional proceedings under subsection (b); and

"(B) transmit to the administering authority—

"(i) copies of the entry documents and information required by section 484(a)(1) relating to the merchandise; and

"(ii) any additional records or information that the Commissioner considers appropriate.

"(d) COOPERATION BETWEEN U.S. CUSTOMS AND BORDER PROTECTION AND THE DEPARTMENT OF COMMERCE.—

"(1) NOTIFICATION OF INVESTIGATIONS.—Upon receiving a petition and upon initiating an investigation under subsection (b), the administering authority shall notify the Commissioner.

"(2) PROCEDURES FOR COOPERATION.—Not later than 180 days after the date of the enactment of this Act , the Commissioner and the administering authority shall establish procedures to ensure maximum cooperation and communication between U.S. Customs and Border Protection and the administering authority in order to quickly, efficiently, and accurately investigate allegations of evasion of antidumping and countervailing duty orders.

"(e) ANNUAL REPORT ON PREVENTING EVASION OF ANTIDUMPING AND COUNTERVAILING DUTY ORDERS.—

"(1) IN GENERAL.—Not later than February 28 of each year beginning in 2016, the Under Secretary for International Trade of the Department of Commerce shall submit to the Committee on Finance and the Committee on Appropriations of the Senate and the Committee on Ways and Means and the Committee on Appropriations of the House of Representatives a report on the efforts being taken under subsection (b) to prevent evasion of antidumping and countervailing duty orders.

"(2) CONTENTS.—Each report required by paragraph (1) shall include, for the year preceding the submission of the report—

"(A)(i) the number of investigations initiated pursuant to subsection (b); and

"(ii) a description of such investigations, including—

"(I) the results of such investigations; and

"(II) the amount of antidumping and countervailing duties collected as a result of such investigations; and

"(B) the number of referrals made by the Commissioner pursuant to subsection (c).".

(b) TECHNICAL AMENDMENT.—The table of contents for title VII of the Tariff Act of 1930 is amended by inserting after the item relating to section 781 the following:

"Sec. 781A. Procedures for prevention of evasion of antidumping and countervailing duty orders.".

(c) JUDICIAL REVIEW.—Section 516A(a)(2) of the Tariff Act of 1930 (19 U.S.C. 1516a(a)(2)) is amended—

(1) in subparagraph (A)(i)(I), by striking "or (viii)" and inserting "(viii), or (ix)"; and

(2) in subparagraph (B), by inserting at the end the following:

"(ix) A determination by the administering authority under section 781A.".

(d) REGULATIONS.—Not later than 180 days after the date of the enactment of this Act—

(1) the Secretary of Commerce shall prescribe such regulations as may be necessary to carry out subsection (b) of section 781A of the Tariff Act of 1930 (as added by subsection (a) of this section); and

(2) the Commissioner responsible for U.S. Customs and Border Protection shall prescribe such regulations as may be necessary to carry out subsection (c) of such section 781A.

(e) EFFECTIVE DATE.—The amendments made by this section shall—

(1) take effect on the date that is 180 days after the date of the enactment of this Act; and

(2) apply with respect to merchandise entered on or after such date of enactment.

SEC. 422. GOVERNMENT ACCOUNTABILITY OFFICE REPORT.

Not later than 2 years after the date of the enactment of this Act, the Comptroller General of the United States shall submit to the Committee on Finance and the Committee on Appropriations of the Senate and the Committee on Ways and Means and the Committee on Appropriations of the House of Representatives a report assessing the effectiveness of—

(1) the provisions of, and amendments made by, this Act; and

(2) the actions taken and procedures developed by the Secretary of Commerce and the Commissioner pursuant to such provisions and amendments to prevent evasion of antidumping and countervailing duty orders under title VII of the Tariff Act of 1930 (19 U.S.C. 1671 et seq.).

Subtitle C—Other Matters

SEC. 431. ALLOCATION AND TRAINING OF PERSONNEL.

The Commissioner shall, to the maximum extent possible, ensure that U.S. Customs and Border Protection—

(1) employs sufficient personnel who have expertise in, and responsibility for, preventing and investigating the entry of covered merchandise into the customs territory of the United States through evasion;

(2) on the basis of risk assessment metrics, assigns sufficient personnel with primary responsibility for preventing the entry of covered merchandise into the customs territory of the United States through evasion to the ports of entry in the United States at which the Commissioner determines potential evasion presents the most substantial threats to the revenue of the United States; and

(3) provides adequate training to relevant personnel to increase expertise and effectiveness in the prevention and identification of entries of covered merchandise into the customs territory of the United States through evasion.

SEC. 432. ANNUAL REPORT ON PREVENTION OF EVASION OF ANTIDUMPING AND COUNTERVAILING DUTY ORDERS.

(a) IN GENERAL.—Not later than February 28 of each year, beginning in 2014, the Commissioner, in consultation with the Secretary of Commerce and the Director for U.S. Immigration and Customs Enforcement, shall submit to the appropriate congressional committees a report on the efforts being taken to prevent and investigate evasion.

(b) CONTENTS.—Each report required under subsection (a) shall include—

(1) for the calendar year preceding the submission of the report—

(A) a summary of the efforts of U.S. Customs and Border Protection to prevent and identify evasion;

(B) the number of allegations of evasion received and the number of allegations of evasion resulting in any administrative, civil, or criminal actions by U.S. Customs and Border Protection or any other agency;

(C) a summary of the completed administrative inquiries of evasion, including the number and nature of the inquiries initiated, conducted, or completed, as well as their resolution;

(D) with respect to inquiries that lead to lead to issuance of a penalty notice, the penalty amounts;

(E) the amounts of antidumping and countervailing duties collected as a result of any actions by U.S. Customs and Border Protection or any other agency;

(F) a description of the allocation of personnel and other resources of U.S. Customs and Border Protection and U.S. Immigration and Customs Enforcement to prevent, identify and investigate evasion, including any assessments conducted regarding the allocation of such personnel and resources; and

(G) a description of training conducted to increase expertise and effectiveness in the prevention, identification and investigation of evasion; and

(2) a description of U.S. Customs and Border Protection processes and procedures to prevent and identify evasion, including—

(A) the specific guidelines, policies, and practices used by U.S. Customs and Border Protection to ensure that allegations of evasion are promptly evaluated and acted upon in a timely manner;

(B) an evaluation of the efficacy of such existing guidelines, policies, and practices;

(C) identification of any changes since the last report that have materially improved or reduced the effectiveness of U.S. Customs and Border Protection to prevent and identify evasion;

(D) a description of the development and implementation of policies for the application of single entry and continuous bonds for entries of covered merchandise to sufficiently protect the collection of antidumping and countervailing duties commensurate with the level of risk on noncollection;

(E) the processes and procedures for increased cooperation and information sharing with the Department of Commerce, U.S. Immigration and Customs Enforcement, and any other relevant Federal agencies to prevent and identify evasion; and

(F) identification of any recommended policy changes of other Federal agencies or legislative changes to improve the effectiveness of U.S. Customs and Border Protection to prevent and identify evasion.

SEC. 433. ADDRESSING CIRCUMVENTION BY NEW SHIPPERS.

Section 751(a)(2)(B) of the Tariff Act of 1930 (19 U.S.C. 1675(a)(2)(B)) is amended—

(1) by striking clause (iii);

(2) by redesignating clause (iv) as clause (iii); and

(3) inserting after clause (iii), as redesignated by paragraph (2) of this section, the following:

"(iv) DETERMINATIONS BASED ON BONAFIDE SALES.—Any weighted average dumping margin or individual countervailing duty rate determined for an exporter or producer in a review conducted under clause (i) shall be based solely on the bona fide United States sales of an exporter or producer, as the case may be, made during the period covered by the review. In determining whether the United States sales of an exporter or producer made during the period covered by the review

were bona fide, the administering authority shall consider, depending on the circumstances surrounding such sales—

"(I) the prices of such sales;

"(II) whether such sales were made in commercial quantities;

"(III) the timing of such sales;

"(IV) the expenses arising from such sales;

"(V) whether the subject merchandise involved in such sales were resold in the United States at a profit;

"(VI) whether such sales were made on an arms-length basis; and

"(VII) any other factor the administering authority determines to be relevant as to whether such sales are, or are not, likely to be typical of those the exporter or producer will make after completion of the review.".

TITLE V—ADDITIONAL ENFORCEMENT PROVISIONS

SEC. 501. TRADE ENFORCEMENT PRIORITIES.

(a) IN GENERAL.—Section 310 of the Trade Act of 1974 (19 U.S.C. 2420) is amended to read as follows:

"SEC. 310. TRADE ENFORCEMENT PRIORITIES.

"(a) TRADE ENFORCEMENT PRIORITIES, CONSULTATIONS, AND REPORT.—

"(1) TRADE ENFORCEMENT PRIORITIES CONSULTATIONS.—Not later than May 31 of each calendar year that begins after the date of the enactment of the Trade Facilitation and Trade Enforcement Act of 2015, the United States Trade Representative (in this section referred to as the 'Trade Representative') shall consult with the Committee on Finance of the Senate and the Committee on Ways and Means of the House of Representatives with respect to the prioritization of acts, policies, or practices of foreign governments that raise concerns with respect to obligations under the WTO Agreements or any other trade agreement to which the United States is a party, or otherwise create or maintain barriers to United States goods, services, or investment.

"(2) IDENTIFICATION OF TRADE ENFORCEMENT PRIORITIES.—In identifying acts, policies, or practices of foreign governments as trade enforcement priorities under this subsection, the United States Trade Representative shall focus on those acts, policies, and practices the elimination of which is likely to have the most significant potential to increase United States economic growth, and take into account all relevant factors, including—

"(A) the economic significance of any potential inconsistency between an obligation assumed by a foreign government pursuant to a trade agreement to which both the foreign government and the United States are parties and the acts, policies, or practices of that government;

"(B) the impact of the acts, policies, or practices of a foreign government on maintaining and creating United States jobs and productive capacity;

"(C) the major barriers and trade distorting practices described in the most recent National Trade Estimate required under section 181(b);

"(D) the major barriers and trade distorting practices described in other relevant reports addressing international trade and investment barriers prepared by a Federal agency or congressional commission during the 12 months preceding the date of the most recent report under paragraph (3);

"(E) a foreign government's compliance with its obligations under any trade agreements to which both the foreign government and the United States are parties;

"(F) the implications of a foreign government's procurement plans and policies; and

"(G) the international competitive position and export potential of United States products and services.

"(3) REPORT ON TRADE ENFORCEMENT PRIORITIES AND ACTIONS TAKEN TO ADDRESS.—

"(A) IN GENERAL.—Not later than July 31 of each calendar year that begins after the date of the enactment of the Trade Facilitation and Trade Enforcement Act of 2015, the Trade Representative shall report to the Committee on Finance of the Senate and the Committee on Ways and Means of the House of Representatives on acts, policies, or practices of foreign gov-

ernments identified as trade enforcement priorities based on the consultations under paragraph (1) and the criteria set forth in paragraph (2).

"(B) REPORT IN SUBSEQUENT YEARS.—The Trade Representative shall include, when reporting under subparagraph (A) in any calendar year after the calendar year that begins after the date of the enactment of the Trade Facilitation and Trade Enforcement Act of 2015, a description of actions taken to address any acts, policies, or practices of foreign governments identified as trade enforcement priorities under this subsection in the calendar year preceding that report and, as relevant, any year before that calendar year.

"(b) SEMI-ANNUAL ENFORCEMENT CONSULTATIONS.—

"(1) IN GENERAL.—At the same time as the reporting under subsection (a)(3), and not later than January 31 of each following year, the Trade Representative shall consult with the Committee on Finance of the Senate and the Committee on Ways and Means of the House of Representatives with respect to the identification, prioritization, investigation, and resolution of acts, policies, or practices of foreign governments of concern with respect to obligations under the WTO Agreements or any other trade agreement to which the United States is a party, or that otherwise create or maintain trade barriers.

"(2) ACTS, POLICIES, OR PRACTICES OF CONCERN.—The semi-annual enforcement consultations required by paragraph (1) shall address acts, policies, or practices of foreign governments that raise concerns with respect to obligations under the WTO Agreements or any other trade agreement to which the United States is a party, or otherwise create or maintain trade barriers, including—

"(A) engagement with relevant trading partners;

"(B) strategies for addressing such concerns;

"(C) availability and deployment of resources to be used in the investigation or resolution of such concerns;

"(D) the merits of any potential dispute resolution proceeding under the WTO Agreements or any other trade agreement to which the United States is a party relating to such concerns; and

"(E) any other aspects of such concerns.

"(3) ACTIVE INVESTIGATIONS.—The semi-annual enforcement consultations required by paragraph (1) shall address acts, policies, or practices that the Trade Representative is actively investigating with respect to obligations under the WTO Agreements or any other trade agreement to which the United States is a party, including—

"(A) strategies for addressing concerns raised by such acts, policies, or practices;

"(B) any relevant timeline with respect to investigation of such acts, policies, or practices;

"(C) the merits of any potential dispute resolution proceeding under the WTO Agreements or any other trade agreement to which the United States is a party with respect to such acts, policies, or practices;

"(D) barriers to the advancement of the investigation of such acts, policies, or practices; and

"(E) any other matters relating to the investigation of such acts, policies, or practices.

"(4) ONGOING ENFORCEMENT ACTIONS.—The semi-annual enforcement consultations required by paragraph (1) shall address all ongoing enforcement actions taken by or against the United States with respect to obligations under the WTO Agreements or any other trade agreement to which the United States is a party, including—

"(A) any relevant timeline with respect to such actions;

"(B) the merits of such actions;

"(C) any prospective implementation actions;

"(D) potential implications for any law or regulation of the United States;

"(E) potential implications for United States stakeholders, domestic competitors, and exporters; and

"(F) other issues relating to such actions.

"(5) ENFORCEMENT RESOURCES.—The semi-annual enforcement consultations required by paragraph (1) shall address the availability and deployment of enforcement resources, resource constraints on monitoring and enforcement activities, and strategies to address those constraints, including the use of available resources of other Federal agencies to enhance monitoring and enforcement capabilities.

"(c) INVESTIGATION AND RESOLUTION.—In the case of any acts, policies, or practices of a foreign government identified as a trade enforcement priority under subsection (a), the Trade Representative shall, not later than the date of the first semi-

annual enforcement consultations held under subsection (b) after the identification of the priority, take appropriate action to address that priority, including—

"(1) engagement with the foreign government to resolve concerns raised by such acts, policies, or practices;

"(2) initiation of an investigation under section 302(b)(1) with respect to such acts, policies, or practices;

"(3) initiation of negotiations for a bilateral agreement that provides for resolution of concerns raised by such acts, policies, or practices; or

"(4) initiation of dispute settlement proceedings under the WTO Agreements or any other trade agreement to which the United States is a party with respect to such acts, policies, or practices.

"(d) ENFORCEMENT NOTIFICATIONS AND CONSULTATION.—

"(1) INITIATION OF ENFORCEMENT ACTION.—The Trade Representative shall notify and consult with the Committee on Finance of the Senate and the Committee on Ways and Means of the House of Representatives in advance of initiation of any formal trade dispute by or against the United States taken in regard to an obligation under the WTO Agreements or any other trade agreement to which the United States is a party. With respect to a formal trade dispute against the United States, if advance notification and consultation are not possible, the Trade Representative shall notify and consult at the earliest practicable opportunity after initiation of the dispute.

"(2) CIRCULATION OF REPORTS.—The Trade Representative shall notify and consult with the Committee on Finance of the Senate and the Committee on Ways and Means of the House of Representatives in advance of the announced or anticipated circulation of any report of a dispute settlement panel or the Appellate Body of the World Trade Organization or of a dispute settlement panel under any other trade agreement to which the United States is a party with respect to a formal trade dispute by or against the United States.

"(e) DEFINITIONS.—In this section:

"(1) WTO.—The term 'WTO' means the World Trade Organization.

"(2) WTO AGREEMENT.—The term 'WTO Agreement' has the meaning given that term in section 2(9) of the Uruguay Round Agreements Act (19 U.S.C. 3501(9)).

"(3) WTO AGREEMENTS.—The term 'WTO Agreements' means the WTO Agreement and agreements annexed to that Agreement.".

(b) CLERICAL AMENDMENT.—The table of contents for the Trade Act of 1974 is amended by striking the item relating to section 310 and inserting the following:".

"Sec. 310. Trade enforcement priorities.".

SEC. 502. EXERCISE OF WTO AUTHORIZATION TO SUSPEND CONCESSIONS OR OTHER OBLIGATIONS UNDER TRADE AGREEMENTS.

(a) IN GENERAL.—Section 306 of the Trade Act of 1974 (19 U.S.C. 2416) is amended—

(1) by redesignating subsection (c) as subsection (d); and

(2) by inserting after subsection (b) the following:

"(c) EXERCISE OF WTO AUTHORIZATION TO SUSPEND CONCESSIONS OR OTHER OBLIGATIONS.—If—

"(1) action has terminated pursuant to section 307(c),

"(2) the petitioner or any representative of the domestic industry that would benefit from reinstatement of action has submitted to the Trade Representative a written request for reinstatement of action, and

"(3) the Trade Representatives has completed the requirements of subsection (d) and section 307(c)(3),

the Trade Representative may at any time determine to take action under section 301(c) to exercise an authorization to suspend concessions or other obligations under Article 22 of the Understanding on Rules and Procedures Governing the Settlement of Disputes (referred to in section 101(d)(16) of the Uruguay Round Agreements Act (19 U.S.C. 3511(d)(16))).".

(b) CONFORMING AMENDMENTS.—Chapter 1 of title III of the Trade Act of 1974 (19 U.S.C. 2411 et seq.) is amended—

(1) in section 301(c)(1) (19 U.S.C. 2411(c)(1)), in the matter preceding subparagraph (A), by inserting "or section 306(c)" after "subsection (a) or (b)";

(2) in section 306(b) (19 U.S.C. 2416(b)), in the subsection heading, by striking "FURTHER ACTION" and inserting "ACTION ON THE BASIS OF MONITORING";

(3) in section 306(d) (19 U.S.C. 2416(d)), as redesignated by subsection (a)(1), by inserting "or (c)" after "subsection (b)"; and

(4) in section 307(c)(3) (19 U.S.C. 2417(c)(3)), by inserting "or if a request is submitted to the Trade Representative under section 306(c)(2) to reinstate action," after "under section 301,".

SEC. 503. TRADE MONITORING.

(a) IN GENERAL.—Chapter 1 of title II of the Trade Act of 1974 (19 U.S.C. 2251 et seq.) is amended by adding at the end the following:

"SEC. 205. TRADE MONITORING.

"(a) MONITORING TOOL FOR IMPORTS.—

"(1) IN GENERAL.—Not later than 180 days after the date of the enactment of this section, the United States International Trade Commission shall make available on a website of the Commission an import monitoring tool to allow the public access to data on the volume and value of goods imported to the United States for the purpose of assessing whether such data has changed with respect to such goods over a period of time.

"(2) DATA DESCRIBED.—For purposes of the monitoring tool under paragraph (1), the Commission shall use data compiled by the Department of Commerce and such other government data as the Commission considers appropriate.

"(3) PERIODS OF TIME.—The Commission shall ensure that data accessed through the monitoring tool under paragraph (1) includes data for the most recent quarter for which such data are available and previous quarters as the Commission considers practicable.

"(b) MONITORING REPORTS.—

"(1) IN GENERAL.—Not later than 270 days after the date of the enactment of this section, and not less frequently than quarterly thereafter, the Secretary of Commerce shall publish on a website of the Department of Commerce, and notify the Committee on Finance of the Senate and the Committee on Ways and Means of the House of Representatives of the availability of, a monitoring report on changes in the volume and value of trade with respect to imports and exports of goods categorized based on the 6-digit subheading number of the goods under the Harmonized Tariff Schedule of the United States during the most recent quarter for which such data are available and previous quarters as the Secretary considers practicable.

"(2) REQUESTS FOR COMMENT.—Not later than one year after the date of the enactment of this section, the Secretary of Commerce shall solicit through the Federal Register public comment on the monitoring reports described in paragraph (1).

"(c) SUNSET.—The requirements under this section terminate on the date that is seven years after the date of the enactment of this section.".

(b) CLERICAL AMENDMENT.—The table of contents for the Trade Act of 1974 (19 U.S.C. 2101 et seq.) is amended by inserting after the item relating to section 204 the following:

"Sec. 205. Trade monitoring.".

TITLE VI—MISCELLANEOUS PROVISIONS

SEC. 601. DE MINIMIS VALUE.

(a) DE MINIMIS VALUE.—Section 321(a)(2)(C) of the Tariff Act of 1930 (19 U.S.C. 1321(a)(2)(C)) is amended by striking "$200" and inserting "$800".

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply with respect to articles entered, or withdrawn from warehouse for consumption, on or after the 15th day after the date of the enactment of this Act.

SEC. 602. CONSULTATION ON TRADE AND CUSTOMS REVENUE FUNCTIONS.

Section 401(c) of the Safety and Accountability for Every Port Act (6 U.S.C. 115(c)) is amended—

(1) in paragraph (1), by striking "on Department policies and actions that have" and inserting "not later than 30 days after proposing, and not later than 30 days before finalizing, any Department policies, initiatives, or actions that will have"; and

(2) in paragraph (2)(A), by striking "not later than 30 days prior to the finalization of" and inserting "not later than 60 days before proposing, and not later than 60 days before finalizing,".

SEC. 603. PENALTIES FOR CUSTOMS BROKERS.

(a) IN GENERAL.—Section 641(d)(1) of the Tariff Act of 1930 (19 U.S.C. 1641(d)(1)) is amended—

(1) in subparagraph (E), by striking "; or" and inserting a semicolon;

(2) in subparagraph (F), by striking the period and inserting "; or"; and

(3) by adding at the end the following:

"(G) has been convicted of committing or conspiring to commit an act of terrorism described in section 2332b of title 18, United States Code.".

(b) TECHNICAL AMENDMENTS.—Section 641 of the Tariff Act of 1930 (19 U.S.C. 1641) is amended—

(1) by striking "the Customs Service" each place it appears and inserting "U.S. Customs and Border Protection";

(2) in subsection (d)(2)(B), by striking "The Customs Service" and inserting "U.S. Customs and Border Protection"; and

(3) in subsection (g)(2)(B), by striking "Secretary's notice" and inserting "notice under subparagraph (A)".

SEC. 604. AMENDMENTS TO CHAPTER 98 OF THE HARMONIZED TARIFF SCHEDULE OF THE UNITED STATES.

(a) ARTICLES EXPORTED AND RETURNED, ADVANCED OR IMPROVED ABROAD.—

(1) IN GENERAL.—U.S. Note 3 to subchapter II of chapter 98 of the Harmonized Tariff Schedule of the United States is amended by adding at the end the following:

"(f)(1) For purposes of subheadings 9802.00.40 and 9802.00.50, fungible articles exported from the United States for the purposes described in such subheadings—

"(A) may be commingled; and

"(B) the origin, value, and classification of such articles may be accounted for using an inventory management method.

"(2) If a person chooses to use an inventory management method under this paragraph with respect to fungible articles, the person shall use the same inventory management method for any other articles with respect to which the person claims fungibility under this paragraph.

"(3) For the purposes of this paragraph—

"(A) the term 'fungible articles' means merchandise or articles that, for commercial purposes, are identical or interchangeable in all situations; and

"(B) the term 'inventory management method' means any method for managing inventory that is based on generally accepted accounting principles.".

(2) EFFECTIVE DATE.—The amendment made by this subsection applies to articles classifiable under subheading 9802.00.40 or 9802.00.50 of the Harmonized Tariff Schedule of the United States that are entered, or withdrawn from warehouse for consumption, on or after the date that is 60 days after the date of the enactment of this Act.

(b) MODIFICATION OF PROVISIONS RELATING TO RETURNED PROPERTY.—

(1) IN GENERAL.—The article description for heading 9801.00.10 of the Harmonized Tariff Schedule of the United States is amended by inserting after "exported" the following: ", or any other products when returned within 3 years after having been exported".

(2) EFFECTIVE DATE.—The amendment made by paragraph (1) applies to articles entered, or withdrawn from warehouse for consumption, on or after the date that is 60 days after the date of the enactment of this Act.

(c) DUTY-FREE TREATMENT FOR CERTAIN UNITED STATES GOVERNMENT PROPERTY RETURNED TO THE UNITED STATES.—

(1) IN GENERAL.—Subchapter I of chapter 98 of the Harmonized Tariff Schedule of the United States is amended by inserting in numerical sequence the following new heading:

"	9801.00.11	United States Government property, returned to the United States without having been advanced in value or improved in condition by any means while abroad, entered by the United States Government or a contractor to the United States Government, and certified by the importer as United States Government property	Free				".

(2) EFFECTIVE DATE.—The amendment made by paragraph (1) applies to goods entered, or withdrawn from warehouse for consumption, on or after the date that is 60 days after the date of the enactment of this Act.

SEC. 605. EXEMPTION FROM DUTY OF RESIDUE OF BULK CARGO CONTAINED IN INSTRUMENTS OF INTERNATIONAL TRAFFIC PREVIOUSLY EXPORTED FROM THE UNITED STATES.

(a) IN GENERAL.—General Note 3(e) of the Harmonized Tariff Schedule of the United States is amended—

(1) in subparagraph (v), by striking "and" at the end;

(2) in subparagraph (vi), by adding "and" at the end;

(3) by inserting after subparagraph (vi) (as so amended) the following new subparagraph:

"(vii) residue of bulk cargo contained in instruments of international traffic previously exported from the United States,"; and

(4) by adding at the end of the flush text following subparagraph (vii) (as so added) the following: "For purposes of subparagraph (vii) of this paragraph: The term 'residue' means material of bulk cargo that remains in an instrument of international traffic after the bulk cargo is removed, with a quantity, by weight or volume, not exceeding 7 percent of the bulk cargo, and with no or de minimis value. The term 'bulk cargo' means cargo that is unpackaged and is in either solid, liquid, or gaseous form. The term 'instruments of international traffic' means containers or holders, capable of and suitable for repeated use, such as lift vans, cargo vans, shipping tanks, skids, pallets, caul boards, and cores for textile fabrics, arriving (whether loaded or empty) in use or to be used in the shipment of merchandise in international traffic, and any additional articles or classes of articles that the Commissioner responsible for U.S. Customs and Border Protection designates as instruments of international traffic.".

(b) EFFECTIVE DATE.—The amendments made by subsection (a) take effect on the date of the enactment of this Act and apply with respect to residue of bulk cargo contained in instruments of international traffic that are imported into the customs territory of the United States on or after such date of enactment and that previously have been exported from the United States.

SEC. 606. DRAWBACK AND REFUNDS.

(a) ARTICLES MADE FROM IMPORTED MERCHANDISE.—Section 313(a) of the Tariff Act of 1930 (19 U.S.C. 1313(a)) is amended by striking "the full amount of the duties paid upon the merchandise so used shall be refunded as drawback, less 1 per centum of such duties, except that such" and inserting "an amount calculated pursuant to regulations prescribed by the Secretary of the Treasury under subsection (l) shall be refunded as drawback, except that".

(b) SUBSTITUTION FOR DRAWBACK PURPOSES.—Section 313(b) of the Tariff Act of 1930 (19 U.S.C. 1313(b)) is amended—

(1) by striking "If imported" and inserting the following:

"(1) IN GENERAL.—If imported";

(2) by striking "and any other merchandise (whether imported or domestic) of the same kind and quality are" and inserting "or merchandise classifiable under the same 8-digit HTS subheading number as such imported merchandise is";

(3) by striking "three years" and inserting "5 years";

(4) by striking "the receipt of such imported merchandise by the manufacturer or producer of such articles" and inserting "the date of importation of such imported merchandise";

(5) by inserting "or articles classifiable under the same 8-digit HTS subheading number as such articles," after "any such articles,";

(6) by striking "an amount of drawback equal to" and all that follows through the end period and inserting "an amount calculated pursuant to regulations prescribed by the Secretary of the Treasury under subsection (l), but only if those articles have not been used prior to such exportation or destruction."; and

(7) by adding at the end the following:

"(2) REQUIREMENTS RELATING TO TRANSFER OF MERCHANDISE.—

"(A) MANUFACTURERS AND PRODUCERS.—Drawback shall be allowed under paragraph (1) with respect to an article manufactured or produced using imported merchandise or other merchandise classifiable under the same 8-digit HTS subheading number as such imported merchandise only if the manufacturer or producer of the article received such imported merchandise or such other merchandise, directly or indirectly, from the importer.

"(B) EXPORTERS AND DESTROYERS.—Drawback shall be allowed under paragraph (1) with respect to a manufactured or produced article that is exported or destroyed only if the exporter or destroyer received that article

or an article classifiable under the same 8-digit HTS subheading number as that article, directly or indirectly, from the manufacturer or producer.

"(C) EVIDENCE OF TRANSFER.—Transfers of merchandise under subparagraph (A) and transfers of articles under subparagraph (B) may be evidenced by business records kept in the normal course of business and no additional certificates of transfer or manufacture shall be required.

"(3) SUBMISSION OF BILL OF MATERIALS OR FORMULA.—

"(A) IN GENERAL.—Drawback shall be allowed under paragraph (1) with respect to an article manufactured or produced using imported merchandise or other merchandise classifiable under the same 8-digit HTS subheading number as such imported merchandise only if the person making the drawback claim submits with the claim a bill of materials or formula identifying the merchandise and article by the 8-digit HTS subheading number and the quantity of the merchandise.

"(B) BILL OF MATERIALS AND FORMULA DEFINED.—In this paragraph, the terms 'bill of materials' and 'formula' mean records kept in the normal course of business that identify each component incorporated into a manufactured or produced article or that identify the quantity of each element, material, chemical, mixture, or other substance incorporated into a manufactured article.

"(4) SPECIAL RULE FOR SOUGHT CHEMICAL ELEMENTS.—

"(A) IN GENERAL.—For purposes of paragraph (1), a sought chemical element may be—

"(i) considered imported merchandise, or merchandise classifiable under the same 8-digit HTS subheading number as such imported merchandise, used in the manufacture or production of an article as described in paragraph (1); and

"(ii) substituted for source material containing that sought chemical element, without regard to whether the sought chemical element and the source material are classifiable under the same 8-digit HTS subheading number, and apportioned quantitatively, as appropriate.

"(B) SOUGHT CHEMICAL ELEMENT DEFINED.—In this paragraph, the term 'sought chemical element' means an element listed in the Periodic Table of Elements that is imported into the United States or a chemical compound consisting of those elements, either separately in elemental form or contained in source material.".

(c) MERCHANDISE NOT CONFORMING TO SAMPLE OR SPECIFICATIONS.—Section 313(c) of the Tariff Act of 1930 (19 U.S.C. 1313(c)) is amended—

(1) in paragraph (1)—

(A) in subparagraph (C)(ii), by striking "under a certificate of delivery" each place it appears;

(B) in subparagraph (D)—

(i) by striking "3" and inserting "5"; and

(ii) by striking "the Customs Service" and inserting "U.S. Customs and Border Protection"; and

(C) in the flush text at the end, by striking "the full amount of the duties paid upon such merchandise, less 1 percent," and inserting "an amount calculated pursuant to regulations prescribed by the Secretary of the Treasury under subsection (l)";

(2) in paragraph (2), by striking "the Customs Service" and inserting "U.S. Customs and Border Protection"; and

(3) by amending paragraph (3) to read as follows:

"(3) EVIDENCE OF TRANSFERS.—Transfers of merchandise under paragraph (1) may be evidenced by business records kept in the normal course of business and no additional certificates of transfer shall be required.".

(d) PROOF OF EXPORTATION.—Section 313(i) of the Tariff Act of 1930 (19 U.S.C. 1313(i)) is amended to read as follows:

"(i) PROOF OF EXPORTATION.—A person claiming drawback under this section based on the exportation of an article shall provide proof of the exportation of the article. Such proof of exportation—

"(1) shall establish fully the date and fact of exportation and the identity of the exporter; and

"(2) may be established through the use of records kept in the normal course of business or through an electronic export system of the United States Government, as determined by the Commissioner responsible for U.S. Customs and Border Protection.".

(e) UNUSED MERCHANDISE DRAWBACK.—Section 313(j) of the Tariff Act of 1930 (19 U.S.C. 1313(j)) is amended—

(1) in paragraph (1)—

(A) in subparagraph (A), in the matter preceding clause (i)—

(i) by striking "3-year" and inserting "5-year"; and

(ii) by inserting "and before the drawback claim is filed" after "the date of importation"; and

(B) in the flush text at the end, by striking "99 percent of the amount of each duty, tax, or fee so paid" and inserting "an amount calculated pursuant to regulations prescribed by the Secretary of the Treasury under subsection (l)";

(2) in paragraph (2)—

(A) in the matter preceding subparagraph (A), by striking "paragraph (4)" and inserting "paragraphs (4), (5), and (6)";

(B) in subparagraph (A), by striking "commercially interchangeable with" and inserting "classifiable under the same 8-digit HTS subheading number as";

(C) in subparagraph (B)—

(i) by striking "3-year" and inserting "5-year"; and

(ii) by inserting "and before the drawback claim is filed" after "the imported merchandise"; and

(D) in subparagraph (C)(ii), by striking subclause (II) and inserting the following:

"(II) received the imported merchandise, other merchandise classifiable under the same 8-digit HTS subheading number as such imported merchandise, or any combination of such imported merchandise and such other merchandise, directly or indirectly from the person who imported and paid any duties, taxes, and fees imposed under Federal law upon importation or entry and due on the imported merchandise (and any such transferred merchandise, regardless of its origin, will be treated as the imported merchandise and any retained merchandise will be treated as domestic merchandise);";

(E) in the flush text at the end—

(i) by striking "the amount of each such duty, tax, and fee" and all that follows through "99 percent of that duty, tax, or fee" and inserting "an amount calculated pursuant to regulations prescribed by the Secretary of the Treasury under subsection (l) shall be refunded as drawback"; and

(ii) by striking the last sentence and inserting the following: "Notwithstanding subparagraph (A), drawback shall be allowed under this paragraph with respect to wine if the imported wine and the exported wine are of the same color and the price variation between the imported wine and the exported wine does not exceed 50 percent. Transfers of merchandise may be evidenced by business records kept in the normal course of business and no additional certificates of transfer shall be required."; and

(3) in paragraph (3)(B), by striking "the commercially interchangeable merchandise" and inserting "merchandise classifiable under the same 8-digit HTS subheading number as such imported merchandise"; and

(4) by adding at the end the following:

"(5)(A) For purposes of paragraph (2) and except as provided in subparagraph (B), merchandise may not be substituted for imported merchandise for drawback purposes based on the 8-digit HTS subheading number if the article description for the 8-digit HTS subheading number under which the imported merchandise is classified begins with the term 'other'.

"(B) In cases described in subparagraph (A), merchandise may be substituted for imported merchandise for drawback purposes if—

"(i) the other merchandise and such imported merchandise are classifiable under the same 10-digit HTS statistical reporting number; and

"(ii) the article description for that 10-digit HTS statistical reporting number does not begin with the term 'other'.

"(6)(A) For purposes of paragraph (2), a drawback claimant may use the first 8 digits of the 10-digit Schedule B number for merchandise or an article to determine if the merchandise or article is classifiable under the same 8-digit HTS subheading number as the imported merchandise, without regard to whether the Schedule B number corresponds to more than one 8-digit HTS subheading number.

"(B) In this paragraph, the term 'Schedule B' means the Department of Commerce Schedule B, Statistical Classification of Domestic and Foreign Commodities Exported from the United States.".

(f) LIABILITY FOR DRAWBACK CLAIMS.—Section 313(k) of the Tariff Act of 1930 (19 U.S.C. 1313(k)) is amended to read as follows:

"(k) LIABILITY FOR DRAWBACK CLAIMS.—

"(1) IN GENERAL.—Any person making a claim for drawback under this section shall be liable for the full amount of the drawback claimed.

"(2) LIABILITY OF IMPORTERS.—An importer shall be liable for any drawback claim made by another person with respect to merchandise imported by the importer in an amount equal to the lesser of—

"(A) the amount of duties, taxes, and fees that the person claimed with respect to the imported merchandise; or

"(B) the amount of duties, taxes, and fees that the importer authorized the other person to claim with respect to the imported merchandise.

"(3) JOINT AND SEVERAL LIABILITY.—Persons described in paragraphs (1) and (2) shall be jointly and severally liable for the amount described in paragraph (2).".

(g) REGULATIONS.—Section 313(l) of the Tariff Act of 1930 (19 U.S.C. 1313(l)) is amended to read as follows:

"(l) REGULATIONS.—

"(1) IN GENERAL.—Allowance of the privileges provided for in this section shall be subject to compliance with such rules and regulations as the Secretary of the Treasury shall prescribe.

"(2) CALCULATION OF DRAWBACK.—

"(A) IN GENERAL.—Not later than the date that is 2 years after the date of the enactment of the Trade Facilitation and Trade Enforcement Act of 2015 (or, if later, the effective date provided for in section 406(q)(2)(B) of that Act), the Secretary shall prescribe regulations for determining the calculation of amounts refunded as drawback under this section.

"(B) REQUIREMENTS.—The regulations required by subparagraph (A) for determining the calculation of amounts refunded as drawback under this section shall provide for a refund of equal to 99 percent of the duties, taxes, and fees paid with respect to the imported merchandise, except that where there is substitution of the merchandise or article, then—

"(i) in the case of an article that is exported, the amount of the refund shall be equal to 99 percent of the lesser of—

"(I) the amount of duties, taxes, and fees paid with respect to the imported merchandise; or

"(II) the amount of duties, taxes, and fees that would apply to the exported article if the exported article were imported; and

"(ii) in the case of an article that is destroyed, the amount of the refund shall be an amount that is—

"(I) equal to 99 percent of the lesser of—

"(aa) the amount of duties, taxes, and fees paid with respect to the imported merchandise; and

"(bb) the amount of duties, taxes, and fees that would apply to the destroyed article if the destroyed article were imported; and

"(II) reduced by the value of materials recovered during destruction as provided in subsection (x).

"(3) STATUS REPORTS ON REGULATIONS.—Not later than the date that is one year after the date of the enactment of the Trade Facilitation and Trade Enforcement Act of 2015, and annually thereafter until the regulations required by paragraph (2) are final, the Secretary shall submit to Congress a report on the status of those regulations.".

(h) SUBSTITUTION OF FINISHED PETROLEUM DERIVATIVES.—Section 313(p) of the Tariff Act of 1930 (19 U.S.C. 1313(p)) is amended—

(1) by striking "Harmonized Tariff Schedule of the United States" each place it appears and inserting "HTS"; and

(2) in paragraph (3)(A)—

(A) in clause (ii)(III), by striking ", as so certified in a certificate of delivery or certificate of manufacture and delivery"; and

(B) in the flush text at the end—

(i) by striking ", so designated on the certificate of delivery or certificate of manufacture and delivery"; and

(ii) by striking the last sentence and inserting the following: "The party transferring the merchandise shall maintain records kept in the normal course of business to demonstrate the transfer.".

(i) PACKAGING MATERIAL.—Section 313(q) of the Tariff Act of 1930 (19 U.S.C. 1313(q)) is amended—

(1) in paragraph (1), by striking "of 99 percent of any duty, tax, or fee imposed under Federal law on such imported material" and inserting "in an amount calculated pursuant to regulations prescribed by the Secretary of the Treasury under subsection (l)";

(2) in paragraph (2), by striking "of 99 percent of any duty, tax, or fee imposed under Federal law on the imported or substituted merchandise used to manufacture or produce such material" and inserting "in an amount calculated pursuant to regulations prescribed by the Secretary of the Treasury under subsection (l)"; and

(3) in paragraph (3), by striking "they contain" and inserting "it contains".

(j) FILING OF DRAWBACK CLAIMS.—Section 313(r) of the Tariff Act of 1930 (19 U.S.C. 1313(r)) is amended—

(1) in paragraph (1)—

(A) by striking the first sentence and inserting the following: "A drawback entry shall be filed or applied for, as applicable, not later than 5 years after the date on which merchandise on which drawback is claimed was imported.";

(B) in the second sentence, by striking "3-year" and inserting "5-year"; and

(C) in the third sentence, by striking "the Customs Service" and inserting "U.S. Customs and Border Protection";

(2) in paragraph (3)—

(A) in subparagraph (A)—

(i) in the matter preceding clause (i), by striking "The Customs Service" and inserting "U.S. Customs and Border Protection";

(ii) in clauses (i) and (ii), by striking "the Customs Service" each place it appears and inserting "U.S. Customs and Border Protection"; and

(iii) in clause (ii)(I), by striking "3-year" and inserting "5-year"; and

(B) in subparagraph (B), by striking "the periods of time for retaining records set forth in subsection (t) of this section and" and inserting "the period of time for retaining records set forth in"; and

(3) by adding at the end the following:

"(4) All drawback claims filed on and after the date that is 2 years after the date of the enactment of the Trade Facilitation and Trade Enforcement Act of 2015 (or, if later, the effective date provided for in section 406(q)(2)(B) of that Act) shall be filed electronically.".

(k) DESIGNATION OF MERCHANDISE BY SUCCESSOR.—Section 313(s) of the Tariff Act of 1930 (19 U.S.C. 1313(s)) is amended—

(1) in paragraph (2), by striking subparagraph (B) and inserting the following:

"(B) subject to paragraphs (5) and (6) of subsection (j), imported merchandise, other merchandise classifiable under the same 8-digit HTS subheading number as such imported merchandise, or any combination of such imported merchandise and such other merchandise, that the predecessor received, before the date of succession, from the person who imported and paid any duties, taxes, and fees due on the imported merchandise;"; and

(2) in paragraph (4), by striking "certifies that" and all that follows and inserting "certifies that the transferred merchandise was not and will not be claimed by the predecessor.".

(l) DRAWBACK CERTIFICATES.—Section 313 of the Tariff Act of 1930 (19 U.S.C. 1313) is amended by striking subsection (t).

(m) DRAWBACK FOR RECOVERED MATERIALS.—Section 313(x) of the Tariff Act of 1930 (19 U.S.C. 1313(x)) is amended by striking "and (c)" and inserting "(c), and (j)".

(n) DEFINITIONS.—Section 313 of the Tariff Act of 1930 (19 U.S.C. 1313) is amended by adding at the end the following:

"(z) DEFINITIONS.—In this section:

"(1) DIRECTLY.—The term 'directly' means a transfer of merchandise or an article from one person to another person without any intermediate transfer.

"(2) HTS.—The term 'HTS' means the Harmonized Tariff Schedule of the United States.

"(3) INDIRECTLY.—The term 'indirectly' means a transfer of merchandise or an article from one person to another person with one or more intermediate transfers.".

(o) RECORDKEEPING.—Section 508(c)(3) of the Tariff Act of 1930 (19 U.S.C. 1508(c)(3)) is amended—

(1) by striking "3rd" and inserting "5th"; and

(2) by striking "payment" and inserting "liquidation".

(p) GOVERNMENT ACCOUNTABILITY OFFICE REPORT.—

(1) IN GENERAL.—Not later than one year after the issuance of the regulations required by subsection (l)(2) of section 313 of the Tariff Act of 1930, as added by subsection (g), the Comptroller General of the United States shall submit to the Committee on Finance of the Senate and the Committee on Ways and Means of the House of Representatives a report on the modernization of drawback and refunds under section 313 of the Tariff Act of 1930, as amended by this section.

(2) CONTENTS.—The report required by paragraph (1) include the following:

(A) An assessment of the modernization of drawback and refunds under section 313 of the Tariff Act of 1930, as amended by this section.

(B) A description of drawback claims that were permissible before the effective date provided for in subsection (q) that are not permissible after that effective date and an identification of industries most affected.

(C) A description of drawback claims that were not permissible before the effective date provided for in subsection (q) that are permissible after that effective date and an identification of industries most affected.

(q) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendments made by this section shall—

(A) take effect on the date of the enactment of this Act; and

(B) apply to drawback claims filed on or after the date that is 2 years after such date of enactment.

(2) REPORTING OF OPERABILITY OF AUTOMATED COMMERCIAL ENVIRONMENT COMPUTER SYSTEM.—Not later than one year after the date of the enactment of this Act, and not later than 2 years after such date of enactment, the Secretary of the Treasury shall submit to Congress a report on—

(A) the date on which the Automated Commercial Environment will be ready to process drawback claims; and

(B) the date on which the Automated Export System will be ready to accept proof of exportation under subsection (i) of section 313 of the Tariff Act of 1930, as amended by subsection (d).

(3) TRANSITION RULE.—During the one-year period beginning on the date that is 2 years after the date of the enactment of this Act (or, if later, the effective date provided for in paragraph (2)(B)), a person may elect to file a claim for drawback under—

(A) section 313 of the Tariff Act of 1930, as amended by this section; or

(B) section 313 of the Tariff Act of 1930, as in effect on the day before the date of the enactment of this Act.

SEC. 607. OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE.

(a) ANNUAL REPORT ON TRADE AGREEMENTS PROGRAM AND NATIONAL TRADE POLICY AGENDA.—Section 163(a) of the Trade Act of 1974 (19 U.S.C. 2213(a)) is amended—

(1) in paragraph (1)—

(A) in subparagraph (A), by striking "and" at the end;

(B) in subparagraph (B), by striking the period at the end and inserting "; and"; and

(C) by adding at the end the following:

"(C) the operation of all United States Trade Representative-led interagency programs during the preceding year and for the year in which the report is submitted."; and

(2) by adding at the end the following:

"(4) The report shall include, with respect to the matters referred to in paragraph (1)(C), information regarding—

"(A) the objectives and priorities of all United States Trade Representative-led interagency programs for the year, and the reasons therefor;

"(B) the actions proposed, or anticipated, to be undertaken during the year to achieve such objectives and priorities, including actions authorized under the trade laws and negotiations with foreign countries;

"(C) the role of each Federal agency participating in the interagency program in achieving such objectives and priorities and activities of each agency with respect to their participation in the program;

"(D) the United States Trade Representative's coordination of each participating Federal agency to more effectively achieve such objectives and priorities;

"(E) any proposed legislation necessary or appropriate to achieve any of such objectives or priorities; and

"(F) the progress that was made during the preceding year in achieving such objectives and priorities and coordination activities included in the statement provided for such year under this paragraph.".

(b) RESOURCE MANAGEMENT AND STAFFING PLANS.—

(1) ANNUAL PLAN.—

(A) IN GENERAL.—The United States Trade Representative shall on an annual basis develop a plan—

(i) to match available resources of the Office of the United States Trade Representative to projected workload and provide a detailed analysis of how the funds allocated from the prior fiscal year to date have been spent;

(ii) to identify existing staff of the Office and new staff that will be necessary to support the trade negotiation and enforcement functions and powers of the Office (including those of the Trade Policy Staff Committee) as described in section 141 of the Trade Act of 1974 (19 U.S.C. 2171) and section 301 of the Trade Act of 1974 (19 U.S.C. 2411);

(iii) to identify existing staff of the Office and staff of other Federal agencies who will be required to be detailed to support United States Trade Representative-led interagency programs, including any associated expenses; and

(iv) to provide a detailed analysis of the budgetary requirements of United States Trade Representative-led interagency programs for the next fiscal year and provide a detailed analysis of how the funds allocated from the prior fiscal year to date have been spent.

(B) REPORT.—The United States Trade Representative shall submit to the Committee on Ways and Means and the Committee on Appropriations of the House of Representatives and the Committee on Finance and the Committee on Appropriations of the Senate a report that contains the plan required under subparagraph (A). The report required under this subparagraph shall be submitted in conjunction with the annual budget of the United States Government required to be submitted to Congress under section 1105 of title 31, United States Code.

(2) QUADRENNIAL PLAN.—

(A) IN GENERAL.—Pursuant to the goals and objectives of the strategic plan of the Office of the United States Trade Representative as required under section 306 of title 5, United States Code, the United States Trade Representative shall every 4 years develop a plan—

(i) to analyze internal quality controls and record management of the Office;

(ii) to identify existing staff of the Office and new staff that will be necessary to support the trade negotiation and enforcement functions and powers of the Office (including those of the Trade Policy Staff Committee) as described in section 141 of the Trade Act of 1974 (19 U.S.C. 2171) and section 301 of the Trade Act of 1974 (19 U.S.C. 2411);

(iii) to identify existing staff of the Office and staff in other Federal agencies who will be required to be detailed to support United States Trade Representative-led interagency programs, including any associated expenses;

(iv) to provide an outline of budget justifications, including salaries and expenses as well as non-personnel administrative expenses, for the fiscal years required under the strategic plan; and

(v) to provide an outline of budget justifications, including salaries and expenses as well as non-personnel administrative expenses, for United States Trade Representative-led interagency programs for the fiscal years required under the strategic plan.

(B) REPORT.—

(i) IN GENERAL.—The United States Trade Representative shall submit to the Committee on Ways and Means and the Committee on Appropriations of the House of Representatives and the Committee on Finance and the Committee on Appropriations of the Senate a report that contains the plan required under subparagraph (A). Except as provided in clause (ii), the report required under this clause shall be submitted in conjunction with the strategic plan of the Office as required under section 306 of title 5, United States Code.

(ii) EXCEPTION.—The United States Trade Representative shall submit to the congressional committees specified in clause (i) an initial report that contains the plan required under subparagraph (A) not later than February 1, 2016.

SEC. 608. UNITED STATES-ISRAEL TRADE AND COMMERCIAL ENHANCEMENT.

(a) FINDINGS.—Congress finds the following:

(1) Israel is America's dependable, democratic ally in the Middle East—an area of paramount strategic importance to the United States.

(2) The United States-Israel Free Trade Agreement formed the modern foundation of the bilateral commercial relationship between the two countries and was the first such agreement signed by the United States with a foreign country.

(3) The United States-Israel Free Trade Agreement has been instrumental in expanding commerce and the strategic relationship between the United States and Israel.

(4) More than $45 billion in goods and services is traded annually between the two countries in addition to roughly $10 billion in United States foreign direct investment in Israel.

(5) The United States continues to look for and find new opportunities to enhance cooperation with Israel, including through the enactment of the United States-Israel Enhanced Security Cooperation Act of 2012 (Public Law 112–150) and the United States-Israel Strategic Partnership Act of 2014 (Public Law 113–296).

(6) It has been the policy of the United States Government to combat all elements of the Arab League Boycott of Israel by—

(A) public statements of Administration officials;

(B) enactment of relevant sections of the Export Administration Act of 1979 (as continued in effect pursuant to the International Emergency Economic Powers Act), including sections to ensure foreign persons comply with applicable reporting requirements relating to the boycott;

(C) enactment of the 1976 Tax Reform Act (Public Law 94–455) that denies certain tax benefits to entities abiding by the boycott;

(D) ensuring through free trade agreements with Bahrain and Oman that such countries no longer participate in the boycott; and

(E) ensuring as a condition of membership in the World Trade Organization that Saudi Arabia no longer enforces the secondary or tertiary elements of the boycott.

(b) STATEMENTS OF POLICY.—Congress—

(1) supports the strengthening of United States-Israel economic cooperation and recognizes the tremendous strategic, economic, and technological value of cooperation with Israel;

(2) recognizes the benefit of cooperation with Israel to United States companies, including by improving American competitiveness in global markets;

(3) recognizes the importance of trade and commercial relations to the pursuit and sustainability of peace, and supports efforts to bring together the United States, Israel, the Palestinian territories, and others in enhanced commerce;

(4) opposes politically motivated actions that penalize or otherwise limit commercial relations specifically with Israel such as boycotts, divestment or sanctions;

(5) notes that the boycott, divestment, and sanctioning of Israel by governments, governmental bodies, quasi-governmental bodies, international organizations, and other such entities is contrary to the General Agreement on Tariffs and Trade (GATT) principle of non-discrimination;

(6) encourages the inclusion of politically motivated actions that penalize or otherwise limit commercial relations specifically with Israel such as boycotts, divestment from, or sanctions against Israel as a topic of discussion at the U.S.-Israel Joint Economic Development Group (JEDG) and other areas to support the strengthening of the United States-Israel commercial relationship and combat any commercial discrimination against Israel;

(7) supports efforts to prevent investigations or prosecutions by governments or international organizations of United States persons on the sole basis of such persons doing business with Israel, with Israeli entities, or in Israeli-controlled territories; and

(8) supports American States examining a company's promotion or compliance with unsanctioned boycotts, divestment from, or sanctions against Israel as part of its consideration in awarding grants and contracts and supports the divestment of State assets from companies that support or promote actions to boycott, divest from, or sanction Israel.

(c) PRINCIPAL TRADE NEGOTIATING OBJECTIVES OF THE UNITED STATES.—

(1) COMMERCIAL PARTNERSHIPS.—Among the principal trade negotiating objectives of the United States for proposed trade agreements with foreign countries regarding commercial partnerships are the following:

(A) To discourage actions by potential trading partners that directly or indirectly prejudice or otherwise discourage commercial activity solely between the United States and Israel.

(B) To discourage politically motivated actions to boycott, divest from, or sanction Israel and to seek the elimination of politically motivated non-tariff barriers on Israeli goods, services, or other commerce imposed on the State of Israel.

(C) To seek the elimination of state-sponsored unsanctioned foreign boycotts against Israel or compliance with the Arab League Boycott of Israel by prospective trading partners.

(2) EFFECTIVE DATE.—This subsection takes effect on the date of the enactment of this Act and applies with respect to negotiations commenced before, on, or after the date of the enactment of this Act.

(d) REPORT ON POLITICALLY MOTIVATED ACTS OF BOYCOTT, DIVESTMENT FROM, AND SANCTIONS AGAINST ISRAEL.—

(1) IN GENERAL.—Not later than 180 days after the date of the enactment of this Act, and annually thereafter, the President shall submit to Congress a report on politically motivated acts of boycott, divestment from, and sanctions against Israel.

(2) MATTERS TO BE INCLUDED.—The report required by paragraph (1) shall include the following:

(A) A description of the establishment of barriers to trade, including non-tariff barriers, investment, or commerce by foreign countries or international organizations against United States persons operating or doing business in Israel, with Israeli entities, or in Israeli-controlled territories.

(B) A description of specific steps being taken by the United States to encourage foreign countries and international organizations to cease creating such barriers and to dismantle measures already in place and an assessment of the effectiveness of such steps.

(C) A description of specific steps being taken by the United States to prevent investigations or prosecutions by governments or international organizations of United States persons on the sole basis of such persons doing business with Israel, with Israeli entities, or in Israeli-controlled territories.

(D) Decisions by foreign persons, including corporate entities and state-affiliated financial institutions, that limit or prohibit economic relations with Israel or persons doing business in Israel or in Israeli controlled territories.

(e) ISRAEL TRADE AND COMMERCE BOYCOTT REPORTING.—Section 13 of the Securities Exchange Act of 1934 (15 U.S.C. 78m) is amended by adding at the end the following:

"(s) ISRAEL TRADE AND COMMERCE BOYCOTT REPORTING.—

"(1) IN GENERAL.—Each foreign issuer required to file an annual or quarterly report under subsection (a) shall disclose in that report—

"(A) whether the issuer has discriminated against doing business with Israel in the last calendar year and in such cases an issuer shall provide a description of the discrimination.

"(B) whether the issuer has been advised by a foreign government or a non-member state of the United Nations to discriminate against doing business with Israel, entities owned or controlled by the government of Israel, or entities operating in Israel or Israeli-controlled territory; and

"(C) any instances where the issuer has learned that a person, foreign government, or a non-member state of the United Nations is boycotting the issuer, divesting themselves of an ownership interest in the issuer, or placing sanctions on the issuer because of the issuer's relationship with Israel, entities owned or controlled by the government of Israel, or entities operating in Israel or Israeli-controlled territory.

"(2) DEFINITIONS.—For purposes of this subsection:

"(A) FOREIGN ISSUER.—The term 'foreign issuer' means an issuer that is not incorporated in the United States.

"(B) NON-MEMBER STATES OF THE UNITED NATIONS.—The term 'non-member states of the United Nations' has the meaning given such term by the United Nations.".

(f) FOREIGN JUDGMENTS AGAINST UNITED STATES PERSONS.—No court in the United States may recognize or enforce any judgment which is entered by a foreign court against a United States person carrying out business operations in Israel or in any territory controlled by Israel and on which is based a determination by the foreign court that the location in Israel, or in any territory controlled by Israel, of the facilities at which the business operations are carried out is sufficient to constitute a violation of law.

(g) DEFINITIONS.—In this section:

(1) BOYCOTT, DIVESTMENT FROM, AND SANCTIONS AGAINST ISRAEL.—The term "boycott, divestment from, and sanctions against Israel" means actions by

states, non-member states of the United Nations, international organizations, or affiliated agencies of international organizations that are politically motivated and are intended to penalize or otherwise limit commercial relations specifically with Israel or persons doing business in Israel or in Israeli-controlled territories.

(2) FOREIGN PERSON.—The term "foreign person" means—

(A) any natural person who is not lawfully admitted for permanent residence (as defined in section 101(a)(20) of the Immigration and Nationality Act (8 U.S.C. 1101(a)(20)) or who is not a protected individual (as defined in section 274B(a)(3) of such Act (8 U.S.C. 1324b(a)(3)); and

(B) any foreign corporation, business association, partnership, trust, society or any other entity or group that is not incorporated or organized to do business in the United States, as well as any international organization, foreign government and any agency or subdivision of foreign government, including a diplomatic mission.

(3) PERSON.—

(A) IN GENERAL.—The term "person" means—

(i) a natural person;

(ii) a corporation, business association, partnership, society, trust, financial institution, insurer, underwriter, guarantor, and any other business organization, any other nongovernmental entity, organization, or group, and any governmental entity operating as a business enterprise; and

(iii) any successor to any entity described in clause (ii).

(B) APPLICATION TO GOVERNMENTAL ENTITIES.—The term "person" does not include a government or governmental entity that is not operating as a business enterprise.

(4) UNITED STATES PERSON.—The term "United States person" means—

(A) a natural person who is a national of the United States (as defined in section 101(a)(22) of the Immigration and Nationality Act (8 U.S.C. 1101(a)(22))); and

(B) a corporation or other legal entity which is organized under the laws of the United States, any State or territory thereof, or the District of Columbia, if natural persons described in subparagraph (A) own, directly or indirectly, more than 50 percent of the outstanding capital stock or other beneficial interest in such legal entity.

SEC. 609. ELIMINATION OF CONSUMPTIVE DEMAND EXCEPTION TO PROHIBITION ON IMPORTATION OF GOODS MADE WITH CONVICT LABOR, FORCED LABOR, OR INDENTURED LABOR; REPORT.

(a) ELIMINATION OF CONSUMPTIVE DEMAND EXCEPTION.—

(1) IN GENERAL.—Section 307 of the Tariff Act of 1930 (19 U.S.C. 1307) is amended by striking "The provisions of this section" and all that follows through "of the United States.".

(2) EFFECTIVE DATE.—The amendment made by paragraph (1) shall take effect on the date that is 15 days after the date of the enactment of this Act.

(b) REPORT REQUIRED.—Not later than 180 days after the date of the enactment of this Act, and annually thereafter, the Commissioner shall submit to the Committee on Finance of the Senate and the Committee on Ways and Means of the House of Representatives a report on compliance with section 307 of the Tariff Act of 1930 (19 U.S.C. 1307) that includes the following:

(1) The number of instances in which merchandise was denied entry pursuant to that section during the 1-year period preceding the submission of the report.

(2) A description of the merchandise denied entry pursuant to that section.

(3) Such other information as the Commissioner considers appropriate with respect to monitoring and enforcing compliance with that section.

SEC. 610. CUSTOMS USER FEES.

(a) IN GENERAL.—Section 13031(j)(3) of the Consolidated Omnibus Budget Reconciliation Act of 1985 (19 U.S.C. 58c(j)(3)) is amended by adding at the end the following:

"(C) Fees may be charged under paragraphs (9) and (10) of subsection (a) during the period beginning on July 8, 2025, and ending on July 28, 2025.".

(b) RATE FOR MERCHANDISE PROCESSING FEES.—Section 503 of the United States–Korea Free Trade Agreement Implementation Act (Public Law 112–41; 125 Stat. 460) is amended—

(1) by striking "For the period" and inserting "(a) IN GENERAL.—For the period"; and

(2) by adding at the end the following:

"(b) ADDITIONAL PERIOD.—For the period beginning on July 1, 2025, and ending on July 14, 2025, section 13031(a)(9) of the Consolidated Omnibus Budget Reconciliation Act of 1985 (19 U.S.C. 58c(a)(9)) shall be applied and administered—

"(1) in subparagraph (A), by substituting '0.3464' for '0.21'; and

"(2) in subparagraph (B)(i), by substituting '0.3464' for '0.21'.".

SEC. 611. REPORT ON CERTAIN U.S. CUSTOMS AND BORDER PROTECTION AGREEMENTS.

(a) IN GENERAL.—Not later than one year after entering into an agreement under a program specified in subsection (b), and annually thereafter until the termination of the program, the Commissioner shall submit to the Committee on Finance of the Senate and the Committee on Ways and Means of the House of Representatives a report that includes the following:

(1) A description of the development of the program.

(2) A description of the type of entity with which U.S. Customs and Border Protection entered into the agreement and the amount that entity reimbursed U.S. Customs and Border Protection under the agreement.

(3) An identification of the type of port of entry to which the agreement relates and an assessment of how the agreement provides economic benefits at the port of entry.

(4) A description of the services provided by U.S. Customs and Border Protection under the agreement during the year preceding the submission of the report.

(5) The amount of fees collected under the agreement during that year.

(6) A detailed accounting of how the fees collected under the agreement have been spent during that year.

(7) A summary of any complaints or criticism received by U.S. Customs and Border Protection during that year regarding the agreement.

(8) An assessment of the compliance of the entity described in paragraph (2) with the terms of the agreement.

(9) Recommendations with respect to how activities conducted pursuant to the agreement could function more effectively or better produce economic benefits.

(10) A summary of the benefits to and challenges faced by U.S. Customs and Border Protection and the entity described in paragraph (2) under the agreement.

(b) PROGRAM SPECIFIED.—A program specified in this subsection is—

(1) the program for entering into reimbursable fee agreements for the provision of U.S. Customs and Border Protection services established by section 560 of the Department of Homeland Security Appropriations Act, 2013 (division D of Public Law 113–6; 127 Stat. 378); or

(2) the pilot program authorizing U.S. Customs and Border Protection to enter into partnerships with private sector and government entities at ports of entry established by section 559 of the Department of Homeland Security Appropriations Act, 2014 (division F of Public Law 113–76; 6 U.S.C. 211 note).

SEC. 612. CERTAIN INTEREST TO BE INCLUDED IN DISTRIBUTIONS UNDER CONTINUED DUMPING AND SUBSIDY OFFSET ACT OF 2000.

(a) IN GENERAL.—Notwithstanding any other provision of law, the Commissioner shall include in all distributions of collected antidumping and countervailing duties described in subsection (b) all interest earned on such duties, including—

(1) interest accrued under section 778 of the Tariff Act of 1930 (19 U.S.C. 1677g),

(2) interest accrued under section 505(d) of the Tariff Act of 1930 (19 U.S.C. 1505(d)), and

(3) common-law equitable interest, and all interest under section 963 of the Revised Statutes of the United States (19 U.S.C. 580), awarded by a court against a surety's late payment of antidumping or countervailing duties and interest described in paragraph (1) or (2), under its bond,

which is, or was, realized through application of any payment received on or after October 1, 2014, by U.S. Customs and Border Protection under, or in connection with, any customs bond pursuant to a court order or judgment, or any settlement for any such bond.

(b) DISTRIBUTIONS DESCRIBED.—The distributions described in subsection (a) are all distributions made on or after the date of the enactment of this Act pursuant to section 754 of the Tariff Act of 1930 (19 U.S.C. 1675c) (as such section was in effect on February 7, 2006) of collected antidumping and countervailing duties assessed on or after October 1, 2000, on entries made through September 30, 2007.

I. SUMMARY AND BACKGROUND

A. Purpose and Summary

The Trade Facilitation and Trade Enforcement Act of 2015 focuses on several critical aspects of the mission of U.S. Customs and Border Protection (CBP) such as trade facilitation, trade enforcement, security, and modernization, as well as enhancing transparency and accountability within the agency.

Title I reaffirms CBP's trade facilitation and trade enforcement missions through the establishment and reauthorization of programs intended to streamline trade, improve trade enforcement, and measure progress within CBP in order to move the ever-increasing volume of legitimate trade more efficiently and halt trade that does not comply with U.S. laws.

CBP has existing partnership programs, such as the Customs-Trade Partnership Against Terrorism (C–TPAT), a customs-trade partnership program that allows for better risk assessment and targeting. The partnership establishes supply chain criteria for members to meet and in return, provides benefits like expedited trade processing. To advance the security, trade enforcement, and trade facilitation missions of CBP, this bill requires CBP to ensure that any existing and future partnership programs will provide meaningful trade benefits to members.

To increase accountability, the bill has numerous reporting requirements for CBP on its trade enforcement, trade facilitation, and revenue functions; establishes performance measures for key CBP programs; and requires consultations with Congress and the private sector to improve transparency.

The bill strengthens and establishes reporting requirements for existing CBP trade facilitation and enforcement programs, such as the Centers for Excellence and Expertise, the Automated Commercial Environment (ACE), and the government-wide International Trade Data System (ITDS).

To improve internal controls over importers and accountability of brokers, the bill requires CBP to develop criteria for assigning importer-of-record numbers, imposes requirements on new importers, and requires brokers to collect additional information on the identity of importers, with penalties for failure to comply.

Title II would establish an interagency import safety working group, led by the Department of Homeland Security, that is tasked with developing an import safety rapid response plan that establishes protocols and practices CBP should use when responding to cargo that poses a threat to the health or safety of U.S. consumers.

To strengthen CBP's enforcement of intellectual property rights, Title III would authorize and direct CBP to share information with right holders to quickly ascertain whether a suspect good crossing the U.S. border at a port of entry violates a copyright or trademark. It also authorizes a seizure if CBP determines suspect merchandise is a circumvention device and directs CBP to notify an injured right holder of this seizure under certain circumstances. The bill further establishes the National Intellectual Property Rights Coordination Center within U.S. Immigration and Customs Enforcement (ICE), imposes reporting requirements on CBP enforcement efforts, and requires coordination with foreign and domestic law enforcement.

Title IV establishes tools for CBP and holds the agency accountable to effectively act against evasion of antidumping and countervailing duties, and grants the U.S. Department of Commerce authority to use its product, industry, and investigatory expertise to investigate evasion of antidumping and countervailing duties.

Title V provides additional enforcement tools for the Administration. The bill would require the Administration to identify enforcement priorities and more regularly consult with Congress on its overall enforcement strategy. It would also allow the Administration to reinstate a retaliatory action under the auspices of the World Trade Organization, if such action has previously terminated, under certain conditions. To assist in tracking import volumes, the bill would require the U.S. International Trade Commission to create a web-based import-monitoring tool to provide data on the volume and value of imports.

Title VI reduces paperwork burdens for low value shipments, U.S. goods returned, residue of bulk cargo contained in instruments of international traffic, and drawback. The bill requires notification to Congress prior to the finalization of any U.S. Department of Homeland Security (DHS) polices, initiatives, or actions that will have a major impact on trade and customs revenue functions, adds committing or conspiring to commit an act of terrorism to the list of offenses as grounds for removal of a broker license, establishes reporting requirements for interagency programs led by the Office of the United States Trade Representative (USTR), sets out U.S. policy identifying the importance of the bilateral U.S.-Israel trade relationship, eliminates the "consumptive demand" exception to the prohibition on importing merchandise made by convict, forced or indentured labor, and requires CBP to report annually to Congress on each reimbursable fee agreement and public-private partnership agreement entered into by CBP.

B. Background and Need for Legislation

Congress last reauthorized CBP's customs and trade functions in the Trade Act of 2002. Pursuant to the Homeland Security Act of 2002, which passed soon thereafter, the U.S. Customs Service was placed under the new Department of Homeland Security (DHS) and renamed "United States Customs and Border Protection." In this new structure, CBP was expanded to include Border Patrol (formerly part of the Immigration and Naturalization Service) and certain agricultural inspectors. The investigative functions for enforcement of the customs laws were put within the jurisdiction of the new Immigration and Customs Enforcement (ICE) unit of DHS.

Prior to 2003, the Department of the Treasury chiefly administered Title 19 of the United States Codes, which governs customs revenue functions. Then-Secretary of the Treasury John Snow issued Treasury Order 100–16 on May 15, 2003, which delegated the majority of Title 19 customs revenue functions to CBP. Treasury retained supervision of certain "customs revenue functions," as well as participation in advisory committees concerning customs revenue functions.

Today CBP is responsible for ensuring cargo and passenger clearance, compliance of imports and exports with U.S. laws, collection of revenue, and prevention against the smuggling of contraband and the illegal entry of persons. Since the attacks of September 11,

2001, CBP has been managing a growing and expansive set of security initiatives to screen and, as needed, examine cargo with the principal objective of preventing the introduction of weapons of mass destruction into the United States. CBP has also significantly increased its vetting of cargo and persons prior to arrival in the United States, based on an analysis of risk posed, otherwise known as targeting. Much of the risk-based targeting is done for security purposes, but a growing volume is done for trade enforcement purposes. CBP, tasked with securing our borders, also assists in enforcing the import-related requirements of other Federal agencies, including the U.S. Department of Agriculture (USDA), Food and Drug Administration (FDA), Environmental Protection Agency (EPA), and Consumer Product Safety Commission (CPSC).

With so much focus on security and trade enforcement, CBP cannot lose sight of its function as an international trade agency with the responsibility to facilitate trade to help U.S. companies compete globally. The importance of striking this critical balance between trade facilitation, trade enforcement, and security leads to the need for legislation.

C. Legislative History

Background

H.R. 1907, to reauthorize trade facilitation and trade enforcement functions and activities, and for other purposes, was introduced on April 21, 2015, by Chairman Pat Tiberi, Representative Kevin Brady, and Representative Charles Boustany and was referred to the Committee on Ways and Means, Committee on Homeland Security, Committee on Foreign Affairs, Committee on Financial Services, and Committee on the Judiciary.

Committee hearings

On May 17, 2012, the Committee held a hearing on Customs Trade Modernization, Facilitation and Enforcement. The hearing focused on efforts to enhance economic growth and job creation by facilitating legitimate trade, modernizing customs procedures, and enforcing U.S. customs and trade laws. The hearing was intended to help the Committee develop customs reauthorization legislation.

Committee action

The Committee on Ways and Means marked up H.R. 1907, to reauthorize trade facilitation and trade enforcement functions and activities, and for other purposes, on April 23, 2015 and ordered the bill, as amended, favorably reported by voice vote (with a quorum being present).

II. EXPLANATION OF THE BILL

A. Trade Facilitation and Trade Enforcement Act of 2015

TITLE I—TRADE FACILITATION AND TRADE ENFORCEMENT

SECTION 101. IMPROVING PARTNERSHIP PROGRAMS

Present law

The Customs-Trade Partnership Against Terrorism (C–TPAT), codified in the Security and Accountability for Every Port Act (SAFE Port Act) of 2006 (6 U.S.C. 961 et seq.), is a voluntary trade partnership program in which CBP and members of the trade community work together to secure and facilitate the movement of legitimate trade. Companies that are members of C–TPAT are considered low-risk, which expedites cargo clearance based on the company's security profile and compliance history.

Explanation of provisions

Section 101 requires the Commissioner of CBP to work with the private sector and other Federal agencies to ensure that all Agency partnership programs provide trade benefits to participants. This would apply to partnership programs established before enactment of this bill, and any programs established after enactment. It establishes elements for the development and operation of any such partnership programs, which require the Commissioner to: 1) consult with private sector entities, the public, and other Federal agencies when appropriate, to ensure that participants receive commercially significant and measurable trade benefits; 2) ensure an integrated and transparent system of trade benefits and compliance requirements for all CBP partnership programs; 3) consider consolidating partnership programs in situations in which doing so would support the objectives of such programs, increase participation, enhance trade benefits, and enhance the allocation of resources of CBP; 4) coordinate with the Director of ICE, and other Federal agencies with authority to detain and release merchandise; and 5) ensure that trade benefits are provided to participants in partnership programs.

It further requires the Commissioner to submit to the Committee on Finance of the Senate and the Committee on Ways and Means of the House of Representatives a report that: 1) identifies each partnership program; 2) for each program, identifies the requirements for participation, benefits provided to participants, the number of participants, and in the case of a program that provides for participation at multiple tiers, the number of participants at each such tier; 3) identifies the number of participants enrolled in more than one program; 4) assesses the effectiveness of each program in advancing the security, trade enforcement, and trade facilitation missions of CBP; 5) summarizes CBP's efforts to work with other Federal agencies to detain and release merchandise entering the United States to ensure that partnership programs of those agencies are compatible with CBP partnership programs; 6) summarizes criteria developed with those agencies for authorizing the release, on an expedited basis, for merchandise for which documentation is required from one or more of those agencies to clear or license the merchandise for entry into the United States; 7) summarizes CBP

efforts to work with the private sector and the public to develop partnership programs; 8) describes measures taken by CBP to make the private sector aware of trade benefits available to participants in partnership programs; and 9) summarizes CBP's plans, targets, and goals with respect to partnership programs for the two years following submission of the report.

Reasons for change

This section reinforces that any voluntary partnership programs that require participants to dedicate significant time and resources to provide CBP with the ability to conduct risk-based targeting to secure supply chains must provide meaningful trade benefits to participants, such as expedited clearance of merchandise.

The Committee believes that close and continuous consultation with private sector entities, other Federal agencies when appropriate, and Congress will help to ensure that participants in partnership programs receive commercially significant and measurable trade benefits, including pre-clearance of merchandise for qualified persons that demonstrate the highest levels of compliance with the customs and trade laws of the United States, and other requirements deemed necessary by the Commissioner. Through such incentives, companies are encouraged to join, saving considerable CBP resources while improving security because CBP is able to dedicate those resources to traders who have not been pre-cleared.

Effective date

The amendments made by this section shall take effect on the date of enactment of this Act.

SECTION 102. REPORT ON EFFECTIVENESS OF TRADE ENFORCEMENT ACTIVITIES

Present law

No provision.

Explanation of provisions

Section 102(a) requires the Comptroller General of the United States to submit a report on the effectiveness of trade enforcement activities of CBP to the Senate Committee on Finance and the House Committee on Ways and Means, no later than one year after the date of enactment the bill.

Section 102(b) establishes that the report shall include 1) a description of the use of resources, results of audits and verifications, targeting, organization, and training of CBP personnel; and 2) a description of trade enforcement activities to address undervaluation, transshipment, legitimacy of entities making entry, protection of revenue, fraud prevention and detection, and penalties, including intentional misclassification, inadequate bonding, and other misrepresentations.

Reasons for change

The Committee believes that an independent review of the effectiveness of CBP's trade enforcement activities will allow the Committee to better understand the resources within CBP that could

be more effectively utilized to enhance the trade enforcement activities of CBP.

Effective date

The amendments made by this section shall take effect on the date of enactment of this Act.

SECTION 103. PRIORITIES AND PERFORMANCE STANDARDS FOR CUSTOMS MODERNIZATION, TRADE FACILITATION, AND TRADE ENFORCEMENT FUNCTIONS AND PROGRAMS

Present law

No provision.

Explanation of provisions

Section 103(a) directs the Commissioner of Customs to consult with the Senate Committee on Finance and the House Committee on Ways and Means to establish priorities and performance standards to measure the development and levels of achievement of the customs modernization, trade facilitation, and trade enforcement functions of the programs described in section 103(b). The bill requires that the priorities and performance standards shall, at a minimum, include priorities and performance standards relating to efficiency, outcome, output, and other types of applicable measures.

Section 103(b) establishes the functions and programs to which section 103(a) applies: 1) the Automated Commercial Environment; 2) each of the priority trade issues described in section 111(a) of this Act; 3) the Centers of Excellence and Expertise; 4) drawback; 5) transactions relating to imported merchandise in bond; 6) the collection of antidumping and countervailing duties assessed; 7) the expedited clearance of cargo; 8) the issuance of regulations and rulings; and 9) the issuance of Regulatory Audit Reports.

Section 103(c) requires that the consultations with the Senate Committee on Finance and the House Committee on Ways and Means occur, at a minimum, on an annual basis, and requires the Commissioner to notify the Committees of any changes to the priorities referred to in Section 103(a) no later than 30 days before such changes are to take effect.

Reasons for change

The Committee believes that requiring CBP to regularly consult with Congress on priority trade programs, issues, and functions is critical to maintaining a high level of transparency and achievement in customs modernization, trade facilitation, and trade enforcement.

Effective date

The amendments made by this section shall take effect the date of enactment of this Act.

SECTION 104. EDUCATIONAL SEMINARS TO IMPROVE EFFORTS TO CLASSIFY AND APPRAISE IMPORTED ARTICLES TO IMPROVE TRADE ENFORCEMENT EFFORTS, AND TO OTHERWISE FACILITATE LEGITIMATE INTERNATIONAL TRADE

Present law

No provision.

Explanation of provisions

Section 104(a) requires the Commissioner of CBP and the Director of ICE to establish and carry out educational seminars for CBP port personnel and ICE agents to improve their ability to classify and appraise imported merchandise, improve trade enforcement efforts, and otherwise improve the ability and effectiveness of CBP and ICE to facilitate legitimate trade.

Section 104(b) establishes that these seminars shall include instruction on conducting physical inspections of merchandise, including testing of samples; reviewing the manifest and accompanying documentation to determine country of origin; customs valuation; industry supply chains; collection of antidumping and countervailing duties; addressing evasion of duties on imports of textiles; protection of intellectual property rights; and the enforcement of child labor laws.

Section 104(c) directs the Commissioner to establish a process to solicit, evaluate and select interested parties in the private sector to assist in providing instruction.

Section 104(d) directs the Commissioner to give special consideration to carrying out educational seminars dedicated to improving the ability of CBP to enforce antidumping and countervailing duty orders upon the request of a petitioner.

Section 104(e) requires the Commissioner and the Director to establish performance standards to measure the development and level of achievement of educational seminars under this section.

Section 104(f) requires the Commissioner and the Director to submit an annual report to the Senate Committee on Finance and the House Committee on Ways and Means on the effectiveness of the educational seminars.

Reasons for change

The Committee believes that these particular trade enforcement and trade facilitation functions within CBP and ICE require continuous education due to the evolving nature of trade. CBP officers at the border are on the front lines and require the most current information and trade developments at their fingertips. The Committee further believes CBP and ICE have worked well together to provide education when possible, but notes that valuable private sector expertise can and should be utilized to reinforce this education.

Effective date

The amendments made by this section shall take effect on the date of enactment of this Act.

SECTION 105. JOINT STRATEGIC PLAN

Present law

No provision.

Explanation of provisions

Section 105(a) requires the Commissioner of CBP and the Director of ICE to create and submit to the Senate Committee on Finance and the House Committee on Ways and Means a biennial joint strategic plan on trade facilitation and trade enforcement.

Section 105(b) requires the joint strategic plan to contain a comprehensive plan for trade facilitation and trade enforcement that includes: 1) a summary of the actions taken during the 2-year period preceding submission of the plan to improve trade facilitation and trade enforcement; 2) a statement of objectives and plans for further improving trade facilitation and trade enforcement; 3) a specific identification of priority trade issues that can be addressed to enhance trade enforcement and trade facilitation; 4) a description of efforts made to improve consultation and coordination among and within Federal agencies; 5) a description of training that has occurred within CBP and ICE to improve trade enforcement and trade facilitation; 6) a description of efforts to work with the World Customs Organization and other international organizations with respect to enhancing trade facilitation and trade enforcement; 7) a description of CBP organizational benchmarks for optimizing staffing and wait times at ports of entry; 8) a specific identification of any domestic or international best practices that may further improve trade enforcement and trade facilitation; 9) any legislative recommendations to further improve trade facilitation and trade enforcements; and 10) a description of efforts to improve consultation and coordination with the private sector to enhance trade facilitation and trade enforcement.

Section 105(c) requires the Commissioner and the Director to consult with the appropriate Federal agencies and appropriate officials from relevant law enforcement agencies, international organizations, and interested parties in the private sector.

Reasons for change

The Committee believes that a biennial joint strategic plan coproduced by CBP and ICE on efforts to enhance trade facilitation and trade enforcement functions will foster accountability to Congress and the private sector in these critical areas.

Effective date

The amendments made by this section shall take effect on the date of enactment of this Act.

SECTION 106. AUTOMATED COMMERCIAL ENVIRONMENT

Present law

Section 411 of the Tariff Act of 1930 requires the Secretary of Treasury to establish the National Customs Automation Program, an automated and electronic system for processing commercial importations.

Section 13031(f)(4)(B) of the Consolidated Omnibus Budget Reconciliation Act of 1985 provides an authorization for appropriations from the Customs Commercial and Homeland Security Automation Account in fiscal years 2003 through 2005 such amounts as are available in that Account for the development, establishment, and implementation of the Automated Commercial Environment (ACE) computer system for the processing of merchandise that is entered or released and for other purposes related to the functions of the Department of Homeland Security.

Section 311(b)(3) of the Customs Border Security Act of 2002 requires the Commissioner of Customs to prepare and submit to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate a report demonstrating that the development and establishment of the Automated Commercial Environment computer system is being carried out in a cost-effective manner and meets the modernization requirements of title VI of the North American Free Trade Agreement Implementation Act.

Explanation of provisions

Section 106(a) amends Section 13031(f)(4)(B) of the Consolidated Omnibus Budget Reconciliation Act of 1985 to update fiscal years 2003 through 2005 to fiscal years 2016 through 2018, to update the amount to be allocated to ACE to "not less than $153,736,000," and to make clear that these funds shall be used to complete the development and implementation of ACE.

Section 106(b) amends Section 311(b)(3) of the Customs Border Security Act of 2002 to require two reports from the Commissioner in regards to ACE. The Commissioner is required to submit a report no later than December 31, 2016 to the Senate Appropriations Committee and Finance Committee, and the House of Representatives Appropriations Committee and Ways and Means Committee, updates on the implementation of ACE, incorporation of all core trade processing capabilities, components that have not been implemented, and additional components needed to realize the full implementation and operation of the program. The Commissioner is required to submit a second report no later than September 30, 2017 providing updates to the relevant Congressional committees from the prior report, as well as evaluations on the effectiveness of implementation of ACE and details of the percentage of trade processed in ACE every month since September 30, 2016.

Section 106(c) directs the Comptroller General of the United States to submit a report to the Senate Appropriations Committee and Finance Committee, and House of Representatives Appropriations Committee and Ways and Means Committee, assessing the progress of other Federal agencies in accessing and utilizing ACE and identifying potential cost savings to the U.S. government, importers, and exporters upon full implementation and utilization of ACE.

Reasons for change

ACE has been under development for many years, and the Committee notes with approval that CBP has greatly improved its development and implementation efforts, establishing a deadline for completing the development and implementation of the program.

The Committee believes it is important for CBP to have the funds necessary to complete the development and that it should have these funds available through the implementation stage. Further, despite recent progress in the development of ACE core processing capabilities, the Committee believes that a reporting requirement will make CBP accountable to the Committee, and other relevant committees, to fully implement ACE with the funds that are authorized, and to provide a detailed explanation of components, if any, that are incomplete and the reasons why.

Effective date

The amendments made by this section shall take effect on the date of enactment of this Act.

SECTION 107. INTERNATIONAL TRADE DATA SYSTEM

Present law

Section 411(d) of the Tariff Act of 1930 requires the Secretary of the Treasury to oversee the establishment of an electronic trade data interchange system, known as the International Trade Data System (ITDS). It further requires ITDS to be implemented no later than the date that ACE is fully implemented and mandates the participation of all federal agencies that require documentation for clearing or licensing cargo imports or exports.

Explanation of provisions

Section 107 amends section 411(d) of the Tariff Act of 1930 to require the Secretary of Homeland Security to work with the head of each Federal agency participating in ITDS and the Interagency Steering Committee to ensure that each agency: 1) develops and maintains the necessary information technology infrastructure to support the operation of ITDS and to submit all data to ITDS electronically; 2) enters into a memorandum of understanding to provide information sharing between the agency and CBP for the operation and maintenance of ITDS; 3) identifies and transmits admissibility criteria and data elements required by the agency to authorize the release of cargo by CBP for incorporation into ACE, no later than June 30, 2016; and 4) utilizes ITDS as the primary means of receiving the standard set of data and other relevant documentation from users, no later than December 31, 2016.

Reasons for change

The Committee believes that customs is the engine of trade, and therefore the engine of a prosperous economy. To most efficiently facilitate legitimate trade and effectively enforce the trade laws of the United States, relevant agencies across the government must improve the technologies and policies governing the movement of goods across our borders. In particular, the Committee believes that these agencies must improve efforts to complete the development of ITDS to expedite the flow of information between agencies and modernize agency interaction with traders.

Effective date

The amendments made by this section shall take effect on the date of enactment of this Act.

SECTION 108. CONSULTATIONS WITH RESPECT TO MUTUAL RECOGNITION ARRANGEMENTS

Present law

No provision.

Explanation of provisions

Section 108(a) requires the Secretary of Homeland Security to consult with the Senate Committee on Finance and the House Committee on Ways and Means at least thirty days before the initiation of mutual recognition arrangement negotiations and at least thirty days before entering into any mutual recognition arrangement.

Section 108(b) requires that the United States have as a negotiating objective in any negotiation for a mutual recognition arrangement with a foreign country on partnership programs to seek to ensure the compatibility of the foreign country's partnership program with the partnership programs of CBP in order to enhance trade facilitation and trade enforcement.

Reasons for change

Mutual recognition arrangements of customs partnership programs have historically been entered into with minimal, if any, consultations with Congress. The Committee believes it is important that it be apprised of any plans to enter into negotiations with foreign countries given the Committee's oversight responsibilities.

Furthermore, mutual recognition arrangements have primarily been based on security components, and have not delivered trade facilitation benefits to participants in the partnership programs. This section will make it a requirement for mutual recognition arrangements to enhance security, trade enforcement, and trade facilitation.

Effective date

The amendments made by this section shall take effect on the date of enactment of this Act.

SECTION 109. COMMERCIAL CUSTOMS OPERATIONS ADVISORY COMMITTEE

Present law

The Advisory Committee on Commercial Operations (COAC) of the United States Customs Service was established in the Omnibus Budget Reconciliation Act of 1987. The Department of the Treasury Order No. 100–16, effective May 23, 2003, specified that COAC would be administered jointly by the Department of the Treasury and Department of Homeland Security.

Explanation of provisions

Section 109(a) requires the Secretary of the Treasury and the Secretary of Homeland Security to jointly establish a Commercial Customs Operations Advisory Committee (COAC).

Section 109(b) requires that COAC be comprised of 20 appointed individuals from the private sector, appointed without regard to political affiliation; the Commissioner of CBP and the Assistant Sec-

retary of Treasury for Tax Policy, who shall co-chair meetings; and the Assistant Secretary for Policy of the Department of Homeland Security and the ICE Director, who shall serve as deputy co-chairs of meetings. Section 109(b) further requires that appointed private sector individuals be representative of individuals and firms affected by the commercial operations of CBP, and provides that individuals may be appointed to multiple 3-year terms but cannot serve more than two terms sequentially. The Secretaries of the Treasury and Homeland Security are authorized to transfer members to the COAC who are currently serving on the Advisory Committee on Commercial Operations of the United States Customs Service.

Section 109(c) establishes the duties of COAC, which shall be to: 1) advise the Secretaries of the Treasury and Homeland Security on all matters involving the commercial operations of CBP and the investigations of ICE; 2) provide recommendations to the Secretaries on improvements that CBP and ICE should make to their commercial operations and investigations; 3) collaborate in developing the agenda for COAC meetings; and 4) perform other functions relating to the commercial operations of CBP and the investigations of ICE as prescribed by law or as directed by the Secretaries.

Section 109(d) establishes that 1) COAC shall meet at the call of the Secretary of the Treasury, the Secretary of Homeland Security, or two-thirds of the membership of COAC; 2) COAC shall meet at least four times each calendar year; and 3) that COAC meetings shall be open to the public unless the Secretary of the Treasury or the Secretary of Homeland Security determines that the meeting will include matters the disclosure of which would compromise the development of policies, priorities, or negotiating objectives or positions that could impact the commercial operations of CBP of the operations or investigations of ICE.

Section 109(e) requires COAC to submit an annual report to the Senate Committee on Finance and the House Committee on Ways and Means that describes the activities of COAC during the preceding fiscal year and sets forth any recommendations of COAC regarding the commercial operations of CBP.

Section 109(f) establishes that Section 14(a)(2) of the Federal Advisory Committee Act, relating to the termination of advisory committees, shall not apply to COAC.

Reasons for change

This section codifies and expands the role of COAC, which the Committee believes to be a valuable entity. As expert advisors to the Secretaries of the Treasury and Homeland Security on all matters involving the commercial operations of CBP and the investigations of ICE, COAC provides recommendations to the Secretaries on improvements that CBP and ICE should make to their commercial operations and investigations. COAC is an established mechanism through which CBP and ICE can receive critical input from the business community, and the Committee believes that it is important for the agencies to have a structured system for receiving such input from their customers.

Effective date

The amendments made by this section shall take effect on the date of enactment of this Act.

SECTION 110. CENTERS FOR EXCELLENCE AND EXPERTISE

Present law

No provision.

Explanation of provisions

Section 110(a) requires the Commissioner to develop and implement, in consultation with the Senate Committee on Finance, the House Committee on Ways and Means, and the COAC established by section 109(a), Centers of Excellence and Expertise (CEE) throughout CBP that: 1) enhance the economic competitiveness of the United States; 2) improve enforcement efforts; 3) build upon CBP expertise in particular industry operations, supply chains, and compliance requirements; 4) promote the uniform implementation at each port of entry of policies and regulations relating to imports; 5) centralize the trade enforcement and trade facilitation efforts of CBP; 6) formalize an account-based approach to the importation of merchandise into the United States; 7) foster partnerships through the expansion of trade programs and other trusted trader programs; 8) develop applicable performance measures to meet internal efficiency and effectiveness goals; and 9) when feasible, facilitate a more efficient flow of information between Federal agencies.

Section 110(b) requires the Commissioner to submit a report to the Senate Committee on Finance and the House Committee on Ways and Means no later than December 31, 2016 describing the scope, functions and structure of the CEEs; the effectiveness of the CEEs in improving enforcement efforts; the benefits to the trade community; applicable performance measurements; the performance of each CEE in facilitating trade; and any planned changes to the CEEs.

Reasons for change

The Committee believes that security and facilitation are two sides of the same coin. CBP is able to secure and facilitate legitimate trade, while taking a risk-based approach to enforcement, allowing it to focus on security and enforcement without compromising trade facilitation. The Committee believes that the CEEs allow CBP to focus on accounts, rather than transactions, and segment risk accordingly.

The CEEs also allow CBP to increase industry-specific knowledge to build upon CBP expertise in particular industry operations and supply chains. Not only does this facilitate trade, but it also equips CBP with the knowledge needed to target illegitimate trade. The Committee believes that the CEEs will improve CBP's enforcement efforts and centralize CBP decision-making. All of these improvements are necessary to support the ever-increasing volume of trade without draining CBP resources.

Another critical value-added of the CEEs is that they will help to prevent so-called "port shopping," in which importers whose shipments are rejected by one port simply ship their products to another port of entry. The existence of centralized, industry and ac-

count-focused centers throughout CBP will raise awareness and ability to target such behavior more effectively.

Effective date

The amendments made by this section shall take effect on the date of enactment of this Act.

SECTION 111. COMMERCIAL TARGETING DIVISION AND NATIONAL TARGETING AND ANALYSIS GROUPS

Present law

No provision.

Explanation of provisions

Section 111(a) requires the Secretary of Homeland Security to establish and maintain a Commercial Targeting Division (CTD) within CBP's Office of International Trade. The CTD shall be comprised of headquarters staff led by an Executive Director, and individual National Targeting and Analysis Groups (NTAGs) led by Directors reporting to the Executive Director. The CTD shall develop and conduct commercial targeting with respect to cargo destined for the United States.

At a minimum, there shall be an NTAG established for the following priority trade issues (PTI): 1) agricultural programs; 2) antidumping and countervailing duties; 3) import safety; 4) intellectual property rights; 5) revenue; 6) textiles and wearing apparel; and 7) trade agreements and preference programs. The Commissioner may modify the PTIs in consultation with the Committee on Finance of the Senate and the Committee on Ways and Means of the House of Representatives. The duties of each NTAG shall include directing trade enforcement and compliance assessments of activities of CBP and serving as the primary liaison between CBP and the public for issues that relate to the PTIs.

Section 111(a) also requires the CTD to establish methodologies for assessing the risk that imports may violate U.S. customs and trade laws and to issue trade alerts when the CTD determines cargo may violate such laws; assess the risk of cargo based on all information available to CBP through the Automated Targeting System, ACE, the Automated Entry System, ITDS, and TECS (formerly known as the "Treasury Enforcement Communications System") or any successor systems and publicly available information; and, use information provided by private sector entities and coordinate targeting efforts with other Federal agencies.

Section 111(a) further authorizes the Executive Director of the CTD and NTAG Directors to issue trade alerts to port directors when such person determines cargo may violate U.S. customs and trade laws. The trade alert may direct further inspection or physical examination or testing of merchandise by the port personnel if certain risk-assessment thresholds are met. A port director may determine not to carry out the direction of the trade alerts if the port director finds security interests justify such determination, and the port director notifies the Assistant Commissioners of the Office of Field Operations and the Office of International Trade of such determination. The Assistant Commissioner of the Office of Field Operations must compile an annual report of all determinations by

port directors to override trade alerts and include an evaluation of the utilization of trade alerts. This report must be submitted to the Committee on Finance of the Senate and the Committee on Ways and Means of the House of Representatives not later than December 31 each year.

Section 111(b) amends section 343(a)(3)(F) of the Trade Act of 2002 to establish that the information collected pursuant to regulations shall be used exclusively for ensuring cargo safety and security, prevent smuggling, and commercial risk assessment targeting, and shall not be used for any commercial enforcement purposes, including for determining merchandise entry.

Reasons for change

The Committee believes that effective commercial targeting is critical to CBP's overall targeting and enforcement efforts. Targeting undoubtedly has a security angle, but it has a crucial trade enforcement angle as well. The codification of the priority trade issues in this section makes this clear, by establishing agricultural programs, antidumping and countervailing duties, import safety, intellectual property rights, revenue, textiles and wearing apparel, and trade agreements, and preference programs as key areas in which CBP must focus its trade targeting efforts. Targeting for trade enforcement purposes allows CBP to develop knowledge of patterns and issues that arise in the flow of importations into the United States in order to sufficiently target high-risk trade that is dangerous, infringing, or otherwise failing to comply with the customs and trade laws of the United States, and to protect the revenue of the United States.

Effective date

The amendments made by this section shall take effect on the date of enactment of this Act.

SECTION 112. REPORT ON OVERSIGHT OF REVENUE PROTECTION AND ENFORCEMENT MEASURES

Present law

No provision.

Explanation of provisions

Section 112(a) requires the Inspector General of the Department of the Treasury to submit a report, not later than March 31, 2016 and biennially thereafter, to the Senate Committee on Finance and the House Committee on Ways and Means that assesses the effectives of the measures taken by CBP with respect to protection of the revenue and to measure accountability and performance with respect to protection of the revenue.

Section 112(b) establishes that each report required by section 112(a) shall cover the period of two fiscal years ending on September 30 of the calendar year preceding the submission of the report.

Reasons for change

This report will keep the Committee apprised of measures taken by CBP to protect the revenue, particularly with regard to efforts

to collect antidumping and countervailing duties owed. The Committee believes that a regular report of this nature will serve to improve CBP's collection efforts and educate the Committee on CBP's efforts.

Effective date

The amendments made by this section shall take effect on the date of enactment of this Act.

SECTION 113. REPORT ON SECURITY AND REVENUE MEASURES WITH RESPECT TO MERCHANDISE TRANSPORTED IN BOND

Present law

No provision.

Explanation of provisions

Section 113(a) requires the Secretaries of Homeland Security and the Treasury to jointly submit a report to the Senate Committee on Finance and the House Committee on Ways and Means on efforts undertaken by CBP to ensure the secure transportation of merchandise in bond through the United States and the collection of revenue owed upon the entry of such merchandise into the United States for consumption. The report must be submitted no later than December 31 of 2016, 2017, and 2018.

Section 113(b) requires that each report required by section 113(a) shall include information on: 1) the overall number of entries of merchandise for transportation in bond through the United States; 2) the ports at which merchandise arrives in the United States for transportation in bond and at which records of arrival of such merchandise are generated; 3) the average time taken to reconcile such records with the records at the final destination of merchandise in the United States to demonstrate that the merchandise reaches its final destination or is re-exported; 4) the average time taken to transport merchandise in bond from the port at which the merchandise arrives in the United States to its final destination in the United States; 5) the total amount of duties, taxes, and fees owed with respect to shipments of merchandise transported in bond and the total of such duties, taxes, and fees paid; 6) the total number of notifications by carriers of merchandise being transported in bond that the destination of merchandise has changed; and 7) the number of entries that remain unreconciled.

Reasons for change

In bond shipments to and within the United States are shipments that are not to enter into the United States for consumption. Because they are not to enter into the commerce of the United States, duties and taxes are not owed upon these shipments. Given the nature of in bond shipments transported through the United States, there has historically been little to no monitoring of these shipments to determine whether they in fact do enter the commerce of the United States. The lack of oversight and heightened risk for fraud has been a source of concern for the Committee. This report will keep the Committee apprised of measures taken by CBP to collect revenue owed upon entry of merchandise transported in

bond through the United States and encourage a higher level of CBP oversight over merchandise transported in bond.

Effective date

The amendments made by this section shall take effect on the date of enactment of this Act.

SECTION 114. IMPORTER OF RECORD PROGRAM

Present law

No provision.

Explanation of provisions

Section 114(a) requires the Secretary of Homeland Security to establish an importer of record program to assign and maintain importer of record numbers.

Section 114(b) requires the Secretary to ensure that CBP develops criteria that importers must meet in order to obtain an importer of record number, provides a process by which importers are assigned importer of record numbers, maintains a centralized database of importer of record numbers, evaluates and maintains accuracy of the database if importer information changes, and takes measures to ensure that duplicate importer of record numbers are not issued.

