

Department, Iron Horse Park, North Billerica, MA 01862.

If the verified notice contains false or misleading information, the exemption is void *ab initio*.

B&M has filed an environmental report which addresses the effects of the abandonment and discontinuance, if any, on the environment and historic resources. The Section of Environmental Analysis (SEA) will issue an environmental assessment (EA) by June 8, 1998. Interested persons may obtain a copy of the EA by writing to SEA (Room 500, Surface Transportation Board, Washington, DC 20423) or by calling SEA, at (202) 565-1545. Comments on environmental and historic preservation matters must be filed within 15 days after the EA becomes available to the public.

Environmental, historic preservation, public use, or trail use/rail banking conditions will be imposed, where appropriate, in a subsequent decision.

Pursuant to the provisions of 49 CFR 1152.29(e)(2), B&M shall file a notice of consummation with the Board to signify that it has exercised the authority granted and fully abandoned the line. If consummation has not been effected by B&M's filing of a notice of consummation by June 3, 1999, and there are no legal or regulatory barriers to consummation, the authority to abandon will automatically expire.

Board decisions and notices are available on our website at "WWW.STB.DOT.GOV."

Decided: May 22, 1998.

By the Board, David M. Konschnik,  
Director, Office of Proceedings.

**Vernon A. Williams,**

Secretary.

[FR Doc. 98-14268 Filed 6-2-98; 8:45 am]

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## DEPARTMENT OF THE TREASURY

### Customs Service

#### Announcement of a General Test Regarding the International Trade Prototype

**AGENCY:** U.S. Customs Service,  
Department of the Treasury.

**ACTION:** General Notice.

**SUMMARY:** This notice announces Customs' plan to conduct what is expected to be a series of prototypes collectively called the International Trade Prototype (ITP). This notice invites public comments concerning any aspect of the planned prototype, informs interested members of the public of the eligibility requirements for voluntary

participation in the first phase of the first prototype called International Trade Prototype 1 (ITP1) and outlines the development and evaluation methodology to be used in the test. To participate in the first phase of ITP1, the necessary information, as outlined in this notice, must be filed with Customs and approval granted. It is important to note that resources expended by the trade and Customs on these prototypes may not carry forward to the final program.

This notice supersedes the information on the International Trade Prototype published by the International Trade Data System Project Office of the Treasury Department in the **Federal Register** on December 31, 1997.

**DATES:** The first phase of ITP1 will commence no earlier than June 8, 1998 and will run for approximately six months with evaluations of the prototype occurring periodically. Comments concerning any aspect of this phase must be received on or before July 6, 1998. Future phases, prototypes, or participant expansion of this prototype will be announced in a **Federal Register** notice.

**ADDRESSES:** Written comments regarding this notice, and information submitted to be considered for voluntary participation in this first phase of ITP1 should be addressed to the U.S. Customs Service, International Trade Prototype Team, Attn: Linda LeBaron Grasley, 4455 Genesee Street, Bldg. 10, Room #342, Buffalo, New York 14225. Note that all comments received by U.S. Customs will be part of the public record.

**FOR FURTHER INFORMATION CONTACT:** For any prototype or participation questions please contact Daniel Buchanan, U.S. Customs Service at (617) 565-6236, or Linda LeBaron Grasley, U.S. Customs Service at (716) 626-0400 x 204, or Kevin Franklin, United Kingdom, Her Majesty's Custom and Excise at 011 44 171 865 4728 in London, England.

#### SUPPLEMENTARY INFORMATION:

##### Background

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

The ITP concept has been under consideration by both the U.S. Customs Service (USCS) and Her Majesty's Custom and Excise (HMCE) since 1996. The nucleus of this program is an extension of ideas developed in partnership with the trade community by various members of the Trans-Atlantic Team, which is primarily comprised of USCS and HMCE officers. The ITP concept also addresses issues raised by international traders, the World Customs Organization (WCO), the United Nations Conference on Trade and Development (UNCTAD), G-7 and other international organizations. The concept is intended to simplify and standardize customs processes and procedures in order to facilitate trade while maintaining effective and efficient control. Information on an ITP prototype contained in an information collection notice published in the **Federal Register** (63 FR 68353 on December 31, 1997) is superseded by this notice.

