

**DEPARTMENT OF COMMERCE****International Trade Administration****DEPARTMENT OF THE INTERIOR****Office of Insular Affairs****15 CFR Part 303****[Docket No. 991228350-9350-01]****RIN 0625-AA55****Proposed Changes in Watch, Watch Movement and Jewelry Program for the U.S. Insular Possessions**

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

**ACTION:** Notice of proposed rulemaking and request for comments.

**SUMMARY:** The Departments invite public comment on a proposal to amend the regulations governing duty-exemption allocations for watch producers and duty-refund benefits for watch and jewelry producers in the United States insular possessions (the U.S. Virgin Islands, Guam, American Samoa and the Commonwealth of the Northern Mariana Islands ("CNMI")). The proposal would amend Subpart A of Title 15 CFR Part 303 by establishing the total quantity and respective territorial shares of insular watches and watch movements which would be allowed to enter the United States free of duty during calendar year 2000 and by clarifying the definition of a new firm for watches. The proposal would also amend Subparts A and B of 15 CFR 303 by establishing a permanent formula for the creditable wage ceiling.

**DATES:** Written comments must be received on or before February 7, 2000.

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

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

**SUPPLEMENTARY INFORMATION:** The insular possessions watch industry provision in Sec. 110 of Pub. L. No. 97-446 (96 Stat. 2331) (1983), as amended by Sec. 602 of Pub. L. No. 103-465 (108 Stat. 4991) (1994); additional U.S. Note 5 to chapter 91 of the Harmonized Tariff Schedule of the United States ("HTSUS"), as amended by Pub. L. 94-241 (90 Stat 263) (1976) requires the Secretary of Commerce and the Secretary of the Interior, acting jointly,

to establish a limit on the quantity of watches and watch movements which may be entered free of duty during each calendar year. The law also requires the Secretaries to establish the shares of watches and watch movements which may be entered from the Virgin Islands, Guam, American Samoa and the CNMI. Regulations on the establishment of these quantities and shares are contained in Sec. 303.3 and 303.4 of Title 15, Code of Federal Regulations (15 CFR 303.3 and 303.4). The Departments propose amending Sec. 303.14(e) to establish for calendar year 2000 a total quantity of 3,366,000 units and respective territorial shares as shown in the following table:

Virgin Islands .....	1,866,000
Guam .....	500,000
American Samoa .....	500,000
CNMI .....	500,000

Compared to the total quantity established for 1999 (63 FR 49666; September 17, 1998), this amount would be a decrease of 374,000 units. The proposed Virgin Islands territorial share would be reduced by 374,000 units and the shares for Guam, American Samoa and the CNMI would not change. The amount we propose for the Virgin Islands is more than sufficient for the anticipated needs of all the existing producers.

The enactment of Pub. L. 106-36 amended additional U.S. notes to chapter 71 of the Harmonized Tariff Schedule of the United States to provide a duty-refund benefit for any article of jewelry within heading 7113 which is a product of the Virgin Islands, Guam, American Samoa or the CNMI in accordance with the new provisions of the note in chapter 71 and additional U.S. note 5 to chapter 91. The Departments published a final rule on December 1, 1999 (64 FR 67149) which amended the regulations by changing Title 15 CFR Part 303 to include jewelry and creating a Subpart A for the insular watch and watch movement regulations and a Subpart B for the new regulations pertaining to jewelry duty-refund benefits authorized by Pub. L. 106-36. When we requested comments on the proposed jewelry regulations, we received a comment regarding the requirement that a new firm be "completely separate from and not associated with, by way of ownership or control" with other jewelry program participants in the territory. In the final jewelry rule, we revised the language using new terminology borrowed from existing fair trade law to clarify the language. To ensure consistency and clarity, we propose amending Sec.

303.2(a)(5) to include the new terminology in Subpart A as well.

We also propose establishing a permanent formula for the creditable wage ceiling for watches and jewelry by amending Sec. 303.2(a)(13), Sec. 303.14(a)(1)(i) and Sec. 303.16(a)(9), respectively. The creditable wage ceiling is used in the calculation of the value of the production incentive certificate (duty refund). We propose establishing an annual wage ceiling up to an amount equal to 65% of the contribution and benefit base for Social Security as defined in Sec. 230(c) of the Social Security Act, as amended (42 U.S.C. 430). Until 1976, the Departments credited wages up to the contribution and benefit base for Social Security. In that year, the Departments adopted an independent ceiling lower than the contribution and benefit base in order to increase the incentive for the employment and training of territorial residents in skilled jobs. (*see* 40 FR 54274 (1975)) Since 1983, the Departments have revised the ceiling upwards several times to keep pace with inflation. We now believe that establishing a new ceiling in the form of a fixed percentage of the contribution and benefit base for Social Security would serve the public interest. It would assist producers in better planning expenditures and calculating potential profits and benefits. This change would also eliminate the need for periodic rulemaking to adjust the ceiling, provide an annual incremental increase consistent with the Departments' past policy objectives, *id.*, and create transparency in the calculation of the ceiling.