Section 114(c) requires the Secretary of Homeland Security to submit a report to the Senate Committee on Finance and the House Committee on Ways and Means on the establishment of the importer of record program no later than one year after enactment of the Trade Facilitation and Trade Enforcement Act of 2015.

Reasons for change

The Committee believes that CBP must do a better job of creating and maintaining records of importers. A new program dedicated to recording and tracking importers will allow CBP to improve its enforcement and facilitation efforts by giving it the knowledge needed to effectively pursue a risk-based strategy for enforcement.

Effective date

The amendments made by this section shall take effect on the date of enactment of this Act.

SECTION 115. ESTABLISHMENT OF NEW IMPORTER PROGRAM

Present law

No provision.

Explanation of provisions

Section 115(a) requires the Commissioner to establish a new importer program that directs CBP to adjust bond amounts for new importers based on the level of risk assessed by CBP for revenue protection.

In establishing this program, section 115(b) requires CBP to 1) develop risk-based criteria to assess new importers; 2) develop risk assessment guidelines for new importers to determine if and to what extent to adjust the bond amounts and increase screening of

imports of new importers; 3) develop procedures to ensure increased oversight of imported products of new importers relating to the enforcement of priority trade issues; 4) develop procedures to ensure increased oversight by Centers of Excellence and Expertise; and 5) establish a centralized database of new importers to ensure the accuracy of information provided by new importers pursuant to the requirements of this section.

Reasons for change

The Committee believes that CBP can do a better job of knowing its customers in order to more effectively enforce the customs and trade laws of the United States. A new importer program will give CBP the tools to increase oversight of new importers, and to develop risk-based criteria to assess threat levels of new importers. The Committee believes that these steps will streamline CBP's trade facilitation and trade enforcement efforts. By developing guidelines to screen higher risk new importers, CBP can more effectively facilitate legitimate trade.

Effective date

The amendments made by this section shall take effect on the date of enactment of this Act.

SECTION 116. CUSTOMS BROKER IDENTIFICATION OF IMPORTERS

Present law

Section 641 of the Tariff Act of 1930 establishes requirements and procedures for customs brokers in acquiring a license or permit, disciplinary proceedings, and judicial appeals of revocation or suspension of a broker's license.

Explanation of provisions

Section 116(a) amends section 641 of the Tariff Act of 1930 by inserting a new provision that requires the Secretary of Homeland Security to prescribe regulations setting minimum standards for customs brokers and importers regarding the identity of the importer. The regulations shall, at a minimum, require customs brokers and importers, upon adequate notice, to comply with procedures for collecting the identity of importers, including nonresident importers, seeking to import merchandise into the United States, and maintain records of the information used to substantiate a person's identity. This section further provides that a customs broker will be penalized, at the discretion of the Secretary, in an amount not exceeding $10,000 for each violation of the regulations concerning the collection and maintenance of importer's identity and identifying information, and the broker's license or permit will be subject to revocation or suspension, pursuant to procedures established in section 641(d) of the Tariff Act of 1930.

Section 116(b) requires the Commissioner to submit a report to Congress no later than 180 days after enactment of this bill containing recommendations for determining the most timely and effective way to require foreign nationals to provide customs brokers with appropriate and accurate information (comparable to that which is required of United States nationals concerning the identity, address and other related information), and for establishing a

system for customs brokers to review information maintained by relevant Federal agencies for purposes of verifying the identities of importers, including nonresident importers, seeking to import merchandise into the United States.

Reasons for change

Much like CBP should know its customers, a customs broker must know its customer. This provision requires the Department of Homeland Security to write regulations that would require customs brokers to collect information on the identity of importers, with penalties for failure to comply. The Committee believes that it is incumbent on a broker to know exactly on whose behalf it is acting, and to be held accountable for failure to substantiate a customer's identity. While the Committee is cognizant that this will require due diligence by the broker and could potentially impact a broker's business, the Committee believes that the benefit to the broker and the government is far outweighed by any change in business practices. Furthermore, the Committee believes that the penalty for a violation of this section is necessary to hold brokers accountable to the requirements of this section, and that it is equitable because the Secretary of Homeland Security has the discretion to impose such a penalty under circumstances deemed appropriate.

Effective date

The amendments made by this section shall take effect on the date of enactment of this Act.

SECTION 117. REQUIREMENTS APPLICABLE TO NON-RESIDENT IMPORTERS

Present law

No provision.

Explanation of provisions

Section 117 amends Part III of title IV of the Tariff Act of 1930 to insert a new provision (section 484c) on requirements applicable to non-resident importers. If an importer of record is not a resident of the United States, CBP shall require the non-resident importer to designate a resident agent in the United States that shall be authorized to accept service of process against the non-resident importer in connection with the importation of merchandise. CBP shall require the non-resident importer to establish power of attorney with the resident agent in connection with the importation of merchandise. The requirements of this section shall in no case apply to a non-resident importer who is a validated Tier 2 or Tier 3 C–TPAT member. This section further establishes that any person who violates the requirements of this section shall be liable for a civil penalty of $50,000 for each such violation, and that any violation of this section that violates any other customs and trade laws of the United States shall be subject to any applicable civil and criminal penalty, including seizure and forfeiture, that may be imposed under such customs or trade laws or Title 18 of the United States Code.

Reasons for change

This section requires CBP to collect additional information and levy financial requirements on "nonresident importers" to increase revenue protection. The Committee believes that the imposition of strict requirements on non-resident importers is necessary to combat the problems posed by foreign importers that disappear when the time comes to pay duties or penalties owed. The Committee also takes into account that some non-resident importers are validated members of C–TPAT, and therefore should not be subject to the requirements of this section.

Effective date

The amendments made by this section shall take effect on the date of enactment of this Act and apply with respect to the importation of merchandise of an importer of record under section 484 of the Tariff Act of 1930 who is not resident of the United States on or after the date that is 180 days after such date of enactment.

TITLE II—IMPORT HEALTH AND SAFETY

SECTION 201. INTERAGENCY IMPORT SAFETY WORKING GROUP

Present law

No provision.

Explanation of provisions

Section 201(a) establishes an Interagency Import Safety Working Group.

Section 201(b) sets forth the membership of the Working Group and designates the Secretary of Homeland Security as the Chair and the Secretary of Health and Human Services as the Vice-Chair. The membership of the Working Group also shall include the Secretaries of the Treasury, Commerce and Agriculture; the United States Trade Representative; the Director of the Office of Management and Budget; the Commissioners of CBP and the Food and Drug Administration; the Chairman of the Consumer Product Safety Commission; the Director of ICE; and the head of any other Federal agency designated by the President to participate.

Section 201(c) requires the Working Group to (1) consult on the development of a joint import safety rapid response plan required under section 202 of the bill; (2) evaluate federal government and agency resources, plans, and practices to ensure the safety of U.S. imports and the expeditious entry of such merchandise; (3) review the engagement and cooperation of foreign governments and foreign manufacturers; (4) identify best practices, in consultation with the private sector, to assist U.S. importers in ensuring import health and safety of imported merchandise; (5) identify best practices to improve Federal, state, and local coordination in responding to import health and safety threats; and (6) identify appropriate steps to improve domestic accountability and foreign government engagement with respect to imports.

Reasons for change

The Committee believes that addressing import health and safety concerns requires pooling the resources and expertise of the numer-

ous Federal agencies designated to participate in the import safety working group.

Effective date

The amendments made by this section shall take effect on the date of enactment of this Act.

SECTION 202. JOINT IMPORT SAFETY RAPID RESPONSE PLAN

Present law

No provision.

Explanation of provisions

Section 202(a) requires the Secretary of Homeland Security, in consultation with the Working Group, to develop and review a joint import safety rapid response plan (the Plan) that establishes protocols and practices CBP should use when responding to cargo that poses a threat to the health or safety of U.S. consumers.

Section 202(b) sets forth the contents of the Plan, which must define (1) the responsibilities of CBP and other Federal agencies in responding to an import health and safety threat; (2) the protocols and practices used in responding to such threats; (3) the mitigation measures CBP must take when responding to such threats after the incident to ensure the resumption of the entry of merchandise into the United States; and (4) exercises CBP should take with Federal, State, and local agencies as well as the private sector to simulate responses to such threats.

Section 202(c) requires the Secretary of Homeland Security to review and update the joint import safety rapid response plan, as appropriate, after conducting exercises under subsection (d).

Section 202(d) requires the Commissioner, in conjunction with Federal, state, and local agencies, to conduct exercises to test the Plan. When conducting exercises, the Commissioner must make allowances for the specific needs of the port where the exercise is occurring, base evaluations on current import risk assessments, and ensure that the exercises are conducted consistent with other national preparedness plans. The Secretary of Homeland Security and Commissioner must ensure that the testing and evaluations use performance measures in order to identify best practices and recommendations in responding to import health and safety threats and develop metrics with respect to the resumption of the entry of merchandise into the United States. Best practices and recommendations should then be shared among relevant stakeholders and incorporated into the Plan.

Reasons for change

The Committee believes that CBP should have an established plan and protocols in place, prepared with the expertise and resources of partner Federal agencies, to use when responding to cargo that poses a threat to the health and safety of U.S. consumers. The Committee further believes that testing this plan with Federal, state, and local agencies will ensure that CBP is prepared to address threats immediately and effectively as they arise.

Effective date

The amendments made by this section shall take effect on the date of enactment of this Act.

SECTION 203. TRAINING

Present law

No provision.

Explanation of provisions

Section 203 requires the Commissioner to ensure that CBP port personnel are trained to effectively enforce U.S. import health and safety laws.

Reasons for change

The Committee believes that CBP personnel should be educated and trained to effectively enforce U.S. import health and safety laws.

Effective date

The amendments made by this section shall take effect on the date of enactment of this Act.

TITLE III—IMPORT-RELATED PROTECTION OF INTELLECTUAL PROPERTY RIGHTS

SECTION 301. DEFINITION OF INTELLECTUAL PROPERTY RIGHTS

Present law

No provision.

Explanation of provisions

Section 301 defines "intellectual property rights" as copyrights, trademarks, and other forms of intellectual property rights that are enforced by CBP and ICE.

Reasons for change

The Committee believes that the definition of intellectual property rights should be clear for the purposes of customs enforcement.

Effective date

The amendments made by this section shall take effect on the date of enactment of this Act.

SECTION 302. EXCHANGE OF INFORMATION RELATED TO TRADE ENFORCEMENT

Present law

Section 818(g) of the 2012 National Defense Authorization Act (NDAA) authorizes, but does not require, CBP to share unredacted images and samples with right holders if CBP suspects a product of infringing a trademark.

Explanation of provisions

Section 302 amends the Tariff Act of 1930 to create Section 628A, which requires CBP to share certain information about merchandise suspected of violating intellectual property rights (IPR) prior to seizure if CBP determines that examination or testing of the merchandise by the right holder would assist in determining if there is a violation, except in such cases as would compromise an ongoing law enforcement investigation or national security.

Reasons for change

This section supersedes section 818(g) of the 2012 National Defense Authorization Act (NDAA), Public Law 112–81 (125 Stat. 1496), which authorized, but did not require, CBP to share unredacted images and samples with right holders for violations of trademark rights. In addition to violations of trademark rights, this section also applies to violations of copyright law, including certain violations of the Digital Millennium Copyright Act (DMCA) prohibiting unlawful circumvention devices.

This section is intended to eliminate any doubt about CBP's ability to lawfully share information with a right holder for the sole purpose of making a final determination if goods are being imported illegally and therefore subject to seizure. For the purpose of making a determination about such goods, the Commissioner is specifically authorized to provide unredacted information that appears on the merchandise, packaging, and labels, as well as unredacted images. Information may be shared with regard to only those trademarks and copyrights that are recorded with CBP. Such information may not be shared if doing so would compromise national security or an ongoing law enforcement investigation.

This section also identifies the parties who are eligible for such consultations. For trademark and copyright violations, consultations may take place with the owner of the trademark suspected of being infringed, or the owner of the copyright suspected of being infringed, respectively. For DMCA violations, consultations may take place with the owner of the copyright that is subject to infringement due to the circumvention, including but not limited to copyrights on code that has been imbedded in hardware devices for the purpose of protection from circumvention. Publishers of copyrighted material that is subject to piracy through the circumvention may also be consulted by CBP.

Effective customs enforcement of IPR is critical to the United States economy and the health and safety of individuals. The Committee believes that CBP's implementation of section 818(g) of the 2012 NDAA has resulted in a process that does not provide effective enforcement for copyright and trademark holders, and the Committee intends for CBP to implement this section in a manner that ensures effective customs enforcement of IPR.

Effective date

The amendments made by this section shall take effect on the date of enactment of this Act.

SECTION 303. SEIZURE OF CIRCUMVENTION DEVICES

Present law

Section 596(c)(2) of the Tariff Act of 1930 specifies a number of items that are to be seized by CBP when presented for importation, including "merchandise or packaging in which copyright, trademark, or trade name protection violations are involved."

Explanation of provisions

Section 303(a) expands CBP's seizure and forfeiture authority to explicitly include unlawful circumvention devices, as defined under subsection (a)(2) or (b)(1) of section 1201 of title 17, United States Code.

Section 303(b) directs CBP to disclose certain information to right holders about the seized merchandise within 30 days of seizure, if the right holder is included on a list maintained by CBP. The information that must be provided is the same information provided to copyright owners under CBP regulations for merchandise seized under copyright laws. CBP must prescribe regulations establishing procedures that implement this process within one year of the date of enactment of this bill.

Reasons for change

Section 303 adds a new subsection (G) to the list of items which are to be seized under section 596(c)(2) of the Tariff Act of 1930: "a technology, product, service, device, component or part thereof" that is imported in violation of subsection (a)(2) or (b)(1) of section 1201 of title 17, United States Code.

The Committee intends that goods violating section 1201 of title 17 be subject to seizure under this new provision, rather than other provisions of law, and that the goods seized under new subsection (G) receive the same priority for inspection and potential seizure as other items in section 596(c)(2) of the Tariff Act of 1930.

Section 303 further requires the Commissioner to notify any person injured by the attempted importation of goods seized under section 596(c)(2)(G) of the Tariff Act of 1930, as added by this section, of the seizure within 30 business days. Information to be provided to such person is to be equivalent to that provided by CBP, pursuant to regulations, to a copyright owner when goods are seized under other provisions of Title 17.

The Committee believes persons injured by importation of merchandise in violation of section 1201 of title 17 may include, but are not limited to, the producer of a hardware device that includes the technological means of protection that the seized merchandise is designed to circumvent, the publisher of copyrighted material that is designed for use on the same device, or both.

To minimize the notification burden on the Commissioner, Section 303 requires CBP to publish a notice in the Federal Register asking that potentially injured parties notify the agency that they wish to receive information about seized merchandise. Only those entities included on a list shall be eligible to receive information after a seizure. CBP shall annually update the list through a Federal Register notice.

Effective date

The amendments made by this section shall take effect on the date of enactment of this Act.

SECTION 304. ENFORCEMENT BY U.S. CUSTOMS AND BORDER PROTECTION OF WORKS FOR WHICH A COPYRIGHT REGISTRATION IS PENDING

Present law

No provision.

Explanation of provisions

Section 304 directs the Secretary of Homeland Security to establish a process for the enforcement of copyrights for which the owner has submitted an application for registration with the U.S. Copyright Office to the same extent and in the same manner as if the copyright were registered with the Copyright Office.

Reasons for change

Under current practice, a copyright owner must wait until a copyright is registered with the U.S. Copyright Office before recording the copyright with CBP, and CBP enforces only those copyrights that have been recorded with the agency. During the time for processing an application at the U.S. Copyright Office, many right holders may suffer significant damage due to a lack of CBP enforcement. The Committee believes this provision would eliminate the danger posed by the time gap that results after submission of application for registration but before recordation, when copyright infringing products may be imported without CBP enforcement.

Effective date

The amendments made by this section shall take effect on the date of enactment of this Act.

SECTION 305. NATIONAL INTELLECTUAL PROPERTY RIGHTS COORDINATION CENTER

Present law

No provision.

Explanation of provisions

Section 305(a) establishes within ICE the National Intellectual Property Rights Coordination Center (IPR Center), which shall be headed by an Assistant Director.

Section 305(b) assigns the Assistant Director duties, including (1) coordinating the investigation of sources of merchandise that infringes intellectual property rights (IPR); (2) conducting and coordinating training with other domestic and international law enforcement agencies to improve IPR enforcement; (3) coordinating, with CBP, U.S. activities to prevent the importation or exportation of IPR infringing merchandise; (4) supporting the international interdiction of merchandise destined for the U.S. that infringe IPR; (5) collecting and integrating information regarding infringements; (6) developing a means to receive and organize information regarding

infringement of IPR; (7) disseminating information regarding infringement of IPR to other Federal agencies; (8) developing risk-based alert systems in coordination with CBP; and (9) coordinating with U.S. Attorneys' offices to investigate and prosecute IPR crime.

Section 305(c) requires the Assistant Director to coordinate with federal, state, local and international law enforcement, intellectual property, and trade agencies, as appropriate, in carrying out the IPR Center's duties.

Section 305(d) requires the Assistant Director to (1) conduct outreach to the private sector to determine trends in and methods of infringing IPR; and (2) coordinate public and private-sector efforts to combat the infringement of IPR.

Reasons for change

The National Intellectual Property Rights Coordination Center (NIPRCC) was created in 2000, under the U.S. Customs Service, as part of the implementation of the 1998 International Crime Control Strategy. The NIPRCC was created as a direct response to congressional criticism of federal enforcement efforts in the 1990s of IPR, but was never codified by Congress.

Today, the NIPRCC is led by ICE. The center leverages resources from 23 partner agencies to combat intellectual property theft. NIPRCC's duties include: investigation, including identifying and prosecuting criminal organizations involved in the distribution of counterfeit products; interdiction, by using focused targeting and inspections to keep infringing products out of U.S. supply chains; and outreach and training domestically and internationally for law enforcement officials.

Infringement of intellectual property rights (IPR) causes significant harm to the U.S. economy, hurts American workers, and negatively impacts the health and safety of the American people. U.S. law enforcement agencies must provide effective enforcement of IPR, especially to stop the flow of infringing goods crossing U.S. borders. Effective border enforcement requires investigating the sources of IPR infringement. To do this effectively, federal law enforcement agencies must coordinate with each other, with state, local, and international law enforcement agencies, and with the private sector to bring together all the resources available to combat the infringement of intellectual property rights. The Committee believes that codifying and expanding the duties of the NIPRCC will achieve these goals.

Effective date

The amendments made by this section shall take effect on the date of enactment of this Act.

SECTION 306. JOINT STRATEGIC PLAN FOR THE ENFORCEMENT OF INTELLECTUAL PROPERTY RIGHTS

Present law

No provision.

Explanation of provisions

Section 306 requires the Commissioner and Director to include in the joint strategic plan on trade facilitation and enforcement re-

quired under section 105 of the bill the following: (1) a description of DHS's IPR enforcement efforts; (2) a list of the top 10 ports, by volume and value, where CBP seized IPR infringing goods in the preceding two years; and (3) a recommendation of the optimal allocation of personnel to ensure CBP and ICE are effectively enforcing IPR.

Reasons for change

The Committee believes that effective enforcement of intellectual property rights requires our border enforcement agencies to communicate with Congress and the public regarding efforts to stop the flow of infringing merchandise across U.S. borders.

Effective date

The amendments made by this section shall take effect on the date of enactment of this Act.

SECTION 307. PERSONNEL DEDICATED TO THE ENFORCEMENT OF INTELLECTUAL PROPERTY RIGHTS

Present law

No provision.

Explanation of provisions

Section 307(a) requires the Commissioner to ensure sufficient personnel are assigned throughout CBP with responsibility to enforce intellectual property rights with respect to U.S. imports.

Section 307(b) requires the Commissioner to assign at least three full-time CBP employees to the IPR Coordination Center established under Section 305 and to ensure that sufficient personnel are assigned to U.S. ports of entry to carry out the directives of the IPR Coordination Center established under section 305.

Reasons for change

The Committee believes that CBP should dedicate adequate personnel to the effort to halt the flow of infringing imports into the United States.

Effective date

The amendments made by this section shall take effect on the date of enactment of this Act.

SECTION 308. TRAINING WITH RESPECT TO THE ENFORCEMENT OF INTELLECTUAL PROPERTY RIGHTS

Present law

No provision.

Explanation of provisions

Section 308(a) requires the Commissioner to effectively train CBP port personnel to detect and identify IPR infringing imported goods.

Section 308(b) requires the Commissioner to work with the private sector to identify opportunities for collaboration with respect to training for officers of the agency to enforce IPR.

Section 308(c) requires the Commissioner to consult with private sector entities to identify technologies which can cost-effectively identify infringing merchandise, and to provide for cost-effective training for CBP officers with regard to the use of such technologies.

Section 308(d) permits CBP to receive donations of technology to improve IPR enforcement.

Reasons for change

The Committee believes that CBP should take steps to ensure that personnel dedicated to enforcement of intellectual property rights, and border patrol officers generally, are effectively trained to detect and identify infringing imports. The Committee further believes that much of the expertise in this area lies within in the private sector, with companies that are most knowledgeable about their products and can provide valuable training to CBP on detection.

Effective date

The amendments made by this section shall take effect on the date of enactment of this Act.

SECTION 309. INTERNATIONAL COOPERATION AND INFORMATION SHARING

Present law

Section 628 of the Tariff Act of 1930 permits CBP to exchange information or documents with foreign customs and law enforcement agencies if the Secretary of the Treasury reasonably believes the exchange of information is necessary to comply with CBP laws and regulations, to enforce a trade agreement to which the United States is a party, to assist in investigative, judicial and quasi-judicial proceedings in the United States, or for any similar action undertaken by a foreign law enforcement agency in a foreign country.

Explanation of provisions

Section 309 requires the Secretary of Homeland Security to coordinate with competent foreign law enforcement agencies to enhance IPR enforcement, including by information sharing and technical assistance, and requires the Commissioner and the Director of ICE to lead interagency efforts to collaborate with law enforcement and customs authorities of foreign countries.

Reasons for change

The Committee believes that effective enforcement of IPR enforcement in the United States requires coordination between our law enforcement agencies and competent foreign law enforcement agencies. This section requires the Secretary of Homeland Security to coordinate with competent foreign law enforcement agencies to enhance enforcement of IPR, including by information sharing and technical assistance.

Effective date

The amendments made by this section shall take effect on the date of enactment of this Act.

SECTION 310. REPORT ON INTELLECTUAL PROPERTY RIGHTS ENFORCEMENT

Present law

No provision.

Explanation of provisions

Requires the Commissioner of CBP and the Director of ICE to jointly submit to the Committees a report that includes: (1) information regarding the number, and a description of, certain efforts to investigate and prosecute IPR infringements; (2) an estimate of the average time required by the CBP Office of International Trade to respond to a request from port personnel for advice with respect to whether merchandise detained by the Agency infringed IPR, distinguished by types of IPR infringed; (3) a summary of the outreach efforts of CBP and ICE with respect to interdiction, investigation and information sharing between certain agencies related to the infringement of IPR, collaboration with the private sector, and coordination with foreign governments; (4) a summary of the efforts of CBP and ICE to address the challenges with respect to the enforcement of IPR presented by Internet commerce and the transit of small packages and an identification of the volume, value, and type of merchandise seized for infringing IPR as a result of such efforts; and (5) a summary of training relating to the enforcement of IPR conducted under Section 308 and expenditures for such training.

Reasons for change

The Committee believes that this report enhances accountability for United States border enforcement agencies regarding the enforcement of IPR. Furthermore, the information contained in the report will keep Congress apprised of efforts to enhance enforcement of IPR enforcement and assist in future determinations of additional measures needed to improve enforcement efforts.

Effective date

The amendments made by this section shall take effect on the date of enactment of this Act.

SECTION 311. INFORMATION FOR TRAVELERS REGARDING VIOLATIONS OF INTELLECTUAL PROPERTY RIGHTS

Present law

No provision.

Explanation of provisions

Section 311(a) requires the Secretary of Homeland Security to develop and implement an educational campaign for travelers entering or departing the United States on the legal, economic, and public health and safety implications of importing IPR infringing goods into the United States.

Section 311(b) requires the Commissioner to ensure that all versions, including the electronic versions, of CBP Form 6059B (customs declaration), or a successor form, include a written warning to inform travelers arriving in the United States that importa-

tion of merchandise that infringes IPR may subject travelers to civil or criminal penalties and may pose serious risks to health and safety.

Reasons for change

Many U.S. citizens are unaware of the dangers presented by trade in infringing goods, and some may unwittingly facilitate this trade by acquiring illicit goods abroad. The Committee believes that an educational campaign devoted to travelers on the implications of importing IPR infringing goods will help to address lack of awareness.

Effective date

The amendments made by this section shall take effect on the date of enactment of this Act.

TITLE IV—PREVENTION OF EVASION OF ANTIDUMPING AND COUNTERVAILING DUTY ORDERS

SECTION 401. SHORT TITLE

Present law

No provision.

Explanation of provisions

Section 401 sets forth the short title as the "Preventing Recurring Trade Evasion and Circumvention Act."

Reason for change

The Committee believes that the short title reflects the objective of the title to prevent evasion of antidumping and countervailing duties owed on merchandise subject to antidumping and countervailing duty orders ("evasion").

Effective date

The amendments made by this section shall take effect on the date of enactment of this Act.

SECTION 402. DEFINITIONS

Present law

No provision.

Explanation of provisions

Establishes the applicable definitions for this title.

Reason for change

The Committee believes that these definitions are required to ensure the accurate implementation of this title.

Effective date

The amendments made by this section shall take effect on the date of enactment of this Act.

SECTION 403. APPLICATION TO CANADA AND MEXICO

Present law

Article 1902 of the North American Free Trade Agreement (NAFTA), at 19 U.S.C. 3438, states that any amendments to Title VII of the Tariff Act of 1930, or to any other statute which provides for judicial review of determinations under that title or the standard of review to be applied, shall apply to goods from a NAFTA country only to the extent specified in the amendment.

Explanation of provisions

Section 403 provides that this title applies to goods from Canada and Mexico, the current members of NAFTA.

Reason for change

Provisions in this title amend or change Title VII of the Tariff Act of 1930. This section is necessary that these amendments and changes apply to goods from Canada and Mexico.

Effective date

The amendments made by this section shall take effect on the date of enactment of this Act.

SUBTITLE A—ACTIONS RELATING TO ENFORCEMENT OF TRADE REMEDY LAWS

SECTION 411. TRADE REMEDY LAW ENFORCEMENT DIVISION

Present law

No provision.

Explanation of provisions

Section 411(a) establishes within the Office of International Trade of CBP a Trade Law Remedy Enforcement Division. The Trade Law Remedy Division's duties are to: develop and administer policies to prevent and counter evasion; direct enforcement and compliance assessment activities concerning evasion; develop and conduct commercial risk assessment targeting with respect to potentially evading cargo destined for the United States; issuing Trade Alerts regarding evading imports; and develop policies for the application of single entry and continuous bonds to sufficiently protect the collection of antidumping and countervailing duties.

Section 411(b) establishes the Director of the Trade Law Remedy Enforcement Division responsible for: directing the trade enforcement and compliance assessment activities of CBP regarding evasion; improving cooperation and the exchange of information between CBP, ICE, and other relevant agencies regarding evasion; notifying the Department of Commerce and the International Trade Commission of any findings, determinations, or criminal actions taken by CBP or other Federal agency regarding evasion; and serving as the primary liaison between CBP and the public regarding United States Government activities concerning evasion. The Director's liaison responsibilities include: receiving and transmitting to the appropriate CBP office parties' allegations of evasion; provide information to a party that submitted an allegation of evasion on the status of CBP's consideration of the allegation and deci-

sion to pursue or not pursue any administrative inquiries or other actions; request from the party that submitted an allegation of evasion any additional information that may be relevant for CBP determining whether to initiate an administrative inquiry or take any other action regarding the allegation; notify on a timely basis the party that submitted such an allegation of the results of any administrative, civil or criminal actions taken by CBP or other Federal agency regarding evasion as a direct or indirect result of the allegation; provide technical assistance and advice to eligible small businesses to enable such businesses to prepare and submit allegations of evasion; develop guidelines on the types and nature of information that may be provided in allegations of evasion; and regularly consult with relevant parties and organizations regarding the development and implementation of regulations, interpretations, and policies related to countering evasion.

Section 411(c) establishes within the Trade Remedy Law Enforcement Division a National Targeting and Analysis Group (NTAG) dedicated to preventing and countering evasion through establishing targeted risk assessment methodologies and standards.

Section 411(d) requires the Director of the Trade Remedy Law Enforcement Division to issue Trade Alerts to port directors as required to inspect imported merchandise, require additional bonds, and take other actions necessary to prevent evasion.

Reason for change

As the agency responsible for assessing and collecting duties, CBP must play a significant role in preventing and taking action against evasion. For too long CBP gave insufficient priority to addressing evasion and taking action in response to outside allegations of evasion. CBP's dedication to acting against evasion and engaging with parties that submit evasion allegations is improving, and is certainly welcomed by the Committee. However, the Committee seeks to prevent CBP's commitment to evasion from diminishing over time. The Committee also believes that CBP would benefit from having an office devoted to preventing and combatting evasion, as would also other U.S. government agencies involved with evasion.

The Trade Remedy Law Enforcement Division within CBP's Office of International Trade would provide dedicated focus and resources within CBP on evasion. The division is to develop and implement comprehensive strategies to proactively identify evading imports, take needed steps to ensure that collection of antidumping and countervailing duties owed on at-risk imports, and take enforcement and compliance actions against evasion. The Committee believes that it is vital to identify and act against evading imports before or at the time they reach the U.S. border, rather than acting after they have entered the marketplace and already undermined the effectiveness of antidumping and countervailing duty orders. This is why the division includes a National Targeting and Analysis Group dedicated to identifying potential evading imports, with the authority to issue trade alerts to ports about evasion.

Heading the division is a director responsible and empowered to be the point of contact on evasion within CBP, for other U.S. agencies and for parties alleging evasion. Having these responsibilities vested in one position ensures that the director has full involve-

ment and knowledge of CBP's activities against evasion, possesses the ability to facilitate inter-agency cooperation on evasion, and acts as a one-stop-shop for not only receiving allegations of evasion, but also providing first-hand information to parties on the status and outcome of investigations or other activities resulting from evasion allegations.

Effective date

The amendments made by this section shall take effect on the date of enactment of this Act.

SECTION 412. COLLECTION OF INFORMATION ON EVASION OF TRADE REMEDY LAWS

Present law

No provision.

Explanation of provisions

Section 412(a) directs CBP to exercise all existing information collection authorities to identify evasion and authorizes CBP to issue questionnaires to collect information on alleged evasion from persons who have information relevant to an allegation of evasion.

If a person fails to cooperate to provide requested information, Section 412(b) authorizes CBP to apply an adverse inference against the interests of that party in determining if evasion occurred.

Reason for change

The purpose of this provision is to underscore the Committee's intent that CBP use all existing information collection authorities to identify evasion. CBP is also specifically authorized to issue questionnaires to collect information on alleged evasion because there has been uncertainty about whether it currently has such authority. The Committee expects CBP to fully use this authority. To ensure that persons provide requested information, CBP is given the authority to make an adverse inference against a person that fails to cooperate in providing requested information regarding evasion.

Effective date

The amendments made by this section shall take effect on the date of enactment of this Act.

SECTION 413. ACCESS TO INFORMATION

Present law

Section 777(b)(1)(A)(ii) of the Trade Act of 1930, at 19 U.S.C. 1677f(b)(1)(A)(ii), authorizes the Department of Commerce and the International Trade Commission to transfer to CBP information that was designated proprietary by the person submitting the information, for purposes of conducting an investigation regarding fraud.

Explanation of provisions

Section 413(a) amends Section 777(b)(1)(A)(ii) of the Trade Act of 1930 by allowing the Department of Commerce and the Inter-

national Trade Commission to transfer information designated proprietary by the person submitting the information to CBP for investigations of negligence and gross negligence, rather than just for fraud.

Section 413(b) authorizes the Secretary of the Treasury to provide to the Department of Commerce or the International Trade Commission any information that would enable the Department of Commerce or the International Trade Commission to assist in identifying imports evading antidumping or countervailing duties.

Reason for change

Existing limitations on the ability of CBP, the Department of Commerce, and the International Trade Commission to exchange certain information hamper efforts to identify and take action against imports evading antidumping and countervailing duties. This section authorizes increased data sharing among these agencies to facilitate taking action against evasion.

Effective date

The amendments made by this section shall take effect on the date of enactment of this Act.

SECTION 414. COOPERATION WITH FOREIGN COUNTRIES ON PREVENTING EVASION OF TRADE REMEDY LAWS

Present law

No provision.

Explanation of provisions

Section 414(a) requires the negotiation of bilateral agreements with other countries' customs authorities to cooperate on preventing evasion. These agreements should include provisions allowing the sharing of information to determine if evasion occurred, verification of such information, allowing officials from the importing country to participate in such verifications, and, if a country refuses to allow officials from an importing country to participate in a verification, allowing the importing country to take such lack of cooperation into account in its trade enforcement and compliance activities.

Section 414(b) allows CBP to take into account whether a country is a party to a bilateral agreement regarding cooperation on evasion and the extent to which that country is cooperating under such an agreement for the purposes of trade enforcement and compliance assessment of that country's exports regarding potential evasion.

Section 414(c) requires an annual report to Congress on the status of ongoing negotiations of bilateral cooperation agreements regarding evasion, the terms of any such completed agreements, and any cooperation and other activities conducted as a result of such agreements.

Reason for change

A significant challenge for CBP in preventing and acting against evasion is that needed information is located in a foreign country or otherwise held by that country's government. The purpose of

this provision is to give CBP an additional tool to address this challenge by requiring the negotiation of bilateral cooperation agreements with other countries regarding evasion. These agreements should allow the sharing of information to identify evasion, provide for the verification of such information and allow officials of the importing country to participate in such verifications.

The Committee recognizes that some countries may not wish to enter into a bilateral cooperation agreement on evasion or, if such an agreement is in place, may refuse to allow U.S. government officials to participate in a verification under that agreement. Both actions are certainly within a country's sovereign right to take. However, CBP is directed to take this action into account in assessing the potential evasion risk of imports from such a country.

Effective date

The amendments made by this section shall take effect on the date of enactment of this Act.

SECTION 415. TRADE NEGOTIATING OBJECTIVES

Present law

No provision.

Explanation of provisions

Section 415 establishes obtaining the commitments for cooperation on evasion described in section 414 as a negotiating objective for current trade agreements under negotiation and future agreements.

Reason for change

This provision creates a second avenue for obtaining other counties' agreement to cooperate on evasion by seeking to include the commitments for cooperation on evasion sought in CBP bilateral agreements in currently negotiated and future trade agreements. This parallels commitments in past trade agreements regarding cooperation on trade in textiles.

Effective date

The amendments made by this section shall take effect on the date of enactment of this Act.

SUBTITLE B—INVESTIGATION OF EVASION OF TRADE REMEDY LAWS

SECTION 421. PROCEDURES FOR INVESTIGATION OF EVASION OF ANTIDUMPING AND COUNTERVAILING DUTY ORDERS

Present law

No provision.

Explanation of provisions

Section 421 grants the Department of Commerce the authority to administratively investigate evasion and order CBP to collect or preserve for collection antidumping and countervailing duties owed on evading imports. In addition to defining required terms, Section 421(a) excludes from these investigations evasion that is the result

of clerical errors unless the errors reflect a pattern of negligent conduct.

Section 421(b) establishes the procedures for evasion investigations. The Department of Commerce may self-initiate an evasion investigation, or may initiate an investigation as a result of an adequate petition from an interested party or a referral from CBP. CBP is required to refer a matter to the Department of Commerce if CBP has information that evasion occurred, but cannot determine if the merchandise is in fact subject to an antidumping or countervailing duty order. The Department of Commerce has 30 days after receiving a petition or referral to determine whether to initiate an investigation. The Department of Commerce is to notify CBP if it initiates an evasion investigation as a result of a petition from an interested party.

CBP is required to provide documents and information requested by the Department of Commerce for an evasion investigation within 10 days after the request and these documents and information will be available to authorized representatives of interested parties under an administrative protective order. If an authorized representative of an interested party has access to business proprietary information from another Department of Commerce proceeding under an administrative protective order issued in that proceeding and this information is relevant to an evasion investigation, the authorized representative may submit this information on the record of the evasion investigation. The Department of Commerce is authorized to issue questionnaires to interested parties in an evasion investigation and to make an adverse inference against a party that fails to cooperate to the best of its ability.

The Department of Commerce is to issue a preliminary determination of whether there is a reasonable basis to believe or suspect evasion within 90 days after initiation of the investigation and a final determination of evasion within 300 days after initiation. If the Department of Commerce makes an affirmative preliminary determination of evasion, CBP is to suspend liquidation of entries of evading merchandise on or after the preliminary determination and any unliquidated entries before that date. A cash deposit is also required for such entries reflecting the applicable rates previously determined by the Department of Commerce.

If the Department of Commerce makes an affirmative final determination of evasion, CBP is to assess the applicable antidumping and countervailing duties on entries of evading merchandise, including such entries that were already liquidated, and to review and reassess the amount of bond or other security the importer must post for entries of such merchandise on or after the date of the final determination. The Department of Commerce may also instruct CBP to require a cash deposit or bond on entries of such merchandise on or after the date of the final determination in the amount of antidumping and countervailing duties potentially owed on the merchandise. If the Department of Commerce cannot determine the amount of the applicable antidumping and countervailing duty rate or cash deposit because the actual producer or exporter of the merchandise is unknown, then the highest amount for any producer or exporter will be applied. If the Department of Commerce makes a negative final determination of evasion, then any suspension of liquidation is ended and any cash deposits refunded.

The preliminary and final determinations in an evasion investigation are to be published in the Federal Register, as well as the notice of initiation of such an investigation.

If the Department of Commerce makes an affirmative preliminary or final determination of evasion, it is required to transmit the administrative record of the investigation to CBP and any other agency that requests the administrative record. After making a final determination, the Department of Commerce may also provide importers information discovered in an investigation that would help educate importers on complying with importing merchandise in accordance with U.S. laws and regulations.

The Department of Commerce and CBP are to establish procedures to maximize cooperation and communication between the two agencies to quickly, efficiently, and accurately investigate allegations of evasion. The Department of Commerce will issue annual reports to Congress on the conduct of evasion investigations.

Section 421(b) makes a technical amendment to the table of contents for Title VII of the Trade Act of 1930 to reflect this subtitle.

Section 421(c) establishes that the Department of Commerce's final determination in an evasion investigation is subject to judicial review by the U.S. Court of International Trade.

Section 421(d) instructs the Department of Commerce and CBP to issue regulations to implement this subtitle.

Section 421(e) provides that the amendments in this subtitle are effective 180 days after enactment and applies to merchandise entered on or after the date of enactment.

Reason for change

CBP has a critical role in preventing and acting against evasion. Evasion often involves the violation of laws and regulations enforced by CBP, and Congress expects CBP to fully enforce those laws and regulations. However, CBP sometimes requires time to conduct an inquiry into evasion and collect the evidence needed to meet the criteria to apply the relevant laws and regulations. The law-enforcement nature of CBP's actions makes it inappropriate to subject those actions to timelines. In a review of the challenges faced by CBP in investigating evasion, the Government Accountability Office concluded that "verifying evasion is an inherently difficult and time-consuming process." (*Antidumping and Countervailing Duties: Management Enhancements Needed to Improve Efforts to Detect and Deter Duty Evasion*, GAO–12–551 (May 2012) at 19).

In the meantime, though, evasion continues, leaving antidumping and countervailing duties uncollected and U.S. industries denied an effective remedy from unfair trade. The Committee has often heard from concerned domestic industries that timely collection of the antidumping and countervailing duties owed on evading imports is as important or even more important than having the parties involved in evasion subject to penalties or criminal liability.

As a result, this provision grants the Department of Commerce the authority to administratively investigate evasion and instruct CBP to collect or preserve for collection antidumping and countervailing duties owed on evading imports. The Department of Commerce is the appropriate agency to conduct these investigations because it already has in-depth expertise concerning the products

subject to antidumping and countervailing duties, as well as the markets, production processes, and distribution networks for those products. Such expertise would certainly be more difficult to transfer to another agency compared to having other agencies transfer relevant information for an evasion investigation that they may hold, such as entry data and documents. The Department of Commerce also already has the experience and institutional structure to conduct evasion investigations subject to timelines and in a transparent manner that allows domestic industries and other interested parties to meaningfully participate. The Committee believes that there is no agency better suited to effectively conduct administrative investigations of evasion, nor one that can as quickly and effectively establish the capability to conduct such investigations.

This provision ensures that the Department of Commerce conducts these investigations subject to strict deadlines so that delay in collecting antidumping and countervailing duties on evading imports is limited. The Department of Commerce's procedures and tools from its other antidumping and countervailing duty actions are also incorporated. Authorized representatives of interested parties can obtain access to business proprietary information through an administrative protective order, the Department of Commerce can obtain information through issuing questionnaires and can verify the accuracy of that information through onsite verifications. The Department of Commerce is empowered to make an adverse inference against a party that does not act to the best of its ability to comply with a request for information. In addition, like the Department of Commerce's other determinations, the results of an evasion investigation are subject to judicial review.

In sum, this provision creates a robust investigatory process that effectively responds to the need for relatively quick identification of evasion and collection of antidumping and countervailing duties on evading imports. The Committee expects that these investigations be conducted by Enforcement and Compliance within the Department of Commerce's International Trade Administration. This office is best suited to conduct evasion investigations because it is already responsible for enforcing the antidumping and countervailing duty laws. The Committee also expects that resources be made available within the Department of Commerce to enable Enforcement and Compliance to effectively conduct evasion investigations under this provision.

Finally, the creation of this evasion investigation process for the Department of Commerce in no way diminishes the responsibility of CBP to act against evasion. CBP is also required by this provision to provide entry documents, records, and other information to the Department of Commerce within 10 days after the request so the Department of Commerce is not delayed in conducting its investigations. In addition, CBP and the Department of Commerce are required to establish procedures to improve cooperation, and both agencies are required to notify the other of findings of potential or confirmed evasion.

Effective date

The provision is effective 180 days after enactment and applies to merchandise entered on or after the date of enactment.

SECTION 422. GOVERNMENT ACCOUNTABILITY OFFICE REPORT

Present law

No provision.

Explanation of provisions

Not later than 2 years after the enactment of this act the General Accountability Office is to issue a report to Congress on the effectiveness of this subtitle and the actions taken and procedures developed by the Department of Commerce and CBP pursuant to this subtitle to prevent evasion.

Reason for change

The General Accountability Office report will enable Congress to consider the effectiveness of the Department of Commerce's investigations of evasion, with the aim of identifying any needed amendments to law or practice, as well as enabling Congress to provide oversight over the implementation of this subtitle by the Department of Commerce and CBP.

Effective date

The amendments made by this section shall take effect on the date of enactment of this Act.

SUBTITLE C—OTHER MATTERS

SECTION 431. ALLOCATION AND TRAINING OF PERSONNEL

Present law

No provision.

Explanation of provisions

Section 431 requires CBP, to the maximum extent possible, to assign sufficient personnel responsible for preventing and investigating evasion and to provide adequate training for such personnel.

Reason for change

The ability of CBP to effectively prevent and act against evasion depends on having a sufficient number of personnel with adequate training and expertise. Deploying such personnel to ports based on risk assessments of potential evasion ensures that such personnel are used in the most effective and efficient manner possible. The Committee expects CBP to take advantage of the product and market expertise of the U.S. industries affected by evasion in training CBP personnel. This training can include presentations by representatives of these industries on the products and markets involved in potential evasion.

Effective date

The amendments made by this section shall take effect on the date of enactment of this Act.

SECTION 432. ANNUAL REPORT ON PREVENTION OF EVASION OF ANTIDUMPING AND COUNTERVAILING DUTY ORDERS

Present law

No provision.

Explanation of provisions

Section 432(a) directs CBP, in consultation with the Department of Commerce and ICE, to provide Congress with an annual report on efforts to prevent and investigate evasion.

The required contents of the report are described in Section 432(b). In addition to metrics on CBP's activities, resource allocation and training regarding evasion, the report must include a description of CBP's policies and practices regarding evasion, any changes in such policies and practices, and any recommended legislative or other changes to improve the effectiveness of CBP in preventing and identifying evasion.

Reason for change

Annual reports from CBP on efforts to prevent and investigate evasion will ensure that Congress remains up to date on what is being done to combat the significant problem of evasion and can provide effective oversight. The required metrics on CBP's activities, resource allocation, and training regarding evasion will give Congress insight on the scope of evasion, the effectiveness of CBP's actions against evasion, and CBP's responsiveness to parties' allegations of evasion. CBP must also report on policies and practices regarding evasion and any changes in such policies and practices so that Congress is informed as to how evasion is being addressed and how those efforts are being improved. The Committee encourages CBP and all other agencies involved with stopping evasion to continually seek improvements in their effectiveness.

Effective date

The amendments made by this section shall take effect on the date of enactment of this Act.

SECTION 433. ADDRESSING CIRCUMVENTION BY NEW SHIPPERS

Present law

Section 751(a)(2)(B) of the Tariff Act of 1930 (19 U.S.C. 1675(a)(2)(B)) allows new exporters and producers to obtain an individual weighted average dumping margin or individual countervailing duty rate on an expedited basis. While the review to determine the individual margin or duty rate is being conducted, an importer of the new exporter or producer's merchandise may post a bond or security instead of a cash deposit for entries of that merchandise.

Explanation of provisions

Section 433 strikes the ability of an importer of a new exporter or producer's merchandise to post a bond or security instead of a cash deposit for entries of that merchandise while the Department of Commerce is determining the exporter or producer's individual weighted average dumping margin or individual countervailing

duty rate. This section also adds the requirement that the individual weighted average dumping margin or individual countervailing duty rate for a new exporter or producer must be based on bona fide sales in the United States and sets out criteria to be considered in determining if such sales were bona fide.

Reason for change

The Committee is concerned that the ability of new exporters and producers to obtain their own individual weighted average dumping margins or individual countervailing duty rates from the Department of Commerce on an expedited basis (known as "new shipper reviews") has been abused to avoid antidumping and countervailing duties. One area of abuse is taking advantage of the option to post a bond or security, rather than the normally required cash deposit, while the Department of Commerce conducts a new shipper review. This allows an importer to bring in large quantities of dumped or subsidized merchandise from the exporter or producer under review without having to provide in cash the full amount of estimated duties that could be owed on those imports. Having to put up less capital makes it easier for unscrupulous importers to enter into schemes to bring in dumped and subsidized merchandise with the intent of disappearing or otherwise not being available to pay the antidumping and countervailing duties owed on the imports. This loophole would be closed by requiring importers of merchandise from a producer or exporter in a new shipper review to provide a cash deposit of estimated duties.

Another area of abuse in new shipper reviews is for an exporter or producer to enter into a scheme to structure a few sales to show little or no dumping or subsidization when those sales are reviewed by the Department of Commerce during a new shipper review, resulting in a low or zero antidumping or countervailing duty rate for that producer or exporter. An importer could then bring in that producer or exporter's merchandise at highly dumped or subsidized prices but with little or no cash deposit. The problem is further exacerbated if the importer disappears or otherwise becomes unavailable to pay the duties owed and CBP has little or no cash deposit against which to recover the owed duties. This provision would prevent such arrangements by requiring that the U.S. sales in a new shipper review be bona fide sales and setting out criteria for identifying bona fide sales, reflecting the Department of Commerce's current regulations and practices in this area.

Effective date

The amendments made by this section shall take effect on the date of enactment of this Act.

TITLE V—ADDITIONAL ENFORCEMENT PROVISIONS

SECTION 501. TRADE ENFORCEMENT PRIORITIES

Present law

No provision.

Explanation of provisions

Section 501 requires the Administration to identify, in close consultation with Congress, enforcement priorities and to more regu-

larly consult with Congress on the Administration's enforcement strategy. This section also directs the Administration to focus its enforcement actions on addressing practices that, if eliminated, would likely have the most significant potential to increase economic growth of the United States.

Reason for change

Section 501 amends the Trade Act of 1974 by adding a new section 310 that requires the Administration to regularly identify trade enforcement priorities and consult with the Committee about those priorities and any action taken to resolve the enforcement actions. The Committee intends these provisions to strengthen Congress's role in the identification of enforcement priorities and to encourage greater consultation with Congress about the Administration's enforcement agenda.

Section 310(a)(1) now requires the Administration to consult with Congress on prioritization of government actions that create or maintain barriers to U.S. goods, services, or investment.

Section 310(a)(2) directs USTR to identify trade enforcement priorities that are likely to have the most significant impact on U.S. economic growth and to take into account specific Congressional priorities.

New Section 310(b) requires the Administration to engage in semi-annual enforcement consultations with the Committee. These consultations shall include acts, policies, or practices of concerns as well as consultation on active investigations and ongoing enforcement actions. The consultations will also address the availability and deployment of enforcement resources.

New Section 310(c) directs the Administration to take certain action with regard to trade enforcement priorities identified under subsection a(2), up to initiating dispute resolution proceedings.

New Section 310(d) requires the Administration to notify and consult with the Committee prior to the initiation of enforcement actions and before the announcement of any report of a dispute settlement panel or the Appellate Body of the WTO or under any other trade agreement of the United States. The Committee expects that consultations prior to the initiation of enforcement actions will be detailed and with adequate prior notice.

Effective date

The amendments made by this section shall take effect on the date of enactment of this Act.

SECTION 502. EXERCISE OF WTO AUTHORIZATION TO SUSPEND CONCESSIONS OR OTHER OBLIGATIONS UNDER TRADE AGREEMENTS

Present law

Under section 307(c) of the Trade Act of 1974, a particular action taken under section 301 automatically terminates after 4 years if neither the petitioner nor any representative of the domestic industry that benefits from such action has requested its continuation during the last 60-days of the 4-year period.

Explanation of provisions

Section 502 allows the Administration, under certain conditions, to reinstate a retaliatory action if such action has terminated previously. To reinstate such action, the Administration must receive a request from an affected domestic industry and engage in a detailed analysis and robust consultations with Congress and the public.

Reason for change

Section 502 amends the Trade Act of 1974 to address the situation in which the imposition of retaliatory tariffs have expired under Section 307(c), but the offending country has not yet come into compliance with its obligations and the Administration believes that it is once again necessary to reinstate retaliatory tariffs. In such a situation, any representative of the domestic industry that benefits from such action may submit a written request to reinstate the action. It is the Committee's intent that the Administration, upon receiving such a request, will complete the consultation and review requirements set forth in Sections 306(d) and 307(c) before taking any action. However, the Committee does not intend that the Administration reinitiate the entire Section 301 process, but instead that such action will be taken pursuant to this provision only to continue an already initiated action that has not been resolved.

Effective date

The amendments made by this section shall take effect on the date of enactment of this Act.

SECTION 503. TRADE MONITORING

Present law

No provision.

Explanation of provisions

Section 503(a) requires the International Trade Commission to make a web-based import monitoring tool available that provides public access to data on the volume and value of goods imports for the purposes of determining if such data has changed over time. The data used will be from the Department of Commerce and any other appropriate government data, and will include data from the most recent quarter for which such data are available, plus previous quarters as practicable.

This provision further requires the Department of Commerce to publish on a website monitoring reports on changes in the volume and value of imports and exports of goods categorized based on the 6-digit subheadings of the Harmonized Tariff Schedule of the United States. The Department of Commerce must also notify Congress when the reports are available. These reports are to be published at least quarterly and have data for the most recent quarter for which such data are available, as well as previous quarters as practicable. The Department of Commerce is required to solicit public comment on the monitoring reports through the Federal Register.

This provision is to terminate seven years after the date of enactment.

Section 503(b) makes the clerical amendment of adding the title of this section to the table of contents for the Trade Act of 1974 (19 USC 2101 et. seq.).

Reason for change

Although the U.S. government collects and makes available U.S. import and export data, it is often not in an easily assessable form that allows the public to determine changes in trade, particularly small and medium-sized businesses that want to identify import and export trends for their particular product sector. Implementation by the International Trade Commission of an import monitoring tool and regular publication of trade monitoring reports by the Department of Commerce will enable the public, especially those engaged in or affected by international trade, to more easily be aware of changes in trade trends.

Effective date

The requirement for enactment of the International Trade Commission monitoring tool is not later than 180 days after enactment. The requirement for enactment of the Department of Commerce monitoring reports tool is not later than 270 days after enactment.

TITLE VI—MISCELLANEOUS PROVISIONS

SECTION 601. DE MINIMIS VALUE

Present law

Section 321(a)(2)(C) of the Tariff Act of 1930 provides that individuals may import up to $200 in merchandise free of duties into the United States.

Explanation of provisions

Section 601 raises the duty-free or de minimis threshold from $200 to $800.

Reasons for change

The Committee believes that this section will simplify the customs entry process and offer significant benefits to CBP and the trade community. Increasing the de minimis level will significantly reduce paperwork burdens for low value shipments. Today, U.S. citizens returning from overseas are permitted to bring in up to $800 of purchases without having to file formal customs documentation or pay any duties. If the same U.S. citizen were to purchase the same goods overseas and ship them to the United States, anything over $200 would be subject to customs documentation requirements and duties. The Committee believes that this inconsistent treatment is not practical, especially considering the government resources that would be freed up to focus on high-risk shipments if these amounts were made to be consistent.

This legislation will not have a negative impact on security, as manifest information is required for all shipments, regardless of value. Manifest information for each shipment is analyzed for security threats and subject to CBP risk assessment and targeting prior to arrival in the United States. And because this change applies

only to smaller and low-value shipments, there is no risk of a spike in commercial violations as a result of the change. Simplifying and streamlining the entry process for these low-value shipments will help to stimulate the economy, facilitate legitimate trade, and free CBP resources to focus enforcement efforts on high-risk trade.

Effective date

The amendments made by this section shall apply to articles entered, or withdrawn from warehouse for consumption, on or after the 15th day after the date of enactment of this Act.

SECTION 602. CONSULTATION ON TRADE AND CUSTOMS REVENUE FUNCTIONS

Present law

Section 401(c) of the Safety and Accountability for Every Port (SAFE Port) Act requires the Secretary of Homeland Security to consult with the business community involved in international trade, including the COAC, on Department policies that have a significant impact on international trade and customs revenue functions. Furthermore, section 401(c) requires that the Secretary notify the appropriate congressional committees at least 30 days before finalizing policies or actions that will have a major impact on international trade and customs revenue functions, except if it is determined that it is in the interest of national security to finalize policies or actions prior to consultations with the business community and appropriate congressional committees.

Explanation of provisions

Section 602 amends section 401(c) of the SAFE Port Act by requiring the Secretary of Homeland Security to consult with the business community involved in international trade at least 30 days before proposing and at least 30 days before finalizing any Department policies or actions that will have an impact on international trade and customs revenue functions. The bill also extends the notice for appropriate congressional committees by requiring the Secretary of Homeland Security to provide at least 60 days notification before proposing and at least 60 days before finalizing Department policies or actions that have an impact on international trade.

Reasons for change

The Committee believes that it is necessary for the Department of Homeland Security to consult with Congress and those in the business community impacted by any changes in the Department's trade and customs revenue functions. The Committee understands that businesses are often required to make changes to standard practices to comply with significant changes, which can require significant preparation, time, and resources. It would be more efficient for the agency to consult with impacted parties prior to heading down a path that may not be the most effective or efficient. The Committee understands that the Department of Homeland Security may sometimes wish to move ahead with policy decisions without consultations in light of national security concerns, but the Com-

mittee still believes that consultations should occur as soon as feasible without compromising any national security concerns.

Effective date

The amendments made by this section shall take effect on the date of enactment of this Act.

SECTION 603. PENALTIES FOR CUSTOMS BROKERS

Present law

Section 641(d)(1) of the Tariff Act of 1930 authorizes the Secretary of the Treasury to impose a monetary penalty or revoke or suspend a license or permit of any customs broker if the broker has acted contrary to law or regulations.

Explanation of provisions

Section 603 amends section 641(d)(1) of the Tariff Act of 1930 by adding to the list of offenses as grounds for a monetary penalty or removal of a broker license committing or conspiring to commit an act of terrorism.

Reasons for change

The Committee believes that it would be contrary to public policy to permit an individual or organization to provide customs brokerage service if the individual or organization has committed, or conspired to commit, an act of terrorism.

Effective date

The amendments made by this section shall take effect on the date of enactment of this Act.

SECTION 604. AMENDMENTS TO CHAPTER 98 OF THE HARMONIZED TARIFF SCHEDULE OF THE UNITED STATES

Present law

U.S. Note 3 to subchapter II of Chapter 98 of the Harmonized Tariff Schedule of the United States (HTS) allows a partial or complete duty exemption for articles returned to the United States, after having been exported to be advanced in value or improved in condition by means of repairs or alterations. It also allows goods to be entered duty free if the goods are a product of the United States when returned after having been exported, without having been advanced in value or improved in condition by any process of manufacture or other means while abroad.

The article description for heading 9801.00.10 of the HTS establishes that products of the United States, when returned after having been exported without having been advanced in value or improved in condition by any process of manufacture or other means abroad, will be duty-free.

Explanation of provisions

Section 604(a) amends U.S. Note 3 to subchapter II of Chapter 98 of the HTS by modernizing existing inventory management rules by subtracting the value of U.S. components assembled into the final product that will be entered into the commerce of the

United States for articles exported and returned after being improved abroad.

Section 604(b) amends the article description for heading 9801.00.10 of the HTS by reducing record-keeping burdens on goods returned to the United States without improvement abroad so that duties are not assessed twice.

Section 604(c) amends subchapter I of chapter 98 of the HTS by inserting new heading 9801.00.11, which provides duty-free treatment for certain U.S. government property returned to the United States.

Reasons for change

The Committee believes that these changes will reduce paperwork burdens and costs for businesses, which will increase U.S. competitiveness in the global marketplace.

Effective date

The amendments made by this section shall take effect 60 days after the enactment of this Act.

SECTION 605. EXEMPTION FROM DUTY OF RESIDUE OF BULK CARGO CONTAINED IN INSTRUMENTS OF INTERNATIONAL TRAFFIC PREVIOUSLY EXPORTED FROM THE UNITED STATES

Present law

No provision.

Explanation of provisions

Section 605 amends General Note 3(e) of the Harmonized Tariff Schedule of the United States (HTS) to remove from formal entry requirements residue of bulk cargo contained in instruments of international traffic (IIT) previously exported from the United States.

Reason for change

When cargo containers return to the United States from Mexico or Canada, they often hold trace amounts of residue from the original product transported in the container. Typically, these containers are reloaded with the same product or completely cleaned in the United States upon return. Historically, CBP allowed companies to enter containers with residue as IITs, exempting them from formal entry requirements and therefore the imposition of duties. In 2009, CBP reversed this longstanding practice, requiring IITs with residue to be manifested and formally entered through a formal customs ruling. Due to significant concerns voiced by businesses affected by this ruling, CBP has delayed the implementation date of this decision.

The Committee has consulted with CBP on this matter and understands that any exemption from formal entry requirements would in no way impact CBP's requirement for imports to be manifested. It is critical for CBP to receive manifest information from importers to conduct security targeting on all imports into the United States. The Committee believes that this section firmly leaves any manifesting requirements in place, but clearly exempts from formal entry requirements, and therefore the payment of cus-

toms duties, residue of bulk cargo contained in IITs previously exported from the United States.

Effective date

The amendments made by this section shall take effect on the date of enactment of this Act.

SECTION 606. DRAWBACK AND REFUNDS

Present law

Section 313 of the Tariff Act of 1930 authorizes a refund, known as drawback, of certain duties, internal revenue taxes, and certain fees collected upon the importation of goods. Such refunds are allowed only upon the exportation or destruction of goods under CBP supervision.

Explanation of provisions

Section 606(a) amends section 313(a) of the Tariff Act of 1930 by establishing that the amount of drawback claimed must be calculated pursuant to section 313(l) of the Tariff Act of 1930, as amended by this bill.

Section 606(b) amends section 313(b) of the Tariff Act of 1930 by allowing substitution drawback for imported merchandise or merchandise classifiable under the same 8-digit HTS used in the manufacture or production of articles; establishes that the amount of drawback claimed must be calculated pursuant to section 313(l) of the Tariff Act of 1930, as amended by this bill, and such claim must be filed within 5 years of the importation of the merchandise. This subsection further allows records kept in the normal course of business to be used to demonstrate the transfer of merchandise, requires a drawback claimant to submit a bill of materials to demonstrate the merchandise was incorporated into an exported article, and provides a special exemption for sought chemical elements.

Section 606(c) amends section 313(c) of the Tariff Act of 1930 by extending the filing deadline for drawback claims for merchandise not conforming to sample or specifications to 5 years from the date of importation. This subsection further establishes that the amount of drawback claimed must be calculated pursuant to section 313(l) of the Tariff Act of 1930, as amended by this bill, and allows records kept in the normal course of business to be used to demonstrate the transfer of merchandise.

Section 606(d) amends section 313(i) of the Tariff Act of 1930 to require that a person claiming drawback shall provide proof of the exportation of the article, that such proof shall fully establish the date and fact of exportation and identity of the exporter, and may be established either by records kept in the normal course of business or through an electronic export system of the United States Government.

Section 606(e) amends section 313(j) of the Tariff Act of 1930 by allowing unused drawback claims for merchandise classifiable under the same 8-digit HTS subheading number as such imported merchandise. Merchandise may not be substituted for imported merchandise for drawback purposes based on the 8-digit HTS if the article description for the 8-digit HTS begins with the term "other." In these instances, merchandise may be substituted for imported

merchandise if such imported merchandise is classifiable under the same 10-digit HTS. If the 10-digit HTS begins with the term "other," then substitution drawback is not permissible and the drawback claimant must use direct identification under section 313(a) of the Tariff Act of 1930, as amended by this Act. For unused merchandise that is either exported or destroyed, the Department of Commerce Schedule B number may be used to demonstrate that an article and merchandise are classifiable under the same 8-digit HTS without regard to whether or not the Schedule B number corresponds to more than one 8-digit HTS number. Furthermore, this subsection amends the filing deadline for drawback claims to be 5 years from the date of importation and establishes that the amount of drawback claimed must be calculated pursuant to section 313(l) of the Tariff Act of 1930, as amended by this bill.

Section 606(f) amends section 313(k) of the Tariff Act of 1930 by providing that any person making a drawback claim is liable for the full amount of the drawback claimed. Any person claiming drawback shall be jointly and severally liable with the importer for the lesser of the amount of drawback claimed or the amount the importer authorized the other person to claim.

Section 606(g) amends section 313(l) of the Tariff Act of 1930 to require the Secretary of the Treasury to prescribe regulations for the calculation of drawback that cannot exceed 99 percent of the lesser of the amount of duties, taxes, and fees paid with respect to the imported merchandise or the amount of duties, taxes, and fees that would apply to the exported article if the exported article were imported. This section requires the promulgation of the necessary regulations within 2 years. Additionally, one year after the enactment of this Act, and annually thereafter until the regulations required under this subsection are promulgated, the Secretary shall submit to Congress a report on the status of the regulations.

Section 606(h) amends section 313(p) of the Tariff Act of 1930 to require evidence of transfer to be demonstrated with records kept in the normal course of business.

Section 606(i) amends section 313(q) of the Tariff Act of 1930 to require the amount of drawback shall be calculated pursuant to section 313(l) of the Tariff Act of 1930, as amended by this bill.

Section 606(j) amends section 313(r) of the Tariff Act of 1930 to establish that a drawback entry shall be filed or applied for, as applicable, no later than 5 years after the date on which merchandise on which drawback is claimed was filed. This section also requires drawback claims to be filed electronically no later than 2 years after the date of the enactment of this Act.

Section 606(k) amends section 313(s) of the Tariff Act of 1930 by allowing a drawback successor to designate unused imported merchandise, other merchandise classifiable under the same 8-digit HTS subheading number as such imported merchandise, or any combination of such imported merchandise and such other merchandise, that the predecessor received, before the date of succession, from the person who imported and paid any duties, taxes, and fees due on the imported merchandise as the basis for drawback on merchandise possessed by the drawback successor after the date of succession.

Section 606(l) strikes section 313(t) of the Tariff Act of 1930.

Section 606(m) amends section 313(x) of the Tariff Act of 1930 by requiring the amount of drawback claimed pursuant to section 313(l) of the Tariff Act of 1930, as amended by this bill, to be reduced by the value of any materials reclaimed during the destruction of unused merchandise.

Section 606(n) defines key terms.

Section 606(o) amends section 508(c)(3) of the Tariff Act of 1930 by requiring records for drawback claims to be maintained for 5 years after the date of liquidation.

Section 606(p) requires the Government Accountability Office (GAO) to provide the Senate Committee on Finance and the House Committee on Ways and Means with a report that shall include: 1) an assessment of the modernization of drawback and refunds; 2) a description of drawback claims that were permissible before the enactment of the bill that are not permissible after, and an identification of industries most affected; and 3) a description of drawback claims that were not permissible before the enactment of this bill that are after, and an identification of industries most affected.

Section 606(q) provides that the amendments made by this section shall take effect upon enactment of this bill and apply to drawback claims filed on or after the date that is 2 years after such enactment. This section also requires the Secretary of the Treasury to submit a report to Congress, no later than two years after enactment of this bill, on the date on which the Automated Commercial Environment (ACE) will be ready to process claims and the date on which the Automated Export System (AES) will be ready to accept proof of exportation. Lastly, this section provides for a one-year transition for filing drawback claims under section 313 as amended by this section, or under section 313 in effect before the enactment of this bill.

Reason for change

Drawback was initially authorized by the Second Act of Congress in 1789, and has been a critical export program even since. The rationale for duty drawback has always been to increase U.S. competitiveness in the global marketplace, encourage U.S. manufacturing by enabling manufacturers to take advantage of economical raw materials, and promote U.S. exports and jobs. As business practices have modernized, and continue to do so, CBP has been unable to modernize its drawback practices due to constraints posed by current law.

Under current law, CBP is required to issue rulings on commercial interchangeability, which is paper-heavy, time-consuming, and resource-intensive. Current law also prescribes multiple time-frames for drawback eligibility and paper certifications. In fact, the entire drawback process is very paper-heavy. In an era when the rest of CBP is being pushed by the business community and Congress to streamline its processing and fully automate, the Committee believes it is senseless to maintain a burdensome paper-heavy process in such a key area of CBP operations.

This section initiates drawback modernization by allowing use of eight-digit Harmonized Tariff System (HTS) classifications for determining eligibility for drawback claims, makes time-frames for filing drawback claims consistent, and requires the Secretary of the Treasury to promulgate regulations on the calculation of drawback

consistent with this section. These changes, very importantly, require CBP to automate drawback processing through utilization of the Automated Commercial Environment.

Effective date

The amendments made by this section shall take effect upon enactment of this Act and apply to drawback claims filed on or after the date that is 2 years after such date of enactment.

SECTION 607. OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE

Present law

The Office of the United States Trade Representative (USTR) is required to submit to Congress an Annual Report on Trade Agreements Program and National Trade Policy Agenda, pursuant to 19 U.S.C. 2213; a budget justification, pursuant to 31 U.S.C. 1105; and an agency strategic plan, pursuant to 5 U.S.C. 306.

Explanation of provision

The section requires that, in its Annual Report on Trade Agreements Program and National Trade Policy Agenda to Congress, USTR must submit additional information regarding USTR-led interagency programs, including the Interagency Trade Enforcement Center. Specifically, the section requires that USTR report on the objectives and priorities of all USTR-led interagency programs; the actions proposed, or anticipated, to be undertaken to achieve such objectives and priorities, including actions authorized under the trade laws and negotiations with foreign countries; the role of each Federal agency participating in the interagency program in achieving such objectives and priorities and activities of each agency with respect to their participation in the program; USTR's coordination of each participating Federal agency to more effectively achieve such objectives and priorities; any proposed legislation necessary or appropriate to achieve such objectives or priorities; and prior progress made in achieving such objectives and priorities and coordination activities.

The section also requires that USTR submit a report to Congress, in conjunction with the President's budget, regarding its annual plan to match available agency resources with projected workload and provide a detailed analysis of how the prior year's funds were spent; identify existing and new staff necessary to support the functions and powers of USTR; identify USTR and other Federal agency staff who will be required to be detailed to support USTR-led interagency programs; and provide detailed analysis of the budgetary requirements of USTR-led interagency programs.

In addition, the section requires that USTR submit to Congress a quadrennial plan, in conjunction with agency strategic plans already required under statute, with some additional requirements: analyzing internal quality controls and record management; identifying existing and new staff necessary to support the functions and powers of USTR; identifying existing USTR and other Federal agency staff who will be required to be detailed to support USTR-led interagency programs; providing an outline of budget justifications, including salaries, expenses, and non-personnel administrative costs, required under the strategic plan; providing an outline

of budget justifications for USTR-led interagency programs. This quadrennial plan is required in conjunction with the agency strategic plan produced at the beginning of every new Presidential Administration; this section requires USTR to submit the initial report separately, on February 1, 2016.

Reasons for change

The Committee is statutorily requiring that USTR provide more information to Congress in conjunction with existing required reports because USTR has been insufficiently responsive to various Congressional requests on the covered issues over the past few years. With respect to USTR-led interagency activities, in February 2012, through Executive Order 13601, the President created the Interagency Trade Enforcement Center (ITEC), without any prior consultation with Congress. The Committee notes that USTR was ill-prepared to handle the budgetary and staffing impacts of creating the ITEC, which ended up constituting nearly two percent of USTR's FY 2013 budget. Since the ITEC's creation in 2012, USTR has been unable to provide to the Committee a clear description and accounting of the ITEC's actual duties and activities. While the Committee supports strong enforcement efforts by USTR, it expects that USTR provide information concerning the ITEC to Congress with the greatest degree of transparency possible.

The Committee notes that USTR's handling of the budgetary impacts of the ITEC exposed the agency's insufficient long- and short-term planning with regard to allocation of its resources and existing and future staffing needs. The Committee believes that additional reporting requirements in conjunction with USTR's budgetary filings and agency strategic plans will require USTR to focus more on resource allocation and allow the agency to better plan ahead, particularly in the face of simultaneous negotiation of the Trans-Pacific Partnership, the Trans-Atlantic Trade and Investment Partnership, the Trade in Services Agreement, and other trade negotiations, as well as significant monitoring and enforcement activity.

Effective date

The amendments made by this section shall take effect upon enactment of this Act.

SECTION 608. UNITED STATES-ISRAEL TRADE AND COMMERCIAL ENHANCEMENT

Present law

No provision.

Explanation of provision

This section sets out U.S. policy identifying the importance of the bilateral U.S.-Israel trade relationship. This section states that among the principal U.S. trade negotiating objectives for trade agreements with foreign countries is to discourage actions to boycott, divest from, or sanction Israel. The section requires the President to report annually to Congress on politically motivated acts of boycott, divestment from, and sanctions against Israel. This section also amends the Securities Exchange Act of 1934 to require report-

ing by a foreign issuer of such acts. In addition, this section requires that no U.S. court may recognize or enforce any judgment by a foreign court against a U.S. person doing business with Israel, and on which is based a determination by the foreign court that the location in Israel, or in any territory controlled by Israel, of the facilities at which the business operations are carried out is sufficient to constitute a violation of law.

Reasons for change

The Committee recognizes that the boycott, divestment, and sanction (BDS) Israel movement globally is of significant concern. The Committee has therefore included negotiating objectives for proposed trade agreements that specifically direct the United States to discourage and eliminate such actions by U.S. trading partners. However, the Committee also expects the Administration to explore addressing these actions in other fora, including other bilateral and multilateral programs or activities of international engagement including but not limited to the World Trade Organization (WTO), Group of 20 (G20), the Organization for Economic Cooperation and Development (OECD), and the Asia-Pacific Economic Cooperation (APEC). The Committee believes that the report the President is required to submit to Congress as well as the Securities Exchange Act reporting requirements for foreign issuers will be critical to exposing, weakening, and diminishing the BDS movement. Finally, the requirement that no U.S. court may recognize or enforce a foreign judgment based on a U.S. person's business operations in Israel protects U.S. persons from unwarranted legal actions based on BDS principles in foreign jurisdictions. The Committee supports continuing to strengthen United States-Israel economic cooperation and recognizes the tremendous strategic, economic, and technological value of cooperation with Israel.

Effective date

The amendments made by this section are effective upon enactment of this Act.

SECTION 609. ELIMINATION OF CONSUMPTIVE DEMAND EXCEPTION TO PROHIBITION ON IMPORTATION OF GOODS MADE WITH CONVICT LABOR, FORCED LABOR, OR INDENTURED LABOR; REPORT

Present law

Section 307 of the Tariff Act of 1930 prohibits the importation of foreign-made goods that were manufactured or produced by convict, forced, or indentured labor, except in such quantities as necessary to meet the consumptive demands of the United States.

Explanation of provisions

Section 609 eliminates the "consumptive demand" exception to the prohibition on importing goods made by convict, forced, or indentured labor, and requires the Commissioner to provide a report to Congress that includes: 1) the number of instances in which merchandise was denied entry pursuant to this section during the preceding 1-year period; 2) a description of the merchandise denied entry pursuant to this section; and 3) such other information the

Commissioner considers appropriate with respect to monitoring and enforcing compliance with this section.

Reason for change

This section removes a provision that permitted the importation of goods that otherwise would have been prohibited, but for the fact that they were not available in quantities to meet consumptive demand of the United States. Removing this provision ensures that goods, wares, articles, and merchandise made under such conditions may not legally enter the United States.

The Committee does recognize, however, that the problem of coerced labor in developing countries is a complex and intractable one. To this point, the Committee further recognizes that some industries have implemented extensive programs to assist foreign governments in their efforts to develop and implement policies aimed at eliminating coercive labor practices within their borders. The elimination of the consumptive demand provision is not intended to discourage such efforts to address wide-scale social problems that contribute to the conditions in which convict, forced, or indentured labor exists in particular countries. Moreover, the Committee does not intend that the elimination of the consumptive demand exception permit, without substantiation of facts, the application of broad import bans that may also indirectly interfere with such efforts.

It is further the sense of the Committee that, consistent with current practice, determinations to prohibit a particular shipment may not be based solely on country of origin, or a finding that coercive labor practices are known to be used in a certain industry. Rather, the Secretary may take action under section 307 only after conducting an investigation of the allegations and determining that there is evidence that a particular shipment of covered goods was produced using coercive labor practices.

Finally, the Committee wishes to express support for the continuation of collaborative efforts aimed at addressing the problem of coercive labor practices, and also wishes to encourage foreign governments to take an active role in combating these practices within their borders.

Effective date

The amendments made by this section shall take effect 15 days after the date of enactment of this Act.

SECTION 610. CUSTOMS USER FEES

Present law

Under Section 13031(a) of the Consolidated Omnibus Budget Reconciliation Act of 1985, the Secretary of the Treasury is authorized to charge and collect fees for the provision of certain customs services. Pursuant to Section 13031(j)(3), the Secretary of the Treasury may not charge fees for the provision of certain customs services after September 30, 2024.

Explanation of provisions

Section 610 amends Section 13031(j)(3)(A) of the Consolidated Omnibus Budget Reconciliation Act of 1985 to extend the period

that the Secretary of the Treasury may charge for certain customs services for imported goods from July 8, 2025 to July 28, 2025, and extends the ad valorem rate for the Merchandise Processing Fee collected by CBP that offsets the costs incurred in processing and inspecting imports from July 1, 2025 to July 14, 2025.

Reason for change

The Committee believes it is appropriate to extend the merchandise processing fees for budgetary offset purposes.

Effective date

The amendments made by this section shall take effect upon enactment of this Act.

SECTION 611. REPORT ON CERTAIN U.S. CUSTOMS AND BORDER PROTECTION AGREEMENTS

Present law

Section 560 of the Department of Homeland Security Appropriations Act of 2013 authorizes CBP to enter into certain reimbursable fee agreements for the provision of CBP services.

Section 559 of the Department of Homeland Security Appropriations Act of 2014 establishes a pilot program authorizing CBP to enter into partnerships with private sector and government entities at ports of entry.

Explanation of provisions

Section 611 requires the Commissioner to submit to Congress a detailed annual report on each reimbursable agreement and public-private partnership agreement into which CBP enters. Each report must include: 1) a description of the development of the program; 2) a description of the type of entity with which CBP entered into the agreement and the amount that entity reimbursed CBP under the agreement; 3) an identification of the type of port of entry to which the agreement relates and an assessment of how the agreement provides economic benefits at the port of entry; 4) a description of the services provided by CBP under the agreement during the year preceding the submission of the report; 5) the amount of fees collected under the agreement during that year; 6) a detailed accounting of how the fees collected under the agreement have been spent during that year; 7) a summary of any complaints or criticism received by CBP during that year regarding the agreement; 8) an assessment of the compliance with the terms of the agreement of the entity that entered into an agreement with CBP; 9) recommendations with respect to how activities conducted pursuant to the agreement could function more effectively or better produce economic benefits; and 10) a summary of the benefits to and challenges faced by CBP and the entity that entered into an agreement with CBP.

Reason for change

The Committee believes it is important for CBP to communicate openly with Congress about the details of each reimbursable agreement and public-private partnership into which it enters. Though great progress has been made since the first agreement, CBP's lack

of communication with Congress prior to entering into a partnership with the Abu Dhabi International Airport in 2013 led to a great deal of concern in the Committee and in the private sector, particularly from United States air carriers, about the nature of this agreement and its impact on our security and competitiveness. Regular communication after the fact shed light on the significant value of this partnership, and to this end, the Committee recognizes the benefit of such partnerships to CBP and to the public going forward. However, the Committee feels strongly that CBP must keep Congress apprised of these agreements to ensure that they are operating as intended, delivering valuable benefits, serving as a valuable resource to CBP and the public, and in no way harming United States interests and competitiveness.

Effective date

The amendments made by this section shall take effect on the date of enactment of this Act.

SECTION 612. CERTAIN INTEREST TO BE INCLUDED IN DISTRIBUTIONS UNDER CONTINUED DUMPING AND SUBSIDY OFFSET ACT OF 2000

Present law

No provision.

Explanation of provisions

Section 612(a) directs CBP to include in all distributions of collected antidumping and countervailing duties any and all interest earned on such duties that is, or was, realized through any payments received on or after October 1, 2014 under, or in connection with, any customs bond pursuant to a court order or judgment, or settlement.

Section 612(b) describes the distributions in subsection (a) as all distributions made on or after enactment pursuant to section 754 of the Trade Act of 1930 (19 U.S.C. 1675c) (as that section was in effect on February 7, 2006) of collected antidumping and countervailing duties assessed on or after October 1, 2000 on entries made through September 30, 2007.

Reason for change

The section is intended to ensure that CBP complies with the law by distributing all interest payments to appropriate domestic producers. Specifically, the amendment requires that all interest collected by CBP in connection with any customs bond pursuant to a court order or judgment, or any settlement for such bond, related to antidumping and countervailing duties be distributed consistent with the provisions of the Continued Dumping and Subsidy Offset Act of 2000, as repealed by subtitle F of title VII of the Deficit Reduction Act of 2005. The section is prospective and applies only to future distributions, but does not affect or limit domestic industries' right to seek redress for past CBP actions.

Effective date

The amendments made by this section shall take effect on the date of enactment of this Act.

III. VOTES OF THE COMMITTEE

In compliance with clause 3(b) of rule XIII of the Rules of the House of Representatives, the following statement is made concerning the vote of the Committee on Ways and Means in its consideration of H.R. 1907, to reauthorize trade facilitation and trade enforcement functions and activities, and for other purposes, on April 23, 2015.

The bill, H.R. 1907, was ordered favorably reported as amended by voice vote (with a quorum being present).

The vote on the amendment by Mr. Boustany to H.R. 1907, which would ensure that post-liquidation interest received from payments collected under a customs bond is available, where eligible, for the distribution to domestic producers in accordance with Continued Dumping and Subsidy Offset Act (CDSOA) was agreed to by voice vote (with a quorum being present). This amendment prohibits Customs from transferring to the General Treasury any payment received under a bond so that it is available to be distributed to domestic producers, where applicable.

IV. BUDGET EFFECTS OF THE BILL

A. Committee Estimate of Budgetary Effects

In compliance with clause 3(d) of rule XIII of the Rules of the House of Representatives, the following statement is made concerning the effects on the budget of the bill, H.R. 1907, as reported. The Committee believes the Congressional Budget Office (CBO) over-estimated the cost of the amendment by Mr. Boustany, and will continue to review the provision and estimate with CBO.

B. Statement Regarding New Budget Authority and Tax Expenditures Budget Authority

In compliance with clause 3(c)(2) of rule XIII of the Rules of the House of Representatives, the Committee states that the bill involves no new or increased budget authority. The Committee states further that the bill involves no new or increased tax expenditures.

C. Cost Estimate Prepared by the Congressional Budget Office

In compliance with clause 3(c)(3) of rule XIII of the Rules of the House of Representatives, requiring a cost estimate prepared by the CBO, the following statement by CBO is provided.

U.S. Congress,
Congressional Budget Office,
Washington, DC, May 4, 2015.

Hon. Paul Ryan,
Chairman, Committee on Ways and Means,
House of Representatives, Washington, DC.

Dear Mr. Chairman: The Congressional Budget Office has prepared the enclosed cost estimate for H.R. 1907, the Trade Facilitation and Trade Enforcement Act of 2015.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contact is Mark Grabowicz.

Sincerely,

KEITH HALL,
Director.

Enclosure.

H.R. 1907—Trade Facilitation and Trade Enforcement Act of 2015

Summary: H.R. 1907 would amend various trade statutes with the goal of strengthening agency enforcement efforts and improving the efficiency of the regulatory process. The bill would:

- Authorize the appropriation of $154 million annually over the 2016–2018 period for the Automated Commercial Environment program in Customs and Border Protection (CBP);
- Require the International Trade Administration (ITA) to develop a system to investigate allegations of antidumping and countervailing duty evasion and would require CBP to improve and expand several trade regulation programs;
- Extend the authority to collect and increase the rate of certain customs user fees;
- Improve the claims process for refunds on duties paid for certain imported merchandise and increase the minimum value of goods for which duties must be paid; and
- Increase the amount available for distribution to eligible parties under the Continued Dumping and Subsidy Offset Act (CDSOA).

CBO estimates that enacting the bill would reduce revenues by $203 million over the 2015–2025 period and reduce direct spending by $4 million over the same period, resulting in a net increase in deficits over the 11-year period of $199 million. Pay-as-you-go procedures apply because enacting the legislation would affect direct spending and revenues. In addition, assuming appropriation of the necessary amounts, CBO estimates that implementing H.R. 1907 would cost $944 million over the 2016–2020 period.

H.R. 1907 contains no intergovernmental mandates as defined in the Unfunded Mandates Reform Act (UMRA), and would impose no costs on state, local, or tribal governments.

H.R. 1907 contains private-sector mandates on entities required to pay merchandise processing fees. CBO estimates the aggregate cost of the mandates would exceed the annual threshold established in UMRA for private-sector mandates ($154 million in 2015, adjusted annually for inflation).

Estimated cost to the Federal Government: The estimated budgetary effect of H.R. 1907 is shown in the following table. The costs of this legislation fall within budget functions 370 (advancement of commerce) and 750 (administration of justice).

	By fiscal year, in millions of dollars—												
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2015–2020	2015–2025
CHANGES IN DIRECT SPENDING [a]													
Customs User Fees:													
Estimated Budget Authority	0	0	0	0	0	0	0	0	0	0	−204	0	−204
Estimated Outlays	0	20	21	22	23	25	27	21	17	13	11	111	200
Payment of Interest on Certain Distributions Under the Continued Dumping and Subsidy Offset Act:													
Estimated Budget Authority	0	20	21	22	23	25	27	21	17	13	−193	111	−4
Estimated Outlays	0	20	21	22	23	25	27	21	17	13	−193	111	−4
Total Changes:													
Estimated Budget Authority	0	20	21	22	23	25	27	21	17	13	−193	111	−4
Estimated Outlays	0	20	21	22	23	25	27	21	17	13	−193	111	−4
CHANGES IN REVENUES													
Change in De Minimis Value	−3	−14	−15	−15	−16	−17	−17	−18	−19	−20	−22	−80	−176
Drawback Procedures	0	0	−2	−3	−3	−3	−3	−3	−3	−3	−4	−11	−27
Total Changes	−3	−14	−17	−18	−19	−20	−20	−21	−22	−23	−26	−91	−203
NET INCREASE OR DECREASE (−) IN THE DEFICIT FROM CHANGES IN DIRECT SPENDING AND REVENUES													
Impact on Deficit	3	34	38	40	42	45	47	42	39	36	−167	202	199
CHANGES IN SPENDING SUBJECT TO APPROPRIATION													
Automated Commercial Environment:													
Authorization Level	0	154	154	154	0	0	0	0	0	0	0	461	461
Estimated Outlays	0	108	154	154	46	0	0	0	0	0	0	461	461
CBP Trade Programs and Reports:													
Estimated Authorization Level	0	48	88	90	93	96	98	101	104	107	110	415	936
Estimated Outlays	0	43	84	90	93	95	98	101	104	107	110	405	925
Investigation of Evasion of Trade Remedy Laws:													
Estimated Authorization Level	0	9	18	19	19	19	20	20	21	21	22	84	188
Estimated Outlays	0	7	15	18	19	19	20	20	21	21	22	78	180
Total Changes													
Estimated Authorization Level	0	210	260	263	112	115	118	121	125	128	132	960	1,585
Estimated Outlays	0	157	253	261	158	114	118	121	124	128	131	944	1,566

Notes: This estimate assumes H.R. 1907 is enacted by July 1, 2015; * = between zero and $500,000. For direct spending, negative numbers indicate a decrease in outlays; for revenues, negative numbers indicate a reduction in revenues. Components may not sum to totals because of rounding.

CBP = Customs and Border Protection.

[a] On April 23, 2015, the House Committee on Ways and Means approved a package of three trade bills: H.R. 1891, H.R. 1907, and H.R. 1892. For the purposes of this estimate, CBO assumes that H.R. 1891 will be enacted before H.R. 1907. (H.R. 1891 would extend the authority to charge merchandise processing fees from September 30, 2024, through July 7, 2025.)

Basis of estimate: For this estimate, CBO assumes that H.R. 1907 will be enacted by July 1, 2015.

Direct spending

CBO estimates that enacting H.R. 1907 would increase direct spending by $111 million over the 2015–2020 period and would decrease spending by $4 million over the 2015–2025 period.

Customs User Fees. Under current law, the authority to charge merchandise processing fees collected by CBP will expire after September 30, 2024. H.R. 1907 would permit those fees to be collected during the period beginning July 8, 2025, and ending July 28, 2025. The bill also would raise the rate of the merchandise processing fee from 0.21 percent to 0.3464 percent of the value of goods entering the U.S. for the period beginning July 1, 2025, and ending July 14, 2025. CBO estimates those actions would increase offsetting receipts (certain collections that are treated as reductions in direct spending) by $204 million in fiscal year 2025. To project collections of merchandise processing fees, CBO assumes that the fees collected in future years will grow at the same rate seen in recent years—about 5 percent. In 2014 collections from the merchandise processing fee totaled $2.3 billion. By 2024 CBO estimates those collections will total about $2.7 billion under current law. CBO expects that the proposed increase in the fee rate would have a very minor effect on the value of goods entering the U.S.

Payment of Interest on Certain Distributions Under the Continued Dumping and Subsidy Offset Act. H.R. 1907 would increase the amount available for distribution to eligible parties under CDSOA. Under current law, CBP distributes antidumping and countervailing (ADCV) duties that were assessed on or after October 1, 2000, on goods that entered the United States before October 1, 2007, to domestic parties that meet the program's eligibility requirements. Based on information from CBP, CBO estimates that enacting this provision would increase direct spending by $200 million over the 2015–2025 period.

H.R. 1907 would direct CBP to include in the amount distributed to eligible parties interest earned on certain delinquent accounts. Specifically, in cases where CBP pursues payment of ADCV duties through litigation with sureties that provided customs bonds to guarantee payment, court-ordered interest received above the bond amount would be added to the distribution. This additional amount would apply only to cases where distributions are made on or after enactment of H.R. 1907, from court-ordered payments received from sureties after October 1, 2014.

Under current law, upon receipt of a court-ordered settlement in CDSOA cases, CBP first deposits into the Treasury any interest that accrued during the period of delinquency and litigation; any amounts that remain after that are available for distribution to eligible parties. Under H.R. 1907, those interest amounts currently deposited in the Treasury would instead be spent.

The CBP has 30 cases currently in litigation for delinquent ADCV duties due from sureties, dating as far back as 2009; based on the agency's experience with similar litigation, we expect it will take about six years for all of those cases to conclude. Further, we expect that CBP will bring an additional 15 cases against sureties for payment of delinquent duties over the next five years and that

CBP will receive payment for those additional cases by the end of 2025.

Based on the average amount of delinquent ADCV duties and the average amount of bond coverage associated with those 30 cases, CBO estimates that CBP will collect about $250 million from sureties over the 2015–2025 period from court-ordered awards. Further, based on the length of time that typically elapses between the point when duties become delinquent until completion of the judicial proceedings, we estimate that about 80 percent of that amount, $200 million, will represent accrued interest that will be deposited into the Treasury. By making interest collections payable to entities that are eligible to receive distributions, CBO estimates that enacting H.R 1907 would increase direct spending by that amount.

Revenues

CBO estimates that enacting H.R. 1907 would decrease revenues by $91 million over the 2015–2020 period and by $203 million over the 2015–2025 period.

Change in De Minimis Value. Under current law, importers are not required to pay duties on shipments with a total value of $200 or less. H.R. 1907 would increase that de minimis value to $800. According to the U.S. Customs and Border Patrol, in recent years duties collected on goods where each shipment was valued between $200 and $800, averaged $17 million a year. Considering that history and including anticipated growth in the value of imported goods, CBO estimates that raising the de minimis level to $800 would result in a revenue loss of $176 million over the 2015–2025 period, net of income and payroll tax offsets.

Drawback Procedures. When goods imported into the country are later exported or destroyed, the import duties originally paid for those goods may be refunded. In addition, the exporting or destroying of substitute goods—goods that are comparable to such imports—may also qualify for such refunds. H.R. 1907 would modify the claims process for such refunds—which are known as "drawbacks"—with the goal of simplifying the process. The most notable changes to the claims process include the following:

- Requiring the use of existing category codes to identify which goods may qualify as substitutes for the purposes of drawbacks,
- Standardizing and, in some cases, extending the period during which drawback claims may be filed, and
- Eliminating the requirement for paper documentation in certain drawback claims.

In 2014, roughly $470 million in duties on imported merchandise was refunded in cases where substitutable goods were later exported. Based on information from CBP, and allowing for an initial period to write new regulations, CBO estimates that enacting H.R. 1907 would increase refunds, and therefore decrease revenues, by $27 million over the 2015–2025 period.

Penalties. H.R. 1907 would require customs brokers to maintain records of the identity of their clients. It would also require nonresident importers to designate an agent in the United States with the power of attorney. The bill would prescribe monetary penalties for violations of those requirements. Under current law, CBP has broad authority to regulate the activities of customs brokers and

importers, as well as assess monetary penalties for statutory or regulatory violations. Based on information from CBP, CBO expects that any additional monetary penalties resulting from enforcement of the new requirements would be insignificant. Similarly, CBO estimates that any change in customs duties that could result from those requirements would also be insignificant.

Spending subject to appropriation

For this estimate, CBO assumes that the necessary appropriations will be provided each year and that spending will follow historical patterns for these programs. Under those assumptions we estimate that implementing H.R. 1907 would cost $944 million over the 2015–2020 period.

Automated Commercial Environment. H.R. 1907 would authorize the appropriation of $154 million annually over the 2016–2018 period for the Automated Commercial Environment (ACE), a trade management system operated by CBP. For fiscal year 2014, $141 million was appropriated for ACE. CBO estimates that implementing this provision would cost $461 million over the 2016–2019 period.

CBP Trade Programs and Reports. H.R. 1907 would direct CBP to improve and expand several trade enforcement and facilitation programs, including validation of new importers and protection of copyrights and intellectual property rights. The bill also would require about a dozen new reports to the Congress relating to trade issues, mostly from CBP and the Government Accountability Office. Based on preliminary information from Customs and the costs of similar activities, we estimate that the additional programs and reports would cost $405 million over the 2015–2020 period, mostly to hire new CBP employees.

Investigation of Evasion of Trade Remedy Laws. Title IV would require the ITA to develop a system to investigate allegations of antidumping and countervailing duty evasion. Those investigations would be opened based on reports that are supported by reasonable evidence, and must be completed within 300 days of initiation. Based on information from the ITA, CBO expects that the agency would establish a new unit to carry out the investigations, which are separate from current efforts to administer antidumping and countervailing duty laws.

CBO assumes that the agency would ultimately add 82 staff positions, at an average cost of about $240,000 per year including salaries, benefits, and overhead, to carry out the new requirements. CBO estimates that implementing these provisions of H.R. 1907 would cost $78 million over the 2015–2020 period.

Pay-as-You-Go considerations: The Statutory Pay-As-You-Go Act of 2010 establishes budget-reporting and enforcement procedures for legislation affecting direct spending or revenues. The net changes in outlays and revenues that are subject to those pay-as-you-go procedures are shown in the following table.

CBO ESTIMATE OF PAY-AS-YOU-GO EFFECTS FOR H.R. 1907, AS ORDERED REPORTED BY THE HOUSE COMMITTEE ON WAYS AND MEANS ON APRIL 23, 2015

	By fiscal year, in millions of dollars—												
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2015–2020	2015–2025
NET INCREASE OR DECREASE (−) IN THE DEFICIT													
Statutory Pay-As-You-Go Impact	3	34	38	40	42	45	47	42	39	36	−167	202	199
Memorandum:													
Changes in Outlays	0	20	21	22	23	25	27	21	17	13	−193	111	−4
Changes in Revenues	−3	−14	−17	−18	−19	−20	−20	−21	−22	−23	−26	−91	−203

Estimated impact on state, local, and tribal governments: H.R. 1907 contains no intergovernmental mandates as defined in UMRA, and would impose no costs on state, local, or tribal governments.

Estimated impact on the private sector: H.R. 1907 would impose private-sector mandates, as defined in UMRA, on entities required to pay merchandise processing fees. The bill would extend those fees for the period July 8, 2025, through July 28, 2025, and raise the fee rate beginning July 1, 2025, and ending July 14, 2025. CBO estimates that the incremental cost of the fees would amount to $204 million in 2025. Thus, the aggregate cost of the mandates would exceed the annual threshold established in UMRA for private-sector mandates in that year ($154 million in 2015, adjusted annually for inflation).

Estimate prepared by: Federal costs: Mark Grabowicz and Susan Willie; Federal revenues: Ann Futrell and Nate Frentz; Impact on state, local, and tribal governments: Jon Sperl; Impact on the private sector: Paige Piper/Bach.

Estimate approved by: Theresa Gullo, Assistant Director for Budget Analysis.

V. OTHER MATTERS TO BE DISCUSSED UNDER THE RULES OF THE HOUSE

A. Committee Oversight Findings and Recommendations

With respect to clause 3(c)(1) of rule XIII of the Rules of the House of Representatives (relating to oversight findings), the Committee advises that it was as a result of the Committee's review of the provisions of H.R. 1907 that the Committee concluded that it is appropriate to report the bill, as amended, favorably to the House of Representatives with the recommendation that the bill do pass.

B. Statement of General Performance Goals and Objectives

With respect to clause 3(c)(4) of rule XIII of the Rules of the House of Representatives, the Committee advises that the bill contains no measure that authorizes funding, so no statement of general performance goals and objectives for which any measure authorizes funding is required.

C. Information Relating to Unfunded Mandates

This information is provided in accordance with section 423 of the Unfunded Mandates Reform Act (UMRA) of 1995 (Pub. L. No. 104–4).

The Committee states that, according to the Congressional Budget Office (CBO), the provision related to Customs user fees would impose a private sector mandate, as defined by UMRA, but would not impose intergovernmental mandates or costs on state, local, or tribal governments.

D. Congressional Earmarks, Limited Tax Benefits, and Limited Tariff Benefits

With respect to clause 9 of rule XXI of the Rules of the House of Representatives, the Committee has carefully reviewed the pro-

visions of the bill, and states that the provisions of the bill do not contain any congressional earmarks, limited tax benefits, or limited tariff benefits within the meaning of the rule.

E. Duplication of Federal Programs

In compliance with Sec. 3(g)(2) of H. Res. 5 (114th Congress), the Committee states that no provision of the bill establishes or reauthorizes: (1) a program of the Federal Government known to be duplicative of another Federal program; (2) a program included in any report from the Government Accountability Office to Congress pursuant to section 21 of Public Law 111–139; or (3) a program related to a program identified in the most recent Catalog of Federal Domestic Assistance, published pursuant to the Federal Program Information Act (Pub. L. No. 95–220, as amended by Pub. L. No. 98–169).

F. Disclosure of Directed Rule Makings

In compliance with Sec. 3(i) of H. Res. 5 (114th Congress), the following statement is made concerning directed rule makings: The Committee estimates that the bill requires no directed rule makings within the meaning of such section.

VI. CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

A. Text of Existing Law Amended or Repealed by the Bill, as Reported

In compliance with clause 3(e)(1)(A) of rule XIII of the Rules of the House of Representatives, the text of each section proposed to be amended or repealed by the bill, as reported, is shown below:

CONSOLIDATED OMNIBUS BUDGET RECONCILIATION ACT OF 1985

* * * * * * *

SEC. 13031. FEES FOR CERTAIN CUSTOMS SERVICES.

(a) Schedule of Fees.—In addition to any other fee authorized by law, the Secretary of the Treasury shall charge and collect the following fees for the provision of customs services in connection with the following:

(1) For the arrival of a commercial vessel of 100 net tons or more, $397.

(2) For the arrival of a commercial truck, $5.

(3) For the arrival of each railroad car carrying passengers or commercial freight, $7.50.

(4) For all arrivals made during a calendar year by a private vessel or private aircraft, $25.

(5)(A) Subject to subparagraph (B), for the arrival of each passenger aboard a commercial vessel or commercial aircraft from a place outside the United States (other than a place referred to in subsection (b)(1)(A)(i) of this section), $5.

(B) For the arrival of each passenger aboard a commercial vessel from a place referred to in subsection (b)(1)(A)(i) of this section, $1.75.