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

The developing relationship between the USCS and HMCE leads us to prototype this concept. The USCS and HMCE have agreed that the ITP will be delivered in a series of prototypes. Each prototype will be evaluated against predetermined success criteria.

Subsequent ITP prototypes will build on lessons learned in ITP1 and the need for enabling legislation will be evaluated. It is expected that ITP1 will be rolled out in three phases. USCS and HMCE agree that the first phase of ITP1 will commence no earlier than June 8, 1998. Additional phases are being planned and future prototypes are also under consideration.

The USCS will be testing the ITP in accordance with Section 101.9 of the Customs Regulations (19 CFR 101.9), which provides for the testing to

evaluate the planned components of the National Customs Automation Program (NCAP). By virtue of 19 CFR 101.9, USCS may impose requirements different than those specified in the Customs Regulations; but only to the extent that such different requirements do not affect the collection of revenue, public health, safety, or law enforcement.

### **Description of Proposed International Trade Prototype**

The Mission/Vision of the International Trade Prototype is a standard customs regime that will facilitate the movement of goods internationally. This regime will operate within an electronic environment in which there will be automated systems using data which conform to internationally agreed standards. The amount of information supplied by business to customs will be minimized to the extent possible, consistent with the customs administrations' performance of their missions.

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

More specifically, our Mission/Vision is to deliver an automated system that utilizes internationally-accepted standard message formats and codes, streamlines data transmission, simplifies and facilitates global trade, and assists governments world-wide in enforcing their laws.

### **I. Goals, Principles and Scope of ITP1**

The following goals, principles and scope support USCS and HMCE mission and strategic plans and will guide development of the first ITP prototype.

*Customs Administration Cooperation.* The ITP will improve international trade practices that are best addressed through cooperative efforts between customs administrations, international traders, and international trade organizations.

*International Trade Transactions.* This prototype will work toward the development of harmonized and simplified messages and procedures, based upon business practices, for transactions that support import, export, and transportation without the need for redundant entry or transmission of data.

*Commercial and Enforcement Compliance Focus.* Each country will continue to use its own targeting and compliance measurement approaches and procedures to ensure that the legal

requirements of all participating countries are met.

*Account-Based Approach.* Both countries will work with prototype accounts, primarily importers and exporters, to better understand their systems, procedures, and levels of compliance, with mutual assistance between designated Customs Account Managers.

*Automation and Information Sharing.* Automation will allow the sharing of information to enable the collection and exchange of standardized information mutually agreed to by both governments in a secured electronic environment.

*Reduce the Burden on the Trade.* This prototype will work toward streamlining government reporting requirements placed upon the trade community.

The scope of ITP1 will include:

- Air and sea cargo shipments.
- Cargo release, statistical and fiscal reporting, and supporting information.
- Merchandise restrictions and limitations agreed between customs administrations.
- Sharing of agreed standard data using various technological means accepted by both administrations.
- UN/EDIFACT message syntax between governments.
- Unique Consignment Reference Numbers (UCRN) to be used by the USCS and HMCE in separate formats.
- The HMCE conducting ITP1 in an operational environment.
- The USCS phasing ITP1 into an operational environment.
- Both one-step and two-step export reporting being implemented.
- A two-step import process in which data provided to the export customs administration is forwarded to the import customs administration and used to effect import cargo release.
- Acceptance of all participating traders being subject to compliance review.
- Risk assessment, anti-smuggling, and commercial compliance checks continuing to be applied to goods being moved under these simplified procedures.
- Development of agreed joint operational procedures to manage traders' accounts.