(6) For each item of dutiable mail for which a document is prepared by a customs officer, $5.

(7) For each customs broker permit held by an individual, partnership, association, or corporate customs broker, $125 per year.

(8) For the arrival of a barge or other bulk carrier from Canada or Mexico, $100.

(9)(A) For the processing of merchandise that is formally entered or released during any fiscal year, a fee in an amount equal to 0.21 percent ad valorem, unless adjusted under subparagraph (B).

(B)(i) The Secretary of the Treasury may adjust the ad valorem rate specified in subparagraph (A) to an ad valorem rate (but not to a rate of more than 0.21 percent nor less than 0.15 percent) and the amounts specified in subsection (b)(8)(A)(i) (but not to more than $485 nor less than $21) to rates and amounts which would, if charged, offset the salaries and expenses that will likely be incurred by the Customs Service in the processing of such entries and releases during the fiscal year in which such costs are incurred.

(ii) In determining the amount of any adjustment under clause (i), the Secretary of the Treasury shall take into account whether there is a surplus or deficit in the fund established under subsection (f) with respect to the provision of customs services for the processing of formal entries and releases of merchandise.

(iii) An adjustment may not be made under clause (i) with respect to the fee charged during any fiscal year unless the Secretary of the Treasury—

(I) not later than 45 days after the date of the enactment of the Act providing full-year appropriations for the Customs Service for that fiscal year, publishes in the Federal Register a notice of intent to adjust the fee under this paragraph and the amount of such adjustment;

(II) provides a period of not less than 30 days following publication of the notice described in subclause (I) for public comment and consultation with the Committee on Finance of the Senate and the Committee on Ways and Means of the House of Representatives regarding the proposed adjustment and the methodology used to determine such adjustment;

(III) upon the expiration of the period provided under subclause (II), notifies such committees in writing regarding the final determination to adjust the fee, the amount of such adjustment, and the methodology used to determine such adjustment; and

(IV) upon the expiration of the 15-day period following the written notification described in subclause (III), submits for publication in the Federal Register notice of the final determination regarding the adjustment of the fee.

(iv) The 15-day period referred to in clause (iii)(IV) shall be computed by excluding—

(I) the days on which either House is not in session because of an adjournment of more than 3 days to a day certain or an adjournment of the Congress sine die; and

(II) any Saturday and Sunday, not excluded under subclause (I), when either House is not in session.

(v) An adjustment made under this subparagraph shall become effective with respect to formal entries and releases made on or after the 15th calendar day after the date of publication of the notice described in clause (iii)(IV) and shall remain in effect until adjusted under this subparagraph.

(C) Any fee charged under this paragraph, whether or not adjusted under subparagraph (B), is subject to the limitations in subsection (b)(8)(A).

(10) For the processing of merchandise that is informally entered or released, other than at—

(A) a centralized hub facility,

(B) an express consignment carrier facility, or

(C) a small airport or other facility to which section 236 of the Trade and Tariff Act of 1984 applies, if more than 25,000 informal entries were cleared through such airport or facility during the fiscal year preceding such entry or release, a fee of—

(i) $2 if the entry or release is automated and not prepared by customs personnel;

(ii) $6 if the entry or release is manual and not prepared by customs personnel; or

(iii) $9 if the entry or release, whether automated or manual, is prepared by customs personnel.

For provisions relating to the informal entry or release of merchandise at facilities referred to in subparagraphs (A), (B), and (C), see subsection (b)(9).

(b) LIMITATIONS ON FEES.—(1)(A) Except as provided in subsection (a)(5)(B) of this section, no fee may be charged under subsection (a) of this section for customs services provided in connection with—

(i) the arrival of any passenger whose journey—

(I) originated in a territory or possession of the United States; or

(II) originated in the United States and was limited to territories and possessions of the United States;

(ii) the arrival of any railroad car the journey of which originates and terminates in the same country, but only if no passengers board or disembark from the train and no cargo is loaded or unloaded from such car while the car is within any country other than the country in which such car originates and terminates;

(iii) the arrival of a ferry, except for a ferry whose operations begin on or after August 1, 1999, and that operates south of 27 degrees latitude and east of 89 degrees longitude; or

(iv) the arrival of any passenger on board a commercial vessel traveling only between ports which are within the customs territory of the United States.

(B) The exemption provided for in subparagraph (A) shall not apply in the case of the arrival of any passenger on board a commercial vessel whose journey originates and terminates at the same place in the United States if there are no intervening stops.

(C) The exemption provided for in subparagraph (A)(i) shall not apply to fiscal years 1994, 1995, 1996, and 1997.

(2) No fee may be charged under subsection (a)(2) for the arrival of a commercial truck during any calendar year after a total of $100 in fees has been paid to the Secretary of the Treasury for the provision of customs services for all arrivals of such commercial truck during such calendar year.

(3) No fee may be charged under subsection (a)(3) for the arrival of a railroad car whether passenger or freight during any calendar year after a total of $100 in fees has been paid to the Secretary of the Treasury for the provision of customs services for all arrivals of such passenger or freight rail car during such calendar year.

(4)(A) No fee may be charged under subsection (a)(5) with respect to the arrival of any passenger—

(i) who is in transit to a destination outside the customs territory of the United States, and

(ii) for whom customs inspectional services are not provided.

(B) In the case of a commercial vessel making a single voyage involving 2 or more United States ports with respect to which the passengers would otherwise be charged a fee pursuant to subsection (a)(5), such fee shall be charged only 1 time for each passenger.

(5) No fee may be charged under subsection (a)(1) for the arrival of—

(A) a vessel during a calendar year after a total of $5,955 in fees charged under paragraph (1) or (8) of subsection (a) has been paid to the Secretary of the Treasury for the provision of customs services for all arrivals of such vessel during such calendar year,

(B) any vessel which, at the time of the arrival, is being used solely as a tugboat, or

(C) any barge or other bulk carrier from Canada or Mexico.

(6) No fee may be charged under subsection (a)(8) for the arrival of a barge or other bulk carrier during a calendar year after a total of $1,500 in fees charged under paragraph (1) or (8) of subsection (a) has been paid to the Secretary of the Treasury for the provision of customs services for all arrivals of such barge or other bulk carrier during such calendar year.

(7) No fee may be charged under paragraph (2), (3), or (4) of subsection (a) for the arrival of any—

(A) commercial truck,

(B) railroad car, or

(C) private vessel,

that is being transported, at the time of the arrival, by any vessel that is not a ferry.

(8)(A)(i) Subject to clause (ii), the fee charged under subsection (a)(9) for the formal entry or release of merchandise may not exceed $485 or be less than $25, unless adjusted pursuant to subsection (a)(9)(B).

(ii) A surcharge of $3 shall be added to the fee determined after application of clause (i) for any manual entry or release of merchandise.

(B) No fee may be charged under subsection (a) (9) or (10) for the processing of any article that is—

(i) provided for under any item in chapter 98 of the Harmonized Tariff Schedule of the United States, except subheading 9802.00.60 or 9802.00.80,

(ii) a product of an insular possession of the United States, or

(iii) a product of any country listed in subdivision (c)(ii)(B) or (c)(v) of general note 3 to such Schedule.

(C) For purposes of applying subsection (a) (9) or (10)—

(i) expenses incurred by the Secretary of the Treasury in the processing of merchandise do not include costs incurred in—

(I) air passenger processing,

(II) export control, or

(III) international affairs, and

(ii) any reference to a manual formal or informal entry or release includes any entry or release filed by a broker or importer that requires the inputting of cargo selectivity data into the Automated Commercial System by customs personnel, except when—

(I) the broker or importer is certified as an ABI cargo release filer under the Automated Commercial System at any port within the United States, or

(II) the entry or release is filed at ports prior to the full implementation of the cargo selectivity data system by the Customs Service at such ports.

(D) The fee charged under subsection (a)(9) or (10) with respect to the processing of merchandise shall—

(i) be paid by the importer of record of the merchandise;

(ii) except as otherwise provided in this paragraph, be based on the value of the merchandise as determined under section 402 of the Tariff Act of 1930;

(iii) in the case of merchandise classified under subheading 9802.00.60 of the Harmonized Tariff Schedule of the United States, be applied to the value of the foreign repairs or alterations to the merchandise;

(iv) in the case of merchandise classified under heading 9802.00.80 of such Schedule, be applied to the full value of the merchandise, less the cost or value of the component United States products;

(v) in the case of agricultural products of the United States that are processed and packed in a foreign trade zone, be applied only to the value of material used to make the container for such merchandise, if such merchandise is subject to entry and the container is of a kind normally used for packing such merchandise; and

(vi) in the case of merchandise entered from a foreign trade zone (other than merchandise to which clause (v) applies), be applied only to the value of the privileged or nonprivileged foreign status merchandise under section 3 of the Act of June 18, 1934 (commonly known as the Foreign Trade Zones Act, 19 U.S.C. 81c).

With respect to merchandise that is classified under subheading 9802.00.60 or heading 9802.00.80 of such Schedule and is duty-free, the Secretary may collect the fee charged on the processing of the merchandise under subsection (a) (9) or (10) on the basis of aggregate data derived from financial and manufacturing reports used by the importer in the normal course of business, rather than on the basis of entry-by-entry accounting.

(E) For purposes of subsection (a) (9) and (10), merchandise is entered or released, as the case may be, if the merchandise is—

(i) permitted or released under section 448(b) of the Tariff Act of 1930,

(ii) entered or released from customs custody under section 484(a)(1)(A) of the Tariff Act of 1930, or

(iii) withdrawn from warehouse for consumption.

(9)(A) With respect to the processing of letters, documents, records, shipments, merchandise, or any other item that is valued at an amount that is $2,000 or less (or such higher amount as the Secretary of the Treasury may set by regulation pursuant to section 498 of the Tariff Act of 1930), except such items entered for transportation and exportation or immediate exportation at a centralized hub facility, an express consignment carrier facility, or a small airport or other facility, the following reimbursements and payments are required:

(i) In the case of a small airport or other facility—

(I) the reimbursement which such facility is required to make during the fiscal year under section 9701 of title 31, United States Code or section 236 of the Trade and Tariff Act of 1984; and

(II) an annual payment by the facility to the Secretary of the Treasury, which is in lieu of the payment of fees under subsection (a)(10) for such fiscal year, in an amount equal to the reimbursement under subclause (I).

(ii) Notwithstanding subsection (e)(6) and subject to the provisions of subparagraph (B), in the case of an express consignment carrier facility or centralized hub facility—

(I) $.66 per individual airway bill or bill of lading; and

(II) if the merchandise is formally entered, the fee provided for in subsection (a)(9), if applicable.

(B)(i) Beginning in fiscal year 2004, the Secretary of the Treasury may adjust (not more than once per fiscal year) the amount described in subparagraph (A)(ii) to an amount that is not less than $.35 and not more than $1.00 per individual airway bill or bill of lading. The Secretary shall provide notice in the Federal Register of a proposed adjustment under the preceding sentence and the reasons therefor and shall allow for public comment on the proposed adjustment.

(ii) Notwithstanding section 451 of the Tariff Act of 1930, the payment required by subparagraph (A)(ii) (I) or (II) shall be the only payment required for reimbursement of the Customs Service in connection with the processing of an individual airway bill or bill of lading in accordance with such subparagraph and for providing services at express consignment carrier facilities or centralized hub facilities, except that the Customs Service may require such facilities to cover expenses of the Customs Service for adequate office space, equipment, furnishings, supplies, and security.

(iii)(I) The payment required by subparagraph (A)(ii) and clause (ii) of this subparagraph shall be paid on a quarterly basis by the carrier using the facility to the Customs Service in accordance with regulations prescribed by the Secretary of the Treasury.

(II) 50 percent of the amount of payments received under subparagraph (A)(ii) and clause (ii) of this subparagraph shall, in accordance with section 524 of the Tariff Act of 1930, be deposited in the Customs User Fee Account and shall be used to directly reimburse each appropriation for the amount paid out of that appropriation for the costs incurred in providing services to express consignment carrier facilities or centralized hub facilities. Amounts deposited in accordance with the preceding sentence shall be available until expended for the provision of customs services to express consignment carrier facilities or centralized hub facilities.

(III) Notwithstanding section 524 of the Tariff Act of 1930, the remaining 50 percent of the amount of payments received under subparagraph (A)(ii) and clause (ii) of this subparagraph shall be paid to the Secretary of the Treasury, which is in lieu of the payment of fees under subsection (a)(10) of this section.

(C) For purposes of this paragraph:

(i) The terms "centralized hub facility" and "express consignment carrier facility" have the respective meanings that are applied to such terms in part 128 of chapter I of title 19, Code of Federal Regulations. Nothing in this paragraph shall be construed as prohibiting the Secretary of the Treasury from processing merchandise that is informally entered or released at any centralized hub facility or express consignment carrier facility during the normal operating hours of the Customs Service, subject to reimbursement and payment under subparagraph (A).

(ii) The term "small airport or other facility" means any airport or facility to which section 236 of the Trade and Tariff Act of 1984 applies, if more than 25,000 informal entries were cleared through such airport or facility during the preceding fiscal year.

(10)(A) The fee charged under subsection (a) (9) or (10) with respect to goods of Canadian origin (as determined under section 202 of the United States-Canada Free-Trade Agreement Implementation Act of 1988) when the United States-Canada Free-Trade Agreement is in force shall be in accordance with article 403 of that Agreement.

(B) For goods qualifying under the rules of origin set out in section 202 of the North American Free Trade Agreement Implementation Act, the fee under subsection (a) (9) or (10)—

(i) may not be charged with respect to goods that qualify to be marked as goods of Canada pursuant to Annex 311 of the North American Free Trade Agreement, for such time as Canada is a NAFTA country, as defined in section 2(4) of such Implementation Act; and

(ii) may not be increased after December 31, 1993, and may not be charged after June 29, 1999, with respect to goods that qualify to be marked as goods of Mexico pursuant to such Annex 311, for such time as Mexico is a NAFTA country.

Any service for which an exemption from such fee is provided by reason of this paragraph may not be funded with money contained in the Customs User Fee Account.

(11) No fee may be charged under subsection (a) (9) or (10) with respect to products of Israel if an exemption with respect to the fee is implemented under section 112 of the Customs and Trade Act of 1990.

(12) No fee may be charged under subsection (a) (9) or (10) with respect to goods that qualify as originating goods under section 202 of the United States-Chile Free Trade Agreement Implementation Act. Any service for which an exemption from such fee is provided by reason of this paragraph may not be funded with money contained in the Customs User Fee Account.

(13) No fee may be charged under subsection (a) (9) or (10) with respect to goods that qualify as originating goods under section 202 of the United States-Singapore Free Trade Agreement Implementation Act. Any service for which an exemption from such fee is provided by reason of this paragraph may not be funded with money contained in the Customs User Fee Account.

(14) No fee may be charged under subsection (a) (9) or (10) with respect to goods that qualify as originating goods under section 203 of the United States-Australia Free Trade Agreement Implementation Act. Any service for which an exemption from such fee is provided by reason of this paragraph may not be funded with money contained in the Customs User Fee Account.

(15) No fee may be charged under subsection (a) (9) or (10) with respect to goods that qualify as originating goods under section 203 of the Dominican Republic-Central America-United States Free Trade Agreement Implementation Act. Any service for which an exemption from such fee is provided by reason of this paragraph may not be funded with money contained in the Customs User Fee Account.

(16) No fee may be charged under subsection (a) (9) or (10) with respect to goods that qualify as originating goods under section 202 of the United States-Bahrain Free Trade Agreement Implementation Act. Any service for which an exemption from such fee is provided by reason of this paragraph may not be funded with money contained in the Customs User Fee Account.

(17) No fee may be charged under subsection (a) (9) or (10) with respect to goods that qualify as originating goods under section 202 of the United States-Oman Free Trade Agreement Implementation Act. Any service for which an exemption from such fee is provided by reason of this paragraph may not be funded with money contained in the Customs User Fee Account.

(18) No fee may be charged under subsection (a) (9) or (10) with respect to goods that qualify as originating goods under section 203 of the United States-Peru Trade Promotion Agreement Implementation Act. Any service for which an exemption from such fee is provided by reason of this paragraph may not be funded with money contained in the Customs User Fee Account.

(19) No fee may be charged under subsection (a) (9) or (10) with respect to goods that qualify as originating goods under section 202 of the United States-Korea Free Trade Agreement Implementation Act. Any service for which an exemption from such fee is provided by reason of this paragraph may not be funded with money contained in the Customs User Fee Account.

(20) No fee may be charged under subsection (a) (9) or (10) with respect to goods that qualify as originating goods under section 203

of the United States-Colombia Trade Promotion Agreement Implementation Act. Any service for which an exemption from such fee is provided by reason of this paragraph may not be funded with money contained in the Customs User Fee Account.

(21) No fee may be charged under subsection (a)(9) or (10) with respect to goods that qualify as originating goods under section 203 of the United States-Panama Trade Promotion Agreement Implementation Act. Any service for which an exemption from such fee is provided by reason of this paragraph may not be funded with money contained in the Customs User Fee Account.

(c) DEFINITIONS.—For purposes of this section—

(1) The term "ferry" means any vessel which is being used—

(A) to provide transportation only between places that are no more than 300 miles apart, and

(B) to transport only—

(i) passengers, or

(ii) vehicles, or railroad cars, which are being used, or have been used, in transporting passengers or goods.

(2) The term "arrival" means arrival at a port of entry in the customs territory of the United States.

(3) The term "customs territory of the United States" has the meaning given to such term by general note 2 of the Harmonized Tariff Schedule of the United States.

(4) The term "customs broker permit" means a permit issued under section 641(c) of the Tariff Act of 1930 (19 U.S.C. 1641(c)).

(5) The term "barge or other bulk carrier" means any vessel which—

(A) is not self-propelled, or

(B) transports fungible goods that are not packaged in any form.

(d) COLLECTION.—(1) Each person that issues a document or ticket to an individual for transportation by a commercial vessel or commercial aircraft into the customs territory of the United States shall—

(A) collect from that individual the fee charged under subsection (a)(5) at the time the document or ticket is issued; and

(B) separately identify on that document or ticket the fee charged under subsection (a)(5) as a Federal inspection fee.

(2) If—

(A) a document or ticket for transportation of a passenger into the customs territory of the United States is issued in a foreign country; and

(B) the fee charged under subsection (a)(5) is not collected at the time such document or ticket is issued;

the person providing transportation to such passenger shall collect such fee at the time such passenger departs from the customs territory of the United States and shall provide such passenger a receipt for the payment of such fee.

(3) The person who collects fees under paragraph (1) or (2) shall remit those fees to the Secretary of the Treasury at any time before the date that is 31 days after the close of the calendar quarter in which the fees are collected.

(4)(A) Notice of the date on which payment of the fee imposed by subsection (a)(7) is due shall be published by the Secretary of the Treasury in the Federal Register by no later than the date that is 60 days before such due date.

(B) A customs broker permit may be revoked or suspended for nonpayment of the fee imposed by subsection (a)(7) only if notice of the date on which payment of such fee is due was published in the Federal Register at least 60 days before such due date.

(C) The customs broker's license issued under section 641(b) of the Tariff Act of 1930 (19 U.S.C. 1641(b)) may not be revoked or suspended merely by reason of nonpayment of the fee imposed under subsection (a)(7).

(e) PROVISION OF CUSTOMS SERVICES.—

(1) Notwithstanding section 451 of the Tariff Act of 1930 (19 U.S.C. 1451) or any other provision of law (other than paragraph (2)), the customs services required to be provided to passengers upon arrival in the United States shall be adequately provided in connection with scheduled airline flights at customs serviced airports when needed and at no cost (other than the fees imposed under subsection (a)) to airlines and airline passengers.

(2)(A) This subsection shall not apply with respect to any airport to which section 236 of the Trade and Tariff Act of 1984 (19 U.S.C. 58b) applies.

(B) Subparagraph (C) of paragraph (6) shall not apply with respect to any foreign trade zone or subzone that is located at, or in the vicinity of, an airport to which section 236 of the Trade and Tariff Act of 1984 applies.

(3) Notwithstanding section 451 of the Tariff Act of 1930 (19 U.S.C. 1451) or any other provision of law—

(A) the customs services required to be provided to passengers upon arrival in the United States shall be adequately provided in connection with scheduled airline flights when needed at places located outside the customs territory of the United States at which a customs officer is stationed for the purpose of providing such customs services, and

(B) other than the fees imposed under subsection (a), the airlines and airline passengers shall not be required to reimburse the Secretary of the Treasury for the costs of providing overtime customs inspectional services at such places.

(4) Notwithstanding any other provision of law, all customs services (including, but not limited to, normal and overtime clearance and preclearance services) shall be adequately provided, when requested, for—

(A) the clearance of any commercial vessel, vehicle, or aircraft or its passengers, crew, stores, material, or cargo arriving, departing, or transiting the United States;

(B) the preclearance at any customs facility outside the United States of any commercial vessel, vehicle or aircraft or its passengers, crew, stores, material, or cargo; and

(C) the inspection or release of commercial cargo or other commercial shipments being entered into, or withdrawn from, the customs territory of the United States.

(5) For purposes of this subsection, customs services shall be treated as being "adequately provided" if such of those services that are necessary to meet the needs of parties subject to customs in-

spection are provided in a timely manner taking into account factors such as—

(A) the unavoidability of weather, mechanical, and other delays;

(B) the necessity for prompt and efficient passenger and baggage clearance;

(C) the perishability of cargo;

(D) the desirability or unavoidability of late night and early morning arrivals from various time zones;

(E) the availability (in accordance with regulations prescribed under subsection (g)(2)) of customs personnel and resources; and

(F) the need for specific enforcement checks.

(6) Notwithstanding any other provision of law except paragraph (2), during any period when fees are authorized under subsection (a), no charges, other than such fees, may be collected—

(A) for any—

(i) cargo inspection, clearance, or other customs activity, expense, or service performed (regardless whether performed outside of normal business hours on an overtime basis), or

(ii) customs personnel provided,

in connection with the arrival or departure of any commercial vessel, vehicle, or aircraft, or its passengers, crew, stores, material, or cargo, in the United States;

(B) for any preclearance or other customs activity, expense, or service performed, and any customs personnel provided, outside the United States in connection with the departure of any commercial vessel, vehicle, or aircraft, or its passengers, crew, stores, material, or cargo, for the United States; or

(C) in connection with—

(i) the activation or operation (including Customs Service supervision) of any foreign trade zone or subzone established under the Act of June 18, 1934 (commonly known as the Foreign Trade Zones Act, 19 U.S.C. 81a et seq.), or

(ii) the designation or operation (including Customs Service supervision) of any bonded warehouse under section 555 of the Tariff Act of 1930 (19 U.S.C. 1555).

(f) DISPOSITION OF FEES.—(1) There is established in the general fund of the Treasury a separate account which shall be known as the "Customs User Fee Account". Notwithstanding section 524 of the Tariff Act of 1930 (19 U.S.C. 1524), there shall be deposited as offsetting receipts into the Customs User Fee Account all fees collected under subsection (a) except—

(A) the portion of such fees that is required under paragraph (3) for the direct reimbursement of appropriations, and

(B) amounts deposited into the Customs Commercial and Homeland Security Automation Account under paragraph (4).

(2) Except as otherwise provided in this subsection, all funds in the Customs User Fee Account shall be available, to the extent provided for in appropriations Acts, to pay the costs (other than costs for which direct reimbursement under paragraph (3) is required) incurred by the United States Customs Service in conducting customs revenue functions as defined in section 415 of the Homeland Security Act of 2002 (other than functions performed by the Office

of International Affairs referred to in section 415(8) of that Act), and for automation (including the Automation Commercial Environment computer system), and for no other purpose. To the extent that funds in the Customs User Fee Account are insufficient to pay the costs of such customs revenue functions, customs duties in an amount equal to the amount of such insufficiency shall be available, to the extent provided for in appropriations Acts, to pay the costs of such customs revenue functions in the amount of such insufficiency, and shall be available for no other purpose. The provisions of the first and second sentences of this paragraph specifying the purposes for which amounts in the Customs User Fee Account may be made available shall not be superseded except by a provision of law which specifically modifies or supersedes such provisions. So long as there is a surplus of funds in the Customs User Fee Account, the Secretary of the Treasury may not reduce personnel staffing levels for providing commercial clearance and preclearance services.

(3)(A) The Secretary of the Treasury, in accordance with section 524 of the Tariff Act of 1930 and subject to subparagraph (B), shall directly reimburse, from the fees collected under subsection (a) (other than the fees under subsection (a) (9) and (10) and the excess fees determined by the Secretary under paragraph (4)), each appropriation for the amount paid out of that appropriation for the costs incurred by the Secretary—

(i) in—

(I) paying overtime compensation under section 5(a) of the Act of February 13, 1911,

(II) paying premium pay under section 5(b) of the Act of February 13, 1911, but the amount for which reimbursement may be made under this subclause may not, for any fiscal year, exceed the difference between the total cost of all the premium pay for such year calculated under section 5(b) and the cost of the night and holiday premium pay that the Customs Service would have incurred for the same inspectional work on the day before the effective date of section 13813 of the Omnibus Budget Reconciliation Act of 1993,

(III) paying agency contributions to the Civil Service Retirement and Disability Fund to match deductions from the overtime compensation paid under subclause (I),

(IV) providing all preclearance services for which the recipients of such services are not required to reimburse the Secretary of the Treasury, and

(V) paying foreign language proficiency awards under section 13812(b) of the Omnibus Budget Reconciliation Act of 1993,

(ii) to the extent funds remain available after making reimbursements under clause (i), in providing salaries for full-time and part-time inspectional personnel and equipment that enhance customs services for those persons or entities that are required to pay fees under paragraphs (1) through (8) of subsection (a) (distributed on a basis proportionate to the fees collected under paragraphs (1) through (8) of subsection (a), and

(iii) to the extent funds remain available after making reimbursements under clause (ii), in providing salaries for up to 50

full-time equivalent inspectional positions to provide preclearance services.

The transfer of funds required under subparagraph (C)(iii) has priority over reimbursements under this subparagraph to carry out subclauses (II), (III), (IV), and (V) of clause (i). Funds described in clause (ii) shall only be available to reimburse costs in excess of the highest amount appropriated for such costs during the period beginning with fiscal year 1990 and ending with the current fiscal year.

(B) Reimbursement of appropriations under this paragraph—

(i) shall be subject to apportionment or similar administrative practices;

(ii) shall be made at least quarterly; and

(iii) to the extent necessary, may be made on the basis of estimates made by the Secretary of the Treasury and adjustments shall be made in subsequent reimbursements to the extent that the estimates were in excess of, or less than, the amounts required to be reimbursed.

(C)(i) For fiscal year 1991 and subsequent fiscal years, the amount required to reimburse costs described in subparagraph (A)(i) shall be projected from actual requirements, and only the excess of collections over such projected costs for such fiscal year shall be used as provided in subparagraph (A)(ii).

(ii) The excess of collections over inspectional overtime and preclearance costs (under subparagraph (A)(i)) reimbursed for fiscal years 1989 and 1990 shall be available in fiscal year 1991 and subsequent fiscal years for the purposes described in subparagraph (A)(ii), except that $30,000,000 of such excess shall remain without fiscal year limitation in a contingency fund and, in any fiscal year in which receipts are insufficient to cover the costs described in subparagraph (A) (i) and (ii), shall be used for—

(I) the costs of providing the services described in subparagraph (A)(i), and

(II) after the costs described in subclause (I) are paid, the costs of providing the personnel and equipment described in subparagraph (A)(ii) at the preceding fiscal year level.

(iii) For each fiscal year, the Secretary of the Treasury shall calculate the difference between—

(I) the estimated cost for overtime compensation that would have been incurred during that fiscal year for inspectional services if section 5 of the Act of February 13, 1911 (19 U.S.C. 261 and 267), as in effect before the enactment of section 13811 of the Omnibus Budget Reconciliation Act of 1993, had governed such costs, and

(II) the actual cost for overtime compensation, premium pay, and agency retirement contributions that is incurred during that fiscal year in regard to inspectional services under section 5 of the Act of February 13, 1911, as amended by section 13811 of the Omnibus Budget Reconciliation Act of 1993, and under section 8331(3) of title 5, United States Code, as amended by section 13812(a)(1) of such Act of 1993, plus the actual cost that is incurred during that fiscal year for foreign language proficiency awards under section 13812(b) of such Act of 1993,

and shall transfer from the Customs User Fee Account to the General Fund of the Treasury an amount equal to the difference cal-

culated under this clause, or $18,000,000, whichever amount is less. Transfers shall be made under this clause at least quarterly and on the basis of estimates to the same extent as are reimbursements under subparagraph (B)(iii).

(D) Nothing in this paragraph shall be construed to preclude the use of appropriated funds, from sources other than the fees collected under subsection (a), to pay the costs set forth in clauses (i), (ii), and (iii) of subparagraph (A).

(4)(A) There is created within the general fund of the Treasury a separate account that shall be known as the "Customs Commercial and Homeland Security Automation Account". In each of fiscal years 2003, 2004, and 2005 there shall be deposited into the Account from fees collected under subsection (a)(9)(A), $350,000,000.

(B) There is authorized to be appropriated from the Account in fiscal years 2003 through 2005 such amounts as are available in that Account for the development, establishment, and implementation of the Automated Commercial Environment computer system for the processing of merchandise that is entered or released and for other purposes related to the functions of the Department of Homeland Security. Amounts appropriated pursuant to this subparagraph are authorized to remain available until expended.

(C) In adjusting the fee imposed by subsection (a)(9)(A) for fiscal year 2006, the Secretary of the Treasury shall reduce the amount estimated to be collected in fiscal year 2006 by the amount by which total fees deposited to the Account during fiscal years 2003, 2004, and 2005 exceed total appropriations from that Account.

(5) Of the amounts collected in fiscal year 1999 under paragraphs (9) and (10) of subsection (a), $50,000,000 shall be available to the Customs Service, subject to appropriations Acts, for automated commercial systems. Amounts made available under this paragraph shall remain available until expended.

(g) REGULATIONS AND ENFORCEMENT.—(1) The Secretary of the Treasury may prescribe such rules and regulations as may be necessary to carry out the provisions of this section. Regulations issued by the Secretary of the Treasury under this subsection with respect to the collection of the fees charged under subsection (a)(5) and the remittance of such fees to the Treasury of the United States shall be consistent with the regulations issued by the Secretary of the Treasury for the collection and remittance of the taxes imposed by subchapter C of chapter 33 of the Internal Revenue Code of 1954, but only to the extent the regulations issued with respect to such taxes do not conflict with the provisions of this section.

(2) Except to the extent otherwise provided in regulations, all administrative and enforcement provisions of customs laws and regulations, other than those laws and regulations relating to drawback, shall apply with respect to any fee prescribed under subsection (a) of this section, and with respect to persons liable therefor, as if such fee is a customs duty. For purposes of the preceding sentence, any penalty expressed in terms of a relationship to the amount of the duty shall be treated as not less than the amount which bears a similar relationship to the amount of the fee assessed. For purposes of determining the jurisdiction of any court of the United States or any agency of the United States, any fee pre-

scribed under subsection (a) of this section shall be treated as if such fee is a customs duty.

(h) CONFORMING AMENDMENTS.—(1) Subsection (i) of section 305 of the Rail Passenger Service Act (45 U.S.C. 545(i)) is amended by striking out the last sentence thereof.

(2) Subsection (e) of section 53 of the Airport and Airway Development Act of 1970 (49 U.S.C. 1741(e)) is repealed.

(i) EFFECT ON OTHER AUTHORITY.—Except with respect to customs services for which fees are imposed under subsection (a), nothing in this section shall be construed as affecting the authority of the Secretary of the Treasury to charge fees under section 214(b) of the Customs Procedural Reform and Simplification Act of 1978 (19 U.S.C. 58a).

(j) EFFECTIVE DATES.—(1) Except as otherwise provided in this subsection, the provisions of this section, and the amendments and repeals made by this section, shall apply with respect to customs services rendered after the date that is 90 days after the date of enactment of this Act.

(2) Fees may be charged under subsection (a)(5) only with respect to customs services rendered in regard to arriving passengers using transportation for which documents or tickets were issued after the date that is 90 days after such date of enactment.

(3)(A) Fees may not be charged under paragraphs (9) and (10) of subsection (a) after September 30, 2024.

(B)(i) Subject to clause (ii), Fees may not be charged under paragraphs (1) through (8) of subsection (a) after September 30, 2024.

(ii) In fiscal year 2006 and in each succeeding fiscal year for which fees under paragraphs (1) through (8) of subsection (a) are authorized—

(I) the Secretary of the Treasury shall charge fees under each such paragraph in amounts that are reasonably related to the costs of providing customs services in connection with the activity or item for which the fee is charged under such paragraph, except that in no case may the fee charged under any such paragraph exceed by more than 10 percent the amount otherwise prescribed by such paragraph;

(II) the amount of fees collected under such paragraphs may not exceed, in the aggregate, the amounts paid in that fiscal year for the costs described in subsection (f)(3)(A) incurred in providing customs services in connection with the activity or item for which the fees are charged under such paragraphs;

(III) a fee may not be collected under any such paragraph except to the extent such fee will be expended to pay the costs described in subsection (f)(3)(A) incurred in providing customs services in connection with the activity or item for which the fee is charged under such paragraph; and

(IV) any fee collected under any such paragraph shall be available for expenditure only to pay the costs described in subsection (f)(3)(A) incurred in providing customs services in connection with the activity or item for which the fee is charged under such paragraph.

(k) ADVISORY COMMITTEE.—The Commissioner of Customs shall establish an advisory committee whose membership shall consist of representatives from the airline, cruise ship, and other transportation industries who may be subject to fees under subsection (a).

The advisory committee shall not be subject to termination under section 14 of the Federal Advisory Committee Act. The advisory committee shall meet on a periodic basis and shall advise the Commissioner on issues related to the performance of the inspectional services of the United States Customs Service. Such advice shall include, but not be limited to, such issues as the time periods during which such services should be performed, the proper number and deployment of inspection officers, the level of fees, and the appropriateness of any proposed fee. The Commissioner shall give consideration to the views of the advisory committee in the exercise of his or her duties.

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SECTION 311 OF THE CUSTOMS BORDER SECURITY ACT OF 2002

SEC. 311. AUTHORIZATION OF APPROPRIATIONS FOR NONCOMMERCIAL OPERATIONS, COMMERCIAL OPERATIONS, AND AIR AND MARINE INTERDICTION

(a) NONCOMMERCIAL OPERATIONS. —Section 301(b)(1) of the Customs Procedural Reform and Simplification Act of 1978 (19 U.S.C. 2075(b)(1)) is amended—

(1) by striking subparagraph (A), and inserting the following: "(A) $1,365,456,000 for fiscal year 2003."; and

(2) by striking subparagraph (B), and inserting the following: "(B) $1,399,592,400 for fiscal year 2004.".

(b) COMMERCIAL OPERATIONS.—

(1) IN GENERAL. —Section 301(b)(2)(A) of the Customs Procedural Reform and Simplification Act of 1978 (19 U.S.C. 2075(b)(2)(A)) is amended—

(A) by striking clause (i), and inserting the following: "(i) $1,642,602,000 for fiscal year 2003."; and

(B) by striking clause (ii), and inserting the following: "(ii) $1,683,667,050 for fiscal year 2004.".

(3) REPORTS.—Not later than 90 days after the date of the enactment of this Act, and not later than the end of each subsequent 90-day period, the Commissioner of Customs shall prepare and submit to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate a report demonstrating that the development and establishment of the Automated Commercial Environment computer system is being carried out in a cost-effective manner and meets the modernization requirements of title VI of the North American Free Trade Agreement Implementation Act.

(c) AIR AND MARINE INTERDICTION. Section 301(b)(3) of the Customs Procedural Reform and Simplification Act of 1978 (19 U.S.C. 2075(b)(3)) is amended—

(1) by striking subparagraph (A), and inserting the following: "(A) $170,829,000 for fiscal year 2003."; and

(2) by striking subparagraph (B), and inserting the following: "(B) $175,099,725 for fiscal year 2004.".

(d) SUBMISSION OF OUT-YEAR BUDGET PROJECTIONS. Section 301(a) of the Customs Procedural Reform and Simplification Act of

1978 (19 U.S.C. 2075(a)) is amended by adding at the end the following:

"(3) By not later than the date on which the President submits to Congress the budget of the United States Government for a fiscal year, the Commissioner of Customs shall submit to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate the projected amount of funds for the succeeding fiscal year that will be necessary for the operations of the Customs Service as provided for in subsection (b).".

TARIFF ACT OF 1930

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TITLE III—SPECIAL PROVISIONS

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Part II—United States Tariff Commission

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SEC. 307. CONVICT MADE GOODS—IMPORTATION PROHIBITED.

All goods, wares, articles, and merchandise mined, produced or manufactured wholly or in part in any foreign country by convict labor or/and forced labor or/and indentured labor under penal sanctions shall not be entitled to entry at any of the ports of the United States, and the importation thereof is hereby prohibited, and the Secretary of the Treasury is authorized and directed to prescribe such regulations as may be necessary for the enforcement of this provision. The provisions of this section relating to goods, wares, articles, and merchandise mined, produced, or manufactured by forced labor or/and indentured labor, shall take effect on January 1, 1932; but in no case shall such provisions be applicable to goods, wares, articles, or merchandise so mined, produced, or manufactured which are not mined, produced, or manufactured in such quantities in the United States as to meet the consumptive demands of the United States.

"Forced labor," as herein used, shall mean all work or service which is exacted from any person under the menace of any penalty for its nonperformance and for which the worker does not offer himself voluntarily. For purposes of this section, the term "forced labor or/and indentured labor" includes forced or indentured child labor.

* * * * * * *

SEC. 313. DRAWBACK AND REFUNDS.

(a) ARTICLES MADE FROM IMPORTED MERCHANDISE.—Upon the exportation or destruction under customs supervision of articles manufactured or produced in the United States with the use of imported merchandise, provided that those articles have not been used prior to such exportation or destruction, the full amount of the duties paid upon the merchandise so used shall be refunded as drawback, less 1 per centum of such duties, except that such duties shall not be so refunded upon the exportation or destruction of

flour or by-products produced from imported wheat. Where two or more products result from the manipulation of imported merchandise, the drawback shall be distributed to the several products in accordance with their relative values at the time of separation.

(b) SUBSTITUTION FOR DRAWBACK PURPOSES.—If imported duty-paid merchandise and any other merchandise (whether imported or domestic) of the same kind and quality are used in the manufacture or production of articles within a period not to exceed three years from the receipt of such imported merchandise by the manufacturer or producer of such articles, there shall be allowed upon the exportation, or destruction under customs supervision, of any such articles, notwithstanding the fact that none of the imported merchandise may actually have been used in the manufacture or production of the exported or destroyed articles, an amount of drawback equal to that which would have been allowable had the merchandise used therein been imported, but only if those articles have not been used prior to such exportation or destruction; but the total amount of drawback allowed upon the exportation or destruction under customs supervision of such articles, together with the total amount of drawback allowed in respect of such imported merchandise under any other provision of law, shall not exceed 99 per centum of the duty paid on such imported merchandise.

(c) MERCHANDISE NOT CONFORMING TO SAMPLE OR SPECIFICATIONS.—

(1) CONDITIONS FOR DRAWBACK.—Upon the exportation or destruction under the supervision of the Customs Service of articles or merchandise—

(A) upon which the duties have been paid,

(B) which has been entered or withdrawn for consumption,

(C) which is—

(i) not conforming to sample or specifications, shipped without the consent of the consignee, or determined to be defective as of the time of importation, or

(ii) ultimately sold at retail by the importer, or the person who received the merchandise from the importer under a certificate of delivery, and for any reason returned to and accepted by the importer, or the person who received the merchandise from the importer under a certificate of delivery, and

(D) which, within 3 years after the date of importation or withdrawal, as applicable, has been exported or destroyed under the supervision of the Customs Service,

the full amount of the duties paid upon such merchandise, less 1 percent, shall be refunded as drawback.

(2) DESIGNATION OF IMPORT ENTRIES.—For purposes of paragraph (1)(C)(ii), drawback may be claimed by designating an entry of merchandise that was imported within 1 year before the date of exportation or destruction of the merchandise described in paragraph (1) (A) and (B) under the supervision of the Customs Service. The merchandise designated for drawback must be identified in the import documentation with the same eight-digit classification number and specific product identifier (such as part number, SKU, or product code) as the returned merchandise.

(3) WHEN DRAWBACK CERTIFICATES NOT REQUIRED.—For purposes of this subsection, drawback certificates are not required if the drawback claimant and the importer are the same party, or if the drawback claimant is a drawback successor to the importer as defined in subsection (s)(3).

(d) FLAVORING EXTRACTS AND MEDICINAL, OR TOILET PREPARATIONS.—Upon the exportation of flavoring extracts, medicinal or toilet preparations (including perfumery) manufactured or produced in the United States in part from domestic alcohol on which an internal-revenue tax has been paid, there shall be allowed a drawback equal in amount to the tax found to have been paid on the alcohol so used.

Upon the exportation of bottled distilled spirits and wines manufactured or produced in the United States on which an internal-revenue tax has been paid or determined, there shall be allowed, under regulations to be prescribed by the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, a drawback equal in amount to the tax found to have been paid or determined on such bottled distilled spirits and wines. In the case of distilled spirits, the preceding sentence shall not apply unless the claim for drawback is filed by the bottler or packager of the spirits and unless such spirits have been stamped or restamped, and marked, especially for export, under regulations prescribed by the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury.

(e) IMPORTED SALT FOR CURING FISH.—Imported salt in bond may be used in curing fish taken by vessels licensed to engage in the fisheries, and in curing fish on the shores of the navigable waters of the United States, whether such fish are taken by licensed or unlicensed vessels, and upon proof that the salt has been used for either of such purposes, the duties on the same shall be remitted.

(f) EXPORTATION OF MEATS CURED WITH IMPORTED SALT.—Upon the exportation of meats, whether packed or smoked, which have been cured in the United States with imported salt, there shall be refunded, upon satisfactory proof that such meats have been cured with imported salt, the duties paid on the salt so used in curing such exported meats, in amounts not less than $100.

(g) MATERIALS FOR CONSTRUCTION AND EQUIPMENT OR VESSELS BUILT FOR FOREIGNERS.—The provisions of this section shall apply to materials imported and used in the construction and equipment of vessels built for foreign account and ownership, or for the government of any foreign country, notwithstanding that such vessels may not within the strict meaning of the term be articles exported.

(h) Upon the exportation of jet aircraft engines manufactured or produced abroad that have been overhauled, repaired, rebuilt, or reconditioned in the United States with the use of imported merchandise, including parts, there shall be refunded, upon satisfactory proof that such imported merchandise has been so used, the duties which have been paid thereon, in amounts not less than $100.

(i) TIME LIMITATION ON EXPORTATION.—Unless otherwise provided for in this section, no drawback shall be allowed under the provisions of this section unless the completed article is exported,

or destroyed under the supervision of the Customs Service, within five years after importation of the imported merchandise.

(j) UNUSED MERCHANDISE DRAWBACK.—

(1) If imported merchandise, on which was paid any duty, tax, or fee imposed under Federal law upon entry or importation—

(A) is, before the close of the 3-year period beginning on the date of importation—

(i) exported, or

(ii) destroyed under customs supervision; and

(B) is not used within the United States before such exportation or destruction;

then upon such exportation or destruction 99 percent of the amount of each duty, tax, or fee so paid shall be refunded as drawback. The exporter (or destroyer) has the right to claim drawback under this paragraph, but may endorse such right to the importer or any intermediate party.

(2) Subject to paragraph (4), if there is, with respect to imported merchandise on which was paid any duty, tax, or fee imposed under Federal law upon entry or importation, any other merchandise (whether imported or domestic), that—

(A) is commercially interchangeable with such imported merchandise;

(B) is, before the close of the 3-year period beginning on the date of importation of the imported merchandise, either exported or destroyed under customs supervision; and

(C) before such exportation or destruction—

(i) is not used within the United States, and

(ii) is in the possession of, including ownership while in bailment, in leased facilities, in transit to, or in any other manner under the operational control of, the party claiming drawback under this paragraph, if that party—

(I) is the importer of the imported merchandise, or

(II) received from the person who imported and paid any duty due on the imported merchandise a certificate of delivery transferring to the party the imported merchandise, commercially interchangeable merchandise, or any combination of imported and commercially interchangeable merchandise (and any such transferred merchandise, regardless of its origin, will be treated as the imported merchandise and any retained merchandise will be treated as domestic merchandise);

then, notwithstanding any other provision of law, upon the exportation or destruction of such other merchandise the amount of each such duty, tax, and fee paid regarding the imported merchandise shall be refunded as drawback under this subsection, but in no case may the total drawback on the imported merchandise, whether available under this paragraph or any other provision of law or any combination thereof, exceed 99 percent of that duty, tax, or fee. For purposes of subparagraph (A) of this paragraph, wine of the same color having a price variation not to exceed 50 percent between the imported wine

and the exported wine shall be deemed to be commercially interchangeable.

(3) The performing of any operation or combination of operations (including, but not limited to, testing, cleaning, repacking, inspecting, sorting, refurbishing, freezing, blending, repairing, reworking, cutting, slitting, adjusting, replacing components, relabeling, disassembling, and unpacking), not amounting to manufacture or production for drawback purposes under the preceding provisions of this section on—

(A) the imported merchandise itself in cases to which paragraph (1) applies, or

(B) the commercially interchangeable merchandise in cases to which paragraph (2) applies,

shall not be treated as a use of that merchandise for purposes of applying paragraph (1)(B) or (2)(C).

(4)(A) Effective upon the entry into force of the North American Free Trade Agreement, the exportation to a NAFTA country, as defined in section 2(4) of the North American Free Trade Agreement Implementation Act, of merchandise that is fungible with and substituted for imported merchandise, other than merchandise described in paragraphs (1) through (8) of section 203(a) of that Act, shall not constitute an exportation for purposes of paragraph (2).

(B) Beginning on January 1, 2015, the exportation to Chile of merchandise that is fungible with and substituted for imported merchandise, other than merchandise described in paragraphs (1) through (5) of section 203(a) of the United States-Chile Free Trade Agreement Implementation Act, shall not constitute an exportation for purposes of paragraph (2). The preceding sentence shall not be construed to permit the substitution of unused drawback under paragraph (2) of this subsection with respect to merchandise described in paragraph (2) of section 203(a) of the United States-Chile Free Trade Agreement Implementation Act.

(k)(1) For purposes of subsections (a) and (b), the use of any domestic merchandise acquired in exchange for imported merchandise of the same kind and quality shall be treated as the use of such imported merchandise if no certificate of delivery is issued with respect to such imported merchandise.

(2) For purposes of subsections (a) and (b), the use of any domestic merchandise acquired in exchange for a drawback product of the same kind and quality shall be treated as the use of such drawback product if no certificate of delivery or certificate of manufacture and delivery pertaining to such drawback product is issued, other than that which documents the product's manufacture and delivery. As used in this paragraph, the term "drawback product" means any domestically produced product, manufactured with imported merchandise or any other merchandise (whether imported or domestic) of the same kind and quality, that is subject to drawback.

(l) REGULATIONS.—Allowance of the privileges provided for in this section shall be subject to compliance with such rules and regulations as the Secretary of the Treasury shall prescribe, which may include, but need not be limited to, the authority for the electronic

submission of drawback entries and the designation of the person to whom any refund or payment of drawback shall be made.

(m) SOURCE OF PAYMENT.—Any drawback of duties that may be authorized under the provisions of this Act shall be paid from the customs receipts of Puerto Rico, if the duties were originally paid into the Treasury of Puerto Rico.

(n) REFUNDS, WAIVERS, OR REDUCTIONS UNDER CERTAIN FREE TRADE AGREEMENTS.—(1) For purposes of this subsection and subsection (o)—

(A) the term "NAFTA Act" means the North American Free Trade Agreement Implementation Act;

(B) the terms "NAFTA country" and "good subject to NAFTA drawback" have the same respective meanings that are given such terms in sections 2(4) and 203(a) of the NAFTA Act;

(C) a refund, waiver, or reduction of duty under paragraph (2) of this subsection or paragraph (1) of subsection (o) is subject to section 508(b)(2)(B); and

(D) the term "good subject to Chile FTA drawback" has the meaning given that term in section 203(a) of the United States-Chile Free Trade Agreement Implementation Act.

(2) For purposes of subsections (a), (b), (f), (h), (p), and (q), if an article that is exported to a NAFTA country is a good subject to NAFTA drawback, no customs duties on the good may be refunded, waived, or reduced in an amount that exceeds the lesser of—

(A) the total amount of customs duties paid or owed on the good on importation into the United States, or

(B) the total amount of customs duties paid on the good to the NAFTA country.

(3) If Canada ceases to be a NAFTA country and the suspension of the operation of the United States-Canada Free-Trade Agreement thereafter terminates, then for purposes of subsections (a), (b), (f), (h), (j)(2), and (q), the shipment to Canada during the period such Agreement is in operation of an article made from or substituted for, as appropriate, a drawback eligible good under section 204(a) of the United States-Canada Free-Trade Implementation Act of 1988 does not constitute an exportation.

(4)(A) For purposes of subsections (a), (b), (f), (h), (j)(2), (p), and (q), if an article that is exported to Chile is a good subject to Chile FTA drawback, no customs duties on the good may be refunded, waived, or reduced, except as provided in subparagraph (B).

(B) The customs duties referred to in subparagraph (A) may be refunded, waived, or reduced by—

(i) 100 percent during the 8-year period beginning on January 1, 2004;

(ii) 75 percent during the 1-year period beginning on January 1, 2012;

(iii) 50 percent during the 1-year period beginning on January 1, 2013; and

(iv) 25 percent during the 1-year period beginning on January 1, 2014.

(o) SPECIAL RULES FOR CERTAIN VESSELS AND IMPORTED MATERIALS.—(1) For purposes of subsection (g), if—

(A) a vessel is built for the account and ownership of a resident of a NAFTA country or the government of a NAFTA country, and

(B) imported materials that are used in the construction and equipment of the vessel are goods subject to NAFTA drawback,

the amount of customs duties refunded, waived, or reduced on such materials may not exceed the lesser of the total amount of customs duties paid or owed on the materials on importation into the United States or the total amount of customs duties paid on the vessel to the NAFTA country.

(2) If Canada ceases to be a NAFTA country and the suspension of the operation of the United States-Canada Free-Trade Agreement thereafter terminates, then for purposes of subsection (g), vessels built for Canadian account and ownership, or for the Government of Canada, may not be considered to be built for any foreign account and ownership, or for the government of any foreign country, except to the extent that the materials in such vessels are drawback eligible goods under section 204(a) of the United States-Canada Free-Trade Implementation Act of 1988.

(3) For purposes of subsection (g), if—

(A) a vessel is built for the account and ownership of a resident of Chile or the Government of Chile, and

(B) imported materials that are used in the construction and equipment of the vessel are goods subject to Chile FTA drawback, as defined in section 203(a) of the United States-Chile Free Trade Agreement Implementation Act,

no customs duties on such materials may be refunded, waived, or reduced, except as provided in paragraph (4).

(4) The customs duties referred to in paragraph (3) may be refunded, waived or reduced by—

(A) 100 percent during the 8-year period beginning on January 1, 2004;

(B) 75 percent during the 1-year period beginning on January 1, 2012;

(C) 50 percent during the 1-year period beginning on January 1, 2013; and

(D) 25 percent during the 1-year period beginning on January 1, 2014.

(p) SUBSTITUTION OF FINISHED PETROLEUM DERIVATIVES.—

(1) IN GENERAL.—Notwithstanding any other provision of this section, if—

(A) an article (hereafter referred to in this subsection as the "exported article") of the same kind and quality as a qualified article is exported;

(B) the requirements set forth in paragraph (2) are met; and

(C) a drawback claim is filed regarding the exported article;

drawback shall be allowed as described in paragraph (4).

(2) REQUIREMENTS.—The requirements referred to in paragraph (1) are as follows:

(A) The exporter of the exported article—

(i) manufactured or produced a qualified article in a quantity equal to or greater than the quantity of the exported article,

(ii) purchased or exchanged, directly or indirectly, a qualified article from a manufacturer or producer de-

scribed in subsection (a) or (b) in a quantity equal to or greater than the quantity of the exported article,

(iii) imported a qualified article in a quantity equal to or greater than the quantity of the exported article, or

(iv) purchased or exchanged, directly or indirectly, a qualified article from an importer in a quantity equal to or greater than the quantity of the exported article.

(B) In the case of the requirement described in subparagraph (A)(ii), the manufacturer or producer produced the qualified article in a quantity equal to or greater than the quantity of the exported article.

(C) In the case of the requirement of subparagraph (A)(i) or (A)(ii), the exported article is exported during the period that the qualified article described in subparagraph (A)(i) or (A)(ii) (whichever is applicable) is manufactured or produced, or within 180 days after the close of such period.

(D) In the case of the requirement of subparagraph (A)(i) or (A)(ii), the specific petroleum refinery or production facility which made the qualified article concerned is identified.

(E) In the case of the requirement of subparagraph (A)(iii) or (A)(iv), the exported article is exported within 180 days after the date of entry of an imported qualified article described in subparagraph (A)(iii) or (A)(iv) (whichever is applicable).

(F) Except as otherwise specifically provided in this subsection, the drawback claimant complies with all requirements of this section, including providing certificates which establish the drawback eligibility of articles for which drawback is claimed.

(G) The manufacturer, producer, importer, transferor, exporter, and drawback claimant of the qualified article and the exported article maintain all records required by regulation.

(3) DEFINITION OF QUALIFIED ARTICLE, ETC.—For purposes of this subsection—

(A) The term "qualified article" means an article—

(i) described in—

(I) headings 2707, 2708, 2709.00, 2710, 2711, 2712, 2713, 2714, 2715, 2901, and 2902, and subheadings 2903.21.00, 2909.19.14, 2917.36, 2917.39.04, 2917.39.15, 2926.10.00, 3811.21.00, and 3811.90.00 of the Harmonized Tariff Schedule of the United States, or

(II) headings 3901 through 3914 of such Schedule (as such headings apply to the primary forms provided under Note 6 to chapter 39 of the Harmonized Tariff Schedule of the United States), and

(ii) which is—

(I) manufactured or produced as described in subsection (a) or (b) from crude petroleum or a petroleum derivative,

(II) imported duty-paid, or

(III) an article of the same kind and quality as described in subparagraph (B), or any combination thereof, that is transferred, as so certified in a certificate of delivery or certificate of manufacture and delivery in a quantity not greater than the quantity of articles purchased or exchanged.

The transferred merchandise described in subclause (III), regardless of its origin, so designated on the certificate of delivery or certificate of manufacture and delivery shall be the qualified article for purposes of this section. A party who issues a certificate of delivery, or certificate of manufacture and delivery, shall also certify to the Commissioner of Customs that it has not, and will not, issue such certificates for a quantity greater than the amount eligible for drawback and that appropriate records will be maintained to demonstrate that fact.

(B) An article, including an imported, manufactured, substituted, or exported article, is of the same kind and quality as the qualified article for which it is substituted under this subsection if it is a product that is commercially interchangeable with or referred to under the same eight-digit classification of the Harmonized Tariff Schedule of the United States as the qualified article. If an article is referred to under the same eight-digit classification of the Harmonized Tariff Schedule of the United States as the qualified article on January 1, 2000, then whether or not the article has been reclassified under another eight-digit classification after January 1, 2000, the article shall be deemed to be an article that is referred to under the same eight-digit classification of such Schedule as the qualified article for purposes of the preceding sentence.

(C) The term "drawback claimant" means the exporter of the exported article or the refiner, producer, or importer of either the qualified article or the exported article. Any person eligible to file a drawback claim under this subparagraph may designate another person to file such claim.

(4) LIMITATION ON DRAWBACK.—The amount of drawback payable under this subsection shall not exceed the amount of drawback that would be attributable to the article—

(A) manufactured or produced under subsection (a) or (b) by the manufacturer or producer described in clause (i) or (ii) of paragraph (2)(A), or

(B) imported under clause (iii) or (iv) of paragraph (2)(A) had the claim qualified for drawback under subsection (j).

(5) SPECIAL RULES FOR ETHYL ALCOHOL.—For purposes of this subsection, any duty paid under subheading 9901.00.50 of the Harmonized Tariff Schedule of the United States on imports of ethyl alcohol or a mixture of ethyl alcohol may not be refunded if the exported article upon which a drawback claim is based does not contain ethyl alcohol or a mixture of ethyl alcohol.

(q) PACKAGING MATERIAL.—

(1) PACKAGING MATERIAL UNDER SUBSECTIONS (c) AND (j).—Packaging material, whether imported and duty paid, and

claimed for drawback under either subsection (c) or (j)(1), or imported and duty paid, or substituted, and claimed for drawback under subsection (j)(2), shall be eligible for drawback, upon exportation, of 99 percent of any duty, tax, or fee imposed under Federal law on such imported material.

(2) PACKAGING MATERIAL UNDER SUBSECTIONS (a) AND (b).—Packaging material that is manufactured or produced under subsection (a) or (b) shall be eligible for drawback, upon exportation, of 99 percent of any duty, tax, or fee imposed under Federal law on the imported or substituted merchandise used to manufacture or produce such material.

(3) CONTENTS.—Packaging material described in paragraphs (1) and (2) shall be eligible for drawback whether or not they contain articles or merchandise, and whether or not any articles or merchandise they contain are eligible for drawback.

(4) EMPLOYING PACKAGING MATERIAL FOR ITS INTENDED PURPOSE PRIOR TO EXPORTATION.—The use of any packaging material for its intended purpose prior to exportation shall not be treated as a use of such material prior to exportation for purposes of applying subsection (a), (b), or (c), or paragraph (1)(B) or (2)(C)(i) of subsection (j).

(r) FILING DRAWBACK CLAIMS.—

(1) A drawback entry and all documents necessary to complete a drawback claim, including those issued by the Customs Service, shall be filed or applied for, as applicable, within 3 years after the date of exportation or destruction of the articles on which drawback is claimed, except that any landing certificate required by regulation shall be filed within the time limit prescribed in such regulation. Claims not completed within the 3-year period shall be considered abandoned. No extension will be granted unless it is established that the Customs Service was responsible for the untimely filing.

(2) A drawback entry for refund filed pursuant to any subsection of this section shall be deemed filed pursuant to any other subsection of this section should it be determined that drawback is not allowable under the entry as originally filed but is allowable under such other subsection.

(3)(A) The Customs Service may, notwithstanding the limitation set forth in paragraph (1), extend the time for filing a drawback claim for a period not to exceed 18 months, if—

(i) the claimant establishes to the satisfaction of the Customs Service that the claimant was unable to file the drawback claim because of an event declared by the President to be a major disaster on or after January 1, 1994; and

(ii) the claimant files a request for such extension with the Customs Service—

(I) within 1 year from the last day of the 3-year period referred to in paragraph (1), or

(II) within 1 year after the date of the enactment of this paragraph,

whichever is later.

(B) If an extension is granted with respect to a request filed under this paragraph, the periods of time for retaining records set forth in subsection (t) of this section and section 508(c)(3)

shall be extended for an additional 18 months or, in a case to which subparagraph (A)(ii) applies, for a period not to exceed 1 year from the date the claim is filed.

(C) For purposes of this paragraph, the term "major disaster" has the meaning given that term in section 102(2) of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5122(2)).

(s) DESIGNATION OF MERCHANDISE BY SUCCESSOR.—

(1) For purposes of subsection (b), a drawback successor may designate imported merchandise used by the predecessor before the date of succession as the basis for drawback on articles manufactured by the drawback successor after the date of succession.

(2) For purposes of subsection (j)(2), a drawback successor may designate—

(A) imported merchandise which the predecessor, before the date of succession, imported; or

(B) imported merchandise, commercially interchangeable merchandise, or any combination of imported and commercially interchangeable merchandise for which the predecessor received, before the date of succession, from the person who imported and paid any duty due on the imported merchandise a certificate of delivery transferring to the predecessor such merchandise;

as the basis for drawback on merchandise possessed by the drawback predecessor after the date of succession.

(3) For purposes of this subsection, the term "drawback successor" means an entity to which another entity (in this subsection referred to as the "predecessor") has transferred by written agreement, merger, or corporate resolution—

(A) all or substantially all of the rights, privileges, immunities, powers, duties, and liabilities of the predecessor; or

(B) the assets and other business interests of a division, plant, or other business unit of such predecessor, but only if in such transfer the value of the transferred realty, personalty, and intangibles (other than drawback rights, inchoate or otherwise) exceeds the value of all transferred drawback rights, inchoate or otherwise.

(4) No drawback shall be paid under this subsection until either the predecessor or the drawback successor (who shall also certify that it has the predecessor's records) certifies that—

(A) the transferred merchandise was not and will not be claimed by the predecessor, and

(B) the predecessor did not and will not issue any certificate to any other person that would enable that person to claim drawback.

(t) DRAWBACK CERTIFICATES.—Any person who issues a certificate which would enable another person to claim drawback shall be subject to the recordkeeping provisions of this Act, with the retention period beginning on the date that such certificate is issued.

(u) ELIGIBILITY OF ENTERED OR WITHDRAWN MERCHANDISE.—Imported merchandise that has not been regularly entered or withdrawn for consumption shall not satisfy any requirement for use, exportation, or destruction under this section.

(v) MULTIPLE DRAWBACK CLAIMS.—Merchandise that is exported or destroyed to satisfy any claim for drawback shall not be the basis of any other claim for drawback; except that appropriate credit and deductions for claims covering components or ingredients of such merchandise shall be made in computing drawback payments.

(w) LIMITED APPLICABILITY FOR CERTAIN AGRICULTURAL PRODUCTS.—

(1) IN GENERAL.—No drawback shall be available with respect to an agricultural product subject to the over-quota rate of duty established under a tariff-rate quota, except pursuant to subsection (j)(1).

(2) APPLICATION TO TOBACCO.—Notwithstanding paragraph (1), drawback shall also be available pursuant to subsection (a) with respect to any tobacco subject to the over-quota rate of duty established under a tariff-rate quota.

(x) DRAWBACKS FOR RECOVERED MATERIALS.—For purposes of subsections (a), (b), and (c), the term "destruction" includes a process by which materials are recovered from imported merchandise or from an article manufactured from imported merchandise. In determining the amount of duties to be refunded as drawback to a claimant under this subsection, the value of recovered materials (including the value of any tax benefit or royalty payment) that accrues to the drawback claimant shall be deducted from the value of the imported merchandise that is destroyed, or from the value of the merchandise used, or designated as used, in the manufacture of the article.

(y) ARTICLES SHIPPED TO THE UNITED STATES INSULAR POSSESSIONS.—Articles described in subsection (j)(1) shall be eligible for drawback under this section if duty was paid on the merchandise upon importation into the United States and the person claiming the drawback demonstrates that the merchandise has entered the customs territory of the United States Virgin Islands, American Samoa, Wake Island, Midway Islands, Kingman Reef, Guam, Canton Island, Enderbury Island, Johnston Island, or Palmyra Island.

(4)(A) For purposes of subsections (a), (b), (f), (h), (j)(2), (p), and (q), if an article that is exported to Chile is a good subject to Chile FTA drawback, no customs duties on the good may be refunded, waived, or reduced, except as provided in subparagraph (B).

(B) The customs duties referred to in subparagraph (A) may be refunded, waived, or reduced by—

(i) 100 percent during the 8-year period beginning on January 1, 2004;

(ii) 75 percent during the 1-year period beginning on January 1, 2012;

(iii) 50 percent during the 1-year period beginning on January 1, 2013; and

(iv) 25 percent during the 1-year period beginning on January 1, 2014.

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SEC. 321. ADMINISTRATIVE EXEMPTIONS.

(a) The Secretary of the Treasury, in order to avoid expense and inconvenience to the Government disproportionate to the amount of

revenue that would otherwise be collected, is hereby authorized, under such regulations as he shall prescribe, to—

(1) disregard a difference of an amount specified by the Secretary by regulation, but not less than $20, between the total estimated duties, fees, and taxes deposited, or the total duties fees, and taxes tentatively assessed, with respect to any entry of merchandise and the total amount of duties, fees, taxes, and interest actually accruing thereon;

(2) admit articles free of duty and of any tax imposed on or by reason of importation, but the aggregate fair retail value in the country of shipment of articles imported by one person on one day and exempted from the payment of duty shall not exceed an amount specified by the Secretary by regulation, but not less than—

(A) $100 in the case of articles sent as bona fide gifts from persons in foreign countries to persons in the United States $200, in the case of articles sent as bona fide gifts from persons in the Virgin Islands, Guam, and America Samoa), or

(B) $200 in the case of articles accompanying, and for the personal or household use of, persons arriving in the United States who are not entitled to any exemption from duty under subheading 9804.00.30, 9804.00.65, or 9804.00.70 of this Act, or

(C) $200 in any other case.

The privilege of this subdivision (2) shall not be granted in any case in which merchandise covered by a single order or contract is forwarded in separate lots to secure the benefit of this subdivision (2); and

(3) waive the collection of duties, fees, taxes, and interest due on entered merchandise when such duties, fees, taxes, or interest are less than $20 or such greater amount as may be specified by the Secretary by regulation.

(b) The Secretary of the Treasury is authorized by regulations to prescribe exceptions to any exemption provided for in subsection (a) whenever he finds that such action is consistent with the purpose of subsection (a) or is necessary for any reason to protect the revenue or to prevent unlawful importations.

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TITLE IV—ADMINISTRATIVE PROVISIONS

PART I—DEFINITIONS AND NATIONAL CUSTOMS AUTOMATION PROGRAM

* * * * * * *

Subpart B—National Customs Automation Program

SEC. 411. NATIONAL CUSTOMS AUTOMATION PROGRAM.

(a) ESTABLISHMENT.—The Secretary shall establish the National Customs Automation Program (hereinafter in this subpart referred to as the "Program") which shall be an automated and electronic system for processing commercial importations and shall include the following existing and planned components:

(1) Existing components:

(A) The electronic entry of merchandise.

(B) The electronic entry summary of required information.

(C) The electronic transmission of invoice information.

(D) The electronic transmission of manifest information.

(E) Electronic payments of duties, fees, and taxes.

(F) The electronic status of liquidation and reliquidation.

(G) The electronic selection of high risk entries for examination (cargo selectivity and entry summary selectivity).

(2) Planned components:

(A) The electronic filing and status of protests.

(B) The electronic filing (including remote filing under section 414) of entry information with the Customs Service at any location.

(C) The electronic filing of import activity summary statements and reconciliation.

(D) The electronic filing of bonds.

(E) The electronic penalty process.

(F) The electronic filing of drawback claims, records, or entries.

(G) Any other component initiated by the Customs Service to carry out the goals of this subpart.

(b) PARTICIPATION IN PROGRAM.—The Secretary shall by regulation prescribe the eligibility criteria for participation in the Program. The Secretary may, by regulation, require the electronic submission of information described in subsection (a) or any other information required to be submitted to the Customs Service separately pursuant to this subpart.

(c) FOREIGN-TRADE ZONES.—Not later than January 1, 2000, the Secretary shall provide for the inclusion of commercial importation data from foreign-trade zones under the Program.

(d) INTERNATIONAL TRADE DATA SYSTEM.—

(1) ESTABLISHMENT.—

(A) IN GENERAL.—The Secretary of the Treasury (in this subsection, referred to as the "Secretary") shall oversee the establishment of an electronic trade data interchange system to be known as the "International Trade Data System" (ITDS). The ITDS shall be implemented not later than the date that the Automated Commercial Environment (commonly referred to as "ACE") is fully implemented.

(B) PURPOSE.—The purpose of the ITDS is to eliminate redundant information requirements, to efficiently regulate the flow of commerce, and to effectively enforce laws and regulations relating to international trade, by establishing a single portal system, operated by the United States Customs and Border Protection, for the collection and distribution of standard electronic import and export data required by all participating Federal agencies.

(C) PARTICIPATION.—

(i) IN GENERAL.—All Federal agencies that require documentation for clearing or licensing the importation and exportation of cargo shall participate in the ITDS.

(ii) WAIVER.—The Director of the Office of Management and Budget may waive, in whole or in part, the requirement for participation for any Federal agency based on the vital national interest of the United States.

(D) CONSULTATION.—The Secretary shall consult with and assist the United States Customs and Border Protection and other agencies in the transition from paper to electronic format for the submission, issuance, and storage of documents relating to data required to enter cargo into the United States. In so doing, the Secretary shall also consult with private sector stakeholders, including the Commercial Operations Advisory Committee, in developing uniform data submission requirements, procedures, and schedules, for the ITDS.

(E) COORDINATION.—The Secretary shall be responsible for coordinating the operation of the ITDS among the participating agencies and the office within the United States Customs and Border Protection that is responsible for maintaining the ITDS.

(2) DATA ELEMENTS.—

(A) IN GENERAL.—The Interagency Steering Committee (established under paragraph (3)) shall, in consultation with the agencies participating in the ITDS, define the standard set of data elements to be collected, stored, and shared in the ITDS, consistent with laws applicable to the collection and protection of import and export information. The Interagency Steering Committee shall periodically review the data elements in order to update the standard set of data elements, as necessary.

(B) COMMITMENTS AND OBLIGATIONS.—The Interagency Steering Committee shall ensure that the ITDS data requirements are compatible with the commitments and obligations of the United States as a member of the World Customs Organization (WCO) and the World Trade Organization (WTO) for the entry and movement of cargo.

(3) INTERAGENCY STEERING COMMITTEE.—There is established an Interagency Steering Committee (in this section, referred to as the "Committee"). The members of the Committee shall include the Secretary (who shall serve as the chairperson of the Committee), the Director of the Office of Management and Budget, and the head of each agency participating in the ITDS. The Committee shall assist the Secretary in overseeing the implementation of, and participation in, the ITDS.

(4) REPORT.—The President shall submit a report before the end of each fiscal year to the Committee on Finance of the Senate and the Committee on Ways and Means of the House of Representatives. Each report shall include information on—

(A) the status of the ITDS implementation;

(B) the extent of participation in the ITDS by Federal agencies;

(C) the remaining barriers to any agency's participation;

(D) the consistency of the ITDS with applicable standards established by the World Customs Organization and the World Trade Organization;

(E) recommendations for technological and other improvements to the ITDS; and

(F) the status of the development, implementation, and management of the Automated Commercial Environment within the United States Customs and Border Protection.

(5) SENSE OF CONGRESS.—It is the sense of Congress that agency participation in the ITDS is an important priority of the Federal Government and that the Secretary shall coordinate the operation of the ITDS closely among the participating agencies and the office within the United States Customs and Border Protection that is responsible for maintaining the ITDS.

(6) CONSTRUCTION.—Nothing in this section shall be construed as amending or modifying subsection (g) of section 301 of title 13, United States Code.

(7) DEFINITION.—The term "Commercial Operations Advisory Committee" means the Advisory Committee established pursuant to section 9503(c) of the Omnibus Budget Reconciliation Act of 1987 (19 U.S.C. 2071 note) or any successor committee.

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Part III—Ascertainment, Collection, and Recovery of Duties

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SEC. 508. RECORDKEEPING.

(a) REQUIREMENTS.—Any—

(1) owner, importer, consignee, importer of record, entry filer, or other party who—

(A) imports merchandise into the customs territory of the United States, files a drawback claim, or transports or stores merchandise carried or held under bond, or

(B) knowingly causes the importation or transportation or storage of merchandise carried or held under bond into or from the customs territory of the United States;

(2) agent of any party described in paragraph (1); or

(3) person whose activities require the filing of a declaration or entry, or both;

shall make, keep, and render for examination and inspection records (which for purposes of this section include, but are not limited to, statements, declarations, documents and electronically generated or machine readable data) which—

(A) pertain to any such activity, or to the information contained in the records required by this Act in connection with any such activity; and

(B) are normally kept in the ordinary course of business.

(b) EXPORTATIONS TO NAFTA COUNTRIES.—

(1) DEFINITIONS.—As used in this subsection—

(A) The term "associated records" means, in regard to an exported good under paragraph (2), records associated with—

(i) the purchase of, cost of, value of, and payment for, the good;

(ii) the purchase of, cost of, value of, and payment for, all material, including indirect materials, used in the production of the good; and

(iii) the production of the good.

For purposes of this subparagraph, the terms "indirect material,""material,""preferential tariff treatment,""used," and "value" have the respective meanings given them in articles 415 and 514 of the North American Free Trade Agreement.

(B) The term "NAFTA Certificate of Origin" means the certification, established under article 501 of the North American Free Trade Agreement, that a good qualifies as an originating good under such Agreement.

(2) EXPORTS TO NAFTA COUNTRIES.—

(A) IN GENERAL.—Any person who completes and signs a NAFTA Certificate of Origin for a good for which preferential treatment under the North American Free Trade Agreement is claimed shall make, keep, and render for examination and inspection all records relating to the origin of the good (including the Certificate or copies thereof) and the associated records.

(B) CLAIMS FOR CERTAIN WAIVERS, REDUCTIONS, OR REFUNDS OF DUTIES OR FOR CREDIT AGAINST BONDS.—

(i) IN GENERAL.—Any person that claims with respect to an article—

(I) a waiver or reduction of duty under the eleventh paragraph of section 311, section 312(b)(1) or (4), section 562(2), or the proviso preceding the last proviso to section 3(a) of the Foreign Trade Zones Act;

(II) a credit against a bond under section 312(d); or

(III) a refund, waiver, or reduction of duty under section 313(n)(2) or (o)(1);

must disclose to the Customs Service the information described in clause (ii).

(ii) INFORMATION REQUIRED.—Within 30 days after making a claim described in clause (i) with respect to an article, the person making the claim must disclose to the Customs Service whether that person has prepared, or has knowledge that another person has prepared, a NAFTA Certificate of Origin for the article. If after such 30-day period the person making the claim either—

(I) prepares a NAFTA Certificate of Origin for the article; or

(II) learns of the existence of such a Certificate for the article;

that person, within 30 days after the occurrence described in subclause (I) or (II), must disclose the occurrence to the Customs Service.

(iii) ACTION ON CLAIM.—If the Customs Service determines that a NAFTA Certificate of Origin has been prepared with respect to an article for which a claim described in clause (i) is made, the Customs Service may make such adjustments regarding the previous customs treatment of the article as may be warranted under the claim.

(3) EXPORTS UNDER THE CANADIAN AGREEMENT.—Any person who exports, or who knowingly causes to be exported, any merchandise to Canada during such time as the United States-Canada Free-Trade Agreement is in force with respect to, and the United States applies that Agreement to, Canada shall make, keep, and render for examination and inspection such records (including certifications of origin or copies thereof) which pertain to the exportations.

(c) PERIOD OF TIME.—The records required by subsections (a) and (b) shall be kept for such periods of time as the Secretary shall prescribe; except that—

(1) no period of time for the retention of the records required under subsection (a) or (b)(3) may exceed 5 years from the date of entry, filing of a reconciliation, or exportation, as appropriate;

(2) the period of time for the retention of the records required under subsection (b)(2) shall be at least 5 years from the date of signature of the NAFTA Certificate of Origin; and

(3) records for any drawback claim shall be kept until the 3rd anniversary of the date of payment of the claim.

(d) LIMITATION.—For the purposes of this section and section 509, a person ordering merchandise from an importer in a domestic transaction does not knowingly cause merchandise to be imported unless—

(1) the terms and conditions of the importation are controlled by the person placing the order; or

(2) technical data, molds, equipment, other production assistance, material, components, or parts are furnished by the person placing the order with knowledge that they will be used in the manufacture or production of the imported merchandise.

(e) SUBSECTION (b) PENALTIES.—

(1) RELATING TO NAFTA EXPORTS.—Any person who fails to retain records required by paragraph (2) of subsection (b) or the regulations issued to implement that paragraph shall be liable for—

(A) a civil penalty not to exceed $10,000; or

(B) the general recordkeeping penalty that applies under the customs laws;

whichever penalty is higher.

(2) RELATING TO CANADIAN AGREEMENT EXPORTS.—Any person who fails to retain the records required by paragraph (3) of subsection (b) or the regulations issued to implement that paragraph shall be liable for a civil penalty not to exceed $10,000.

(f) CERTIFICATES OF ORIGIN FOR GOODS EXPORTED UNDER THE UNITED STATES-CHILE FREE TRADE AGREEMENT.—

(1) DEFINITIONS.—In this subsection:

(A) RECORDS AND SUPPORTING DOCUMENTS.—The term "records and supporting documents" means, with respect to an exported good under paragraph (2), records and documents related to the origin of the good, including—

(i) the purchase, cost, and value of, and payment for, the good;

(ii) if applicable, the purchase, cost, and value of, and payment for, all materials, including recovered goods, used in the production of the good; and

(iii) if applicable, the production of the good in the form in which it was exported.

(B) CHILE FTA CERTIFICATE OF ORIGIN.—The term "Chile FTA Certificate of Origin" means the certification, established under article 4.13 of the United States-Chile Free Trade Agreement, that a good qualifies as an originating good under such Agreement.

(2) EXPORTS TO CHILE.—Any person who completes and issues a Chile FTA Certificate of Origin for a good exported from the United States shall make, keep, and, pursuant to rules and regulations promulgated by the Secretary of the Treasury, render for examination and inspection all records and supporting documents related to the origin of the good (including the Certificate or copies thereof).

(3) RETENTION PERIOD.—Records and supporting documents shall be kept by the person who issued a Chile FTA Certificate of Origin for at least 5 years after the date on which the certificate was issued.

(g) CERTIFICATIONS OF ORIGIN FOR GOODS EXPORTED UNDER THE DOMINICAN REPUBLIC-CENTRAL AMERICA-UNITED STATES FREE TRADE AGREEMENT.—

(1) DEFINITIONS.—In this subsection:

(A) RECORDS AND SUPPORTING DOCUMENTS.—The term "records and supporting documents" means, with respect to an exported good under paragraph (2), records and documents related to the origin of the good, including—

(i) the purchase, cost, and value of, and payment for, the good;

(ii) the purchase, cost, and value of, and payment for, all materials, including indirect materials, used in the production of the good; and

(iii) the production of the good in the form in which it was exported.

(B) CAFTA–DR CERTIFICATION OF ORIGIN.—The term "CAFTA–DR certification of origin" means the certification established under article 4.16 of the Dominican Republic-Central America-United States Free Trade Agreement that a good qualifies as an originating good under such Agreement.

(2) EXPORTS TO CAFTA-DR COUNTRIES.—Any person who completes and issues a CAFTA–DR certification of origin for a good exported from the United States shall make, keep, and, pursuant to rules and regulations promulgated by the Secretary of the Treasury, render for examination and inspection all records and supporting documents related to the origin of the good (including the certification or copies thereof).

(3) RETENTION PERIOD.—Records and supporting documents shall be kept by the person who issued a CAFTA–DR certification of origin for at least 5 years after the date on which the certification was issued.

(h) CERTIFICATIONS OF ORIGIN FOR GOODS EXPORTED UNDER THE UNITED STATES-PERU TRADE PROMOTION AGREEMENT.—

(1) DEFINITIONS.—In this subsection:

(A) RECORDS AND SUPPORTING DOCUMENTS.—The term "records and supporting documents" means, with respect to an exported good under paragraph (2), records and documents related to the origin of the good, including—

(i) the purchase, cost, and value of, and payment for, the good;

(ii) the purchase, cost, and value of, and payment for, all materials, including indirect materials, used in the production of the good; and

(iii) the production of the good in the form in which it was exported.

(B) PTPA CERTIFICATION OF ORIGIN.—The term "PTPA certification of origin" means the certification established under article 4.15 of the United States-Peru Trade Promotion Agreement that a good qualifies as an originating good under such Agreement.

(2) EXPORTS TO PERU.—Any person who completes and issues a PTPA certification of origin for a good exported from the United States shall make, keep, and, pursuant to rules and regulations promulgated by the Secretary of the Treasury, render for examination and inspection all records and supporting documents related to the origin of the good (including the certification or copies thereof).

(3) RETENTION PERIOD.—The person who issues a PTPA certification of origin shall keep the records and supporting documents relating to that certification of origin for a period of at least 5 years after the date on which the certification is issued.

(i) CERTIFICATIONS OF ORIGIN FOR GOODS EXPORTED UNDER THE UNITED STATES-KOREA FREE TRADE AGREEMENT.—

(1) DEFINITIONS.—In this subsection:

(A) RECORDS AND SUPPORTING DOCUMENTS.—The term "records and supporting documents" means, with respect to an exported good under paragraph (2), records and documents related to the origin of the good, including—

(i) the purchase, cost, and value of, and payment for, the good;

(ii) the purchase, cost, and value of, and payment for, all materials, including indirect materials, used in the production of the good; and

(iii) the production of the good in the form in which it was exported.

(B) KFTA CERTIFICATION OF ORIGIN.—The term "KFTA certification of origin" means the certification established under article 6.15 of the United States-Korea Free Trade Agreement that a good qualifies as an originating good under such Agreement.

(2) EXPORTS TO KOREA.—Any person who completes and issues a KFTA certification of origin for a good exported from the United States shall make, keep, and, pursuant to rules and regulations promulgated by the Secretary of the Treasury, render for examination and inspection all records and supporting documents related to the origin of the good (including the certification or copies thereof).

(3) RETENTION PERIOD.—The person who issues a KFTA certification of origin shall keep the records and supporting documents relating to that certification of origin for a period of at least 5 years after the date on which the certification is issued.

(j) CERTIFICATIONS OF ORIGIN FOR GOODS EXPORTED UNDER THE UNITED STATES-COLOMBIA TRADE PROMOTION AGREEMENT.—

(1) DEFINITIONS.—In this subsection:

(A) RECORDS AND SUPPORTING DOCUMENTS.—The term "records and supporting documents" means, with respect to an exported good under paragraph (2), records and documents related to the origin of the good, including—

(i) the purchase, cost, and value of, and payment for, the good;

(ii) the purchase, cost, and value of, and payment for, all materials, including indirect materials, used in the production of the good; and

(iii) the production of the good in the form in which it was exported.

(B) CTPA CERTIFICATION OF ORIGIN.—The term "CTPA certification of origin" means the certification established under article 4.15 of the United States-Colombia Trade Promotion Agreement that a good qualifies as an originating good under such Agreement.

(2) EXPORTS TO COLOMBIA.—Any person who completes and issues a CTPA certification of origin for a good exported from the United States shall make, keep, and, pursuant to rules and regulations promulgated by the Secretary of the Treasury, render for examination and inspection all records and supporting documents related to the origin of the good (including the certification or copies thereof).

(3) RETENTION PERIOD.—The person who issues a CTPA certification of origin shall keep the records and supporting documents relating to that certification of origin for a period of at least 5 years after the date on which the certification is issued.

(k) CERTIFICATIONS OF ORIGIN FOR GOODS EXPORTED UNDER THE UNITED STATES-PANAMA TRADE PROMOTION AGREEMENT.—

(1) DEFINITIONS.—In this subsection:

(A) RECORDS AND SUPPORTING DOCUMENTS.—The term "records and supporting documents" means, with respect to an exported good under paragraph (2), records and documents related to the origin of the good, including—

(i) the purchase, cost, and value of, and payment for, the good;

(ii) the purchase, cost, and value of, and payment for, all materials, including indirect materials, used in the production of the good; and

(iii) the production of the good in the form in which it was exported.

(B) PANAMA TPA CERTIFICATION OF ORIGIN.—The term "Panama TPA certification of origin" means the certification established under article 4.15 of the United States-Panama Trade Promotion Agreement that a good qualifies as an originating good under such Agreement.

(2) EXPORTS TO PANAMA.—Any person who completes and issues a Panama TPA certification of origin for a good exported

from the United States shall make, keep, and, pursuant to rules and regulations promulgated by the Secretary of the Treasury, render for examination and inspection all records and supporting documents related to the origin of the good (including the certification or copies thereof).

(3) RETENTION PERIOD.—The person who issues a Panama TPA certification of origin shall keep the records and supporting documents relating to that certification of origin for a period of at least 5 years after the date on which the certification is issued.

(l) PENALTIES.—Any person who fails to retain records and supporting documents required by subsection (f), (g), (h), (i), (j), or (k) or the regulations issued to implement any such subsection shall be liable for the greater of—

(1) a civil penalty not to exceed $10,000; or

(2) the general record keeping penalty that applies under the customs laws of the United States.

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SEC. 516A. JUDICIAL REVIEW IN COUNTERVAILING DUTY AND ANTIDUMPING DUTY PROCEEDINGS.

(a) REVIEW OF DETERMINATION.—

(1) REVIEW OF CERTAIN DETERMINATIONS.—Within 30 days after the date of publication in the Federal Register of—

(A) a determination by the administering authority, under 702(c) or 732(c) of this Act, not to initiate an investigation,

(B) a determination by the Commission, under section 751(b) of this Act, not to review a determination based upon changed circumstances,

(C) a negative determination by the Commission, under section 703(a) or 733(a) of this Act, as to whether there is reasonable indication or material injury, threat of material injury, or material retardation, or

(D) a final determination by the administering authority or the Commission under section 751(c)(3),

an interested party who is a party to the proceeding in connection with which the matter arises may commence an action in the United States Court of International Trade by filing concurrently a summons and complaint, each with the content and in the form, manner, and style prescribed by the rules of that court, contesting any factual findings or legal conclusions upon which the determination is based.

(2) REVIEW OF DETERMINATIONS ON RECORD.—

(A) IN GENERAL.—Within thirty days after—

(i) the date of publication in the Federal Register of—

(I) notice of any determination described in clause (ii), (iii), (iv), (v), or (viii) of subparagraph (B),

(II) an antidumping or countervailing duty order based upon any determination described in clause (i) of subparagraph (B), or

(III) notice of the implementation of any determination described in clause (vii) of subparagraph (B), or

(ii) the date of mailing of a determination described in clause (vi) of subparagraph (B),

an interested party who is a party to the proceeding in connection with which the matter arises may commence an action in the United States Court of International Trade by filing a summons, and within thirty days thereafter a complaint, each with the content and in the form, manner, and style prescribed by the rules of that court, contesting any factual findings or legal conclusions upon which the determination is based.

(B) REVIEWABLE DETERMINATIONS.—The determinations which may be contested under subparagraph (A) are as follows:

(i) Final affirmative determinations by the administering authority and by the Commission under section 705 or 735 of this Act, including any negative part of such a determination (other than a part referred to in clause (ii)).

(ii) A final negative determination by the administering authority or the Commission under section 705 or 735 of this Act, including, at the option of the appellant, any part of a final affirmative determination which specifically excludes any company or product.

(iii) A final determination, other than a determination reviewable under paragraph (1), by the administering authority or the Commission under section 751 of this Act.

(iv) A determination by the administering authority, under section 704 or 734 of this Act, to suspend an antidumping duty or a countervailing duty investigation, including any final determination resulting from a continued investigation which changes the size of the dumping margin or net countervailable subsidy calculated, or the reasoning underlying such calculations, at the time the suspension agreement was concluded.

(v) An injurious effect determination by the Commission under section 704(h) or 734(h) of this Act.

(vi) A determination by the administering authority as to whether a particular type of merchandise is within the class or kind of merchandise described in an existing finding of dumping or antidumping or countervailing duty order.

(vii) A determination by the administering authority or the Commission under section 129 of the Uruguay Round Agreements Act concerning a determination under title VII of the Tariff Act of 1930.

(viii) A determination by the Commission under section 753(a)(1).

(3) EXCEPTION.—Notwithstanding the limitation imposed by paragraph (2)(A)(i)(II) of this subsection, a final affirmative de-

termination by the administering authority under section 705 or 735 of this Act may be contested by commencing an action, in accordance with the provisions of paragraph (2)(A), within thirty days after the date of publication in the Federal Register of a final negative determination by the Commission under section 705 or 735 of this Act.

(4) PROCEDURES AND FEES.—The procedures and fees set forth in chapter 169 of title 28, United States Code, apply to an action under this section.

(5) TIME LIMITS IN CASES INVOLVING MERCHANDISE FROM FREE TRADE AREA COUNTRIES.—Notwithstanding any other provision of this subsection, in the case of a determination to which the provisions of subsection (g) apply, an action under this subsection may not be commenced, and the time limits for commencing an action under this subsection shall not begin to run, until the day specified in whichever of the following subparagraphs applies:

(A) For a determination described in paragraph (1)(B) or clause (i), (ii) or (iii) of paragraph (2)(B), the 31st day after the date on which notice of the determination is published in the Federal Register.

(B) For a determination described in clause (vi) of paragraph (2)(B), the 31st day after the date on which the government of the relevant FTA country receives notice of the determination.

(C) For a determination with respect to which binational panel review has commenced in accordance with subsection (g)(8), the day after the date as of which—

(i) the binational panel has dismissed binational panel review of the determination for lack of jurisdiction, and

(ii) any interested party seeking review of the determination under paragraph (1), (2), or (3) of this subsection has provided timely notice under subsection (g)(3)(B).

If such an interested party files a summons and complaint under this subsection after dismissal by the binational panel, and if a request for an extraordinary challenge committee is made with respect to the decision by the binational panel to dismiss—

(I) judicial review under this subsection shall be stayed during consideration by the committee of the request, and

(II) the United States Court of International Trade shall dismiss the action if the committee vacates or remands the binational panel decision to dismiss.

(D) For a determination for which review by the United States Court of International Trade is provided for—

(i) under subsection (g)(12)(B), the day after the date of publication in the Federal Register of notice that article 1904 of the NAFTA has been suspended, or

(ii) under subsection (g)(12)(D), the day after the date that notice of settlement is published in the Federal Register.

(E) For a determination described in clause (vii) of paragraph (2)(B), the 31st day after the date on which notice of the implementation of the determination is published in the Federal Register.

(b) STANDARDS OF REVIEW.—

(1) REMEDY.—The court shall hold unlawful any determination, finding, or conclusion found—

(A) in an action brought under subparagraph (A), (B), or (C) of subsection (a)(1), to be arbitrary, capricious, an abuse of discretion, or otherwise not in accordance with law, or

(B)(i) in an action brought under paragraph (2) of subsection (a), to be unsupported by substantial evidence on the record, or otherwise not in accordance with law, or

(ii) in an action brought under paragraph (1)(D) of subsection (a), to be arbitrary, capricious, an abuse of discretion, or otherwise not in accordance with law.

(2) RECORD FOR REVIEW.—

(A) IN GENERAL.—For the purposes of this subsection, the record, unless otherwise stipulated by the parties, shall consist of—

(i) a copy of all information presented to or obtained by the Secretary, the administering authority, or the Commission during the course of the administrative proceeding, including all governmental memoranda pertaining to the case and the record of ex parte meetings required to be kept by section 777(a)(3); and

(ii) a copy of the determination, all transcripts or records of conferences or hearings, and all notices published in the Federal Register.

(B) CONFIDENTIAL OR PRIVILEGED MATERIAL.—The confidential or privileged status accorded to any documents, comments, or information shall be preserved in any action under this section. Notwithstanding the preceding sentence, the court may examine, in camera, the confidential or privileged material, and may disclose such material under such terms and conditions as it may order.

(3) EFFECT OF DECISIONS BY NAFTA OR UNITED STATES-CANADA BINATIONAL PANELS.—In making a decision in any action brought under subsection (a), a court of the United States is not bound by, but may take into consideration, a final decision of a binational panel or extraordinary challenge committee convened pursuant to article 1904 of the NAFTA or of the Agreement.

(c) LIQUIDATION OF ENTRIES.—

(1) LIQUIDATION IN ACCORDANCE WITH DETERMINATION.—Unless such liquidation is enjoined by the court under paragraph (2) of this subsection, entries of merchandise of the character covered by a determination of the Secretary, the administering authority, or the Commission contested under subsection (a) shall be liquidated in accordance with the determination of the Secretary, the administering authority, or the Commission, if they are entered, or withdrawn from warehouse, for consumption on or before the date of publication in the Federal Register by the Secretary or the administering authority of a notice of

a decision of the United States Court of International Trade, or of the United States Court of Appeals for the Federal Circuit, not in harmony with that determination. Such notice of a decision shall be published within ten days from the date of the issuance of the court decision.

(2) INJUNCTIVE RELIEF.—In the case of a determination described in paragraph (2) of subsection (a) by the Secretary, the administering authority, or the Commission, the United States Court of International Trade may enjoin the liquidation of some or all entries of merchandise covered by a determination of the Secretary, the administering authority, or the Commission, upon a request by an interested party for such relief and a proper showing that the requested relief should be granted under the circumstances.

(3) REMAND FOR FINAL DISPOSITION.—If the final disposition of an action brought under this section is not in harmony with the published determination of the Secretary, the administering authority, or the Commission, the matter shall be remanded to the Secretary, the administering authority, or the Commission, an appropriate, for disposition consistent with the final disposition of the court.

(d) STANDING.—Any interested party who was a party to the proceeding under section 303 of this Act or title VII of this Act shall have the right to appear and be heard as a party in interest before the United States Court of International Trade. The party filing the action shall notify all such interested parties of the filing of an action under this section, in the form, manner, style, and within the time prescribed by rules of the court.

(e) LIQUIDATION IN ACCORDANCE WITH FINAL DECISION.—If the cause of action is sustained in whole or in part by a decision of the United States Court of International Trade or of the United States Court of Appeals for the Federal Circuit—

(1) entries of merchandise of the character covered by the published determination of the Secretary, the administering authority, or the Commission, which is entered, or withdrawn from warehouse, for consumption after the date of publication in the Federal Register by the Secretary or the administering authority of a notice of the court decision, and

(2) entries, the liquidation of which was enjoined under subsection (c)(2),

shall be liquidated in accordance with the final court decision in the action. Such notice of the court decision shall be published within ten days from the date of the issuance of the court decision.

(f) DEFINITIONS.—For purposes of this section—

(1) ADMINISTERING AUTHORITY.—The term "administering authority" means the administering authority described in section 771(1) of this Act.

(2) COMMISSION.—The term "Commission" means the United States International Trade Commission.

(3) INTERESTED PARTY.—The term "interested party" means any person described in section 771(9) of this Act.

(4) SECRETARY.—The term "Secretary" means the Secretary of the Treasury.

(5) AGREEMENT.—The term "Agreement" means the United States-Canada Free-Trade Agreement.

(6) UNITED STATES SECRETARY.—The term "United States Secretary" means—

(A) the secretary for the United States Section referred to in article 1908 of the NAFTA, and

(B) the secretary of the United States Section provided for in article 1909 of the Agreement.

(7) RELEVANT FTA SECRETARY.—The term "relevant FTA Secretary" means the Secretary—

(A) referred to in article 1908 of the NAFTA, or

(B) provided for in paragraph 5 of article 1909 of the Agreement,

of the relevant FTA country.

(8) NAFTA.—The term "NAFTA" means the North American Free Trade Agreement.

(9) RELEVANT FTA COUNTRY.—The term "relevant FTA country" means the free trade area country to which an antidumping or countervailing duty proceeding pertains.

(10) FREE TRADE AREA COUNTRY.—The term "free trade area country" means the following:

(A) Canada for such time as the NAFTA is in force with respect to, and the United States applies the NAFTA to, Canada.

(B) Mexico for such time as the NAFTA is in force with respect to, and the United States applies the NAFTA to, Mexico.

(C) Canada for such time as—

(i) it is not a free trade area country under subparagraph (A); and

(ii) the Agreement is in force with respect to, and the United States applies the Agreement to, Canada.

(g) REVIEW OF COUNTERVAILING DUTY AND ANTIDUMPING DUTY DETERMINATIONS INVOLVING FREE TRADE AREA COUNTRY MERCHANDISE.—

(1) DEFINITION OF DETERMINATION.—For purposes of this subsection, the term "determination" means a determination described in—

(A) paragraph (1)(B) of subsection (a), or

(B) clause (i), (ii), (iii), (vi), or (vii) or paragraph (2)(B) of subsection (a),

if made in connection with a proceeding regarding a class or kind of free trade area country merchandise, as determined by the administering authority.

(2) EXCLUSIVE REVIEW OF DETERMINATION BY BINATIONAL PANELS.—If binational panel review of a determination is requested pursuant to article 1904 of the NAFTA or of the Agreement, then, except as provided in paragraphs (3) and (4)—

(A) the determination is not reviewable under subsection (a), and

(B) no court of the United States has power or jurisdiction to review the determination on any question of law or fact by an action in the nature of mandamus or otherwise.

(3) EXCEPTION TO EXCLUSIVE BINATIONAL PANEL REVIEW.—

(A) IN GENERAL.—A determination is reviewable under subsection (a) if the determination sought to be reviewed is—

(i) a determination as to which neither the United States nor the relevant FTA country requested review by a binational panel pursuant to article 1904 of the NAFTA or of the Agreement.

(ii) a revised determination issued as a direct result of judicial review, commenced pursuant to subsection (a), if neither the United States nor the relevant FTA country requested review of the original determination,

(iii) a determination issued as a direct result of judicial review that was commenced pursuant to subsection (a) prior to the entry into force of the NAFTA or of the Agreement,

(iv) a determination which a binational panel has determined is not reviewable by the binational panel,

(v) a determination as to which binational panel review has terminated pursuant to paragraph 12 of article 1905 of the NAFTA, or

(vi) a determination as to which extraordinary challenge committee review has terminated pursuant to paragraph 12 of article 1905 of the NAFTA.

(B) SPECIAL RULE.—A determination described in subparagraph (A)(i) or (iv) is reviewable under subsection (a) of this section only if the party seeking to commence review has provided timely notice of its intent to commence such review to—

(i) the United States Secretary and the relevant FTA Secretary;

(ii) all interested parties who were parties to the proceeding in connection with which the matter arises; and

(iii) the administering authority or the Commission, as appropriate.

Such notice is timely provided if the notice is delivered no later than the date that is 20 days after the date described in subparagraph (A) or (B) of subsection (a)(5) that is applicable to such determination, except that, if the time for requesting binational panel review is suspended under paragraph (8)(A)(ii) of this subsection, any unexpired time for providing notice of intent to commence judicial review shall, during the pendency of any such suspension, also be suspended. Such notice shall contain such information, and be in such form, manner, and style, as the administering authority, in consultation with the Commission, shall prescribe by regulations.

(4) EXCEPTION TO EXCLUSIVE BINATIONAL PANEL REVIEW FOR CONSTITUTIONAL ISSUES.—

(A) CONSTITUTIONALITY OF BINATIONAL PANEL REVIEW SYSTEM.—An action for declaratory judgment or injunctive relief, or both, regarding a determination on the grounds that any provision of, or amendment made by, the North American Free Trade Agreement Implementation Act implementing the binational dispute settlement system under chapter 19 of the NAFTA, or the United States-Canada Free-Trade Agreement Implementation Act of 1988 imple-

menting the binational panel dispute settlement system under chapter 19 of the Agreement, violates the Constitution may be brought only in the United States Court of Appeals for the District of Columbia Circuit, which shall have jurisdiction of such action.

(B) OTHER CONSTITUTIONAL REVIEW.—Review is available under subsection (a) with respect to a determination solely concerning a constitutional issue (other than an issue to which subparagraph (A) applies) arising under any law of the United States as enacted or applied. An action for review under this subparagraph shall be assigned to a 3-judge panel of the United States Court of International Trade.

(C) COMMENCEMENT OF REVIEW.—Notwithstanding the time limits in subsection (a), within 30 days after the date of publication in the Federal Register of notice that binational panel review has been completed, an interested party who is a party to the proceeding in connection with which the matter arises may commence an action under subparagraph (A) or (B) by filing an action in accordance with the rules of the court.

(D) TRANSFER OF ACTIONS TO APPROPRIATE COURT.—Whenever an action is filed in a court under subparagraph (A) or (B) and that court finds that the action should have been filed in the other court, the court in which the action was filed shall transfer the action to the other court and the action shall proceed as if it had been filed in the court to which it is transferred on the date upon which it was actually filed in the court from which it is transferred.

(E) FRIVOLOUS CLAIMS.—Frivolous claims brought under subparagraph (A) or (B) are subject to dismissal and sanctions as provided under section 1927 of title 28, United States Code, and the Federal Rules of Civil Procedure.

(F) SECURITY.—

(i) SUBPARAGRAPH (A) ACTIONS.—The security requirements of rule 65(c) of the Federal Rules of Civil Procedure apply with respect to actions commenced under subparagraph (A).

(ii) SUBPARAGRAPH (B) ACTIONS.—No claim shall be heard, and no temporary restraining order or temporary or permanent injunction shall be issued, under an action commenced under subparagraph (B), unless the party seeking review first files an undertaking with adequate security in an amount to be fixed by the court sufficient to recompense parties affected for any loss, expense, or damage caused by the improvident or erroneous issuance of such order or injunction. If a court upholds the constitutionality of the determination in question in such action, the court shall award to a prevailing party fees and expenses, in addition to any costs incurred by that party, unless the court finds that the position of the other party was substantially justified or that special circumstances make an award unjust.

(G) PANEL RECORD.—The record of proceedings before the binational panel shall not be considered part of the record for review pursuant to subparagraph (A) or (B).

(H) APPEAL TO SUPREME COURT OF COURT ORDERS ISSUED IN SUBPARAGRAPH (A) ACTIONS.—Notwithstanding any other provision of law, any final judgment of the United States Court of Appeals for the District of Columbia Circuit which is issued pursuant to an action brought under subparagraph (A) shall be reviewable by appeal directly to the Supreme Court of the United States. Any such appeal shall be taken by a notice of appeal filed within 10 days after such order is entered; and the jurisdictional statement shall be filed within 30 days after such order is entered. No stay of an order issued pursuant to an action brought under subparagraph (A) may be issued by a single Justice of the Supreme Court.

(5) LIQUIDATION OF ENTRIES.—

(A) APPLICATION.—In the case of a determination for which binational panel review is requested pursuant to article 1904 of the NAFTA or of the Agreement, the rules provided in this paragraph shall apply, notwithstanding the provisions of subsection (c).

(B) GENERAL RULE.—In the case of a determination for which binational panel review is requested pursuant to article 1904 of the NAFTA or of the Agreement, entries of merchandise covered by such determination shall be liquidated in accordance with the determination of the administering authority or the Commission, if they are entered, or withdrawn from warehouse, for consumption on or before the date of publication in the Federal Register by the administering authority of notice of a final decision of a binational panel, or of an extraordinary challenge committee, not in harmony with that determination. Such notice of a decision shall be published within 10 days of the date of the issuance of the panel or committee decision.

(C) SUSPENSION OF LIQUIDATION.—

(i) IN GENERAL.—Notwithstanding the provisions of subparagraph (B), in the case of a determination described in clause (iii) or (vi) of subsection (a)(2)(B) for which binational panel review is requested pursuant to article 1904 of the NAFTA or of the Agreement, the administering authority, upon request of an interested party who was a party to the proceeding in connection with which the matter arises and who is a participant in the binational panel review, shall order the continued suspension of liquidation of those entries of merchandise covered by the determination that are involved in the review pending the final disposition of the review.

(ii) NOTICE.—At the same time as the interested party makes its request to the administering authority under clause (i), that party shall serve a copy of its request on the United States Secretary, the relevant FTA Secretary, and all interested parties who were

parties to the proceeding in connection with which the matter arises.

(iii) APPLICATION OF SUSPENSION.—If the interested party requesting continued suspension of liquidation under clause (i) is a foreign manufacturer, producer, or exporter, or a United States importer, the continued suspension of liquidation shall apply only to entries of merchandise manufactured, produced, exported, or imported by that particular manufacturer, producer, exporter, or importer. If the interested party requesting the continued suspension of liquidation under clause (i) is an interested party described in subparagraph (C), (D), (E) or (F) of section 771(9), the continued suspension of liquidation shall apply only to entries which could be affected by a decision of the binational panel convened under chapter 19 of the NAFTA or of the Agreement.

(iv) JUDICIAL REVIEW.—Any action taken by the administering authority or the United States Customs Service under this subparagraph shall not be subject to judicial review, and no court of the United States shall have power or jurisdiction to review such action on any question of law or fact by an action in the nature of mandamus or otherwise.

(6) INJUNCTIVE RELIEF.—Except for cases under paragraph (4)(B), in the case of a determination for which binational panel review is requested pursuant to article 1904 of the NAFTA or of the Agreement, the provisions of subsection (c)(2) shall not apply.

(7) IMPLEMENTATION OF INTERNATIONAL OBLIGATIONS UNDER ARTICLE 1904 OF THE NAFTA OR THE AGREEMENT.—

(A) ACTION UPON REMAND.—If a determination is referred to a binational panel or extraordinary challenge committee under the NAFTA or the Agreement and the panel or committee makes a decision remanding the determination to the administering authority or the Commission, the administering authority or the Commission shall, within the period specified by the panel or committee, take action not inconsistent with the decision of the panel or committee. Any action taken by the administering authority or the Commission under this paragraph shall not be subject to judicial review, and no court of the United States shall have power or jurisdiction to review such action on any question of law or fact by an action in the nature of mandamus or otherwise.

(B) APPLICATION IF SUBPARAGRAPH (A) HELD UNCONSTITUTIONAL.—In the event that the provisions of subparagraph (A) are held unconstitutional under the provisions of subparagraphs (A) and (H) of paragraph (4), the provisions of this subparagraph shall take effect. In such event, the President is authorized on behalf of the United States to accept, as a whole, the decision of a binational panel or extraordinary challenge committee remanding the determination to the administering authority or the Commission within the period specified by the panel or committee.

Upon acceptance by the President of such a decision, the administering authority or the Commission shall, within the period specified by the panel or committee, take action not inconsistent with such decision. Any action taken by the President, the administering authority, or the Commission under this subparagraph shall not be subject to judicial review, and no court of the United States shall have power or jurisdiction to review such action on any question of law or fact by an action in the nature of mandamus or otherwise.

(8) REQUESTS FOR BINATIONAL PANEL REVIEW.—

(A) INTERESTED PARTY REQUESTS FOR BINATIONAL PANEL REVIEW.—

(i) GENERAL RULE.—An interested party who was a party to the proceeding in which a determination is made may request binational panel review of such determination by filing a request with the United States Secretary by no later than the date that is 30 days after the date described in subparagraph (A), (B), or (E) of subsection (a)(5) that is applicable to such determination. Receipt of such request by the United States Secretary shall be deemed to be a request for binational panel review within the meaning of article 1904(4) of the NAFTA or of the Agreement. Such request shall contain such information and be in such form, manner, and style as the administering authority, in consultation with the Commission, shall prescribe by regulations.

(ii) SUSPENSION OF TIME TO REQUEST BINATIONAL PANEL REVIEW UNDER THE NAFTA.—Notwithstanding clause (i), the time for requesting binational panel review shall be suspended during the pendency of any stay of binational panel review that is issued pursuant to paragraph 11(a) of article 1905 of the NAFTA.

(B) SERVICE OF REQUEST FOR BINATIONAL PANEL REVIEW.—

(i) SERVICE BY INTERESTED PARTY.—If a request for binational panel review of a determination is filed under subparagraph (A), the party making the request shall serve a copy, by mail or personal service, on any other interested party who was a party to the proceeding in connection with which the matter arises, and on the administering authority or the Commission, as appropriate.

(ii) SERVICE BY UNITED STATES SECRETARY.—If an interested party to the proceeding requests binational panel review of a determination by filing a request with the relevant FTA Secretary, the United States Secretary shall serve a copy of the request by mail on any other interested party who was a party to the proceeding in connection with which the matter arises, and on the administering authority or the Commission, as appropriate.

(C) LIMITATION ON REQUEST FOR BINATIONAL PANEL REVIEW.—Absent a request by an interested party under sub-

paragraph (A), the United States may not request binational panel review of a determination under article 1904 of the NAFTA or the Agreement.

(9) REPRESENTATION IN PANEL PROCEEDINGS.—In the case of binational panel proceedings convened under chapter 19 of the NAFTA or of the Agreement, the administering authority and the Commission shall be represented by attorneys who are employees of the administering authority or the Commission, respectively. Interested parties who were parties to the proceeding in connection with which the matter arises shall have the right to appear and be represented by counsel before the binational panel.

(10) NOTIFICATION OF CLASS OR KIND RULINGS.—In the case of a determination which is described in paragraph (2)(B)(vi) of subsection (a) and which is subject to the provisions of paragraph (2), the administering authority, upon request, shall inform any interested person of the date on which the Government of the relevant FTA country received notice of the determination under paragraph 4 of article 1904 of the NAFTA or the Agreement.

(11) SUSPENSION AND TERMINATION OF SUSPENSION OF ARTICLE 1904 OF THE NAFTA.—

(A) SUSPENSION OF ARTICLE 1904.—If a special committee established under article 1905 of the NAFTA issues an affirmative finding, the Trade Representative may, in accordance with paragraph 8(a) or 9, as appropriate, of article 1905 of the NAFTA, suspend the operation of article 1904 of the NAFTA.

(B) TERMINATION OF SUSPENSION OF ARTICLE 1904.—If a special committee is reconvened and makes an affirmative determination described in paragraph 10(b) of article 1905 of the NAFTA, any suspension of the operation of article 1904 of the NAFTA shall terminate.

(12) JUDICIAL REVIEW UPON TERMINATION OF BINATIONAL PANEL OR COMMITTEE REVIEW UNDER THE NAFTA.—

(A) NOTICE OF SUSPENSION OR TERMINATION OF SUSPENSION OF ARTICLE 1904.—

(i) Upon notification by the Trade Representative or the Government of a country described in subsection (f)(10)(A) or (B) that the operation of article 1904 of the NAFTA has been suspended in accordance with paragraph 8(a) or 9 of article 1905 of the NAFTA, the United States Secretary shall publish in the Federal Register a notice of suspension of article 1904 of the NAFTA.

(ii) Upon notification by the Trade Representative or the Government of a country described in subsection (f)(10)(A) or (B) that the suspension of the operation of article 1904 of the NAFTA is terminated in accordance with paragraph 10 of article 1905 of the NAFTA, the United States Secretary shall publish in the Federal Register a notice of termination of suspension of article 1904 of the NAFTA.

(B) TRANSFER OF FINAL DETERMINATIONS FOR JUDICIAL REVIEW UPON SUSPENSION OF ARTICLE 1904.—If the oper-

ation of article 1904 of the NAFTA is suspended in accordance with paragraph 8(a) or 9 of article 1905 of the NAFTA—

(i) upon the request of an authorized person described in subparagraph (C), any final determination that is the subject of a binational panel review or an extraordinary challenge committee review shall be transferred to the United States Court of International Trade (in accordance with rules issued by the Court) for review under subsection (a); or

(ii) in a case in which—

(I) a binational panel review was completed fewer than 30 days before the suspension, and

(II) extraordinary challenge committee review has not been requested,

upon the request of an authorized person described in subparagraph (C) which is made within 60 days after the completion of the binational panel review, the final determination that was the subject of the binational panel review shall be transferred to the United States Court of International Trade (in accordance with rules issued by the Court) for review under subsection (a).

(C) PERSONS AUTHORIZED TO REQUEST TRANSFER OF FINAL DETERMINATIONS FOR JUDICIAL REVIEW.—A request that a final determination be transferred to the Court of International Trade under subparagraph (B) may be made by—

(i) if the United States made an allegation under paragraph 1 of article 1905 of the NAFTA and the operation of article 1904 of the NAFTA was suspended pursuant to paragraph 8(a) of article 1905 of the NAFTA—

(I) the government of the relevant country described in subsection (f)(10)(A) or (B),

(II) an interested party that was a party to the panel or committee review, or

(III) an interested party that was a party to the proceeding in connection with which panel review was requested, but only if the time period for filing notices of appearance in the panel review has not expired, or

(ii) if a country described in subsection (f)(10)(A) or (B) made an allegation under paragraph 1 of article 1905 of the NAFTA and the operation of article 1904 of the NAFTA was suspended pursuant to paragraph 9 of article 1905 of the NAFTA—

(I) the government of that country,

(II) an interested party that is a person of that country and that was a party to the panel or committee review, or

(III) an interested party that is a person of that country and that was a party to the proceeding in connection with which panel review was requested, but only if the time period for filing no-

tices of appearance in the panel review has not expired.

(D) TRANSFER FOR JUDICIAL REVIEW UPON SETTLEMENT.—(i) If the Trade Representative achieves a settlement with the government of a country described in subsection (f)(10)(A) or (B) pursuant to paragraph 7 of article 1905 of the NAFTA, and referral for judicial review is among the terms of such settlement, any final determination that is the subject of a binational panel review or an extraordinary challenge committee review shall, upon a request described in clause (ii), be transferred to the United States Court of International Trade (in accordance with rules issued by the Court) for review under subsection (a).

(ii) A request referred to in clause (i) is a request made by—

(I) the country referred to in clause (i),

(II) an interested party that was a party to the panel or committee review, or

(III) an interested party that was a party to the proceeding in connection with which panel review was requested, but only if the time for filing notices of appearance in the panel review has not expired.

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Part V—Enforcement Provisions

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SEC. 596. AIDING UNLAWFUL IMPORTATION.

(a) Except as specified in subsection (b) or (c) of section 594 of this Act, every vessel, vehicle, animal, aircraft, or other thing used in, to aid in, or to facilitate, by obtaining information or in any other way, the importation, bringing in, unlading, landing, removal, concealing, harboring, or subsequent transportation of any article which is being or has been introduced, or attempted to be introduced, into the United States contrary to law, whether upon such vessel, vehicle, animal, aircraft, or other thing or otherwise, may be seized and forfeited together with its tackle, apparel, furniture, harness, or equipment.

(b) Every person who directs, assists financially or otherwise, or is in any way concerned in any unlawful activity mentioned in the preceding subsection shall be liable to a penalty equal to the value of the article or articles introduced or attempted to be introduced.

(c) Merchandise which is introduced or attempted to be introduced into the United States contrary to law shall be treated as follows:

(1) The merchandise shall be seized and forfeited if it—

(A) is stolen, smuggled, or clandestinely imported or introduced;

(B) is a controlled substance, as defined in the Controlled Substances Act (21 U.S.C. 801 et seq.), and is not imported in accordance with applicable law;

(C) is a contraband article, as defined in section 1 of the Act of August 9, 1939 (49 U.S.C. App. 781); or

(D) is a plastic explosive, as defined in section 841(q) of title 18, United States Code, which does not contain a detection agent, as defined in section 841(p) of such title.

(2) The merchandise may be seized and forfeited if—

(A) its importation or entry is subject to any restriction or prohibition which is imposed by law relating to health, safety, or conservation and the merchandise is not in compliance with the applicable rule, regulation, or statute;

(B) its importation or entry requires a license, permit or other authorization of an agency of the United States Government and the merchandise is not accompanied by such license, permit, or authorization;

(C) it is merchandise or packaging in which copyright, trademark, or trade name protection violations are involved (including, but not limited to, violations of section 42, 43, or 45 of the Act of July 5, 1946 (15 U.S.C. 1124, 1125, or 1127), section 506 or 509 of title 17, United States Code, or section 2318 or 2320 of title 18, United States Code);

(D) it is trade dress merchandise involved in the violation of a court order citing section 43 of such Act of July 5, 1946 (15 U.S.C. 1125);

(E) it is merchandise which is marked intentionally in violation of section 304; or

(F) it is merchandise for which the importer has received written notices that previous importations of identical merchandise from the same supplier were found to have been marked in violation of section 304.

(3) If the importation or entry of the merchandise is subject to quantitative restrictions requiring a visa, permit, license, or other similar document, or stamp from the United States Government or from a foreign government or issuing authority pursuant to a bilateral or multilateral agreement, the merchandise shall be subject to detention in accordance with section 499 unless the appropriate visa, license, permit, or similar document or stamp is presented to the Customs Service; but if the visa, permit, license, or similar document or stamp which is presented in connection with the importation or entry of the merchandise is counterfeit, the merchandise may be seized and forfeited.

(4) If the merchandise is imported or introduced contrary to a provision of law which governs the classification of value of merchandise and there are no issues as to the admissibility of the merchandise into the United States, it shall not be seized except in accordance with section 592.

(5) In any case where the seizure and forfeiture of merchandise are required or authorized by this section, the Secretary may—

(A) remit the forfeiture under section 618, or

(B) permit the exportation of the merchandise, unless its release would adversely affect health, safety, or conservation or be in contravention of a bilateral or multilateral agreement or treaty.

(d) Merchandise exported or sent from the United States or attempted to be exported or sent from the United States contrary to

law, or the proceeds or value thereof, and property used to facilitate the exporting or sending of such merchandise, the attempted exporting or sending of such merchandise, or the receipt, purchase, transportation, concealment, or sale of such merchandise prior to exportation shall be seized and forfeited to the United States.

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Part VI—Miscellaneous Provisions

SEC. 641. CUSTOMS BROKERS.

(a) DEFINITIONS.—As used in this section:

(1) The term "customs broker" means any person granted a customs broker's license by the Secretary under subsection (b).

(2) The term "customs business" means those activities involving transaction with the Customs Service concerning the entry and admissibility of merchandise, its classification and valuation, the payment of duties, taxes, or other charges assessed or collected by the Customs Service upon merchandise by reason of its importation, or the refund, rebate, or drawback thereof. It also includes the preparation of documents or forms in any format and the electronic transmission of documents, invoices, bills, or parts thereof, intended to be filed with the Customs Service in furtherance of such activities, whether or not signed or filed by the preparer, or activities relating to such preparation, but does not include the mere electronic transmission of data received for transmission to Customs.

(3) The term "Secretary" means the Secretary of the Treasury.

(b) CUSTOM BROKER'S LICENSES.—

(1) IN GENERAL.—No person may conduct customs business (other than solely on behalf of that person) unless that person holds a valid customs broker's license issued by the Secretary under paragraph (2) or (3).

(2) LICENSES FOR INDIVIDUALS.—The Secretary may grant an individual a customs broker's license only if that individual is a citizen of the United States. Before granting the license, the Secretary may require an applicant to show any facts deemed necessary to establish that the applicant is of good moral character and qualified to render valuable service to others in the conduct of customs business. In assessing the qualifications of an applicant, the Secretary may conduct an examination to determine the applicant's knowledge of customs and related laws, regulations and procedures, bookkeeping, accounting, and all other appropriate matters.

(3) LICENSES FOR CORPORATIONS, ETC.—The Secretary may grant a customs broker's license to any corporation, association, or partnership that is organized or existing under the laws of any of the several States of the United States if at least one officer of the corporation or association, or one member of the partnership, holds a valid customs broker's license granted under paragraph (2).

(4) DUTIES.—A customs broker shall exercise responsible supervision and control over the customs business that it conducts.

(5) LAPSE OF LICENSE.—The failure of a customs broker that is licensed as a corporation, association, or partnership under paragraph (3) to have, for any continuous period of 120 days, at least one officer of the corporation or association, or at least one member of the partnership, validly licensed under paragraph (2) shall, in addition to causing the broker to be subject to any other sanction under this section (including paragraph (6)), result in the revocation by operation of law of its license.

(6) PROHIBITED ACTS.—Any person who intentionally transacts customs business, other than solely on the behalf of that person, without holding a valid customs broker's license granted to that person under this subsection shall be liable to the United States for a monetary penalty not to exceed $10,000 for each such transaction as well as for each violation of any other provision of this section. This penalty shall be assessed in the same manner and under the same procedures as the monetary penalties provided for in subsection (d)(2)(A).

(c) CUSTOMS BROKER'S PERMITS.—

(1) IN GENERAL.—Each person granted a customs broker's license under subsection (b) shall be issued, in accordance with such regulations as the Secretary shall prescribe, either or both of the following:

(A) A national permit for the conduct of such customs business as the Secretary prescribes by regulation.

(B) A permit for each customs district in which that person conducts customs business and, except as provided in paragraph (2), regularly employs at least 1 individual who is licensed under subsection (b)(2) to exercise responsible supervision and control over the customs business conducted by that person in that district.

(2) EXCEPTION.—If a person granted a customs broker's license under subsection (b) can demonstrate to the satisfaction of the Secretary that—

(A) he regularly employs in the region in which that district is located at least one individual who is licensed under subsection (b)(2), and

(B) that sufficient procedures exist within the company for the person employed in that region to exercise responsible supervision and control over the customs business conducted by that person in that district,

the Secretary may waive the requirement in paragraph (1)(B).

(3) LAPSE OF PERMIT.—The failure of a customs broker granted a permit under paragraph (1) to employ, for any continuous period of 180 days, at least one individual who is licensed under subsection (b)(2) within the district or region (if paragraph (2) applies) for which a permit was issued shall, in addition to causing the broker to be subject to any other sanction under this section (including any in subsection (d)), result in the revocation by operation of law of the permit.

(4) APPOINTMENT OF SUBAGENTS.—Notwithstanding subsection (c)(1), upon the implementation by the Secretary under section 413(b)(2) of the component of the National Customs Automation Program referred to in section 411(a)(2)(B), a licensed broker may appoint another licensed broker holding a permit in a customs district to act on its behalf as its subagent in that

district if such activity relates to the filing of information that is permitted by law or regulation to be filed electronically. A licensed broker appointing a subagent pursuant to this paragraph shall remain liable for any and all obligations arising under bond and any and all duties, taxes, and fees, as well as any other liabilities imposed by law, and shall be precluded from delegating to a subagent such liability.

(d) DISCIPLINARY PROCEEDINGS.—

(1) GENERAL RULE.—The Secretary may impose a monetary penalty in all cases with the exception of the infractions described in clause (iii) of subparagraph (B) of this subsection, or revoke or suspend a license or permit of any customs broker, if it is shown that the broker—

(A) has made or caused to be made in any application for any license or permit under this section, or report filed with the Customs Service, any statement which was, at the time and in light of the circumstances under which it was made, false or misleading with respect to any material fact, or has omitted to state in any such application or report any material fact which was required to be stated therein;

(B) has been convicted at any time after the filing of an application for license under subsection (b) of any felony or misdemeanor which the Secretary finds—

(i) involved the importation or exportation of merchandise;

(ii) arose out of the conduct of its customs business; or

(iii) involved larceny, theft, robbery, extortion, forgery, counterfeiting, fraudulent concealment, embezzlement, fraudulent conversion, or misappropriation of funds;

(C) has violated any provision of any law enforced by the Customs Service or the rules or regulations issued under any such provision;

(D) has counseled, commanded, induced, procured, or knowingly aided or abetted the violations by any other person of any provision of any law enforced by the Customs Service, or the rules or regulations issued under any such provision;

(E) has knowingly employed, or continues to employ, any person who has been convicted of a felony, without written approval of such employment from the Secretary; or

(F) has, in the course of its customs business, with intent to defraud, in any manner willfully and knowingly deceived, misled or threatened any client or prospective client.

(2) PROCEDURES.—

(A) MONETARY PENALTY.—Unless action has been taken under subparagraph (B), the appropriate customs officer shall serve notice in writing upon any customs broker to show cause why the broker should not be subject to a monetary penalty not to exceed $30,000 in total for a violation or violations of this section. The notice shall advise the customs broker of the allegations or complaints against

him and shall explain that the broker has a right to respond to the allegations or complaints in writing within 30 days of the date of the notice. Before imposing a monetary penalty, the customs officer shall consider the allegations or complaints and any timely response made by the customs broker and issue a written decision. A customs broker against whom a monetary penalty has been issued under this section shall have a reasonable opportunity under section 618 to make representations seeking remission or mitigation of the monetary penalty. Following the conclusion of any proceeding under section 618, the appropriate customs officer shall provide to the customs broker a written statement which sets forth the final determination and the findings of fact and conclusions of law on which such determination is based.

(B) REVOCATION OR SUSPENSION.—The Customs Service may, for good and sufficient reason, serve notice in writing upon any customs broker to show cause why a license or permit issued under this section should not be revoked or suspended. The notice shall be in the form of a statement specifically setting forth the grounds of the complaint, and shall allow the customs broker 30 days to respond. If no response is filed, or the Customs Service determines that the revocation or suspension is still warranted, it shall notify the customs broker in writing of a hearing to be held within 30 days, or at a later date if the broker requests an extension and shows good cause therefor, before an administrative law judge appointed pursuant to section 3105 of title 5, United States Code, who shall serve as the hearing officer. If the customs broker waives the hearing, or the broker or his designated representative fails to appear at the appointed time and place, the hearing officer shall make findings and recommendations based on the record submitted by the parties. At the hearing, the customs broker may be represented by counsel, and all proceedings, including the proof of the charges and the response thereto shall be presented with testimony taken under oath and the right of cross-examination accorded to both parties. A transcript of the hearing shall be made and a copy will be provided to the Customs Service and the customs broker; which shall thereafter be provided reasonable opportunity to file a post-hearing brief. Following the conclusion of the hearing, the hearing officer shall transmit promptly the record of the hearing along with the findings of fact and recommendations to the Secretary for decision. The Secretary will issue a written decision, based solely on the record, setting forth the findings of fact and the reasons for the decision. Such decision may provide for the sanction contained in the notice to show cause or any lesser sanction authorized by this subsection, including a monetary penalty not to exceed $30,000, then was contained in the notice to show cause.

(3) SETTLEMENT AND COMPROMISE.—The Secretary may settle and compromise any disciplinary proceeding which has been instituted under this subsection according to the terms

and conditions agreed to by the parties, including but not limited to the reduction of any proposed suspension or revocation to a monetary penalty.

(4) LIMITATION OF ACTIONS.—Notwithstanding section 621, no proceeding under this subsection or subsection (b)(6) shall be commenced unless such proceeding is instituted by the appropriate service of written notice within 5 years from the date the alleged violation was committed; except that if the alleged violation consists of fraud, the 5-year period of limitation shall commence running from the time such alleged violation was discovered.

(e) JUDICIAL APPEAL.—

(1) IN GENERAL.—A customs broker, applicant, or other person directly affected may appeal any decision of the Secretary denying or revoking a license or permit under subsection (b) or (c), or revoking or suspending a license or permit or imposing a monetary penalty in lieu thereof under subsection (d)(2)(B), by filing in the Court of International Trade, within 60 days after the issuance of the decision or order, a written petition requesting that the decision or order be modified or set aside in whole or in part. A copy of the petition shall be transmitted promptly by the clerk of the court to the Secretary or his designee. In cases involving revocation or suspension of a license or permit or imposition of a monetary penalty in lieu thereof under subsection (d)(2)(B), after receipt of the petition, the Secretary shall file in court the record upon which the decision or order complained of was entered, a provided in section 2635(d) of title 28, United States Code.

(2) CONSIDERATION OF OBJECTIONS.—The court shall not consider any objection to the decision or order of the Secretary, or to the introduction of evidence or testimony, unless that objection was raised before the hearing officer in suspension or revocation proceedings unless there were reasonable grounds for failure to do so.

(3) CONCLUSIVENESS OF FINDINGS.—The findings of the Secretary as to the facts, if supported by substantial evidence, shall be conclusive.

(4) ADDITIONAL EVIDENCE.—If any party applies to the court for leave to present additional evidence and the court is satisfied that the additional evidence is material and that reasonable grounds existed for the failure to present the evidence in the proceedings before the hearing officer, the court may order the additional evidence to be taken before the hearing officer and to be presented in a manner and upon the terms and conditions prescribed in a manner and upon the terms and conditions prescribed by the court. The Secretary may modify the findings of facts on the basis of the additional evidence presented. The Secretary shall then file with the court any new or modified findings of fact which shall be conclusive if supported by substantial evidence, together with a recommendation, if any, for the modification or setting aside of the original decision or order.

(5) EFFECT OF PROCEEDINGS.—The commencement of proceedings under this subsection shall, unless specifically ordered

by the court, operate as a stay of the decision of the Secretary except in the case of a denial of a license or permit.

(6) FAILURE TO APPEAL.—If an appeal is not filed within the time limits specified in this section, the decision by the Secretary shall be final and conclusive. In the case of a monetary penalty imposed under subsection (d)(2)(B) of this section, if the amount is not tendered within 60 days after the decision becomes final, the license shall automatically be suspended until payment is made to the Customs Service.

(f) REGULATIONS BY THE SECRETARY.—The Secretary may prescribe such rules and regulations relating to the customs business of customs brokers as the Secretary considers necessary to protect importers and the revenue of the United States, and to carry out the provisions of this section, including rules and regulations governing the licensing of or issuance of permits to customs brokers, the keeping of books, accounts, and records by customs brokers, and documents and correspondence, and the furnishing by customs brokers of any other information relating to their customs business to any duly accredited officer or employee of the Customs Service. The Secretary may not prohibit customs brokers from limiting their liability to other persons in the conduct of customs business. For purposes of this subsection or any other provision of this Act pertaining to recordkeeping, all data required to be retained by a customs broker may be kept on microfilm, optical disc, magnetic tapes, disks or drums, video files or any other electrically generated medium. Pursuant to such regulations as the Secretary shall prescribe, the conversion of data to such storage medium may be accomplished at any time subsequent to the relevant customs transaction and the data may be retained in a centralized basis according to such broker's business system.

(g) TRIENNIAL REPORTS BY CUSTOMS BROKERS.—

(1) IN GENERAL.—On February 1, 1985, and on February 1 of each third year thereafter, each person who is licensed under subsection (b) shall file with the Secretary of the Treasury a report as to—

(A) whether such person is actively engaged in business as a customs broker; and

(B) the name under, and the address at, which such business is being transacted.

(2) SUSPENSION AND REVOCATION.—If a person licensed under subsection (b) fails to file the required report by March 1 of the reporting year, the license is suspended, and may be thereafter revoked subject to the following procedures:

(A) The Secretary shall transmit written notice of suspension to the licensee no later than March 31 of the reporting year.

(B) If the licensee files the required report within 60 days of receipt of the Secretary's notice, the license shall be reinstated.

(C) In the event the required report is not filed within the 60-day period, the license shall be revoked without prejudice to the filing of an application for a new license.

(h) FEES AND CHARGES.—The Secretary may prescribe reasonable fees and charges to defray the costs of the Customs Service in carrying out the provisions of this section, including, but not limited

to, a fee for licenses issued under subsection (b) and fees for any test administered by him or under his direction; except that no separate fees shall be imposed to defray the costs of an individual audit or of individual disciplinary proceedings of any nature.

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TITLE VII—COUNTERVAILING AND ANTIDUMPING DUTIES

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Subtitle C—Reviews; Other Actions Regarding Agreements

CHAPTER 1—REVIEW OF AMOUNT OF DUTY AND AGREEMENTS OTHER THAN QUANTITATIVE RESTRICTION AGREEMENTS

SEC. 751. ADMINISTRATIVE REVIEW OF DETERMINATIONS.

(a) PERIODIC REVIEW OF AMOUNT OF DUTY.—

(1) IN GENERAL.—At least once during each 12-month period beginning on the anniversary of the date of publication of a countervailing duty order under this title or under section 303 of this Act, an antidumping duty order under this title or a finding under the Antidumping Act, 1921, or a notice of the suspension of an investigation, the administering authority, if a request for such a review has been received and after publication of notice of such review in the Federal Register, shall—

(A) review and determine the amount of any net countervailable subsidy,

(B) review, and determine (in accordance with paragraph (2)), the amount of any antidumping duty, and

(C) review the current status of, and compliance with, any agreement by reason of which an investigation was suspended, and review the amount of any net countervailable subsidy or dumping margin involved in the agreement,

and shall publish in the Federal Register the results of such review, together with notice of any duty to be assessed, estimated duty to be deposited, or investigation to be resumed.

(2) DETERMINATION OF ANTIDUMPING DUTIES.—

(A) IN GENERAL.—For the purpose of paragraph (1)(B), the administering authority shall determine—

(i) the normal value and export price (or constructed export price) of each entry of the subject merchandise, and

(ii) the dumping margin for each such entry.

(B) DETERMINATION OF ANTIDUMPING OR COUNTERVAILING DUTIES FOR NEW EXPORTERS AND PRODUCERS.—

(i) IN GENERAL.—If the administering authority receives a request from an exporter or producer of the subject merchandise establishing that—

(I) such exporter or producer did not export the merchandise that was the subject of an antidumping duty or countervailing duty order to the United States (or, in the case of a regional industry, did not export the subject merchandise for

sale in the region concerned) during the period of investigation, and

(II) such exporter or producer is not affiliated (within the meaning of section 771(33)) with any exporter or producer who exported the subject merchandise to the United States (or in the case of a regional industry, who exported the subject merchandise for sale in the region concerned) during that period,

the administering authority shall conduct a review under this subsection to establish an individual weighted average dumping margin or an individual countervailing duty rate (as the case may be) for such exporter or producer.

(ii) TIME FOR REVIEW UNDER CLAUSE (i).—The administering authority shall commence a review under clause (i) in the calendar month beginning after—

(I) the end of the 6-month period beginning on the date of the countervailing duty or antidumping duty order under review, or

(II) the end of any 6-month period occurring thereafter,

if the request for the review is made during that 6-month period.

(iii) POSTING BOND OR SECURITY.—The administering authority shall, at the time a review under this subparagraph is initiated, direct the Customs Service to allow, at the option of the importer, the posting, until the completion of the review, of a bond or security in lieu of a cash deposit for each entry of the subject merchandise.

(iv) TIME LIMITS.—The administering authority shall make a preliminary determination in a review conducted under this subparagraph within 180 days after the date on which the review is initiated, and a final determination within 90 days after the date the preliminary determination is issued, except that if the administering authority concludes that the case is extraordinarily complicated, it may extend the 180-day period to 300 days and may extend the 90-day period to 150 days.

(C) RESULTS OF DETERMINATIONS.—The determination under this paragraph shall be the basis for the assessment of countervailing or antidumping duties on entries of merchandise covered by the determination and for deposits of estimated duties.

(3) TIME LIMITS.—

(A) PRELIMINARY AND FINAL DETERMINATIONS.—The administering authority shall make a preliminary determination under subparagraph (A), (B), or (C) of paragraph (1) within 245 days after the last day of the month in which occurs the anniversary of the date of publication of the order, finding, or suspension agreement for which the review under paragraph (1) is requested, and a final determination under paragraph (1) within 120 days after the

date on which the preliminary determination is published. If it is not practicable to complete the review within the foregoing time, the administering authority may extend that 245-day period to 365 days and may extend that 120-day period to 180 days. The administering authority may extend the time for making a final determination without extending the time for making a preliminary determination, if such final determination is made not later than 300 days after the date on which the preliminary determination is published.

(B) LIQUIDATION OF ENTRIES.—If the administering authority orders any liquidation of entries pursuant to a review under paragraph (1), such liquidation shall be made promptly and, to the greatest extent practicable, within 90 days after the instructions to Customs are issued. In any case in which liquidation has not occurred within that 90-day period, the Secretary of the Treasury shall, upon the request of the affected party, provide an explanation thereof.

(C) EFFECT OF PENDING REVIEW UNDER SECTION 516A.—In a case in which a final determination under paragraph (1) is under review under section 516A and a liquidation of entries covered by the determination is enjoined under section 516A(c)(2) or suspended under section 516A(g)(5)(C), the administering authority shall, within 10 days after the final disposition of the review under section 516A, transmit to the Federal Register for publication the final disposition and issue instructions to the Customs Service with respect to the liquidation of entries pursuant to the review. In such a case, the 90-day period referred to in subparagraph (B) shall begin on the day on which the administering authority issues such instructions.

(4) ABSORPTION OF ANTIDUMPING DUTIES.—During any review under this subsection initiated 2 years or 4 years after the publication of an antidumping duty order under section 736(a), the administering authority, if requested, shall determine whether antidumping duties have been absorbed by a foreign producer or exporter subject to the order if the subject merchandise is sold in the United States through an importer who is affiliated with such foreign producer or exporter. The administering authority shall notify the Commission of its findings regarding such duty absorption for the Commission to consider in conducting a review under subsection (c).

(b) REVIEWS BASED ON CHANGED CIRCUMSTANCES.—

(1) IN GENERAL.—Whenever the administering authority or the Commission receives information concerning, or a request from an interested party for a review of—

(A) a final affirmative determination that resulted in an antidumping duty order under this title or a finding under the Antidumping Act, 1921, or in a countervailing duty order under this title or section 303,

(B) a suspension agreement accepted under section 704 or 734, or

(C) a final affirmative determination resulting from an investigation continued pursuant to section 704(g) or 734(g),

which shows changed circumstances sufficient to warrant a review of such determination or agreement, the administering authority or the Commission (as the case may be) shall conduct a review of the determination or agreement after publishing notice of the review in the Federal Register.

(2) COMMISSION REVIEW.—In conducting a review under this subsection, the Commission shall—

(A) in the case of a countervailing duty order or antidumping duty order or finding, determine whether revocation of the order or finding is likely to lead to continuation or recurrence of material injury,

(B) in the case of a determination made pursuant to section 704(h)(2) or 734(h)(2), determine whether the suspension agreement continues to eliminate completely the injurious effects of imports of the subject merchandise, and

(C) in the case of an affirmative determination resulting from an investigation continued under section 704(g) or 734(g), determine whether termination of the suspended investigation is likely to lead to continuation or recurrence of material injury.

(3) BURDEN OF PERSUASION.—During a review conducted by the Commission under this subsection—

(A) the party seeking revocation of an order or finding described in paragraph (1)(A) shall have the burden of persuasion with respect to whether there are changed circumstances sufficient to warrant such revocation, and

(B) the party seeking termination of a suspended investigation or a suspension agreement shall have the burden of persuasion with respect to whether there are changed circumstances sufficient to warrant such termination.

(4) LIMITATION ON PERIOD FOR REVIEW.—In the absence of good cause shown—

(A) the Commission may not review a determination made under section 705(b) or 735(b), or an investigation suspended under section 704 or 734, and

(B) the administering authority may not review a determination made under section 705(a) or 735(a), or an investigation suspended under section 704 or 734,

less than 24 months after the date of publication of notice of that determination or suspension.

(c) FIVE-YEAR REVIEW.—

(1) IN GENERAL.—Notwithstanding subsection (b) and except in the case of a transition order defined in paragraph (6), 5 years after the date of publication of—

(A) a countervailing duty order (other than a countervailing duty order to which subparagraph (B) applies or which was issued without an affirmative determination of injury by the Commission under section 303), an antidumping duty order, or a notice of suspension of an investigation, described in subsection (a)(1),

(B) a notice of injury determination under section 753 with respect to a countervailing duty order, or

(C) a determination under this section to continue an order or suspension agreement,

the administering authority and the Commission shall conduct a review to determine, in accordance with section 752, whether revocation of the countervailing or antidumping duty order or termination of the investigation suspended under section 704 or 734 would be likely to lead to continuation or recurrence of dumping or a countervailable subsidy (as the case may be) and of material injury.

(2) NOTICE OF INITIATION OF REVIEW.—Not later than 30 days before the fifth anniversary of the date described in paragraph (1), the administering authority shall publish in the Federal Register a notice of initiation of a review under this subsection and request that interested parties submit—

(A) a statement expressing their willingness to participate in the review by providing information requested by the administering authority and the Commission,

(B) a statement regarding the likely effects of revocation of the order or termination of the suspended investigation, and

(C) such other information or industry data as the administering authority or the Commission may specify.

(3) RESPONSES TO NOTICE OF INITIATION.—

(A) NO RESPONSE.—If no interested party responds to the notice of initiation under this subsection, the administering authority shall issue a final determination, within 90 days after the initiation of a review, revoking the order or terminating the suspended investigation to which such notice relates. For purposes of this paragraph, an interested party means a party described in section 771(9) (C), (D), (E), (F), or (G).

(B) INADEQUATE RESPONSE.—If interested parties provide inadequate responses to a notice of initiation, the administering authority, within 120 days after the initiation of the review, or the Commission, within 150 days after such initiation, may issue, without further investigation, a final determination based on the facts available, in accordance with section 776.

(4) WAIVER OF PARTICIPATION BY CERTAIN INTERESTED PARTIES.—

(A) IN GENERAL.—An interested party described in section 771(9) (A) or (B) may elect not to participate in a review conducted by the administering authority under this subsection and to participate only in the review conducted by the Commission under this subsection.

(B) EFFECT OF WAIVER.—In a review in which an interested party waives its participation pursuant to this paragraph, the administering authority shall conclude that revocation of the order or termination of the investigation would be likely to lead to continuation or recurrence of dumping or a countervailable subsidy (as the case may be) with respect to that interested party.

(5) CONDUCT OF REVIEW.—

(A) TIME LIMITS FOR COMPLETION OF REVIEW.—Unless the review has been completed pursuant to paragraph (3)

or paragraph (4) applies, the administering authority shall make its final determination pursuant to section 752 (b) or (c) within 240 days after the date on which a review is initiated under this subsection. If the administering authority makes a final affirmative determination, the Commission shall make its final determination pursuant to section 752(a) within 360 days after the date on which a review is initiated under this subsection.

(B) EXTENSION OF TIME LIMIT.—The administering authority or the Commission (as the case may be) may extend the period of time for making their respective determinations under this subsection by not more than 90 days, if the administering authority or the Commission (as the case may be) determines that the review is extraordinarily complicated. In a review in which the administering authority extends the time for making a final determination, but the Commission does not extend the time for making a determination, the Commission's determination shall be made not later than 120 days after the date on which the final determination of the administering authority is published.

(C) EXTRAORDINARILY COMPLICATED.—For purposes of this subsection, the administering authority or the Commission (as the case may be) may treat a review as extraordinarily complicated if—

(i) there is a large number of issues,

(ii) the issues to be considered are complex,

(iii) there is a large number of firms involved,

(iv) the orders or suspended investigations have been grouped as described in subparagraph (D), or

(v) it is a review of a transition order.

(D) GROUPED REVIEWS.—The Commission, in consultation with the administering authority, may group orders or suspended investigations for review if it considers that such grouping is appropriate and will promote administrative efficiency. Where orders or suspended investigations have been grouped, the Commission shall, subject to subparagraph (B), make its final determination under this subsection not later than 120 days after the date that the administering authority publishes notice of its final determination with respect to the last order or agreement in the group.

(6) SPECIAL TRANSITION RULES.—

(A) SCHEDULE FOR REVIEWS OF TRANSITION ORDERS.—

(i) INITIATION.—The administering authority shall begin its review of transition orders in the 42d calendar month after the date such orders are issued. A review of all transition orders shall be initiated not later than the 5th anniversary after the date such orders are issued.

(ii) COMPLETION.—A review of a transition order shall be completed not later than 18 months after the date such review is initiated. Reviews of all transition orders shall be completed not later than 18 months

after the 5th anniversary of the date such orders are issued.

(iii) SUBSEQUENT REVIEWS.—The time limits set forth in clauses (i) and (ii) shall be applied to all subsequent 5-year reviews of transition orders by substituting "date of the determination to continue such orders" for "date such orders are issued".

(iv) REVOCATION AND TERMINATION.—No transition order may be revoked under this subsection before the date that is 5 years after the date the WTO Agreement enters into force with respect to the United States.

(B) SEQUENCE OF TRANSITION REVIEWS.—The administering authority, in consultation with the Commission, shall determine such sequence of review of transition orders as it deems appropriate to promote administrative efficiency. To the extent practicable, older orders shall be reviewed first.

(C) DEFINITION OF TRANSITION ORDER.—For purposes of this section, the term "transition order" means—

(i) a countervailing duty order under this title or under section 303,

(ii) an antidumping duty order under this title or a finding under the Antidumping Act, 1921, or

(iii) a suspension of an investigation under section 704 or 734,

which is in effect on the date the WTO Agreement enters into force with respect to the United States.

(D) ISSUE DATE FOR TRANSITION ORDERS.—For purposes of this subsection, a transition order shall be treated as issued on the date the WTO Agreement enters into force with respect to the United States, if such order is based on an investigation conducted by both the administering authority and the Commission.

(7) EXCLUSIONS FROM COMPUTATIONS.—

(A) IN GENERAL.—Subject to subparagraph (B), there shall be excluded from the computation of the 5-year period described in paragraph (1) and the periods described in paragraph (6) any period during which the importation of the subject merchandise is prohibited on account of the imposition, under the International Emergency Economic Powers Act or other provision of law, of sanctions by the United States against the country in which the subject merchandise originates.

(B) APPLICATION OF EXCLUSION.—Subparagraph (A) shall apply only with respect to subject merchandise which originates in a country that is not a WTO member.

(d) REVOCATION OF ORDER OR FINDING; TERMINATION OF SUSPENDED INVESTIGATION.—

(1) IN GENERAL.—The administering authority may revoke, in whole or in part, a countervailing duty order or an antidumping duty order or finding, or terminate a suspended investigation, after review under subsection (a) or (b). The administering authority shall not revoke, in whole or in part, a countervailing duty order or terminate a suspended investiga-

tion on the basis of any export taxes, duties, or other charges levied on the export of the subject merchandise to the United States which are specifically intended to offset the countervailable subsidy received.

(2) FIVE-YEAR REVIEWS.—In the case of a review conducted under subsection (c), the administering authority shall revoke a countervailing duty order or an antidumping duty order or finding, or terminate a suspended investigation, unless—

(A) the administering authority makes a determination that dumping or a countervailable subsidy, as the case may be, would be likely to continue or recur, and

(B) the Commission makes a determination that material injury would be likely to continue or recur as described in section 752(a).

(3) APPLICATION OF REVOCATION OR TERMINATION.—A determination under this section to revoke an order or finding or terminate a suspended investigation shall apply with respect to unliquidated entries of the subject merchandise which are entered, or withdrawn from warehouse, for consumption on or after the date determined by the administering authority.

(e) HEARINGS.—Whenever the administering authority or the Commission conducts a review under this section, it shall, upon the request of an interested party, hold a hearing in accordance with section 774(b) in connection with that review.

(f) DETERMINATION THAT BASIS FOR SUSPENSION NO LONGER EXISTS.—If the determination of the Commission under subsection (b)(2)(B) is negative, the suspension agreement shall be treated as not accepted, beginning on the date of publication of the Commission's determination, and the administering authority and the Commission shall proceed, under section 704(i) or 734(i), as if the suspension agreement had been violated on that date, except that no duty under any order subsequently issued shall be assessed on merchandise entered, or withdrawn from warehouse, for consumption before that date.

(g) REVIEWS TO IMPLEMENT RESULTS OF SUBSIDIES ENFORCEMENT PROCEEDING.—

(1) VIOLATIONS OF ARTICLE 8 OF THE SUBSIDIES AGREEMENT.—If—

(A) the administering authority receives notice from the Trade Representative of a violation of Article 8 of the Subsidies Agreement,

(B) the administering authority has reason to believe that merchandise subject to an existing countervailing duty order or suspended investigation is benefiting from the subsidy or subsidy program found to have been in violation of Article 8 of the Subsidies Agreement, and

(C) no review pursuant to subsection (a)(1) is in progress,

the administering authority shall conduct a review of the order or suspended investigation to determine whether the subject merchandise benefits from the subsidy or subsidy program found to have been in violation of Article 8 of the Subsidies Agreement. If the administering authority determines that the subject merchandise is benefiting from the subsidy or subsidy program, it shall make appropriate adjustments in the esti-

mated duty to be deposited or appropriate revisions to the terms of the suspension agreement.

(2) WITHDRAWAL OF SUBSIDY OR IMPOSITION OF COUNTERMEASURES.—If the Trade Representative notifies the administering authority that, pursuant to Article 4 or Article 7 of the Subsidies Agreement—

(A)(i) the United States has imposed countermeasures, and

(ii) such countermeasures are based on the effects in the United States of imports of merchandise that is the subject of a countervailing duty order, or

(B) a WTO member country has withdrawn a countervailable subsidy provided with respect to merchandise subject to a countervailing duty order,

the administering authority shall conduct a review to determine if the amount of the estimated duty to be deposited should be adjusted or the order should be revoked.

(3) EXPEDITED REVIEW.—The administering authority shall conduct reviews under this subsection on an expedited basis, and shall publish the results of such reviews in the Federal Register.

(h) CORRECTION OF MINISTERIAL ERRORS.—The administering authority shall establish procedures for the correction of ministerial errors in final determinations within a reasonable time after the determinations are issued under this section. Such procedures shall ensure opportunity for interested parties to present their views regarding any such errors. As used in this subsection, the term "ministerial error" includes errors in addition, subtraction, or other arithmetic function, clerical errors resulting from inaccurate copying, duplication, or the like, and any other type of unintentional error which the administering authority considers ministerial.

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Subtitle D—General Provisions

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SEC. 777. ACCESS TO INFORMATION.

(a) INFORMATION GENERALLY MADE AVAILABLE.—

(1) PUBLIC INFORMATION FUNCTION.—There shall be established a library of information relating to foreign subsidy practices and countervailing measures. Copies of material in the library shall be made available to the public upon payment of the costs of preparing such copies.

(2) PROGRESS OF INVESTIGATION REPORTS.—The administering authority and the Commission shall, from time to time upon request, inform the parties to an investigation of the progress of that investigation.

(3) EX PARTE MEETINGS.—The administering authority and the Commission shall maintain a record of any ex parte meeting between—

(A) interested parties or other persons providing factual information in connection with a proceeding, and

(B) the person charged with making the determination, or any person charged with making a final recommendation to that person, in connection with that proceeding,

if information relating to that proceeding was presented or discussed at such meeting. The record of such an ex parte meeting shall include the identity of the persons present at the meeting, the date, time, and place of the meeting, and a summary of the matters discussed or submitted. The record of the ex parte meeting shall be included in the record of the proceeding.

(4) SUMMARIES; NON-PROPRIETARY SUBMISSIONS.—The administering authority and the Commission shall disclose—

(A) any proprietary information received in the course of a proceeding if it is disclosed in a form which cannot be associated with, or otherwise be used to identify, operations of a particular person, and

(B) any information submitted in connection with a proceeding which is not designated as proprietary by the person submitting it.

(b) PROPRIETARY INFORMATION.—

(1) PROPRIETARY STATUS MAINTAINED.—

(A) IN GENERAL.—Except as provided in subsection (a)(4)(A) and subsection (c), information submitted to the administering authority or the Commission which is designated as proprietary by the person submitting the information shall not be disclosed to any person without the consent of the person submitting the information, other than—

(i) to an officer or employee of the administering authority or the Commission who is directly concerned with carrying out the investigation in connection with which the information is submitted or any review under this title covering the same subject merchandise, or

(ii) to an officer or employee of the United States Customs Service who is directly involved in conducting an investigation regarding fraud under this title.

(B) ADDITIONAL REQUIREMENTS.—The administering authority and the Commission shall require that information for which proprietary treatment is requested be accompanied by—

(i) either—

(I) a non-proprietary summary in sufficient detail to permit a reasonable understanding of the substance of the information submitted in confidence, or

(II) a statement that the information is not susceptible to summary accompanied by a statement of the reasons in support of the contention, and

(ii) either—

(I) a statement which permits the administering authority or the Commission to release under administrative protective order, in accordance with subsection (c), the information submitted in confidence, or

(II) a statement to the administering authority or the Commission that the business proprietary

information is of a type that should not be released under administrative protective order.

(2) UNWARRANTED DESIGNATION.—If the administering authority or the Commission determines, on the basis of the nature and extent of the information or its availability from public sources, that designation of any information as proprietary is unwarranted, then it shall notify the person who submitted it and ask for an explanation of the reasons for the designation. Unless that person persuades the administering authority or the Commission that the designation is warranted, or withdraws the designation, the administering authority or the Commission, as the case may be, shall return it to the party submitting it. In a case in which the administering authority or the Commission returns the information to the person submitting it, the person may thereafter submit other material concerning the subject matter of the returned information if the submission is made within the time otherwise provided for submitting such material.

(3) SECTION 751 REVIEWS.—Notwithstanding the provisions of paragraph (1), information submitted to the administering authority or the Commission in connection with a review under section 751(b) or 751(c) which is designated as proprietary by the person submitting the information may, if the review results in the revocation of an order or finding (or termination of a suspended investigation) under section 751(d), be used by the agency to which the information was originally submitted in any investigation initiated within 2 years after the date of the revocation or termination pursuant to a petition covering the same subject merchandise.

(c) LIMITED DISCLOSURE OF CERTAIN PROPRIETARY INFORMATION UNDER PROTECTIVE ORDER.—

(1) DISCLOSURE BY ADMINISTERING AUTHORITY OR COMMISSION.—

(A) IN GENERAL.—Upon receipt of an application (before or after receipt of the information requested) which describes in general terms the information requested and sets forth the reasons for the request, the administering authority or the Commission shall make all business proprietary information presented to, or obtained by it, during a proceeding (except privileged information, classified information, and specific information of a type for which there is a clear and compelling need to withhold from disclosure) available to interested parties who are parties to the proceeding under a protective order described in subparagraph (B), regardless of when the information is submitted during a proceeding. Customer names obtained during any investigation which requires a determination under section 705(b) or 735(b) may not be disclosed by the administering authority under protective order until either an order is published under section 706(a) or 736(a) as a result of the investigation or the investigation is suspended or terminated. The Commission may delay disclosure of customer names under protective order during any such investigation until a reasonable time prior to any hearing provided under section 774.

(B) PROTECTIVE ORDER.—The protective order under which information is made available shall contain such requirements as the administering authority or the Commission may determine by regulation to be appropriate. The administering authority and the Commission shall provide by regulation for such sanctions as the administering authority and the Commission determine to be appropriate, including disbarment from practice before the agency.

(C) TIME LIMITATION ON DETERMINATIONS.—The administering authority or the Commission, as the case may be, shall determine whether to make information available under this paragraph—

(i) not later than 14 days (7 days if the submission pertains to a proceeding under section 703(a) or 733(a)) after the date on which the information is submitted, or

(ii) if—

(I) the person that submitted the information raises objection to its release, or

(II) the information is unusually voluminous or complex,

not later than 30 days (10 days if the submission pertains to a proceeding under section 703(a) or 733(a)) after the date on which the information is submitted.

(D) AVAILABILITY AFTER DETERMINATION.—If the determination under subparagraph (C) is affirmative, then—

(i) the business proprietary information submitted to the administering authority or the Commission on or before the date of the determination shall be made available, subject to the terms and conditions of the protective order, on such date; and

(ii) the business proprietary information submitted to the administering authority or the Commission after the date of the determination shall be served as required by subsection (d).

(E) FAILURE TO DISCLOSE.—If a person submitting information to the administering authority refuses to disclose business proprietary information which the administering authority determines should be released under a protective order described in subparagraph (B), the administering authority shall return the information, and any nonconfidential summary thereof, to the person submitting the information and summary and shall not consider either.

(2) DISCLOSURE UNDER COURT ORDER.—If the administering authority denies a request for information under paragraph (1), then application may be made to the United States Customs Court for an order directing the administering authority or the Commission to make the information available. After notification of all parties to the investigation and after an opportunity for a hearing on the record, the court may issue an order, under such conditions as the court deems appropriate, which shall not have the effect of stopping or suspending the investigation, directing the administering authority or the Commission to make all or a portion of the requested information described in the preceding sentence available under a pro-

tective order and setting forth sanctions for violation of such order if the court finds that, under the standards applicable in proceedings of the court, such an order is warranted, and that—

(A) the administering authority or the Commission has denied access to the information under subsection (b)(1),

(B) the person on whose behalf the information is requested is an interested party who is a party to the investigation in connection with which the information was obtained or developed, and

(C) the party which submitted the information to which the request relates has been notified, in advance of the hearing, of the request made under this section and of its right to appear and be heard.

(d) SERVICE.—Any party submitting written information, including business proprietary information, to the administering authority or the Commission during a proceeding shall, at the same time, serve the information upon all interested parties who are parties to the proceeding, if the information is covered by a protective order. The administering authority or the Commission shall not accept any such information that is not accompanied by a certificate of service and a copy of the protective order version of the document containing the information. Business proprietary information shall only be served upon interested parties who are parties to the proceeding that are subject to protective order; however, a nonconfidential summary thereof shall be served upon all other interested parties who are parties to the proceeding.

(f) DISCLOSURE OF PROPRIETARY INFORMATION UNDER PROTECTIVE ORDERS ISSUED PURSUANT TO THE NORTH AMERICAN FREE TRADE AGREEMENT OR THE UNITED STATES-CANADA AGREEMENT.—

(1) ISSUANCE OF PROTECTIVE ORDERS.—

(A) IN GENERAL.—If binational panel review of a determination under this title is requested pursuant to article 1904 of the NAFTA or the United States-Canada Agreement, or an extraordinary challenge committee is convened under Annex 1904.13 of the NAFTA or the United States-Canada Agreement, the administering authority or the Commission, as appropriate, may make available to authorized persons, under a protective order described in paragraph (2), a copy of all proprietary material in the administrative record made during the proceeding in question. If the administrating authority or the Commission claims a privilege as to a document or portion of a document in the administrative record of the proceeding in question and a binational panel or extraordinary challenge committee finds that in camera inspection or limited disclosure of that document or portion thereof is required by United States law, the administering authority or the Commission, as appropriate, may restrict access to such document or portion thereof to the authorized persons identified by the panel or committee as requiring access and may require such persons to obtain access under a protective order described in paragraph (2).

(B) AUTHORIZED PERSONS.—For purposes of this subsection, the term "authorized persons" means—

(i) the members of, and the appropriate staff of, the binational panel or the extraordinary challenge committee, as the case may be, and the Secretariat,

(ii) counsel for parties to such panel or committee proceeding, and employees, and persons under the direction and control, of such counsel,

(iii) any officer or employee of the United States Government designated by the administering authority or the Commission, as appropriate, to whom disclosure is necessary in order to make recommendations to the Trade Representative regarding the convening of extraordinary challenge committees under chapter 19 of the NAFTA or the Agreement, and

(iv) any officer or employee of the Government of a free trade area country (as defined in section 516A(f)(10)) designated by an authorized agency of such country to whom disclosure is necessary in order to make decisions regarding the convening of extraordinary challenge committees under chapter 19 of the NAFTA or the Agreement.

(C) REVIEW.—A decision concerning the disclosure or nondisclosure of material under protective order by the administering authority or the Commission shall not be subject to judicial review, and no court of the United States shall have power or jurisdiction to review such decision on any question of law or fact by an action in the nature of mandamus or otherwise.

(2) CONTENTS OF PROTECTIVE ORDER.—Each protective order issued under this subsection shall be in such form and contain such requirements as the administering authority or the Commission may determine by regulation to be appropriate. The administering authority and the Commission shall ensure that regulations issued pursuant to this paragraph shall be designed to provide an opportunity for participation in the binational panel proceeding, including any extraordinary challenge, equivalent to that available for judicial review of determinations by the administering authority or the Commission that are not subject to review by a binational panel.

(3) PROHIBITED ACTS.—It is unlawful for any person to violate, to induce the violation of, or knowingly to receive information the receipt of which constitutes a violation of, any provision of a protective order issued under this subsection or to violate, to induce the violation of, or knowingly to receive information the receipt of which constitutes a violation of, any provision of an undertaking entered into with an authorized agency of a free trade area country (as defined in section 516A(f)(10)) to protect proprietary material during binational panel or extraordinary challenge committee review pursuant to article 1904 of the NAFTA or the United States-Canada Agreement.

(4) SANCTIONS FOR VIOLATION OF PROTECTIVE ORDERS.—Any person, except a judge appointed to a binational panel or an extraordinary challenge committee under section 402(b) of the North American Free Trade Agreement Implementation Act, who is found by the administering authority or the Commission, as appropriate, after notice and an opportunity for a hear-

ing in accordance with section 554 of title 5, United States Code, to have committed an act prohibited by paragraph (3) shall be liable to the United States for a civil penalty and shall be subject to such other administrative sanctions, including, but not limited to, debarment from practice before the administering authority or the Commission, as the administering authority or the Commission determines to be appropriate. The amount of the civil penalty shall not exceed $100,000 for each violation. Each day of a continuing violation shall constitute a separate violation. The amount of such civil penalty and other sanctions shall be assessed by the administering authority or the Commission by written notice, except that assessment shall be made by the administering authority for violation, or inducement of a violation or receipt of information with reason to know that such information was disclosed in violation, of an undertaking entered into by any person with an authorized agency of a free trade area country (as defined in section 516A(f)(10)).

(5) REVIEW OF SANCTIONS.—Any person against whom sanctions are imposed under paragraph (4) may obtain review of such sanctions by filing a notice of appeal in the United States Court of International Trade within 30 days from the date of the order imposing the sanction and by simultaneously sending a copy of such notice by certified mail to the administering authority or the Commission, as appropriate. The administering authority or the Commission shall promptly file in such court a certified copy of the record upon which such violation was found or such sanction imposed, as provided in section 2112 of title 28, United States Code. The findings and order of the administering authority or the Commission shall be set aside by the court only if the court finds that such findings and order are not supported by substantial evidence, as provided in section 706(2) of title 5, United States Code.

(6) ENFORCEMENT OF SANCTIONS.—If any person fails to pay an assessment of a civil penalty or to comply with other administrative sanctions after the order imposing such sanctions becomes a final and unappealable order, or after the United States Court of International Trade has entered final judgment in favor of the administering authority or the Commission, an action may be filed in such court to enforce the sanctions. In such action, the validity and appropriateness of the final order imposing the sanctions shall not be subject to review.

(7) TESTIMONY AND PRODUCTION OF PAPERS.—

(A) AUTHORITY TO OBTAIN INFORMATION.—For the purpose of conducting any hearing and carrying out other functions and duties under this subsection, the administering authority and the Commission, or their duly authorized agents—

(i) shall have access to and the right to copy any pertinent document, paper, or record in the possession of any individual, partnership, corporation, association, organization, or other entity,

(ii) may summon witnesses, take testimony, and administer oaths,

(iii) and may require any individual or entity to produce pertinent documents, books, or records.

Any member of the Commission, and any person so designated by the administering authority, may sign subpoenas, and members and agents of the administering authority and the Commission, when authorized by the administering authority or the Commission, as appropriate, may administer oaths and affirmations, examine witnesses, take testimony, and receive evidence.

(B) WITNESSES AND EVIDENCE.—The attendance of witnesses who are authorized to be summoned, and the production of documentary evidence authorized to be ordered, under subparagraph (A) may be required from any place in the United States at any designated place of hearing. In the case of disobedience to a subpoena issued under subparagraph (A), an action may be filed in any district or territorial court of the United States to require the attendance and testimony of witnesses and the production of documentary evidence. Such court, within the jurisdiction of which such inquiry is carried on, may, in case of contumacy or refusal to obey a subpoena issued to any individual, partnership, corporation, association, organization or other entity, issue any order requiring such individual or entity to appear before the administering authority or the Commission, or to produce documentary evidence if so ordered or to give evidence concerning the matter in question. Any failure to obey such order of the court may be punished by the court as a contempt thereof.

(C) MANDAMUS.—Any court referred to in subparagraph (B) shall have jurisdiction to issue writs of mandamus commanding compliance with the provisions of this subsection or any order of the administering authority or the Commission made in pursuance thereof.

(D) DEPOSITIONS.—For purposes of carrying out any functions or duties under this subsection, the administering authority or the Commission may order testimony to be taken by deposition. Such deposition may be taken before any person designated by the administering authority or Commission and having power to administer oaths. Such testimony shall be reduced to writing by the person taking the deposition, or under the direction of such person, and shall then be subscribed by the deponent. Any individual, partnership, corporation, association, organization or other entity may be compelled to appear and depose and to produce documentary evidence in the same manner as witnesses may be compelled to appear and testify and produce documentary evidence before the administering authority or Commission, as provided in this paragraph.

(E) FEES AND MILEAGE OF WITNESSES.—Witnesses summoned before the administering authority or the Commission shall be paid the same fees and mileage that are paid witnesses in the courts of the United States.

(g) INFORMATION RELATING TO VIOLATIONS OF PROTECTIVE ORDERS AND SANCTIONS.—The administering authority and the Com-

mission may withhold from disclosure any correspondence, private letters of reprimand, settlement agreements, and documents and files compiled in relation to investigations and actions involving a violation or possible violation of a protective order issued under subsection (c) or (d), and such information shall be treated as information described in section 552(b)(3) of title 5, United States Code.

(h) OPPORTUNITY FOR COMMENT BY CONSUMERS AND INDUSTRIAL USERS.—The administering authority and the Commission shall provide an opportunity for industrial users of the subject merchandise and, if the merchandise is sold at the retail level, for representative consumer organizations, to submit relevant information to the administering authority concerning dumping or a countervailable subsidy, and to the Commission concerning material injury by reason of dumped or subsidized imports.

(i) PUBLICATION OF DETERMINATIONS; REQUIREMENTS FOR FINAL DETERMINATIONS.—

(1) IN GENERAL.—Whenever the administering authority makes a determination under section 702 or 732 whether to initiate an investigation, or the administering authority or the Commission makes a preliminary determination under section 703 or 733, a final determination under section 705 or section 735, a preliminary or final determination in a review under section 751, a determination to suspend an investigation under this title, or a determination under section 753, the administering authority or the Commission, as the case may be, shall publish the facts and conclusions supporting that determination, and shall publish notice of that determination in the Federal Register.

(2) CONTENTS OF NOTICE OR DETERMINATION.—The notice or determination published under paragraph (1) shall include, to the extent applicable—

(A) in the case of a determination of the administering authority—

(i) the names of the exporters or producers of the subject merchandise or, when providing such names is impracticable, the countries exporting the subject merchandise to the United States,

(ii) a description of the subject merchandise that is sufficient to identify the subject merchandise for customs purposes,

(iii)(I) with respect to a determination in an investigation under subtitle A or section 753 or in a review of a countervailing duty order, the amount of the countervailable subsidy established and a full explanation of the methodology used in establishing the amount, and

(II) with respect to a determination in an investigation under subtitle B or in a review of an antidumping duty order, the weighted average dumping margins established and a full explanation of the methodology used in establishing such margins, and

(iv) the primary reasons for the determination; and

(B) in the case of a determination of the Commission—

(i) considerations relevant to the determination of injury, and

(ii) the primary reasons for the determination.

(3) ADDITIONAL REQUIREMENTS FOR FINAL DETERMINATIONS.—In addition to the requirements set forth in paragraph (2)—

(A) the administering authority shall include in a final determination described in paragraph (1) an explanation of the basis for its determination that addresses relevant arguments, made by interested parties who are parties to the investigation or review (as the case may be), concerning the establishment of dumping or a countervailable subsidy, or the suspension of the investigation, with respect to which the determination is made; and

(B) the Commission shall include in a final determination of injury an explanation of the basis for its determination that addresses relevant arguments that are made by interested parties who are parties to the investigation or review (as the case may be) concerning volume, price effects, and impact on the industry of imports of the subject merchandise.

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SECTION 9503 OF THE OMNIBUS BUDGET RECONCILIATION ACT OF 1987

SEC. 9503. UNITED STATES CUSTOMS SERVICE AUTHORIZATIONS.

(a) [Omitted amendatory text]

(b) [Omitted amendatory text]

(c) ADVISORY COMMITTEE ON COMMERCIAL OPERATIONS OF UNITED STATES CUSTOMS SERVICE.—

(1) The Secretary of the Treasury shall establish an advisory committee which shall be known as the "Advisory Committee on Commercial Operations of the United States Customs Service"(hereafter in this subsection referred to as the "Advisory Committee").

(2)(A) The Advisory Committee shall consist of 20 members appointed by the Secretary of the Treasury.

(B) In making appointments under subparagraph (A), the Secretary of the Treasury shall ensure that—

(i) the membership of the Advisory Committee is representative of the individuals and firms affected by the commercial operations of the United States Customs Service; and

(ii) a majority of the members of the Advisory Committee do not belong to the same political party.

(3) The Advisory Committee shall—

(A) provide advice to the Secretary of the Treasury on all matters involving the commercial operations of the United States Customs Service; and

(B) submit an annual report to the Committee on Finance of the Senate and the Committee on Ways and Means of the House of Representatives that shall—

(i) describe the operations of the Advisory Committee during the preceding year, and

(ii) set forth any recommendations of the Advisory Committee regarding the commercial operations of the United States Customs Service.

(4) The Assistant Secretary of the Treasury for Enforcement shall preside over meetings of the Advisory Committee.

(d) [Omitted amendatory text]

SECTION 2 OF THE ACT OF MARCH 3, 1927

(Public Law 69–348)

AN ACT To create a Bureau of Customs and a Bureau of Prohibition in the Department of the Treasury.

SECTION 2. (a) The Secretary of the Treasury is authorized to appoint, in each of the bureaus established by section 1, one assistant commissioner, two deputy commissioners, one chief clerk, and such attorneys customs and other officers and employees as he may deem necessary. One of the deputy commissioners of the Bureau of Customs shall have charge of investigations. Appointments under this subdivision shall be subject to the provisions of the civil service laws, and the salaries shall be fixed in accordance with the Classification Act of 1923.

(b) The Secretary of the Treasury is authorized to designate an officer of the Bureau of Customs to act as Commissioner of Customs, during the absence or disability of the Commissioner of Customs, or in the event that there is no Commissioner of Customs; and to designate an officer of the Bureau of Prohibition to act as Commissioner of Prohibition during the absence or disability of the Commissioner of Prohibition, or in the event that there is no Commissioner of Prohibition.

(c) The personnel of the Bureau of Customs shall perform such duties as the Secretary of the Treasury may prescribe.

(d) OFFICE OF INTERNATIONAL TRADE.—

(1) ESTABLISHMENT.—There is established within the United States Customs and Border Protection an Office of International Trade that shall be headed by an Assistant Commissioner.

(2) TRANSFER OF ASSETS, FUNCTIONS, AND PERSONNEL; ELIMINATION OF OFFICES.—

(A) OFFICE OF STRATEGIC TRADE.—

(i) IN GENERAL.—Not later than 90 days after the date of the enactment of the SAFE Port Act, the Commissioner shall transfer the assets, functions, and personnel of the Office of Strategic Trade to the Office of International Trade established pursuant to paragraph (1) and the Office of Strategic Trade shall be abolished.

(ii) LIMITATION ON FUNDS.—No funds appropriated to the United States Customs and Border Protection may be used to transfer the assets, functions, or personnel of the Office of Strategic Trade, to an office other than the office established pursuant to paragraph (1) of this subsection.

(B) OFFICE OF REGULATIONS AND RULINGS.—

(i) IN GENERAL.—Not later than 90 days after the date of the enactment of the SAFE Port Act, the Commissioner shall transfer the assets, functions, and personnel of the Office of Regulations and Rulings to the Office of International Trade established pursuant to paragraph (1) and the Office of Regulations and Rulings shall be abolished.

(ii) LIMITATION ON FUNDS.—No funds appropriated to the United States Customs and Border Protection may be used to transfer the assets, functions, or personnel of the Office of Regulations and Rulings, to an office other than the office established pursuant to paragraph (1) of this subsection.

(C) OTHER TRANSFERS.—The Commissioner is authorized to transfer any other assets, functions, or personnel within the United States Customs and Border Protection to the Office of International Trade established pursuant to paragraph (1). Not less than 45 days prior to each such transfer, the Commissioner shall notify the Committee on Appropriations, the Committee on Finance, and the Committee on Homeland Security and Governmental Affairs of the Senate and the Committee on Appropriations, the Committee on Homeland Security, and the Committee on Ways and Means of the House of Representatives of the specific assets, functions, or personnel to be transferred, and the reason for such transfer. Such notification shall also include—

(i) an explanation of how trade enforcement functions will be impacted by the reorganization;

(ii) an explanation of how the reorganization meets the requirements of section 412(b) of the Homeland Security Act of 2002 that the Department of Homeland Security not diminish the customs revenue and trade facilitation functions formerly performed by the United States Customs Service; and

(iii) any comments or recommendations provided by the Commercial Operations Advisory Committee regarding such reorganization.

(D) REPORT.— Not later than 1 year after any reorganization pursuant to subparagraph (C) takes place, the Commissioner, in consultation with the Commercial Operations Advisory Committee, shall report to the Committee on Finance of the Senate and the Committee on Ways and Means of the House of Representatives. Such report shall include an assessment of the impact of, and any suggested modifications to, such reorganization.

(E) LIMITATION ON AUTHORITY.—Notwithstanding any other provision of law, the Commissioner shall not transfer any assets, functions, or personnel from United States ports of entry, associated with the enforcement of laws relating to trade in textiles and apparel, to the Office of International Trade established pursuant to paragraph (1), until the following conditions are met:

(i) The Commissioner submits the initial Resource Allocation Model required by section 301(h) of the Customs and Procedural Reform and Simplification Act of 1978 and includes in such Resource Allocation Model a section addressing the allocation of assets, functions, and personnel associated with the enforcement of laws relating to trade in textiles and apparel.

(ii) The Commissioner consults with the Committee on Finance of the Senate and the Committee on Ways and Means of the House of Representatives regarding any subsequent transfer of assets, functions, or personnel associated with the enforcement of laws relating to trade in textiles and apparel, not less than 45 days prior to such transfer.

(F) LIMITATION ON APPROPRIATIONS.—No funds appropriated to the United States Customs and Border Protection may be used to transfer the assets, functions, or personnel associated with the enforcement of laws relating to trade in textiles and apparel, before the Commissioner consults with the congressional committees pursuant to subparagraph (E)(ii).

(e) INTERNATIONAL TRADE COMMITTEE.—

(1) ESTABLISHMENT.— The Commissioner shall establish an International Trade Committee, to be chaired by the Commissioner, and to include the Deputy Commissioner, the Assistant Commissioner in the Office of Field Operations, the Assistant Commissioner in the Office of Finance, the Assistant Commissioner in the Office of International Affairs, the Assistant Commissioner in the Office of International Trade, the Director of the Office of Trade Relations, and any other official determined by the Commissioner to be important to the work of the Committee.

(2) RESPONSIBILITIES.—The International Trade Committee shall—

(A) be responsible for advising the Commissioner with respect to the commercial customs and trade facilitation functions of the United States Customs and Border Protection;

(B) assist the Commissioner in coordinating with the Secretary regarding commercial customs and trade facilitation functions; and

(C) oversee the operation of all programs and systems that are involved in the assessment and collection of duties, bonds, and other charges or penalties associated with the entry of cargo into the United States, or the export of cargo from the United States, including the administration of duty drawback and the collection of antidumping and countervailing duties.

(3) ANNUAL REPORT.—Not later than 30 days after the end of each fiscal year, the International Trade Committee shall submit a report to the Committee on Finance of the Senate and the Committee on Ways and Means of the House of Representatives. The report shall—

(A) detail the activities of the International Trade Committee during the preceding fiscal year; and

(B) identify the priorities of the International Trade Committee for the fiscal year in which the report is filed.

(f) DEFINITION.—In this section:

(1) COMMISSIONER.—The term 'Commissioner' means the Commissioner responsible for the United States Customs and Border Protection in the Department of Homeland Security.

(2) COMMERCIAL OPERATIONS ADVISORY COMMITTEE.—The term 'Commercial Operations Advisory Committee' means the Advisory Committee established pursuant to section 9503(c) of the Omnibus Budget Reconciliation Act of 1987 or any successor committee.

SECTION 343 OF THE TRADE ACT OF 2002

SEC. 343. MANDATORY ADVANCED ELECTRONIC INFORMATION FOR CARGO AND OTHER IMPROVED CUSTOMS REPORTING PROCEDURES

(a) CARGO INFORMATION.

(1) IN GENERAL.—(A) Subject to paragraphs (2) and (3), the Secretary is authorized to promulgate regulations providing for the transmission to the Customs Service, through an electronic data interchange system, of information pertaining to cargo to be brought into the United States or to be sent from the United States, prior to the arrival or departure of the cargo.

(B) The Secretary shall endeavor to promulgate an initial set of regulations under subparagraph (A) not later than October 1, 2003.

(2) INFORMATION REQUIRED.—The cargo information required by the regulations promulgated pursuant to paragraph (1) under the parameters set forth in paragraph (3) shall be such information on cargo as the Secretary determines to be reasonably necessary to ensure cargo safety and security pursuant to those laws enforced and administered by the Customs Service. The Secretary shall provide to appropriate Federal departments and agencies cargo information obtained pursuant to paragraph (1).

(3) PARAMETERS.—In developing regulations pursuant to paragraph (1), the Secretary shall adhere to the following parameters:

(A) The Secretary shall solicit comments from and consult with a broad range of parties likely to be affected by the regulations, including importers, exporters, carriers, customs brokers, and freight forwarders, among other interested parties.

(B) In general, the requirement to provide particular information shall be imposed on the party most likely to have direct knowledge of that information. Where requiring information from the party with direct knowledge of that information is not practicable, the regulations shall take into account how, under ordinary commercial practices, information is acquired by the party on which the requirement is imposed, and whether and how such party is able to verify the information. Where information is not reasonably verifiable by the party on which a requirement is imposed, the regulations shall permit that party to

transmit information on the basis of what it reasonably believes to be true.

(C) The Secretary shall take into account the existence of competitive relationships among the parties on which requirements to provide particular information are imposed.

(D) Where the regulations impose requirements on carriers of cargo, they shall take into account differences among different modes of transportation, including differences in commercial practices, operational characteristics, and technological capacity to collect and transmit information electronically.

(E) The regulations shall take into account the extent to which the technology necessary for parties to transmit and the Customs Service to receive and analyze data in a timely fashion is available. To the extent that the Secretary determines that the necessary technology will not be widely available to particular modes of transportation or other affected parties until after promulgation of the regulations, the regulations shall provide interim requirements appropriate for the technology that is available at the time of promulgation.

(F) The information collected pursuant to the regulations shall be used exclusively for ensuring cargo safety and security and preventing smuggling, and shall not be used for determining merchandise entry or for any other commercial enforcement purposes. Notwithstanding the preceding sentence, nothing in this section shall be treated as amending, repealing, or otherwise modifying title IV of the Tariff Act of 1930 or regulations promulgated thereunder.

(G) The regulations shall protect the privacy of business proprietary and any other confidential cargo information provided to the Customs Service pursuant to such regulations, except for the manifest information collected pursuant to section 431 of the Tariff Act of 1930 and required to be available for public disclosure pursuant to section 431(c) of such Act.

(H) In determining the timing for transmittal of any information, the Secretary shall balance likely impact on flow of commerce with impact on cargo safety and security. With respect to requirements that may be imposed on carriers of cargo, the timing for transmittal of information shall take into account differences among different modes of transportation, as described in subparagraph (D).

(I) Where practicable, the regulations shall avoid imposing requirements that are redundant with one another or that are redundant with requirements in other provisions of law.

(J) The Secretary shall determine whether it is appropriate to provide transition periods between promulgation of the regulations and the effective date of the regulations and shall prescribe such transition periods in the regulations, as appropriate. The Secretary may determine that different transition periods are appropriate for different classes of affected parties.

(K) With respect to requirements imposed on carriers, the Secretary, in consultation with the Postmaster General, shall determine whether it is appropriate to impose the same or similar requirements on shipments by the United States Postal Service. If the Secretary determines that such requirements are appropriate, then they shall be set forth in the regulations.

(L) Not later than 15 days prior to publication of a final rule pursuant to this section, the Secretary shall transmit to the Committees on Finance and Commerce, Science, and Transportation of the Senate and the Committees on Ways and Means and Transportation and Infrastructure of the House of Representatives a report setting forth—

(i) the proposed regulations;

(ii) an explanation of how particular requirements in the proposed regulations meet the needs of cargo safety and security;

(iii) an explanation of how the Secretary expects the proposed regulations to affect the commercial practices of affected parties;

(iv) an explanation of how the proposed regulations address particular comments received from interested parties; and

(v) if the Secretary determines to amend the proposed regulations after they have been transmitted to the Committees pursuant to this subparagraph, the Secretary shall transmit the amended regulations to such Committees no later than 5 days prior to the publication of the final rule.

(4) TRANSMISSION OF DATA.—Pursuant to paragraph (2), not later than 1 year after the date of enactment of this paragraph, the Secretary of Homeland Security, after consultation with the Secretary of the Treasury, shall establish an electronic data interchange system through which the United States Customs and Border Protection shall transmit to the Internal Revenue Service information pertaining to cargoes of any taxable fuel (as defined in section 4083 of the Internal Revenue Code of 1986) that the United States Customs and Border Protection has obtained electronically under its regulations adopted in accordance with paragraph (1). For this purpose, not later than 1 year after the date of enactment of this paragraph, all filers of required cargo information for such taxable fuels (as so defined) must provide such information to the United States Customs and Border Protection through such electronic data interchange system.

(b) DOCUMENTATION OF WATERBORNE CARGO.—Part II of title IV of the Tariff Act of 1930 is amended by inserting after section 431 the following new section:

"SEC. 431A. DOCUMENTATION OF WATERBORNE CARGO.

"(a) APPLICABILITY.—This section shall apply to all cargo to be exported that is moved by a vessel carrier from a port in the United States.

"(b) DOCUMENTATION REQUIRED.—(1) No shipper of cargo subject to this section (including an ocean transportation intermediary that is a non-vessel-operating common carrier (as defined in section

3(17)(B) of the Shipping Act of 1984 (46 U.S.C. App. 1702(17)(B)) may tender or cause to be tendered to a vessel carrier cargo subject to this section for loading on a vessel in a United States port, unless such cargo is properly documented pursuant to this subsection.

"(2) For the purposes of this subsection, cargo shall be considered properly documented if the shipper submits to the vessel carrier or its agent a complete set of shipping documents no later than 24 hours after the cargo is delivered to the marine terminal operator, but under no circumstances later than 24 hours prior to departure of the vessel.

"(3) A complete set of shipping documents shall include—

"(A) for shipments for which a shipper's export declaration is required, a copy of the export declaration or, if the shipper files such declarations electronically in the Automated Export System, the complete bill of lading, and the master or equivalent shipping instructions, including the Internal Transaction Number (ITN); or

"(B) for shipments for which a shipper's export declaration is not required, a shipper's export declaration exemption statement and such other documents or information as the Secretary may by regulation prescribe.

"(4) The Secretary shall by regulation prescribe the time, manner, and form by which shippers shall transmit documents or information required under this subsection to the Customs Service.

"(c) LOADING UNDOCUMENTED CARGO PROHIBITED.—

"(1) No marine terminal operator (as defined in section 3(14) of the Shipping Act of 1984 (46 U.S.C. App. 1702(14))) may load, or cause to be loaded, any cargo subject to this section on a vessel unless instructed by the vessel carrier operating the vessel that such cargo has been properly documented in accordance with this section.

"(2) When cargo is booked by 1 vessel carrier to be transported on the vessel of another vessel carrier, the booking carrier shall notify the operator of the vessel that the cargo has been properly documented in accordance with this section. The operator of the vessel may rely on such notification in releasing the cargo for loading aboard the vessel.

"(d) REPORTING OF UNDOCUMENTED CARGO.—A vessel carrier shall notify the Customs Service of any cargo tendered to such carrier that is not properly documented pursuant to this section and that has remained in the marine terminal for more than 48 hours after being delivered to the marine terminal, and the location of the cargo in the marine terminal. For vessel carriers that are members of vessel sharing agreements (or any other arrangement whereby a carrier moves cargo on another carrier's vessel), the vessel carrier accepting the booking shall be responsible for reporting undocumented cargo, without regard to whether it operates the vessel on which the transportation is to be made.

"(e) ASSESSMENT OF PENALTIES.—Whoever is found to have violated subsection (b) of this section shall be liable to the United States for civil penalties in a monetary amount up to the value of the cargo, or the actual cost of the transportation, whichever is greater.

"(f) SEIZURE OF UNDOCUMENTED CARGO.—

"(1) Any cargo that is not properly documented pursuant to this section and has remained in the marine terminal for more than 48 hours after being delivered to the marine terminal operator shall be subject to search, seizure, and forfeiture.

"(2) The shipper of any such cargo is liable to the marine terminal operator and to the ocean carrier for demurrage and other applicable charges for any undocumented cargo which has been notified to or searched or seized by the Customs Service for the entire period the cargo remains under the order and direction of the Customs Service. Unless the cargo is seized by the Customs Service and forfeited, the marine terminal operator and the ocean carrier shall have a lien on the cargo for the amount of the demurrage and other charges.

"(g) EFFECT ON OTHER PROVISIONS. —Nothing in this section shall be construed, interpreted, or applied to relieve or excuse any party from compliance with any obligation or requirement arising under any other law, regulation, or order with regard to the documentation or carriage of cargo.".

(c) SECRETARY.—For purposes of this section, the term "Secretary" means the Secretary of the Treasury. If, at the time the regulations required by subsection (a)(1) are promulgated, the Customs Service is no longer located in the Department of the Treasury, then the Secretary of the Treasury shall exercise the authority under subsection (a) jointly with the Secretary of the Department in which the Customs Service is located.

TRADE ACT OF 1974

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act, with the following table of contents, may be cited as the "Trade Act of 1974".

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TITLE II—RELIEF FROM INJURY CAUSED BY IMPORT COMPETITION

CHAPTER 1—POSITIVE ADJUSTMENT BY INDUSTRIES INJURED BY IMPORTS

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TITLE III—RELIEF FROM UNFAIR TRADE PRACTICES

CHAPTER 1—ENFORCEMENT OF UNITED STATES RIGHTS UNDER TRADE AGREEMENTS AND RESPONSE TO FOREIGN TRADE PRACTICES

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Sec. 310. Identification of trade liberalization priorities.

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TITLE I—NEGOTIATING AND OTHER AUTHORITY

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CHAPTER 6—CONGRESSIONAL LIAISON AND REPORTS

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SEC. 163. REPORTS.

(a) ANNUAL REPORT ON TRADE AGREEMENTS PROGRAM AND NATIONAL TRADE POLICY AGENDA.—

(1) The President shall submit to the Congress during each calendar year (but not later than March 1 of that year) a report on—

(A) the operation of the trade agreements program, and the provision of import relief and adjustment assistance to workers and firms, under this Act during the preceding calendar year; and

(B) the national trade policy agenda for the year in which the report is submitted.

(2) The report shall include, with respect to the matters referred to in paragraph (1)(A), information regarding—

(A) new trade negotiations;

(B) changes made in duties and nontariff barriers and other distortions of trade of the United States;

(C) reciprocal concessions obtained;

(D) changes in trade agreements (including the incorporation therein of actions taken for import relief and compensation provided therefor);

(E) the extension or withdrawal of nondiscriminatory treatment by the United States with respect to the products of foreign countries;

(F) the extension, modification, withdrawal, suspension, or limitation of preferential treatment to exports of developing countries;

(G) the results of actions to obtain the removal of foreign trade restrictions (including discriminatory restrictions) against United States exports and the removal of foreign practices which discriminate against United States service industries (including transportation and tourism) and investment;

(H) the measures being taken to seek the removal of other significant foreign import restrictions;

(I) each of the referrals made under section 141(d)(1)(B) and any action taken with respect to such referral;

(J) other information relating to the trade agreements program and to the agreements entered into thereunder; and

(K) the number of applications filed for adjustment assistance for workers and firms, the number of such applications which were approved, and the extent to which adjustment assistance has been provided under such approved applications.

(3)(A) The national trade policy agenda required under paragraph (1)(B) for the year in which a report is submitted shall be in the form of a statement of—

(i) the trade policy objectives and priorities of the United States for the year, and the reasons therefor;

(ii) the actions proposed, or anticipated, to be undertaken during the year to achieve such objectives and priorities, including, but not limited to, actions authorized under the trade laws and negotiations with foreign countries;

(iii) any proposed legislation necessary or appropriate to achieve any of such objectives or priorities; and

(iv) the progress that was made during the preceding year in achieving the trade policy objectives and priorities included in the statement provided for that year under this paragraph.

(B) The President may separately submit any information referred to in subparagraph (A) to the Congress in confidence if the President considers confidentiality appropriate.

(C) Before submitting the national trade policy agenda for any year, the President shall seek advice from the appropriate advisory committees established under section 135 and shall consult with the appropriate committees of the Congress.

(D) The United States Trade Representative (hereafter referred to in this section as the "Trade Representative"") and other appropriate officials of the United States Government shall consult periodically with the appropriate committees of the Congress regarding the annual objectives and priorities set forth in each national trade policy agenda with respect to—

(i) the status and results of the actions that have been undertaken to achieve the objectives and priorities; and

(ii) any development which may require, or result in, changes to any of such objectives or priorities.

(b) ANNUAL TRADE PROJECTION REPORT.—

(1) In order for the Congress to be informed of the impact of foreign trade barriers and macroeconomic factors on the balance of trade of the United States, the Trade Representative and the Secretary of the Treasury shall jointly prepare and submit to the Committee on Finance of the Senate and the Committee on Ways and Means of the House of Representatives (hereafter referred to in this subsection as the "Committees") on or before March 1 of each year a report which consists of—

(A) a review and analysis of—

(i) the merchandise balance of trade,

(ii) the goods and services balance of trade,

(iii) the balance on the current account,

(iv) the external debt position,

(v) the exchange rates,

(vi) the economic growth rates,

(vii) the deficit or surplus in the fiscal budget, and

(viii) the impact on United States trade of market barriers and other unfair practices,

of countries that are major trading partners of the United States, including, as appropriate, groupings of such countries;

(B) projections for each of the economic factors described in subparagraph (A) (except those described in clauses (v) and (viii)) for each of the countries and groups of countries

referred to in subparagraph (A) for the year in which the report is submitted and for the succeeding year; and

(C) conclusions and recommendations, based upon the projections referred to in subparagraph (B), for policy changes, including trade policy, exchange rate policy, fiscal policy, and other policies that should be implemented to improve the outlook.

(2) To the extent that subjects referred to in paragraph (1)(A), (B), or (C) are covered in the national trade policy agenda required under subsection (a)(1)(B) or in other reports required by this Act or other law, the Trade Representative and the Secretary of the Treasury may, as appropriate, draw on the information, analysis, and conclusions, if any, in those reports for the purposes of preparing the report required by this subsection.

(3) The Trade Representative and the Secretary of the Treasury shall consult with the Chairman of the Board of Governors of the Federal Reserve System in the preparation of each report required under this subsection.

(4) The Trade Representative and the Secretary of the Treasury may separately submit any information, analysis, or conclusion referred to in paragraph (1) to the Committees in confidence if the Trade Representative and the Secretary consider confidentiality appropriate.

(5) After submission of each report required under paragraph (1), the Trade Representative and the Secretary of the Treasury shall consult with each of the Committees with respect to the report.

(c) ITC REPORTS.—The United States International Trade Commission shall submit to the Congress, at least once a year, a factual report on the operation of the trade agreements program.

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TITLE III—RELIEF FROM UNFAIR TRADE PRACTICES

CHAPTER 1—ENFORCEMENT OF UNITED STATES RIGHTS UNDER TRADE AGREEMENTS AND RESPONSE TO CERTAIN FOREIGN TRADE PRACTICES

SEC. 301. ACTIONS BY UNITED STATES TRADE REPRESENTATIVE.

(a) MANDATORY ACTION.—

(1) If the United States Trade Representative determines under section 304(a)(1) that—

(A) the rights of the United States under any trade agreement are being denied; or

(B) an act, policy, or practice of a foreign country—

(i) violates, or is inconsistent with, the provisions of, or otherwise denies benefits to the United States under, any trade agreement, or

(ii) is unjustifiable and burdens or restricts United States commerce;

the Trade Representative shall take action authorized in subsection (c), subject to the specific direction, if any, of the President regarding any such action, and shall take all other appropriate and feasible action within the power of the President that the President may direct the Trade Representative to take under this subsection, to enforce such rights or to obtain the elimination of such act, policy, or practice.

Actions may be taken that are within the power of the President with respect to trade in any goods or services, or with respect to any other area of pertinent relations with the foreign country.

(2) The Trade Representative is not required to take action under paragraph (1) in any case in which—

(A) the Dispute Settlement Body (as defined in section 121(5) of the Uruguay Round Agreements Act) has adopted a report, or a ruling issued under the formal dispute settlement proceeding provided under any other trade agreement finds, that—

(i) the rights of the United States under a trade agreement are not being denied, or

(ii) the act, policy, or practice—

(I) is not a violation of, or inconsistent with, the rights of the United States, or

(II) does not deny, nullify, or impair benefits to the United States under any trade agreement; or

(B) the Trade Representative finds that—

(i) the foreign country is taking satisfactory measures to grant the rights of the United States under a trade agreement,

(ii) the foreign country has—

(I) agreed to eliminate or phase out the act, policy, or practice, or

(II) agreed to an imminent solution to the burden or restriction on United States commerce that is satisfactory to the Trade Representative,

(iii) it is impossible for the foreign country to achieve the results described in clause (i) or (ii), as appropriate, but the foreign country agrees to provide to the United States compensatory trade benefits that are satisfactory to the Trade Representative,

(iv) in extraordinary cases, where the taking of action under this subsection would have an adverse impact on the United States economy substantially out of proportion to the benefits of such action, taking into account the impact of not taking such action on the credibility of the provisions of this chapter, or

(v) the taking of action under this subsection would cause serious harm to the national security of the United States.

(3) Any action taken under paragraph (1) to eliminate an act, policy, or practice shall be devised so as to affect goods or services of the foreign country in an amount that is equivalent in value to the burden or restriction being imposed by that country on United States commerce.

(b) DISCRETIONARY ACTION.—If the Trade Representative determines under section 304(a)(1) that—

(1) an act, policy, or practice of a foreign country is unreasonable or discriminatory and burdens or restricts United States commerce, and

(2) action by the United States is appropriate, the Trade Representative shall take all appropriate and feasible action authorized under subsection (c), subject to the specific direction, if any, of the President regarding any such action, and all other appropriate and feasible action within the power of the President that the President may direct the Trade Representative to take under this subsection, to obtain the elimination of that act, policy, or practice.

Actions may be taken that are within the power of the President with respect to trade in any goods or services, or with respect to any other area of pertinent relations with the foreign country.

(c) SCOPE OF AUTHORITY.—

(1) For purposes of carrying out the provisions of subsection (a) or (b), the Trade Representative is authorized to—

(A) suspend, withdraw, or prevent the application of, benefits of trade agreement concessions to carry out a trade agreement with the foreign country referred to in such subsection;

(B) impose duties or other import restrictions on the goods of, and, notwithstanding any other provision of law, fees or restrictions on the services of, such foreign country for such time as the Trade Representative determines appropriate;

(C) in a case in which the act, policy, or practice also fails to meet the eligibility criteria for receiving duty-free treatment under subsections (b) and (c) of section 502 of this Act, subsections (b) and (c) of section 212 of the Caribbean Basin Economic Recovery Act (19 U.S.C. 2702(b) and (c)), or subsections (c) and (d) of section 203 of the Andean Trade Preference Act (19 U.S.C. 3202(c) and (d)), withdraw, limit, or suspend such treatment under such provisions, notwithstanding the provisions of subsection (a)(3) of this section; or

(D) enter into binding agreements with such foreign country that commit such foreign country to—

(i) eliminate, or phase out, the act, policy, or practice that is the subject of the action to be taken under subsection (a) or (b),

(ii) eliminate any burden or restriction on United States commerce resulting from such act, policy, or practice, or

(iii) provide the United States with compensatory trade benefits that—

(I) are satisfactory to the Trade Representative, and

(II) meet the requirements of paragraph (4).

(2)(A) Notwithstanding any other provision of law governing any service sector access authorization, and in addition to the authority conferred in paragraph (1), the Trade Representative may, for purposes of carrying out the provisions of subsection (a) or (b)—

(i) restrict, in the manner and to the extent the Trade Representative determines appropriate, the terms and conditions of any such authorization, or

(ii) deny the issuance of any such authorization.

(B) Actions described in subparagraph (A) may only be taken under this section with respect to service sector access authorizations granted, or applications therefor pending, on or after the date on which—

(i) a petition is filed under section 302(a), or

(ii) a determination to initiate an investigation is made by the Trade Representative under section 302(b).

(C) Before the Trade Representative takes any action under this section involving the imposition of fees or other restrictions on the services of a foreign country, the Trade Representative shall, if the services involved are subject to regulation by any agency of the Federal Government or of any State, consult, as appropriate, with the head of the agency concerned.

(3) The actions the Trade Representative is authorized to take under subsection (a) or (b) may be taken against any goods or economic sector—

(A) on a nondiscriminatory basis or solely against the foreign country described in such subsection, and

(B) without regard to whether or not such goods or economic sector were involved in the act, policy, or practice that is the subject of such action.

(4) Any trade agreement described in paragraph (1)(D)(iii) shall provide compensatory trade benefits that benefit the economic sector which includes the domestic industry that would benefit from the elimination of the act, policy, or practice that is the subject of the action to be taken under subsection (a) or (b), or benefit the economic sector as closely related as possible to such economic sector, unless—

(A) the provision of such trade benefits is not feasible, or

(B) trade benefits that benefit any other economic sector would be more satisfactory than such trade benefits.

(5) If the Trade Representative determines that actions to be taken under subsection (a) or (b) are to be in the form of import restrictions, the Trade Representative shall—

(A) give preference to the imposition of duties over the imposition of other import restrictions, and

(B) if an import restriction other than a duty is imposed, consider substituting, on an incremental basis, an equivalent duty for such other import restriction.

(6) Any action taken by the Trade Representative under this section with respect to export targeting shall, to the extent possible, reflect the full benefit level of the export targeting to the beneficiary over the period during which the action taken has an effect.