### **II. Development Methodology**

ITP will be monitored by a Joint Prototype Team consisting of trade participants, the USCS Offices of Field Operations, Strategic Trade, Information and Technology, International Affairs and other interested government agencies. This team will meet regularly throughout the prototype period in appropriate locations to set

development milestones, monitor progress, resolve issues and evaluate program effectiveness. The development effort will be coordinated with other ongoing National Customs Automation Program (NCAP) prototype programs such as the NCAP Prototype, Remote Location Filing and Reconciliation, and will be as consistent as possible with the overall direction of USCS development of the Automated Commercial Environment (ACE).

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

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

### **III. Account-Based Export/Import Declaration Process**

In the United States, ITP1 will become operational under a three-phase implementation.

The general scope of each phase is as follows:

- (1) ITP1.1 will be a parallel (non-operational) test of pre-departure export notification;
- (2) ITP1.2 will be operational for pre-departure export notification and import cargo release; and
- (3) ITP1.3 will be the full implementation of ITP1 and will be operational for full export declaration and import entry summary acceptance and processing.

The full implementation of ITP1 will test an account-based declaration process that integrates preliminary export and preliminary import reporting. For shipments processed under ITP1 procedures, export notification and import cargo examination decisions will be based primarily on pre-established account/entry information, minimizing the transaction data that needs to be transmitted to customs authorities prior to release of cargo. Cargo examinations will also be performed on the basis of selectivity criteria and for random compliance measurement sampling. Complete export declaration data may be transmitted following exportation. Detailed import entry summary data will be reported on a monthly cycle, and

payment of duties, taxes and fees will be based on a monthly statement cycle employing semi-monthly estimated payments. The full developed account-based declaration process will be a fully electronic process; no paper documents will be required or accepted at that time.

When ITP1 is fully implemented, export reporting, import cargo release and assessment of duties, taxes and fees will be based on data transmitted to the ITP1 system. For shipments processed in the fully implemented ITP1 system, participants will not be required to provide parallel filing of ACS or AES data or of paper documents.

In order for a shipment to be eligible for processing under ITP1 procedures, both the exporter and the importer of the shipment must be ITP1 participants in their respective countries. While various automatic notifications and back-up procedures will also be supported, the basic declaration flow for U.S. exports in the full implementation of ITP1 will be as follows:

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

2. The exporter or an authorized agent will transmit a pre-departure export notification message to USCS for each ITP shipment exported from the U.S. The data elements of the pre-departure export notification message are listed under "DESCRIPTION OF PROPOSED FIRST PHASE OF ITP1," below.

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

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

5. HMCE will use the forwarded data from the pre-departure export notification message to effect import cargo release in the United Kingdom (U.K.)

6. The U.S. exporter or an authorized agent will transmit a complete export declaration to USCS prior to a specified periodic filing deadline. These data may be transmitted at any time following the pre-departure export notification and may be transmitted following departure of the exporting conveyance. Data from the complete export declaration will not be forwarded to HMCE.

The basic declaration flow for U.S. imports in the full implementation of ITP1 will be as follows. Note that no data transmitted by participants to USCS with regard to importations into the U.S. will be forwarded to HMCE.

1. The U.K. exporter or an authorized agent will transmit a pre-departure export notification message to HMCE for each ITP shipment exported from the U.K. These data will consist of the same data elements as a U.S. pre-departure export notification message. These data elements are listed under "DESCRIPTION OF PROPOSED FIRST PHASE OF ITP1," below.

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

3. The importer's application, including any amendments, will serve as a pre-filed entry for each ITP1 shipment. USCS will assign an ITP Authorization Code to each participant who imports into the U.S.A.

participating importer or an authorized broker will electronically transmit data to USCS to provide timely and accurate identification of any changes to the original application, e.g., changes in a participant's ITP business partners and merchandise imported under the prototype.