(d) DEFINITIONS AND SPECIAL RULES.—For purposes of this chapter—

(1) The term "commerce" includes, but is not limited to—

(A) services (including transfers of information) associated with international trade, whether or not such services are related to specific goods, and

(B) foreign direct investment by United States persons with implications for trade in goods or services.

(2) An act, policy, or practice of a foreign country that burdens or restricts United States commerce may include the provision, directly or indirectly, by that foreign country of subsidies for the construction of vessels used in the commercial transportation by water of goods between foreign countries and the United States.

(3)(A) An act, policy, or practice is unreasonable if the act, policy, or practice, while not necessarily in violation of, or inconsistent with, the international legal rights of the United States, is otherwise unfair and inequitable.

(B) Acts, policies, and practices that are unreasonable include, but are not limited to, any act, policy, or practice, or any combination of acts, policies, or practices, which—

(i) denies fair and equitable—

(I) opportunities for the establishment of an enterprise,

(II) provision of adequate and effective protection of intellectual property rights notwithstanding the fact that the foreign country may be in compliance with the specific obligations of the Agreement on Trade-Related Aspects of Intellectual Property Rights referred to in section 101(d)(15) of the Uruguay Round Agreements Act,

(III) nondiscriminatory market access opportunities for United States persons that rely upon intellectual property protection, or

(IV) market opportunities, including the toleration by a foreign government of systematic anticompetitive activities by enterprises or among enterprises in the foreign country that have the effect of restricting, on a basis that is inconsistent with commercial considerations, access of United States goods or services to a foreign market,

(ii) constitutes export targeting, or

(iii) constitutes a persistent pattern of conduct that—

(I) denies workers the right of association,

(II) denies workers the right to organize and bargain collectively,

(III) permits any form of forced or compulsory labor,

(IV) fails to provide a minimum age for the employment of children, or

(V) fails to provide standards for minimum wages, hours of work, and occupational safety and health of workers.

(C)(i) Acts, policies, and practices of a foreign country described in subparagraph (B)(iii) shall not be treated as being unreasonable if the Trade Representative determines that—

(I) the foreign country has taken, or is taking, actions that demonstrate a significant and tangible overall advancement in providing throughout the foreign country (including any designated zone within the foreign country) the rights and other standards described in the subclauses of subparagraph (B)(iii), or

(II) such acts, policies, and practices are not inconsistent with the level of economic development of the foreign country.

(ii) The Trade Representative shall publish in the Federal Register any determination made under clause (i), together with a description of the facts on which such determination is based.

(D) For purposes of determining whether any act, policy, or practice is unreasonable, reciprocal opportunities in the United States for foreign nationals and firms shall be taken into account, to the extent appropriate.

(E) The term "export targeting" means any government plan or scheme consisting of a combination of coordinated actions (whether carried out severally or jointly) that are bestowed on a specific enterprise, industry, or group thereof, the effect of which is to assist the enterprise, industry, or group to become more competitive in the export of a class or kind of merchandise.

(F)(i) For the purposes of subparagraph (B)(i)(II), adequate and effective protection of intellectual property rights includes adequate and effective means under the laws of the foreign country for persons who are not citizens or nationals of such country to secure, exercise, and enforce rights and enjoy commercial benefits relating to patents, trademarks, copyrights and related rights, mask works, trade secrets, and plant breeder's rights.

(ii) For purposes of subparagraph (B)(i)(IV), the denial of fair and equitable nondiscriminatory market access opportunities includes restrictions on market access related to the use, exploitation, or enjoyment of commercial benefits derived from exercising intellectual property rights in protected works or fixations or products embodying protected works.

(4)(A) An act, policy, or practice is unjustifiable if the act, policy, or practice is in violation of, or inconsistent with, the international legal rights of the United States.

(B) Acts, policies, and practices that are unjustifiable include, but are not limited to, any act, policy, or practice described in subparagraph (A) which denies national or most-favored-nation treatment or the right of establishment or protection of intellectual property rights.

(5) Acts, policies, and practices that are discriminatory include, when appropriate, any act, policy, and practice which denies national or most-favored-nation treatment to United States goods, services, or investment.

(6) The term "service sector access authorization" means any license, permit, order, or other authorization, issued under the authority of Federal law, that permits a foreign supplier of services access to the United States market in a service sector concerned.

(7) The term "foreign country" includes any foreign instrumentality. Any possession or territory of a foreign country that is administered separately for customs purposes shall be treated as a separate foreign country.

(8) The term "Trade Representative" means the United States Trade Representative.

(9) The term "interested persons", only for purposes of sections 302(a)(4)(B), 304(b)(1)(A), 306(c)(2), and 307(a)(2), includes, but is not limited to, domestic firms and workers, representatives of consumer interests, United States product exporters, and any industrial user of any goods or services that may be affected by actions taken under subsection (a) or (b).

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SEC. 306. MONITORING OF FOREIGN COMPLIANCE.

(a) IN GENERAL.—The Trade Representative shall monitor the implementation of each measure undertaken, or agreement that is entered into, by a foreign country to provide a satisfactory resolution of a matter subject to investigation under this chapter or subject to dispute settlement proceedings to enforce the rights of the United States under a trade agreement providing for such proceedings.

(b) FURTHER ACTION.—

(1) IN GENERAL.—If, on the basis of the monitoring carried out under subsection (a), the Trade Representative considers that a foreign country is not satisfactorily implementing a measure or agreement referred to in subsection (a), the Trade Representative shall determine what further action the Trade Representative shall take under section 301(a). For purposes of section 301, any such determination shall be treated as a determination made under section 304(a)(1).

(2) WTO DISPUTE SETTLEMENT RECOMMENDATIONS.—

(A) FAILURE TO IMPLEMENT RECOMMENDATION.—If the measure or agreement referred to in subsection (a) concerns the implementation of a recommendation made pursuant to dispute settlement proceedings under the World Trade Organization, and the Trade Representative considers that the foreign country has failed to implement it, the Trade Representative shall make the determination in paragraph (1) no later than 30 days after the expiration of the reasonable period of time provided for such implementation under paragraph 21 of the Understanding on Rules and Procedures Governing the Settlement of Disputes that is referred to in section 101(d)(16) of the Uruguay Round Agreements Act.

(B) REVISION OF RETALIATION LIST AND ACTION.—

(i) IN GENERAL.—Except as provided in clause (ii), in the event that the United States initiates a retaliation list or takes any other action described in section 301(c)(1)(A) or (B) against the goods of a foreign country or countries because of the failure of such country or countries to implement the recommendation made pursuant to a dispute settlement proceeding under the World Trade Organization, the Trade Representative shall periodically revise the list or action to affect other goods of the country or countries that have failed to implement the recommendation.

(ii) EXCEPTION.—The Trade Representative is not required to revise the retaliation list or the action described in clause (i) with respect to a country, if—

(I) the Trade Representative determines that implementation of a recommendation made pursuant to a dispute settlement proceeding described in clause (i) by the country is imminent; or

(II) the Trade Representative together with the petitioner involved in the initial investigation under this chapter (or if no petition was filed, the affected United States industry) agree that it is unnecessary to revise the retaliation list.

(C) SCHEDULE FOR REVISING LIST OR ACTION.—The Trade Representative shall, 120 days after the date the retaliation list or other section 301(a) action is first taken, and every 180 days thereafter, review the list or action taken and revise, in whole or in part, the list or action to affect other goods of the subject country or countries.

(D) STANDARDS FOR REVISING LIST OR ACTION.—In revising any list or action against a country or countries under this subsection, the Trade Representative shall act in a manner that is most likely to result in the country or countries implementing the recommendations adopted in the dispute settlement proceeding or in achieving a mutually satisfactory solution to the issue that gave rise to the dispute settlement proceeding. The Trade Representative shall consult with the petitioner, if any, involved in the initial investigation under this chapter.

(E) RETALIATION LIST.—The term "retaliation list" means the list of products of a foreign country or countries that have failed to comply with the report of the panel or Appellate Body of the WTO and with respect to which the Trade Representative is imposing duties above the level that would otherwise be imposed under the Harmonized Tariff Schedule of the United States.

(F) REQUIREMENT TO INCLUDE RECIPROCAL GOODS ON RETALIATION LIST.—The Trade Representative shall include on the retaliation list, and on any revised lists, reciprocal goods of the industries affected by the failure of the foreign country or countries to implement the recommendation made pursuant to a dispute settlement proceeding under the World Trade Organization, except in cases where existing retaliation and its corresponding preliminary retaliation list do not already meet this requirement.

(c) CONSULTATIONS.—Before making any determination under subsection (b), the Trade Representative shall—

(1) consult with the petitioner, if any, involved in the initial investigation under this chapter and with representatives of the domestic industry concerned; and

(2) provide an opportunity for the presentation of views by interested persons.

SEC. 307. MODIFICATION AND TERMINATION OF ACTIONS.

(a) IN GENERAL.—

(1) The Trade Representative may modify or terminate any action, subject to the specific direction, if any, of the President with respect to such action, that is being taken under section 301 if—

(A) any of the conditions described in section 301(a)(2) exist,

(B) the burden or restriction on United States commerce of the denial rights, or of the acts, policies, and practices, that are the subject of such action has increased or decreased, or

(C) such action is being taken under section 301(b) and is no longer appropriate.

(2) Before taking any action under paragraph (1) to modify or terminate any action taken under section 301, the Trade Representative shall consult with the petitioner, if any, and with representatives of the domestic industry concerned, and shall provide opportunity for the presentation of views by other interested persons affected by the proposed modification or termination concerning the effects of the modification or termination and whether any modification or termination of the action is appropriate.

(b) NOTICE; REPORT TO CONGRESS.—The Trade Representative shall promptly publish in the Federal Register notice of, and report in writing to the Congress with respect to, any modification or termination of any action taken under section 301 and the reasons therefor.

(c) REVIEW OF NECESSITY.—

(1) If—

(A) a particular action has been taken under section 301 during any 4-year period, and

(B) neither the petitioner nor any representative of the domestic industry which benefits from such action has submitted to the Trade Representative during the last 60 days of such 4-year period a written request for the continuation of such action,

such action shall terminate at the close of such 4-year period.

(2) The Trade Representative shall notify by mail the petitioner and representatives of the domestic industry described in paragraph (1)(B) of any termination of action by reason of paragraph (1) at least 60 days before the date of such termination.

(3) If a request is submitted to the Trade Representative under paragraph (1)(B) to continue taking a particular action under section 301, the Trade Representative shall conduct a review of—

(A) the effectiveness in achieving the objectives of section 301 of—

(i) such action, and

(ii) other actions that could be taken (including actions against other products or services), and

(B) the effects of such actions on the United States economy, including consumers.

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SEC. 310. IDENTIFICATION OF TRADE EXPANSION PRIORITIES.

(a) IDENTIFICATION.—

(1) Within 180 days after the submission in calendar year 1995 of the report required by section 181(b), the Trade Representative shall—

(A) review United States trade expansion priorities,

(B) identify priority foreign country practices, the elimination of which is likely to have the most significant potential to increase United States exports, either directly or through the establishment of a beneficial precedent, and

(C) submit to the Committee on Finance of the Senate and the Committee on Ways and Means of the House of Representatives and publish in the Federal Register a report on the priority foreign country practices identified.

(2) In identifying priority foreign country practices under paragraph (1) of this section, the Trade Representative shall take into account all relevant factors, including—

(A) the major barriers and trade distorting practices described in the National Trade Estimate Report required under section 181(b);

(B) the trade agreements to which a foreign country is a party and its compliance with those agreements;

(C) the medium- and long-term implications of foreign government procurement plans; and

(D) the international competitive position and export potential of United States products and services.

(3) The Trade Representative may include in the report, if appropriate—

(A) a description of foreign country practices that may in the future warrant identification as priority foreign country practices; and

(B) a statement about other foreign country practices that were not identified because they are already being addressed by provisions of United States trade law, by existing bilateral trade agreements, or as part of trade negotiations with other countries and progress is being made toward the elimination of such practices.

(b) INITIATION OF INVESTIGATIONS.—By no later than the date which is 21 days after the date on which a report is submitted to the appropriate congressional committees under subsection (a)(1), the Trade Representative shall initiate under section 302(b)(1) investigations under this chapter with respect to all of the priority foreign country practices identified.

(c) AGREEMENTS FOR THE ELIMINATION OF BARRIERS.—In the consultations with a foreign country that the Trade Representative is required to request under section 303(a) with respect to an investigation initiated by reason of subsection (b), the Trade Representative shall seek to negotiate an agreement that provides for the elimination of the practices that are the subject of the investigation as quickly as possible or, if elimination of the practices is not feasible, an agreement that provides for compensatory trade benefits.

(d) REPORTS.—The Trade Representative shall include in the semiannual report required by section 309 a report on the status of any investigations initiated pursuant to subsection (b) and, where appropriate, the extent to which such investigations have led to increased opportunities for the export of products and services of the United States.

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SECTION 401 OF THE SAFETY AND ACCOUNTABILITY FOR EVERY PORT ACT

SEC. 401. TRADE AND CUSTOMS REVENUE FUNCTIONS OF THE DEPARTMENT.

(a) TRADE AND CUSTOMS REVENUE FUNCTIONS.—

(1) DESIGNATION OF APPROPRIATE OFFICIAL.—The Secretary shall designate an appropriate senior official in the office of the Secretary who shall—

(A) ensure that the trade and customs revenue functions of the Department are coordinated within the Department and with other Federal departments and agencies, and that the impact on legitimate trade is taken into account in any action impacting the functions; and

(B) monitor and report to Congress on the Department's mandate to ensure that the trade and customs revenue functions of the Department are not diminished, including how spending, operations, and personnel related to these functions have kept pace with the level of trade entering the United States.

(2) DIRECTOR OF TRADE POLICY.—There shall be a Director of Trade Policy (in this subsection referred to as the "Director"), who shall be subject to the direction and control of the official designated pursuant to paragraph (1). The Director shall—

(A) advise the official designated pursuant to paragraph (1) regarding all aspects of Department policies relating to the trade and customs revenue functions of the Department;

(B) coordinate the development of Department-wide policies regarding trade and customs revenue functions and trade facilitation; and

(C) coordinate the trade and customs revenue-related policies of the Department with the policies of other Federal departments and agencies.

(b) STUDY; REPORT.—

(1) IN GENERAL.—The Comptroller General of the United States shall conduct a study evaluating the extent to which the Department of Homeland Security is meeting its obligations under section 412(b) of the Homeland Security Act of 2002 (6 U.S.C. 212(b)) with respect to the maintenance of customs revenue functions.

(2) ANALYSIS.—The study shall include an analysis of—

(A) the extent to which the customs revenue functions carried out by the former United States Customs Service have been consolidated with other functions of the Department (including the assignment of noncustoms revenue functions to personnel responsible for customs revenue collection), discontinued, or diminished following the transfer of the United States Customs Service to the Department;

(B) the extent to which staffing levels or resources attributable to customs revenue functions have decreased since the transfer of the United States Customs Service to the Department; and

(C) the extent to which the management structure created by the Department ensures effective trade facilitation and customs revenue collection.

(3) REPORT.—Not later than 180 days after the date of the enactment of this Act, the Comptroller General shall submit to the appropriate congressional committees a report on the results of the study conducted under subsection (a).

(4) MAINTENANCE OF FUNCTIONS.—Not later than September 30, 2007, the Secretary shall ensure that the requirements of section 412(b) of the Homeland Security Act of 2002 (6 U.S.C. 212(b)) are fully satisfied and shall report to the Committee on Finance of the Senate and the Committee on Ways and Means of the House of Representatives regarding implementation of this paragraph.

(5) DEFINITION.—In this section, the term "customs revenue functions" means the functions described in section 412(b)(2) of the Homeland Security Act of 2002 (6 U.S.C. 212(b)(2)).

(c) CONSULTATION ON TRADE AND CUSTOMS REVENUE FUNCTIONS.—

(1) BUSINESS COMMUNITY CONSULTATIONS.—The Secretary shall consult with representatives of the business community involved in international trade, including seeking the advice and recommendations of the Commercial Operations Advisory Committee, on Department policies and actions that have a significant impact on international trade and customs revenue functions.

(2) CONGRESSIONAL CONSULTATION AND NOTIFICATION.—

(A) IN GENERAL.—Subject to subparagraph (B), the Secretary shall notify the appropriate congressional committees not later than 30 days prior to the finalization of any Department policies, initiatives, or actions that will have a major impact on trade and customs revenue functions. Such notifications shall include a description of the proposed policies, initiatives, or actions and any comments or recommendations provided by the Commercial Operations Advisory Committee and other relevant groups regarding the proposed policies, initiatives, or actions.

(B) EXCEPTION.—If the Secretary determines that it is important to the national security interest of the United States to finalize any Department policies, initiatives, or actions prior to the consultation described in subparagraph (A), the Secretary shall—

(i) notify and provide any recommendations of the Commercial Operations Advisory Committee received to the appropriate congressional committees not later than 45 days after the date on which the policies, initiatives, or actions are finalized; and

(ii) to the extent appropriate, modify the policies, initiatives, or actions based upon the consultations with the appropriate congressional committees.

(d) NOTIFICATION OF REORGANIZATION OF CUSTOMS REVENUE FUNCTIONS.—

(1) IN GENERAL.—Not less than 45 days prior to any change in the organization of any of the customs revenue functions of the Department, the Secretary shall notify the Committee on Appropriations, the Committee on Finance, and the Committee on Homeland Security and Governmental Affairs of the Senate, and the Committee on Appropriations, the Committee on

Homeland Security, and the Committee on Ways and Means of the House of Representatives of the specific assets, functions, or personnel to be transferred as part of such reorganization, and the reason for such transfer. The notification shall also include—

(A) an explanation of how trade enforcement functions will be impacted by the reorganization;

(B) an explanation of how the reorganization meets the requirements of section 412(b) of the Homeland Security Act of 2002 (6 U.S.C. 212(b)) that the Department not diminish the customs revenue and trade facilitation functions formerly performed by the United States Customs Service; and

(C) any comments or recommendations provided by the Commercial Operations Advisory Committee regarding such reorganization.

(2) ANALYSIS.—Any congressional committee referred to in paragraph (1) may request that the Commercial Operations Advisory Committee provide a report to the committee analyzing the impact of the reorganization and providing any recommendations for modifying the reorganization.

(3) REPORT.—Not later than 1 year after any reorganization referred to in paragraph (1) takes place, the Secretary, in consultation with the Commercial Operations Advisory Committee, shall submit a report to the Committee on Finance of the Senate and the Committee on Ways and Means of the House of Representatives. Such report shall include an assessment of the impact of, and any suggested modifications to, such reorganization.

SECURITIES EXCHANGE ACT OF 1934

TITLE I—REGULATION OF SECURITIES EXCHANGES

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PERIODICAL AND OTHER REPORTS

SEC. 13. (a) Every issuer of a security registered pursuant to section 12 of this title shall file with the Commission, in accordance with such rules and regulations as the Commission may prescribe as necessary or appropriate for the proper protection of investors and to insure fair dealing in the security—

(1) such information and documents (and such copies thereof) as the Commission shall require to keep reasonably current the information and documents required to be included in or filed with an application or registration statement filed pursuant to section 12, except that the Commission may not require the filing of any material contract wholly executed before July 1, 1962.

(2) such annual reports (and such copies thereof), certified if required by the rules and regulations of the Commission by independent public accountants, and such quarterly reports (and such copies thereof), as the Commission may prescribe.

Every issuer of a security registered on a national securities exchange shall also file a duplicate original of such information, docu-

ments, and reports with the exchange. In any registration statement, periodic report, or other reports to be filed with the Commission, an emerging growth company need not present selected financial data in accordance with section 229.301 of title 17, Code of Federal Regulations, for any period prior to the earliest audited period presented in connection with its first registration statement that became effective under this Act or the Securities Act of 1933 and, with respect to any such statement or reports, an emerging growth company may not be required to comply with any new or revised financial accounting standard until such date that a company that is not an issuer (as defined under section 2(a) of the Sarbanes-Oxley Act of 2002 (15 U.S.C. 7201(a))) is required to comply with such new or revised accounting standard, if such standard applies to companies that are not issuers.

(b)(1) The Commission may prescribe, in regard to reports made pursuant to this title, the form or forms in which the required information shall be set forth, the items or details to be shown in the balance sheet and the earnings statement, and the methods to be followed in the preparation of reports, in the appraisal or valuation of assets and liabilities, in the determination of depreciation and depletion, in the differentiation of recurring and nonrecurring income, in the differentiation of investment and operating income, and in the preparation, where the Commission deems it necessary or desirable, of separate and/or consolidated balance sheets or income accounts of any person directly or indirectly controlling or controlled by the issuer, or any person under direct or indirect common control with the issuer; but in the case of the reports of any person whose methods of accounting are prescribed under the provisions of any law of the United States, or any rule or regulation thereunder, the rules and regulations of the Commission with respect to reports shall not be inconsistent with the requirements imposed by such law or rule or regulation in respect of the same subject matter (except that such rules and regulations of the Commission may be inconsistent with such requirements to the extent that the Commission determines that the public interest or the protection of investors so requires).

(2) Every issuer which has a class of securities registered pursuant to section 12 of this title and every issuer which is required to file reports pursuant to section 15(d) of this title shall—

(A) make and keep books, records, and accounts, which, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the issuer;

(B) devise and maintain a system of internal accounting controls sufficient to provide reasonable assurances that—

(i) transactions are executed in accordance with management's general or specific authorization;

(ii) transactions are recorded as necessary (I) to permit preparation of financial statements in conformity with generally accepted accounting principles or any other criteria applicable to such statements, and (II) to maintain accountability for assets;

(iii) access to assets is permitted only in accordance with management's general or specific authorization; and

(iv) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences; and

(C) notwithstanding any other provision of law, pay the allocable share of such issuer of a reasonable annual accounting support fee or fees, determined in accordance with section 109 of the Sarbanes-Oxley Act of 2002.

(3)(A) With respect to matters concerning the national security of the United States, no duty or liability under paragraph (2) of this subsection shall be imposed upon any person acting in cooperation with the head of any Federal department or agency responsible for such matters if such act in cooperation with such head of a department or agency was done upon the specific, written directive of the head of such department or agency pursuant to Presidential authority to issue such directives. Each directive issued under this paragraph shall set forth the specific facts and circumstances with respect to which the provisions of this paragraph are to be invoked. Each such directive shall, unless renewed in writing, expire one year after the date of issuance.

(B) Each head of a Federal department or agency of the United States who issues a directive pursuant to this paragraph shall maintain a complete file of all such directives and shall, on October 1 of each year, transmit a summary of matters covered by such directives in force at any time during the previous year to the Permanent Select Committee on Intelligence of the House of Representatives and the Select Committee on Intelligence of the Senate.

(4) No criminal liability shall be imposed for failing to comply with the requirements of paragraph (2) of this subsection except as provided in paragraph (5) of this subsection.

(5) No person shall knowingly circumvent or knowingly fail to implement a system of internal accounting controls or knowingly falsify any book, record, or account described in paragraph (2).

(6) Where an issuer which has a class of securities registered pursuant to section 12 of this title or an issuer which is required to file reports pursuant to section 15(d) of this title holds 50 per centum or less of the voting power with respect to a domestic or foreign firm, the provisions of paragraph (2) require only that the issuer proceed in good faith to use its influence, to the extent reasonable under the issuer's circumstances, to cause such domestic or foreign firm to devise and maintain a system of internal accounting controls consistent with paragraph (2). Such circumstances include the relative degree of the issuer's ownership of the domestic or foreign firm and the laws and practices governing the business operations of the country in which such firm is located. An issuer which demonstrates good faith efforts to use such influence shall be conclusively presumed to have complied with the requirements of paragraph (2).

(7) For the purpose of paragraph (2) of this subsection, the terms "reasonable assurances" and "reasonable detail" mean such level of detail and degree of assurance as would satisfy prudent officials in the conduct of their own affairs.

(c) If in the judgment of the Commission any report required under subsection (a) is inapplicable to any specified class or classes of issuers, the Commission shall require in lieu thereof the submis-

sion of such reports of comparable character as it may deem applicable to such class or classes of issuers.

(d)(1) Any person who, after acquiring directly or indirectly the beneficial ownership of any equity security of a class which is registered pursuant to section 12 of this title, or any equity security of an insurance company which would have been required to be so registered except for the exemption contained in section 12(g)(2)(G) of this title, or any equity security issued by a closed-end investment company registered under the Investment Company Act of 1940 or any equity security issued by a Native Corporation pursuant to section 37(d)(6) of the Alaska Native Claims Settlement Act, or otherwise becomes or is deemed to become a beneficial owner of any of the foregoing upon the purchase or sale of a security-based swap that the Commission may define by rule, and is directly or indirectly the beneficial owner of more than 5 per centum of such class shall, within ten days after such acquisition or within such shorter time as the Commission may establish by rule, file with the Commission, a statement containing such of the following information, and such additional information, as the Commission may by rules and regulations, prescribe as necessary or appropriate in the public interest or for the protection of investors—

(A) the background, and identity, residence, and citizenship of, and the nature of such beneficial ownership by, such person and all other persons by whom or on whose behalf the purchases have been or are to be effected;

(B) the source and amount of the funds or other consideration used or to be used in making the purchases, and if any part of the purchase price is represented or is to be represented by funds or other consideration borrowed or otherwise obtained for the purpose of acquiring, holding, or trading such security, a description of the transaction and the names of the parties thereto, except that where a source of funds is a loan made in the ordinary course of business by a bank, as defined in section 3(a)(6) of this title, if the person filing such statement so requests, the name of the bank shall not be made available to the public;

(C) if the purpose of the purchases or prospective purchases is to acquire control of the business of the issuer of the securities any plans or proposals which such persons may have to liquidate such issuer, to sell its assets to or merge it with any other persons, or to make any other major change in its business or corporate structure;

(D) the number of shares of such security which are beneficially owned, and the number of shares concerning which there is a right to acquire, directly or indirectly, by (i) such person, and (ii) by each associate of such person, giving the background, identity, residence, and citizenship of each such associate; and

(E) information as to any contracts, arrangements, or understandings with any person with respect to any securities of the issuer, including but not limited to transfer of any of the securities, joint ventures, loan or option arrangements, puts or calls, guaranties of loans, guaranties against loss or guaranties of profits, division of losses or profits, or the giving or withholding of proxies, naming the persons with whom such con-

tracts, arrangements, or understandings have been entered into, and giving the details thereof.

(2) If any material change occurs in the facts set forth in the statement filed with the Commission, an amendment shall be filed with the Commission, in accordance with such rules and regulations as the Commission may prescribe as necessary or appropriate in the public interest or for the protection of investors.

(3) When two or more persons act as a partnership, limited partnership, syndicate, or other group for the purpose of acquiring, holding, or disposing of securities of an issuer, such syndicate or group shall be deemed a "person" for the purposes of this subsection.

(4) In determining, for purposes of this subsection, any percentage of a class of any security, such class shall be deemed to consist of the amount of the outstanding securities of such class, exclusive of any securities of such class held by or for the account of the issuer or a subsidiary of the issuer.

(5) The Commission, by rule or regulation or by order, may permit any person to file in lieu of the statement required by paragraph (1) of this subsection or the rules and regulations thereunder, a notice stating the name of such person, the number of shares of any equity securities subject to paragraph (1) which are owned by him, the date of their acquisition and such other information as the Commission may specify, if it appears to the Commission that such securities were acquired by such person in the ordinary course of his business and were not acquired for the purpose of and do not have the effect of changing or influencing the control of the issuer nor in connection with or as a participant in any transaction having such purpose or effect.

(6) The provisions of this subsection shall not apply to—

(A) any acquisition or offer to acquire securities made or proposed to be made by means of a registration statement under the Securities Act of 1933;

(B) any acquisition of the beneficial ownership of a security which, together with all other acquisitions by the same person of securities of the same class during the preceding twelve months, does not exceed 2 per centum of that class;

(C) any acquisition of an equity security by the issuer of such security;

(D) any acquisition or proposed acquisition of a security which the Commission, by rules or regulations or by order, shall exempt from the provisions of this subsection as not entered into for the purpose of, and not having the effect of, changing or influencing the control of the issuer or otherwise as not comprehended within the purposes of this subsection.

(e)(1) It shall be unlawful for an issuer which has a class of equity securities registered pursuant to section 12 of this title, or which is a closed-end investment company registered under the Investment Company Act of 1940, to purchase any equity security issued by it if such purchase is in contravention of such rules and regulations as the Commission, in the public interest or for the protection of investors, may adopt (A) to define acts and practices which are fraudulent, deceptive, or manipulative, and (B) to prescribe means reasonably designed to prevent such acts and practices. Such rules and regulations may require such issuer to pro-

vide holders of equity securities of such class with such information relating to the reasons for such purchase, the source of funds, the number of shares to be purchased, the price to be paid for such securities, the method of purchase, and such additional information, as the Commission deems necessary or appropriate in the public interest or for the protection of investors, or which the Commission deems to be material to a determination whether such security should be sold.

(2) For the purpose of this subsection, a purchase by or for the issuer or any person controlling, controlled by, or under common control with the issuer, or a purchase subject to control of the issuer or any such person, shall be deemed to be a purchase by the issuer. The Commission shall have power to make rules and regulations implementing this paragraph in the public interest and for the protection of investors, including exemptive rules and regulations covering situations in which the Commission deems it unnecessary or inappropriate that a purchase of the type described in this paragraph shall be deemed to be a purchase by the issuer for purposes of some or all of the provisions of paragraph (1) of this subsection.

(3) At the time of filing such statement as the Commission may require by rule pursuant to paragraph (1) of this subsection, the person making the filing shall pay to the Commission a fee at a rate that, subject to paragraph (4), is equal to $92 per $1,000,000 of the value of securities proposed to be purchased. The fee shall be reduced with respect to securities in an amount equal to any fee paid with respect to any securities issued in connection with the proposed transaction under section 6(b) of the Securities Act of 1933, or the fee paid under that section shall be reduced in an amount equal to the fee paid to the Commission in connection with such transaction under this paragraph.

(4) ANNUAL ADJUSTMENT.—For each fiscal year, the Commission shall by order adjust the rate required by paragraph (3) for such fiscal year to a rate that is equal to the rate (expressed in dollars per million) that is applicable under section 6(b) of the Securities Act of 1933 for such fiscal year.

(5) FEE COLLECTIONS.—Fees collected pursuant to this subsection for fiscal year 2012 and each fiscal year thereafter shall be deposited and credited as general revenue of the Treasury and shall not be available for obligation.

(6) EFFECTIVE DATE; PUBLICATION.—In exercising its authority under this subsection, the Commission shall not be required to comply with the provisions of section 553 of title 5, United States Code. An adjusted rate prescribed under paragraph (4) shall be published and take effect in accordance with section 6(b) of the Securities Act of 1933 (15 U.S.C. 77f(b)).

(7) PRO RATA APPLICATION.—The rates per $1,000,000 required by this subsection shall be applied pro rata to amounts and balances of less than $1,000,000.

(f)(1) Every institutional investment manager which uses the mails, or any means or instrumentality of interstate commerce in the course of its business as an institutional investment manager and which exercises investment discretion with respect to accounts holding equity securities of a class described in section 13(d)(1) of this title having an aggregate fair market value on the last trading

day in any of the preceding twelve months of at least $100,000,000 or such lesser amount (but in no case less than $10,000,000) as the Commission, by rule, may determine, shall file reports with the Commission in such form, for such periods, and at such times after the end of such periods as the Commission, by rule, may prescribe, but in no event shall such reports be filed for periods longer than one year or shorter than one quarter. Such reports shall include for each such equity security held on the last day of the reporting period by accounts (in aggregate or by type as the Commission, by rule, may prescribe) with respect to which the institutional investment manager exercises investment discretion (other than securities held in amounts which the Commission, by rule, determines to be insignificant for purposes of this subsection), the name of the issuer and the title, class, CUSIP number, number of shares or principal amount, and aggregate fair market value of each such security. Such reports may also include for accounts (in aggregate or by type) with respect to which the institutional investment manager exercises investment discretion such of the following information as the Commission, by rule, prescribes—

(A) the name of the issuer and the title, class, CUSIP number, number of shares or principal amount, and aggregate fair market value or cost or amortized cost of each other security (other than an exempted security) held on the last day of the reporting period by such accounts;

(B) the aggregate fair market value or cost or amortized cost of exempted securities (in aggregate or by class) held on the last day of the reporting period by such accounts;

(C) the number of shares of each equity security of a class described in section 13(d)(1) of this title held on the last day of the reporting period by such accounts with respect to which the institutional investment manager possesses sole or shared authority to exercise the voting rights evidenced by such securities;

(D) the aggregate purchases and aggregate sales during the reporting period of each security (other than an exempted security) effected by or for such accounts; and

(E) with respect to any transaction or series of transactions having a market value of at least $500,000 or such other amount as the Commission, by rule, may determine, effected during the reporting period by or for such accounts in any equity security of a class described in section 13(d)(1) of this title—

(i) the name of the issuer and the title, class, and CUSIP number of the security;

(ii) the number of shares or principal amount of the security involved in the transaction;

(iii) whether the transaction was a purchase or sale;

(iv) the per share price or prices at which the transaction was effected;

(v) the date or dates of the transaction;

(vi) the date or dates of the settlement of the transaction;

(vii) the broker or dealer through whom the transaction was effected;

(viii) the market or markets in which the transaction was effected; and

(ix) such other related information as the Commission, by rule, may prescribe.

(2) The Commission shall prescribe rules providing for the public disclosure of the name of the issuer and the title, class, CUSIP number, aggregate amount of the number of short sales of each security, and any additional information determined by the Commission following the end of the reporting period. At a minimum, such public disclosure shall occur every month.

(3) The Commission, by rule or order, may exempt, conditionally or unconditionally, any institutional investment manager or security or any class of institutional investment managers or securities from any or all of the provisions of this subsection or the rules thereunder.

(4) The Commission shall make available to the public for a reasonable fee a list of all equity securities of a class described in section 13(d)(1) of this title, updated no less frequently than reports are required to be filed pursuant to paragraph (1) of this subsection. The Commission shall tabulate the information contained in any report filed pursuant to this subsection in a manner which will, in the view of the Commission, maximize the usefulness of the information to other Federal and State authorities and the public. Promptly after the filing of any such report, the Commission shall make the information contained therein conveniently available to the public for a reasonable fee in such form as the Commission, by rule, may prescribe, except that the Commission, as it determines to be necessary or appropriate in the public interest or for the protection of investors, may delay or prevent public disclosure of any such information in accordance with section 552 of title 5, United States Code. Notwithstanding the preceding sentence, any such information identifying the securities held by the account of a natural person or an estate or trust (other than a business trust or investment company) shall not be disclosed to the public.

(5) In exercising its authority under this subsection, the Commission shall determine (and so state) that its action is necessary or appropriate in the public interest and for the protection of investors or to maintain fair and orderly markets or, in granting an exemption, that its action is consistent with the protection of investors and the purposes of this subsection. In exercising such authority the Commission shall take such steps as are within its power, including consulting with the Comptroller General of the United States, the Director of the Office of Management and Budget, the appropriate regulatory agencies, Federal and State authorities which, directly or indirectly, require reports from institutional investment managers of information substantially similar to that called for by this subsection, national securities exchanges, and registered securities associations, (A) to achieve uniform, centralized reporting of information concerning the securities holdings of and transactions by or for accounts with respect to which institutional investment managers exercise investment discretion, and (B) consistently with the objective set forth in the preceding subparagraph, to avoid unnecessarily duplicative reporting by, and minimize the compliance burden on, institutional investment managers. Federal authorities which, directly or indirectly, require reports

from institutional investment managers of information substantially similar to that called for by this subsection shall cooperate with the Commission in the performance of its responsibilities under the preceding sentence. An institutional investment manager which is a bank, the deposits of which are insured in accordance with the Federal Deposit Insurance Act, shall file with the appropriate regulatory agency a copy of every report filed with the Commission pursuant to this subsection.

(6)(A) For purposes of this subsection the term "institutional investment manager" includes any person, other than a natural person, investing in or buying and selling securities for its own account, and any person exercising investment discretion with respect to the account of any other person.

(B) The Commission shall adopt such rules as it deems necessary or appropriate to prevent duplicative reporting pursuant to this subsection by two or more institutional investment managers exercising investment discretion with respect to the same amount.

(g)(1) Any person who is directly or indirectly the beneficial owner of more than 5 per centum of any security of a class described in subsection (d)(1) of this section or otherwise becomes or is deemed to become a beneficial owner of any security of a class described in subsection (d)(1) upon the purchase or sale of a security-based swap that the Commission may define by ruleshall file with the Commission a statement setting forth, in such form and at such time as the Commission may, by rule, prescribe—

(A) such person's identity, residence, and citizenship; and

(B) the number and description of the shares in which such person has an interest and the nature of such interest.

(2) If any material change occurs in the facts set forth in the statement filed with the Commission, an amendment shall be filed with the Commission, in accordance with such rules and regulations as the Commission may prescribe as necessary or appropriate in the public interest or for the protection of investors.

(3) When two or more persons act as a partnership, limited partnership, syndicate, or other group for the purpose of acquiring, holding, or disposing of securities of an issuer, such syndicate or group shall be deemed a "person" for the purposes of this subsection.

(4) In determining, for purposes of this subsection, any percentage of a class of any security, such class shall be deemed to consist of the amount of the outstanding securities of such class, exclusive of any securities of such class held by or for the account of the issuer or a subsidiary of the issuer.

(5) In exercising its authority under this subsection, the Commission shall take such steps as it deems necessary or appropriate in the public interest or for the protection of investors (A) to achieve centralized reporting of information regarding ownership, (B) to avoid unnecessarily duplicative reporting by and minimize the compliance burden on persons required to report, and (C) to tabulate and promptly make available the information contained in any report filed pursuant to this subsection in a manner which will, in the view of the Commission, maximize the usefulness of the information to other Federal and State agencies and the public.

(6) The Commission may, by rule or order, exempt, in whole or in part, any person or class of persons from any or all of the report-

ing requirements of this subsection as it deems necessary or appropriate in the public interest or for the protection of investors.

(h) LARGE TRADER REPORTING.—

(1) IDENTIFICATION REQUIREMENTS FOR LARGE TRADERS.—For the purpose of monitoring the impact on the securities markets of securities transactions involving a substantial volume or a large fair market value or exercise value and for the purpose of otherwise assisting the Commission in the enforcement of this title, each large trader shall—

(A) provide such information to the Commission as the Commission may by rule or regulation prescribe as necessary or appropriate, identifying such large trader and all accounts in or through which such large trader effects such transactions; and

(B) identify, in accordance with such rules or regulations as the Commission may prescribe as necessary or appropriate, to any registered broker or dealer by or through whom such large trader directly or indirectly effects securities transactions, such large trader and all accounts directly or indirectly maintained with such broker or dealer by such large trader in or through which such transactions are effected.

(2) RECORDKEEPING AND REPORTING REQUIREMENTS FOR BROKERS AND DEALERS.—Every registered broker or dealer shall make and keep for prescribed periods such records as the Commission by rule or regulation prescribes as necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of this title, with respect to securities transactions that equal or exceed the reporting activity level effected directly or indirectly by or through such registered broker or dealer of or for any person that such broker or dealer knows is a large trader, or any person that such broker or dealer has reason to know is a large trader on the basis of transactions in securities effected by or through such broker or dealer. Such records shall be available for reporting to the Commission, or any self-regulatory organization that the Commission shall designate to receive such reports, on the morning of the day following the day the transactions were effected, and shall be reported to the Commission or a self-regulatory organization designated by the Commission immediately upon request by the Commission or such a self-regulatory organization. Such records and reports shall be in a format and transmitted in a manner prescribed by the Commission (including, but not limited to, machine readable form).

(3) AGGREGATION RULES.—The Commission may prescribe rules or regulations governing the manner in which transactions and accounts shall be aggregated for the purpose of this subsection, including aggregation on the basis of common ownership or control.

(4) EXAMINATION OF BROKER AND DEALER RECORDS.—All records required to be made and kept by registered brokers and dealers pursuant to this subsection with respect to transactions effected by large traders are subject at any time, or from time to time, to such reasonable periodic, special, or other examinations by representatives of the Commission as the

Commission deems necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of this title.

(5) FACTORS TO BE CONSIDERED IN COMMISSION ACTIONS.—In exercising its authority under this subsection, the Commission shall take into account—

(A) existing reporting systems;

(B) the costs associated with maintaining information with respect to transactions effected by large traders and reporting such information to the Commission or self-regulatory organizations; and

(C) the relationship between the United States and international securities markets.

(6) EXEMPTIONS.—The Commission, by rule, regulation, or order, consistent with the purposes of this title, may exempt any person or class of persons or any transaction or class of transactions, either conditionally or upon specified terms and conditions or for stated periods, from the operation of this subsection, and the rules and regulations thereunder.

(7) AUTHORITY OF COMMISSION TO LIMIT DISCLOSURE OF INFORMATION.—Notwithstanding any other provision of law, the Commission shall not be compelled to disclose any information required to be kept or reported under this subsection. Nothing in this subsection shall authorize the Commission to withhold information from Congress, or prevent the Commission from complying with a request for information from any other Federal department or agency requesting information for purposes within the scope of its jurisdiction, or complying with an order of a court of the United States in an action brought by the United States or the Commission. For purposes of section 552 of title 5, United States Code, this subsection shall be considered a statute described in subsection (b)(3)(B) of such section 552.

(8) DEFINITIONS.—For purposes of this subsection—

(A) the term "large trader" means every person who, for his own account or an account for which he exercises investment discretion, effects transactions for the purchase or sale of any publicly traded security or securities by use of any means or instrumentality of interstate commerce or of the mails, or of any facility of a national securities exchange, directly or indirectly by or through a registered broker or dealer in an aggregate amount equal to or in excess of the identifying activity level;

(B) the term "publicly traded security" means any equity security (including an option on individual equity securities, and an option on a group or index of such securities) listed, or admitted to unlisted trading privileges, on a national securities exchange, or quoted in an automated interdealer quotation system;

(C) the term "identifying activity level" means transactions in publicly traded securities at or above a level of volume, fair market value, or exercise value as shall be fixed from time to time by the Commission by rule or regulation, specifying the time interval during which such transactions shall be aggregated;

(D) the term "reporting activity level" means transactions in publicly traded securities at or above a level of volume, fair market value, or exercise value as shall be fixed from time to time by the Commission by rule, regulation, or order, specifying the time interval during which such transactions shall be aggregated; and

(E) the term "person" has the meaning given in section 3(a)(9) of this title and also includes two or more persons acting as a partnership, limited partnership, syndicate, or other group, but does not include a foreign central bank.

(i) ACCURACY OF FINANCIAL REPORTS.—Each financial report that contains financial statements, and that is required to be prepared in accordance with (or reconciled to) generally accepted accounting principles under this title and filed with the Commission shall reflect all material correcting adjustments that have been identified by a registered public accounting firm in accordance with generally accepted accounting principles and the rules and regulations of the Commission.

(j) OFF-BALANCE SHEET TRANSACTIONS.—Not later than 180 days after the date of enactment of the Sarbanes-Oxley Act of 2002, the Commission shall issue final rules providing that each annual and quarterly financial report required to be filed with the Commission shall disclose all material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the issuer with unconsolidated entities or other persons, that may have a material current or future effect on financial condition, changes in financial condition, results of operations, liquidity, capital expenditures, capital resources, or significant components of revenues or expenses.

(k) PROHIBITION ON PERSONAL LOANS TO EXECUTIVES.—

(1) IN GENERAL.—It shall be unlawful for any issuer (as defined in section 2 of the Sarbanes-Oxley Act of 2002), directly or indirectly, including through any subsidiary, to extend or maintain credit, to arrange for the extension of credit, or to renew an extension of credit, in the form of a personal loan to or for any director or executive officer (or equivalent thereof) of that issuer. An extension of credit maintained by the issuer on the date of enactment of this subsection shall not be subject to the provisions of this subsection, provided that there is no material modification to any term of any such extension of credit or any renewal of any such extension of credit on or after that date of enactment.

(2) LIMITATION.—Paragraph (1) does not preclude any home improvement and manufactured home loans (as that term is defined in section 5 of the Home Owners' Loan Act (12 U.S.C. 1464)), consumer credit (as defined in section 103 of the Truth in Lending Act (15 U.S.C. 1602)), or any extension of credit under an open end credit plan (as defined in section 103 of the Truth in Lending Act (15 U.S.C. 1602)), or a charge card (as defined in section 127(c)(4)(e) of the Truth in Lending Act (15 U.S.C. 1637(c)(4)(e)), or any extension of credit by a broker or dealer registered under section 15 of this title to an employee of that broker or dealer to buy, trade, or carry securities, that is permitted under rules or regulations of the Board of Governors of the Federal Reserve System pursuant to section 7 of

this title (other than an extension of credit that would be used to purchase the stock of that issuer), that is—

(A) made or provided in the ordinary course of the consumer credit business of such issuer;

(B) of a type that is generally made available by such issuer to the public; and

(C) made by such issuer on market terms, or terms that are no more favorable than those offered by the issuer to the general public for such extensions of credit.

(3) RULE OF CONSTRUCTION FOR CERTAIN LOANS.—Paragraph (1) does not apply to any loan made or maintained by an insured depository institution (as defined in section 3 of the Federal Deposit Insurance Act (12 U.S.C. 1813)), if the loan is subject to the insider lending restrictions of section 22(h) of the Federal Reserve Act (12 U.S.C. 375b).

(l) REAL TIME ISSUER DISCLOSURES.—Each issuer reporting under section 13(a) or 15(d) shall disclose to the public on a rapid and current basis such additional information concerning material changes in the financial condition or operations of the issuer, in plain English, which may include trend and qualitative information and graphic presentations, as the Commission determines, by rule, is necessary or useful for the protection of investors and in the public interest.

(m) PUBLIC AVAILABILITY OF SECURITY-BASED SWAP TRANSACTION DATA.—

(1) IN GENERAL.—

(A) DEFINITION OF REAL-TIME PUBLIC REPORTING.—In this paragraph, the term "real-time public reporting" means to report data relating to a security-based swap transaction, including price and volume, as soon as technologically practicable after the time at which the security-based swap transaction has been executed.

(B) PURPOSE.—The purpose of this subsection is to authorize the Commission to make security-based swap transaction and pricing data available to the public in such form and at such times as the Commission determines appropriate to enhance price discovery.

(C) GENERAL RULE.—The Commission is authorized to provide by rule for the public availability of security-based swap transaction, volume, and pricing data as follows:

(i) With respect to those security-based swaps that are subject to the mandatory clearing requirement described in section 3C(a)(1) (including those security-based swaps that are excepted from the requirement pursuant to section 3C(g)), the Commission shall require real-time public reporting for such transactions.

(ii) With respect to those security-based swaps that are not subject to the mandatory clearing requirement described in section 3C(a)(1), but are cleared at a registered clearing agency, the Commission shall require real-time public reporting for such transactions.

(iii) With respect to security-based swaps that are not cleared at a registered clearing agency and which are reported to a security-based swap data repository or the Commission under section 3C(a)(6), the Com-

mission shall require real-time public reporting for such transactions, in a manner that does not disclose the business transactions and market positions of any person.

(iv) With respect to security-based swaps that are determined to be required to be cleared under section 3C(b) but are not cleared, the Commission shall require real-time public reporting for such transactions.

(D) REGISTERED ENTITIES AND PUBLIC REPORTING.—The Commission may require registered entities to publicly disseminate the security-based swap transaction and pricing data required to be reported under this paragraph.

(E) RULEMAKING REQUIRED.—With respect to the rule providing for the public availability of transaction and pricing data for security-based swaps described in clauses (i) and (ii) of subparagraph (C), the rule promulgated by the Commission shall contain provisions—

(i) to ensure such information does not identify the participants;

(ii) to specify the criteria for determining what constitutes a large notional security-based swap transaction (block trade) for particular markets and contracts;

(iii) to specify the appropriate time delay for reporting large notional security-based swap transactions (block trades) to the public; and

(iv) that take into account whether the public disclosure will materially reduce market liquidity.

(F) TIMELINESS OF REPORTING.—Parties to a security-based swap (including agents of the parties to a security-based swap) shall be responsible for reporting security-based swap transaction information to the appropriate registered entity in a timely manner as may be prescribed by the Commission.

(G) REPORTING OF SWAPS TO REGISTERED SECURITY-BASED SWAP DATA REPOSITORIES.—Each security-based swap (whether cleared or uncleared) shall be reported to a registered security-based swap data repository.

(H) REGISTRATION OF CLEARING AGENCIES.—A clearing agency may register as a security-based swap data repository.

(2) SEMIANNUAL AND ANNUAL PUBLIC REPORTING OF AGGREGATE SECURITY-BASED SWAP DATA.—

(A) IN GENERAL.—In accordance with subparagraph (B), the Commission shall issue a written report on a semiannual and annual basis to make available to the public information relating to—

(i) the trading and clearing in the major security-based swap categories; and

(ii) the market participants and developments in new products.

(B) USE; CONSULTATION.—In preparing a report under subparagraph (A), the Commission shall—

(i) use information from security-based swap data repositories and clearing agencies; and

(ii) consult with the Office of the Comptroller of the Currency, the Bank for International Settlements, and such other regulatory bodies as may be necessary.

(C) AUTHORITY OF COMMISSION.—The Commission may, by rule, regulation, or order, delegate the public reporting responsibilities of the Commission under this paragraph in accordance with such terms and conditions as the Commission determines to be appropriate and in the public interest.

(n) SECURITY-BASED SWAP DATA REPOSITORIES.—

(1) REGISTRATION REQUIREMENT.—It shall be unlawful for any person, unless registered with the Commission, directly or indirectly, to make use of the mails or any means or instrumentality of interstate commerce to perform the functions of a security-based swap data repository.

(2) INSPECTION AND EXAMINATION.—Each registered security-based swap data repository shall be subject to inspection and examination by any representative of the Commission.

(3) COMPLIANCE WITH CORE PRINCIPLES.—

(A) IN GENERAL.—To be registered, and maintain registration, as a security-based swap data repository, the security-based swap data repository shall comply with—

(i) the requirements and core principles described in this subsection; and

(ii) any requirement that the Commission may impose by rule or regulation.

(B) REASONABLE DISCRETION OF SECURITY-BASED SWAP DATA REPOSITORY.—Unless otherwise determined by the Commission, by rule or regulation, a security-based swap data repository described in subparagraph (A) shall have reasonable discretion in establishing the manner in which the security-based swap data repository complies with the core principles described in this subsection.

(4) STANDARD SETTING.—

(A) DATA IDENTIFICATION.—

(i) IN GENERAL.—In accordance with clause (ii), the Commission shall prescribe standards that specify the data elements for each security-based swap that shall be collected and maintained by each registered security-based swap data repository.

(ii) REQUIREMENT.—In carrying out clause (i), the Commission shall prescribe consistent data element standards applicable to registered entities and reporting counterparties.

(B) DATA COLLECTION AND MAINTENANCE.—The Commission shall prescribe data collection and data maintenance standards for security-based swap data repositories.

(C) COMPARABILITY.—The standards prescribed by the Commission under this subsection shall be comparable to the data standards imposed by the Commission on clearing agencies in connection with their clearing of security-based swaps.

(5) DUTIES.—A security-based swap data repository shall—

(A) accept data prescribed by the Commission for each security-based swap under subsection (b);

(B) confirm with both counterparties to the security-based swap the accuracy of the data that was submitted;

(C) maintain the data described in subparagraph (A) in such form, in such manner, and for such period as may be required by the Commission;

(D)(i) provide direct electronic access to the Commission (or any designee of the Commission, including another registered entity); and

(ii) provide the information described in subparagraph (A) in such form and at such frequency as the Commission may require to comply with the public reporting requirements set forth in subsection (m);

(E) at the direction of the Commission, establish automated systems for monitoring, screening, and analyzing security-based swap data;

(F) maintain the privacy of any and all security-based swap transaction information that the security-based swap data repository receives from a security-based swap dealer, counterparty, or any other registered entity; and

(G) on a confidential basis pursuant to section 24, upon request, and after notifying the Commission of the request, make available all data obtained by the security-based swap data repository, including individual counterparty trade and position data, to—

(i) each appropriate prudential regulator;

(ii) the Financial Stability Oversight Council;

(iii) the Commodity Futures Trading Commission;

(iv) the Department of Justice; and

(v) any other person that the Commission determines to be appropriate, including—

(I) foreign financial supervisors (including foreign futures authorities);

(II) foreign central banks; and

(III) foreign ministries.

(H) CONFIDENTIALITY AND INDEMNIFICATION AGREEMENT.—Before the security-based swap data repository may share information with any entity described in subparagraph (G)—

(i) the security-based swap data repository shall receive a written agreement from each entity stating that the entity shall abide by the confidentiality requirements described in section 24 relating to the information on security-based swap transactions that is provided; and

(ii) each entity shall agree to indemnify the security-based swap data repository and the Commission for any expenses arising from litigation relating to the information provided under section 24.

(6) DESIGNATION OF CHIEF COMPLIANCE OFFICER.—

(A) IN GENERAL.—Each security-based swap data repository shall designate an individual to serve as a chief compliance officer.

(B) DUTIES.—The chief compliance officer shall—

(i) report directly to the board or to the senior officer of the security-based swap data repository;

(ii) review the compliance of the security-based swap data repository with respect to the requirements and core principles described in this subsection;

(iii) in consultation with the board of the security-based swap data repository, a body performing a function similar to the board of the security-based swap data repository, or the senior officer of the security-based swap data repository, resolve any conflicts of interest that may arise;

(iv) be responsible for administering each policy and procedure that is required to be established pursuant to this section;

(v) ensure compliance with this title (including regulations) relating to agreements, contracts, or transactions, including each rule prescribed by the Commission under this section;

(vi) establish procedures for the remediation of noncompliance issues identified by the chief compliance officer through any—

(I) compliance office review;

(II) look-back;

(III) internal or external audit finding;

(IV) self-reported error; or

(V) validated complaint; and

(vii) establish and follow appropriate procedures for the handling, management response, remediation, retesting, and closing of noncompliance issues.

(C) ANNUAL REPORTS.—

(i) IN GENERAL.—In accordance with rules prescribed by the Commission, the chief compliance officer shall annually prepare and sign a report that contains a description of—

(I) the compliance of the security-based swap data repository of the chief compliance officer with respect to this title (including regulations); and

(II) each policy and procedure of the security-based swap data repository of the chief compliance officer (including the code of ethics and conflict of interest policies of the security-based swap data repository).

(ii) REQUIREMENTS.—A compliance report under clause (i) shall—

(I) accompany each appropriate financial report of the security-based swap data repository that is required to be furnished to the Commission pursuant to this section; and

(II) include a certification that, under penalty of law, the compliance report is accurate and complete.

(7) CORE PRINCIPLES APPLICABLE TO SECURITY-BASED SWAP DATA REPOSITORIES.—

(A) ANTITRUST CONSIDERATIONS.—Unless necessary or appropriate to achieve the purposes of this title, the swap data repository shall not—

(i) adopt any rule or take any action that results in any unreasonable restraint of trade; or

(ii) impose any material anticompetitive burden on the trading, clearing, or reporting of transactions.

(B) GOVERNANCE ARRANGEMENTS.—Each security-based swap data repository shall establish governance arrangements that are transparent—

(i) to fulfill public interest requirements; and

(ii) to support the objectives of the Federal Government, owners, and participants.

(C) CONFLICTS OF INTEREST.—Each security-based swap data repository shall—

(i) establish and enforce rules to minimize conflicts of interest in the decision-making process of the security-based swap data repository; and

(ii) establish a process for resolving any conflicts of interest described in clause (i).

(D) ADDITIONAL DUTIES DEVELOPED BY COMMISSION.—

(i) IN GENERAL.—The Commission may develop 1 or more additional duties applicable to security-based swap data repositories.

(ii) CONSIDERATION OF EVOLVING STANDARDS.—In developing additional duties under subparagraph (A), the Commission may take into consideration any evolving standard of the United States or the international community.

(iii) ADDITIONAL DUTIES FOR COMMISSION DESIGNEES.—The Commission shall establish additional duties for any registrant described in section 13(m)(2)(C) in order to minimize conflicts of interest, protect data, ensure compliance, and guarantee the safety and security of the security-based swap data repository.

(8) REQUIRED REGISTRATION FOR SECURITY-BASED SWAP DATA REPOSITORIES.—Any person that is required to be registered as a security-based swap data repository under this subsection shall register with the Commission, regardless of whether that person is also licensed under the Commodity Exchange Act as a swap data repository.

(9) RULES.—The Commission shall adopt rules governing persons that are registered under this subsection.

(o) BENEFICIAL OWNERSHIP.—For purposes ofthis section and section 16, a person shall be deemed to acquire beneficial ownership of an equity security based on the purchase or sale of a security-based swap, only to the extent that the Commission, by rule, determines after consultation with the prudential regulators and the Secretary of the Treasury, that the purchase or sale of the security-based swap, or class of security-based swap, provides incidents of ownership comparable to direct ownership of the equity security, and that it is necessary to achieve the purposes of this section that the purchase or sale of the security-based swaps, or class of security-based swap, be deemed the acquisition of beneficial ownership of the equity security.

(p) DISCLOSURES RELATING TO CONFLICT MINERALS ORIGINATING IN THE DEMOCRATIC REPUBLIC OF THE CONGO.—

(1) REGULATIONS.—

(A) IN GENERAL.—Not later than 270 days after the date of the enactment of this subsection, the Commission shall promulgate regulations requiring any person described in paragraph (2) to disclose annually, beginning with the person's first full fiscal year that begins after the date of promulgation of such regulations, whether conflict minerals that are necessary as described in paragraph (2)(B), in the year for which such reporting is required, did originate in the Democratic Republic of the Congo or an adjoining country and, in cases in which such conflict minerals did originate in any such country, submit to the Commission a report that includes, with respect to the period covered by the report—

(i) a description of the measures taken by the person to exercise due diligence on the source and chain of custody of such minerals, which measures shall include an independent private sector audit of such report submitted through the Commission that is conducted in accordance with standards established by the Comptroller General of the United States, in accordance with rules promulgated by the Commission, in consultation with the Secretary of State; and

(ii) a description of the products manufactured or contracted to be manufactured that are not DRC conflict free ("DRC conflict free" is defined to mean the products that do not contain minerals that directly or indirectly finance or benefit armed groups in the Democratic Republic of the Congo or an adjoining country), the entity that conducted the independent private sector audit in accordance with clause (i), the facilities used to process the conflict minerals, the country of origin of the conflict minerals, and the efforts to determine the mine or location of origin with the greatest possible specificity.

(B) CERTIFICATION.—The person submitting a report under subparagraph (A) shall certify the audit described in clause (i) of such subparagraph that is included in such report. Such a certified audit shall constitute a critical component of due diligence in establishing the source and chain of custody of such minerals.

(C) UNRELIABLE DETERMINATION.—If a report required to be submitted by a person under subparagraph (A) relies on a determination of an independent private sector audit, as described under subparagraph (A)(i), or other due diligence processes previously determined by the Commission to be unreliable, the report shall not satisfy the requirements of the regulations promulgated under subparagraph (A)(i).

(D) DRC CONFLICT FREE.—For purposes of this paragraph, a product may be labeled as "DRC conflict free" if the product does not contain conflict minerals that directly or indirectly finance or benefit armed groups in the Democratic Republic of the Congo or an adjoining country.

(E) INFORMATION AVAILABLE TO THE PUBLIC.—Each person described under paragraph (2) shall make available to

the public on the Internet website of such person the information disclosed by such person under subparagraph (A).

(2) PERSON DESCRIBED.—A person is described in this paragraph if—

(A) the person is required to file reports with the Commission pursuant to paragraph (1)(A); and

(B) conflict minerals are necessary to the functionality or production of a product manufactured by such person.

(3) REVISIONS AND WAIVERS.—The Commission shall revise or temporarily waive the requirements described in paragraph (1) if the President transmits to the Commission a determination that—

(A) such revision or waiver is in the national security interest of the United States and the President includes the reasons therefor; and

(B) establishes a date, not later than 2 years after the initial publication of such exemption, on which such exemption shall expire.

(4) TERMINATION OF DISCLOSURE REQUIREMENTS.—The requirements of paragraph (1) shall terminate on the date on which the President determines and certifies to the appropriate congressional committees, but in no case earlier than the date that is one day after the end of the 5-year period beginning on the date of the enactment of this subsection, that no armed groups continue to be directly involved and benefitting from commercial activity involving conflict minerals.

(5) DEFINITIONS.—For purposes of this subsection, the terms "adjoining country", "appropriate congressional committees", "armed group", and "conflict mineral" have the meaning given those terms under section 1502 of the Dodd-Frank Wall Street Reform and Consumer Protection Act.

(q) DISCLOSURE OF PAYMENTS BY RESOURCE EXTRACTION ISSUERS.—

(1) DEFINITIONS.—In this subsection—

(A) the term "commercial development of oil, natural gas, or minerals" includes exploration, extraction, processing, export, and other significant actions relating to oil, natural gas, or minerals, or the acquisition of a license for any such activity, as determined by the Commission;

(B) the term "foreign government" means a foreign government, a department, agency, or instrumentality of a foreign government, or a company owned by a foreign government, as determined by the Commission;

(C) the term "payment"—

(i) means a payment that is—

(I) made to further the commercial development of oil, natural gas, or minerals; and

(II) not de minimis; and

(ii) includes taxes, royalties, fees (including license fees), production entitlements, bonuses, and other material benefits, that the Commission, consistent with the guidelines of the Extractive Industries Transparency Initiative (to the extent practicable), determines are part of the commonly recognized revenue

stream for the commercial development of oil, natural gas, or minerals;

(D) the term "resource extraction issuer" means an issuer that—

(i) is required to file an annual report with the Commission; and

(ii) engages in the commercial development of oil, natural gas, or minerals;

(E) the term "interactive data format" means an electronic data format in which pieces of information are identified using an interactive data standard; and

(F) the term "interactive data standard" means standardized list of electronic tags that mark information included in the annual report of a resource extraction issuer.

(2) DISCLOSURE.—

(A) INFORMATION REQUIRED.—Not later than 270 days after the date of enactment of the Dodd-Frank Wall Street Reform and Consumer Protection Act, the Commission shall issue final rules that require each resource extraction issuer to include in an annual report of the resource extraction issuer information relating to any payment made by the resource extraction issuer, a subsidiary of the resource extraction issuer, or an entity under the control of the resource extraction issuer to a foreign government or the Federal Government for the purpose of the commercial development of oil, natural gas, or minerals, including—

(i) the type and total amount of such payments made for each project of the resource extraction issuer relating to the commercial development of oil, natural gas, or minerals; and

(ii) the type and total amount of such payments made to each government.

(B) CONSULTATION IN RULEMAKING.—In issuing rules under subparagraph (A), the Commission may consult with any agency or entity that the Commission determines is relevant.

(C) INTERACTIVE DATA FORMAT.—The rules issued under subparagraph (A) shall require that the information included in the annual report of a resource extraction issuer be submitted in an interactive data format.

(D) INTERACTIVE DATA STANDARD.—

(i) IN GENERAL.—The rules issued under subparagraph (A) shall establish an interactive data standard for the information included in the annual report of a resource extraction issuer.

(ii) ELECTRONIC TAGS.—The interactive data standard shall include electronic tags that identify, for any payments made by a resource extraction issuer to a foreign government or the Federal Government—

(I) the total amounts of the payments, by category;

(II) the currency used to make the payments;

(III) the financial period in which the payments were made;

(IV) the business segment of the resource extraction issuer that made the payments;

(V) the government that received the payments, and the country in which the government is located;

(VI) the project of the resource extraction issuer to which the payments relate; and

(VII) such other information as the Commission may determine is necessary or appropriate in the public interest or for the protection of investors.

(E) INTERNATIONAL TRANSPARENCY EFFORTS.—To the extent practicable, the rules issued under subparagraph (A) shall support the commitment of the Federal Government to international transparency promotion efforts relating to the commercial development of oil, natural gas, or minerals.

(F) EFFECTIVE DATE.—With respect to each resource extraction issuer, the final rules issued under subparagraph (A) shall take effect on the date on which the resource extraction issuer is required to submit an annual report relating to the fiscal year of the resource extraction issuer that ends not earlier than 1 year after the date on which the Commission issues final rules under subparagraph (A).

(3) PUBLIC AVAILABILITY OF INFORMATION.—

(A) IN GENERAL.—To the extent practicable, the Commission shall make available online, to the public, a compilation of the information required to be submitted under the rules issued under paragraph (2)(A).

(B) OTHER INFORMATION.—Nothing in this paragraph shall require the Commission to make available online information other than the information required to be submitted under the rules issued under paragraph (2)(A).

(4) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to the Commission such sums as may be necessary to carry out this subsection.

(r) DISCLOSURE OF CERTAIN ACTIVITIES RELATING TO IRAN.—

(1) IN GENERAL.—Each issuer required to file an annual or quarterly report under subsection (a) shall disclose in that report the information required by paragraph (2) if, during the period covered by the report, the issuer or any affiliate of the issuer—

(A) knowingly engaged in an activity described in subsection (a) or (b) of section 5 of the Iran Sanctions Act of 1996 (Public Law 104–172; 50 U.S.C. 1701 note);

(B) knowingly engaged in an activity described in subsection (c)(2) of section 104 of the Comprehensive Iran Sanctions, Accountability, and Divestment Act of 2010 (22 U.S.C. 8513) or a transaction described in subsection (d)(1) of that section;

(C) knowingly engaged in an activity described in section 105A(b)(2) of that Act; or

(D) knowingly conducted any transaction or dealing with—

(i) any person the property and interests in property of which are blocked pursuant to Executive Order No.

13224 (66 Fed. Reg. 49079; relating to blocking property and prohibiting transactions with persons who commit, threaten to commit, or support terrorism);

(ii) any person the property and interests in property of which are blocked pursuant to Executive Order No. 13382 (70 Fed. Reg. 38567; relating to blocking of property of weapons of mass destruction proliferators and their supporters); or

(iii) any person or entity identified under section 560.304 of title 31, Code of Federal Regulations (relating to the definition of the Government of Iran) without the specific authorization of a Federal department or agency.

(2) INFORMATION REQUIRED.—If an issuer or an affiliate of the issuer has engaged in any activity described in paragraph (1), the issuer shall disclose a detailed description of each such activity, including—

(A) the nature and extent of the activity;

(B) the gross revenues and net profits, if any, attributable to the activity; and

(C) whether the issuer or the affiliate of the issuer (as the case may be) intends to continue the activity.

(3) NOTICE OF DISCLOSURES.—If an issuer reports under paragraph (1) that the issuer or an affiliate of the issuer has knowingly engaged in any activity described in that paragraph, the issuer shall separately file with the Commission, concurrently with the annual or quarterly report under subsection (a), a notice that the disclosure of that activity has been included in that annual or quarterly report that identifies the issuer and contains the information required by paragraph (2).

(4) PUBLIC DISCLOSURE OF INFORMATION.—Upon receiving a notice under paragraph (3) that an annual or quarterly report includes a disclosure of an activity described in paragraph (1), the Commission shall promptly—

(A) transmit the report to—

(i) the President;

(ii) the Committee on Foreign Affairs and the Committee on Financial Services of the House of Representatives; and

(iii) the Committee on Foreign Relations and the Committee on Banking, Housing, and Urban Affairs of the Senate; and

(B) make the information provided in the disclosure and the notice available to the public by posting the information on the Internet website of the Commission.

(5) INVESTIGATIONS.—Upon receiving a report under paragraph (4) that includes a disclosure of an activity described in paragraph (1) (other than an activity described in subparagraph (D)(iii) of that paragraph), the President shall—

(A) initiate an investigation into the possible imposition of sanctions under the Iran Sanctions Act of 1996 (Public Law 104–172; 50 U.S.C. 1701 note), section 104 or 105A of the Comprehensive Iran Sanctions, Accountability, and Divestment Act of 2010, an Executive order specified in clause (i) or (ii) of paragraph (1)(D), or any other provision

of law relating to the imposition of sanctions with respect to Iran, as applicable; and

(B) not later than 180 days after initiating such an investigation, make a determination with respect to whether sanctions should be imposed with respect to the issuer or the affiliate of the issuer (as the case may be).

(6) SUNSET.—The provisions of this subsection shall terminate on the date that is 30 days after the date on which the President makes the certification described in section 401(a) of the Comprehensive Iran Sanctions, Accountability, and Divestment Act of 2010 (22 U.S.C. 8551(a)).

* * * * * * *

SECTION 503 OF THE UNITED STATES-KOREA FREE TRADE AGREEMENT IMPLEMENTATION ACT

SEC. 503. RATE FOR MERCHANDISE PROCESSING FEES.

For the period beginning on December 1, 2015, and ending on June 30, 2021, section 13031(a)(9) of the Consolidated Omnibus Budget Reconciliation Act of 1985 (19 U.S.C. 58c(a)(9)) shall be applied and administered—

(1) in subparagraph (A), by substituting "0.3464" for "0.21"; and

(2) in subparagraph (B)(i), by substituting "0.3464" for "0.21".

B. CHANGES IN EXISTING LAW PROPOSED BY THE BILL, AS REPORTED

In compliance with clause 3(e)(1)(B) of rule XIII of the Rules of the House of Representatives, changes in existing law proposed by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

CONSOLIDATED OMNIBUS BUDGET RECONCILIATION ACT OF 1985

* * * * * * *

SEC. 13031. FEES FOR CERTAIN CUSTOMS SERVICES.

(a) SCHEDULE OF FEES.—In addition to any other fee authorized by law, the Secretary of the Treasury shall charge and collect the following fees for the provision of customs services in connection with the following:

(1) For the arrival of a commercial vessel of 100 net tons or more, $397.

(2) For the arrival of a commercial truck, $5.

(3) For the arrival of each railroad car carrying passengers or commercial freight, $7.50.

(4) For all arrivals made during a calendar year by a private vessel or private aircraft, $25.

(5)(A) Subject to subparagraph (B), for the arrival of each passenger aboard a commercial vessel or commercial aircraft from a place outside the United States (other than a place referred to in subsection (b)(1)(A)(i) of this section), $5.

(B) For the arrival of each passenger aboard a commercial vessel from a place referred to in subsection (b)(1)(A)(i) of this section, $1.75.

(6) For each item of dutiable mail for which a document is prepared by a customs officer, $5.

(7) For each customs broker permit held by an individual, partnership, association, or corporate customs broker, $125 per year.

(8) For the arrival of a barge or other bulk carrier from Canada or Mexico, $100.

(9)(A) For the processing of merchandise that is formally entered or released during any fiscal year, a fee in an amount equal to 0.21 percent ad valorem, unless adjusted under subparagraph (B).

(B)(i) The Secretary of the Treasury may adjust the ad valorem rate specified in subparagraph (A) to an ad valorem rate (but not to a rate of more than 0.21 percent nor less than 0.15 percent) and the amounts specified in subsection (b)(8)(A)(i) (but not to more than $485 nor less than $21) to rates and amounts which would, if charged, offset the salaries and expenses that will likely be incurred by the Customs Service in the processing of such entries and releases during the fiscal year in which such costs are incurred.

(ii) In determining the amount of any adjustment under clause (i), the Secretary of the Treasury shall take into account whether there is a surplus or deficit in the fund established under subsection (f) with respect to the provision of customs services for the processing of formal entries and releases of merchandise.

(iii) An adjustment may not be made under clause (i) with respect to the fee charged during any fiscal year unless the Secretary of the Treasury—

(I) not later than 45 days after the date of the enactment of the Act providing full-year appropriations for the Customs Service for that fiscal year, publishes in the Federal Register a notice of intent to adjust the fee under this paragraph and the amount of such adjustment;

(II) provides a period of not less than 30 days following publication of the notice described in subclause (I) for public comment and consultation with the Committee on Finance of the Senate and the Committee on Ways and Means of the House of Representatives regarding the proposed adjustment and the methodology used to determine such adjustment;

(III) upon the expiration of the period provided under subclause (II), notifies such committees in writing regarding the final determination to adjust the fee, the amount of such adjustment, and the methodology used to determine such adjustment; and

(IV) upon the expiration of the 15-day period following the written notification described in subclause (III), submits for publication in the Federal Register notice of the final determination regarding the adjustment of the fee.

(iv) The 15-day period referred to in clause (iii)(IV) shall be computed by excluding—

(I) the days on which either House is not in session because of an adjournment of more than 3 days to a day certain or an adjournment of the Congress sine die; and

(II) any Saturday and Sunday, not excluded under subclause (I), when either House is not in session.

(v) An adjustment made under this subparagraph shall become effective with respect to formal entries and releases made on or after the 15th calendar day after the date of publication of the notice described in clause (iii)(IV) and shall remain in effect until adjusted under this subparagraph.

(C) Any fee charged under this paragraph, whether or not adjusted under subparagraph (B), is subject to the limitations in subsection (b)(8)(A).

(10) For the processing of merchandise that is informally entered or released, other than at—

(A) a centralized hub facility,

(B) an express consignment carrier facility, or

(C) a small airport or other facility to which section 236 of the Trade and Tariff Act of 1984 applies, if more than 25,000 informal entries were cleared through such airport or facility during the fiscal year preceding such entry or release, a fee of—

(i) $2 if the entry or release is automated and not prepared by customs personnel;

(ii) $6 if the entry or release is manual and not prepared by customs personnel; or

(iii) $9 if the entry or release, whether automated or manual, is prepared by customs personnel.

For provisions relating to the informal entry or release of merchandise at facilities referred to in subparagraphs (A), (B), and (C), see subsection (b)(9).

(b) LIMITATIONS ON FEES.—(1)(A) Except as provided in subsection (a)(5)(B) of this section, no fee may be charged under subsection (a) of this section for customs services provided in connection with—

(i) the arrival of any passenger whose journey—

(I) originated in a territory or possession of the United States; or

(II) originated in the United States and was limited to territories and possessions of the United States;

(ii) the arrival of any railroad car the journey of which originates and terminates in the same country, but only if no passengers board or disembark from the train and no cargo is loaded or unloaded from such car while the car is within any country other than the country in which such car originates and terminates;

(iii) the arrival of a ferry, except for a ferry whose operations begin on or after August 1, 1999, and that operates south of 27 degrees latitude and east of 89 degrees longitude; or

(iv) the arrival of any passenger on board a commercial vessel traveling only between ports which are within the customs territory of the United States.

(B) The exemption provided for in subparagraph (A) shall not apply in the case of the arrival of any passenger on board a com-

mercial vessel whose journey originates and terminates at the same place in the United States if there are no intervening stops.

(C) The exemption provided for in subparagraph (A)(i) shall not apply to fiscal years 1994, 1995, 1996, and 1997.

(2) No fee may be charged under subsection (a)(2) for the arrival of a commercial truck during any calendar year after a total of $100 in fees has been paid to the Secretary of the Treasury for the provision of customs services for all arrivals of such commercial truck during such calendar year.

(3) No fee may be charged under subsection (a)(3) for the arrival of a railroad car whether passenger or freight during any calendar year after a total of $100 in fees has been paid to the Secretary of the Treasury for the provision of customs services for all arrivals of such passenger or freight rail car during such calendar year.

(4)(A) No fee may be charged under subsection (a)(5) with respect to the arrival of any passenger—

(i) who is in transit to a destination outside the customs territory of the United States, and

(ii) for whom customs inspectional services are not provided.

(B) In the case of a commercial vessel making a single voyage involving 2 or more United States ports with respect to which the passengers would otherwise be charged a fee pursuant to subsection (a)(5), such fee shall be charged only 1 time for each passenger.

(5) No fee may be charged under subsection (a)(1) for the arrival of—

(A) a vessel during a calendar year after a total of $5,955 in fees charged under paragraph (1) or (8) of subsection (a) has been paid to the Secretary of the Treasury for the provision of customs services for all arrivals of such vessel during such calendar year,

(B) any vessel which, at the time of the arrival, is being used solely as a tugboat, or

(C) any barge or other bulk carrier from Canada or Mexico.

(6) No fee may be charged under subsection (a)(8) for the arrival of a barge or other bulk carrier during a calendar year after a total of $1,500 in fees charged under paragraph (1) or (8) of subsection (a) has been paid to the Secretary of the Treasury for the provision of customs services for all arrivals of such barge or other bulk carrier during such calendar year.

(7) No fee may be charged under paragraph (2), (3), or (4) of subsection (a) for the arrival of any—

(A) commercial truck,

(B) railroad car, or

(C) private vessel,

that is being transported, at the time of the arrival, by any vessel that is not a ferry.

(8)(A)(i) Subject to clause (ii), the fee charged under subsection (a)(9) for the formal entry or release of merchandise may not exceed $485 or be less than $25, unless adjusted pursuant to subsection (a)(9)(B).

(ii) A surcharge of $3 shall be added to the fee determined after application of clause (i) for any manual entry or release of merchandise.

(B) No fee may be charged under subsection (a) (9) or (10) for the processing of any article that is—

(i) provided for under any item in chapter 98 of the Harmonized Tariff Schedule of the United States, except subheading 9802.00.60 or 9802.00.80,

(ii) a product of an insular possession of the United States, or

(iii) a product of any country listed in subdivision (c)(ii)(B) or (c)(v) of general note 3 to such Schedule.

(C) For purposes of applying subsection (a) (9) or (10)—

(i) expenses incurred by the Secretary of the Treasury in the processing of merchandise do not include costs incurred in—

(I) air passenger processing,

(II) export control, or

(III) international affairs, and

(ii) any reference to a manual formal or informal entry or release includes any entry or release filed by a broker or importer that requires the inputting of cargo selectivity data into the Automated Commercial System by customs personnel, except when—

(I) the broker or importer is certified as an ABI cargo release filer under the Automated Commercial System at any port within the United States, or

(II) the entry or release is filed at ports prior to the full implementation of the cargo selectivity data system by the Customs Service at such ports.

(D) The fee charged under subsection (a)(9) or (10) with respect to the processing of merchandise shall—

(i) be paid by the importer of record of the merchandise;

(ii) except as otherwise provided in this paragraph, be based on the value of the merchandise as determined under section 402 of the Tariff Act of 1930;

(iii) in the case of merchandise classified under subheading 9802.00.60 of the Harmonized Tariff Schedule of the United States, be applied to the value of the foreign repairs or alterations to the merchandise;

(iv) in the case of merchandise classified under heading 9802.00.80 of such Schedule, be applied to the full value of the merchandise, less the cost or value of the component United States products;

(v) in the case of agricultural products of the United States that are processed and packed in a foreign trade zone, be applied only to the value of material used to make the container for such merchandise, if such merchandise is subject to entry and the container is of a kind normally used for packing such merchandise; and

(vi) in the case of merchandise entered from a foreign trade zone (other than merchandise to which clause (v) applies), be applied only to the value of the privileged or nonprivileged foreign status merchandise under section 3 of the Act of June 18, 1934 (commonly known as the Foreign Trade Zones Act, 19 U.S.C. 81c).

With respect to merchandise that is classified under subheading 9802.00.60 or heading 9802.00.80 of such Schedule and is duty-free, the Secretary may collect the fee charged on the processing of the

merchandise under subsection (a) (9) or (10) on the basis of aggregate data derived from financial and manufacturing reports used by the importer in the normal course of business, rather than on the basis of entry-by-entry accounting.

(E) For purposes of subsection (a) (9) and (10), merchandise is entered or released, as the case may be, if the merchandise is—

(i) permitted or released under section 448(b) of the Tariff Act of 1930,

(ii) entered or released from customs custody under section 484(a)(1)(A) of the Tariff Act of 1930, or

(iii) withdrawn from warehouse for consumption.

(9)(A) With respect to the processing of letters, documents, records, shipments, merchandise, or any other item that is valued at an amount that is $2,000 or less (or such higher amount as the Secretary of the Treasury may set by regulation pursuant to section 498 of the Tariff Act of 1930), except such items entered for transportation and exportation or immediate exportation at a centralized hub facility, an express consignment carrier facility, or a small airport or other facility, the following reimbursements and payments are required:

(i) In the case of a small airport or other facility—

(I) the reimbursement which such facility is required to make during the fiscal year under section 9701 of title 31, United States Code or section 236 of the Trade and Tariff Act of 1984; and

(II) an annual payment by the facility to the Secretary of the Treasury, which is in lieu of the payment of fees under subsection (a)(10) for such fiscal year, in an amount equal to the reimbursement under subclause (I).

(ii) Notwithstanding subsection (e)(6) and subject to the provisions of subparagraph (B), in the case of an express consignment carrier facility or centralized hub facility—

(I) $.66 per individual airway bill or bill of lading; and

(II) if the merchandise is formally entered, the fee provided for in subsection (a)(9), if applicable.

(B)(i) Beginning in fiscal year 2004, the Secretary of the Treasury may adjust (not more than once per fiscal year) the amount described in subparagraph (A)(ii) to an amount that is not less than $.35 and not more than $1.00 per individual airway bill or bill of lading. The Secretary shall provide notice in the Federal Register of a proposed adjustment under the preceding sentence and the reasons therefor and shall allow for public comment on the proposed adjustment.

(ii) Notwithstanding section 451 of the Tariff Act of 1930, the payment required by subparagraph (A)(ii) (I) or (II) shall be the only payment required for reimbursement of the Customs Service in connection with the processing of an individual airway bill or bill of lading in accordance with such subparagraph and for providing services at express consignment carrier facilities or centralized hub facilities, except that the Customs Service may require such facilities to cover expenses of the Customs Service for adequate office space, equipment, furnishings, supplies, and security.

(iii)(I) The payment required by subparagraph (A)(ii) and clause (ii) of this subparagraph shall be paid on a quarterly basis by the carrier using the facility to the Customs Service in accordance with regulations prescribed by the Secretary of the Treasury.

(II) 50 percent of the amount of payments received under subparagraph (A)(ii) and clause (ii) of this subparagraph shall, in accordance with section 524 of the Tariff Act of 1930, be deposited in the Customs User Fee Account and shall be used to directly reimburse each appropriation for the amount paid out of that appropriation for the costs incurred in providing services to express consignment carrier facilities or centralized hub facilities. Amounts deposited in accordance with the preceding sentence shall be available until expended for the provision of customs services to express consignment carrier facilities or centralized hub facilities.

(III) Notwithstanding section 524 of the Tariff Act of 1930, the remaining 50 percent of the amount of payments received under subparagraph (A)(ii) and clause (ii) of this subparagraph shall be paid to the Secretary of the Treasury, which is in lieu of the payment of fees under subsection (a)(10) of this section.

(C) For purposes of this paragraph:

(i) The terms "centralized hub facility" and "express consignment carrier facility" have the respective meanings that are applied to such terms in part 128 of chapter I of title 19, Code of Federal Regulations. Nothing in this paragraph shall be construed as prohibiting the Secretary of the Treasury from processing merchandise that is informally entered or released at any centralized hub facility or express consignment carrier facility during the normal operating hours of the Customs Service, subject to reimbursement and payment under subparagraph (A).

(ii) The term "small airport or other facility" means any airport or facility to which section 236 of the Trade and Tariff Act of 1984 applies, if more than 25,000 informal entries were cleared through such airport or facility during the preceding fiscal year.

(10)(A) The fee charged under subsection (a) (9) or (10) with respect to goods of Canadian origin (as determined under section 202 of the United States-Canada Free-Trade Agreement Implementation Act of 1988) when the United States-Canada Free-Trade Agreement is in force shall be in accordance with article 403 of that Agreement.

(B) For goods qualifying under the rules of origin set out in section 202 of the North American Free Trade Agreement Implementation Act, the fee under subsection (a) (9) or (10)—

(i) may not be charged with respect to goods that qualify to be marked as goods of Canada pursuant to Annex 311 of the North American Free Trade Agreement, for such time as Canada is a NAFTA country, as defined in section 2(4) of such Implementation Act; and

(ii) may not be increased after December 31, 1993, and may not be charged after June 29, 1999, with respect to goods that

qualify to be marked as goods of Mexico pursuant to such Annex 311, for such time as Mexico is a NAFTA country.

Any service for which an exemption from such fee is provided by reason of this paragraph may not be funded with money contained in the Customs User Fee Account.

(11) No fee may be charged under subsection (a) (9) or (10) with respect to products of Israel if an exemption with respect to the fee is implemented under section 112 of the Customs and Trade Act of 1990.

(12) No fee may be charged under subsection (a) (9) or (10) with respect to goods that qualify as originating goods under section 202 of the United States-Chile Free Trade Agreement Implementation Act. Any service for which an exemption from such fee is provided by reason of this paragraph may not be funded with money contained in the Customs User Fee Account.

(13) No fee may be charged under subsection (a) (9) or (10) with respect to goods that qualify as originating goods under section 202 of the United States-Singapore Free Trade Agreement Implementation Act. Any service for which an exemption from such fee is provided by reason of this paragraph may not be funded with money contained in the Customs User Fee Account.

(14) No fee may be charged under subsection (a) (9) or (10) with respect to goods that qualify as originating goods under section 203 of the United States-Australia Free Trade Agreement Implementation Act. Any service for which an exemption from such fee is provided by reason of this paragraph may not be funded with money contained in the Customs User Fee Account.

(15) No fee may be charged under subsection (a) (9) or (10) with respect to goods that qualify as originating goods under section 203 of the Dominican Republic-Central America-United States Free Trade Agreement Implementation Act. Any service for which an exemption from such fee is provided by reason of this paragraph may not be funded with money contained in the Customs User Fee Account.

(16) No fee may be charged under subsection (a) (9) or (10) with respect to goods that qualify as originating goods under section 202 of the United States-Bahrain Free Trade Agreement Implementation Act. Any service for which an exemption from such fee is provided by reason of this paragraph may not be funded with money contained in the Customs User Fee Account.

(17) No fee may be charged under subsection (a) (9) or (10) with respect to goods that qualify as originating goods under section 202 of the United States-Oman Free Trade Agreement Implementation Act. Any service for which an exemption from such fee is provided by reason of this paragraph may not be funded with money contained in the Customs User Fee Account.

(18) No fee may be charged under subsection (a) (9) or (10) with respect to goods that qualify as originating goods under section 203 of the United States-Peru Trade Promotion Agreement Implementation Act. Any service for which an exemption from such fee is provided by reason of this paragraph may not be funded with money contained in the Customs User Fee Account.

(19) No fee may be charged under subsection (a) (9) or (10) with respect to goods that qualify as originating goods under section 202 of the United States-Korea Free Trade Agreement Implementation

Act. Any service for which an exemption from such fee is provided by reason of this paragraph may not be funded with money contained in the Customs User Fee Account.

(20) No fee may be charged under subsection (a) (9) or (10) with respect to goods that qualify as originating goods under section 203 of the United States-Colombia Trade Promotion Agreement Implementation Act. Any service for which an exemption from such fee is provided by reason of this paragraph may not be funded with money contained in the Customs User Fee Account.

(21) No fee may be charged under subsection (a)(9) or (10) with respect to goods that qualify as originating goods under section 203 of the United States-Panama Trade Promotion Agreement Implementation Act. Any service for which an exemption from such fee is provided by reason of this paragraph may not be funded with money contained in the Customs User Fee Account.

(c) DEFINITIONS.—For purposes of this section—

(1) The term "ferry" means any vessel which is being used—

(A) to provide transportation only between places that are no more than 300 miles apart, and

(B) to transport only—

(i) passengers, or

(ii) vehicles, or railroad cars, which are being used, or have been used, in transporting passengers or goods.

(2) The term "arrival" means arrival at a port of entry in the customs territory of the United States.

(3) The term "customs territory of the United States" has the meaning given to such term by general note 2 of the Harmonized Tariff Schedule of the United States.

(4) The term "customs broker permit" means a permit issued under section 641(c) of the Tariff Act of 1930 (19 U.S.C. 1641(c)).

(5) The term "barge or other bulk carrier" means any vessel which—

(A) is not self-propelled, or

(B) transports fungible goods that are not packaged in any form.

(d) COLLECTION.—(1) Each person that issues a document or ticket to an individual for transportation by a commercial vessel or commercial aircraft into the customs territory of the United States shall—

(A) collect from that individual the fee charged under subsection (a)(5) at the time the document or ticket is issued; and

(B) separately identify on that document or ticket the fee charged under subsection (a)(5) as a Federal inspection fee.

(2) If—

(A) a document or ticket for transportation of a passenger into the customs territory of the United States is issued in a foreign country; and

(B) the fee charged under subsection (a)(5) is not collected at the time such document or ticket is issued;

the person providing transportation to such passenger shall collect such fee at the time such passenger departs from the customs territory of the United States and shall provide such passenger a receipt for the payment of such fee.

(3) The person who collects fees under paragraph (1) or (2) shall remit those fees to the Secretary of the Treasury at any time before the date that is 31 days after the close of the calendar quarter in which the fees are collected.

(4)(A) Notice of the date on which payment of the fee imposed by subsection (a)(7) is due shall be published by the Secretary of the Treasury in the Federal Register by no later than the date that is 60 days before such due date.

(B) A customs broker permit may be revoked or suspended for nonpayment of the fee imposed by subsection (a)(7) only if notice of the date on which payment of such fee is due was published in the Federal Register at least 60 days before such due date.

(C) The customs broker's license issued under section 641(b) of the Tariff Act of 1930 (19 U.S.C. 1641(b)) may not be revoked or suspended merely by reason of nonpayment of the fee imposed under subsection (a)(7).

(e) PROVISION OF CUSTOMS SERVICES.—

(1) Notwithstanding section 451 of the Tariff Act of 1930 (19 U.S.C. 1451) or any other provision of law (other than paragraph (2)), the customs services required to be provided to passengers upon arrival in the United States shall be adequately provided in connection with scheduled airline flights at customs serviced airports when needed and at no cost (other than the fees imposed under subsection (a)) to airlines and airline passengers.

(2)(A) This subsection shall not apply with respect to any airport to which section 236 of the Trade and Tariff Act of 1984 (19 U.S.C. 58b) applies.

(B) Subparagraph (C) of paragraph (6) shall not apply with respect to any foreign trade zone or subzone that is located at, or in the vicinity of, an airport to which section 236 of the Trade and Tariff Act of 1984 applies.

(3) Notwithstanding section 451 of the Tariff Act of 1930 (19 U.S.C. 1451) or any other provision of law—

(A) the customs services required to be provided to passengers upon arrival in the United States shall be adequately provided in connection with scheduled airline flights when needed at places located outside the customs territory of the United States at which a customs officer is stationed for the purpose of providing such customs services, and

(B) other than the fees imposed under subsection (a), the airlines and airline passengers shall not be required to reimburse the Secretary of the Treasury for the costs of providing overtime customs inspectional services at such places.

(4) Notwithstanding any other provision of law, all customs services (including, but not limited to, normal and overtime clearance and preclearance services) shall be adequately provided, when requested, for—

(A) the clearance of any commercial vessel, vehicle, or aircraft or its passengers, crew, stores, material, or cargo arriving, departing, or transiting the United States;

(B) the preclearance at any customs facility outside the United States of any commercial vessel, vehicle or aircraft or its passengers, crew, stores, material, or cargo; and

(C) the inspection or release of commercial cargo or other commercial shipments being entered into, or withdrawn from, the customs territory of the United States.

(5) For purposes of this subsection, customs services shall be treated as being "adequately provided" if such of those services that are necessary to meet the needs of parties subject to customs inspection are provided in a timely manner taking into account factors such as—

(A) the unavoidability of weather, mechanical, and other delays;

(B) the necessity for prompt and efficient passenger and baggage clearance;

(C) the perishability of cargo;

(D) the desirability or unavoidability of late night and early morning arrivals from various time zones;

(E) the availability (in accordance with regulations prescribed under subsection (g)(2)) of customs personnel and resources; and

(F) the need for specific enforcement checks.

(6) Notwithstanding any other provision of law except paragraph (2), during any period when fees are authorized under subsection (a), no charges, other than such fees, may be collected—

(A) for any—

(i) cargo inspection, clearance, or other customs activity, expense, or service performed (regardless whether performed outside of normal business hours on an overtime basis), or

(ii) customs personnel provided,

in connection with the arrival or departure of any commercial vessel, vehicle, or aircraft, or its passengers, crew, stores, material, or cargo, in the United States;

(B) for any preclearance or other customs activity, expense, or service performed, and any customs personnel provided, outside the United States in connection with the departure of any commercial vessel, vehicle, or aircraft, or its passengers, crew, stores, material, or cargo, for the United States; or

(C) in connection with—

(i) the activation or operation (including Customs Service supervision) of any foreign trade zone or subzone established under the Act of June 18, 1934 (commonly known as the Foreign Trade Zones Act, 19 U.S.C. 81a et seq.), or

(ii) the designation or operation (including Customs Service supervision) of any bonded warehouse under section 555 of the Tariff Act of 1930 (19 U.S.C. 1555).

(f) DISPOSITION OF FEES.—(1) There is established in the general fund of the Treasury a separate account which shall be known as the "Customs User Fee Account". Notwithstanding section 524 of the Tariff Act of 1930 (19 U.S.C. 1524), there shall be deposited as offsetting receipts into the Customs User Fee Account all fees collected under subsection (a) except—

(A) the portion of such fees that is required under paragraph (3) for the direct reimbursement of appropriations, and

(B) amounts deposited into the Customs Commercial and Homeland Security Automation Account under paragraph (4).

(2) Except as otherwise provided in this subsection, all funds in the Customs User Fee Account shall be available, to the extent provided for in appropriations Acts, to pay the costs (other than costs for which direct reimbursement under paragraph (3) is required) incurred by the United States Customs Service in conducting customs revenue functions as defined in section 415 of the Homeland Security Act of 2002 (other than functions performed by the Office of International Affairs referred to in section 415(8) of that Act), and for automation (including the Automation Commercial Environment computer system), and for no other purpose. To the extent that funds in the Customs User Fee Account are insufficient to pay the costs of such customs revenue functions, customs duties in an amount equal to the amount of such insufficiency shall be available, to the extent provided for in appropriations Acts, to pay the costs of such customs revenue functions in the amount of such insufficiency, and shall be available for no other purpose. The provisions of the first and second sentences of this paragraph specifying the purposes for which amounts in the Customs User Fee Account may be made available shall not be superseded except by a provision of law which specifically modifies or supersedes such provisions. So long as there is a surplus of funds in the Customs User Fee Account, the Secretary of the Treasury may not reduce personnel staffing levels for providing commercial clearance and preclearance services.

(3)(A) The Secretary of the Treasury, in accordance with section 524 of the Tariff Act of 1930 and subject to subparagraph (B), shall directly reimburse, from the fees collected under subsection (a) (other than the fees under subsection (a) (9) and (10) and the excess fees determined by the Secretary under paragraph (4)), each appropriation for the amount paid out of that appropriation for the costs incurred by the Secretary—

(i) in—

(I) paying overtime compensation under section 5(a) of the Act of February 13, 1911,

(II) paying premium pay under section 5(b) of the Act of February 13, 1911, but the amount for which reimbursement may be made under this subclause may not, for any fiscal year, exceed the difference between the total cost of all the premium pay for such year calculated under section 5(b) and the cost of the night and holiday premium pay that the Customs Service would have incurred for the same inspectional work on the day before the effective date of section 13813 of the Omnibus Budget Reconciliation Act of 1993,

(III) paying agency contributions to the Civil Service Retirement and Disability Fund to match deductions from the overtime compensation paid under subclause (I),

(IV) providing all preclearance services for which the recipients of such services are not required to reimburse the Secretary of the Treasury, and

(V) paying foreign language proficiency awards under section 13812(b) of the Omnibus Budget Reconciliation Act of 1993,

(ii) to the extent funds remain available after making reimbursements under clause (i), in providing salaries for full-time

and part-time inspectional personnel and equipment that enhance customs services for those persons or entities that are required to pay fees under paragraphs (1) through (8) of subsection (a) (distributed on a basis proportionate to the fees collected under paragraphs (1) through (8) of subsection (a), and

(iii) to the extent funds remain available after making reimbursements under clause (ii), in providing salaries for up to 50 full-time equivalent inspectional positions to provide preclearance services.

The transfer of funds required under subparagraph (C)(iii) has priority over reimbursements under this subparagraph to carry out subclauses (II), (III), (IV), and (V) of clause (i). Funds described in clause (ii) shall only be available to reimburse costs in excess of the highest amount appropriated for such costs during the period beginning with fiscal year 1990 and ending with the current fiscal year.

(B) Reimbursement of appropriations under this paragraph—

(i) shall be subject to apportionment or similar administrative practices;

(ii) shall be made at least quarterly; and

(iii) to the extent necessary, may be made on the basis of estimates made by the Secretary of the Treasury and adjustments shall be made in subsequent reimbursements to the extent that the estimates were in excess of, or less than, the amounts required to be reimbursed.

(C)(i) For fiscal year 1991 and subsequent fiscal years, the amount required to reimburse costs described in subparagraph (A)(i) shall be projected from actual requirements, and only the excess of collections over such projected costs for such fiscal year shall be used as provided in subparagraph (A)(ii).

(ii) The excess of collections over inspectional overtime and preclearance costs (under subparagraph (A)(i)) reimbursed for fiscal years 1989 and 1990 shall be available in fiscal year 1991 and subsequent fiscal years for the purposes described in subparagraph (A)(ii), except that $30,000,000 of such excess shall remain without fiscal year limitation in a contingency fund and, in any fiscal year in which receipts are insufficient to cover the costs described in subparagraph (A) (i) and (ii), shall be used for—

(I) the costs of providing the services described in subparagraph (A)(i), and

(II) after the costs described in subclause (I) are paid, the costs of providing the personnel and equipment described in subparagraph (A)(ii) at the preceding fiscal year level.

(iii) For each fiscal year, the Secretary of the Treasury shall calculate the difference between—

(I) the estimated cost for overtime compensation that would have been incurred during that fiscal year for inspectional services if section 5 of the Act of February 13, 1911 (19 U.S.C. 261 and 267), as in effect before the enactment of section 13811 of the Omnibus Budget Reconciliation Act of 1993, had governed such costs, and

(II) the actual cost for overtime compensation, premium pay, and agency retirement contributions that is incurred during that fiscal year in regard to inspectional services under section 5 of the Act of February 13, 1911, as amended by section 13811

of the Omnibus Budget Reconciliation Act of 1993, and under section 8331(3) of title 5, United States Code, as amended by section 13812(a)(1) of such Act of 1993, plus the actual cost that is incurred during that fiscal year for foreign language proficiency awards under section 13812(b) of such Act of 1993,

and shall transfer from the Customs User Fee Account to the General Fund of the Treasury an amount equal to the difference calculated under this clause, or $18,000,000, whichever amount is less. Transfers shall be made under this clause at least quarterly and on the basis of estimates to the same extent as are reimbursements under subparagraph (B)(iii).

(D) Nothing in this paragraph shall be construed to preclude the use of appropriated funds, from sources other than the fees collected under subsection (a), to pay the costs set forth in clauses (i), (ii), and (iii) of subparagraph (A).

(4)(A) There is created within the general fund of the Treasury a separate account that shall be known as the "Customs Commercial and Homeland Security Automation Account". In each of fiscal years 2003, 2004, and 2005 there shall be deposited into the Account from fees collected under subsection (a)(9)(A), $350,000,000.

(B) There is authorized to be appropriated from the Account in fiscal years [2003 through 2005 such amounts as are available in that Account for the development] *2016 through 2018 not less than $153,736,000 to complete the development and implementation*, establishment, and implementation of the Automated Commercial Environment computer system for the processing of merchandise that is entered or released and for other purposes related to the functions of the Department of Homeland Security. Amounts appropriated pursuant to this subparagraph are authorized to remain available until expended.

(C) In adjusting the fee imposed by subsection (a)(9)(A) for fiscal year 2006, the Secretary of the Treasury shall reduce the amount estimated to be collected in fiscal year 2006 by the amount by which total fees deposited to the Account during fiscal years 2003, 2004, and 2005 exceed total appropriations from that Account.

(5) Of the amounts collected in fiscal year 1999 under paragraphs (9) and (10) of subsection (a), $50,000,000 shall be available to the Customs Service, subject to appropriations Acts, for automated commercial systems. Amounts made available under this paragraph shall remain available until expended.

(g) REGULATIONS AND ENFORCEMENT.—(1) The Secretary of the Treasury may prescribe such rules and regulations as may be necessary to carry out the provisions of this section. Regulations issued by the Secretary of the Treasury under this subsection with respect to the collection of the fees charged under subsection (a)(5) and the remittance of such fees to the Treasury of the United States shall be consistent with the regulations issued by the Secretary of the Treasury for the collection and remittance of the taxes imposed by subchapter C of chapter 33 of the Internal Revenue Code of 1954, but only to the extent the regulations issued with respect to such taxes do not conflict with the provisions of this section.

(2) Except to the extent otherwise provided in regulations, all administrative and enforcement provisions of customs laws and regulations, other than those laws and regulations relating to draw-

back, shall apply with respect to any fee prescribed under subsection (a) of this section, and with respect to persons liable therefor, as if such fee is a customs duty. For purposes of the preceding sentence, any penalty expressed in terms of a relationship to the amount of the duty shall be treated as not less than the amount which bears a similar relationship to the amount of the fee assessed. For purposes of determining the jurisdiction of any court of the United States or any agency of the United States, any fee prescribed under subsection (a) of this section shall be treated as if such fee is a customs duty.

(h) CONFORMING AMENDMENTS.—(1) Subsection (i) of section 305 of the Rail Passenger Service Act (45 U.S.C. 545(i)) is amended by striking out the last sentence thereof.

(2) Subsection (e) of section 53 of the Airport and Airway Development Act of 1970 (49 U.S.C. 1741(e)) is repealed.

(i) EFFECT ON OTHER AUTHORITY.—Except with respect to customs services for which fees are imposed under subsection (a), nothing in this section shall be construed as affecting the authority of the Secretary of the Treasury to charge fees under section 214(b) of the Customs Procedural Reform and Simplification Act of 1978 (19 U.S.C. 58a).

(j) EFFECTIVE DATES.—(1) Except as otherwise provided in this subsection, the provisions of this section, and the amendments and repeals made by this section, shall apply with respect to customs services rendered after the date that is 90 days after the date of enactment of this Act.

(2) Fees may be charged under subsection (a)(5) only with respect to customs services rendered in regard to arriving passengers using transportation for which documents or tickets were issued after the date that is 90 days after such date of enactment.

(3)(A) Fees may not be charged under paragraphs (9) and (10) of subsection (a) after September 30, 2024.

(B)(i) Subject to clause (ii), Fees may not be charged under paragraphs (1) through (8) of subsection (a) after September 30, 2024.

(ii) In fiscal year 2006 and in each succeeding fiscal year for which fees under paragraphs (1) through (8) of subsection (a) are authorized—

(I) the Secretary of the Treasury shall charge fees under each such paragraph in amounts that are reasonably related to the costs of providing customs services in connection with the activity or item for which the fee is charged under such paragraph, except that in no case may the fee charged under any such paragraph exceed by more than 10 percent the amount otherwise prescribed by such paragraph;

(II) the amount of fees collected under such paragraphs may not exceed, in the aggregate, the amounts paid in that fiscal year for the costs described in subsection (f)(3)(A) incurred in providing customs services in connection with the activity or item for which the fees are charged under such paragraphs;

(III) a fee may not be collected under any such paragraph except to the extent such fee will be expended to pay the costs described in subsection (f)(3)(A) incurred in providing customs services in connection with the activity or item for which the fee is charged under such paragraph; and

(IV) any fee collected under any such paragraph shall be available for expenditure only to pay the costs described in subsection (f)(3)(A) incurred in providing customs services in connection with the activity or item for which the fee is charged under such paragraph.

(C) Fees may be charged under paragraphs (9) and (10) of subsection (a) during the period beginning on July 8, 2025, and ending on July 28, 2025.

(k) ADVISORY COMMITTEE.—The Commissioner of Customs shall establish an advisory committee whose membership shall consist of representatives from the airline, cruise ship, and other transportation industries who may be subject to fees under subsection (a). The advisory committee shall not be subject to termination under section 14 of the Federal Advisory Committee Act. The advisory committee shall meet on a periodic basis and shall advise the Commissioner on issues related to the performance of the inspectional services of the United States Customs Service. Such advice shall include, but not be limited to, such issues as the time periods during which such services should be performed, the proper number and deployment of inspection officers, the level of fees, and the appropriateness of any proposed fee. The Commissioner shall give consideration to the views of the advisory committee in the exercise of his or her duties.

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SECTION 311 OF THE CUSTOMS BORDER SECURITY ACT OF 2002

SEC. 311. AUTHORIZATION OF APPROPRIATIONS FOR NONCOMMERCIAL OPERATIONS, COMMERCIAL OPERATIONS, AND AIR AND MARINE INTERDICTION

(a) NONCOMMERCIAL OPERATIONS. —Section 301(b)(1) of the Customs Procedural Reform and Simplification Act of 1978 (19 U.S.C. 2075(b)(1)) is amended—

(1) by striking subparagraph (A), and inserting the following: "(A) $1,365,456,000 for fiscal year 2003."; and

(2) by striking subparagraph (B), and inserting the following: "(B) $1,399,592,400 for fiscal year 2004.".

(b) COMMERCIAL OPERATIONS.—

(1) IN GENERAL. —Section 301(b)(2)(A) of the Customs Procedural Reform and Simplification Act of 1978 (19 U.S.C. 2075(b)(2)(A)) is amended—

(A) by striking clause (i), and inserting the following: "(i) $1,642,602,000 for fiscal year 2003."; and

(B) by striking clause (ii), and inserting the following: "(ii) $1,683,667,050 for fiscal year 2004.".

[(3) REPORTS.—Not later than 90 days after the date of the enactment of this Act, and not later than the end of each subsequent 90-day period, the Commissioner of Customs shall prepare and submit to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate a report demonstrating that the development and establishment of the Automated Commercial Environment computer system is being carried out in a cost-effective manner

and meets the modernization requirements of title VI of the North American Free Trade Agreement Implementation Act.]

(3) REPORT.—

(A) IN GENERAL.—Not later than December 31, 2016, the Commissioner responsible for U.S. Customs and Border Protection shall submit to the Committee on Appropriations and the Committee on Finance of the Senate and the Committee on Appropriations and the Committee on Ways and Means of the House of Representatives a report detailing—

(i) U.S. Customs and Border Protection's incorporation of all core trade processing capabilities, including cargo release, entry summary, cargo manifest, cargo financial data, and export data elements into the Automated Commercial Environment computer system authorized under section 13031(f)(4) of the Consolidated Omnibus Budget and Reconciliation Act of 1985 (19 U.S.C. 58c(f)(4)) not later than September 30, 2016, to conform with the admissibility criteria of agencies participating in the International Trade Data System identified pursuant to section 411(d)(4)(A)(iii) of the Tariff Act of 1930;

(ii) U.S. Customs and Border Protection's remaining priorities for processing entry summary data elements, cargo manifest data elements, cargo financial data elements, and export elements in the Automated Commercial Environment computer system, and the objectives and plans for implementing these remaining priorities;

(iii) the components of the National Customs Automation Program specified in subsection (a)(2) of section 411 of the Tariff Act of 1930 that have not been implemented; and

(iv) any additional components of the National Customs Automation Program initiated by the Commissioner to complete the development, establishment, and implementation of the Automated Commercial Environment computer system.

(B) UPDATE OF REPORTS.—Not later than September 30, 2017, the Commissioner shall submit to the Committee on Appropriations and the Committee on Finance of the Senate and the Committee on Appropriations and the Committee on Ways and Means of the House of Representatives an updated report addressing each of the matters referred to in subparagraph (A), and—

(i) evaluating the effectiveness of the implementation of the Automated Commercial Environment computer system; and

(ii) detailing the percentage of trade processed in the Automated Commercial Environment every month since September 30, 2016.

(c) AIR AND MARINE INTERDICTION. Section 301(b)(3) of the Customs Procedural Reform and Simplification Act of 1978 (19 U.S.C. 2075(b)(3)) is amended—

(1) by striking subparagraph (A), and inserting the following: "(A) $170,829,000 for fiscal year 2003."; and

(2) by striking subparagraph (B), and inserting the following:

"(B) $175,099,725 for fiscal year 2004.".

(d) SUBMISSION OF OUT-YEAR BUDGET PROJECTIONS. Section 301(a) of the Customs Procedural Reform and Simplification Act of 1978 (19 U.S.C. 2075(a)) is amended by adding at the end the following:

"(3) By not later than the date on which the President submits to Congress the budget of the United States Government for a fiscal year, the Commissioner of Customs shall submit to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate the projected amount of funds for the succeeding fiscal year that will be necessary for the operations of the Customs Service as provided for in subsection (b).".

TARIFF ACT OF 1930

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TITLE III—SPECIAL PROVISIONS

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Part II—United States Tariff Commission

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SEC. 307. CONVICT MADE GOODS—IMPORTATION PROHIBITED.

All goods, wares, articles, and merchandise mined, produced or manufactured wholly or in part in any foreign country by convict labor or/and forced labor or/and indentured labor under penal sanctions shall not be entitled to entry at any of the ports of the United States, and the importation thereof is hereby prohibited, and the Secretary of the Treasury is authorized and directed to prescribe such regulations as may be necessary for the enforcement of this provision. [The provisions of this section relating to goods, wares, articles, and merchandise mined, produced, or manufactured by forced labor or/and indentured labor, shall take effect on January 1, 1932; but in no case shall such provisions be applicable to goods, wares, articles, or merchandise so mined, produced, or manufactured which are not mined, produced, or manufactured in such quantities in the United States as to meet the consumptive demands of the United States.]

"Forced labor," as herein used, shall mean all work or service which is exacted from any person under the menace of any penalty for its nonperformance and for which the worker does not offer himself voluntarily. For purposes of this section, the term "forced labor or/and indentured labor" includes forced or indentured child labor.

* * * * * * *

SEC. 313. DRAWBACK AND REFUNDS.

(a) ARTICLES MADE FROM IMPORTED MERCHANDISE.—Upon the exportation or destruction under customs supervision of articles manufactured or produced in the United States with the use of imported merchandise, provided that those articles have not been used prior to such exportation or destruction, [the full amount of

the duties paid upon the merchandise so used shall be refunded as drawback, less 1 per centum of such duties, except that such] *an amount calculated pursuant to regulations prescribed by the Secretary of the Treasury under subsection (l) shall be refunded as drawback, except that* duties shall not be so refunded upon the exportation or destruction of flour or by-products produced from imported wheat. Where two or more products result from the manipulation of imported merchandise, the drawback shall be distributed to the several products in accordance with their relative values at the time of separation.

(b) SUBSTITUTION FOR DRAWBACK PURPOSES.—

(1) IN GENERAL.— If imported duty-paid merchandise [and any other merchandise (whether imported or domestic) of the same kind and quality are] *or merchandise classifiable under the same 8-digit HTS subheading number as such imported merchandise is* used in the manufacture or production of articles within a period not to exceed [three years] *5 years* from [the receipt of such imported merchandise by the manufacturer or producer of such articles] *the date of importation of such imported merchandise*, there shall be allowed upon the exportation, or destruction under customs supervision, of any such articles, *or articles classifiable under the same 8-digit HTS subheading number as such articles,* notwithstanding the fact that none of the imported merchandise may actually have been used in the manufacture or production of the exported or destroyed articles, [an amount of drawback equal to that which would have been allowable had the merchandise used therein been imported, but only if those articles have not been used prior to such exportation or destruction; but the total amount of drawback allowed upon the exportation or destruction under customs supervision of such articles, together with the total amount of drawback allowed in respect of such imported merchandise under any other provision of law, shall not exceed 99 per centum of the duty paid on such imported merchandise.] *an amount calculated pursuant to regulations prescribed by the Secretary of the Treasury under subsection (l), but only if those articles have not been used prior to such exportation or destruction.*

(2) REQUIREMENTS RELATING TO TRANSFER OF MERCHANDISE.—

(A) MANUFACTURERS AND PRODUCERS.—Drawback shall be allowed under paragraph (1) with respect to an article manufactured or produced using imported merchandise or other merchandise classifiable under the same 8-digit HTS subheading number as such imported merchandise only if the manufacturer or producer of the article received such imported merchandise or such other merchandise, directly or indirectly, from the importer.

(B) EXPORTERS AND DESTROYERS.—Drawback shall be allowed under paragraph (1) with respect to a manufactured or produced article that is exported or destroyed only if the exporter or destroyer received that article or an article classifiable under the same 8-digit HTS subheading number as that article, directly or indirectly, from the manufacturer or producer.

(C) EVIDENCE OF TRANSFER.—Transfers of merchandise under subparagraph (A) and transfers of articles under subparagraph (B) may be evidenced by business records kept in the normal course of business and no additional certificates of transfer or manufacture shall be required.

(3) SUBMISSION OF BILL OF MATERIALS OR FORMULA.—

(A) IN GENERAL.—Drawback shall be allowed under paragraph (1) with respect to an article manufactured or produced using imported merchandise or other merchandise classifiable under the same 8-digit HTS subheading number as such imported merchandise only if the person making the drawback claim submits with the claim a bill of materials or formula identifying the merchandise and article by the 8-digit HTS subheading number and the quantity of the merchandise.

(B) BILL OF MATERIALS AND FORMULA DEFINED.—In this paragraph, the terms "bill of materials" and "formula" mean records kept in the normal course of business that identify each component incorporated into a manufactured or produced article or that identify the quantity of each element, material, chemical, mixture, or other substance incorporated into a manufactured article.

(4) SPECIAL RULE FOR SOUGHT CHEMICAL ELEMENTS.—

(A) IN GENERAL.—For purposes of paragraph (1), a sought chemical element may be—

(i) considered imported merchandise, or merchandise classifiable under the same 8-digit HTS subheading number as such imported merchandise, used in the manufacture or production of an article as described in paragraph (1); and

(ii) substituted for source material containing that sought chemical element, without regard to whether the sought chemical element and the source material are classifiable under the same 8-digit HTS subheading number, and apportioned quantitatively, as appropriate.

(B) SOUGHT CHEMICAL ELEMENT DEFINED.—In this paragraph, the term "sought chemical element" means an element listed in the Periodic Table of Elements that is imported into the United States or a chemical compound consisting of those elements, either separately in elemental form or contained in source material.

(c) MERCHANDISE NOT CONFORMING TO SAMPLE OR SPECIFICATIONS.—

(1) CONDITIONS FOR DRAWBACK.—Upon the exportation or destruction under the supervision of the Customs Service of articles or merchandise—

(A) upon which the duties have been paid,

(B) which has been entered or withdrawn for consumption,

(C) which is—

(i) not conforming to sample or specifications, shipped without the consent of the consignee, or determined to be defective as of the time of importation, or

(ii) ultimately sold at retail by the importer, or the person who received the merchandise from the importer [under a certificate of delivery], and for any reason returned to and accepted by the importer, or the person who received the merchandise from the importer [under a certificate of delivery], and

(D) which, within [3] *5* years after the date of importation or withdrawal, as applicable, has been exported or destroyed under the supervision of [the Customs Service] *U.S. Customs and Border Protection*,

[the full amount of the duties paid upon such merchandise, less 1 percent,] *an amount calculated pursuant to regulations prescribed by the Secretary of the Treasury under subsection (l)* shall be refunded as drawback.

(2) DESIGNATION OF IMPORT ENTRIES.—For purposes of paragraph (1)(C)(ii), drawback may be claimed by designating an entry of merchandise that was imported within 1 year before the date of exportation or destruction of the merchandise described in paragraph (1) (A) and (B) under the supervision of [the Customs Service] *U.S. Customs and Border Protection*. The merchandise designated for drawback must be identified in the import documentation with the same eight-digit classification number and specific product identifier (such as part number, SKU, or product code) as the returned merchandise.

[(3) WHEN DRAWBACK CERTIFICATES NOT REQUIRED.—For purposes of this subsection, drawback certificates are not required if the drawback claimant and the importer are the same party, or if the drawback claimant is a drawback successor to the importer as defined in subsection (s)(3).]

(3) EVIDENCE OF TRANSFERS.—Transfers of merchandise under paragraph (1) may be evidenced by business records kept in the normal course of business and no additional certificates of transfer shall be required.

(d) FLAVORING EXTRACTS AND MEDICINAL, OR TOILET PREPARATIONS.—Upon the exportation of flavoring extracts, medicinal or toilet preparations (including perfumery) manufactured or produced in the United States in part from domestic alcohol on which an internal-revenue tax has been paid, there shall be allowed a drawback equal in amount to the tax found to have been paid on the alcohol so used.

Upon the exportation of bottled distilled spirits and wines manufactured or produced in the United States on which an internal-revenue tax has been paid or determined, there shall be allowed, under regulations to be prescribed by the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, a drawback equal in amount to the tax found to have been paid or determined on such bottled distilled spirits and wines. In the case of distilled spirits, the preceding sentence shall not apply unless the claim for drawback is filed by the bottler or packager of the spirits and unless such spirits have been stamped or restamped, and marked, especially for export, under regulations prescribed by the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury.

(e) IMPORTED SALT FOR CURING FISH.—Imported salt in bond may be used in curing fish taken by vessels licensed to engage in

the fisheries, and in curing fish on the shores of the navigable waters of the United States, whether such fish are taken by licensed or unlicensed vessels, and upon proof that the salt has been used for either of such purposes, the duties on the same shall be remitted.

(f) EXPORTATION OF MEATS CURED WITH IMPORTED SALT.—Upon the exportation of meats, whether packed or smoked, which have been cured in the United States with imported salt, there shall be refunded, upon satisfactory proof that such meats have been cured with imported salt, the duties paid on the salt so used in curing such exported meats, in amounts not less than $100.

(g) MATERIALS FOR CONSTRUCTION AND EQUIPMENT OR VESSELS BUILT FOR FOREIGNERS.—The provisions of this section shall apply to materials imported and used in the construction and equipment of vessels built for foreign account and ownership, or for the government of any foreign country, notwithstanding that such vessels may not within the strict meaning of the term be articles exported.

(h) Upon the exportation of jet aircraft engines manufactured or produced abroad that have been overhauled, repaired, rebuilt, or reconditioned in the United States with the use of imported merchandise, including parts, there shall be refunded, upon satisfactory proof that such imported merchandise has been so used, the duties which have been paid thereon, in amounts not less than $100.

[(i) TIME LIMITATION ON EXPORTATION.—Unless otherwise provided for in this section, no drawback shall be allowed under the provisions of this section unless the completed article is exported, or destroyed under the supervision of the Customs Service, within five years after importation of the imported merchandise.**]**

(i) PROOF OF EXPORTATION.—A person claiming drawback under this section based on the exportation of an article shall provide proof of the exportation of the article. Such proof of exportation—

(1) shall establish fully the date and fact of exportation and the identity of the exporter; and

(2) may be established through the use of records kept in the normal course of business or through an electronic export system of the United States Government, as determined by the Commissioner responsible for U.S. Customs and Border Protection.

(j) UNUSED MERCHANDISE DRAWBACK.—

(1) If imported merchandise, on which was paid any duty, tax, or fee imposed under Federal law upon entry or importation—

(A) is, before the close of the **[**3-year**]** *5-year* period beginning on the date of importation *and before the drawback claim is filed—*

(i) exported, or

(ii) destroyed under customs supervision; and

(B) is not used within the United States before such exportation or destruction;

then upon such exportation or destruction **[**99 percent of the amount of each duty, tax, or fee so paid**]** *an amount calculated pursuant to regulations prescribed by the Secretary of the Treasury under subsection (l)* shall be refunded as drawback. The exporter (or destroyer) has the right to claim drawback

under this paragraph, but may endorse such right to the importer or any intermediate party.

(2) Subject to [paragraph (4)] *paragraphs (4), (5), and (6)*, if there is, with respect to imported merchandise on which was paid any duty, tax, or fee imposed under Federal law upon entry or importation, any other merchandise (whether imported or domestic), that—

(A) is [commercially interchangeable with] *classifiable under the same 8-digit HTS subheading number as* such imported merchandise;

(B) is, before the close of the [3-year] *5-year* period beginning on the date of importation of the imported merchandise *and before the drawback claim is filed*, either exported or destroyed under customs supervision; and

(C) before such exportation or destruction—

(i) is not used within the United States, and

(ii) is in the possession of, including ownership while in bailment, in leased facilities, in transit to, or in any other manner under the operational control of, the party claiming drawback under this paragraph, if that party—

(I) is the importer of the imported merchandise, or

[(II) received from the person who imported and paid any duty due on the imported merchandise a certificate of delivery transferring to the party the imported merchandise, commercially interchangeable merchandise, or any combination of imported and commercially interchangeable merchandise (and any such transferred merchandise, regardless of its origin, will be treated as the imported merchandise and any retained merchandise will be treated as domestic merchandise);]

(II) received the imported merchandise, other merchandise classifiable under the same 8-digit HTS subheading number as such imported merchandise, or any combination of such imported merchandise and such other merchandise, directly or indirectly from the person who imported and paid any duties, taxes, and fees imposed under Federal law upon importation or entry and due on the imported merchandise (and any such transferred merchandise, regardless of its origin, will be treated as the imported merchandise and any retained merchandise will be treated as domestic merchandise);

then, notwithstanding any other provision of law, upon the exportation or destruction of such other merchandise [the amount of each such duty, tax, and fee paid regarding the imported merchandise shall be refunded as drawback under this subsection, but in no case may the total drawback on the imported merchandise, whether available under this paragraph or any other provision of law or any combination thereof, exceed 99 percent of that duty, tax, or fee] *an amount calculated pursuant to regulations prescribed by the Secretary of the*

Treasury under subsection (l) shall be refunded as drawback. [For purposes of subparagraph (A) of this paragraph, wine of the same color having a price variation not to exceed 50 percent between the imported wine and the exported wine shall be deemed to be commercially interchangeable.] *Notwithstanding subparagraph (A), drawback shall be allowed under this paragraph with respect to wine if the imported wine and the exported wine are of the same color and the price variation between the imported wine and the exported wine does not exceed 50 percent. Transfers of merchandise may be evidenced by business records kept in the normal course of business and no additional certificates of transfer shall be required.*

(3) The performing of any operation or combination of operations (including, but not limited to, testing, cleaning, repacking, inspecting, sorting, refurbishing, freezing, blending, repairing, reworking, cutting, slitting, adjusting, replacing components, relabeling, disassembling, and unpacking), not amounting to manufacture or production for drawback purposes under the preceding provisions of this section on—

(A) the imported merchandise itself in cases to which paragraph (1) applies, or

(B) [the commercially interchangeable merchandise] *merchandise classifiable under the same 8-digit HTS subheading number as such imported merchandise* in cases to which paragraph (2) applies,

shall not be treated as a use of that merchandise for purposes of applying paragraph (1)(B) or (2)(C).

(4)(A) Effective upon the entry into force of the North American Free Trade Agreement, the exportation to a NAFTA country, as defined in section 2(4) of the North American Free Trade Agreement Implementation Act, of merchandise that is fungible with and substituted for imported merchandise, other than merchandise described in paragraphs (1) through (8) of section 203(a) of that Act, shall not constitute an exportation for purposes of paragraph (2).

(B) Beginning on January 1, 2015, the exportation to Chile of merchandise that is fungible with and substituted for imported merchandise, other than merchandise described in paragraphs (1) through (5) of section 203(a) of the United States-Chile Free Trade Agreement Implementation Act, shall not constitute an exportation for purposes of paragraph (2). The preceding sentence shall not be construed to permit the substitution of unused drawback under paragraph (2) of this subsection with respect to merchandise described in paragraph (2) of section 203(a) of the United States-Chile Free Trade Agreement Implementation Act.

(5)(A) For purposes of paragraph (2) and except as provided in subparagraph (B), merchandise may not be substituted for imported merchandise for drawback purposes based on the 8-digit HTS subheading number if the article description for the 8-digit HTS subheading number under which the imported merchandise is classified begins with the term "other".

(B) In cases described in subparagraph (A), merchandise may be substituted for imported merchandise for drawback purposes if—

(i) the other merchandise and such imported merchandise are classifiable under the same 10-digit HTS statistical reporting number; and

(ii) the article description for that 10-digit HTS statistical reporting number does not begin with the term "other".

(6)(A) For purposes of paragraph (2), a drawback claimant may use the first 8 digits of the 10-digit Schedule B number for merchandise or an article to determine if the merchandise or article is classifiable under the same 8-digit HTS subheading number as the imported merchandise, without regard to whether the Schedule B number corresponds to more than one 8-digit HTS subheading number.

(B) In this paragraph, the term "Schedule B" means the Department of Commerce Schedule B, Statistical Classification of Domestic and Foreign Commodities Exported from the United States.

[(k)(1) For purposes of subsections (a) and (b), the use of any domestic merchandise acquired in exchange for imported merchandise of the same kind and quality shall be treated as the use of such imported merchandise if no certificate of delivery is issued with respect to such imported merchandise.

[(2) For purposes of subsections (a) and (b), the use of any domestic merchandise acquired in exchange for a drawback product of the same kind and quality shall be treated as the use of such drawback product if no certificate of delivery or certificate of manufacture and delivery pertaining to such drawback product is issued, other than that which documents the product's manufacture and delivery. As used in this paragraph, the term "drawback product" means any domestically produced product, manufactured with imported merchandise or any other merchandise (whether imported or domestic) of the same kind and quality, that is subject to drawback.

[(l) REGULATIONS.—Allowance of the privileges provided for in this section shall be subject to compliance with such rules and regulations as the Secretary of the Treasury shall prescribe, which may include, but need not be limited to, the authority for the electronic submission of drawback entries and the designation of the person to whom any refund or payment of drawback shall be made.**]**

(k) LIABILITY FOR DRAWBACK CLAIMS.—

(1) IN GENERAL.—Any person making a claim for drawback under this section shall be liable for the full amount of the drawback claimed.

(2) LIABILITY OF IMPORTERS.—An importer shall be liable for any drawback claim made by another person with respect to merchandise imported by the importer in an amount equal to the lesser of—

(A) the amount of duties, taxes, and fees that the person claimed with respect to the imported merchandise; or

(B) the amount of duties, taxes, and fees that the importer authorized the other person to claim with respect to the imported merchandise.

(3) JOINT AND SEVERAL LIABILITY.—Persons described in paragraphs (1) and (2) shall be jointly and severally liable for the amount described in paragraph (2).

(l) REGULATIONS.—

(1) IN GENERAL.—Allowance of the privileges provided for in this section shall be subject to compliance with such rules and regulations as the Secretary of the Treasury shall prescribe.

(2) CALCULATION OF DRAWBACK.—

(A) IN GENERAL.—Not later than the date that is 2 years after the date of the enactment of the Trade Facilitation and Trade Enforcement Act of 2015 (or, if later, the effective date provided for in section 406(q)(2)(B) of that Act), the Secretary shall prescribe regulations for determining the calculation of amounts refunded as drawback under this section.

(B) REQUIREMENTS.—The regulations required by subparagraph (A) for determining the calculation of amounts refunded as drawback under this section shall provide for a refund of equal to 99 percent of the duties, taxes, and fees paid with respect to the imported merchandise, except that where there is substitution of the merchandise or article, then—

(i) in the case of an article that is exported, the amount of the refund shall be equal to 99 percent of the lesser of—

(I) the amount of duties, taxes, and fees paid with respect to the imported merchandise; or

(II) the amount of duties, taxes, and fees that would apply to the exported article if the exported article were imported; and

(ii) in the case of an article that is destroyed, the amount of the refund shall be an amount that is—

(I) equal to 99 percent of the lesser of—

(aa) the amount of duties, taxes, and fees paid with respect to the imported merchandise; and

(bb) the amount of duties, taxes, and fees that would apply to the destroyed article if the destroyed article were imported; and

(II) reduced by the value of materials recovered during destruction as provided in subsection (x).

(3) STATUS REPORTS ON REGULATIONS.—Not later than the date that is one year after the date of the enactment of the Trade Facilitation and Trade Enforcement Act of 2015, and annually thereafter until the regulations required by paragraph (2) are final, the Secretary shall submit to Congress a report on the status of those regulations.

(m) SOURCE OF PAYMENT.—Any drawback of duties that may be authorized under the provisions of this Act shall be paid from the customs receipts of Puerto Rico, if the duties were originally paid into the Treasury of Puerto Rico.

(n) REFUNDS, WAIVERS, OR REDUCTIONS UNDER CERTAIN FREE TRADE AGREEMENTS.—(1) For purposes of this subsection and subsection (o)—

(A) the term "NAFTA Act" means the North American Free Trade Agreement Implementation Act;

(B) the terms "NAFTA country" and "good subject to NAFTA drawback" have the same respective meanings that are given such terms in sections 2(4) and 203(a) of the NAFTA Act;

(C) a refund, waiver, or reduction of duty under paragraph (2) of this subsection or paragraph (1) of subsection (o) is subject to section 508(b)(2)(B); and

(D) the term "good subject to Chile FTA drawback" has the meaning given that term in section 203(a) of the United States-Chile Free Trade Agreement Implementation Act.

(2) For purposes of subsections (a), (b), (f), (h), (p), and (q), if an article that is exported to a NAFTA country is a good subject to NAFTA drawback, no customs duties on the good may be refunded, waived, or reduced in an amount that exceeds the lesser of—

(A) the total amount of customs duties paid or owed on the good on importation into the United States, or

(B) the total amount of customs duties paid on the good to the NAFTA country.

(3) If Canada ceases to be a NAFTA country and the suspension of the operation of the United States-Canada Free-Trade Agreement thereafter terminates, then for purposes of subsections (a), (b), (f), (h), (j)(2), and (q), the shipment to Canada during the period such Agreement is in operation of an article made from or substituted for, as appropriate, a drawback eligible good under section 204(a) of the United States-Canada Free-Trade Implementation Act of 1988 does not constitute an exportation.

(4)(A) For purposes of subsections (a), (b), (f), (h), (j)(2), (p), and (q), if an article that is exported to Chile is a good subject to Chile FTA drawback, no customs duties on the good may be refunded, waived, or reduced, except as provided in subparagraph (B).

(B) The customs duties referred to in subparagraph (A) may be refunded, waived, or reduced by—

(i) 100 percent during the 8-year period beginning on January 1, 2004;

(ii) 75 percent during the 1-year period beginning on January 1, 2012;

(iii) 50 percent during the 1-year period beginning on January 1, 2013; and

(iv) 25 percent during the 1-year period beginning on January 1, 2014.

(o) SPECIAL RULES FOR CERTAIN VESSELS AND IMPORTED MATERIALS.—(1) For purposes of subsection (g), if—

(A) a vessel is built for the account and ownership of a resident of a NAFTA country or the government of a NAFTA country, and

(B) imported materials that are used in the construction and equipment of the vessel are goods subject to NAFTA drawback, the amount of customs duties refunded, waived, or reduced on such materials may not exceed the lesser of the total amount of customs duties paid or owed on the materials on importation into the United States or the total amount of customs duties paid on the vessel to the NAFTA country.

(2) If Canada ceases to be a NAFTA country and the suspension of the operation of the United States-Canada Free-Trade Agreement thereafter terminates, then for purposes of subsection (g), vessels built for Canadian account and ownership, or for the Gov-

ernment of Canada, may not be considered to be built for any foreign account and ownership, or for the government of any foreign country, except to the extent that the materials in such vessels are drawback eligible goods under section 204(a) of the United States-Canada Free-Trade Implementation Act of 1988.

(3) For purposes of subsection (g), if—

(A) a vessel is built for the account and ownership of a resident of Chile or the Government of Chile, and

(B) imported materials that are used in the construction and equipment of the vessel are goods subject to Chile FTA drawback, as defined in section 203(a) of the United States-Chile Free Trade Agreement Implementation Act,

no customs duties on such materials may be refunded, waived, or reduced, except as provided in paragraph (4).

(4) The customs duties referred to in paragraph (3) may be refunded, waived or reduced by—

(A) 100 percent during the 8-year period beginning on January 1, 2004;

(B) 75 percent during the 1-year period beginning on January 1, 2012;

(C) 50 percent during the 1-year period beginning on January 1, 2013; and

(D) 25 percent during the 1-year period beginning on January 1, 2014.

(p) SUBSTITUTION OF FINISHED PETROLEUM DERIVATIVES.—

(1) IN GENERAL.—Notwithstanding any other provision of this section, if—

(A) an article (hereafter referred to in this subsection as the "exported article") of the same kind and quality as a qualified article is exported;

(B) the requirements set forth in paragraph (2) are met; and

(C) a drawback claim is filed regarding the exported article;

drawback shall be allowed as described in paragraph (4).

(2) REQUIREMENTS.—The requirements referred to in paragraph (1) are as follows:

(A) The exporter of the exported article—

(i) manufactured or produced a qualified article in a quantity equal to or greater than the quantity of the exported article,

(ii) purchased or exchanged, directly or indirectly, a qualified article from a manufacturer or producer described in subsection (a) or (b) in a quantity equal to or greater than the quantity of the exported article,

(iii) imported a qualified article in a quantity equal to or greater than the quantity of the exported article, or

(iv) purchased or exchanged, directly or indirectly, a qualified article from an importer in a quantity equal to or greater than the quantity of the exported article.

(B) In the case of the requirement described in subparagraph (A)(ii), the manufacturer or producer produced the qualified article in a quantity equal to or greater than the quantity of the exported article.

(C) In the case of the requirement of subparagraph (A)(i) or (A)(ii), the exported article is exported during the period that the qualified article described in subparagraph (A)(i) or (A)(ii) (whichever is applicable) is manufactured or produced, or within 180 days after the close of such period.

(D) In the case of the requirement of subparagraph (A)(i) or (A)(ii), the specific petroleum refinery or production facility which made the qualified article concerned is identified.

(E) In the case of the requirement of subparagraph (A)(iii) or (A)(iv), the exported article is exported within 180 days after the date of entry of an imported qualified article described in subparagraph (A)(iii) or (A)(iv) (whichever is applicable).

(F) Except as otherwise specifically provided in this subsection, the drawback claimant complies with all requirements of this section, including providing certificates which establish the drawback eligibility of articles for which drawback is claimed.

(G) The manufacturer, producer, importer, transferor, exporter, and drawback claimant of the qualified article and the exported article maintain all records required by regulation.

(3) DEFINITION OF QUALIFIED ARTICLE, ETC.—For purposes of this subsection—

(A) The term "qualified article" means an article—

(i) described in—

(I) headings 2707, 2708, 2709.00, 2710, 2711, 2712, 2713, 2714, 2715, 2901, and 2902, and subheadings 2903.21.00, 2909.19.14, 2917.36, 2917.39.04, 2917.39.15, 2926.10.00, 3811.21.00, and 3811.90.00 of the [Harmonized Tariff Schedule of the United States] *HTS*, or

(II) headings 3901 through 3914 of such Schedule (as such headings apply to the primary forms provided under Note 6 to chapter 39 of the [Harmonized Tariff Schedule of the United States] *HTS*), and

(ii) which is—

(I) manufactured or produced as described in subsection (a) or (b) from crude petroleum or a petroleum derivative,

(II) imported duty-paid, or

(III) an article of the same kind and quality as described in subparagraph (B), or any combination thereof, that is transferred[, as so certified in a certificate of delivery or certificate of manufacture and delivery] in a quantity not greater than the quantity of articles purchased or exchanged.

The transferred merchandise described in subclause (III), regardless of its origin[, so designated on the certificate of delivery or certificate of manufacture and delivery] shall be the qualified article for purposes of this section. [A party who issues a certificate of delivery, or certificate of manufacture and delivery, shall

also certify to the Commissioner of Customs that it has not, and will not, issue such certificates for a quantity greater than the amount eligible for drawback and that appropriate records will be maintained to demonstrate that fact.] *The party transferring the merchandise shall maintain records kept in the normal course of business to demonstrate the transfer.*

(B) An article, including an imported, manufactured, substituted, or exported article, is of the same kind and quality as the qualified article for which it is substituted under this subsection if it is a product that is commercially interchangeable with or referred to under the same eight-digit classification of the [Harmonized Tariff Schedule of the United States] *HTS* as the qualified article. If an article is referred to under the same eight-digit classification of the [Harmonized Tariff Schedule of the United States] *HTS* as the qualified article on January 1, 2000, then whether or not the article has been reclassified under another eight-digit classification after January 1, 2000, the article shall be deemed to be an article that is referred to under the same eight-digit classification of such Schedule as the qualified article for purposes of the preceding sentence.

(C) The term "drawback claimant" means the exporter of the exported article or the refiner, producer, or importer of either the qualified article or the exported article. Any person eligible to file a drawback claim under this subparagraph may designate another person to file such claim.

(4) LIMITATION ON DRAWBACK.—The amount of drawback payable under this subsection shall not exceed the amount of drawback that would be attributable to the article—

(A) manufactured or produced under subsection (a) or (b) by the manufacturer or producer described in clause (i) or (ii) of paragraph (2)(A), or

(B) imported under clause (iii) or (iv) of paragraph (2)(A) had the claim qualified for drawback under subsection (j).

(5) SPECIAL RULES FOR ETHYL ALCOHOL.—For purposes of this subsection, any duty paid under subheading 9901.00.50 of the [Harmonized Tariff Schedule of the United States] *HTS* on imports of ethyl alcohol or a mixture of ethyl alcohol may not be refunded if the exported article upon which a drawback claim is based does not contain ethyl alcohol or a mixture of ethyl alcohol.

(q) PACKAGING MATERIAL.—

(1) PACKAGING MATERIAL UNDER SUBSECTIONS (c) AND (j).—Packaging material, whether imported and duty paid, and claimed for drawback under either subsection (c) or (j)(1), or imported and duty paid, or substituted, and claimed for drawback under subsection (j)(2), shall be eligible for drawback, upon exportation, [of 99 percent of any duty, tax, or fee imposed under Federal law on such imported material] *in an amount calculated pursuant to regulations prescribed by the Secretary of the Treasury under subsection (l).*

(2) PACKAGING MATERIAL UNDER SUBSECTIONS (a) AND (b).—Packaging material that is manufactured or produced under

subsection (a) or (b) shall be eligible for drawback, upon exportation, [of 99 percent of any duty, tax, or fee imposed under Federal law on the imported or substituted merchandise used to manufacture or produce such material] *in an amount calculated pursuant to regulations prescribed by the Secretary of the Treasury under subsection (l).*

(3) CONTENTS.—Packaging material described in paragraphs (1) and (2) shall be eligible for drawback whether or not [they contain] *it contains* articles or merchandise, and whether or not any articles or merchandise they contain are eligible for drawback.

(4) EMPLOYING PACKAGING MATERIAL FOR ITS INTENDED PURPOSE PRIOR TO EXPORTATION.—The use of any packaging material for its intended purpose prior to exportation shall not be treated as a use of such material prior to exportation for purposes of applying subsection (a), (b), or (c), or paragraph (1)(B) or (2)(C)(i) of subsection (j).

(r) FILING DRAWBACK CLAIMS.—

(1) [A drawback entry and all documents necessary to complete a drawback claim, including those issued by the Customs Service, shall be filed or applied for, as applicable, within 3 years after the date of exportation or destruction of the articles on which drawback is claimed, except that any landing certificate required by regulation shall be filed within the time limit prescribed in such regulation.] *A drawback entry shall be filed or applied for, as applicable, not later than 5 years after the date on which merchandise on which drawback is claimed was imported.* Claims not completed within the [3-year] *5-year* period shall be considered abandoned. No extension will be granted unless it is established that [the Customs Service] *U.S. Customs and Border Protection* was responsible for the untimely filing.

(2) A drawback entry for refund filed pursuant to any subsection of this section shall be deemed filed pursuant to any other subsection of this section should it be determined that drawback is not allowable under the entry as originally filed but is allowable under such other subsection.

(3)(A) [The Customs Service] *U.S. Customs and Border Protection* may, notwithstanding the limitation set forth in paragraph (1), extend the time for filing a drawback claim for a period not to exceed 18 months, if—

(i) the claimant establishes to the satisfaction of [the Customs Service] *U.S. Customs and Border Protection* that the claimant was unable to file the drawback claim because of an event declared by the President to be a major disaster on or after January 1, 1994; and

(ii) the claimant files a request for such extension with [the Customs Service] *U.S. Customs and Border Protection*—

(I) within 1 year from the last day of the [3-year] *5-year* period referred to in paragraph (1), or

(II) within 1 year after the date of the enactment of this paragraph,

whichever is later.

(B) If an extension is granted with respect to a request filed under this paragraph, [the periods of time for retaining records set forth in subsection (t) of this section and] *the period of time for retaining records set forth in* section 508(c)(3) shall be extended for an additional 18 months or, in a case to which subparagraph (A)(ii) applies, for a period not to exceed 1 year from the date the claim is filed.

(C) For purposes of this paragraph, the term "major disaster" has the meaning given that term in section 102(2) of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5122(2)).

(4) All drawback claims filed on and after the date that is 2 years after the date of the enactment of the Trade Facilitation and Trade Enforcement Act of 2015 (or, if later, the effective date provided for in section 406(q)(2)(B) of that Act) shall be filed electronically.

(s) DESIGNATION OF MERCHANDISE BY SUCCESSOR.—

(1) For purposes of subsection (b), a drawback successor may designate imported merchandise used by the predecessor before the date of succession as the basis for drawback on articles manufactured by the drawback successor after the date of succession.

(2) For purposes of subsection (j)(2), a drawback successor may designate—

(A) imported merchandise which the predecessor, before the date of succession, imported; or

[(B) imported merchandise, commercially interchangeable merchandise, or any combination of imported and commercially interchangeable merchandise for which the predecessor received, before the date of succession, from the person who imported and paid any duty due on the imported merchandise a certificate of delivery transferring to the predecessor such merchandise;]

(B) subject to paragraphs (5) and (6) of subsection (j), imported merchandise, other merchandise classifiable under the same 8-digit HTS subheading number as such imported merchandise, or any combination of such imported merchandise and such other merchandise, that the predecessor received, before the date of succession, from the person who imported and paid any duties, taxes, and fees due on the imported merchandise;

as the basis for drawback on merchandise possessed by the drawback predecessor after the date of succession.

(3) For purposes of this subsection, the term "drawback successor" means an entity to which another entity (in this subsection referred to as the "predecessor") has transferred by written agreement, merger, or corporate resolution—

(A) all or substantially all of the rights, privileges, immunities, powers, duties, and liabilities of the predecessor; or

(B) the assets and other business interests of a division, plant, or other business unit of such predecessor, but only if in such transfer the value of the transferred realty, personalty, and intangibles (other than drawback rights, in-

choate or otherwise) exceeds the value of all transferred drawback rights, inchoate or otherwise.

(4) No drawback shall be paid under this subsection until either the predecessor or the drawback successor (who shall also certify that it has the predecessor's records) [certifies that—]

[(A) the transferred merchandise was not and will not be claimed by the predecessor, and

[(B) the predecessor did not and will not issue any certificate to any other person that would enable that person to claim drawback.] *certifies that the transferred merchandise was not and will not be claimed by the predecessor.*

[(t) DRAWBACK CERTIFICATES.—Any person who issues a certificate which would enable another person to claim drawback shall be subject to the recordkeeping provisions of this Act, with the retention period beginning on the date that such certificate is issued.]

(u) ELIGIBILITY OF ENTERED OR WITHDRAWN MERCHANDISE.—Imported merchandise that has not been regularly entered or withdrawn for consumption shall not satisfy any requirement for use, exportation, or destruction under this section.

(v) MULTIPLE DRAWBACK CLAIMS.—Merchandise that is exported or destroyed to satisfy any claim for drawback shall not be the basis of any other claim for drawback; except that appropriate credit and deductions for claims covering components or ingredients of such merchandise shall be made in computing drawback payments.

(w) LIMITED APPLICABILITY FOR CERTAIN AGRICULTURAL PRODUCTS.—

(1) IN GENERAL.—No drawback shall be available with respect to an agricultural product subject to the over-quota rate of duty established under a tariff-rate quota, except pursuant to subsection (j)(1).

(2) APPLICATION TO TOBACCO.—Notwithstanding paragraph (1), drawback shall also be available pursuant to subsection (a) with respect to any tobacco subject to the over-quota rate of duty established under a tariff-rate quota.

(x) DRAWBACKS FOR RECOVERED MATERIALS.—For purposes of subsections (a), (b), [and (c)] *(c), and (j)*, the term "destruction" includes a process by which materials are recovered from imported merchandise or from an article manufactured from imported merchandise. In determining the amount of duties to be refunded as drawback to a claimant under this subsection, the value of recovered materials (including the value of any tax benefit or royalty payment) that accrues to the drawback claimant shall be deducted from the value of the imported merchandise that is destroyed, or from the value of the merchandise used, or designated as used, in the manufacture of the article.

(y) ARTICLES SHIPPED TO THE UNITED STATES INSULAR POSSESSIONS.—Articles described in subsection (j)(1) shall be eligible for drawback under this section if duty was paid on the merchandise upon importation into the United States and the person claiming the drawback demonstrates that the merchandise has entered the customs territory of the United States Virgin Islands, American Samoa, Wake Island, Midway Islands, Kingman Reef, Guam, Canton Island, Enderbury Island, Johnston Island, or Palmyra Island.

(4)(A) For purposes of subsections (a), (b), (f), (h), (j)(2), (p), and (q), if an article that is exported to Chile is a good subject to Chile FTA drawback, no customs duties on the good may be refunded, waived, or reduced, except as provided in subparagraph (B).

(B) The customs duties referred to in subparagraph (A) may be refunded, waived, or reduced by—

(i) 100 percent during the 8-year period beginning on January 1, 2004;

(ii) 75 percent during the 1-year period beginning on January 1, 2012;

(iii) 50 percent during the 1-year period beginning on January 1, 2013; and

(iv) 25 percent during the 1-year period beginning on January 1, 2014.

(z) DEFINITIONS.—In this section:

(1) DIRECTLY.—The term "directly" means a transfer of merchandise or an article from one person to another person without any intermediate transfer.

(2) HTS.—The term "HTS" means the Harmonized Tariff Schedule of the United States.

(3) INDIRECTLY.—The term "indirectly" means a transfer of merchandise or an article from one person to another person with one or more intermediate transfers.

* * * * * * *

SEC. 321. ADMINISTRATIVE EXEMPTIONS.

(a) The Secretary of the Treasury, in order to avoid expense and inconvenience to the Government disproportionate to the amount of revenue that would otherwise be collected, is hereby authorized, under such regulations as he shall prescribe, to—

(1) disregard a difference of an amount specified by the Secretary by regulation, but not less than $20, between the total estimated duties, fees, and taxes deposited, or the total duties fees, and taxes tentatively assessed, with respect to any entry of merchandise and the total amount of duties, fees, taxes, and interest actually accruing thereon;

(2) admit articles free of duty and of any tax imposed on or by reason of importation, but the aggregate fair retail value in the country of shipment of articles imported by one person on one day and exempted from the payment of duty shall not exceed an amount specified by the Secretary by regulation, but not less than—

(A) $100 in the case of articles sent as bona fide gifts from persons in foreign countries to persons in the United States $200, in the case of articles sent as bona fide gifts from persons in the Virgin Islands, Guam, and America Samoa), or

(B) $200 in the case of articles accompanying, and for the personal or household use of, persons arriving in the United States who are not entitled to any exemption from duty under subheading 9804.00.30, 9804.00.65, or 9804.00.70 of this Act, or

(C) **[**$200**]** *$800* in any other case.

The privilege of this subdivision (2) shall not be granted in any case in which merchandise covered by a single order or con-

tract is forwarded in separate lots to secure the benefit of this subdivision (2); and

(3) waive the collection of duties, fees, taxes, and interest due on entered merchandise when such duties, fees, taxes, or interest are less than $20 or such greater amount as may be specified by the Secretary by regulation.

(b) The Secretary of the Treasury is authorized by regulations to prescribe exceptions to any exemption provided for in subsection (a) whenever he finds that such action is consistent with the purpose of subsection (a) or is necessary for any reason to protect the revenue or to prevent unlawful importations.

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TITLE IV—ADMINISTRATIVE PROVISIONS

PART I—DEFINITIONS AND NATIONAL CUSTOMS AUTOMATION PROGRAM

* * * * * * *

Subpart B—National Customs Automation Program

SEC. 411. NATIONAL CUSTOMS AUTOMATION PROGRAM.

(a) ESTABLISHMENT.—The Secretary shall establish the National Customs Automation Program (hereinafter in this subpart referred to as the "Program") which shall be an automated and electronic system for processing commercial importations and shall include the following existing and planned components:

(1) Existing components:

(A) The electronic entry of merchandise.

(B) The electronic entry summary of required information.

(C) The electronic transmission of invoice information.

(D) The electronic transmission of manifest information.

(E) Electronic payments of duties, fees, and taxes.

(F) The electronic status of liquidation and reliquidation.

(G) The electronic selection of high risk entries for examination (cargo selectivity and entry summary selectivity).

(2) Planned components:

(A) The electronic filing and status of protests.

(B) The electronic filing (including remote filing under section 414) of entry information with the Customs Service at any location.

(C) The electronic filing of import activity summary statements and reconciliation.

(D) The electronic filing of bonds.

(E) The electronic penalty process.

(F) The electronic filing of drawback claims, records, or entries.

(G) Any other component initiated by the Customs Service to carry out the goals of this subpart.

(b) PARTICIPATION IN PROGRAM.—The Secretary shall by regulation prescribe the eligibility criteria for participation in the Program. The Secretary may, by regulation, require the electronic submission of information described in subsection (a) or any other in-

formation required to be submitted to the Customs Service separately pursuant to this subpart.

(c) FOREIGN-TRADE ZONES.—Not later than January 1, 2000, the Secretary shall provide for the inclusion of commercial importation data from foreign-trade zones under the Program.

(d) INTERNATIONAL TRADE DATA SYSTEM.—

(1) ESTABLISHMENT.—

(A) IN GENERAL.—The Secretary of the Treasury (in this subsection, referred to as the "Secretary") shall oversee the establishment of an electronic trade data interchange system to be known as the "International Trade Data System" (ITDS). The ITDS shall be implemented not later than the date that the Automated Commercial Environment (commonly referred to as "ACE") is fully implemented.

(B) PURPOSE.—The purpose of the ITDS is to eliminate redundant information requirements, to efficiently regulate the flow of commerce, and to effectively enforce laws and regulations relating to international trade, by establishing a single portal system, operated by the United States Customs and Border Protection, for the collection and distribution of standard electronic import and export data required by all participating Federal agencies.

(C) PARTICIPATION.—

(i) IN GENERAL.—All Federal agencies that require documentation for clearing or licensing the importation and exportation of cargo shall participate in the ITDS.

(ii) WAIVER.—The Director of the Office of Management and Budget may waive, in whole or in part, the requirement for participation for any Federal agency based on the vital national interest of the United States.

(D) CONSULTATION.—The Secretary shall consult with and assist the United States Customs and Border Protection and other agencies in the transition from paper to electronic format for the submission, issuance, and storage of documents relating to data required to enter cargo into the United States. In so doing, the Secretary shall also consult with private sector stakeholders, including the Commercial Operations Advisory Committee, in developing uniform data submission requirements, procedures, and schedules, for the ITDS.

(E) COORDINATION.—The Secretary shall be responsible for coordinating the operation of the ITDS among the participating agencies and the office within the United States Customs and Border Protection that is responsible for maintaining the ITDS.

(2) DATA ELEMENTS.—

(A) IN GENERAL.—The Interagency Steering Committee (established under paragraph (3)) shall, in consultation with the agencies participating in the ITDS, define the standard set of data elements to be collected, stored, and shared in the ITDS, consistent with laws applicable to the collection and protection of import and export information. The Interagency Steering Committee shall periodically re-

view the data elements in order to update the standard set of data elements, as necessary.

(B) COMMITMENTS AND OBLIGATIONS.—The Interagency Steering Committee shall ensure that the ITDS data requirements are compatible with the commitments and obligations of the United States as a member of the World Customs Organization (WCO) and the World Trade Organization (WTO) for the entry and movement of cargo.

(3) INTERAGENCY STEERING COMMITTEE.—There is established an Interagency Steering Committee (in this section, referred to as the "Committee"). The members of the Committee shall include the Secretary (who shall serve as the chairperson of the Committee), the Director of the Office of Management and Budget, and the head of each agency participating in the ITDS. The Committee shall assist the Secretary in overseeing the implementation of, and participation in, the ITDS.

(4) INFORMATION TECHNOLOGY INFRASTRUCTURE.—

(A) IN GENERAL.—The Secretary shall work with the head of each agency participating in the ITDS and the Interagency Steering Committee to ensure that each agency—

(i) develops and maintains the necessary information technology infrastructure to support the operation of the ITDS and to submit all data to the ITDS electronically;

(ii) enters into a memorandum of understanding, or takes such other action as is necessary, to provide for the information sharing between the agency and U.S. Customs and Border Protection necessary for the operation and maintenance of the ITDS;

(iii) not later than June 30, 2016, identifies and transmits to the Commissioner responsible for U.S. Customs and Border Protection the admissibility criteria and data elements required by the agency to authorize the release of cargo by U.S. Customs and Border Protection for incorporation into the operational functionality of the Automated Commercial Environment computer system authorized under section 13031(f)(4) of the Consolidated Omnibus Budget and Reconciliation Act of 1985 (19 U.S.C. 58c(f)(4)); and

(iv) not later than December 31, 2016, utilizes the ITDS as the primary means of receiving from users the standard set of data and other relevant documentation, exclusive of applications for permits, licenses, or certifications required for the release of imported cargo and clearance of cargo for export.

(B) RULE OF CONSTRUCTION.—Nothing in this paragraph shall be construed to require any action to be taken that would compromise an ongoing law enforcement investigation or national security.

[(4)**]** *(5)* REPORT.—The President shall submit a report before the end of each fiscal year to the Committee on Finance of the Senate and the Committee on Ways and Means of the House of Representatives. Each report shall include information on—

(A) the status of the ITDS implementation;

(B) the extent of participation in the ITDS by Federal agencies;

(C) the remaining barriers to any agency's participation;

(D) the consistency of the ITDS with applicable standards established by the World Customs Organization and the World Trade Organization;

(E) recommendations for technological and other improvements to the ITDS; and

(F) the status of the development, implementation, and management of the Automated Commercial Environment within the United States Customs and Border Protection.

[(5)] *(6)* SENSE OF CONGRESS.—It is the sense of Congress that agency participation in the ITDS is an important priority of the Federal Government and that the Secretary shall coordinate the operation of the ITDS closely among the participating agencies and the office within the United States Customs and Border Protection that is responsible for maintaining the ITDS.

[(6)] *(7)* CONSTRUCTION.—Nothing in this section shall be construed as amending or modifying subsection (g) of section 301 of title 13, United States Code.

[(7)] *(8)* DEFINITION.—The term "Commercial Operations Advisory Committee" means the Advisory Committee established pursuant to [section 9503(c) of the Omnibus Budget Reconciliation Act of 1987 (19 U.S.C. 2071 note)] *section 109 of the Trade Facilitation and Trade Enforcement Act of 2015* or any successor committee.

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Part III—Ascertainment, Collection, and Recovery of Duties

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SEC. 484c. REQUIREMENTS APPLICABLE TO NON-RESIDENT IMPORTERS.

(a) IN GENERAL.—Except as provided in subsection (c), if an importer of record under section 484 of this Act is not a resident of the United States, the Commissioner of U.S. Customs and Border Protection shall require the non-resident importer to designate a resident agent in the United States subject to the requirements described in subsection (b).

(b) REQUIREMENTS.—The requirements described in this subsection are the following:

(1) The resident agent shall be authorized to accept service of process against the non-resident importer in connection with the importation of merchandise.

(2) The Commissioner of U.S. Customs and Border Protection shall require the non-resident importer to establish a power of attorney with the resident agent in connection with the importation of merchandise.

(c) NON-APPLICABILITY.—The requirements of this section shall not apply with respect to a non-resident importer who is a validated Tier 2 or Tier 3 participant in the Customs-Trade Partnership Against Terrorism program established under subtitle B of title II of the SAFE Port Act (6 U.S.C. 961 et seq.).

(d) PENALTIES.—

(1) IN GENERAL.—It shall be unlawful for any person to import into the United States any merchandise in violation of this section.

(2) CIVIL PENALTIES.—Any person who violates paragraph (1) shall be liable for a civil penalty of $50,000 for each such violation.

(3) OTHER PENALTIES.—In addition to the penalties specified in paragraph (2), any violation of this section that violates any other customs and trade laws of the United States shall be subject to any applicable civil and criminal penalty, including seizure and forfeiture, that may be imposed under such customs or trade law or title 18, United States Code, with respect to the importation of merchandise.

(4) DEFINITION.—In this subsection, the term "customs and trade laws of the United States" has the meaning given such term in section 2 of the Customs Trade Facilitation and Enforcement Act of 2015.

* * * * * * *

SEC. 508. RECORDKEEPING.

(a) REQUIREMENTS.—Any—

(1) owner, importer, consignee, importer of record, entry filer, or other party who—

(A) imports merchandise into the customs territory of the United States, files a drawback claim, or transports or stores merchandise carried or held under bond, or

(B) knowingly causes the importation or transportation or storage of merchandise carried or held under bond into or from the customs territory of the United States;

(2) agent of any party described in paragraph (1); or

(3) person whose activities require the filing of a declaration or entry, or both;

shall make, keep, and render for examination and inspection records (which for purposes of this section include, but are not limited to, statements, declarations, documents and electronically generated or machine readable data) which—

(A) pertain to any such activity, or to the information contained in the records required by this Act in connection with any such activity; and

(B) are normally kept in the ordinary course of business.

(b) EXPORTATIONS TO NAFTA COUNTRIES.—

(1) DEFINITIONS.—As used in this subsection—

(A) The term "associated records" means, in regard to an exported good under paragraph (2), records associated with—

(i) the purchase of, cost of, value of, and payment for, the good;

(ii) the purchase of, cost of, value of, and payment for, all material, including indirect materials, used in the production of the good; and

(iii) the production of the good.

For purposes of this subparagraph, the terms "indirect material,""material,""preferential tariff treatment,""used," and "value" have the respective meanings given them in

articles 415 and 514 of the North American Free Trade Agreement.

(B) The term "NAFTA Certificate of Origin" means the certification, established under article 501 of the North American Free Trade Agreement, that a good qualifies as an originating good under such Agreement.

(2) EXPORTS TO NAFTA COUNTRIES.—

(A) IN GENERAL.—Any person who completes and signs a NAFTA Certificate of Origin for a good for which preferential treatment under the North American Free Trade Agreement is claimed shall make, keep, and render for examination and inspection all records relating to the origin of the good (including the Certificate or copies thereof) and the associated records.

(B) CLAIMS FOR CERTAIN WAIVERS, REDUCTIONS, OR REFUNDS OF DUTIES OR FOR CREDIT AGAINST BONDS.—

(i) IN GENERAL.—Any person that claims with respect to an article—

(I) a waiver or reduction of duty under the eleventh paragraph of section 311, section 312(b)(1) or (4), section 562(2), or the proviso preceding the last proviso to section 3(a) of the Foreign Trade Zones Act;

(II) a credit against a bond under section 312(d); or

(III) a refund, waiver, or reduction of duty under section 313(n)(2) or (o)(1);

must disclose to the Customs Service the information described in clause (ii).

(ii) INFORMATION REQUIRED.—Within 30 days after making a claim described in clause (i) with respect to an article, the person making the claim must disclose to the Customs Service whether that person has prepared, or has knowledge that another person has prepared, a NAFTA Certificate of Origin for the article. If after such 30-day period the person making the claim either—

(I) prepares a NAFTA Certificate of Origin for the article; or

(II) learns of the existence of such a Certificate for the article;

that person, within 30 days after the occurrence described in subclause (I) or (II), must disclose the occurrence to the Customs Service.

(iii) ACTION ON CLAIM.—If the Customs Service determines that a NAFTA Certificate of Origin has been prepared with respect to an article for which a claim described in clause (i) is made, the Customs Service may make such adjustments regarding the previous customs treatment of the article as may be warranted under the claim.

(3) EXPORTS UNDER THE CANADIAN AGREEMENT.—Any person who exports, or who knowingly causes to be exported, any merchandise to Canada during such time as the United States-Canada Free-Trade Agreement is in force with respect to, and

the United States applies that Agreement to, Canada shall make, keep, and render for examination and inspection such records (including certifications of origin or copies thereof) which pertain to the exportations.

(c) PERIOD OF TIME.—The records required by subsections (a) and (b) shall be kept for such periods of time as the Secretary shall prescribe; except that—

(1) no period of time for the retention of the records required under subsection (a) or (b)(3) may exceed 5 years from the date of entry, filing of a reconciliation, or exportation, as appropriate;

(2) the period of time for the retention of the records required under subsection (b)(2) shall be at least 5 years from the date of signature of the NAFTA Certificate of Origin; and

(3) records for any drawback claim shall be kept until the [3rd] *5th* anniversary of the date of [payment] *liquidation* of the claim.

(d) LIMITATION.—For the purposes of this section and section 509, a person ordering merchandise from an importer in a domestic transaction does not knowingly cause merchandise to be imported unless—

(1) the terms and conditions of the importation are controlled by the person placing the order; or

(2) technical data, molds, equipment, other production assistance, material, components, or parts are furnished by the person placing the order with knowledge that they will be used in the manufacture or production of the imported merchandise.

(e) SUBSECTION (b) PENALTIES.—

(1) RELATING TO NAFTA EXPORTS.—Any person who fails to retain records required by paragraph (2) of subsection (b) or the regulations issued to implement that paragraph shall be liable for—

(A) a civil penalty not to exceed $10,000; or

(B) the general recordkeeping penalty that applies under the customs laws;

whichever penalty is higher.

(2) RELATING TO CANADIAN AGREEMENT EXPORTS.—Any person who fails to retain the records required by paragraph (3) of subsection (b) or the regulations issued to implement that paragraph shall be liable for a civil penalty not to exceed $10,000.

(f) CERTIFICATES OF ORIGIN FOR GOODS EXPORTED UNDER THE UNITED STATES-CHILE FREE TRADE AGREEMENT.—

(1) DEFINITIONS.—In this subsection:

(A) RECORDS AND SUPPORTING DOCUMENTS.—The term "records and supporting documents" means, with respect to an exported good under paragraph (2), records and documents related to the origin of the good, including—

(i) the purchase, cost, and value of, and payment for, the good;

(ii) if applicable, the purchase, cost, and value of, and payment for, all materials, including recovered goods, used in the production of the good; and

(iii) if applicable, the production of the good in the form in which it was exported.

(B) CHILE FTA CERTIFICATE OF ORIGIN.—The term "Chile FTA Certificate of Origin" means the certification, established under article 4.13 of the United States-Chile Free Trade Agreement, that a good qualifies as an originating good under such Agreement.

(2) EXPORTS TO CHILE.—Any person who completes and issues a Chile FTA Certificate of Origin for a good exported from the United States shall make, keep, and, pursuant to rules and regulations promulgated by the Secretary of the Treasury, render for examination and inspection all records and supporting documents related to the origin of the good (including the Certificate or copies thereof).

(3) RETENTION PERIOD.—Records and supporting documents shall be kept by the person who issued a Chile FTA Certificate of Origin for at least 5 years after the date on which the certificate was issued.

(g) CERTIFICATIONS OF ORIGIN FOR GOODS EXPORTED UNDER THE DOMINICAN REPUBLIC-CENTRAL AMERICA-UNITED STATES FREE TRADE AGREEMENT.—

(1) DEFINITIONS.—In this subsection:

(A) RECORDS AND SUPPORTING DOCUMENTS.—The term "records and supporting documents" means, with respect to an exported good under paragraph (2), records and documents related to the origin of the good, including—

(i) the purchase, cost, and value of, and payment for, the good;

(ii) the purchase, cost, and value of, and payment for, all materials, including indirect materials, used in the production of the good; and

(iii) the production of the good in the form in which it was exported.

(B) CAFTA–DR CERTIFICATION OF ORIGIN.—The term "CAFTA–DR certification of origin" means the certification established under article 4.16 of the Dominican Republic-Central America-United States Free Trade Agreement that a good qualifies as an originating good under such Agreement.

(2) EXPORTS TO CAFTA-DR COUNTRIES.—Any person who completes and issues a CAFTA–DR certification of origin for a good exported from the United States shall make, keep, and, pursuant to rules and regulations promulgated by the Secretary of the Treasury, render for examination and inspection all records and supporting documents related to the origin of the good (including the certification or copies thereof).

(3) RETENTION PERIOD.—Records and supporting documents shall be kept by the person who issued a CAFTA–DR certification of origin for at least 5 years after the date on which the certification was issued.

(h) CERTIFICATIONS OF ORIGIN FOR GOODS EXPORTED UNDER THE UNITED STATES-PERU TRADE PROMOTION AGREEMENT.—

(1) DEFINITIONS.—In this subsection:

(A) RECORDS AND SUPPORTING DOCUMENTS.—The term "records and supporting documents" means, with respect to an exported good under paragraph (2), records and documents related to the origin of the good, including—

(i) the purchase, cost, and value of, and payment for, the good;

(ii) the purchase, cost, and value of, and payment for, all materials, including indirect materials, used in the production of the good; and

(iii) the production of the good in the form in which it was exported.

(B) PTPA CERTIFICATION OF ORIGIN.—The term "PTPA certification of origin" means the certification established under article 4.15 of the United States-Peru Trade Promotion Agreement that a good qualifies as an originating good under such Agreement.

(2) EXPORTS TO PERU.—Any person who completes and issues a PTPA certification of origin for a good exported from the United States shall make, keep, and, pursuant to rules and regulations promulgated by the Secretary of the Treasury, render for examination and inspection all records and supporting documents related to the origin of the good (including the certification or copies thereof).

(3) RETENTION PERIOD.—The person who issues a PTPA certification of origin shall keep the records and supporting documents relating to that certification of origin for a period of at least 5 years after the date on which the certification is issued.

(i) CERTIFICATIONS OF ORIGIN FOR GOODS EXPORTED UNDER THE UNITED STATES-KOREA FREE TRADE AGREEMENT.—

(1) DEFINITIONS.—In this subsection:

(A) RECORDS AND SUPPORTING DOCUMENTS.—The term "records and supporting documents" means, with respect to an exported good under paragraph (2), records and documents related to the origin of the good, including—

(i) the purchase, cost, and value of, and payment for, the good;

(ii) the purchase, cost, and value of, and payment for, all materials, including indirect materials, used in the production of the good; and

(iii) the production of the good in the form in which it was exported.

(B) KFTA CERTIFICATION OF ORIGIN.—The term "KFTA certification of origin" means the certification established under article 6.15 of the United States-Korea Free Trade Agreement that a good qualifies as an originating good under such Agreement.

(2) EXPORTS TO KOREA.—Any person who completes and issues a KFTA certification of origin for a good exported from the United States shall make, keep, and, pursuant to rules and regulations promulgated by the Secretary of the Treasury, render for examination and inspection all records and supporting documents related to the origin of the good (including the certification or copies thereof).

(3) RETENTION PERIOD.—The person who issues a KFTA certification of origin shall keep the records and supporting documents relating to that certification of origin for a period of at least 5 years after the date on which the certification is issued.

(j) CERTIFICATIONS OF ORIGIN FOR GOODS EXPORTED UNDER THE UNITED STATES-COLOMBIA TRADE PROMOTION AGREEMENT.—

(1) DEFINITIONS.—In this subsection:

(A) RECORDS AND SUPPORTING DOCUMENTS.—The term "records and supporting documents" means, with respect to an exported good under paragraph (2), records and documents related to the origin of the good, including—

(i) the purchase, cost, and value of, and payment for, the good;

(ii) the purchase, cost, and value of, and payment for, all materials, including indirect materials, used in the production of the good; and

(iii) the production of the good in the form in which it was exported.

(B) CTPA CERTIFICATION OF ORIGIN.—The term "CTPA certification of origin" means the certification established under article 4.15 of the United States-Colombia Trade Promotion Agreement that a good qualifies as an originating good under such Agreement.

(2) EXPORTS TO COLOMBIA.—Any person who completes and issues a CTPA certification of origin for a good exported from the United States shall make, keep, and, pursuant to rules and regulations promulgated by the Secretary of the Treasury, render for examination and inspection all records and supporting documents related to the origin of the good (including the certification or copies thereof).

(3) RETENTION PERIOD.—The person who issues a CTPA certification of origin shall keep the records and supporting documents relating to that certification of origin for a period of at least 5 years after the date on which the certification is issued.

(k) CERTIFICATIONS OF ORIGIN FOR GOODS EXPORTED UNDER THE UNITED STATES-PANAMA TRADE PROMOTION AGREEMENT.—

(1) DEFINITIONS.—In this subsection:

(A) RECORDS AND SUPPORTING DOCUMENTS.—The term "records and supporting documents" means, with respect to an exported good under paragraph (2), records and documents related to the origin of the good, including—

(i) the purchase, cost, and value of, and payment for, the good;

(ii) the purchase, cost, and value of, and payment for, all materials, including indirect materials, used in the production of the good; and

(iii) the production of the good in the form in which it was exported.

(B) PANAMA TPA CERTIFICATION OF ORIGIN.—The term "Panama TPA certification of origin" means the certification established under article 4.15 of the United States-Panama Trade Promotion Agreement that a good qualifies as an originating good under such Agreement.

(2) EXPORTS TO PANAMA.—Any person who completes and issues a Panama TPA certification of origin for a good exported from the United States shall make, keep, and, pursuant to rules and regulations promulgated by the Secretary of the Treasury, render for examination and inspection all records and supporting documents related to the origin of the good (including the certification or copies thereof).

(3) RETENTION PERIOD.—The person who issues a Panama TPA certification of origin shall keep the records and supporting documents relating to that certification of origin for a period of at least 5 years after the date on which the certification is issued.

(l) PENALTIES.—Any person who fails to retain records and supporting documents required by subsection (f), (g), (h), (i), (j), or (k) or the regulations issued to implement any such subsection shall be liable for the greater of—

(1) a civil penalty not to exceed $10,000; or

(2) the general record keeping penalty that applies under the customs laws of the United States.

* * * * * * *

SEC. 516A. JUDICIAL REVIEW IN COUNTERVAILING DUTY AND ANTIDUMPING DUTY PROCEEDINGS.

(a) REVIEW OF DETERMINATION.—

(1) REVIEW OF CERTAIN DETERMINATIONS.—Within 30 days after the date of publication in the Federal Register of—

(A) a determination by the administering authority, under 702(c) or 732(c) of this Act, not to initiate an investigation,

(B) a determination by the Commission, under section 751(b) of this Act, not to review a determination based upon changed circumstances,

(C) a negative determination by the Commission, under section 703(a) or 733(a) of this Act, as to whether there is reasonable indication or material injury, threat of material injury, or material retardation, or

(D) a final determination by the administering authority or the Commission under section 751(c)(3),

an interested party who is a party to the proceeding in connection with which the matter arises may commence an action in the United States Court of International Trade by filing concurrently a summons and complaint, each with the content and in the form, manner, and style prescribed by the rules of that court, contesting any factual findings or legal conclusions upon which the determination is based.

(2) REVIEW OF DETERMINATIONS ON RECORD.—

(A) IN GENERAL.—Within thirty days after—

(i) the date of publication in the Federal Register of—

(I) notice of any determination described in clause (ii), (iii), (iv), (v), [or (viii)] *(viii), or (ix)* of subparagraph (B),

(II) an antidumping or countervailing duty order based upon any determination described in clause (i) of subparagraph (B), or

(III) notice of the implementation of any determination described in clause (vii) of subparagraph (B), or

(ii) the date of mailing of a determination described in clause (vi) of subparagraph (B),

an interested party who is a party to the proceeding in connection with which the matter arises may commence an

action in the United States Court of International Trade by filing a summons, and within thirty days thereafter a complaint, each with the content and in the form, manner, and style prescribed by the rules of that court, contesting any factual findings or legal conclusions upon which the determination is based.

(B) REVIEWABLE DETERMINATIONS.—The determinations which may be contested under subparagraph (A) are as follows:

(i) Final affirmative determinations by the administering authority and by the Commission under section 705 or 735 of this Act, including any negative part of such a determination (other than a part referred to in clause (ii)).

(ii) A final negative determination by the administering authority or the Commission under section 705 or 735 of this Act, including, at the option of the appellant, any part of a final affirmative determination which specifically excludes any company or product.

(iii) A final determination, other than a determination reviewable under paragraph (1), by the administering authority or the Commission under section 751 of this Act.

(iv) A determination by the administering authority, under section 704 or 734 of this Act, to suspend an antidumping duty or a countervailing duty investigation, including any final determination resulting from a continued investigation which changes the size of the dumping margin or net countervailable subsidy calculated, or the reasoning underlying such calculations, at the time the suspension agreement was concluded.

(v) An injurious effect determination by the Commission under section 704(h) or 734(h) of this Act.

(vi) A determination by the administering authority as to whether a particular type of merchandise is within the class or kind of merchandise described in an existing finding of dumping or antidumping or countervailing duty order.

(vii) A determination by the administering authority or the Commission under section 129 of the Uruguay Round Agreements Act concerning a determination under title VII of the Tariff Act of 1930.

(viii) A determination by the Commission under section 753(a)(1).

(ix) A determination by the administering authority under section 781A.

(3) EXCEPTION.—Notwithstanding the limitation imposed by paragraph (2)(A)(i)(II) of this subsection, a final affirmative determination by the administering authority under section 705 or 735 of this Act may be contested by commencing an action, in accordance with the provisions of paragraph (2)(A), within thirty days after the date of publication in the Federal Register

of a final negative determination by the Commission under section 705 or 735 of this Act.

(4) PROCEDURES AND FEES.—The procedures and fees set forth in chapter 169 of title 28, United States Code, apply to an action under this section.

(5) TIME LIMITS IN CASES INVOLVING MERCHANDISE FROM FREE TRADE AREA COUNTRIES.—Notwithstanding any other provision of this subsection, in the case of a determination to which the provisions of subsection (g) apply, an action under this subsection may not be commenced, and the time limits for commencing an action under this subsection shall not begin to run, until the day specified in whichever of the following subparagraphs applies:

(A) For a determination described in paragraph (1)(B) or clause (i), (ii) or (iii) of paragraph (2)(B), the 31st day after the date on which notice of the determination is published in the Federal Register.

(B) For a determination described in clause (vi) of paragraph (2)(B), the 31st day after the date on which the government of the relevant FTA country receives notice of the determination.

(C) For a determination with respect to which binational panel review has commenced in accordance with subsection (g)(8), the day after the date as of which—

(i) the binational panel has dismissed binational panel review of the determination for lack of jurisdiction, and

(ii) any interested party seeking review of the determination under paragraph (1), (2), or (3) of this subsection has provided timely notice under subsection (g)(3)(B).

If such an interested party files a summons and complaint under this subsection after dismissal by the binational panel, and if a request for an extraordinary challenge committee is made with respect to the decision by the binational panel to dismiss—

(I) judicial review under this subsection shall be stayed during consideration by the committee of the request, and

(II) the United States Court of International Trade shall dismiss the action if the committee vacates or remands the binational panel decision to dismiss.

(D) For a determination for which review by the United States Court of International Trade is provided for—

(i) under subsection (g)(12)(B), the day after the date of publication in the Federal Register of notice that article 1904 of the NAFTA has been suspended, or

(ii) under subsection (g)(12)(D), the day after the date that notice of settlement is published in the Federal Register.

(E) For a determination described in clause (vii) of paragraph (2)(B), the 31st day after the date on which notice of the implementation of the determination is published in the Federal Register.

(b) STANDARDS OF REVIEW.—

(1) REMEDY.—The court shall hold unlawful any determination, finding, or conclusion found—

(A) in an action brought under subparagraph (A), (B), or (C) of subsection (a)(1), to be arbitrary, capricious, an abuse of discretion, or otherwise not in accordance with law, or

(B)(i) in an action brought under paragraph (2) of subsection (a), to be unsupported by substantial evidence on the record, or otherwise not in accordance with law, or

(ii) in an action brought under paragraph (1)(D) of subsection (a), to be arbitrary, capricious, an abuse of discretion, or otherwise not in accordance with law.

(2) RECORD FOR REVIEW.—

(A) IN GENERAL.—For the purposes of this subsection, the record, unless otherwise stipulated by the parties, shall consist of—

(i) a copy of all information presented to or obtained by the Secretary, the administering authority, or the Commission during the course of the administrative proceeding, including all governmental memoranda pertaining to the case and the record of ex parte meetings required to be kept by section 777(a)(3); and

(ii) a copy of the determination, all transcripts or records of conferences or hearings, and all notices published in the Federal Register.

(B) CONFIDENTIAL OR PRIVILEGED MATERIAL.—The confidential or privileged status accorded to any documents, comments, or information shall be preserved in any action under this section. Notwithstanding the preceding sentence, the court may examine, in camera, the confidential or privileged material, and may disclose such material under such terms and conditions as it may order.

(3) EFFECT OF DECISIONS BY NAFTA OR UNITED STATES-CANADA BINATIONAL PANELS.—In making a decision in any action brought under subsection (a), a court of the United States is not bound by, but may take into consideration, a final decision of a binational panel or extraordinary challenge committee convened pursuant to article 1904 of the NAFTA or of the Agreement.

(c) LIQUIDATION OF ENTRIES.—

(1) LIQUIDATION IN ACCORDANCE WITH DETERMINATION.—Unless such liquidation is enjoined by the court under paragraph (2) of this subsection, entries of merchandise of the character covered by a determination of the Secretary, the administering authority, or the Commission contested under subsection (a) shall be liquidated in accordance with the determination of the Secretary, the administering authority, or the Commission, if they are entered, or withdrawn from warehouse, for consumption on or before the date of publication in the Federal Register by the Secretary or the administering authority of a notice of a decision of the United States Court of International Trade, or of the United States Court of Appeals for the Federal Circuit, not in harmony with that determination. Such notice of a decision shall be published within ten days from the date of the issuance of the court decision.

(2) INJUNCTIVE RELIEF.—In the case of a determination described in paragraph (2) of subsection (a) by the Secretary, the administering authority, or the Commission, the United States Court of International Trade may enjoin the liquidation of some or all entries of merchandise covered by a determination of the Secretary, the administering authority, or the Commission, upon a request by an interested party for such relief and a proper showing that the requested relief should be granted under the circumstances.

(3) REMAND FOR FINAL DISPOSITION.—If the final disposition of an action brought under this section is not in harmony with the published determination of the Secretary, the administering authority, or the Commission, the matter shall be remanded to the Secretary, the administering authority, or the Commission, an appropriate, for disposition consistent with the final disposition of the court.

(d) STANDING.—Any interested party who was a party to the proceeding under section 303 of this Act or title VII of this Act shall have the right to appear and be heard as a party in interest before the United States Court of International Trade. The party filing the action shall notify all such interested parties of the filing of an action under this section, in the form, manner, style, and within the time prescribed by rules of the court.

(e) LIQUIDATION IN ACCORDANCE WITH FINAL DECISION.—If the cause of action is sustained in whole or in part by a decision of the United States Court of International Trade or of the United States Court of Appeals for the Federal Circuit—

(1) entries of merchandise of the character covered by the published determination of the Secretary, the administering authority, or the Commission, which is entered, or withdrawn from warehouse, for consumption after the date of publication in the Federal Register by the Secretary or the administering authority of a notice of the court decision, and

(2) entries, the liquidation of which was enjoined under subsection (c)(2),

shall be liquidated in accordance with the final court decision in the action. Such notice of the court decision shall be published within ten days from the date of the issuance of the court decision.

(f) DEFINITIONS.—For purposes of this section—

(1) ADMINISTERING AUTHORITY.—The term "administering authority" means the administering authority described in section 771(1) of this Act.

(2) COMMISSION.—The term "Commission" means the United States International Trade Commission.

(3) INTERESTED PARTY.—The term "interested party" means any person described in section 771(9) of this Act.

(4) SECRETARY.—The term "Secretary" means the Secretary of the Treasury.

(5) AGREEMENT.—The term "Agreement" means the United States-Canada Free-Trade Agreement.

(6) UNITED STATES SECRETARY.—The term "United States Secretary" means—

(A) the secretary for the United States Section referred to in article 1908 of the NAFTA, and

(B) the secretary of the United States Section provided for in article 1909 of the Agreement.

(7) RELEVANT FTA SECRETARY.—The term "relevant FTA Secretary" means the Secretary—

(A) referred to in article 1908 of the NAFTA, or

(B) provided for in paragraph 5 of article 1909 of the Agreement,

of the relevant FTA country.

(8) NAFTA.—The term "NAFTA" means the North American Free Trade Agreement.

(9) RELEVANT FTA COUNTRY.—The term "relevant FTA country" means the free trade area country to which an antidumping or countervailing duty proceeding pertains.

(10) FREE TRADE AREA COUNTRY.—The term "free trade area country" means the following:

(A) Canada for such time as the NAFTA is in force with respect to, and the United States applies the NAFTA to, Canada.

(B) Mexico for such time as the NAFTA is in force with respect to, and the United States applies the NAFTA to, Mexico.

(C) Canada for such time as—

(i) it is not a free trade area country under subparagraph (A); and

(ii) the Agreement is in force with respect to, and the United States applies the Agreement to, Canada.

(g) REVIEW OF COUNTERVAILING DUTY AND ANTIDUMPING DUTY DETERMINATIONS INVOLVING FREE TRADE AREA COUNTRY MERCHANDISE.—

(1) DEFINITION OF DETERMINATION.—For purposes of this subsection, the term "determination" means a determination described in—

(A) paragraph (1)(B) of subsection (a), or

(B) clause (i), (ii), (iii), (vi), or (vii) or paragraph (2)(B) of subsection (a),

if made in connection with a proceeding regarding a class or kind of free trade area country merchandise, as determined by the administering authority.

(2) EXCLUSIVE REVIEW OF DETERMINATION BY BINATIONAL PANELS.—If binational panel review of a determination is requested pursuant to article 1904 of the NAFTA or of the Agreement, then, except as provided in paragraphs (3) and (4)—

(A) the determination is not reviewable under subsection (a), and

(B) no court of the United States has power or jurisdiction to review the determination on any question of law or fact by an action in the nature of mandamus or otherwise.

(3) EXCEPTION TO EXCLUSIVE BINATIONAL PANEL REVIEW.—

(A) IN GENERAL.—A determination is reviewable under subsection (a) if the determination sought to be reviewed is—

(i) a determination as to which neither the United States nor the relevant FTA country requested review by a binational panel pursuant to article 1904 of the NAFTA or of the Agreement.

(ii) a revised determination issued as a direct result of judicial review, commenced pursuant to subsection (a), if neither the United States nor the relevant FTA country requested review of the original determination,

(iii) a determination issued as a direct result of judicial review that was commenced pursuant to subsection (a) prior to the entry into force of the NAFTA or of the Agreement,

(iv) a determination which a binational panel has determined is not reviewable by the binational panel,

(v) a determination as to which binational panel review has terminated pursuant to paragraph 12 of article 1905 of the NAFTA, or

(vi) a determination as to which extraordinary challenge committee review has terminated pursuant to paragraph 12 of article 1905 of the NAFTA.

(B) SPECIAL RULE.—A determination described in subparagraph (A)(i) or (iv) is reviewable under subsection (a) of this section only if the party seeking to commence review has provided timely notice of its intent to commence such review to—

(i) the United States Secretary and the relevant FTA Secretary;

(ii) all interested parties who were parties to the proceeding in connection with which the matter arises; and

(iii) the administering authority or the Commission, as appropriate.

Such notice is timely provided if the notice is delivered no later than the date that is 20 days after the date described in subparagraph (A) or (B) of subsection (a)(5) that is applicable to such determination, except that, if the time for requesting binational panel review is suspended under paragraph (8)(A)(ii) of this subsection, any unexpired time for providing notice of intent to commence judicial review shall, during the pendency of any such suspension, also be suspended. Such notice shall contain such information, and be in such form, manner, and style, as the administering authority, in consultation with the Commission, shall prescribe by regulations.

(4) EXCEPTION TO EXCLUSIVE BINATIONAL PANEL REVIEW FOR CONSTITUTIONAL ISSUES.—

(A) CONSTITUTIONALITY OF BINATIONAL PANEL REVIEW SYSTEM.—An action for declaratory judgment or injunctive relief, or both, regarding a determination on the grounds that any provision of, or amendment made by, the North American Free Trade Agreement Implementation Act implementing the binational dispute settlement system under chapter 19 of the NAFTA, or the United States-Canada Free-Trade Agreement Implementation Act of 1988 implementing the binational panel dispute settlement system under chapter 19 of the Agreement, violates the Constitution may be brought only in the United States Court of Ap-

peals for the District of Columbia Circuit, which shall have jurisdiction of such action.

(B) OTHER CONSTITUTIONAL REVIEW.—Review is available under subsection (a) with respect to a determination solely concerning a constitutional issue (other than an issue to which subparagraph (A) applies) arising under any law of the United States as enacted or applied. An action for review under this subparagraph shall be assigned to a 3-judge panel of the United States Court of International Trade.

(C) COMMENCEMENT OF REVIEW.—Notwithstanding the time limits in subsection (a), within 30 days after the date of publication in the Federal Register of notice that binational panel review has been completed, an interested party who is a party to the proceeding in connection with which the matter arises may commence an action under subparagraph (A) or (B) by filing an action in accordance with the rules of the court.

(D) TRANSFER OF ACTIONS TO APPROPRIATE COURT.—Whenever an action is filed in a court under subparagraph (A) or (B) and that court finds that the action should have been filed in the other court, the court in which the action was filed shall transfer the action to the other court and the action shall proceed as if it had been filed in the court to which it is transferred on the date upon which it was actually filed in the court from which it is transferred.

(E) FRIVOLOUS CLAIMS.—Frivolous claims brought under subparagraph (A) or (B) are subject to dismissal and sanctions as provided under section 1927 of title 28, United States Code, and the Federal Rules of Civil Procedure.

(F) SECURITY.—

(i) SUBPARAGRAPH (A) ACTIONS.—The security requirements of rule 65(c) of the Federal Rules of Civil Procedure apply with respect to actions commenced under subparagraph (A).

(ii) SUBPARAGRAPH (B) ACTIONS.—No claim shall be heard, and no temporary restraining order or temporary or permanent injunction shall be issued, under an action commenced under subparagraph (B), unless the party seeking review first files an undertaking with adequate security in an amount to be fixed by the court sufficient to recompense parties affected for any loss, expense, or damage caused by the improvident or erroneous issuance of such order or injunction. If a court upholds the constitutionality of the determination in question in such action, the court shall award to a prevailing party fees and expenses, in addition to any costs incurred by that party, unless the court finds that the position of the other party was substantially justified or that special circumstances make an award unjust.

(G) PANEL RECORD.—The record of proceedings before the binational panel shall not be considered part of the record for review pursuant to subparagraph (A) or (B).

(H) APPEAL TO SUPREME COURT OF COURT ORDERS ISSUED IN SUBPARAGRAPH (A) ACTIONS.—Notwithstanding any other provision of law, any final judgment of the United States Court of Appeals for the District of Columbia Circuit which is issued pursuant to an action brought under subparagraph (A) shall be reviewable by appeal directly to the Supreme Court of the United States. Any such appeal shall be taken by a notice of appeal filed within 10 days after such order is entered; and the jurisdictional statement shall be filed within 30 days after such order is entered. No stay of an order issued pursuant to an action brought under subparagraph (A) may be issued by a single Justice of the Supreme Court.

(5) LIQUIDATION OF ENTRIES.—

(A) APPLICATION.—In the case of a determination for which binational panel review is requested pursuant to article 1904 of the NAFTA or of the Agreement, the rules provided in this paragraph shall apply, notwithstanding the provisions of subsection (c).

(B) GENERAL RULE.—In the case of a determination for which binational panel review is requested pursuant to article 1904 of the NAFTA or of the Agreement, entries of merchandise covered by such determination shall be liquidated in accordance with the determination of the administering authority or the Commission, if they are entered, or withdrawn from warehouse, for consumption on or before the date of publication in the Federal Register by the administering authority of notice of a final decision of a binational panel, or of an extraordinary challenge committee, not in harmony with that determination. Such notice of a decision shall be published within 10 days of the date of the issuance of the panel or committee decision.

(C) SUSPENSION OF LIQUIDATION.—

(i) IN GENERAL.—Notwithstanding the provisions of subparagraph (B), in the case of a determination described in clause (iii) or (vi) of subsection (a)(2)(B) for which binational panel review is requested pursuant to article 1904 of the NAFTA or of the Agreement, the administering authority, upon request of an interested party who was a party to the proceeding in connection with which the matter arises and who is a participant in the binational panel review, shall order the continued suspension of liquidation of those entries of merchandise covered by the determination that are involved in the review pending the final disposition of the review.

(ii) NOTICE.—At the same time as the interested party makes its request to the administering authority under clause (i), that party shall serve a copy of its request on the United States Secretary, the relevant FTA Secretary, and all interested parties who were parties to the proceeding in connection with which the matter arises.

(iii) APPLICATION OF SUSPENSION.—If the interested party requesting continued suspension of liquidation

under clause (i) is a foreign manufacturer, producer, or exporter, or a United States importer, the continued suspension of liquidation shall apply only to entries of merchandise manufactured, produced, exported, or imported by that particular manufacturer, producer, exporter, or importer. If the interested party requesting the continued suspension of liquidation under clause (i) is an interested party described in subparagraph (C), (D), (E) or (F) of section 771(9), the continued suspension of liquidation shall apply only to entries which could be affected by a decision of the binational panel convened under chapter 19 of the NAFTA or of the Agreement.

(iv) JUDICIAL REVIEW.—Any action taken by the administering authority or the United States Customs Service under this subparagraph shall not be subject to judicial review, and no court of the United States shall have power or jurisdiction to review such action on any question of law or fact by an action in the nature of mandamus or otherwise.

(6) INJUNCTIVE RELIEF.—Except for cases under paragraph (4)(B), in the case of a determination for which binational panel review is requested pursuant to article 1904 of the NAFTA or of the Agreement, the provisions of subsection (c)(2) shall not apply.

(7) IMPLEMENTATION OF INTERNATIONAL OBLIGATIONS UNDER ARTICLE 1904 OF THE NAFTA OR THE AGREEMENT.—

(A) ACTION UPON REMAND.—If a determination is referred to a binational panel or extraordinary challenge committee under the NAFTA or the Agreement and the panel or committee makes a decision remanding the determination to the administering authority or the Commission, the administering authority or the Commission shall, within the period specified by the panel or committee, take action not inconsistent with the decision of the panel or committee. Any action taken by the administering authority or the Commission under this paragraph shall not be subject to judicial review, and no court of the United States shall have power or jurisdiction to review such action on any question of law or fact by an action in the nature of mandamus or otherwise.

(B) APPLICATION IF SUBPARAGRAPH (A) HELD UNCONSTITUTIONAL.—In the event that the provisions of subparagraph (A) are held unconstitutional under the provisions of subparagraphs (A) and (H) of paragraph (4), the provisions of this subparagraph shall take effect. In such event, the President is authorized on behalf of the United States to accept, as a whole, the decision of a binational panel or extraordinary challenge committee remanding the determination to the administering authority or the Commission within the period specified by the panel or committee. Upon acceptance by the President of such a decision, the administering authority or the Commission shall, within the period specified by the panel or committee, take action not inconsistent with such decision. Any action taken by

the President, the administering authority, or the Commission under this subparagraph shall not be subject to judicial review, and no court of the United States shall have power or jurisdiction to review such action on any question of law or fact by an action in the nature of mandamus or otherwise.

(8) REQUESTS FOR BINATIONAL PANEL REVIEW.—

(A) INTERESTED PARTY REQUESTS FOR BINATIONAL PANEL REVIEW.—

(i) GENERAL RULE.—An interested party who was a party to the proceeding in which a determination is made may request binational panel review of such determination by filing a request with the United States Secretary by no later than the date that is 30 days after the date described in subparagraph (A), (B), or (E) of subsection (a)(5) that is applicable to such determination. Receipt of such request by the United States Secretary shall be deemed to be a request for binational panel review within the meaning of article 1904(4) of the NAFTA or of the Agreement. Such request shall contain such information and be in such form, manner, and style as the administering authority, in consultation with the Commission, shall prescribe by regulations.

(ii) SUSPENSION OF TIME TO REQUEST BINATIONAL PANEL REVIEW UNDER THE NAFTA.—Notwithstanding clause (i), the time for requesting binational panel review shall be suspended during the pendency of any stay of binational panel review that is issued pursuant to paragraph 11(a) of article 1905 of the NAFTA.

(B) SERVICE OF REQUEST FOR BINATIONAL PANEL REVIEW.—

(i) SERVICE BY INTERESTED PARTY.—If a request for binational panel review of a determination is filed under subparagraph (A), the party making the request shall serve a copy, by mail or personal service, on any other interested party who was a party to the proceeding in connection with which the matter arises, and on the administering authority or the Commission, as appropriate.

(ii) SERVICE BY UNITED STATES SECRETARY.—If an interested party to the proceeding requests binational panel review of a determination by filing a request with the relevant FTA Secretary, the United States Secretary shall serve a copy of the request by mail on any other interested party who was a party to the proceeding in connection with which the matter arises, and on the administering authority or the Commission, as appropriate.

(C) LIMITATION ON REQUEST FOR BINATIONAL PANEL REVIEW.—Absent a request by an interested party under subparagraph (A), the United States may not request binational panel review of a determination under article 1904 of the NAFTA or the Agreement.

(9) REPRESENTATION IN PANEL PROCEEDINGS.—In the case of binational panel proceedings convened under chapter 19 of the NAFTA or of the Agreement, the administering authority and the Commission shall be represented by attorneys who are employees of the administering authority or the Commission, respectively. Interested parties who were parties to the proceeding in connection with which the matter arises shall have the right to appear and be represented by counsel before the binational panel.

(10) NOTIFICATION OF CLASS OR KIND RULINGS.—In the case of a determination which is described in paragraph (2)(B)(vi) of subsection (a) and which is subject to the provisions of paragraph (2), the administering authority, upon request, shall inform any interested person of the date on which the Government of the relevant FTA country received notice of the determination under paragraph 4 of article 1904 of the NAFTA or the Agreement.

(11) SUSPENSION AND TERMINATION OF SUSPENSION OF ARTICLE 1904 OF THE NAFTA.—

(A) SUSPENSION OF ARTICLE 1904.—If a special committee established under article 1905 of the NAFTA issues an affirmative finding, the Trade Representative may, in accordance with paragraph 8(a) or 9, as appropriate, of article 1905 of the NAFTA, suspend the operation of article 1904 of the NAFTA.

(B) TERMINATION OF SUSPENSION OF ARTICLE 1904.—If a special committee is reconvened and makes an affirmative determination described in paragraph 10(b) of article 1905 of the NAFTA, any suspension of the operation of article 1904 of the NAFTA shall terminate.

(12) JUDICIAL REVIEW UPON TERMINATION OF BINATIONAL PANEL OR COMMITTEE REVIEW UNDER THE NAFTA.—

(A) NOTICE OF SUSPENSION OR TERMINATION OF SUSPENSION OF ARTICLE 1904.—

(i) Upon notification by the Trade Representative or the Government of a country described in subsection (f)(10)(A) or (B) that the operation of article 1904 of the NAFTA has been suspended in accordance with paragraph 8(a) or 9 of article 1905 of the NAFTA, the United States Secretary shall publish in the Federal Register a notice of suspension of article 1904 of the NAFTA.

(ii) Upon notification by the Trade Representative or the Government of a country described in subsection (f)(10)(A) or (B) that the suspension of the operation of article 1904 of the NAFTA is terminated in accordance with paragraph 10 of article 1905 of the NAFTA, the United States Secretary shall publish in the Federal Register a notice of termination of suspension of article 1904 of the NAFTA.

(B) TRANSFER OF FINAL DETERMINATIONS FOR JUDICIAL REVIEW UPON SUSPENSION OF ARTICLE 1904.—If the operation of article 1904 of the NAFTA is suspended in accordance with paragraph 8(a) or 9 of article 1905 of the NAFTA—

(i) upon the request of an authorized person described in subparagraph (C), any final determination that is the subject of a binational panel review or an extraordinary challenge committee review shall be transferred to the United States Court of International Trade (in accordance with rules issued by the Court) for review under subsection (a); or

(ii) in a case in which—

(I) a binational panel review was completed fewer than 30 days before the suspension, and

(II) extraordinary challenge committee review has not been requested,

upon the request of an authorized person described in subparagraph (C) which is made within 60 days after the completion of the binational panel review, the final determination that was the subject of the binational panel review shall be transferred to the United States Court of International Trade (in accordance with rules issued by the Court) for review under subsection (a).