4. USCS will assign a filer and entry number to each shipment. The entry filer, i.e., importer or authorized agents (brokers) designated by the importer, for ITP shipments at the port of unloading will be assigned to the entry. The entry number will be assigned from the range of entry numbers provided in advance by each designated entry filer for that purpose. When an importing conveyance arrives, ITP shipments for which no physical examination of cargo is required will be released without additional data or documentation. For any shipment selected by USCS for physical examination of cargo, USCS will issue an electronic request for additional information to the entry filer. This request may be satisfied by transmission of partial entry summary and commercial data, as defined by USCS, plus packing data. The commercial data required for cargo examination will be at the detailed item level. Cargo will not be examined until these data are received by USCS.

5. The date of entry will be the date, after the merchandise arrives, the merchandise is released into the commerce of the United States. The release will obligate a continuous bond identified for that purpose by the participant importer whose ITP Authorization Code is present in the pre-departure export notification data forwarded to USCS by HMCE.

6. For each shipment released during a calendar month, the entry filer must electronically transmit complete entry summary data to USCS on or before the filing deadline for that month. The filing

deadline for each month will be the 10th calendar day of the following month, or, if the 10th falls on a weekend or holiday, the next business day. Entry summary data transmitted prior to this deadline will be considered provisional and may be replaced by the entry filer anytime before the deadline. All summaries filed on or before the deadline will be considered as filed on the deadline date.

7. For any entry summary selected by USCS for data review, USCS will issue an electronic request for complete commercial data to the entry filer. This request must be satisfied by electronic transmission of a complete set of commercial data, as defined by USCS, plus packing data if specifically requested.

8. In order to permit a different procedure to test the periodic deposit of estimated duties without adversely affecting the collection of revenue, participants who import into the U.S. must abide by the following procedures. Each participating importer will make semi-monthly preliminary estimated payments through an electronic medium. Preliminary estimated payments will be initiated electronically using ACH credit on the 15th and the last day of the month. If the 15th or the last day of the month falls on a weekend or holiday, the payment must be initiated the next business day. Under the prototype, special electronic payment procedures will be utilized. The preliminary estimated payments will be based upon the following percentages: (a) the payment initiated on the 15th will be 75% of the estimated amount due on all releases for the 1-15th of the month, and (b) the payment initiated on the last day of the month will be 57% of the estimated amount due on all releases from the 16th to the last day of the month.

These percentages will be reviewed and may have to be adjusted to maintain revenue neutrality. Payment for the remaining balance will be initiated electronically on the 15th of the following month, and it is this date which USCS and the participants agree will serve as the date of actual deposit of estimated duties and fees for purposes of assessing interest under 19 U.S.C. 1505. USCS will issue two statements each month, one before and one after the monthly filing deadline. Each statement will list each importer's ITP activity at all locations for the reporting month, and will indicate whether entry summary data has been filed and, if it has, estimated duties and fees.

#### IV. Remote Location Filing

Remote location filing allows participants to electronically file data for the entry of merchandise with USCS from any location in the United States other than the port designated in the entry for examination.

One aspect of remote location filing will be supported in ITP1 and use of this aspect is voluntary, but the same electronic data transmission requirements will apply for all prototype participants. A U.S. ITP1 participant who will be filing remotely must meet the criteria for remote filing established in 19 U.S.C. 1414.

An ITP1 participant will be voluntarily utilizing remote filing if the electronic transmission of an entry, entry summary, invoice data (when required by USCS) and payment of duties, fees, and taxes is received from a participant not located in the port of arrival, which for purposes of this prototype will also be the port of examination as designated in the entry information.

The designation of alternative locations for cargo examination will not be supported in ITP1. All cargo examinations will be conducted at the port where the cargo first arrives in the United States.