(C) PERSONS AUTHORIZED TO REQUEST TRANSFER OF FINAL DETERMINATIONS FOR JUDICIAL REVIEW.—A request that a final determination be transferred to the Court of International Trade under subparagraph (B) may be made by—

(i) if the United States made an allegation under paragraph 1 of article 1905 of the NAFTA and the operation of article 1904 of the NAFTA was suspended pursuant to paragraph 8(a) of article 1905 of the NAFTA—

(I) the government of the relevant country described in subsection (f)(10)(A) or (B),

(II) an interested party that was a party to the panel or committee review, or

(III) an interested party that was a party to the proceeding in connection with which panel review was requested, but only if the time period for filing notices of appearance in the panel review has not expired, or

(ii) if a country described in subsection (f)(10)(A) or (B) made an allegation under paragraph 1 of article 1905 of the NAFTA and the operation of article 1904 of the NAFTA was suspended pursuant to paragraph 9 of article 1905 of the NAFTA—

(I) the government of that country,

(II) an interested party that is a person of that country and that was a party to the panel or committee review, or

(III) an interested party that is a person of that country and that was a party to the proceeding in connection with which panel review was requested, but only if the time period for filing notices of appearance in the panel review has not expired.

(D) TRANSFER FOR JUDICIAL REVIEW UPON SETTLEMENT.—(i) If the Trade Representative achieves a settle-

ment with the government of a country described in subsection (f)(10)(A) or (B) pursuant to paragraph 7 of article 1905 of the NAFTA, and referral for judicial review is among the terms of such settlement, any final determination that is the subject of a binational panel review or an extraordinary challenge committee review shall, upon a request described in clause (ii), be transferred to the United States Court of International Trade (in accordance with rules issued by the Court) for review under subsection (a).

(ii) A request referred to in clause (i) is a request made by—

(I) the country referred to in clause (i),

(II) an interested party that was a party to the panel or committee review, or

(III) an interested party that was a party to the proceeding in connection with which panel review was requested, but only if the time for filing notices of appearance in the panel review has not expired.

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Part V—Enforcement Provisions

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SEC. 596. AIDING UNLAWFUL IMPORTATION.

(a) Except as specified in subsection (b) or (c) of section 594 of this Act, every vessel, vehicle, animal, aircraft, or other thing used in, to aid in, or to facilitate, by obtaining information or in any other way, the importation, bringing in, unlading, landing, removal, concealing, harboring, or subsequent transportation of any article which is being or has been introduced, or attempted to be introduced, into the United States contrary to law, whether upon such vessel, vehicle, animal, aircraft, or other thing or otherwise, may be seized and forfeited together with its tackle, apparel, furniture, harness, or equipment.

(b) Every person who directs, assists financially or otherwise, or is in any way concerned in any unlawful activity mentioned in the preceding subsection shall be liable to a penalty equal to the value of the article or articles introduced or attempted to be introduced.

(c) Merchandise which is introduced or attempted to be introduced into the United States contrary to law shall be treated as follows:

(1) The merchandise shall be seized and forfeited if it—

(A) is stolen, smuggled, or clandestinely imported or introduced;

(B) is a controlled substance, as defined in the Controlled Substances Act (21 U.S.C. 801 et seq.), and is not imported in accordance with applicable law;

(C) is a contraband article, as defined in section 1 of the Act of August 9, 1939 (49 U.S.C. App. 781); or

(D) is a plastic explosive, as defined in section 841(q) of title 18, United States Code, which does not contain a detection agent, as defined in section 841(p) of such title.

(2) The merchandise may be seized and forfeited if—

(A) its importation or entry is subject to any restriction or prohibition which is imposed by law relating to health,

safety, or conservation and the merchandise is not in compliance with the applicable rule, regulation, or statute;

(B) its importation or entry requires a license, permit or other authorization of an agency of the United States Government and the merchandise is not accompanied by such license, permit, or authorization;

(C) it is merchandise or packaging in which copyright, trademark, or trade name protection violations are involved (including, but not limited to, violations of section 42, 43, or 45 of the Act of July 5, 1946 (15 U.S.C. 1124, 1125, or 1127), section 506 or 509 of title 17, United States Code, or section 2318 or 2320 of title 18, United States Code);

(D) it is trade dress merchandise involved in the violation of a court order citing section 43 of such Act of July 5, 1946 (15 U.S.C. 1125);

(E) it is merchandise which is marked intentionally in violation of section 304; **[**or**]**

(F) it is merchandise for which the importer has received written notices that previous importations of identical merchandise from the same supplier were found to have been marked in violation of section 304**[**.**]***; or*

(G) U.S. Customs and Border Protection determines it is a technology, product, service, device, component, or part thereof the importation of which is prohibited under subsection (a)(2) or (b)(1) of section 1201 of title 17, United States Code.

(3) If the importation or entry of the merchandise is subject to quantitative restrictions requiring a visa, permit, license, or other similar document, or stamp from the United States Government or from a foreign government or issuing authority pursuant to a bilateral or multilateral agreement, the merchandise shall be subject to detention in accordance with section 499 unless the appropriate visa, license, permit, or similar document or stamp is presented to the Customs Service; but if the visa, permit, license, or similar document or stamp which is presented in connection with the importation or entry of the merchandise is counterfeit, the merchandise may be seized and forfeited.

(4) If the merchandise is imported or introduced contrary to a provision of law which governs the classification of value of merchandise and there are no issues as to the admissibility of the merchandise into the United States, it shall not be seized except in accordance with section 592.

(5) In any case where the seizure and forfeiture of merchandise are required or authorized by this section, the Secretary may—

(A) remit the forfeiture under section 618, or

(B) permit the exportation of the merchandise, unless its release would adversely affect health, safety, or conservation or be in contravention of a bilateral or multilateral agreement or treaty.

(d) Merchandise exported or sent from the United States or attempted to be exported or sent from the United States contrary to law, or the proceeds or value thereof, and property used to facili-

tate the exporting or sending of such merchandise, the attempted exporting or sending of such merchandise, or the receipt, purchase, transportation, concealment, or sale of such merchandise prior to exportation shall be seized and forfeited to the United States.

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SEC. 628A. EXCHANGE OF INFORMATION RELATED TO TRADE ENFORCEMENT.

(a) IN GENERAL.—Subject to subsections (c) and (d), if the Commissioner responsible for U.S. Customs and Border Protection suspects that merchandise is being imported into the United States in violation of section 526 of this Act or section 602, 1201(a)(2), or 1201(b)(1) of title 17, United States Code, and determines that the examination or testing of the merchandise by a person described in subsection (b) would assist the Commissioner in determining if the merchandise is being imported in violation of that section, the Commissioner, to permit the person to conduct the examination and testing—

(1) shall provide to the person information that appears on the merchandise and its packaging and labels, including unredacted images of the merchandise and its packaging and labels; and

(2) may, subject to any applicable bonding requirements, provide to the person unredacted samples of the merchandise.

(b) PERSON DESCRIBED.—A person described in this subsection is—

(1) in the case of merchandise suspected of being imported in violation of section 526, the owner of the trademark suspected of being copied or simulated by the merchandise;

(2) in the case of merchandise suspected of being imported in violation of section 602 of title 17, United States Code, the owner of the copyright suspected of being infringed by the merchandise;

(3) in the case of merchandise suspected of being primarily designed or produced for the purpose of circumventing a technological measure that effectively controls access to a work protected under that title, and being imported in violation of section 1201(a)(2) of that title, the owner of a copyright in the work; and

(4) in the case of merchandise suspected of being primarily designed or produced for the purpose of circumventing protection afforded by a technological measure that effectively protects a right of an owner of a copyright in a work or a portion of a work, and being imported in violation of section 1201(b)(1) of that title, the owner of the copyright.

(c) LIMITATION.—Subsection (a) applies only with respect to merchandise suspected of infringing a trademark or copyright that is recorded with U.S. Customs and Border Protection.

(d) EXCEPTION.—The Commissioner may not provide under subsection (a) information, photographs, or samples to a person described in subsection (b) if providing such information, photographs, or samples would compromise an ongoing law enforcement investigation or national security.

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Part VI—Miscellaneous Provisions

SEC. 641. CUSTOMS BROKERS.

(a) DEFINITIONS.—As used in this section:

(1) The term "customs broker" means any person granted a customs broker's license by the Secretary under subsection (b).

(2) The term "customs business" means those activities involving transaction with [the Customs Service] *U.S. Customs and Border Protection* concerning the entry and admissibility of merchandise, its classification and valuation, the payment of duties, taxes, or other charges assessed or collected by [the Customs Service] *U.S. Customs and Border Protection* upon merchandise by reason of its importation, or the refund, rebate, or drawback thereof. It also includes the preparation of documents or forms in any format and the electronic transmission of documents, invoices, bills, or parts thereof, intended to be filed with [the Customs Service] *U.S. Customs and Border Protection* in furtherance of such activities, whether or not signed or filed by the preparer, or activities relating to such preparation, but does not include the mere electronic transmission of data received for transmission to Customs.

(3) The term "Secretary" means the Secretary of the Treasury.

(b) CUSTOM BROKER'S LICENSES.—

(1) IN GENERAL.—No person may conduct customs business (other than solely on behalf of that person) unless that person holds a valid customs broker's license issued by the Secretary under paragraph (2) or (3).

(2) LICENSES FOR INDIVIDUALS.—The Secretary may grant an individual a customs broker's license only if that individual is a citizen of the United States. Before granting the license, the Secretary may require an applicant to show any facts deemed necessary to establish that the applicant is of good moral character and qualified to render valuable service to others in the conduct of customs business. In assessing the qualifications of an applicant, the Secretary may conduct an examination to determine the applicant's knowledge of customs and related laws, regulations and procedures, bookkeeping, accounting, and all other appropriate matters.

(3) LICENSES FOR CORPORATIONS, ETC.—The Secretary may grant a customs broker's license to any corporation, association, or partnership that is organized or existing under the laws of any of the several States of the United States if at least one officer of the corporation or association, or one member of the partnership, holds a valid customs broker's license granted under paragraph (2).

(4) DUTIES.—A customs broker shall exercise responsible supervision and control over the customs business that it conducts.

(5) LAPSE OF LICENSE.—The failure of a customs broker that is licensed as a corporation, association, or partnership under paragraph (3) to have, for any continuous period of 120 days, at least one officer of the corporation or association, or at least one member of the partnership, validly licensed under paragraph (2) shall, in addition to causing the broker to be subject

to any other sanction under this section (including paragraph (6)), result in the revocation by operation of law of its license.

(6) PROHIBITED ACTS.—Any person who intentionally transacts customs business, other than solely on the behalf of that person, without holding a valid customs broker's license granted to that person under this subsection shall be liable to the United States for a monetary penalty not to exceed $10,000 for each such transaction as well as for each violation of any other provision of this section. This penalty shall be assessed in the same manner and under the same procedures as the monetary penalties provided for in subsection (d)(2)(A).

(c) CUSTOMS BROKER'S PERMITS.—

(1) IN GENERAL.—Each person granted a customs broker's license under subsection (b) shall be issued, in accordance with such regulations as the Secretary shall prescribe, either or both of the following:

(A) A national permit for the conduct of such customs business as the Secretary prescribes by regulation.

(B) A permit for each customs district in which that person conducts customs business and, except as provided in paragraph (2), regularly employs at least 1 individual who is licensed under subsection (b)(2) to exercise responsible supervision and control over the customs business conducted by that person in that district.

(2) EXCEPTION.—If a person granted a customs broker's license under subsection (b) can demonstrate to the satisfaction of the Secretary that—

(A) he regularly employs in the region in which that district is located at least one individual who is licensed under subsection (b)(2), and

(B) that sufficient procedures exist within the company for the person employed in that region to exercise responsible supervision and control over the customs business conducted by that person in that district,

the Secretary may waive the requirement in paragraph (1)(B).

(3) LAPSE OF PERMIT.—The failure of a customs broker granted a permit under paragraph (1) to employ, for any continuous period of 180 days, at least one individual who is licensed under subsection (b)(2) within the district or region (if paragraph (2) applies) for which a permit was issued shall, in addition to causing the broker to be subject to any other sanction under this section (including any in subsection (d)), result in the revocation by operation of law of the permit.

(4) APPOINTMENT OF SUBAGENTS.—Notwithstanding subsection (c)(1), upon the implementation by the Secretary under section 413(b)(2) of the component of the National Customs Automation Program referred to in section 411(a)(2)(B), a licensed broker may appoint another licensed broker holding a permit in a customs district to act on its behalf as its subagent in that district if such activity relates to the filing of information that is permitted by law or regulation to be filed electronically. A licensed broker appointing a subagent pursuant to this paragraph shall remain liable for any and all obligations arising under bond and any and all duties, taxes, and fees, as well as

any other liabilities imposed by law, and shall be precluded from delegating to a subagent such liability.

(d) DISCIPLINARY PROCEEDINGS.—

(1) GENERAL RULE.—The Secretary may impose a monetary penalty in all cases with the exception of the infractions described in clause (iii) of subparagraph (B) of this subsection, or revoke or suspend a license or permit of any customs broker, if it is shown that the broker—

(A) has made or caused to be made in any application for any license or permit under this section, or report filed with [the Customs Service] *U.S. Customs and Border Protection*, any statement which was, at the time and in light of the circumstances under which it was made, false or misleading with respect to any material fact, or has omitted to state in any such application or report any material fact which was required to be stated therein;

(B) has been convicted at any time after the filing of an application for license under subsection (b) of any felony or misdemeanor which the Secretary finds—

(i) involved the importation or exportation of merchandise;

(ii) arose out of the conduct of its customs business; or

(iii) involved larceny, theft, robbery, extortion, forgery, counterfeiting, fraudulent concealment, embezzlement, fraudulent conversion, or misappropriation of funds;

(C) has violated any provision of any law enforced by [the Customs Service] *U.S. Customs and Border Protection* or the rules or regulations issued under any such provision;

(D) has counseled, commanded, induced, procured, or knowingly aided or abetted the violations by any other person of any provision of any law enforced by [the Customs Service] *U.S. Customs and Border Protection*, or the rules or regulations issued under any such provision;

(E) has knowingly employed, or continues to employ, any person who has been convicted of a felony, without written approval of such employment from the Secretary[; or]*;*

(F) has, in the course of its customs business, with intent to defraud, in any manner willfully and knowingly deceived, misled or threatened any client or prospective client[.]*; or*

(G) has been convicted of committing or conspiring to commit an act of terrorism described in section 2332b of title 18, United States Code.

(2) PROCEDURES.—

(A) MONETARY PENALTY.—Unless action has been taken under subparagraph (B), the appropriate customs officer shall serve notice in writing upon any customs broker to show cause why the broker should not be subject to a monetary penalty not to exceed $30,000 in total for a violation or violations of this section. The notice shall advise the customs broker of the allegations or complaints against him and shall explain that the broker has a right to re-

spond to the allegations or complaints in writing within 30 days of the date of the notice. Before imposing a monetary penalty, the customs officer shall consider the allegations or complaints and any timely response made by the customs broker and issue a written decision. A customs broker against whom a monetary penalty has been issued under this section shall have a reasonable opportunity under section 618 to make representations seeking remission or mitigation of the monetary penalty. Following the conclusion of any proceeding under section 618, the appropriate customs officer shall provide to the customs broker a written statement which sets forth the final determination and the findings of fact and conclusions of law on which such determination is based.

(B) REVOCATION OR SUSPENSION.—[The Customs Service] *U.S. Customs and Border Protection* may, for good and sufficient reason, serve notice in writing upon any customs broker to show cause why a license or permit issued under this section should not be revoked or suspended. The notice shall be in the form of a statement specifically setting forth the grounds of the complaint, and shall allow the customs broker 30 days to respond. If no response is filed, or [the Customs Service] *U.S. Customs and Border Protection* determines that the revocation or suspension is still warranted, it shall notify the customs broker in writing of a hearing to be held within 30 days, or at a later date if the broker requests an extension and shows good cause therefor, before an administrative law judge appointed pursuant to section 3105 of title 5, United States Code, who shall serve as the hearing officer. If the customs broker waives the hearing, or the broker or his designated representative fails to appear at the appointed time and place, the hearing officer shall make findings and recommendations based on the record submitted by the parties. At the hearing, the customs broker may be represented by counsel, and all proceedings, including the proof of the charges and the response thereto shall be presented with testimony taken under oath and the right of cross-examination accorded to both parties. A transcript of the hearing shall be made and a copy will be provided to [the Customs Service] *U.S. Customs and Border Protection* and the customs broker; which shall thereafter be provided reasonable opportunity to file a post-hearing brief. Following the conclusion of the hearing, the hearing officer shall transmit promptly the record of the hearing along with the findings of fact and recommendations to the Secretary for decision. The Secretary will issue a written decision, based solely on the record, setting forth the findings of fact and the reasons for the decision. Such decision may provide for the sanction contained in the notice to show cause or any lesser sanction authorized by this subsection, including a monetary penalty not to exceed $30,000, then was contained in the notice to show cause.

(3) SETTLEMENT AND COMPROMISE.—The Secretary may settle and compromise any disciplinary proceeding which has

been instituted under this subsection according to the terms and conditions agreed to by the parties, including but not limited to the reduction of any proposed suspension or revocation to a monetary penalty.

(4) LIMITATION OF ACTIONS.—Notwithstanding section 621, no proceeding under this subsection or subsection (b)(6) shall be commenced unless such proceeding is instituted by the appropriate service of written notice within 5 years from the date the alleged violation was committed; except that if the alleged violation consists of fraud, the 5-year period of limitation shall commence running from the time such alleged violation was discovered.

(e) JUDICIAL APPEAL.—

(1) IN GENERAL.—A customs broker, applicant, or other person directly affected may appeal any decision of the Secretary denying or revoking a license or permit under subsection (b) or (c), or revoking or suspending a license or permit or imposing a monetary penalty in lieu thereof under subsection (d)(2)(B), by filing in the Court of International Trade, within 60 days after the issuance of the decision or order, a written petition requesting that the decision or order be modified or set aside in whole or in part. A copy of the petition shall be transmitted promptly by the clerk of the court to the Secretary or his designee. In cases involving revocation or suspension of a license or permit or imposition of a monetary penalty in lieu thereof under subsection (d)(2)(B), after receipt of the petition, the Secretary shall file in court the record upon which the decision or order complained of was entered, a provided in section 2635(d) of title 28, United States Code.

(2) CONSIDERATION OF OBJECTIONS.—The court shall not consider any objection to the decision or order of the Secretary, or to the introduction of evidence or testimony, unless that objection was raised before the hearing officer in suspension or revocation proceedings unless there were reasonable grounds for failure to do so.

(3) CONCLUSIVENESS OF FINDINGS.—The findings of the Secretary as to the facts, if supported by substantial evidence, shall be conclusive.

(4) ADDITIONAL EVIDENCE.—If any party applies to the court for leave to present additional evidence and the court is satisfied that the additional evidence is material and that reasonable grounds existed for the failure to present the evidence in the proceedings before the hearing officer, the court may order the additional evidence to be taken before the hearing officer and to be presented in a manner and upon the terms and conditions prescribed in a manner and upon the terms and conditions prescribed by the court. The Secretary may modify the findings of facts on the basis of the additional evidence presented. The Secretary shall then file with the court any new or modified findings of fact which shall be conclusive if supported by substantial evidence, together with a recommendation, if any, for the modification or setting aside of the original decision or order.

(5) EFFECT OF PROCEEDINGS.—The commencement of proceedings under this subsection shall, unless specifically ordered

by the court, operate as a stay of the decision of the Secretary except in the case of a denial of a license or permit.

(6) FAILURE TO APPEAL.—If an appeal is not filed within the time limits specified in this section, the decision by the Secretary shall be final and conclusive. In the case of a monetary penalty imposed under subsection (d)(2)(B) of this section, if the amount is not tendered within 60 days after the decision becomes final, the license shall automatically be suspended until payment is made to [the Customs Service] *U.S. Customs and Border Protection*.

(f) REGULATIONS BY THE SECRETARY.—The Secretary may prescribe such rules and regulations relating to the customs business of customs brokers as the Secretary considers necessary to protect importers and the revenue of the United States, and to carry out the provisions of this section, including rules and regulations governing the licensing of or issuance of permits to customs brokers, the keeping of books, accounts, and records by customs brokers, and documents and correspondence, and the furnishing by customs brokers of any other information relating to their customs business to any duly accredited officer or employee of [the Customs Service] *U.S. Customs and Border Protection*. The Secretary may not prohibit customs brokers from limiting their liability to other persons in the conduct of customs business. For purposes of this subsection or any other provision of this Act pertaining to recordkeeping, all data required to be retained by a customs broker may be kept on microfilm, optical disc, magnetic tapes, disks or drums, video files or any other electrically generated medium. Pursuant to such regulations as the Secretary shall prescribe, the conversion of data to such storage medium may be accomplished at any time subsequent to the relevant customs transaction and the data may be retained in a centralized basis according to such broker's business system.

(g) TRIENNIAL REPORTS BY CUSTOMS BROKERS.—

(1) IN GENERAL.—On February 1, 1985, and on February 1 of each third year thereafter, each person who is licensed under subsection (b) shall file with the Secretary of the Treasury a report as to—

(A) whether such person is actively engaged in business as a customs broker; and

(B) the name under, and the address at, which such business is being transacted.

(2) SUSPENSION AND REVOCATION.—If a person licensed under subsection (b) fails to file the required report by March 1 of the reporting year, the license is suspended, and may be thereafter revoked subject to the following procedures:

(A) The Secretary shall transmit written notice of suspension to the licensee no later than March 31 of the reporting year.

(B) If the licensee files the required report within 60 days of receipt of the [Secretary's notice] *notice under subparagraph (A)*, the license shall be reinstated.

(C) In the event the required report is not filed within the 60-day period, the license shall be revoked without prejudice to the filing of an application for a new license.

(h) FEES AND CHARGES.—The Secretary may prescribe reasonable fees and charges to defray the costs of [the Customs Service] *U.S.*

Customs and Border Protection in carrying out the provisions of this section, including, but not limited to, a fee for licenses issued under subsection (b) and fees for any test administered by him or under his direction; except that no separate fees shall be imposed to defray the costs of an individual audit or of individual disciplinary proceedings of any nature.

(i) IDENTIFICATION OF IMPORTERS.—

(1) IN GENERAL.—The Secretary shall prescribe regulations setting forth the minimum standards for customs brokers and importers, including nonresident importers, regarding the identity of the importer that shall apply in connection with the importation of merchandise into the United States.

(2) MINIMUM REQUIREMENTS.—The regulations shall, at a minimum, require customs brokers to implement, and importers (after being given adequate notice) to comply with, reasonable procedures for—

(A) collecting the identity of importers, including nonresident importers, seeking to import merchandise into the United States to the extent reasonable and practicable; and

(B) maintaining records of the information used to substantiate a person's identity, including name, address, and other identifying information.

(3) PENALTIES.—Any customs broker who fails to collect information required under the regulations prescribed under this subsection shall be liable to the United States, at the discretion of the Secretary, for a monetary penalty not to exceed $10,000 for each violation of those regulations and subject to revocation or suspension of a license or permit of the customs broker pursuant to the procedures set forth in subsection (d).

(4) DEFINITIONS.—In this subsection—

(A) the term "importer" means one of the parties qualifying as an importer of record under section 484(a)(2)(B); and

(B) the term "nonresident importer" means an importer who is—

(i) an individual who is not a citizen of the United States or an alien lawfully admitted for permanent residence in the United States; or

(ii) a partnership, corporation, or other commercial entity that is not organized under the laws of a jurisdiction within the customs territory of the United States (as such term is defined in General Note 2 of the Harmonized Tariff Schedule of the United States) or in the Virgin Islands of the United States.

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TITLE VII—COUNTERVAILING AND ANTIDUMPING DUTIES

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Subtitle D—General Provisions

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Sec. 781A. Procedures for prevention of evasion of antidumping and countervailing duty orders.

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Subtitle C—Reviews; Other Actions Regarding Agreements

CHAPTER 1—REVIEW OF AMOUNT OF DUTY AND AGREEMENTS OTHER THAN QUANTITATIVE RESTRICTION AGREEMENTS

SEC. 751. ADMINISTRATIVE REVIEW OF DETERMINATIONS.

(a) PERIODIC REVIEW OF AMOUNT OF DUTY.—

(1) IN GENERAL.—At least once during each 12-month period beginning on the anniversary of the date of publication of a countervailing duty order under this title or under section 303 of this Act, an antidumping duty order under this title or a finding under the Antidumping Act, 1921, or a notice of the suspension of an investigation, the administering authority, if a request for such a review has been received and after publication of notice of such review in the Federal Register, shall—

(A) review and determine the amount of any net countervailable subsidy,

(B) review, and determine (in accordance with paragraph (2)), the amount of any antidumping duty, and

(C) review the current status of, and compliance with, any agreement by reason of which an investigation was suspended, and review the amount of any net countervailable subsidy or dumping margin involved in the agreement,

and shall publish in the Federal Register the results of such review, together with notice of any duty to be assessed, estimated duty to be deposited, or investigation to be resumed.

(2) DETERMINATION OF ANTIDUMPING DUTIES.—

(A) IN GENERAL.—For the purpose of paragraph (1)(B), the administering authority shall determine—

(i) the normal value and export price (or constructed export price) of each entry of the subject merchandise, and

(ii) the dumping margin for each such entry.

(B) DETERMINATION OF ANTIDUMPING OR COUNTERVAILING DUTIES FOR NEW EXPORTERS AND PRODUCERS.—

(i) IN GENERAL.—If the administering authority receives a request from an exporter or producer of the subject merchandise establishing that—

(I) such exporter or producer did not export the merchandise that was the subject of an antidumping duty or countervailing duty order to the United States (or, in the case of a regional industry, did not export the subject merchandise for sale in the region concerned) during the period of investigation, and

(II) such exporter or producer is not affiliated (within the meaning of section 771(33)) with any exporter or producer who exported the subject merchandise to the United States (or in the case of a regional industry, who exported the subject merchandise for sale in the region concerned) during that period,

the administering authority shall conduct a review under this subsection to establish an individual

weighted average dumping margin or an individual countervailing duty rate (as the case may be) for such exporter or producer.

(ii) TIME FOR REVIEW UNDER CLAUSE (i).—The administering authority shall commence a review under clause (i) in the calendar month beginning after—

(I) the end of the 6-month period beginning on the date of the countervailing duty or anti-dumping duty order under review, or

(II) the end of any 6-month period occurring thereafter,

if the request for the review is made during that 6-month period.

[(iii) POSTING BOND OR SECURITY.—The administering authority shall, at the time a review under this subparagraph is initiated, direct the Customs Service to allow, at the option of the importer, the posting, until the completion of the review, of a bond or security in lieu of a cash deposit for each entry of the subject merchandise.]

[(iv)] *(iii)* TIME LIMITS.—The administering authority shall make a preliminary determination in a review conducted under this subparagraph within 180 days after the date on which the review is initiated, and a final determination within 90 days after the date the preliminary determination is issued, except that if the administering authority concludes that the case is extraordinarily complicated, it may extend the 180-day period to 300 days and may extend the 90-day period to 150 days.

(iv) DETERMINATIONS BASED ON BONAFIDE SLAES.—Any weighted average dumping margin or individual countervailing duty rate determined for an exporter or producer in a review conducted under clause (i) shall be based solely on the bona fide United States sales of an exporter or producer, as the case may be, made during the period covered by the review. In determining whether the United States sales of an exporter or producer made during the period covered by the review were bona fide, the administering authority shall consider, depending on the circumstances surrounding such sales—

(I) the prices of such sales;

(II) whether such sales were made in commercial quantities;

(III) the timing of such sales;

(IV) the expenses arising from such sales;

(V) whether the subject merchandise involved in such sales were resold in the United States at a profit;

(VI) whether such sales were made on an arms-length basis; and

(VII) any other factor the administering authority determines to be relevant as to whether such sales are, or are not, likely to be typical of those

the exporter or producer will make after completion of the review.

(C) RESULTS OF DETERMINATIONS.—The determination under this paragraph shall be the basis for the assessment of countervailing or antidumping duties on entries of merchandise covered by the determination and for deposits of estimated duties.

(3) TIME LIMITS.—

(A) PRELIMINARY AND FINAL DETERMINATIONS.—The administering authority shall make a preliminary determination under subparagraph (A), (B), or (C) of paragraph (1) within 245 days after the last day of the month in which occurs the anniversary of the date of publication of the order, finding, or suspension agreement for which the review under paragraph (1) is requested, and a final determination under paragraph (1) within 120 days after the date on which the preliminary determination is published. If it is not practicable to complete the review within the foregoing time, the administering authority may extend that 245-day period to 365 days and may extend that 120-day period to 180 days. The administering authority may extend the time for making a final determination without extending the time for making a preliminary determination, if such final determination is made not later than 300 days after the date on which the preliminary determination is published.

(B) LIQUIDATION OF ENTRIES.—If the administering authority orders any liquidation of entries pursuant to a review under paragraph (1), such liquidation shall be made promptly and, to the greatest extent practicable, within 90 days after the instructions to Customs are issued. In any case in which liquidation has not occurred within that 90-day period, the Secretary of the Treasury shall, upon the request of the affected party, provide an explanation thereof.

(C) EFFECT OF PENDING REVIEW UNDER SECTION 516A.—In a case in which a final determination under paragraph (1) is under review under section 516A and a liquidation of entries covered by the determination is enjoined under section 516A(c)(2) or suspended under section 516A(g)(5)(C), the administering authority shall, within 10 days after the final disposition of the review under section 516A, transmit to the Federal Register for publication the final disposition and issue instructions to the Customs Service with respect to the liquidation of entries pursuant to the review. In such a case, the 90-day period referred to in subparagraph (B) shall begin on the day on which the administering authority issues such instructions.

(4) ABSORPTION OF ANTIDUMPING DUTIES.—During any review under this subsection initiated 2 years or 4 years after the publication of an antidumping duty order under section 736(a), the administering authority, if requested, shall determine whether antidumping duties have been absorbed by a foreign producer or exporter subject to the order if the subject merchandise is sold in the United States through an importer

who is affiliated with such foreign producer or exporter. The administering authority shall notify the Commission of its findings regarding such duty absorption for the Commission to consider in conducting a review under subsection (c).

(b) REVIEWS BASED ON CHANGED CIRCUMSTANCES.—

(1) IN GENERAL.—Whenever the administering authority or the Commission receives information concerning, or a request from an interested party for a review of—

(A) a final affirmative determination that resulted in an antidumping duty order under this title or a finding under the Antidumping Act, 1921, or in a countervailing duty order under this title or section 303,

(B) a suspension agreement accepted under section 704 or 734, or

(C) a final affirmative determination resulting from an investigation continued pursuant to section 704(g) or 734(g),

which shows changed circumstances sufficient to warrant a review of such determination or agreement, the administering authority or the Commission (as the case may be) shall conduct a review of the determination or agreement after publishing notice of the review in the Federal Register.

(2) COMMISSION REVIEW.—In conducting a review under this subsection, the Commission shall—

(A) in the case of a countervailing duty order or antidumping duty order or finding, determine whether revocation of the order or finding is likely to lead to continuation or recurrence of material injury,

(B) in the case of a determination made pursuant to section 704(h)(2) or 734(h)(2), determine whether the suspension agreement continues to eliminate completely the injurious effects of imports of the subject merchandise, and

(C) in the case of an affirmative determination resulting from an investigation continued under section 704(g) or 734(g), determine whether termination of the suspended investigation is likely to lead to continuation or recurrence of material injury.

(3) BURDEN OF PERSUASION.—During a review conducted by the Commission under this subsection—

(A) the party seeking revocation of an order or finding described in paragraph (1)(A) shall have the burden of persuasion with respect to whether there are changed circumstances sufficient to warrant such revocation, and

(B) the party seeking termination of a suspended investigation or a suspension agreement shall have the burden of persuasion with respect to whether there are changed circumstances sufficient to warrant such termination.

(4) LIMITATION ON PERIOD FOR REVIEW.—In the absence of good cause shown—

(A) the Commission may not review a determination made under section 705(b) or 735(b), or an investigation suspended under section 704 or 734, and

(B) the administering authority may not review a determination made under section 705(a) or 735(a), or an investigation suspended under section 704 or 734,

less than 24 months after the date of publication of notice of that determination or suspension.

(c) FIVE-YEAR REVIEW.—

(1) IN GENERAL.—Notwithstanding subsection (b) and except in the case of a transition order defined in paragraph (6), 5 years after the date of publication of—

(A) a countervailing duty order (other than a countervailing duty order to which subparagraph (B) applies or which was issued without an affirmative determination of injury by the Commission under section 303), an antidumping duty order, or a notice of suspension of an investigation, described in subsection (a)(1),

(B) a notice of injury determination under section 753 with respect to a countervailing duty order, or

(C) a determination under this section to continue an order or suspension agreement,

the administering authority and the Commission shall conduct a review to determine, in accordance with section 752, whether revocation of the countervailing or antidumping duty order or termination of the investigation suspended under section 704 or 734 would be likely to lead to continuation or recurrence of dumping or a countervailable subsidy (as the case may be) and of material injury.

(2) NOTICE OF INITIATION OF REVIEW.—Not later than 30 days before the fifth anniversary of the date described in paragraph (1), the administering authority shall publish in the Federal Register a notice of initiation of a review under this subsection and request that interested parties submit—

(A) a statement expressing their willingness to participate in the review by providing information requested by the administering authority and the Commission,

(B) a statement regarding the likely effects of revocation of the order or termination of the suspended investigation, and

(C) such other information or industry data as the administering authority or the Commission may specify.

(3) RESPONSES TO NOTICE OF INITIATION.—

(A) NO RESPONSE.—If no interested party responds to the notice of initiation under this subsection, the administering authority shall issue a final determination, within 90 days after the initiation of a review, revoking the order or terminating the suspended investigation to which such notice relates. For purposes of this paragraph, an interested party means a party described in section 771(9) (C), (D), (E), (F), or (G).

(B) INADEQUATE RESPONSE.—If interested parties provide inadequate responses to a notice of initiation, the administering authority, within 120 days after the initiation of the review, or the Commission, within 150 days after such initiation, may issue, without further investigation, a final determination based on the facts available, in accordance with section 776.

(4) WAIVER OF PARTICIPATION BY CERTAIN INTERESTED PARTIES.—

(A) IN GENERAL.—An interested party described in section 771(9) (A) or (B) may elect not to participate in a review conducted by the administering authority under this subsection and to participate only in the review conducted by the Commission under this subsection.

(B) EFFECT OF WAIVER.—In a review in which an interested party waives its participation pursuant to this paragraph, the administering authority shall conclude that revocation of the order or termination of the investigation would be likely to lead to continuation or recurrence of dumping or a countervailable subsidy (as the case may be) with respect to that interested party.

(5) CONDUCT OF REVIEW.—

(A) TIME LIMITS FOR COMPLETION OF REVIEW.—Unless the review has been completed pursuant to paragraph (3) or paragraph (4) applies, the administering authority shall make its final determination pursuant to section 752 (b) or (c) within 240 days after the date on which a review is initiated under this subsection. If the administering authority makes a final affirmative determination, the Commission shall make its final determination pursuant to section 752(a) within 360 days after the date on which a review is initiated under this subsection.

(B) EXTENSION OF TIME LIMIT.—The administering authority or the Commission (as the case may be) may extend the period of time for making their respective determinations under this subsection by not more than 90 days, if the administering authority or the Commission (as the case may be) determines that the review is extraordinarily complicated. In a review in which the administering authority extends the time for making a final determination, but the Commission does not extend the time for making a determination, the Commission's determination shall be made not later than 120 days after the date on which the final determination of the administering authority is published.

(C) EXTRAORDINARILY COMPLICATED.—For purposes of this subsection, the administering authority or the Commission (as the case may be) may treat a review as extraordinarily complicated if—

(i) there is a large number of issues,

(ii) the issues to be considered are complex,

(iii) there is a large number of firms involved,

(iv) the orders or suspended investigations have been grouped as described in subparagraph (D), or

(v) it is a review of a transition order.

(D) GROUPED REVIEWS.—The Commission, in consultation with the administering authority, may group orders or suspended investigations for review if it considers that such grouping is appropriate and will promote administrative efficiency. Where orders or suspended investigations have been grouped, the Commission shall, subject to subparagraph (B), make its final determination under this subsection not later than 120 days after the date that the administering authority publishes notice of its final deter-

mination with respect to the last order or agreement in the group.

(6) SPECIAL TRANSITION RULES.—

(A) SCHEDULE FOR REVIEWS OF TRANSITION ORDERS.—

(i) INITIATION.—The administering authority shall begin its review of transition orders in the 42d calendar month after the date such orders are issued. A review of all transition orders shall be initiated not later than the 5th anniversary after the date such orders are issued.

(ii) COMPLETION.—A review of a transition order shall be completed not later than 18 months after the date such review is initiated. Reviews of all transition orders shall be completed not later than 18 months after the 5th anniversary of the date such orders are issued.

(iii) SUBSEQUENT REVIEWS.—The time limits set forth in clauses (i) and (ii) shall be applied to all subsequent 5-year reviews of transition orders by substituting "date of the determination to continue such orders" for "date such orders are issued".

(iv) REVOCATION AND TERMINATION.—No transition order may be revoked under this subsection before the date that is 5 years after the date the WTO Agreement enters into force with respect to the United States.

(B) SEQUENCE OF TRANSITION REVIEWS.—The administering authority, in consultation with the Commission, shall determine such sequence of review of transition orders as it deems appropriate to promote administrative efficiency. To the extent practicable, older orders shall be reviewed first.

(C) DEFINITION OF TRANSITION ORDER.—For purposes of this section, the term "transition order" means—

(i) a countervailing duty order under this title or under section 303,

(ii) an antidumping duty order under this title or a finding under the Antidumping Act, 1921, or

(iii) a suspension of an investigation under section 704 or 734,

which is in effect on the date the WTO Agreement enters into force with respect to the United States.

(D) ISSUE DATE FOR TRANSITION ORDERS.—For purposes of this subsection, a transition order shall be treated as issued on the date the WTO Agreement enters into force with respect to the United States, if such order is based on an investigation conducted by both the administering authority and the Commission.

(7) EXCLUSIONS FROM COMPUTATIONS.—

(A) IN GENERAL.—Subject to subparagraph (B), there shall be excluded from the computation of the 5-year period described in paragraph (1) and the periods described in paragraph (6) any period during which the importation of the subject merchandise is prohibited on account of the imposition, under the International Emergency Economic

Powers Act or other provision of law, of sanctions by the United States against the country in which the subject merchandise originates.

(B) APPLICATION OF EXCLUSION.—Subparagraph (A) shall apply only with respect to subject merchandise which originates in a country that is not a WTO member.

(d) REVOCATION OF ORDER OR FINDING; TERMINATION OF SUSPENDED INVESTIGATION.—

(1) IN GENERAL.—The administering authority may revoke, in whole or in part, a countervailing duty order or an antidumping duty order or finding, or terminate a suspended investigation, after review under subsection (a) or (b). The administering authority shall not revoke, in whole or in part, a countervailing duty order or terminate a suspended investigation on the basis of any export taxes, duties, or other charges levied on the export of the subject merchandise to the United States which are specifically intended to offset the countervailable subsidy received.

(2) FIVE-YEAR REVIEWS.—In the case of a review conducted under subsection (c), the administering authority shall revoke a countervailing duty order or an antidumping duty order or finding, or terminate a suspended investigation, unless—

(A) the administering authority makes a determination that dumping or a countervailable subsidy, as the case may be, would be likely to continue or recur, and

(B) the Commission makes a determination that material injury would be likely to continue or recur as described in section 752(a).

(3) APPLICATION OF REVOCATION OR TERMINATION.—A determination under this section to revoke an order or finding or terminate a suspended investigation shall apply with respect to unliquidated entries of the subject merchandise which are entered, or withdrawn from warehouse, for consumption on or after the date determined by the administering authority.

(e) HEARINGS.—Whenever the administering authority or the Commission conducts a review under this section, it shall, upon the request of an interested party, hold a hearing in accordance with section 774(b) in connection with that review.

(f) DETERMINATION THAT BASIS FOR SUSPENSION NO LONGER EXISTS.—If the determination of the Commission under subsection (b)(2)(B) is negative, the suspension agreement shall be treated as not accepted, beginning on the date of publication of the Commission's determination, and the administering authority and the Commission shall proceed, under section 704(i) or 734(i), as if the suspension agreement had been violated on that date, except that no duty under any order subsequently issued shall be assessed on merchandise entered, or withdrawn from warehouse, for consumption before that date.

(g) REVIEWS TO IMPLEMENT RESULTS OF SUBSIDIES ENFORCEMENT PROCEEDING.—

(1) VIOLATIONS OF ARTICLE 8 OF THE SUBSIDIES AGREEMENT.—If—

(A) the administering authority receives notice from the Trade Representative of a violation of Article 8 of the Subsidies Agreement,

(B) the administering authority has reason to believe that merchandise subject to an existing countervailing duty order or suspended investigation is benefiting from the subsidy or subsidy program found to have been in violation of Article 8 of the Subsidies Agreement, and

(C) no review pursuant to subsection (a)(1) is in progress,

the administering authority shall conduct a review of the order or suspended investigation to determine whether the subject merchandise benefits from the subsidy or subsidy program found to have been in violation of Article 8 of the Subsidies Agreement. If the administering authority determines that the subject merchandise is benefiting from the subsidy or subsidy program, it shall make appropriate adjustments in the estimated duty to be deposited or appropriate revisions to the terms of the suspension agreement.

(2) WITHDRAWAL OF SUBSIDY OR IMPOSITION OF COUNTERMEASURES.—If the Trade Representative notifies the administering authority that, pursuant to Article 4 or Article 7 of the Subsidies Agreement—

(A)(i) the United States has imposed countermeasures, and

(ii) such countermeasures are based on the effects in the United States of imports of merchandise that is the subject of a countervailing duty order, or

(B) a WTO member country has withdrawn a countervailable subsidy provided with respect to merchandise subject to a countervailing duty order,

the administering authority shall conduct a review to determine if the amount of the estimated duty to be deposited should be adjusted or the order should be revoked.

(3) EXPEDITED REVIEW.—The administering authority shall conduct reviews under this subsection on an expedited basis, and shall publish the results of such reviews in the Federal Register.

(h) CORRECTION OF MINISTERIAL ERRORS.—The administering authority shall establish procedures for the correction of ministerial errors in final determinations within a reasonable time after the determinations are issued under this section. Such procedures shall ensure opportunity for interested parties to present their views regarding any such errors. As used in this subsection, the term "ministerial error" includes errors in addition, subtraction, or other arithmetic function, clerical errors resulting from inaccurate copying, duplication, or the like, and any other type of unintentional error which the administering authority considers ministerial.

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Subtitle D—General Provisions

* * * * * * *

SEC. 777. ACCESS TO INFORMATION.

(a) INFORMATION GENERALLY MADE AVAILABLE.—

(1) PUBLIC INFORMATION FUNCTION.—There shall be established a library of information relating to foreign subsidy practices and countervailing measures. Copies of material in the li-

brary shall be made available to the public upon payment of the costs of preparing such copies.

(2) PROGRESS OF INVESTIGATION REPORTS.—The administering authority and the Commission shall, from time to time upon request, inform the parties to an investigation of the progress of that investigation.

(3) EX PARTE MEETINGS.—The administering authority and the Commission shall maintain a record of any ex parte meeting between—

(A) interested parties or other persons providing factual information in connection with a proceeding, and

(B) the person charged with making the determination, or any person charged with making a final recommendation to that person, in connection with that proceeding,

if information relating to that proceeding was presented or discussed at such meeting. The record of such an ex parte meeting shall include the identity of the persons present at the meeting, the date, time, and place of the meeting, and a summary of the matters discussed or submitted. The record of the ex parte meeting shall be included in the record of the proceeding.

(4) SUMMARIES; NON-PROPRIETARY SUBMISSIONS.—The administering authority and the Commission shall disclose—

(A) any proprietary information received in the course of a proceeding if it is disclosed in a form which cannot be associated with, or otherwise be used to identify, operations of a particular person, and

(B) any information submitted in connection with a proceeding which is not designated as proprietary by the person submitting it.

(b) PROPRIETARY INFORMATION.—

(1) PROPRIETARY STATUS MAINTAINED.—

(A) IN GENERAL.—Except as provided in subsection (a)(4)(A) and subsection (c), information submitted to the administering authority or the Commission which is designated as proprietary by the person submitting the information shall not be disclosed to any person without the consent of the person submitting the information, other than—

(i) to an officer or employee of the administering authority or the Commission who is directly concerned with carrying out the investigation in connection with which the information is submitted or any review under this title covering the same subject merchandise, or

(ii) to an officer or employee of the United States Customs Service who is directly involved in conducting an investigation regarding *negligence, gross negligence, or* fraud under this title.

(B) ADDITIONAL REQUIREMENTS.—The administering authority and the Commission shall require that information for which proprietary treatment is requested be accompanied by—

(i) either—

(I) a non-proprietary summary in sufficient detail to permit a reasonable understanding of the substance of the information submitted in confidence, or

(II) a statement that the information is not susceptible to summary accompanied by a statement of the reasons in support of the contention, and

(ii) either—

(I) a statement which permits the administering authority or the Commission to release under administrative protective order, in accordance with subsection (c), the information submitted in confidence, or

(II) a statement to the administering authority or the Commission that the business proprietary information is of a type that should not be released under administrative protective order.

(2) UNWARRANTED DESIGNATION.—If the administering authority or the Commission determines, on the basis of the nature and extent of the information or its availability from public sources, that designation of any information as proprietary is unwarranted, then it shall notify the person who submitted it and ask for an explanation of the reasons for the designation. Unless that person persuades the administering authority or the Commission that the designation is warranted, or withdraws the designation, the administering authority or the Commission, as the case may be, shall return it to the party submitting it. In a case in which the administering authority or the Commission returns the information to the person submitting it, the person may thereafter submit other material concerning the subject matter of the returned information if the submission is made within the time otherwise provided for submitting such material.

(3) SECTION 751 REVIEWS.—Notwithstanding the provisions of paragraph (1), information submitted to the administering authority or the Commission in connection with a review under section 751(b) or 751(c) which is designated as proprietary by the person submitting the information may, if the review results in the revocation of an order or finding (or termination of a suspended investigation) under section 751(d), be used by the agency to which the information was originally submitted in any investigation initiated within 2 years after the date of the revocation or termination pursuant to a petition covering the same subject merchandise.

(c) LIMITED DISCLOSURE OF CERTAIN PROPRIETARY INFORMATION UNDER PROTECTIVE ORDER.—

(1) DISCLOSURE BY ADMINISTERING AUTHORITY OR COMMISSION.—

(A) IN GENERAL.—Upon receipt of an application (before or after receipt of the information requested) which describes in general terms the information requested and sets forth the reasons for the request, the administering authority or the Commission shall make all business proprietary information presented to, or obtained by it, during a proceeding (except privileged information, classified in-

formation, and specific information of a type for which there is a clear and compelling need to withhold from disclosure) available to interested parties who are parties to the proceeding under a protective order described in subparagraph (B), regardless of when the information is submitted during a proceeding. Customer names obtained during any investigation which requires a determination under section 705(b) or 735(b) may not be disclosed by the administering authority under protective order until either an order is published under section 706(a) or 736(a) as a result of the investigation or the investigation is suspended or terminated. The Commission may delay disclosure of customer names under protective order during any such investigation until a reasonable time prior to any hearing provided under section 774.

(B) PROTECTIVE ORDER.—The protective order under which information is made available shall contain such requirements as the administering authority or the Commission may determine by regulation to be appropriate. The administering authority and the Commission shall provide by regulation for such sanctions as the administering authority and the Commission determine to be appropriate, including disbarment from practice before the agency.

(C) TIME LIMITATION ON DETERMINATIONS.—The administering authority or the Commission, as the case may be, shall determine whether to make information available under this paragraph—

(i) not later than 14 days (7 days if the submission pertains to a proceeding under section 703(a) or 733(a)) after the date on which the information is submitted, or

(ii) if—

(I) the person that submitted the information raises objection to its release, or

(II) the information is unusually voluminous or complex,

not later than 30 days (10 days if the submission pertains to a proceeding under section 703(a) or 733(a)) after the date on which the information is submitted.

(D) AVAILABILITY AFTER DETERMINATION.—If the determination under subparagraph (C) is affirmative, then—

(i) the business proprietary information submitted to the administering authority or the Commission on or before the date of the determination shall be made available, subject to the terms and conditions of the protective order, on such date; and

(ii) the business proprietary information submitted to the administering authority or the Commission after the date of the determination shall be served as required by subsection (d).

(E) FAILURE TO DISCLOSE.—If a person submitting information to the administering authority refuses to disclose business proprietary information which the administering authority determines should be released under a protective order described in subparagraph (B), the administering au-

thority shall return the information, and any nonconfidential summary thereof, to the person submitting the information and summary and shall not consider either.

(2) DISCLOSURE UNDER COURT ORDER.—If the administering authority denies a request for information under paragraph (1), then application may be made to the United States Customs Court for an order directing the administering authority or the Commission to make the information available. After notification of all parties to the investigation and after an opportunity for a hearing on the record, the court may issue an order, under such conditions as the court deems appropriate, which shall not have the effect of stopping or suspending the investigation, directing the administering authority or the Commission to make all or a portion of the requested information described in the preceding sentence available under a protective order and setting forth sanctions for violation of such order if the court finds that, under the standards applicable in proceedings of the court, such an order is warranted, and that—

(A) the administering authority or the Commission has denied access to the information under subsection (b)(1),

(B) the person on whose behalf the information is requested is an interested party who is a party to the investigation in connection with which the information was obtained or developed, and

(C) the party which submitted the information to which the request relates has been notified, in advance of the hearing, of the request made under this section and of its right to appear and be heard.

(d) SERVICE.—Any party submitting written information, including business proprietary information, to the administering authority or the Commission during a proceeding shall, at the same time, serve the information upon all interested parties who are parties to the proceeding, if the information is covered by a protective order. The administering authority or the Commission shall not accept any such information that is not accompanied by a certificate of service and a copy of the protective order version of the document containing the information. Business proprietary information shall only be served upon interested parties who are parties to the proceeding that are subject to protective order; however, a nonconfidential summary thereof shall be served upon all other interested parties who are parties to the proceeding.

(f) DISCLOSURE OF PROPRIETARY INFORMATION UNDER PROTECTIVE ORDERS ISSUED PURSUANT TO THE NORTH AMERICAN FREE TRADE AGREEMENT OR THE UNITED STATES-CANADA AGREEMENT.—

(1) ISSUANCE OF PROTECTIVE ORDERS.—

(A) IN GENERAL.—If binational panel review of a determination under this title is requested pursuant to article 1904 of the NAFTA or the United States-Canada Agreement, or an extraordinary challenge committee is convened under Annex 1904.13 of the NAFTA or the United States-Canada Agreement, the administering authority or the Commission, as appropriate, may make available to authorized persons, under a protective order described in paragraph (2), a copy of all proprietary material in the ad-

ministrative record made during the proceeding in question. If the administrating authority or the Commission claims a privilege as to a document or portion of a document in the administrative record of the proceeding in question and a binational panel or extraordinary challenge committee finds that in camera inspection or limited disclosure of that document or portion thereof is required by United States law, the administering authority or the Commission, as appropriate, may restrict access to such document or portion thereof to the authorized persons identified by the panel or committee as requiring access and may require such persons to obtain access under a protective order described in paragraph (2).

(B) AUTHORIZED PERSONS.—For purposes of this subsection, the term "authorized persons" means—

(i) the members of, and the appropriate staff of, the binational panel or the extraordinary challenge committee, as the case may be, and the Secretariat,

(ii) counsel for parties to such panel or committee proceeding, and employees, and persons under the direction and control, of such counsel,

(iii) any officer or employee of the United States Government designated by the administering authority or the Commission, as appropriate, to whom disclosure is necessary in order to make recommendations to the Trade Representative regarding the convening of extraordinary challenge committees under chapter 19 of the NAFTA or the Agreement, and

(iv) any officer or employee of the Government of a free trade area country (as defined in section 516A(f)(10)) designated by an authorized agency of such country to whom disclosure is necessary in order to make decisions regarding the convening of extraordinary challenge committees under chapter 19 of the NAFTA or the Agreement.

(C) REVIEW.—A decision concerning the disclosure or nondisclosure of material under protective order by the administering authority or the Commission shall not be subject to judicial review, and no court of the United States shall have power or jurisdiction to review such decision on any question of law or fact by an action in the nature of mandamus or otherwise.

(2) CONTENTS OF PROTECTIVE ORDER.—Each protective order issued under this subsection shall be in such form and contain such requirements as the administering authority or the Commission may determine by regulation to be appropriate. The administering authority and the Commission shall ensure that regulations issued pursuant to this paragraph shall be designed to provide an opportunity for participation in the binational panel proceeding, including any extraordinary challenge, equivalent to that available for judicial review of determinations by the administering authority or the Commission that are not subject to review by a binational panel.

(3) PROHIBITED ACTS.—It is unlawful for any person to violate, to induce the violation of, or knowingly to receive informa-

tion the receipt of which constitutes a violation of, any provision of a protective order issued under this subsection or to violate, to induce the violation of, or knowingly to receive information the receipt of which constitutes a violation of, any provision of an undertaking entered into with an authorized agency of a free trade area country (as defined in section 516A(f)(10)) to protect proprietary material during binational panel or extraordinary challenge committee review pursuant to article 1904 of the NAFTA or the United States-Canada Agreement.

(4) SANCTIONS FOR VIOLATION OF PROTECTIVE ORDERS.—Any person, except a judge appointed to a binational panel or an extraordinary challenge committee under section 402(b) of the North American Free Trade Agreement Implementation Act, who is found by the administering authority or the Commission, as appropriate, after notice and an opportunity for a hearing in accordance with section 554 of title 5, United States Code, to have committed an act prohibited by paragraph (3) shall be liable to the United States for a civil penalty and shall be subject to such other administrative sanctions, including, but not limited to, debarment from practice before the administering authority or the Commission, as the administering authority or the Commission determines to be appropriate. The amount of the civil penalty shall not exceed $100,000 for each violation. Each day of a continuing violation shall constitute a separate violation. The amount of such civil penalty and other sanctions shall be assessed by the administering authority or the Commission by written notice, except that assessment shall be made by the administering authority for violation, or inducement of a violation or receipt of information with reason to know that such information was disclosed in violation, of an undertaking entered into by any person with an authorized agency of a free trade area country (as defined in section 516A(f)(10)).

(5) REVIEW OF SANCTIONS.—Any person against whom sanctions are imposed under paragraph (4) may obtain review of such sanctions by filing a notice of appeal in the United States Court of International Trade within 30 days from the date of the order imposing the sanction and by simultaneously sending a copy of such notice by certified mail to the administering authority or the Commission, as appropriate. The administering authority or the Commission shall promptly file in such court a certified copy of the record upon which such violation was found or such sanction imposed, as provided in section 2112 of title 28, United States Code. The findings and order of the administering authority or the Commission shall be set aside by the court only if the court finds that such findings and order are not supported by substantial evidence, as provided in section 706(2) of title 5, United States Code.

(6) ENFORCEMENT OF SANCTIONS.—If any person fails to pay an assessment of a civil penalty or to comply with other administrative sanctions after the order imposing such sanctions becomes a final and unappealable order, or after the United States Court of International Trade has entered final judgment in favor of the administering authority or the Commission, an action may be filed in such court to enforce the sanctions. In

such action, the validity and appropriateness of the final order imposing the sanctions shall not be subject to review.

(7) TESTIMONY AND PRODUCTION OF PAPERS.—

(A) AUTHORITY TO OBTAIN INFORMATION.—For the purpose of conducting any hearing and carrying out other functions and duties under this subsection, the administering authority and the Commission, or their duly authorized agents—

(i) shall have access to and the right to copy any pertinent document, paper, or record in the possession of any individual, partnership, corporation, association, organization, or other entity,

(ii) may summon witnesses, take testimony, and administer oaths,

(iii) and may require any individual or entity to produce pertinent documents, books, or records.

Any member of the Commission, and any person so designated by the administering authority, may sign subpoenas, and members and agents of the administering authority and the Commission, when authorized by the administering authority or the Commission, as appropriate, may administer oaths and affirmations, examine witnesses, take testimony, and receive evidence.

(B) WITNESSES AND EVIDENCE.—The attendance of witnesses who are authorized to be summoned, and the production of documentary evidence authorized to be ordered, under subparagraph (A) may be required from any place in the United States at any designated place of hearing. In the case of disobedience to a subpoena issued under subparagraph (A), an action may be filed in any district or territorial court of the United States to require the attendance and testimony of witnesses and the production of documentary evidence. Such court, within the jurisdiction of which such inquiry is carried on, may, in case of contumacy or refusal to obey a subpoena issued to any individual, partnership, corporation, association, organization or other entity, issue any order requiring such individual or entity to appear before the administering authority or the Commission, or to produce documentary evidence if so ordered or to give evidence concerning the matter in question. Any failure to obey such order of the court may be punished by the court as a contempt thereof.

(C) MANDAMUS.—Any court referred to in subparagraph (B) shall have jurisdiction to issue writs of mandamus commanding compliance with the provisions of this subsection or any order of the administering authority or the Commission made in pursuance thereof.

(D) DEPOSITIONS.—For purposes of carrying out any functions or duties under this subsection, the administering authority or the Commission may order testimony to be taken by deposition. Such deposition may be taken before any person designated by the administering authority or Commission and having power to administer oaths. Such testimony shall be reduced to writing by the person taking the deposition, or under the direction of such per-

son, and shall then be subscribed by the deponent. Any individual, partnership, corporation, association, organization or other entity may be compelled to appear and depose and to produce documentary evidence in the same manner as witnesses may be compelled to appear and testify and produce documentary evidence before the administering authority or Commission, as provided in this paragraph.

(E) FEES AND MILEAGE OF WITNESSES.—Witnesses summoned before the administering authority or the Commission shall be paid the same fees and mileage that are paid witnesses in the courts of the United States.

(g) INFORMATION RELATING TO VIOLATIONS OF PROTECTIVE ORDERS AND SANCTIONS.—The administering authority and the Commission may withhold from disclosure any correspondence, private letters of reprimand, settlement agreements, and documents and files compiled in relation to investigations and actions involving a violation or possible violation of a protective order issued under subsection (c) or (d), and such information shall be treated as information described in section 552(b)(3) of title 5, United States Code.

(h) OPPORTUNITY FOR COMMENT BY CONSUMERS AND INDUSTRIAL USERS.—The administering authority and the Commission shall provide an opportunity for industrial users of the subject merchandise and, if the merchandise is sold at the retail level, for representative consumer organizations, to submit relevant information to the administering authority concerning dumping or a countervailable subsidy, and to the Commission concerning material injury by reason of dumped or subsidized imports.

(i) PUBLICATION OF DETERMINATIONS; REQUIREMENTS FOR FINAL DETERMINATIONS.—

(1) IN GENERAL.—Whenever the administering authority makes a determination under section 702 or 732 whether to initiate an investigation, or the administering authority or the Commission makes a preliminary determination under section 703 or 733, a final determination under section 705 or section 735, a preliminary or final determination in a review under section 751, a determination to suspend an investigation under this title, or a determination under section 753, the administering authority or the Commission, as the case may be, shall publish the facts and conclusions supporting that determination, and shall publish notice of that determination in the Federal Register.

(2) CONTENTS OF NOTICE OR DETERMINATION.—The notice or determination published under paragraph (1) shall include, to the extent applicable—

(A) in the case of a determination of the administering authority—

(i) the names of the exporters or producers of the subject merchandise or, when providing such names is impracticable, the countries exporting the subject merchandise to the United States,

(ii) a description of the subject merchandise that is sufficient to identify the subject merchandise for customs purposes,

(iii)(I) with respect to a determination in an investigation under subtitle A or section 753 or in a review of a countervailing duty order, the amount of the countervailable subsidy established and a full explanation of the methodology used in establishing the amount, and

(II) with respect to a determination in an investigation under subtitle B or in a review of an antidumping duty order, the weighted average dumping margins established and a full explanation of the methodology used in establishing such margins, and

(iv) the primary reasons for the determination; and

(B) in the case of a determination of the Commission—

(i) considerations relevant to the determination of injury, and

(ii) the primary reasons for the determination.

(3) ADDITIONAL REQUIREMENTS FOR FINAL DETERMINATIONS.—In addition to the requirements set forth in paragraph (2)—

(A) the administering authority shall include in a final determination described in paragraph (1) an explanation of the basis for its determination that addresses relevant arguments, made by interested parties who are parties to the investigation or review (as the case may be), concerning the establishment of dumping or a countervailable subsidy, or the suspension of the investigation, with respect to which the determination is made; and

(B) the Commission shall include in a final determination of injury an explanation of the basis for its determination that addresses relevant arguments that are made by interested parties who are parties to the investigation or review (as the case may be) concerning volume, price effects, and impact on the industry of imports of the subject merchandise.

* * * * * * *

SEC. 781A. PROCEDURES FOR PREVENTION OF EVASION OF ANTIDUMPING AND COUNTERVAILING DUTY ORDERS.

(a) DEFINITIONS.—In this section:

(1) ADMINISTERING AUTHORITY.—The term "administering authority" has the meaning given that term in section 771.

(2) COMMISSIONER.—The term "Commissioner" means the Commissioner responsible for U.S. Customs and Border Protection.

(3) COVERED MERCHANDISE.—The term "covered merchandise" means merchandise that is subject to—

(A) a countervailing duty order issued under section 706; or

(B) an antidumping duty order issued under section 736.

(4) EVASION.—

(A) IN GENERAL.—Except as provided in subparagraph (B), the term "evasion" refers to entering covered merchandise into the customs territory of the United States by means of any document or electronically transmitted data or information, written or oral statement, or act that is ma-

terial and false, or any omission that is material, and that results in any cash deposit or other security or any amount of applicable antidumping or countervailing duties being reduced or not being applied with respect to the merchandise.

(B) EXCEPTION FOR CLERICAL ERROR.—

(i) IN GENERAL.—Except as provided in clause (ii), the term "evasion" does not include entering covered merchandise into the customs territory of the United States by means of—

(I) a document or electronically transmitted data or information, written or oral statement, or act that is false as a result of a clerical error; or

(II) an omission that results from a clerical error.

(ii) PATTERNS OF NEGLIGENT CONDUCT.—If the Commissioner determines that a person has entered covered merchandise into the customs territory of the United States by means of a clerical error referred to in subclause (I) or (II) of clause (i) and that the clerical error is part of a pattern of negligent conduct on the part of that person, the Commissioner may determine, notwithstanding clause (i), that the person has entered such covered merchandise into the customs territory of the United States through evasion.

(iii) ELECTRONIC REPETITION OF ERRORS.—For purposes of clause (ii), the mere nonintentional repetition by an electronic system of an initial clerical error does not constitute a pattern of negligent conduct.

(iv) RULE OF CONSTRUCTION.—A determination by the Commissioner that a person has entered covered merchandise into the customs territory of the United States by means of a clerical error referred to in subclause (I) or (II) of clause (i) rather than through evasion shall not be construed to excuse that person from the payment of any duties applicable to the merchandise.

(b) PREVENTION BY ADMINISTERING AUTHORITY.—

(1) PROCEDURES FOR INITIATING INVESTIGATIONS.—

(A) INITIATION BY ADMINISTERING AUTHORITY.—An investigation under this subsection shall be initiated with respect to merchandise imported into the United States whenever the administering authority determines, from information available to the administering authority, that an investigation is warranted with respect to whether the merchandise is covered merchandise.

(B) INITIATION BY PETITION OR REFERRAL.—

(i) IN GENERAL.—The administering authority shall determine whether to initiate an investigation under this subparagraph not later than 30 days after the date on which the administering authority receives a petition described in clause (ii) or a referral described in clause (iii).

(ii) PETITION DESCRIBED.—A petition described in this clause is a petition that—

(I) is filed with the administering authority by an interested party specified in subparagraph (A), (C), (D), (E), (F), or (G) of section 771(9);

(II) alleges that merchandise imported into the United States is covered merchandise; and

(III) is accompanied by information reasonably available to the petitioner supporting those allegations.

(iii) REFERRAL DESCRIBED.—A referral described in this clause is a referral made by the Commissioner pursuant to subsection (c)(1).

(2) TIME LIMITS FOR DETERMINATIONS.—

(A) PRELIMINARY DETERMINATION.—

(i) IN GENERAL.—Not later than 90 days after the administering authority initiates an investigation under paragraph (1) with respect to merchandise, the administering authority shall issue a preliminary determination, based on information available to the administering authority at the time of the determination, with respect to whether there is a reasonable basis to believe or suspect that the merchandise is covered merchandise.

(ii) EXPEDITED PROCEDURES.—If the administering authority determines that expedited action is warranted with respect to an investigation initiated under paragraph (1), the administering authority may publish the notice of initiation of the investigation and the notice of the preliminary determination in the Federal Register at the same time.

(B) FINAL DETERMINATION BY THE ADMINISTERING AUTHORITY.—The administering authority shall issue a final determination with respect to whether merchandise is covered merchandise not later than 300 days after the date on which the administering authority initiates an investigation under paragraph (1) with respect to the merchandise.

(3) ACCESS TO INFORMATION.—

(A) ENTRY DOCUMENTS, RECORDS, AND OTHER INFORMATION.—Upon receiving a request from the administering authority, and not later than 10 days after receiving the administering authority's request, the Commissioner shall transmit to the administering authority copies of the documentation and information required by section 484(a)(1) with respect to the entry of the merchandise, as well as any other documentation or information requested by the administering authority.

(B) ACCESS OF INTERESTED PARTIES.—Not later than 10 business days after the date on which the administering authority initiates an investigation under paragraph (1) with respect to merchandise, the administering authority shall provide to the authorized representative of each interested party that filed a petition under paragraph (1) or otherwise participates in a proceeding, pursuant to a protective order, the copies of the entry documentation and any other information received by the administering authority under subparagraph (A).

(C) BUSINESS PROPRIETARY INFORMATION FROM PRIOR SEGMENTS.—Where an authorized representative to an interested party participating in an investigation under paragraph (1) has access to business proprietary information released pursuant to administrative protective order in a proceeding under 19 U.S.C. §§ 1671 et seq., 1673 et seq., or 1675 et seq. that is relevant to the investigation conducted under paragraph (1), that authorized representative may submit such information to the administering authority for its consideration in the context of the investigation conducted under paragraph (1).

(4) AUTHORITY TO COLLECT AND VERIFY ADDITIONAL INFORMATION.—In making a determination under paragraph (2) with respect to covered merchandise, the administering authority may collect such additional information as is necessary to make the determination through such methods as the administering authority considers appropriate, including by—

(A) issuing a questionnaire with respect to such covered merchandise to—

(i) a person that filed an allegation under paragraph (1)(B)(ii) that resulted in the initiation of an investigation under paragraph (1)(A) with respect to such covered merchandise;

(ii) a person alleged to have entered such covered merchandise into the customs territory of the United States through evasion;

(iii) a person that is a foreign producer or exporter of such covered merchandise; or

(iv) the government of a country from which such covered merchandise was exported;

(B) conducting verifications, including on-site verifications, of any relevant information; and

(C) requesting—

(i) that the Commissioner provide any information and data available to U.S. Customs and Border Protection, and

(ii) that the Commissioner gather additional necessary information from the importer of covered merchandise and other relevant parties.

(5) ADVERSE INFERENCE.—If the administering authority finds that a person described in clause (i), (ii), or (iii) of paragraph (4)(A) has failed to cooperate by not acting to the best of the person's ability to comply with a request for information, the administering authority may, in making a determination under paragraph (2), use an inference that is adverse to the interests of that person in selecting from among the facts otherwise available to make the determination.

(6) EFFECT OF AFFIRMATIVE PRELIMINARY DETERMINATION.—If the administering authority makes a preliminary determination under paragraph (2)(A) that merchandise is covered merchandise, the administering authority shall instruct U.S. Customs and Border Protection—

(A) to suspend liquidation of each entry of the merchandise that—

(i) enters on or after the date of the preliminary determination; or

(ii) enters before that date, if the liquidation of the entry is not final on that date; and

(B) to require the posting of a cash deposit for each entry of the merchandise in an amount determined pursuant to the order or finding described in subsection (a)(2)(A)(i), or administrative review conducted under section 751, that applies to the merchandise.

(7) EFFECT OF AFFIRMATIVE FINAL DETERMINATION.—

(A) IN GENERAL.—If the administering authority makes a final determination under paragraph (2)(B) that merchandise is covered merchandise, the administering authority shall instruct U.S. Customs and Border Protection—

(i) to assess duties on the merchandise in an amount determined pursuant to the order or finding described in subsection (a)(2)(A)(i), or administrative review conducted under section 751, that applies to the merchandise;

(ii) notwithstanding section 501, to reliquidate, in accordance with such order, finding, or administrative review, each entry of the merchandise that was liquidated and is determined to include covered merchandise; and

(iii) to review and reassess the amount of bond or other security the importer is required to post for such merchandise entered on or after the date of the final determination to ensure the protection of revenue and compliance with the law.

(B) ADDITIONAL AUTHORITY.—If the administering authority makes a final determination under paragraph (2)(B) that merchandise is covered merchandise, the administering authority may instruct U.S. Customs and Border Protection to require the importer of the merchandise to post a cash deposit or bond on such merchandise entered on or after the date of the final determination in an amount the administering authority determines in the final determination to be owed with respect to the merchandise.

(8) EFFECT OF NEGATIVE FINAL DETERMINATION.—If the administering authority makes a final determination under paragraph (2)(B) that merchandise is not covered merchandise, the administering authority shall terminate the suspension of liquidation and refund any cash deposit imposed pursuant to paragraph (6) with respect to the merchandise.

(9) NOTIFICATION.—Not later than 5 business days after making a determination under paragraph (2) with respect to covered merchandise, the administering authority may provide to importers, in such manner as the administering authority determines appropriate, information discovered in the investigation that the administering authority determines will help educate importers with respect to importing merchandise into the customs territory of the United States in accordance with all applicable laws and regulations.

(10) SPECIAL RULE FOR CASES IN WHICH THE PRODUCER OR EXPORTER IS UNKNOWN.—If the administering authority is un-

able to determine the actual producer or exporter of the merchandise with respect to which the administering authority initiated an investigation under paragraph (1), the administering authority shall, in requiring the posting of a cash deposit under paragraph (6) or assessing duties pursuant to paragraph (7)(A), impose the cash deposit or duties (as the case may be) in the highest amount applicable to any producer or exporter of the merchandise pursuant to any order or finding described in subsection (a)(2)(A)(i), or any administrative review conducted under section 751.

(11) PUBLICATION OF DETERMINATIONS.—The administering authority shall publish each notice of initiation of investigation made under paragraph (1)(A), each preliminary determination made under paragraph (2)(A) and each final determination made under paragraph (2)(B) in the Federal Register.

(12) REFERRALS TO OTHER AGENCIES.—

(A) AFTER PRELIMINARY DETERMINATION.—Notwithstanding section 777 and subject to subparagraph (C), when the administering authority makes an affirmative preliminary determination under paragraph (2)(A), the administering authority shall—

(i) transmit the administrative record to the Commissioner for such additional action as the Commissioner determines appropriate, including proceedings under section 592; and

(ii) at the request of the head of another agency, transmit the administrative record to the head of that agency.

(B) AFTER FINAL DETERMINATION.—Notwithstanding section 777 and subject to subparagraph (C), when the administering authority makes an affirmative final determination under paragraph (2)(B), the administering authority shall—

(i) transmit the complete administrative record to the Commissioner; and

(ii) at the request of the head of another agency, transmit the complete administrative record to the head of that agency.

(c) PREVENTION BY U.S. CUSTOMS AND BORDER PROTECTION.— In the event the Commissioner receives information that a person is entered covered merchandise into the customs territory of the United States through evasion, but is not able to determine whether the merchandise is in fact covered merchandise, the Commissioner shall—

(A) refer the matter to the administering authority for additional proceedings under subsection (b); and

(B) transmit to the administering authority—

(i) copies of the entry documents and information required by section 484(a)(1) relating to the merchandise; and

(ii) any additional records or information that the Commissioner considers appropriate.

(d) COOPERATION BETWEEN U.S. CUSTOMS AND BORDER PROTECTION AND THE DEPARTMENT OF COMMERCE.—

(1) NOTIFICATION OF INVESTIGATIONS.—Upon receiving a petition and upon initiating an investigation under subsection (b), the administering authority shall notify the Commissioner.

(2) PROCEDURES FOR COOPERATION.—Not later than 180 days after the date of the enactment of this Act, the Commissioner and the administering authority shall establish procedures to ensure maximum cooperation and communication between U.S. Customs and Border Protection and the administering authority in order to quickly, efficiently, and accurately investigate allegations of evasion of antidumping and countervailing duty orders.

(e) ANNUAL REPORT ON PREVENTING EVASION OF ANTIDUMPING AND COUNTERVAILING DUTY ORDERS.—

(1) IN GENERAL.—Not later than February 28 of each year beginning in 2016, the Under Secretary for International Trade of the Department of Commerce shall submit to the Committee on Finance and the Committee on Appropriations of the Senate and the Committee on Ways and Means and the Committee on Appropriations of the House of Representatives a report on the efforts being taken under subsection (b) to prevent evasion of antidumping and countervailing duty orders.

(2) CONTENTS.—Each report required by paragraph (1) shall include, for the year preceding the submission of the report—

(A)(i) the number of investigations initiated pursuant to subsection (b); and

(ii) a description of such investigations, including—

(I) the results of such investigations; and

(II) the amount of antidumping and countervailing duties collected as a result of such investigations; and

(B) the number of referrals made by the Commissioner pursuant to subsection (c).

* * * * * * *

SECTION 9503 OF THE OMNIBUS BUDGET RECONCILIATION ACT OF 1987

SEC. 9503. UNITED STATES CUSTOMS SERVICE AUTHORIZATIONS.

(a) [Omitted amendatory text]

(b) [Omitted amendatory text]

[(c) ADVISORY COMMITTEE ON COMMERCIAL OPERATIONS OF UNITED STATES CUSTOMS SERVICE.—

[(1) The Secretary of the Treasury shall establish an advisory committee which shall be known as the "Advisory Committee on Commercial Operations of the United States Customs Service"(hereafter in this subsection referred to as the "Advisory Committee").

[(2)(A) The Advisory Committee shall consist of 20 members appointed by the Secretary of the Treasury.

[(B) In making appointments under subparagraph (A), the Secretary of the Treasury shall ensure that—

[(i) the membership of the Advisory Committee is representative of the individuals and firms affected by the commercial operations of the United States Customs Service; and

[(ii) a majority of the members of the Advisory Committee do not belong to the same political party.

[(3) The Advisory Committee shall—

[(A) provide advice to the Secretary of the Treasury on all matters involving the commercial operations of the United States Customs Service; and

[(B) submit an annual report to the Committee on Finance of the Senate and the Committee on Ways and Means of the House of Representatives that shall—

[(i) describe the operations of the Advisory Committee during the preceding year, and

[(ii) set forth any recommendations of the Advisory Committee regarding the commercial operations of the United States Customs Service.

[(4) The Assistant Secretary of the Treasury for Enforcement shall preside over meetings of the Advisory Committee.]

(d) [Omitted amendatory text]

SECTION 2 OF THE ACT OF MARCH 3, 1927

(Public Law 69–348)

AN ACT To create a Bureau of Customs and a Bureau of Prohibition in the Department of the Treasury.

SECTION 2. (a) The Secretary of the Treasury is authorized to appoint, in each of the bureaus established by section 1, one assistant commissioner, two deputy commissioners, one chief clerk, and such attorneys customs and other officers and employees as he may deem necessary. One of the deputy commissioners of the Bureau of Customs shall have charge of investigations. Appointments under this subdivision shall be subject to the provisions of the civil service laws, and the salaries shall be fixed in accordance with the Classification Act of 1923.

(b) The Secretary of the Treasury is authorized to designate an officer of the Bureau of Customs to act as Commissioner of Customs, during the absence or disability of the Commissioner of Customs, or in the event that there is no Commissioner of Customs; and to designate an officer of the Bureau of Prohibition to act as Commissioner of Prohibition during the absence or disability of the Commissioner of Prohibition, or in the event that there is no Commissioner of Prohibition.

(c) The personnel of the Bureau of Customs shall perform such duties as the Secretary of the Treasury may prescribe.

(d) OFFICE OF INTERNATIONAL TRADE.—

(1) ESTABLISHMENT.—There is established within the United States Customs and Border Protection an Office of International Trade that shall be headed by an Assistant Commissioner.

(2) TRANSFER OF ASSETS, FUNCTIONS, AND PERSONNEL; ELIMINATION OF OFFICES.—

(A) OFFICE OF STRATEGIC TRADE.—

(i) IN GENERAL.—Not later than 90 days after the date of the enactment of the SAFE Port Act, the Com-

missioner shall transfer the assets, functions, and personnel of the Office of Strategic Trade to the Office of International Trade established pursuant to paragraph (1) and the Office of Strategic Trade shall be abolished.

(ii) LIMITATION ON FUNDS.—No funds appropriated to the United States Customs and Border Protection may be used to transfer the assets, functions, or personnel of the Office of Strategic Trade, to an office other than the office established pursuant to paragraph (1) of this subsection.

(B) OFFICE OF REGULATIONS AND RULINGS.—

(i) IN GENERAL.—Not later than 90 days after the date of the enactment of the SAFE Port Act, the Commissioner shall transfer the assets, functions, and personnel of the Office of Regulations and Rulings to the Office of International Trade established pursuant to paragraph (1) and the Office of Regulations and Rulings shall be abolished.

(ii) LIMITATION ON FUNDS.—No funds appropriated to the United States Customs and Border Protection may be used to transfer the assets, functions, or personnel of the Office of Regulations and Rulings, to an office other than the office established pursuant to paragraph (1) of this subsection.

(C) OTHER TRANSFERS.—The Commissioner is authorized to transfer any other assets, functions, or personnel within the United States Customs and Border Protection to the Office of International Trade established pursuant to paragraph (1). Not less than 45 days prior to each such transfer, the Commissioner shall notify the Committee on Appropriations, the Committee on Finance, and the Committee on Homeland Security and Governmental Affairs of the Senate and the Committee on Appropriations, the Committee on Homeland Security, and the Committee on Ways and Means of the House of Representatives of the specific assets, functions, or personnel to be transferred, and the reason for such transfer. Such notification shall also include—

(i) an explanation of how trade enforcement functions will be impacted by the reorganization;

(ii) an explanation of how the reorganization meets the requirements of section 412(b) of the Homeland Security Act of 2002 that the Department of Homeland Security not diminish the customs revenue and trade facilitation functions formerly performed by the United States Customs Service; and

(iii) any comments or recommendations provided by the Commercial Operations Advisory Committee regarding such reorganization.

(D) REPORT.— Not later than 1 year after any reorganization pursuant to subparagraph (C) takes place, the Commissioner, in consultation with the Commercial Operations Advisory Committee, shall report to the Committee on Finance of the Senate and the Committee on Ways and

Means of the House of Representatives. Such report shall include an assessment of the impact of, and any suggested modifications to, such reorganization.

(E) LIMITATION ON AUTHORITY.—Notwithstanding any other provision of law, the Commissioner shall not transfer any assets, functions, or personnel from United States ports of entry, associated with the enforcement of laws relating to trade in textiles and apparel, to the Office of International Trade established pursuant to paragraph (1), until the following conditions are met:

(i) The Commissioner submits the initial Resource Allocation Model required by section 301(h) of the Customs and Procedural Reform and Simplification Act of 1978 and includes in such Resource Allocation Model a section addressing the allocation of assets, functions, and personnel associated with the enforcement of laws relating to trade in textiles and apparel.

(ii) The Commissioner consults with the Committee on Finance of the Senate and the Committee on Ways and Means of the House of Representatives regarding any subsequent transfer of assets, functions, or personnel associated with the enforcement of laws relating to trade in textiles and apparel, not less than 45 days prior to such transfer.

(F) LIMITATION ON APPROPRIATIONS.—No funds appropriated to the United States Customs and Border Protection may be used to transfer the assets, functions, or personnel associated with the enforcement of laws relating to trade in textiles and apparel, before the Commissioner consults with the congressional committees pursuant to subparagraph (E)(ii).

(3) COMMERCIAL TARGETING DIVISION AND NATIONAL TARGETING AND ANALYSIS GROUPS.—

(A) ESTABLISHMENT OF COMMERCIAL TARGETING DIVISION.—

(i) IN GENERAL.—The Secretary of Homeland Security shall establish and maintain within the Office of International Trade a Commercial Targeting Division.

(ii) COMPOSITION.—The Commercial Targeting Division shall be composed of—

(I) headquarters personnel led by an Executive Director, who shall report to the Assistant Commissioner for Trade; and

(II) individual National Targeting and Analysis Groups, each led by a Director who shall report to the Executive Director of the Commercial Targeting Division.

(iii) DUTIES.—The Commercial Targeting Division shall be dedicated—

(I) to the development and conduct of commercial risk assessment targeting with respect to cargo destined for the United States in accordance with subparagraph (C); and

(II) to issuing Trade Alerts described in subparagraph (D).

(B) NATIONAL TARGETING AND ANALYSIS GROUPS.—

(i) IN GENERAL.—A National Targeting and Analysis Group referred to in subparagraph (A)(ii)(II) shall, at a minimum, be established for each priority trade issue described in clause (ii).

(ii) PRIORITY TRADE ISSUES.—

(I) IN GENERAL.—The priority trade issues described in this clause are the following:

(aa) Agriculture programs.

(bb) Antidumping and countervailing duties.

(cc) Import safety.

(dd) Intellectual property rights.

(ee) Revenue.

(ff) Textiles and wearing apparel.

(gg) Trade agreements and preference programs.

(II) MODIFICATION.—The Commissioner is authorized to establish new priority trade issues and eliminate, consolidate, or otherwise modify the priority trade issues described in this paragraph if the Commissioner—

(aa) determines it necessary and appropriate to do so;

(bb) submits to the Committee on Finance of the Senate and the Committee on Ways and Means of the House of Representatives a summary of proposals to consolidate, eliminate, or otherwise modify existing priority trade issues not later than 60 days before such changes are to take effect; and

(cc) submits to the Committee on Finance of the Senate and the Committee on Ways and Means of the House of Representatives a summary of proposals to establish new priority trade issues not later than 30 days after such changes are to take effect.

(iii) DUTIES.—The duties of each National Targeting and Analysis Group shall include—

(I) directing the trade enforcement and compliance assessment activities of U.S. Customs and Border Protection that relate to the Group's priority trade issue;

(II) facilitating, promoting, and coordinating cooperation and the exchange of information between U.S. Customs and Border Protection, U.S. Immigration and Customs Enforcement, and other relevant Federal departments and agencies regarding the Group's priority trade issue; and

(III) serving as the primary liaison between U.S. Customs and Border Protection and the public regarding United States Government activities regarding the Group's priority trade issue, including—

(aa) providing for receipt and transmission to the appropriate U.S. Customs and Border

Protection office of allegations from interested parties in the private sector of violations of customs and trade laws of the United States of merchandise relating to the priority trade issue;

(bb) obtaining information from the appropriate U.S. Customs and Border Protection office on the status of any activities resulting from the submission of any such allegation, including any decision not to pursue the allegation, and providing any such information to each interested party in the private sector that submitted the allegation every 90 days after the allegation was received by U.S. Customs and Border Protection unless providing such information would compromise an ongoing law enforcement investigation; and

(cc) notifying on a timely basis each interested party in the private sector that submitted such allegation of any civil or criminal actions taken by U.S. Customs and Border Protection or other Federal department or agency resulting from the allegation.

(C) COMMERCIAL RISK ASSESSMENT TARGETING.—In carrying out its duties with respect to commercial risk assessment targeting, the Commercial Targeting Division shall—

(i) establish targeted risk assessment methodologies and standards—

(I) for evaluating the risk that cargo destined for the United States may violate the customs and trade laws of the United States, particularly those laws applicable to merchandise subject to the priority trade issues described in subparagraph (B)(ii); and

(II) for issuing, as appropriate, Trade Alerts described in subparagraph (D); and

(ii) to the extent practicable and otherwise authorized by law, use, to administer the methodologies and standards established under clause (i) —

(I) publicly available information;

(II) information available from the Automated Commercial System, the Automated Commercial Environment computer system, the Automated Targeting System, the Automated Export System, the International Trade Data System, the TECS (formerly known as the "Treasury Enforcement Communications System"), the case management system of U.S. Immigration and Customs Enforcement, and any successor systems; and

(III) information made available to the Commercial Targeting Division, including information provided by private sector entities.

(D) TRADE ALERTS.—

(i) ISSUANCE.—Based upon the application of the targeted risk assessment methodologies and standards es-

tablished under subparagraph (C), the Executive Director of the Commercial Targeting Division and the Directors of the National Targeting and Analysis Groups may issue Trade Alerts to directors of United States ports of entry directing further inspection, or physical examination or testing, of specific merchandise to ensure compliance with all applicable customs and trade laws and regulations administered by U.S. Customs and Border Protection.

(ii) DETERMINATIONS NOT TO IMPLEMENT TRADE ALERTS.—The director of a United States port of entry may determine not to conduct further inspections, or physical examination or testing, pursuant to a Trade Alert issued under clause (i) if—

(I) the director finds that such a determination is justified by security interests; and

(II) notifies the Assistant Commissioner of the Office of Field Operations and the Assistant Commissioner of International Trade of U.S. Customs and Border Protection of the determination and the reasons for the determination not later than 48 hours after making the determination.

(iii) SUMMARY OF DETERMINATIONS NOT TO IMPLEMENT.—The Assistant Commissioner of the Office of Field Operations of U.S. Customs and Border Protection shall—

(I) compile an annual public summary of all determinations by directors of United States ports of entry under clause (ii) and the reasons for those determinations;

(II) conduct an evaluation of the utilization of Trade Alerts issued under clause (i); and

(III) submit the summary to the Committee on Finance of the Senate and the Committee on Ways and Means of the House of Representatives not later than December 31 of each year.

(iv) INSPECTION DEFINED.—In this subparagraph, the term "inspection" means the comprehensive evaluation process used by U.S. Customs and Border Protection, other than physical examination or testing, to permit the entry of merchandise into the United States, or the clearance of merchandise for transportation in bond through the United States, for purposes of—

(I) assessing duties;

(II) identifying restricted or prohibited items; and

(III) ensuring compliance with all applicable customs and trade laws and regulations administered by U.S. Customs and Border Protection.

(e) INTERNATIONAL TRADE COMMITTEE.—

(1) ESTABLISHMENT.— The Commissioner shall establish an International Trade Committee, to be chaired by the Commissioner, and to include the Deputy Commissioner, the Assistant Commissioner in the Office of Field Operations, the Assistant Commissioner in the Office of Finance, the Assistant Commis-

sioner in the Office of International Affairs, the Assistant Commissioner in the Office of International Trade, the Director of the Office of Trade Relations, and any other official determined by the Commissioner to be important to the work of the Committee.

(2) RESPONSIBILITIES.—The International Trade Committee shall—

(A) be responsible for advising the Commissioner with respect to the commercial customs and trade facilitation functions of the United States Customs and Border Protection;

(B) assist the Commissioner in coordinating with the Secretary regarding commercial customs and trade facilitation functions; and

(C) oversee the operation of all programs and systems that are involved in the assessment and collection of duties, bonds, and other charges or penalties associated with the entry of cargo into the United States, or the export of cargo from the United States, including the administration of duty drawback and the collection of antidumping and countervailing duties.

(3) ANNUAL REPORT.—Not later than 30 days after the end of each fiscal year, the International Trade Committee shall submit a report to the Committee on Finance of the Senate and the Committee on Ways and Means of the House of Representatives. The report shall—

(A) detail the activities of the International Trade Committee during the preceding fiscal year; and

(B) identify the priorities of the International Trade Committee for the fiscal year in which the report is filed.

(f) DEFINITION.—In this section:

(1) COMMISSIONER.—The term 'Commissioner' means the Commissioner responsible for the United States Customs and Border Protection in the Department of Homeland Security.

(2) COMMERCIAL OPERATIONS ADVISORY COMMITTEE.—The term 'Commercial Operations Advisory Committee' means the Advisory Committee established pursuant to section 9503(c) of the Omnibus Budget Reconciliation Act of 1987 or any successor committee.

SECTION 343 OF THE TRADE ACT OF 2002

SEC. 343. MANDATORY ADVANCED ELECTRONIC INFORMATION FOR CARGO AND OTHER IMPROVED CUSTOMS REPORTING PROCEDURES

(a) CARGO INFORMATION.

(1) IN GENERAL.—(A) Subject to paragraphs (2) and (3), the Secretary is authorized to promulgate regulations providing for the transmission to the Customs Service, through an electronic data interchange system, of information pertaining to cargo to be brought into the United States or to be sent from the United States, prior to the arrival or departure of the cargo.

(B) The Secretary shall endeavor to promulgate an initial set of regulations under subparagraph (A) not later than October 1, 2003.

(2) INFORMATION REQUIRED.—The cargo information required by the regulations promulgated pursuant to paragraph (1) under the parameters set forth in paragraph (3) shall be such information on cargo as the Secretary determines to be reasonably necessary to ensure cargo safety and security pursuant to those laws enforced and administered by the Customs Service. The Secretary shall provide to appropriate Federal departments and agencies cargo information obtained pursuant to paragraph (1).

(3) PARAMETERS.—In developing regulations pursuant to paragraph (1), the Secretary shall adhere to the following parameters:

(A) The Secretary shall solicit comments from and consult with a broad range of parties likely to be affected by the regulations, including importers, exporters, carriers, customs brokers, and freight forwarders, among other interested parties.

(B) In general, the requirement to provide particular information shall be imposed on the party most likely to have direct knowledge of that information. Where requiring information from the party with direct knowledge of that information is not practicable, the regulations shall take into account how, under ordinary commercial practices, information is acquired by the party on which the requirement is imposed, and whether and how such party is able to verify the information. Where information is not reasonably verifiable by the party on which a requirement is imposed, the regulations shall permit that party to transmit information on the basis of what it reasonably believes to be true.

(C) The Secretary shall take into account the existence of competitive relationships among the parties on which requirements to provide particular information are imposed.

(D) Where the regulations impose requirements on carriers of cargo, they shall take into account differences among different modes of transportation, including differences in commercial practices, operational characteristics, and technological capacity to collect and transmit information electronically.

(E) The regulations shall take into account the extent to which the technology necessary for parties to transmit and the Customs Service to receive and analyze data in a timely fashion is available. To the extent that the Secretary determines that the necessary technology will not be widely available to particular modes of transportation or other affected parties until after promulgation of the regulations, the regulations shall provide interim requirements appropriate for the technology that is available at the time of promulgation.

[(F) The information collected pursuant to the regulations shall be used exclusively for ensuring cargo safety and security and preventing smuggling, and shall not be used for determining merchandise entry or for any other commercial enforcement purposes. Notwithstanding the

preceding sentence, nothing in this section shall be treated as amending, repealing, or otherwise modifying title IV of the Tariff Act of 1930 or regulations promulgated thereunder.]

(F) The information collected pursuant to the regulations shall be used exclusively for ensuring cargo safety and security, preventing smuggling, and commercial risk assessment targeting, and shall not be used for any commercial enforcement purposes, including for determining merchandise entry. Notwithstanding the preceding sentence, nothing in this section shall be treated as amending, repealing, or otherwise modifying title IV of the Tariff Act of 1930 or regulations prescribed thereunder.

(G) The regulations shall protect the privacy of business proprietary and any other confidential cargo information provided to the Customs Service pursuant to such regulations, except for the manifest information collected pursuant to section 431 of the Tariff Act of 1930 and required to be available for public disclosure pursuant to section 431(c) of such Act..

(H) In determining the timing for transmittal of any information, the Secretary shall balance likely impact on flow of commerce with impact on cargo safety and security. With respect to requirements that may be imposed on carriers of cargo, the timing for transmittal of information shall take into account differences among different modes of transportation, as described in subparagraph (D).

(I) Where practicable, the regulations shall avoid imposing requirements that are redundant with one another or that are redundant with requirements in other provisions of law.

(J) The Secretary shall determine whether it is appropriate to provide transition periods between promulgation of the regulations and the effective date of the regulations and shall prescribe such transition periods in the regulations, as appropriate. The Secretary may determine that different transition periods are appropriate for different classes of affected parties.

(K) With respect to requirements imposed on carriers, the Secretary, in consultation with the Postmaster General, shall determine whether it is appropriate to impose the same or similar requirements on shipments by the United States Postal Service. If the Secretary determines that such requirements are appropriate, then they shall be set forth in the regulations.

(L) Not later than 15 days prior to publication of a final rule pursuant to this section, the Secretary shall transmit to the Committees on Finance and Commerce, Science, and Transportation of the Senate and the Committees on Ways and Means and Transportation and Infrastructure of the House of Representatives a report setting forth—

(i) the proposed regulations;

(ii) an explanation of how particular requirements in the proposed regulations meet the needs of cargo safety and security;

(iii) an explanation of how the Secretary expects the proposed regulations to affect the commercial practices of affected parties;

(iv) an explanation of how the proposed regulations address particular comments received from interested parties; and

(v) if the Secretary determines to amend the proposed regulations after they have been transmitted to the Committees pursuant to this subparagraph, the Secretary shall transmit the amended regulations to such Committees no later than 5 days prior to the publication of the final rule.

(4) TRANSMISSION OF DATA.—Pursuant to paragraph (2), not later than 1 year after the date of enactment of this paragraph, the Secretary of Homeland Security, after consultation with the Secretary of the Treasury, shall establish an electronic data interchange system through which the United States Customs and Border Protection shall transmit to the Internal Revenue Service information pertaining to cargoes of any taxable fuel (as defined in section 4083 of the Internal Revenue Code of 1986) that the United States Customs and Border Protection has obtained electronically under its regulations adopted in accordance with paragraph (1). For this purpose, not later than 1 year after the date of enactment of this paragraph, all filers of required cargo information for such taxable fuels (as so defined) must provide such information to the United States Customs and Border Protection through such electronic data interchange system.

(b) DOCUMENTATION OF WATERBORNE CARGO.—Part II of title IV of the Tariff Act of 1930 is amended by inserting after section 431 the following new section:

"SEC. 431A. DOCUMENTATION OF WATERBORNE CARGO.

"(a) APPLICABILITY.—This section shall apply to all cargo to be exported that is moved by a vessel carrier from a port in the United States.

"(b) DOCUMENTATION REQUIRED.—(1) No shipper of cargo subject to this section (including an ocean transportation intermediary that is a non-vessel-operating common carrier (as defined in section 3(17)(B) of the Shipping Act of 1984 (46 U.S.C. App. 1702(17)(B)) may tender or cause to be tendered to a vessel carrier cargo subject to this section for loading on a vessel in a United States port, unless such cargo is properly documented pursuant to this subsection.

"(2) For the purposes of this subsection, cargo shall be considered properly documented if the shipper submits to the vessel carrier or its agent a complete set of shipping documents no later than 24 hours after the cargo is delivered to the marine terminal operator, but under no circumstances later than 24 hours prior to departure of the vessel.

"(3) A complete set of shipping documents shall include—

"(A) for shipments for which a shipper's export declaration is required, a copy of the export declaration or, if the shipper files such declarations electronically in the Automated Export System, the complete bill of lading, and the master or equivalent shipping instructions, including the Internal Transaction Number (ITN); or

"(B) for shipments for which a shipper's export declaration is not required, a shipper's export declaration exemption statement and such other documents or information as the Secretary may by regulation prescribe.

"(4) The Secretary shall by regulation prescribe the time, manner, and form by which shippers shall transmit documents or information required under this subsection to the Customs Service.

"(c) LOADING UNDOCUMENTED CARGO PROHIBITED.—

"(1) No marine terminal operator (as defined in section 3(14) of the Shipping Act of 1984 (46 U.S.C. App. 1702(14))) may load, or cause to be loaded, any cargo subject to this section on a vessel unless instructed by the vessel carrier operating the vessel that such cargo has been properly documented in accordance with this section.

"(2) When cargo is booked by 1 vessel carrier to be transported on the vessel of another vessel carrier, the booking carrier shall notify the operator of the vessel that the cargo has been properly documented in accordance with this section. The operator of the vessel may rely on such notification in releasing the cargo for loading aboard the vessel.

"(d) REPORTING OF UNDOCUMENTED CARGO.—A vessel carrier shall notify the Customs Service of any cargo tendered to such carrier that is not properly documented pursuant to this section and that has remained in the marine terminal for more than 48 hours after being delivered to the marine terminal, and the location of the cargo in the marine terminal. For vessel carriers that are members of vessel sharing agreements (or any other arrangement whereby a carrier moves cargo on another carrier's vessel), the vessel carrier accepting the booking shall be responsible for reporting undocumented cargo, without regard to whether it operates the vessel on which the transportation is to be made.

"(e) ASSESSMENT OF PENALTIES.—Whoever is found to have violated subsection (b) of this section shall be liable to the United States for civil penalties in a monetary amount up to the value of the cargo, or the actual cost of the transportation, whichever is greater.

"(f) SEIZURE OF UNDOCUMENTED CARGO.—

"(1) Any cargo that is not properly documented pursuant to this section and has remained in the marine terminal for more than 48 hours after being delivered to the marine terminal operator shall be subject to search, seizure, and forfeiture.

"(2) The shipper of any such cargo is liable to the marine terminal operator and to the ocean carrier for demurrage and other applicable charges for any undocumented cargo which has been notified to or searched or seized by the Customs Service for the entire period the cargo remains under the order and direction of the Customs Service. Unless the cargo is seized by the Customs Service and forfeited, the marine terminal operator and the ocean carrier shall have a lien on the cargo for the amount of the demurrage and other charges.

"(g) EFFECT ON OTHER PROVISIONS. —Nothing in this section shall be construed, interpreted, or applied to relieve or excuse any party from compliance with any obligation or requirement arising under any other law, regulation, or order with regard to the documentation or carriage of cargo.".

(c) SECRETARY.—For purposes of this section, the term "Secretary" means the Secretary of the Treasury. If, at the time the regulations required by subsection (a)(1) are promulgated, the Customs Service is no longer located in the Department of the Treasury, then the Secretary of the Treasury shall exercise the authority under subsection (a) jointly with the Secretary of the Department in which the Customs Service is located.

TRADE ACT OF 1974

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act, with the following table of contents, may be cited as the "Trade Act of 1974".

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TITLE II—RELIEF FROM INJURY CAUSED BY IMPORT COMPETITION

CHAPTER 1—POSITIVE ADJUSTMENT BY INDUSTRIES INJURED BY IMPORTS

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Sec. 205. Trade monitoring.