#### V. Description of Proposed First Phase of ITP1

USCS and HMCE agreed that the first phase of ITP1 (ITP1.1) will commence on June 8, 1998. The number of U.S. participants will be limited. In order for a shipment to be eligible for processing under ITP1.1 procedures, both the exporter and the importer of the shipment must be ITP1 participants in their respective countries. No more than six U.S. ports will be included in ITP1.1. Port selections will be based on applicants' requests. While ITP1.1 will be a parallel test in the U.S., it will have operational status in the U.K. As a result, pre-departure export notifications transmitted by participating U.S. exporters or their authorized agents will be used to effect operational release of the cargo upon importation into the U.K. Applicants should note that participants must agree to the transmission of these data between governments.

For U.S. exports in ITP1.1:

1. The exporter or an authorized agent will transmit a pre-departure export notification message to USCS for each ITP shipment exported from the U.S. The proposed data elements for pre-departure export notifications in ITP1.1 are:

- Universal Consignment Reference Number (to identify transactions)
- Country of Export
- Mode of Transportation
- Port of Loading
- Shipping Reference (identification of Bill of Lading or Air Waybill)
- Shipping Quantity
- Exporter
- Importer

In the U.S. the ITP1.1 pre-departure export notification will be tested in parallel. All U.S. export reporting requirements for ITP1.1 shipments must be satisfied through existing export reporting procedures and systems.

2. USCS will forward the data from the pre-departure export notification message to HMCE.

3. HMCE will use the forwarded data from the pre-departure export notification message to effect operational import cargo release in the U.K.

For U.S. imports in ITP1.1:

1. The U.K. exporter or an authorized agent will transmit a pre-departure export notification message to HMCE for each ITP shipment exported from the U.K. These data will consist of the same data elements as a U.S. pre-departure export notification message. U.K. filers of pre-departure export notifications will transmit the U.S. importer's ITP Authorization Code to identify the importer. The pre-departure export notification will have operational status for U.K. export reporting.

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

3. In the U.S., the ITP1.1 pre-departure export notification will be tested in parallel. All U.S. import reporting requirements for ITP1.1 shipments must be satisfied through existing import reporting procedures and systems.

Note that no ITP1.1 data is transmitted by participants to USCS with regard to importations into the U.S.

#### VI. Eligibility Requirements

Customs will select a limited number of participants for ITP1.1. In order to be eligible for participation in ITP1.1, a company operating in the United States must:

1. Have the ability to provide electronically, on an entry-by-entry basis, the following: entry, entry summary, invoice information; and payment of duties, fees, and taxes through the Automated Clearing House (ACH);
2. Be scheduled for, participating in, or, in the application, agree to undergo and cooperate fully with a Customs

Compliance Assessment. At the time the application is filed, if any Customs audit is in progress, the importer must be fully cooperating in all aspects of the Customs Compliance Assessment and any related audit, providing timely and accurate information and adequate resources necessary for USCS to conduct a Customs Compliance Assessment or audit; and be in full compliance with the terms of any associated Compliance Improvement Plan.

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

4. For participants who wish to include U.S. export shipments in the ITP1.1 test, provide or arrange for provision of timely and accurate electronic transmission to USCS of pre-departure export notification data for all included U.S. export shipments. If a participant does not transmit electronic data for a particular export shipment, USCS may exclude that shipment from ITP processing.

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

1. Companies within the top 379 U.S. importers ranked by entered value (the top 379 represent approximately 50 percent of all imports by value);

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

- a. Advanced Displays;
- b. Agriculture;
- c. Auto/Truck Parts;
- d. Automobiles;
- e. Bearings;
- f. Circuit Boards;
- g. Fasteners;
- h. Footwear;
- i. Manufacturing Equipment;
- j. Steel Products;
- k. Telecommunications;
- l. Textiles and Flatgoods; and
- m. Wearing Apparel;

3. Companies at least 50 percent of whose imports are in PFI categories; and

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

ITP1.1 participants who wish to continue to participate in subsequent

operational phases of ITP1 will further be required to file or maintain a continuous bond with sufficient liability coverage. They will also be required to provide or arrange for provision of timely and accurate electronic transmission to USCS of data required to pre-identify parties and commodities involved in ITP transactions, and of all data required in prototype declaration processes as they are phased into ITP1.

## VII. General Requirements

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

Participants who will include shipments exported from the U.S.:

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

B. Must export only the merchandise identified in the application as being within a range of pre-identified commodities (classified at the 6-digit HTS level);

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

D. Must export merchandise from a port selected by USCS for inclusion in the current phase of ITP1;

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

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

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

H. Are responsible for ensuring that ineligible merchandise is not included in ITP1 shipments. Customs will exclude ineligible shipments from ITP1 processing.

Participants who will include shipments imported into the U.S.:

A. Must provide electronically, on an entry-by-entry basis, the following: entry, entry summary, invoice information; and payment of duties, fees, and taxes through the Automated Clearing House (ACH);

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

C. Must enter only the merchandise identified in the application as being within a range of pre-identified commodities (classified at the 6-digit HTS level);

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

E. Must enter merchandise for release into the commerce under a consumption entry at the port of unloading, i.e., may not enter ITP1 merchandise into a warehouse or Foreign Trade Zone, or as an in-bond entry;

F. Must enter merchandise at a port selected by USCS for inclusion in the current phase of ITP1;

G. May not enter merchandise in ITP1 if it is subject to antidumping or countervailing duty, quota, trade preference level or visa requirements, or pre-release reporting requirements imposed by other federal agencies;

H. Must not import prohibited merchandise in prototype shipments; and,

I. Are responsible for ensuring that ineligible merchandise is not included in ITP1 shipments, and that all shipments aboard a conveyance are eligible for ITP1 processing. Customs will exclude ineligible shipments from ITP1 processing.

## VIII. Application

Importers and exporters who wish to participate in ITP1.1 must submit a written application within 30 days of this notice including the following information:

1. Participant name, address and designated contact person.
2. For all exported cargo proposed for inclusion in the ITP1.1 test:
  - Names and addresses of all U.K. importers;
  - For each U.K. importer, a listing of all the 6-digit HTS numbers in which the commodities to be exported are classified;
  - Detailed explanation of any licenses or permits required for export of the listed commodities;
  - Lists of all air and ocean freight carriers to be used;
  - For each carrier, a listing of the U.S. ports of loading at which the carrier will be used; and
  - An estimate of the total number of export shipments per month the participant expects to include in the ITP1.1 test for each mode of transportation at each U.S. port of loading.
3. For all imported cargo proposed for inclusion in the ITP1.1 test:
  - Names and addresses of all U.K. exporters;
  - For each U.K. exporter, a listing of all the 6-digit HTS numbers in which the commodities to be imported are classified
  - Lists of all air and ocean freight carriers to be used;

—For each carrier, a listing of the U.S. ports of unloading they prefer to us; and,

—An estimate of the total number of import shipments per month the participant expects to include in the ITP1.1 test for each mode of transportation at each U.S. port of unloading.

4. For applicants not already scheduled for or participating in a Customs Compliance Assessment, a statement in which the applicant indicates agreement to undergo and cooperate fully with a Customs Compliance Assessment.

5. A statement indicating that the participant will comply with the procedures and restrictions of the prototype.

6. A statement indicating that the applicant agrees to the sharing of pre-departure export notification data and other information between the HMCE and USCS. This includes information in regard to imported/exported commodities, value determination, and company structure and finance. This information will be shared between UK and US Account Managers to better understand importer and exporter systems, procedures, and levels of compliance.

USCS will make import admissibility determinations on ITP shipments imported into the U.S. based on any cargo examinations and the information supplied with the application, which shall serve as a pre-filed entry for ITP purposes. Applications may be referred to other government agencies for review. All ITP1.1 applicants will be notified in writing of their acceptance or rejection. USCS will assign an ITP Authorization Code to each accepted participant whose application indicates intent to include imports into the U.S. in the ITP1.1 test. The USCS, with the HMCE, will schedule meetings with each accepted participant to review the current prototype proposal, data elements, technologies, and evaluation criteria.