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TITLE III—RELIEF FROM UNFAIR TRADE PRACTICES

CHAPTER 1—ENFORCEMENT OF UNITED STATES RIGHTS UNDER TRADE AGREEMENTS AND RESPONSE TO FOREIGN TRADE PRACTICES

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[Sec. 310. Identification of trade liberalization priorities.]
Sec. 310. Trade enforcement priorities.

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TITLE I—NEGOTIATING AND OTHER AUTHORITY

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CHAPTER 6—CONGRESSIONAL LIAISON AND REPORTS

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SEC. 163. REPORTS.

(a) ANNUAL REPORT ON TRADE AGREEMENTS PROGRAM AND NATIONAL TRADE POLICY AGENDA.—

(1) The President shall submit to the Congress during each calendar year (but not later than March 1 of that year) a report on—

(A) the operation of the trade agreements program, and the provision of import relief and adjustment assistance to workers and firms, under this Act during the preceding calendar year; [and]

(B) the national trade policy agenda for the year in which the report is submitted[.]*; and*

(C) the operation of all United States Trade Representative-led interagency programs during the preceding year and for the year in which the report is submitted.

(2) The report shall include, with respect to the matters referred to in paragraph (1)(A), information regarding—

(A) new trade negotiations;

(B) changes made in duties and nontariff barriers and other distortions of trade of the United States;

(C) reciprocal concessions obtained;

(D) changes in trade agreements (including the incorporation therein of actions taken for import relief and compensation provided therefor);

(E) the extension or withdrawal of nondiscriminatory treatment by the United States with respect to the products of foreign countries;

(F) the extension, modification, withdrawal, suspension, or limitation of preferential treatment to exports of developing countries;

(G) the results of actions to obtain the removal of foreign trade restrictions (including discriminatory restrictions) against United States exports and the removal of foreign practices which discriminate against United States service industries (including transportation and tourism) and investment;

(H) the measures being taken to seek the removal of other significant foreign import restrictions;

(I) each of the referrals made under section 141(d)(1)(B) and any action taken with respect to such referral;

(J) other information relating to the trade agreements program and to the agreements entered into thereunder; and

(K) the number of applications filed for adjustment assistance for workers and firms, the number of such applications which were approved, and the extent to which adjustment assistance has been provided under such approved applications.

(3)(A) The national trade policy agenda required under paragraph (1)(B) for the year in which a report is submitted shall be in the form of a statement of—

(i) the trade policy objectives and priorities of the United States for the year, and the reasons therefor;

(ii) the actions proposed, or anticipated, to be undertaken during the year to achieve such objectives and priorities, including, but not limited to, actions authorized under the trade laws and negotiations with foreign countries;

(iii) any proposed legislation necessary or appropriate to achieve any of such objectives or priorities; and

(iv) the progress that was made during the preceding year in achieving the trade policy objectives and priorities included in the statement provided for that year under this paragraph.

(B) The President may separately submit any information referred to in subparagraph (A) to the Congress in confidence if the President considers confidentiality appropriate.

(C) Before submitting the national trade policy agenda for any year, the President shall seek advice from the appropriate advisory committees established under section 135 and shall consult with the appropriate committees of the Congress.

(D) The United States Trade Representative (hereafter referred to in this section as the "Trade Representative"") and other appropriate officials of the United States Government shall consult periodically with the appropriate committees of the Congress regarding the annual objectives and priorities set forth in each national trade policy agenda with respect to—

(i) the status and results of the actions that have been undertaken to achieve the objectives and priorities; and

(ii) any development which may require, or result in, changes to any of such objectives or priorities.

(4) The report shall include, with respect to the matters referred to in paragraph (1)(C), information regarding—

(A) the objectives and priorities of all United States Trade Representative-led interagency programs for the year, and the reasons therefor;

(B) the actions proposed, or anticipated, to be undertaken during the year to achieve such objectives and priorities, including actions authorized under the trade laws and negotiations with foreign countries;

(C) the role of each Federal agency participating in the interagency program in achieving such objectives and priorities and activities of each agency with respect to their participation in the program;

(D) the United States Trade Representative's coordination of each participating Federal agency to more effectively achieve such objectives and priorities;

(E) any proposed legislation necessary or appropriate to achieve any of such objectives or priorities; and

(F) the progress that was made during the preceding year in achieving such objectives and priorities and coordination activities included in the statement provided for such year under this paragraph.

(b) ANNUAL TRADE PROJECTION REPORT.—

(1) In order for the Congress to be informed of the impact of foreign trade barriers and macroeconomic factors on the balance of trade of the United States, the Trade Representative and the Secretary of the Treasury shall jointly prepare and submit to the Committee on Finance of the Senate and the Committee on Ways and Means of the House of Representatives (hereafter referred to in this subsection as the "Committees") on or before March 1 of each year a report which consists of—

(A) a review and analysis of—

(i) the merchandise balance of trade,

(ii) the goods and services balance of trade,

(iii) the balance on the current account,

(iv) the external debt position,

(v) the exchange rates,

(vi) the economic growth rates,

(vii) the deficit or surplus in the fiscal budget, and

(viii) the impact on United States trade of market barriers and other unfair practices,

of countries that are major trading partners of the United States, including, as appropriate, groupings of such countries;

(B) projections for each of the economic factors described in subparagraph (A) (except those described in clauses (v) and (viii)) for each of the countries and groups of countries referred to in subparagraph (A) for the year in which the report is submitted and for the succeeding year; and

(C) conclusions and recommendations, based upon the projections referred to in subparagraph (B), for policy changes, including trade policy, exchange rate policy, fiscal policy, and other policies that should be implemented to improve the outlook.

(2) To the extent that subjects referred to in paragraph (1)(A), (B), or (C) are covered in the national trade policy agenda required under subsection (a)(1)(B) or in other reports required by this Act or other law, the Trade Representative and the Secretary of the Treasury may, as appropriate, draw on the information, analysis, and conclusions, if any, in those reports for the purposes of preparing the report required by this subsection.

(3) The Trade Representative and the Secretary of the Treasury shall consult with the Chairman of the Board of Governors of the Federal Reserve System in the preparation of each report required under this subsection.

(4) The Trade Representative and the Secretary of the Treasury may separately submit any information, analysis, or conclusion referred to in paragraph (1) to the Committees in confidence if the Trade Representative and the Secretary consider confidentiality appropriate.

(5) After submission of each report required under paragraph (1), the Trade Representative and the Secretary of the Treasury shall consult with each of the Committees with respect to the report.

(c) ITC REPORTS.—The United States International Trade Commission shall submit to the Congress, at least once a year, a factual report on the operation of the trade agreements program.

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TITLE II—RELIEF FROM INJURY CAUSED BY IMPORT COMPETITION

CHAPTER 1—POSITIVE ADJUSTMENT BY INDUSTRIES INJURED BY IMPORTS

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SEC. 205. TRADE MONITORING.

(a) MONITORING TOOL FOR IMPORTS.—

(1) IN GENERAL.—Not later than 180 days after the date of the enactment of this section, the United States International Trade Commission shall make available on a website of the Commission an import monitoring tool to allow the public ac-

cess to data on the volume and value of goods imported to the United States for the purpose of assessing whether such data has changed with respect to such goods over a period of time.

(2) DATA DESCRIBED.—For purposes of the monitoring tool under paragraph (1), the Commission shall use data compiled by the Department of Commerce and such other government data as the Commission considers appropriate.

(3) PERIODS OF TIME.—The Commission shall ensure that data accessed through the monitoring tool under paragraph (1) includes data for the most recent quarter for which such data are available and previous quarters as the Commission considers practicable.

(b) MONITORING REPORTS.—

(1) IN GENERAL.—Not later than 270 days after the date of the enactment of this section, and not less frequently than quarterly thereafter, the Secretary of Commerce shall publish on a website of the Department of Commerce, and notify the Committee on Finance of the Senate and the Committee on Ways and Means of the House of Representatives of the availability of, a monitoring report on changes in the volume and value of trade with respect to imports and exports of goods categorized based on the 6-digit subheading number of the goods under the Harmonized Tariff Schedule of the United States during the most recent quarter for which such data are available and previous quarters as the Secretary considers practicable.

(2) REQUESTS FOR COMMENT.—Not later than one year after the date of the enactment of this section, the Secretary of Commerce shall solicit through the Federal Register public comment on the monitoring reports described in paragraph (1).

(c) SUNSET.—The requirements under this section terminate on the date that is seven years after the date of the enactment of this section.

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TITLE III—RELIEF FROM UNFAIR TRADE PRACTICES

CHAPTER 1—ENFORCEMENT OF UNITED STATES RIGHTS UNDER TRADE AGREEMENTS AND RESPONSE TO CERTAIN FOREIGN TRADE PRACTICES

SEC. 301. ACTIONS BY UNITED STATES TRADE REPRESENTATIVE.

(a) MANDATORY ACTION.—

(1) If the United States Trade Representative determines under section 304(a)(1) that—

(A) the rights of the United States under any trade agreement are being denied; or

(B) an act, policy, or practice of a foreign country—

(i) violates, or is inconsistent with, the provisions of, or otherwise denies benefits to the United States under, any trade agreement, or

(ii) is unjustifiable and burdens or restricts United States commerce;

the Trade Representative shall take action authorized in subsection (c), subject to the specific direction, if any, of the President regarding any such action, and shall take all other appropriate and feasible action within the power of the President that the President may direct the Trade Representative to take under this subsection, to enforce such rights or to obtain the elimination of such act, policy, or practice.

Actions may be taken that are within the power of the President with respect to trade in any goods or services, or with respect to any other area of pertinent relations with the foreign country.

(2) The Trade Representative is not required to take action under paragraph (1) in any case in which—

(A) the Dispute Settlement Body (as defined in section 121(5) of the Uruguay Round Agreements Act) has adopted a report, or a ruling issued under the formal dispute settlement proceeding provided under any other trade agreement finds, that—

(i) the rights of the United States under a trade agreement are not being denied, or

(ii) the act, policy, or practice—

(I) is not a violation of, or inconsistent with, the rights of the United States, or

(II) does not deny, nullify, or impair benefits to the United States under any trade agreement; or

(B) the Trade Representative finds that—

(i) the foreign country is taking satisfactory measures to grant the rights of the United States under a trade agreement,

(ii) the foreign country has—

(I) agreed to eliminate or phase out the act, policy, or practice, or

(II) agreed to an imminent solution to the burden or restriction on United States commerce that is satisfactory to the Trade Representative,

(iii) it is impossible for the foreign country to achieve the results described in clause (i) or (ii), as appropriate, but the foreign country agrees to provide to the United States compensatory trade benefits that are satisfactory to the Trade Representative,

(iv) in extraordinary cases, where the taking of action under this subsection would have an adverse impact on the United States economy substantially out of proportion to the benefits of such action, taking into account the impact of not taking such action on the credibility of the provisions of this chapter, or

(v) the taking of action under this subsection would cause serious harm to the national security of the United States.

(3) Any action taken under paragraph (1) to eliminate an act, policy, or practice shall be devised so as to affect goods or services of the foreign country in an amount that is equivalent in value to the burden or restriction being imposed by that country on United States commerce.

(b) DISCRETIONARY ACTION.—If the Trade Representative determines under section 304(a)(1) that—

(1) an act, policy, or practice of a foreign country is unreasonable or discriminatory and burdens or restricts United States commerce, and

(2) action by the United States is appropriate, the Trade Representative shall take all appropriate and feasible action authorized under subsection (c), subject to the specific direction, if any, of the President regarding any such action, and all other appropriate and feasible action within the power of the President that the President may direct the Trade Representative to take under this subsection, to obtain the elimination of that act, policy, or practice.

Actions may be taken that are within the power of the President with respect to trade in any goods or services, or with respect to any other area of pertinent relations with the foreign country.

(c) SCOPE OF AUTHORITY.—

(1) For purposes of carrying out the provisions of subsection (a) or (b) *or section 306(c)*, the Trade Representative is authorized to—

(A) suspend, withdraw, or prevent the application of, benefits of trade agreement concessions to carry out a trade agreement with the foreign country referred to in such subsection;

(B) impose duties or other import restrictions on the goods of, and, notwithstanding any other provision of law, fees or restrictions on the services of, such foreign country for such time as the Trade Representative determines appropriate;

(C) in a case in which the act, policy, or practice also fails to meet the eligibility criteria for receiving duty-free treatment under subsections (b) and (c) of section 502 of this Act, subsections (b) and (c) of section 212 of the Caribbean Basin Economic Recovery Act (19 U.S.C. 2702(b) and (c)), or subsections (c) and (d) of section 203 of the Andean Trade Preference Act (19 U.S.C. 3202(c) and (d)), withdraw, limit, or suspend such treatment under such provisions, notwithstanding the provisions of subsection (a)(3) of this section; or

(D) enter into binding agreements with such foreign country that commit such foreign country to—

(i) eliminate, or phase out, the act, policy, or practice that is the subject of the action to be taken under subsection (a) or (b),

(ii) eliminate any burden or restriction on United States commerce resulting from such act, policy, or practice, or

(iii) provide the United States with compensatory trade benefits that—

(I) are satisfactory to the Trade Representative, and

(II) meet the requirements of paragraph (4).

(2)(A) Notwithstanding any other provision of law governing any service sector access authorization, and in addition to the authority conferred in paragraph (1), the Trade Representative

may, for purposes of carrying out the provisions of subsection (a) or (b)—

(i) restrict, in the manner and to the extent the Trade Representative determines appropriate, the terms and conditions of any such authorization, or

(ii) deny the issuance of any such authorization.

(B) Actions described in subparagraph (A) may only be taken under this section with respect to service sector access authorizations granted, or applications therefor pending, on or after the date on which—

(i) a petition is filed under section 302(a), or

(ii) a determination to initiate an investigation is made by the Trade Representative under section 302(b).

(C) Before the Trade Representative takes any action under this section involving the imposition of fees or other restrictions on the services of a foreign country, the Trade Representative shall, if the services involved are subject to regulation by any agency of the Federal Government or of any State, consult, as appropriate, with the head of the agency concerned.

(3) The actions the Trade Representative is authorized to take under subsection (a) or (b) may be taken against any goods or economic sector—

(A) on a nondiscriminatory basis or solely against the foreign country described in such subsection, and

(B) without regard to whether or not such goods or economic sector were involved in the act, policy, or practice that is the subject of such action.

(4) Any trade agreement described in paragraph (1)(D)(iii) shall provide compensatory trade benefits that benefit the economic sector which includes the domestic industry that would benefit from the elimination of the act, policy, or practice that is the subject of the action to be taken under subsection (a) or (b), or benefit the economic sector as closely related as possible to such economic sector, unless—

(A) the provision of such trade benefits is not feasible, or

(B) trade benefits that benefit any other economic sector would be more satisfactory than such trade benefits.

(5) If the Trade Representative determines that actions to be taken under subsection (a) or (b) are to be in the form of import restrictions, the Trade Representative shall—

(A) give preference to the imposition of duties over the imposition of other import restrictions, and

(B) if an import restriction other than a duty is imposed, consider substituting, on an incremental basis, an equivalent duty for such other import restriction.

(6) Any action taken by the Trade Representative under this section with respect to export targeting shall, to the extent possible, reflect the full benefit level of the export targeting to the beneficiary over the period during which the action taken has an effect.

(d) DEFINITIONS AND SPECIAL RULES.—For purposes of this chapter—

(1) The term "commerce" includes, but is not limited to—

(A) services (including transfers of information) associated with international trade, whether or not such services are related to specific goods, and

(B) foreign direct investment by United States persons with implications for trade in goods or services.

(2) An act, policy, or practice of a foreign country that burdens or restricts United States commerce may include the provision, directly or indirectly, by that foreign country of subsidies for the construction of vessels used in the commercial transportation by water of goods between foreign countries and the United States.

(3)(A) An act, policy, or practice is unreasonable if the act, policy, or practice, while not necessarily in violation of, or inconsistent with, the international legal rights of the United States, is otherwise unfair and inequitable.

(B) Acts, policies, and practices that are unreasonable include, but are not limited to, any act, policy, or practice, or any combination of acts, policies, or practices, which—

(i) denies fair and equitable—

(I) opportunities for the establishment of an enterprise,

(II) provision of adequate and effective protection of intellectual property rights notwithstanding the fact that the foreign country may be in compliance with the specific obligations of the Agreement on Trade-Related Aspects of Intellectual Property Rights referred to in section 101(d)(15) of the Uruguay Round Agreements Act,

(III) nondiscriminatory market access opportunities for United States persons that rely upon intellectual property protection, or

(IV) market opportunities, including the toleration by a foreign government of systematic anticompetitive activities by enterprises or among enterprises in the foreign country that have the effect of restricting, on a basis that is inconsistent with commercial considerations, access of United States goods or services to a foreign market,

(ii) constitutes export targeting, or

(iii) constitutes a persistent pattern of conduct that—

(I) denies workers the right of association,

(II) denies workers the right to organize and bargain collectively,

(III) permits any form of forced or compulsory labor,

(IV) fails to provide a minimum age for the employment of children, or

(V) fails to provide standards for minimum wages, hours of work, and occupational safety and health of workers.

(C)(i) Acts, policies, and practices of a foreign country described in subparagraph (B)(iii) shall not be treated as being unreasonable if the Trade Representative determines that—

(I) the foreign country has taken, or is taking, actions that demonstrate a significant and tangible overall advancement in providing throughout the foreign country (in-

cluding any designated zone within the foreign country) the rights and other standards described in the subclauses of subparagraph (B)(iii), or

(II) such acts, policies, and practices are not inconsistent with the level of economic development of the foreign country.

(ii) The Trade Representative shall publish in the Federal Register any determination made under clause (i), together with a description of the facts on which such determination is based.

(D) For purposes of determining whether any act, policy, or practice is unreasonable, reciprocal opportunities in the United States for foreign nationals and firms shall be taken into account, to the extent appropriate.

(E) The term "export targeting" means any government plan or scheme consisting of a combination of coordinated actions (whether carried out severally or jointly) that are bestowed on a specific enterprise, industry, or group thereof, the effect of which is to assist the enterprise, industry, or group to become more competitive in the export of a class or kind of merchandise.

(F)(i) For the purposes of subparagraph (B)(i)(II), adequate and effective protection of intellectual property rights includes adequate and effective means under the laws of the foreign country for persons who are not citizens or nationals of such country to secure, exercise, and enforce rights and enjoy commercial benefits relating to patents, trademarks, copyrights and related rights, mask works, trade secrets, and plant breeder's rights.

(ii) For purposes of subparagraph (B)(i)(IV), the denial of fair and equitable nondiscriminatory market access opportunities includes restrictions on market access related to the use, exploitation, or enjoyment of commercial benefits derived from exercising intellectual property rights in protected works or fixations or products embodying protected works.

(4)(A) An act, policy, or practice is unjustifiable if the act, policy, or practice is in violation of, or inconsistent with, the international legal rights of the United States.

(B) Acts, policies, and practices that are unjustifiable include, but are not limited to, any act, policy, or practice described in subparagraph (A) which denies national or most-favored-nation treatment or the right of establishment or protection of intellectual property rights.

(5) Acts, policies, and practices that are discriminatory include, when appropriate, any act, policy, and practice which denies national or most-favored-nation treatment to United States goods, services, or investment.

(6) The term "service sector access authorization" means any license, permit, order, or other authorization, issued under the authority of Federal law, that permits a foreign supplier of services access to the United States market in a service sector concerned.

(7) The term "foreign country" includes any foreign instrumentality. Any possession or territory of a foreign country that

is administered separately for customs purposes shall be treated as a separate foreign country.

(8) The term "Trade Representative" means the United States Trade Representative.

(9) The term "interested persons", only for purposes of sections 302(a)(4)(B), 304(b)(1)(A), 306(c)(2), and 307(a)(2), includes, but is not limited to, domestic firms and workers, representatives of consumer interests, United States product exporters, and any industrial user of any goods or services that may be affected by actions taken under subsection (a) or (b).

* * * * * * *

SEC. 306. MONITORING OF FOREIGN COMPLIANCE.

(a) IN GENERAL.—The Trade Representative shall monitor the implementation of each measure undertaken, or agreement that is entered into, by a foreign country to provide a satisfactory resolution of a matter subject to investigation under this chapter or subject to dispute settlement proceedings to enforce the rights of the United States under a trade agreement providing for such proceedings.

(b) [FURTHER ACTION] *ACTION ON THE BASIS OF MONITORING.*—

(1) IN GENERAL.—If, on the basis of the monitoring carried out under subsection (a), the Trade Representative considers that a foreign country is not satisfactorily implementing a measure or agreement referred to in subsection (a), the Trade Representative shall determine what further action the Trade Representative shall take under section 301(a). For purposes of section 301, any such determination shall be treated as a determination made under section 304(a)(1).

(2) WTO DISPUTE SETTLEMENT RECOMMENDATIONS.—

(A) FAILURE TO IMPLEMENT RECOMMENDATION.—If the measure or agreement referred to in subsection (a) concerns the implementation of a recommendation made pursuant to dispute settlement proceedings under the World Trade Organization, and the Trade Representative considers that the foreign country has failed to implement it, the Trade Representative shall make the determination in paragraph (1) no later than 30 days after the expiration of the reasonable period of time provided for such implementation under paragraph 21 of the Understanding on Rules and Procedures Governing the Settlement of Disputes that is referred to in section 101(d)(16) of the Uruguay Round Agreements Act.

(B) REVISION OF RETALIATION LIST AND ACTION.—

(i) IN GENERAL.—Except as provided in clause (ii), in the event that the United States initiates a retaliation list or takes any other action described in section 301(c)(1)(A) or (B) against the goods of a foreign country or countries because of the failure of such country or countries to implement the recommendation made pursuant to a dispute settlement proceeding under the World Trade Organization, the Trade Representative shall periodically revise the list or action to affect other goods of the country or countries that have failed to implement the recommendation.

(ii) EXCEPTION.—The Trade Representative is not required to revise the retaliation list or the action described in clause (i) with respect to a country, if—

(I) the Trade Representative determines that implementation of a recommendation made pursuant to a dispute settlement proceeding described in clause (i) by the country is imminent; or

(II) the Trade Representative together with the petitioner involved in the initial investigation under this chapter (or if no petition was filed, the affected United States industry) agree that it is unnecessary to revise the retaliation list.

(C) SCHEDULE FOR REVISING LIST OR ACTION.—The Trade Representative shall, 120 days after the date the retaliation list or other section 301(a) action is first taken, and every 180 days thereafter, review the list or action taken and revise, in whole or in part, the list or action to affect other goods of the subject country or countries.

(D) STANDARDS FOR REVISING LIST OR ACTION.—In revising any list or action against a country or countries under this subsection, the Trade Representative shall act in a manner that is most likely to result in the country or countries implementing the recommendations adopted in the dispute settlement proceeding or in achieving a mutually satisfactory solution to the issue that gave rise to the dispute settlement proceeding. The Trade Representative shall consult with the petitioner, if any, involved in the initial investigation under this chapter.

(E) RETALIATION LIST.—The term "retaliation list" means the list of products of a foreign country or countries that have failed to comply with the report of the panel or Appellate Body of the WTO and with respect to which the Trade Representative is imposing duties above the level that would otherwise be imposed under the Harmonized Tariff Schedule of the United States.

(F) REQUIREMENT TO INCLUDE RECIPROCAL GOODS ON RETALIATION LIST.—The Trade Representative shall include on the retaliation list, and on any revised lists, reciprocal goods of the industries affected by the failure of the foreign country or countries to implement the recommendation made pursuant to a dispute settlement proceeding under the World Trade Organization, except in cases where existing retaliation and its corresponding preliminary retaliation list do not already meet this requirement.

(c) EXERCISE OF WTO AUTHORIZATION TO SUSPEND CONCESSIONS OR OTHER OBLIGATIONS.—If—

(1) action has terminated pursuant to section 307(c),

(2) the petitioner or any representative of the domestic industry that would benefit from reinstatement of action has submitted to the Trade Representative a written request for reinstatement of action, and

(3) the Trade Representatives has completed the requirements of subsection (d) and section 307(c)(3),

the Trade Representative may at any time determine to take action under section 301(c) to exercise an authorization to suspend conces-

sions or other obligations under Article 22 of the Understanding on Rules and Procedures Governing the Settlement of Disputes (referred to in section 101(d)(16) of the Uruguay Round Agreements Act (19 U.S.C. 3511(d)(16)).

[(c)] *(d)* CONSULTATIONS.—Before making any determination under subsection (b) *or (c)*, the Trade Representative shall—

(1) consult with the petitioner, if any, involved in the initial investigation under this chapter and with representatives of the domestic industry concerned; and

(2) provide an opportunity for the presentation of views by interested persons.

SEC. 307. MODIFICATION AND TERMINATION OF ACTIONS.

(a) IN GENERAL.—

(1) The Trade Representative may modify or terminate any action, subject to the specific direction, if any, of the President with respect to such action, that is being taken under section 301 if—

(A) any of the conditions described in section 301(a)(2) exist,

(B) the burden or restriction on United States commerce of the denial rights, or of the acts, policies, and practices, that are the subject of such action has increased or decreased, or

(C) such action is being taken under section 301(b) and is no longer appropriate.

(2) Before taking any action under paragraph (1) to modify or terminate any action taken under section 301, the Trade Representative shall consult with the petitioner, if any, and with representatives of the domestic industry concerned, and shall provide opportunity for the presentation of views by other interested persons affected by the proposed modification or termination concerning the effects of the modification or termination and whether any modification or termination of the action is appropriate.

(b) NOTICE; REPORT TO CONGRESS.—The Trade Representative shall promptly publish in the Federal Register notice of, and report in writing to the Congress with respect to, any modification or termination of any action taken under section 301 and the reasons therefor.

(c) REVIEW OF NECESSITY.—

(1) If—

(A) a particular action has been taken under section 301 during any 4-year period, and

(B) neither the petitioner nor any representative of the domestic industry which benefits from such action has submitted to the Trade Representative during the last 60 days of such 4-year period a written request for the continuation of such action,

such action shall terminate at the close of such 4-year period.

(2) The Trade Representative shall notify by mail the petitioner and representatives of the domestic industry described in paragraph (1)(B) of any termination of action by reason of paragraph (1) at least 60 days before the date of such termination.

(3) If a request is submitted to the Trade Representative under paragraph (1)(B) to continue taking a particular action under section 301, *or if a request is submitted to the Trade Representative under section 306(c)(2) to reinstate action,* the Trade Representative shall conduct a review of—

(A) the effectiveness in achieving the objectives of section 301 of—

(i) such action, and

(ii) other actions that could be taken (including actions against other products or services), and

(B) the effects of such actions on the United States economy, including consumers.

* * * * * * *

[SEC. 310. IDENTIFICATION OF TRADE EXPANSION PRIORITIES.

[(a) IDENTIFICATION.—

[(1) Within 180 days after the submission in calendar year 1995 of the report required by section 181(b), the Trade Representative shall—

[(A) review United States trade expansion priorities,

[(B) identify priority foreign country practices, the elimination of which is likely to have the most significant potential to increase United States exports, either directly or through the establishment of a beneficial precedent, and

[(C) submit to the Committee on Finance of the Senate and the Committee on Ways and Means of the House of Representatives and publish in the Federal Register a report on the priority foreign country practices identified.

[(2) In identifying priority foreign country practices under paragraph (1) of this section, the Trade Representative shall take into account all relevant factors, including—

[(A) the major barriers and trade distorting practices described in the National Trade Estimate Report required under section 181(b);

[(B) the trade agreements to which a foreign country is a party and its compliance with those agreements;

[(C) the medium- and long-term implications of foreign government procurement plans; and

[(D) the international competitive position and export potential of United States products and services.

[(3) The Trade Representative may include in the report, if appropriate—

[(A) a description of foreign country practices that may in the future warrant identification as priority foreign country practices; and

[(B) a statement about other foreign country practices that were not identified because they are already being addressed by provisions of United States trade law, by existing bilateral trade agreements, or as part of trade negotiations with other countries and progress is being made toward the elimination of such practices.

[(b) INITIATION OF INVESTIGATIONS.—By no later than the date which is 21 days after the date on which a report is submitted to the appropriate congressional committees under subsection (a)(1), the Trade Representative shall initiate under section 302(b)(1) in-

vestigations under this chapter with respect to all of the priority foreign country practices identified.

[(c) AGREEMENTS FOR THE ELIMINATION OF BARRIERS.—In the consultations with a foreign country that the Trade Representative is required to request under section 303(a) with respect to an investigation initiated by reason of subsection (b), the Trade Representative shall seek to negotiate an agreement that provides for the elimination of the practices that are the subject of the investigation as quickly as possible or, if elimination of the practices is not feasible, an agreement that provides for compensatory trade benefits.

[(d) REPORTS.—The Trade Representative shall include in the semiannual report required by section 309 a report on the status of any investigations initiated pursuant to subsection (b) and, where appropriate, the extent to which such investigations have led to increased opportunities for the export of products and services of the United States.]

SEC. 310. TRADE ENFORCEMENT PRIORITIES.

(a) TRADE ENFORCEMENT PRIORITIES, CONSULTATIONS, AND REPORT.—

(1) TRADE ENFORCEMENT PRIORITIES CONSULTATIONS.—Not later than May 31 of each calendar year that begins after the date of the enactment of the Trade Facilitation and Trade Enforcement Act of 2015, the United States Trade Representative (in this section referred to as the "Trade Representative") shall consult with the Committee on Finance of the Senate and the Committee on Ways and Means of the House of Representatives with respect to the prioritization of acts, policies, or practices of foreign governments that raise concerns with respect to obligations under the WTO Agreements or any other trade agreement to which the United States is a party, or otherwise create or maintain barriers to United States goods, services, or investment.

(2) IDENTIFICATION OF TRADE ENFORCEMENT PRIORITIES.—In identifying acts, policies, or practices of foreign governments as trade enforcement priorities under this subsection, the United States Trade Representative shall focus on those acts, policies, and practices the elimination of which is likely to have the most significant potential to increase United States economic growth, and take into account all relevant factors, including—

(A) the economic significance of any potential inconsistency between an obligation assumed by a foreign government pursuant to a trade agreement to which both the foreign government and the United States are parties and the acts, policies, or practices of that government;

(B) the impact of the acts, policies, or practices of a foreign government on maintaining and creating United States jobs and productive capacity;

(C) the major barriers and trade distorting practices described in the most recent National Trade Estimate required under section 181(b);

(D) the major barriers and trade distorting practices described in other relevant reports addressing international trade and investment barriers prepared by a Federal agency or congressional commission during the 12 months pre-

ceding the date of the most recent report under paragraph (3);

(E) a foreign government's compliance with its obligations under any trade agreements to which both the foreign government and the United States are parties;

(F) the implications of a foreign government's procurement plans and policies; and

(G) the international competitive position and export potential of United States products and services.

(3) REPORT ON TRADE ENFORCEMENT PRIORITIES AND ACTIONS TAKEN TO ADDRESS.—

(A) IN GENERAL.—Not later than July 31 of each calendar year that begins after the date of the enactment of the Trade Facilitation and Trade Enforcement Act of 2015, the Trade Representative shall report to the Committee on Finance of the Senate and the Committee on Ways and Means of the House of Representatives on acts, policies, or practices of foreign governments identified as trade enforcement priorities based on the consultations under paragraph (1) and the criteria set forth in paragraph (2).

(B) REPORT IN SUBSEQUENT YEARS.—The Trade Representative shall include, when reporting under subparagraph (A) in any calendar year after the calendar year that begins after the date of the enactment of the Trade Facilitation and Trade Enforcement Act of 2015, a description of actions taken to address any acts, policies, or practices of foreign governments identified as trade enforcement priorities under this subsection in the calendar year preceding that report and, as relevant, any year before that calendar year.

(b) SEMI-ANNUAL ENFORCEMENT CONSULTATIONS.—

(1) IN GENERAL.—At the same time as the reporting under subsection (a)(3), and not later than January 31 of each following year, the Trade Representative shall consult with the Committee on Finance of the Senate and the Committee on Ways and Means of the House of Representatives with respect to the identification, prioritization, investigation, and resolution of acts, policies, or practices of foreign governments of concern with respect to obligations under the WTO Agreements or any other trade agreement to which the United States is a party, or that otherwise create or maintain trade barriers.

(2) ACTS, POLICIES, OR PRACTICES OF CONCERN.—The semi-annual enforcement consultations required by paragraph (1) shall address acts, policies, or practices of foreign governments that raise concerns with respect to obligations under the WTO Agreements or any other trade agreement to which the United States is a party, or otherwise create or maintain trade barriers, including—

(A) engagement with relevant trading partners;

(B) strategies for addressing such concerns;

(C) availability and deployment of resources to be used in the investigation or resolution of such concerns;

(D) the merits of any potential dispute resolution proceeding under the WTO Agreements or any other trade

agreement to which the United States is a party relating to such concerns; and

(E) any other aspects of such concerns.

(3) ACTIVE INVESTIGATIONS.—The semi-annual enforcement consultations required by paragraph (1) shall address acts, policies, or practices that the Trade Representative is actively investigating with respect to obligations under the WTO Agreements or any other trade agreement to which the United States is a party, including—

(A) strategies for addressing concerns raised by such acts, policies, or practices;

(B) any relevant timeline with respect to investigation of such acts, policies, or practices;

(C) the merits of any potential dispute resolution proceeding under the WTO Agreements or any other trade agreement to which the United States is a party with respect to such acts, policies, or practices;

(D) barriers to the advancement of the investigation of such acts, policies, or practices; and

(E) any other matters relating to the investigation of such acts, policies, or practices.

(4) ONGOING ENFORCEMENT ACTIONS.—The semi-annual enforcement consultations required by paragraph (1) shall address all ongoing enforcement actions taken by or against the United States with respect to obligations under the WTO Agreements or any other trade agreement to which the United States is a party, including—

(A) any relevant timeline with respect to such actions;

(B) the merits of such actions;

(C) any prospective implementation actions;

(D) potential implications for any law or regulation of the United States;

(E) potential implications for United States stakeholders, domestic competitors, and exporters; and

(F) other issues relating to such actions.

(5) ENFORCEMENT RESOURCES.—The semi-annual enforcement consultations required by paragraph (1) shall address the availability and deployment of enforcement resources, resource constraints on monitoring and enforcement activities, and strategies to address those constraints, including the use of available resources of other Federal agencies to enhance monitoring and enforcement capabilities.

(c) INVESTIGATION AND RESOLUTION.—In the case of any acts, policies, or practices of a foreign government identified as a trade enforcement priority under subsection (a), the Trade Representative shall, not later than the date of the first semi-annual enforcement consultations held under subsection (b) after the identification of the priority, take appropriate action to address that priority, including—

(1) engagement with the foreign government to resolve concerns raised by such acts, policies, or practices;

(2) initiation of an investigation under section 302(b)(1) with respect to such acts, policies, or practices;

(3) initiation of negotiations for a bilateral agreement that provides for resolution of concerns raised by such acts, policies, or practices; or

(4) initiation of dispute settlement proceedings under the WTO Agreements or any other trade agreement to which the United States is a party with respect to such acts, policies, or practices.

(d) ENFORCEMENT NOTIFICATIONS AND CONSULTATION.—

(1) INITIATION OF ENFORCEMENT ACTION.—The Trade Representative shall notify and consult with the Committee on Finance of the Senate and the Committee on Ways and Means of the House of Representatives in advance of initiation of any formal trade dispute by or against the United States taken in regard to an obligation under the WTO Agreements or any other trade agreement to which the United States is a party. With respect to a formal trade dispute against the United States, if advance notification and consultation are not possible, the Trade Representative shall notify and consult at the earliest practicable opportunity after initiation of the dispute.

(2) CIRCULATION OF REPORTS.—The Trade Representative shall notify and consult with the Committee on Finance of the Senate and the Committee on Ways and Means of the House of Representatives in advance of the announced or anticipated circulation of any report of a dispute settlement panel or the Appellate Body of the World Trade Organization or of a dispute settlement panel under any other trade agreement to which the United States is a party with respect to a formal trade dispute by or against the United States.

(e) DEFINITIONS.—In this section:

(1) WTO.—The term "WTO" means the World Trade Organization.

(2) WTO AGREEMENT.—The term "WTO Agreement" has the meaning given that term in section 2(9) of the Uruguay Round Agreements Act (19 U.S.C. 3501(9)).

(3) WTO AGREEMENTS.—The term "WTO Agreements" means the WTO Agreement and agreements annexed to that Agreement.

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SECTION 401 OF THE SAFETY AND ACCOUNTABILITY FOR EVERY PORT ACT

SEC. 401. TRADE AND CUSTOMS REVENUE FUNCTIONS OF THE DEPARTMENT.

(a) TRADE AND CUSTOMS REVENUE FUNCTIONS.—

(1) DESIGNATION OF APPROPRIATE OFFICIAL.—The Secretary shall designate an appropriate senior official in the office of the Secretary who shall—

(A) ensure that the trade and customs revenue functions of the Department are coordinated within the Department and with other Federal departments and agencies, and that the impact on legitimate trade is taken into account in any action impacting the functions; and

(B) monitor and report to Congress on the Department's mandate to ensure that the trade and customs revenue functions of the Department are not diminished, including how spending, operations, and personnel related to these functions have kept pace with the level of trade entering the United States.

(2) DIRECTOR OF TRADE POLICY.—There shall be a Director of Trade Policy (in this subsection referred to as the "Director"), who shall be subject to the direction and control of the official designated pursuant to paragraph (1). The Director shall—

(A) advise the official designated pursuant to paragraph (1) regarding all aspects of Department policies relating to the trade and customs revenue functions of the Department;

(B) coordinate the development of Department-wide policies regarding trade and customs revenue functions and trade facilitation; and

(C) coordinate the trade and customs revenue-related policies of the Department with the policies of other Federal departments and agencies.

(b) STUDY; REPORT.—

(1) IN GENERAL.—The Comptroller General of the United States shall conduct a study evaluating the extent to which the Department of Homeland Security is meeting its obligations under section 412(b) of the Homeland Security Act of 2002 (6 U.S.C. 212(b)) with respect to the maintenance of customs revenue functions.

(2) ANALYSIS.—The study shall include an analysis of—

(A) the extent to which the customs revenue functions carried out by the former United States Customs Service have been consolidated with other functions of the Department (including the assignment of noncustoms revenue functions to personnel responsible for customs revenue collection), discontinued, or diminished following the transfer of the United States Customs Service to the Department;

(B) the extent to which staffing levels or resources attributable to customs revenue functions have decreased since the transfer of the United States Customs Service to the Department; and

(C) the extent to which the management structure created by the Department ensures effective trade facilitation and customs revenue collection.

(3) REPORT.—Not later than 180 days after the date of the enactment of this Act, the Comptroller General shall submit to the appropriate congressional committees a report on the results of the study conducted under subsection (a).

(4) MAINTENANCE OF FUNCTIONS.—Not later than September 30, 2007, the Secretary shall ensure that the requirements of section 412(b) of the Homeland Security Act of 2002 (6 U.S.C. 212(b)) are fully satisfied and shall report to the Committee on Finance of the Senate and the Committee on Ways and Means of the House of Representatives regarding implementation of this paragraph.

(5) DEFINITION.—In this section, the term "customs revenue functions" means the functions described in section 412(b)(2) of the Homeland Security Act of 2002 (6 U.S.C. 212(b)(2)).

(c) CONSULTATION ON TRADE AND CUSTOMS REVENUE FUNCTIONS.—

(1) BUSINESS COMMUNITY CONSULTATIONS.—The Secretary shall consult with representatives of the business community involved in international trade, including seeking the advice and recommendations of the Commercial Operations Advisory Committee, [on Department policies and actions that have] *not later than 30 days after proposing, and not later than 30 days before finalizing, any Department policies, initiatives, or actions that will have* a significant impact on international trade and customs revenue functions.

(2) CONGRESSIONAL CONSULTATION AND NOTIFICATION.—

(A) IN GENERAL.—Subject to subparagraph (B), the Secretary shall notify the appropriate congressional committees [not later than 30 days prior to the finalization of] *not later than 60 days before proposing, and not later than 60 days before finalizing,* any Department policies, initiatives, or actions that will have a major impact on trade and customs revenue functions. Such notifications shall include a description of the proposed policies, initiatives, or actions and any comments or recommendations provided by the Commercial Operations Advisory Committee and other relevant groups regarding the proposed policies, initiatives, or actions.

(B) EXCEPTION.—If the Secretary determines that it is important to the national security interest of the United States to finalize any Department policies, initiatives, or actions prior to the consultation described in subparagraph (A), the Secretary shall—

(i) notify and provide any recommendations of the Commercial Operations Advisory Committee received to the appropriate congressional committees not later than 45 days after the date on which the policies, initiatives, or actions are finalized; and

(ii) to the extent appropriate, modify the policies, initiatives, or actions based upon the consultations with the appropriate congressional committees.

(d) NOTIFICATION OF REORGANIZATION OF CUSTOMS REVENUE FUNCTIONS.—

(1) IN GENERAL.—Not less than 45 days prior to any change in the organization of any of the customs revenue functions of the Department, the Secretary shall notify the Committee on Appropriations, the Committee on Finance, and the Committee on Homeland Security and Governmental Affairs of the Senate, and the Committee on Appropriations, the Committee on Homeland Security, and the Committee on Ways and Means of the House of Representatives of the specific assets, functions, or personnel to be transferred as part of such reorganization, and the reason for such transfer. The notification shall also include—

(A) an explanation of how trade enforcement functions will be impacted by the reorganization;

(B) an explanation of how the reorganization meets the requirements of section 412(b) of the Homeland Security Act of 2002 (6 U.S.C. 212(b)) that the Department not diminish the customs revenue and trade facilitation functions formerly performed by the United States Customs Service; and

(C) any comments or recommendations provided by the Commercial Operations Advisory Committee regarding such reorganization.

(2) ANALYSIS.—Any congressional committee referred to in paragraph (1) may request that the Commercial Operations Advisory Committee provide a report to the committee analyzing the impact of the reorganization and providing any recommendations for modifying the reorganization.

(3) REPORT.—Not later than 1 year after any reorganization referred to in paragraph (1) takes place, the Secretary, in consultation with the Commercial Operations Advisory Committee, shall submit a report to the Committee on Finance of the Senate and the Committee on Ways and Means of the House of Representatives. Such report shall include an assessment of the impact of, and any suggested modifications to, such reorganization.

SECURITIES EXCHANGE ACT OF 1934

TITLE I—REGULATION OF SECURITIES EXCHANGES

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PERIODICAL AND OTHER REPORTS

SEC. 13. (a) Every issuer of a security registered pursuant to section 12 of this title shall file with the Commission, in accordance with such rules and regulations as the Commission may prescribe as necessary or appropriate for the proper protection of investors and to insure fair dealing in the security—

(1) such information and documents (and such copies thereof) as the Commission shall require to keep reasonably current the information and documents required to be included in or filed with an application or registration statement filed pursuant to section 12, except that the Commission may not require the filing of any material contract wholly executed before July 1, 1962.

(2) such annual reports (and such copies thereof), certified if required by the rules and regulations of the Commission by independent public accountants, and such quarterly reports (and such copies thereof), as the Commission may prescribe.

Every issuer of a security registered on a national securities exchange shall also file a duplicate original of such information, documents, and reports with the exchange. In any registration statement, periodic report, or other reports to be filed with the Commission, an emerging growth company need not present selected financial data in accordance with section 229.301 of title 17, Code of Federal Regulations, for any period prior to the earliest audited period presented in connection with its first registration statement that became effective under this Act or the Securities Act of 1933

and, with respect to any such statement or reports, an emerging growth company may not be required to comply with any new or revised financial accounting standard until such date that a company that is not an issuer (as defined under section 2(a) of the Sarbanes-Oxley Act of 2002 (15 U.S.C. 7201(a))) is required to comply with such new or revised accounting standard, if such standard applies to companies that are not issuers.

(b)(1) The Commission may prescribe, in regard to reports made pursuant to this title, the form or forms in which the required information shall be set forth, the items or details to be shown in the balance sheet and the earnings statement, and the methods to be followed in the preparation of reports, in the appraisal or valuation of assets and liabilities, in the determination of depreciation and depletion, in the differentiation of recurring and nonrecurring income, in the differentiation of investment and operating income, and in the preparation, where the Commission deems it necessary or desirable, of separate and/or consolidated balance sheets or income accounts of any person directly or indirectly controlling or controlled by the issuer, or any person under direct or indirect common control with the issuer; but in the case of the reports of any person whose methods of accounting are prescribed under the provisions of any law of the United States, or any rule or regulation thereunder, the rules and regulations of the Commission with respect to reports shall not be inconsistent with the requirements imposed by such law or rule or regulation in respect of the same subject matter (except that such rules and regulations of the Commission may be inconsistent with such requirements to the extent that the Commission determines that the public interest or the protection of investors so requires).

(2) Every issuer which has a class of securities registered pursuant to section 12 of this title and every issuer which is required to file reports pursuant to section 15(d) of this title shall—

(A) make and keep books, records, and accounts, which, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the issuer;

(B) devise and maintain a system of internal accounting controls sufficient to provide reasonable assurances that—

(i) transactions are executed in accordance with management's general or specific authorization;

(ii) transactions are recorded as necessary (I) to permit preparation of financial statements in conformity with generally accepted accounting principles or any other criteria applicable to such statements, and (II) to maintain accountability for assets;

(iii) access to assets is permitted only in accordance with management's general or specific authorization; and

(iv) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences; and

(C) notwithstanding any other provision of law, pay the allocable share of such issuer of a reasonable annual accounting support fee or fees, determined in accordance with section 109 of the Sarbanes-Oxley Act of 2002.

(3)(A) With respect to matters concerning the national security of the United States, no duty or liability under paragraph (2) of this

subsection shall be imposed upon any person acting in cooperation with the head of any Federal department or agency responsible for such matters if such act in cooperation with such head of a department or agency was done upon the specific, written directive of the head of such department or agency pursuant to Presidential authority to issue such directives. Each directive issued under this paragraph shall set forth the specific facts and circumstances with respect to which the provisions of this paragraph are to be invoked. Each such directive shall, unless renewed in writing, expire one year after the date of issuance.

(B) Each head of a Federal department or agency of the United States who issues a directive pursuant to this paragraph shall maintain a complete file of all such directives and shall, on October 1 of each year, transmit a summary of matters covered by such directives in force at any time during the previous year to the Permanent Select Committee on Intelligence of the House of Representatives and the Select Committee on Intelligence of the Senate.

(4) No criminal liability shall be imposed for failing to comply with the requirements of paragraph (2) of this subsection except as provided in paragraph (5) of this subsection.

(5) No person shall knowingly circumvent or knowingly fail to implement a system of internal accounting controls or knowingly falsify any book, record, or account described in paragraph (2).

(6) Where an issuer which has a class of securities registered pursuant to section 12 of this title or an issuer which is required to file reports pursuant to section 15(d) of this title holds 50 per centum or less of the voting power with respect to a domestic or foreign firm, the provisions of paragraph (2) require only that the issuer proceed in good faith to use its influence, to the extent reasonable under the issuer's circumstances, to cause such domestic or foreign firm to devise and maintain a system of internal accounting controls consistent with paragraph (2). Such circumstances include the relative degree of the issuer's ownership of the domestic or foreign firm and the laws and practices governing the business operations of the country in which such firm is located. An issuer which demonstrates good faith efforts to use such influence shall be conclusively presumed to have complied with the requirements of paragraph (2).

(7) For the purpose of paragraph (2) of this subsection, the terms "reasonable assurances" and "reasonable detail" mean such level of detail and degree of assurance as would satisfy prudent officials in the conduct of their own affairs.

(c) If in the judgment of the Commission any report required under subsection (a) is inapplicable to any specified class or classes of issuers, the Commission shall require in lieu thereof the submission of such reports of comparable character as it may deem applicable to such class or classes of issuers.

(d)(1) Any person who, after acquiring directly or indirectly the beneficial ownership of any equity security of a class which is registered pursuant to section 12 of this title, or any equity security of an insurance company which would have been required to be so registered except for the exemption contained in section 12(g)(2)(G) of this title, or any equity security issued by a closed-end investment company registered under the Investment Company Act of 1940 or any equity security issued by a Native Corporation pursu-

ant to section 37(d)(6) of the Alaska Native Claims Settlement Act, or otherwise becomes or is deemed to become a beneficial owner of any of the foregoing upon the purchase or sale of a security-based swap that the Commission may define by rule, and is directly or indirectly the beneficial owner of more than 5 per centum of such class shall, within ten days after such acquisition or within such shorter time as the Commission may establish by rule, file with the Commission, a statement containing such of the following information, and such additional information, as the Commission may by rules and regulations, prescribe as necessary or appropriate in the public interest or for the protection of investors—

(A) the background, and identity, residence, and citizenship of, and the nature of such beneficial ownership by, such person and all other persons by whom or on whose behalf the purchases have been or are to be effected;

(B) the source and amount of the funds or other consideration used or to be used in making the purchases, and if any part of the purchase price is represented or is to be represented by funds or other consideration borrowed or otherwise obtained for the purpose of acquiring, holding, or trading such security, a description of the transaction and the names of the parties thereto, except that where a source of funds is a loan made in the ordinary course of business by a bank, as defined in section 3(a)(6) of this title, if the person filing such statement so requests, the name of the bank shall not be made available to the public;

(C) if the purpose of the purchases or prospective purchases is to acquire control of the business of the issuer of the securities any plans or proposals which such persons may have to liquidate such issuer, to sell its assets to or merge it with any other persons, or to make any other major change in its business or corporate structure;

(D) the number of shares of such security which are beneficially owned, and the number of shares concerning which there is a right to acquire, directly or indirectly, by (i) such person, and (ii) by each associate of such person, giving the background, identity, residence, and citizenship of each such associate; and

(E) information as to any contracts, arrangements, or understandings with any person with respect to any securities of the issuer, including but not limited to transfer of any of the securities, joint ventures, loan or option arrangements, puts or calls, guaranties of loans, guaranties against loss or guaranties of profits, division of losses or profits, or the giving or withholding of proxies, naming the persons with whom such contracts, arrangements, or understandings have been entered into, and giving the details thereof.

(2) If any material change occurs in the facts set forth in the statement filed with the Commission, an amendment shall be filed with the Commission, in accordance with such rules and regulations as the Commission may prescribe as necessary or appropriate in the public interest or for the protection of investors.

(3) When two or more persons act as a partnership, limited partnership, syndicate, or other group for the purpose of acquiring, holding, or disposing of securities of an issuer, such syndicate or

group shall be deemed a "person" for the purposes of this subsection.

(4) In determining, for purposes of this subsection, any percentage of a class of any security, such class shall be deemed to consist of the amount of the outstanding securities of such class, exclusive of any securities of such class held by or for the account of the issuer or a subsidiary of the issuer.

(5) The Commission, by rule or regulation or by order, may permit any person to file in lieu of the statement required by paragraph (1) of this subsection or the rules and regulations thereunder, a notice stating the name of such person, the number of shares of any equity securities subject to paragraph (1) which are owned by him, the date of their acquisition and such other information as the Commission may specify, if it appears to the Commission that such securities were acquired by such person in the ordinary course of his business and were not acquired for the purpose of and do not have the effect of changing or influencing the control of the issuer nor in connection with or as a participant in any transaction having such purpose or effect.

(6) The provisions of this subsection shall not apply to—

(A) any acquisition or offer to acquire securities made or proposed to be made by means of a registration statement under the Securities Act of 1933;

(B) any acquisition of the beneficial ownership of a security which, together with all other acquisitions by the same person of securities of the same class during the preceding twelve months, does not exceed 2 per centum of that class;

(C) any acquisition of an equity security by the issuer of such security;

(D) any acquisition or proposed acquisition of a security which the Commission, by rules or regulations or by order, shall exempt from the provisions of this subsection as not entered into for the purpose of, and not having the effect of, changing or influencing the control of the issuer or otherwise as not comprehended within the purposes of this subsection.

(e)(1) It shall be unlawful for an issuer which has a class of equity securities registered pursuant to section 12 of this title, or which is a closed-end investment company registered under the Investment Company Act of 1940, to purchase any equity security issued by it if such purchase is in contravention of such rules and regulations as the Commission, in the public interest or for the protection of investors, may adopt (A) to define acts and practices which are fraudulent, deceptive, or manipulative, and (B) to prescribe means reasonably designed to prevent such acts and practices. Such rules and regulations may require such issuer to provide holders of equity securities of such class with such information relating to the reasons for such purchase, the source of funds, the number of shares to be purchased, the price to be paid for such securities, the method of purchase, and such additional information, as the Commission deems necessary or appropriate in the public interest or for the protection of investors, or which the Commission deems to be material to a determination whether such security should be sold.

(2) For the purpose of this subsection, a purchase by or for the issuer or any person controlling, controlled by, or under common

control with the issuer, or a purchase subject to control of the issuer or any such person, shall be deemed to be a purchase by the issuer. The Commission shall have power to make rules and regulations implementing this paragraph in the public interest and for the protection of investors, including exemptive rules and regulations covering situations in which the Commission deems it unnecessary or inappropriate that a purchase of the type described in this paragraph shall be deemed to be a purchase by the issuer for purposes of some or all of the provisions of paragraph (1) of this subsection.

(3) At the time of filing such statement as the Commission may require by rule pursuant to paragraph (1) of this subsection, the person making the filing shall pay to the Commission a fee at a rate that, subject to paragraph (4), is equal to $92 per $1,000,000 of the value of securities proposed to be purchased. The fee shall be reduced with respect to securities in an amount equal to any fee paid with respect to any securities issued in connection with the proposed transaction under section 6(b) of the Securities Act of 1933, or the fee paid under that section shall be reduced in an amount equal to the fee paid to the Commission in connection with such transaction under this paragraph.

(4) ANNUAL ADJUSTMENT.—For each fiscal year, the Commission shall by order adjust the rate required by paragraph (3) for such fiscal year to a rate that is equal to the rate (expressed in dollars per million) that is applicable under section 6(b) of the Securities Act of 1933 for such fiscal year.

(5) FEE COLLECTIONS.—Fees collected pursuant to this subsection for fiscal year 2012 and each fiscal year thereafter shall be deposited and credited as general revenue of the Treasury and shall not be available for obligation.

(6) EFFECTIVE DATE; PUBLICATION.—In exercising its authority under this subsection, the Commission shall not be required to comply with the provisions of section 553 of title 5, United States Code. An adjusted rate prescribed under paragraph (4) shall be published and take effect in accordance with section 6(b) of the Securities Act of 1933 (15 U.S.C. 77f(b)).

(7) PRO RATA APPLICATION.—The rates per $1,000,000 required by this subsection shall be applied pro rata to amounts and balances of less than $1,000,000.

(f)(1) Every institutional investment manager which uses the mails, or any means or instrumentality of interstate commerce in the course of its business as an institutional investment manager and which exercises investment discretion with respect to accounts holding equity securities of a class described in section 13(d)(1) of this title having an aggregate fair market value on the last trading day in any of the preceding twelve months of at least $100,000,000 or such lesser amount (but in no case less than $10,000,000) as the Commission, by rule, may determine, shall file reports with the Commission in such form, for such periods, and at such times after the end of such periods as the Commission, by rule, may prescribe, but in no event shall such reports be filed for periods longer than one year or shorter than one quarter. Such reports shall include for each such equity security held on the last day of the reporting period by accounts (in aggregate or by type as the Commission, by rule, may prescribe) with respect to which the institutional invest-

ment manager exercises investment discretion (other than securities held in amounts which the Commission, by rule, determines to be insignificant for purposes of this subsection), the name of the issuer and the title, class, CUSIP number, number of shares or principal amount, and aggregate fair market value of each such security. Such reports may also include for accounts (in aggregate or by type) with respect to which the institutional investment manager exercises investment discretion such of the following information as the Commission, by rule, prescribes—

(A) the name of the issuer and the title, class, CUSIP number, number of shares or principal amount, and aggregate fair market value or cost or amortized cost of each other security (other than an exempted security) held on the last day of the reporting period by such accounts;

(B) the aggregate fair market value or cost or amortized cost of exempted securities (in aggregate or by class) held on the last day of the reporting period by such accounts;

(C) the number of shares of each equity security of a class described in section 13(d)(1) of this title held on the last day of the reporting period by such accounts with respect to which the institutional investment manager possesses sole or shared authority to exercise the voting rights evidenced by such securities;

(D) the aggregate purchases and aggregate sales during the reporting period of each security (other than an exempted security) effected by or for such accounts; and

(E) with respect to any transaction or series of transactions having a market value of at least $500,000 or such other amount as the Commission, by rule, may determine, effected during the reporting period by or for such accounts in any equity security of a class described in section 13(d)(1) of this title—

(i) the name of the issuer and the title, class, and CUSIP number of the security;

(ii) the number of shares or principal amount of the security involved in the transaction;

(iii) whether the transaction was a purchase or sale;

(iv) the per share price or prices at which the transaction was effected;

(v) the date or dates of the transaction;

(vi) the date or dates of the settlement of the transaction;

(vii) the broker or dealer through whom the transaction was effected;

(viii) the market or markets in which the transaction was effected; and

(ix) such other related information as the Commission, by rule, may prescribe.

(2) The Commission shall prescribe rules providing for the public disclosure of the name of the issuer and the title, class, CUSIP number, aggregate amount of the number of short sales of each security, and any additional information determined by the Commission following the end of the reporting period. At a minimum, such public disclosure shall occur every month.

(3) The Commission, by rule or order, may exempt, conditionally or unconditionally, any institutional investment manager or security or any class of institutional investment managers or securities from any or all of the provisions of this subsection or the rules thereunder.

(4) The Commission shall make available to the public for a reasonable fee a list of all equity securities of a class described in section 13(d)(1) of this title, updated no less frequently than reports are required to be filed pursuant to paragraph (1) of this subsection. The Commission shall tabulate the information contained in any report filed pursuant to this subsection in a manner which will, in the view of the Commission, maximize the usefulness of the information to other Federal and State authorities and the public. Promptly after the filing of any such report, the Commission shall make the information contained therein conveniently available to the public for a reasonable fee in such form as the Commission, by rule, may prescribe, except that the Commission, as it determines to be necessary or appropriate in the public interest or for the protection of investors, may delay or prevent public disclosure of any such information in accordance with section 552 of title 5, United States Code. Notwithstanding the preceding sentence, any such information identifying the securities held by the account of a natural person or an estate or trust (other than a business trust or investment company) shall not be disclosed to the public.

(5) In exercising its authority under this subsection, the Commission shall determine (and so state) that its action is necessary or appropriate in the public interest and for the protection of investors or to maintain fair and orderly markets or, in granting an exemption, that its action is consistent with the protection of investors and the purposes of this subsection. In exercising such authority the Commission shall take such steps as are within its power, including consulting with the Comptroller General of the United States, the Director of the Office of Management and Budget, the appropriate regulatory agencies, Federal and State authorities which, directly or indirectly, require reports from institutional investment managers of information substantially similar to that called for by this subsection, national securities exchanges, and registered securities associations, (A) to achieve uniform, centralized reporting of information concerning the securities holdings of and transactions by or for accounts with respect to which institutional investment managers exercise investment discretion, and (B) consistently with the objective set forth in the preceding subparagraph, to avoid unnecessarily duplicative reporting by, and minimize the compliance burden on, institutional investment managers. Federal authorities which, directly or indirectly, require reports from institutional investment managers of information substantially similar to that called for by this subsection shall cooperate with the Commission in the performance of its responsibilities under the preceding sentence. An institutional investment manager which is a bank, the deposits of which are insured in accordance with the Federal Deposit Insurance Act, shall file with the appropriate regulatory agency a copy of every report filed with the Commission pursuant to this subsection.

(6)(A) For purposes of this subsection the term "institutional investment manager" includes any person, other than a natural per-

son, investing in or buying and selling securities for its own account, and any person exercising investment discretion with respect to the account of any other person.

(B) The Commission shall adopt such rules as it deems necessary or appropriate to prevent duplicative reporting pursuant to this subsection by two or more institutional investment managers exercising investment discretion with respect to the same amount.

(g)(1) Any person who is directly or indirectly the beneficial owner of more than 5 per centum of any security of a class described in subsection (d)(1) of this section or otherwise becomes or is deemed to become a beneficial owner of any security of a class described in subsection (d)(1) upon the purchase or sale of a security-based swap that the Commission may define by ruleshall file with the Commission a statement setting forth, in such form and at such time as the Commission may, by rule, prescribe—

(A) such person's identity, residence, and citizenship; and

(B) the number and description of the shares in which such person has an interest and the nature of such interest.

(2) If any material change occurs in the facts set forth in the statement filed with the Commission, an amendment shall be filed with the Commission, in accordance with such rules and regulations as the Commission may prescribe as necessary or appropriate in the public interest or for the protection of investors.

(3) When two or more persons act as a partnership, limited partnership, syndicate, or other group for the purpose of acquiring, holding, or disposing of securities of an issuer, such syndicate or group shall be deemed a "person" for the purposes of this subsection.

(4) In determining, for purposes of this subsection, any percentage of a class of any security, such class shall be deemed to consist of the amount of the outstanding securities of such class, exclusive of any securities of such class held by or for the account of the issuer or a subsidiary of the issuer.

(5) In exercising its authority under this subsection, the Commission shall take such steps as it deems necessary or appropriate in the public interest or for the protection of investors (A) to achieve centralized reporting of information regarding ownership, (B) to avoid unnecessarily duplicative reporting by and minimize the compliance burden on persons required to report, and (C) to tabulate and promptly make available the information contained in any report filed pursuant to this subsection in a manner which will, in the view of the Commission, maximize the usefulness of the information to other Federal and State agencies and the public.

(6) The Commission may, by rule or order, exempt, in whole or in part, any person or class of persons from any or all of the reporting requirements of this subsection as it deems necessary or appropriate in the public interest or for the protection of investors.

(h) LARGE TRADER REPORTING.—

(1) IDENTIFICATION REQUIREMENTS FOR LARGE TRADERS.—For the purpose of monitoring the impact on the securities markets of securities transactions involving a substantial volume or a large fair market value or exercise value and for the purpose of otherwise assisting the Commission in the enforcement of this title, each large trader shall—

(A) provide such information to the Commission as the Commission may by rule or regulation prescribe as necessary or appropriate, identifying such large trader and all accounts in or through which such large trader effects such transactions; and

(B) identify, in accordance with such rules or regulations as the Commission may prescribe as necessary or appropriate, to any registered broker or dealer by or through whom such large trader directly or indirectly effects securities transactions, such large trader and all accounts directly or indirectly maintained with such broker or dealer by such large trader in or through which such transactions are effected.

(2) RECORDKEEPING AND REPORTING REQUIREMENTS FOR BROKERS AND DEALERS.—Every registered broker or dealer shall make and keep for prescribed periods such records as the Commission by rule or regulation prescribes as necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of this title, with respect to securities transactions that equal or exceed the reporting activity level effected directly or indirectly by or through such registered broker or dealer of or for any person that such broker or dealer knows is a large trader, or any person that such broker or dealer has reason to know is a large trader on the basis of transactions in securities effected by or through such broker or dealer. Such records shall be available for reporting to the Commission, or any self-regulatory organization that the Commission shall designate to receive such reports, on the morning of the day following the day the transactions were effected, and shall be reported to the Commission or a self-regulatory organization designated by the Commission immediately upon request by the Commission or such a self-regulatory organization. Such records and reports shall be in a format and transmitted in a manner prescribed by the Commission (including, but not limited to, machine readable form).

(3) AGGREGATION RULES.—The Commission may prescribe rules or regulations governing the manner in which transactions and accounts shall be aggregated for the purpose of this subsection, including aggregation on the basis of common ownership or control.

(4) EXAMINATION OF BROKER AND DEALER RECORDS.—All records required to be made and kept by registered brokers and dealers pursuant to this subsection with respect to transactions effected by large traders are subject at any time, or from time to time, to such reasonable periodic, special, or other examinations by representatives of the Commission as the Commission deems necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of this title.

(5) FACTORS TO BE CONSIDERED IN COMMISSION ACTIONS.—In exercising its authority under this subsection, the Commission shall take into account—

(A) existing reporting systems;

(B) the costs associated with maintaining information with respect to transactions effected by large traders and

reporting such information to the Commission or self-regulatory organizations; and

(C) the relationship between the United States and international securities markets.

(6) EXEMPTIONS.—The Commission, by rule, regulation, or order, consistent with the purposes of this title, may exempt any person or class of persons or any transaction or class of transactions, either conditionally or upon specified terms and conditions or for stated periods, from the operation of this subsection, and the rules and regulations thereunder.

(7) AUTHORITY OF COMMISSION TO LIMIT DISCLOSURE OF INFORMATION.—Notwithstanding any other provision of law, the Commission shall not be compelled to disclose any information required to be kept or reported under this subsection. Nothing in this subsection shall authorize the Commission to withhold information from Congress, or prevent the Commission from complying with a request for information from any other Federal department or agency requesting information for purposes within the scope of its jurisdiction, or complying with an order of a court of the United States in an action brought by the United States or the Commission. For purposes of section 552 of title 5, United States Code, this subsection shall be considered a statute described in subsection (b)(3)(B) of such section 552.

(8) DEFINITIONS.—For purposes of this subsection—

(A) the term "large trader" means every person who, for his own account or an account for which he exercises investment discretion, effects transactions for the purchase or sale of any publicly traded security or securities by use of any means or instrumentality of interstate commerce or of the mails, or of any facility of a national securities exchange, directly or indirectly by or through a registered broker or dealer in an aggregate amount equal to or in excess of the identifying activity level;

(B) the term "publicly traded security" means any equity security (including an option on individual equity securities, and an option on a group or index of such securities) listed, or admitted to unlisted trading privileges, on a national securities exchange, or quoted in an automated interdealer quotation system;

(C) the term "identifying activity level" means transactions in publicly traded securities at or above a level of volume, fair market value, or exercise value as shall be fixed from time to time by the Commission by rule or regulation, specifying the time interval during which such transactions shall be aggregated;

(D) the term "reporting activity level" means transactions in publicly traded securities at or above a level of volume, fair market value, or exercise value as shall be fixed from time to time by the Commission by rule, regulation, or order, specifying the time interval during which such transactions shall be aggregated; and

(E) the term "person" has the meaning given in section 3(a)(9) of this title and also includes two or more persons

acting as a partnership, limited partnership, syndicate, or other group, but does not include a foreign central bank.

(i) ACCURACY OF FINANCIAL REPORTS.—Each financial report that contains financial statements, and that is required to be prepared in accordance with (or reconciled to) generally accepted accounting principles under this title and filed with the Commission shall reflect all material correcting adjustments that have been identified by a registered public accounting firm in accordance with generally accepted accounting principles and the rules and regulations of the Commission.

(j) OFF-BALANCE SHEET TRANSACTIONS.—Not later than 180 days after the date of enactment of the Sarbanes-Oxley Act of 2002, the Commission shall issue final rules providing that each annual and quarterly financial report required to be filed with the Commission shall disclose all material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the issuer with unconsolidated entities or other persons, that may have a material current or future effect on financial condition, changes in financial condition, results of operations, liquidity, capital expenditures, capital resources, or significant components of revenues or expenses.

(k) PROHIBITION ON PERSONAL LOANS TO EXECUTIVES.—

(1) IN GENERAL.—It shall be unlawful for any issuer (as defined in section 2 of the Sarbanes-Oxley Act of 2002), directly or indirectly, including through any subsidiary, to extend or maintain credit, to arrange for the extension of credit, or to renew an extension of credit, in the form of a personal loan to or for any director or executive officer (or equivalent thereof) of that issuer. An extension of credit maintained by the issuer on the date of enactment of this subsection shall not be subject to the provisions of this subsection, provided that there is no material modification to any term of any such extension of credit or any renewal of any such extension of credit on or after that date of enactment.

(2) LIMITATION.—Paragraph (1) does not preclude any home improvement and manufactured home loans (as that term is defined in section 5 of the Home Owners' Loan Act (12 U.S.C. 1464)), consumer credit (as defined in section 103 of the Truth in Lending Act (15 U.S.C. 1602)), or any extension of credit under an open end credit plan (as defined in section 103 of the Truth in Lending Act (15 U.S.C. 1602)), or a charge card (as defined in section 127(c)(4)(e) of the Truth in Lending Act (15 U.S.C. 1637(c)(4)(e)), or any extension of credit by a broker or dealer registered under section 15 of this title to an employee of that broker or dealer to buy, trade, or carry securities, that is permitted under rules or regulations of the Board of Governors of the Federal Reserve System pursuant to section 7 of this title (other than an extension of credit that would be used to purchase the stock of that issuer), that is—

(A) made or provided in the ordinary course of the consumer credit business of such issuer;

(B) of a type that is generally made available by such issuer to the public; and

(C) made by such issuer on market terms, or terms that are no more favorable than those offered by the issuer to the general public for such extensions of credit.

(3) RULE OF CONSTRUCTION FOR CERTAIN LOANS.—Paragraph (1) does not apply to any loan made or maintained by an insured depository institution (as defined in section 3 of the Federal Deposit Insurance Act (12 U.S.C. 1813)), if the loan is subject to the insider lending restrictions of section 22(h) of the Federal Reserve Act (12 U.S.C. 375b).

(l) REAL TIME ISSUER DISCLOSURES.—Each issuer reporting under section 13(a) or 15(d) shall disclose to the public on a rapid and current basis such additional information concerning material changes in the financial condition or operations of the issuer, in plain English, which may include trend and qualitative information and graphic presentations, as the Commission determines, by rule, is necessary or useful for the protection of investors and in the public interest.

(m) PUBLIC AVAILABILITY OF SECURITY-BASED SWAP TRANSACTION DATA.—

(1) IN GENERAL.—

(A) DEFINITION OF REAL-TIME PUBLIC REPORTING.—In this paragraph, the term "real-time public reporting" means to report data relating to a security-based swap transaction, including price and volume, as soon as technologically practicable after the time at which the security-based swap transaction has been executed.

(B) PURPOSE.—The purpose of this subsection is to authorize the Commission to make security-based swap transaction and pricing data available to the public in such form and at such times as the Commission determines appropriate to enhance price discovery.

(C) GENERAL RULE.—The Commission is authorized to provide by rule for the public availability of security-based swap transaction, volume, and pricing data as follows:

(i) With respect to those security-based swaps that are subject to the mandatory clearing requirement described in section 3C(a)(1) (including those security-based swaps that are excepted from the requirement pursuant to section 3C(g)), the Commission shall require real-time public reporting for such transactions.

(ii) With respect to those security-based swaps that are not subject to the mandatory clearing requirement described in section 3C(a)(1), but are cleared at a registered clearing agency, the Commission shall require real-time public reporting for such transactions.

(iii) With respect to security-based swaps that are not cleared at a registered clearing agency and which are reported to a security-based swap data repository or the Commission under section 3C(a)(6), the Commission shall require real-time public reporting for such transactions, in a manner that does not disclose the business transactions and market positions of any person.

(iv) With respect to security-based swaps that are determined to be required to be cleared under section

3C(b) but are not cleared, the Commission shall require real-time public reporting for such transactions.

(D) REGISTERED ENTITIES AND PUBLIC REPORTING.—The Commission may require registered entities to publicly disseminate the security-based swap transaction and pricing data required to be reported under this paragraph.

(E) RULEMAKING REQUIRED.—With respect to the rule providing for the public availability of transaction and pricing data for security-based swaps described in clauses (i) and (ii) of subparagraph (C), the rule promulgated by the Commission shall contain provisions—

(i) to ensure such information does not identify the participants;

(ii) to specify the criteria for determining what constitutes a large notional security-based swap transaction (block trade) for particular markets and contracts;

(iii) to specify the appropriate time delay for reporting large notional security-based swap transactions (block trades) to the public; and

(iv) that take into account whether the public disclosure will materially reduce market liquidity.

(F) TIMELINESS OF REPORTING.—Parties to a security-based swap (including agents of the parties to a security-based swap) shall be responsible for reporting security-based swap transaction information to the appropriate registered entity in a timely manner as may be prescribed by the Commission.

(G) REPORTING OF SWAPS TO REGISTERED SECURITY-BASED SWAP DATA REPOSITORIES.—Each security-based swap (whether cleared or uncleared) shall be reported to a registered security-based swap data repository.

(H) REGISTRATION OF CLEARING AGENCIES.—A clearing agency may register as a security-based swap data repository.

(2) SEMIANNUAL AND ANNUAL PUBLIC REPORTING OF AGGREGATE SECURITY-BASED SWAP DATA.—

(A) IN GENERAL.—In accordance with subparagraph (B), the Commission shall issue a written report on a semiannual and annual basis to make available to the public information relating to—

(i) the trading and clearing in the major security-based swap categories; and

(ii) the market participants and developments in new products.

(B) USE; CONSULTATION.—In preparing a report under subparagraph (A), the Commission shall—

(i) use information from security-based swap data repositories and clearing agencies; and

(ii) consult with the Office of the Comptroller of the Currency, the Bank for International Settlements, and such other regulatory bodies as may be necessary.

(C) AUTHORITY OF COMMISSION.—The Commission may, by rule, regulation, or order, delegate the public reporting responsibilities of the Commission under this paragraph in

accordance with such terms and conditions as the Commission determines to be appropriate and in the public interest.

(n) SECURITY-BASED SWAP DATA REPOSITORIES.—

(1) REGISTRATION REQUIREMENT.—It shall be unlawful for any person, unless registered with the Commission, directly or indirectly, to make use of the mails or any means or instrumentality of interstate commerce to perform the functions of a security-based swap data repository.

(2) INSPECTION AND EXAMINATION.—Each registered security-based swap data repository shall be subject to inspection and examination by any representative of the Commission.

(3) COMPLIANCE WITH CORE PRINCIPLES.—

(A) IN GENERAL.—To be registered, and maintain registration, as a security-based swap data repository, the security-based swap data repository shall comply with—

(i) the requirements and core principles described in this subsection; and

(ii) any requirement that the Commission may impose by rule or regulation.

(B) REASONABLE DISCRETION OF SECURITY-BASED SWAP DATA REPOSITORY.—Unless otherwise determined by the Commission, by rule or regulation, a security-based swap data repository described in subparagraph (A) shall have reasonable discretion in establishing the manner in which the security-based swap data repository complies with the core principles described in this subsection.

(4) STANDARD SETTING.—

(A) DATA IDENTIFICATION.—

(i) IN GENERAL.—In accordance with clause (ii), the Commission shall prescribe standards that specify the data elements for each security-based swap that shall be collected and maintained by each registered security-based swap data repository.

(ii) REQUIREMENT.—In carrying out clause (i), the Commission shall prescribe consistent data element standards applicable to registered entities and reporting counterparties.

(B) DATA COLLECTION AND MAINTENANCE.—The Commission shall prescribe data collection and data maintenance standards for security-based swap data repositories.

(C) COMPARABILITY.—The standards prescribed by the Commission under this subsection shall be comparable to the data standards imposed by the Commission on clearing agencies in connection with their clearing of security-based swaps.

(5) DUTIES.—A security-based swap data repository shall—

(A) accept data prescribed by the Commission for each security-based swap under subsection (b);

(B) confirm with both counterparties to the security-based swap the accuracy of the data that was submitted;

(C) maintain the data described in subparagraph (A) in such form, in such manner, and for such period as may be required by the Commission;

(D)(i) provide direct electronic access to the Commission (or any designee of the Commission, including another registered entity); and

(ii) provide the information described in subparagraph (A) in such form and at such frequency as the Commission may require to comply with the public reporting requirements set forth in subsection (m);

(E) at the direction of the Commission, establish automated systems for monitoring, screening, and analyzing security-based swap data;

(F) maintain the privacy of any and all security-based swap transaction information that the security-based swap data repository receives from a security-based swap dealer, counterparty, or any other registered entity; and

(G) on a confidential basis pursuant to section 24, upon request, and after notifying the Commission of the request, make available all data obtained by the security-based swap data repository, including individual counterparty trade and position data, to—

(i) each appropriate prudential regulator;

(ii) the Financial Stability Oversight Council;

(iii) the Commodity Futures Trading Commission;

(iv) the Department of Justice; and

(v) any other person that the Commission determines to be appropriate, including—

(I) foreign financial supervisors (including foreign futures authorities);

(II) foreign central banks; and

(III) foreign ministries.

(H) CONFIDENTIALITY AND INDEMNIFICATION AGREEMENT.—Before the security-based swap data repository may share information with any entity described in subparagraph (G)—

(i) the security-based swap data repository shall receive a written agreement from each entity stating that the entity shall abide by the confidentiality requirements described in section 24 relating to the information on security-based swap transactions that is provided; and

(ii) each entity shall agree to indemnify the security-based swap data repository and the Commission for any expenses arising from litigation relating to the information provided under section 24.

(6) DESIGNATION OF CHIEF COMPLIANCE OFFICER.—

(A) IN GENERAL.—Each security-based swap data repository shall designate an individual to serve as a chief compliance officer.

(B) DUTIES.—The chief compliance officer shall—

(i) report directly to the board or to the senior officer of the security-based swap data repository;

(ii) review the compliance of the security-based swap data repository with respect to the requirements and core principles described in this subsection;

(iii) in consultation with the board of the security-based swap data repository, a body performing a func-

tion similar to the board of the security-based swap data repository, or the senior officer of the security-based swap data repository, resolve any conflicts of interest that may arise;

(iv) be responsible for administering each policy and procedure that is required to be established pursuant to this section;

(v) ensure compliance with this title (including regulations) relating to agreements, contracts, or transactions, including each rule prescribed by the Commission under this section;

(vi) establish procedures for the remediation of noncompliance issues identified by the chief compliance officer through any—

(I) compliance office review;

(II) look-back;

(III) internal or external audit finding;

(IV) self-reported error; or

(V) validated complaint; and

(vii) establish and follow appropriate procedures for the handling, management response, remediation, retesting, and closing of noncompliance issues.

(C) ANNUAL REPORTS.—

(i) IN GENERAL.—In accordance with rules prescribed by the Commission, the chief compliance officer shall annually prepare and sign a report that contains a description of—

(I) the compliance of the security-based swap data repository of the chief compliance officer with respect to this title (including regulations); and

(II) each policy and procedure of the security-based swap data repository of the chief compliance officer (including the code of ethics and conflict of interest policies of the security-based swap data repository).

(ii) REQUIREMENTS.—A compliance report under clause (i) shall—

(I) accompany each appropriate financial report of the security-based swap data repository that is required to be furnished to the Commission pursuant to this section; and

(II) include a certification that, under penalty of law, the compliance report is accurate and complete.

(7) CORE PRINCIPLES APPLICABLE TO SECURITY-BASED SWAP DATA REPOSITORIES.—

(A) ANTITRUST CONSIDERATIONS.—Unless necessary or appropriate to achieve the purposes of this title, the swap data repository shall not—

(i) adopt any rule or take any action that results in any unreasonable restraint of trade; or

(ii) impose any material anticompetitive burden on the trading, clearing, or reporting of transactions.

(B) GOVERNANCE ARRANGEMENTS.—Each security-based swap data repository shall establish governance arrangements that are transparent—

(i) to fulfill public interest requirements; and

(ii) to support the objectives of the Federal Government, owners, and participants.

(C) CONFLICTS OF INTEREST.—Each security-based swap data repository shall—

(i) establish and enforce rules to minimize conflicts of interest in the decision-making process of the security-based swap data repository; and

(ii) establish a process for resolving any conflicts of interest described in clause (i).

(D) ADDITIONAL DUTIES DEVELOPED BY COMMISSION.—

(i) IN GENERAL.—The Commission may develop 1 or more additional duties applicable to security-based swap data repositories.

(ii) CONSIDERATION OF EVOLVING STANDARDS.—In developing additional duties under subparagraph (A), the Commission may take into consideration any evolving standard of the United States or the international community.

(iii) ADDITIONAL DUTIES FOR COMMISSION DESIGNEES.—The Commission shall establish additional duties for any registrant described in section 13(m)(2)(C) in order to minimize conflicts of interest, protect data, ensure compliance, and guarantee the safety and security of the security-based swap data repository.

(8) REQUIRED REGISTRATION FOR SECURITY-BASED SWAP DATA REPOSITORIES.—Any person that is required to be registered as a security-based swap data repository under this subsection shall register with the Commission, regardless of whether that person is also licensed under the Commodity Exchange Act as a swap data repository.

(9) RULES.—The Commission shall adopt rules governing persons that are registered under this subsection.

(o) BENEFICIAL OWNERSHIP.—For purposes ofthis section and section 16, a person shall be deemed to acquire beneficialownership of an equity security based on the purchase or sale of asecurity-based swap, only to the extent that the Commission, by rule,determines after consultation with the prudential regulators and the Secretaryof the Treasury, that the purchase or sale of the security-based swap, or classof security-based swap, provides incidents of ownership comparable to directownership of the equity security, and that it is necessary to achieve thepurposes of this section that the purchase or sale of the security-based swaps,or class of security-based swap, be deemed the acquisition of beneficialownership of the equitysecurity.

(p) DISCLOSURES RELATING TO CONFLICT MINERALS ORIGINATING IN THE DEMOCRATIC REPUBLIC OF THE CONGO.—

(1) REGULATIONS.—

(A) IN GENERAL.—Not later than 270 days after the date of the enactment of this subsection, the Commission shall promulgate regulations requiring any person described in

paragraph (2) to disclose annually, beginning with the person's first full fiscal year that begins after the date of promulgation of such regulations, whether conflict minerals that are necessary as described in paragraph (2)(B), in the year for which such reporting is required, did originate in the Democratic Republic of the Congo or an adjoining country and, in cases in which such conflict minerals did originate in any such country, submit to the Commission a report that includes, with respect to the period covered by the report—

(i) a description of the measures taken by the person to exercise due diligence on the source and chain of custody of such minerals, which measures shall include an independent private sector audit of such report submitted through the Commission that is conducted in accordance with standards established by the Comptroller General of the United States, in accordance with rules promulgated by the Commission, in consultation with the Secretary of State; and

(ii) a description of the products manufactured or contracted to be manufactured that are not DRC conflict free ("DRC conflict free" is defined to mean the products that do not contain minerals that directly or indirectly finance or benefit armed groups in the Democratic Republic of the Congo or an adjoining country), the entity that conducted the independent private sector audit in accordance with clause (i), the facilities used to process the conflict minerals, the country of origin of the conflict minerals, and the efforts to determine the mine or location of origin with the greatest possible specificity.

(B) CERTIFICATION.—The person submitting a report under subparagraph (A) shall certify the audit described in clause (i) of such subparagraph that is included in such report. Such a certified audit shall constitute a critical component of due diligence in establishing the source and chain of custody of such minerals.

(C) UNRELIABLE DETERMINATION.—If a report required to be submitted by a person under subparagraph (A) relies on a determination of an independent private sector audit, as described under subparagraph (A)(i), or other due diligence processes previously determined by the Commission to be unreliable, the report shall not satisfy the requirements of the regulations promulgated under subparagraph (A)(i).

(D) DRC CONFLICT FREE.—For purposes of this paragraph, a product may be labeled as "DRC conflict free" if the product does not contain conflict minerals that directly or indirectly finance or benefit armed groups in the Democratic Republic of the Congo or an adjoining country.

(E) INFORMATION AVAILABLE TO THE PUBLIC.—Each person described under paragraph (2) shall make available to the public on the Internet website of such person the information disclosed by such person under subparagraph (A).

(2) PERSON DESCRIBED.—A person is described in this paragraph if—

(A) the person is required to file reports with the Commission pursuant to paragraph (1)(A); and

(B) conflict minerals are necessary to the functionality or production of a product manufactured by such person.

(3) REVISIONS AND WAIVERS.—The Commission shall revise or temporarily waive the requirements described in paragraph (1) if the President transmits to the Commission a determination that—

(A) such revision or waiver is in the national security interest of the United States and the President includes the reasons therefor; and

(B) establishes a date, not later than 2 years after the initial publication of such exemption, on which such exemption shall expire.

(4) TERMINATION OF DISCLOSURE REQUIREMENTS.—The requirements of paragraph (1) shall terminate on the date on which the President determines and certifies to the appropriate congressional committees, but in no case earlier than the date that is one day after the end of the 5-year period beginning on the date of the enactment of this subsection, that no armed groups continue to be directly involved and benefitting from commercial activity involving conflict minerals.

(5) DEFINITIONS.—For purposes of this subsection, the terms "adjoining country", "appropriate congressional committees", "armed group", and "conflict mineral" have the meaning given those terms under section 1502 of the Dodd-Frank Wall Street Reform and Consumer Protection Act.

(q) DISCLOSURE OF PAYMENTS BY RESOURCE EXTRACTION ISSUERS.—

(1) DEFINITIONS.—In this subsection—

(A) the term "commercial development of oil, natural gas, or minerals" includes exploration, extraction, processing, export, and other significant actions relating to oil, natural gas, or minerals, or the acquisition of a license for any such activity, as determined by the Commission;

(B) the term "foreign government" means a foreign government, a department, agency, or instrumentality of a foreign government, or a company owned by a foreign government, as determined by the Commission;

(C) the term "payment"—

(i) means a payment that is—

(I) made to further the commercial development of oil, natural gas, or minerals; and

(II) not de minimis; and

(ii) includes taxes, royalties, fees (including license fees), production entitlements, bonuses, and other material benefits, that the Commission, consistent with the guidelines of the Extractive Industries Transparency Initiative (to the extent practicable), determines are part of the commonly recognized revenue stream for the commercial development of oil, natural gas, or minerals;

(D) the term "resource extraction issuer" means an issuer that—

(i) is required to file an annual report with the Commission; and

(ii) engages in the commercial development of oil, natural gas, or minerals;

(E) the term "interactive data format" means an electronic data format in which pieces of information are identified using an interactive data standard; and

(F) the term "interactive data standard" means standardized list of electronic tags that mark information included in the annual report of a resource extraction issuer.

(2) DISCLOSURE.—

(A) INFORMATION REQUIRED.—Not later than 270 days after the date of enactment of the Dodd-Frank Wall Street Reform and Consumer Protection Act, the Commission shall issue final rules that require each resource extraction issuer to include in an annual report of the resource extraction issuer information relating to any payment made by the resource extraction issuer, a subsidiary of the resource extraction issuer, or an entity under the control of the resource extraction issuer to a foreign government or the Federal Government for the purpose of the commercial development of oil, natural gas, or minerals, including—

(i) the type and total amount of such payments made for each project of the resource extraction issuer relating to the commercial development of oil, natural gas, or minerals; and

(ii) the type and total amount of such payments made to each government.

(B) CONSULTATION IN RULEMAKING.—In issuing rules under subparagraph (A), the Commission may consult with any agency or entity that the Commission determines is relevant.

(C) INTERACTIVE DATA FORMAT.—The rules issued under subparagraph (A) shall require that the information included in the annual report of a resource extraction issuer be submitted in an interactive data format.

(D) INTERACTIVE DATA STANDARD.—

(i) IN GENERAL.—The rules issued under subparagraph (A) shall establish an interactive data standard for the information included in the annual report of a resource extraction issuer.

(ii) ELECTRONIC TAGS.—The interactive data standard shall include electronic tags that identify, for any payments made by a resource extraction issuer to a foreign government or the Federal Government—

(I) the total amounts of the payments, by category;

(II) the currency used to make the payments;

(III) the financial period in which the payments were made;

(IV) the business segment of the resource extraction issuer that made the payments;

(V) the government that received the payments, and the country in which the government is located;

(VI) the project of the resource extraction issuer to which the payments relate; and

(VII) such other information as the Commission may determine is necessary or appropriate in the public interest or for the protection of investors.

(E) INTERNATIONAL TRANSPARENCY EFFORTS.—To the extent practicable, the rules issued under subparagraph (A) shall support the commitment of the Federal Government to international transparency promotion efforts relating to the commercial development of oil, natural gas, or minerals.

(F) EFFECTIVE DATE.—With respect to each resource extraction issuer, the final rules issued under subparagraph (A) shall take effect on the date on which the resource extraction issuer is required to submit an annual report relating to the fiscal year of the resource extraction issuer that ends not earlier than 1 year after the date on which the Commission issues final rules under subparagraph (A).

(3) PUBLIC AVAILABILITY OF INFORMATION.—

(A) IN GENERAL.—To the extent practicable, the Commission shall make available online, to the public, a compilation of the information required to be submitted under the rules issued under paragraph (2)(A).

(B) OTHER INFORMATION.—Nothing in this paragraph shall require the Commission to make available online information other than the information required to be submitted under the rules issued under paragraph (2)(A).

(4) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to the Commission such sums as may be necessary to carry out this subsection.

(r) DISCLOSURE OF CERTAIN ACTIVITIES RELATING TO IRAN.—

(1) IN GENERAL.—Each issuer required to file an annual or quarterly report under subsection (a) shall disclose in that report the information required by paragraph (2) if, during the period covered by the report, the issuer or any affiliate of the issuer—

(A) knowingly engaged in an activity described in subsection (a) or (b) of section 5 of the Iran Sanctions Act of 1996 (Public Law 104–172; 50 U.S.C. 1701 note);

(B) knowingly engaged in an activity described in subsection (c)(2) of section 104 of the Comprehensive Iran Sanctions, Accountability, and Divestment Act of 2010 (22 U.S.C. 8513) or a transaction described in subsection (d)(1) of that section;

(C) knowingly engaged in an activity described in section 105A(b)(2) of that Act; or

(D) knowingly conducted any transaction or dealing with—

(i) any person the property and interests in property of which are blocked pursuant to Executive Order No. 13224 (66 Fed. Reg. 49079; relating to blocking property and prohibiting transactions with persons who commit, threaten to commit, or support terrorism);

(ii) any person the property and interests in property of which are blocked pursuant to Executive Order

No. 13382 (70 Fed. Reg. 38567; relating to blocking of property of weapons of mass destruction proliferators and their supporters); or

(iii) any person or entity identified under section 560.304 of title 31, Code of Federal Regulations (relating to the definition of the Government of Iran) without the specific authorization of a Federal department or agency.

(2) INFORMATION REQUIRED.—If an issuer or an affiliate of the issuer has engaged in any activity described in paragraph (1), the issuer shall disclose a detailed description of each such activity, including—

(A) the nature and extent of the activity;

(B) the gross revenues and net profits, if any, attributable to the activity; and

(C) whether the issuer or the affiliate of the issuer (as the case may be) intends to continue the activity.

(3) NOTICE OF DISCLOSURES.—If an issuer reports under paragraph (1) that the issuer or an affiliate of the issuer has knowingly engaged in any activity described in that paragraph, the issuer shall separately file with the Commission, concurrently with the annual or quarterly report under subsection (a), a notice that the disclosure of that activity has been included in that annual or quarterly report that identifies the issuer and contains the information required by paragraph (2).

(4) PUBLIC DISCLOSURE OF INFORMATION.—Upon receiving a notice under paragraph (3) that an annual or quarterly report includes a disclosure of an activity described in paragraph (1), the Commission shall promptly—

(A) transmit the report to—

(i) the President;

(ii) the Committee on Foreign Affairs and the Committee on Financial Services of the House of Representatives; and

(iii) the Committee on Foreign Relations and the Committee on Banking, Housing, and Urban Affairs of the Senate; and

(B) make the information provided in the disclosure and the notice available to the public by posting the information on the Internet website of the Commission.

(5) INVESTIGATIONS.—Upon receiving a report under paragraph (4) that includes a disclosure of an activity described in paragraph (1) (other than an activity described in subparagraph (D)(iii) of that paragraph), the President shall—

(A) initiate an investigation into the possible imposition of sanctions under the Iran Sanctions Act of 1996 (Public Law 104–172; 50 U.S.C. 1701 note), section 104 or 105A of the Comprehensive Iran Sanctions, Accountability, and Divestment Act of 2010, an Executive order specified in clause (i) or (ii) of paragraph (1)(D), or any other provision of law relating to the imposition of sanctions with respect to Iran, as applicable; and

(B) not later than 180 days after initiating such an investigation, make a determination with respect to whether

sanctions should be imposed with respect to the issuer or the affiliate of the issuer (as the case may be).

(6) SUNSET.—The provisions of this subsection shall terminate on the date that is 30 days after the date on which the President makes the certification described in section 401(a) of the Comprehensive Iran Sanctions, Accountability, and Divestment Act of 2010 (22 U.S.C. 8551(a)).

(s) ISRAEL TRADE AND COMMERCE BOYCOTT REPORTING.—

(1) IN GENERAL.—Each foreign issuer required to file an annual or quarterly report under subsection (a) shall disclose in that report—

(A) whether the issuer has discriminated against doing business with Israel in the last calendar year and in such cases an issuer shall provide a description of the discrimination.

(B) whether the issuer has been advised by a foreign government or a non-member state of the United Nations to discriminate against doing business with Israel, entities owned or controlled by the government of Israel, or entities operating in Israel or Israeli-controlled territory; and

(C) any instances where the issuer has learned that a person, foreign government, or a non-member state of the United Nations is boycotting the issuer, divesting themselves of an ownership interest in the issuer, or placing sanctions on the issuer because of the issuer's relationship with Israel, entities owned or controlled by the government of Israel, or entities operating in Israel or Israeli-controlled territory.

(2) DEFINITIONS.—For purposes of this subsection:

(A) FOREIGN ISSUER.—The term "foreign issuer" means an issuer that is not incorporated in the United States.

(B) NON-MEMBER STATES OF THE UNITED NATIONS.—The term "non-member states of the United Nations" has the meaning given such term by the United Nations.

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SECTION 503 OF THE UNITED STATES-KOREA FREE TRADE AGREEMENT IMPLEMENTATION ACT

SEC. 503. RATE FOR MERCHANDISE PROCESSING FEES.

(a) IN GENERAL.— For the period beginning on December 1, 2015, and ending on June 30, 2021, section 13031(a)(9) of the Consolidated Omnibus Budget Reconciliation Act of 1985 (19 U.S.C. 58c(a)(9)) shall be applied and administered—

(1) in subparagraph (A), by substituting "0.3464" for "0.21"; and

(2) in subparagraph (B)(i), by substituting "0.3464" for "0.21".

(b) ADDITIONAL PERIOD.—For the period beginning on July 1, 2025, and ending on July 14, 2025, section 13031(a)(9) of the Consolidated Omnibus Budget Reconciliation Act of 1985 (19 U.S.C. 58c(a)(9)) shall be applied and administered—

(1) in subparagraph (A), by substituting "0.3464" for "0.21"; and

(2) in subparagraph (B)(i), by substituting "0.3464" for "0.21".

VII. ADDITIONAL VIEWS

While we join the Majority in favorably reporting H.R. 1907, we do wish to note two issues. First, as was discussed at the markup, there is still work to be done to improve H.R. 1907, notably by including amendments offered by Ms. Sanchez (the ENFORCE Act) and Mr. Pascrell (the Leveling the Playing Field Act). Along those lines, we also wish to note that a number of additional enforcement provisions should be included in H.R. 1907, as discussed below. Second, we wish to comment on a provision that would eliminate a loophole in the rule against importing products made with forced child labor.

Additional provisions

As was discussed by Democratic and Republican Members at the markup of H.R. 1907, bipartisan work should follow this markup to ensure that the Enforcing Orders and Reducing Customs Evasion (ENFORCE) Act (offered as an amendment, but withdrawn, by Ms. Sanchez) and the Leveling the Playing Field Act (offered as an amendment, but withdrawn, by Mr. Pascrell) are both included in the final version of H.R. 1907. ENFORCE requires Customs, upon receiving a petition from an interested party, to investigate, within specified deadlines, allegations that antidumping or countervailing duties are being evaded.

Nearly identical provisions were included in the Senate customs bill introduced in 2013 by Senate Finance Committee Chairman Baucus and Ranking Member Hatch. They were introduced in the House by Representatives Sanchez and Long, and it was included in the broader customs bill introduced by Representative McDermott at the end of 2012. There appears to be growing consensus that ENFORCE is the appropriate way to address allegations of evasion. Prior efforts to require Customs to enforce these allegations by using existing statutory provisions (e.g., Section 516 of the Tariff Act of 1930) have failed by not requiring Customs to act on a petition within a fixed period of time. The longer Customs takes, the more entries are liquidated—that is, they become final, and any additional duties owing are foregone.

Concerns about imposing deadlines on Customs in connection with allegations of fraud are inapt; Customs is investigating whether duties have been evaded. Similar to investigations of mismarked goods (Section 304 of the Tariff Act of 1930), Customs is making a factual determination as to the accuracy of the entry; whether that determination raises questions about the intent of the parties is left to a separate proceeding.

Further, we also strongly believe that a number of other provisions that would update U.S. trade remedies laws and enhance U.S. competitiveness should be included in H.R. 1907, such as: the Currency Reform for Fair Trade Act (H.R. 890), a process for future

miscellaneous tariff bills, Congressional Trade Enforcer (H.R. 4733, 109th Congress), Green 301 (H.R. 3733, 113th Congress), and the Supplemental Trade Review, Oversight, Noncompliance and General Enforcement Resources (STRONGER) Act of 2015 (as prepared by Mr. Blumenauer). Indeed, some of these measures were included in the Customs bill during the Senate Finance Committee markup, and we will seek their inclusion in any Conference.

Forced child labor

Under Section 307 of the Tariff Act of 1930, imports of goods made in whole or in part with forced labor, including forced child labor, are prohibited. There is, however, an exception for goods where demand in the United States exceeds domestic supply. This provision dates back to a time when the use of forced child labor was viewed as a matter of unfair competition; today, this issue is viewed as a matter of basic human rights. It is important to close this loophole.

At present, importers have no obligation to take steps to ensure that goods that fall within this exception are made without the use of forced child labor. The courts have made clear that once it is established that goods fall within the exception, no breach of Section 307—regardless of the evidence provided that forced child labor was used—will be found. *See, e.g., International Labor Rights Fund* v. *United States* (CIT 2005). Closing this loophole will require that importers use "reasonable care" to ensure that their imports comply with the law prohibiting goods made in whole or in part with forced child labor. Under current U.S. law as it applies to goods other than those subject to this exception, there are procedural requirements that apply when the Bureau of Customs and Border Protection ("Customs") investigates allegations that Section 307 has been breached. *See, e.g., China Diesel Imports* v. *United States* (CIT 1994). There, the Court noted that Customs has refused to find a violation of Section 307 absent positive, specific evidence, or first-hand knowledge of the practices in question. Therefore, any concerns about procedures to be used to enforce the law have already been addressed by the courts.

SANDER M. LEVIN,
Ranking Member.

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