If an applicant is denied participation, the notification letter will include the reasons for that denial. The applicant may appeal such decision in writing within 10 days to the Trade Compliance Process Owner. Applicants who are denied participation in ITP1.1 may re-apply if USCS subsequently opens participation to additional participants. USCS will publish a notice in the **Federal Register** if an expansion of participation is planned.

Applicants should note that participation is not confidential, and that lists of participants will be made

available to the public. Additionally, all comments provided to U.S. Customs will be part of the public record.

#### **IX. Maintenance of Account Information**

Throughout the prototype period, participants must provide USCS with advance notification of any changes in the information provided in the application. This notification must be provided to USCS at least seven days before the effective date of a change and will be considered an amendment to the application. By notification of the participant, USCS may reject such an amendment or prohibit the participant's use of a particular carrier, U.K. importer or exporter, or the export or import of particular merchandise under this prototype.

ITP1.1 participants who wish to include imported cargo in subsequent operational phases of ITP1 will be required to provide additional information, including but not limited to the issuer and number of the continuous surety bond which will cover all cargo imported under ITP1 procedures and designation of a single entry filer for each port at which imported cargo will be unloaded. Each entry filer designated by one or more participant importers must provide USCS with a range of entry numbers to be reserved for assignment by USCS to ITP1 shipments. Entry filers may not assign these numbers to transactions other than ITP transactions.

#### **X. Misconduct Under Prototype**

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

A participant may be suspended from the prototype, subject to liquidated damages, penalties, and/or other administrative sanctions, and/or prevented from participation in future prototypes if a participant fails to cooperate fully in a Compliance Assessment or audit, provide timely and accurate data and adequate resources in support of a Customs Compliance Assessment or audit, or comply fully with the terms of a Compliance Improvement plan; participant exports

or attempts to export goods to U.K. importers or conveyed by carriers not approved by USCS; exports or attempts to export goods classified in commodity ranges not approved by USCS; exports or attempts to export or submits data relating to prohibited merchandise or other non-eligible merchandise; enters or attempts to enter goods from U.K. exporters or conveyed by carriers not approved by USCS; enters or attempts to enter goods classified in commodity ranges not approved by USCS; participant files non-consumption import entries; enters or attempts to enter or submits data relating to prohibited merchandise, merchandise subject to quota or antidumping or countervailing duties, or other non-eligible merchandise; fails to maintain sufficient continuous bond coverage; files erroneous or untimely data; makes late or inadequate payments; fails to supply USCS with requested invoice data; fails to maintain a sufficient level of compliance; fails to exercise reasonable care in the execution of participant obligations; or otherwise fails to follow the procedures outlined herein, and applicable laws and regulations. USCS has the discretion to suspend a prototype participant based on the determination that an unacceptable compliance risk exists. This suspension may be invoked at any time after acceptance in the prototype.

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

#### **Regulatory Provisions Suspended**

Certain provisions of Parts 24, 111, 113, 141, 142, 143, and 159 of the

Customs Regulations (19 CFR Parts 24, 111, 113, 141, 142, 143, and 159) will be suspended during operational phases of the ITP1 test to allow for monthly filing of entry summary data, periodic payment of duties, taxes and fees, liquidation, billing and remote filing by Customs brokers in ports where they currently do not hold permits.

Absent any specified alternate procedure, the current regulations apply.

#### **Prototype Evaluation**

Once the participants are selected for ITP1.1, the Joint Prototype Team will, during the initial six months of the test period, evaluate the effectiveness of the automation involved. Subsequent reviews will additionally consist of evaluating the data received from the participants, along with the internal and external process operations of the ITP. The intention of the evaluations is to enhance operational procedures and to develop the detailed data requirements that are needed for ITP.

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

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

Dated: May 29, 1998.

**Samuel H. Banks,**

*Acting Commissioner of Customs.*

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