**Regulatory Flexibility Act**

In accordance with the Regulatory Flexibility Act, 5 U.S.C. 601 *et seq.*, the Chief Counsel for Regulation at the Department of Commerce has certified to the Chief Counsel for Advocacy, Small Business Administration, that the proposed rule, if promulgated as final, will not have a significant economic impact on a substantial number of small entities. There are currently five watch companies, all of which are located in the Virgin Islands. Although a reduction of the 2000 Virgin Islands territorial share of duty-exemption is being proposed, the reduced amount would still represent more than twice the amount of duty-exemption used in 1998. The statute does not permit a lower amount in the year 2000. Similarly, clarifying new entrant affiliation language and updating the creditable wage ceiling with a permanent annual mechanism will not impose any cost or have any other

adverse economic effect on the producers.

#### *Paperwork Reduction Act*

This proposed rulemaking involves no new collection-of-information requirements subject to review and approval by the Office of Management and Budget (OMB) under the Paperwork Reduction Act of 1995. Collection activities are currently approved by the Office of Management and Budget under control numbers 0625-0040 and 0625-0134 and the amendments will not increase the information burden on the public.

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

#### *E.O. 12866.*

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

#### **List of Subjects in 15 CFR Part 303**

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

For reasons set forth above, The Departments propose to amend 15 CFR Part 303 as follows:

#### **PART 303—WATCHES, WATCH MOVEMENTS AND JEWELRY PROGRAM**

1. The authority citation for 15 CFR Part 303 reads as follows:

**Authority:** Pub. L. 97-446, 96 Stat. 2331 (19 U.S.C. 1202, note); Pub. L. 103-465, 108 Stat. 4991; Pub. L. 94-241, 90 Stat. 263 (48 U.S.C. 1681, note); Pub. L. 106-36, 113 Stat. 127, 167.

2. Section 303.2(a)(5) is revised to read as follows:

#### **§ 303.2 Definitions and forms.**

(a) *Definitions.* Unless the context indicates otherwise:

\* \* \* \* \*

(5) *New firm* is a watch firm which may not be affiliated through ownership or control with any other watch duty-refund recipient. In assessing whether persons or parties are affiliated, the Secretaries will consider the following factors, among others: stock ownership; corporate or family groupings; franchise or joint venture agreements; debt financing; and close supplier

relationships. The Secretaries may not find that control exists on the basis of these factors unless the relationship has the potential to affect decisions concerning production, pricing, or cost. Also, no watch duty-refund recipient may own or control more than one jewelry duty-refund recipient. A *new entrant* is a new watch firm which has received an allocation.

\* \* \* \* \*

3. The first sentence of § 303.2(a)(13) is amended by removing “up to the amount per person shown in § 303.14(a)(1)(i)” and adding “up to an amount equal to 65% of the contribution and benefit base for Social Security as defined in the Social Security Act for the year in which the wages were earned” in its place.

#### **§ 303.14 [Amended]**

4. Section 303.14(a)(1)(i) is amended by removing “, up to a maximum of \$38,650 per person,” and adding “, up to an amount equal to 65% of the contribution and benefit base for Social Security as defined in the Social Security Act for the year in which the wages were earned,” in its place.

5. Section 303.14(e) is amended by removing “2,240,000” and adding “1,866,000” in its place.

#### **§ 303.16 [Amended]**

6. The first sentence of § 303.16(a)(9) is amended by removing “up to the amount per person of \$38,650” and adding “up to an amount equal to 65% of the contribution and benefit base for Social Security as defined in the Social Security Act for the year in which the wages were earned” in its place.

**Richard W. Moreland,**

*Acting Assistant Secretary for Import Administration, Department of Commerce.*

**Sandra King,**

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

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#### **ENVIRONMENTAL PROTECTION AGENCY**

#### **40 CFR Part 52**

[CA-172-0205A; FRL-6519-2]

#### **Approval and Promulgation of Implementation Plans; California State Implementation Plan Revision South Coast Air Quality Management District; Extension of Comment Period**

**AGENCY:** Environmental Protection Agency (EPA).

**ACTION:** Proposed rule; extension of the comment period.

**SUMMARY:** EPA is extending the comment period for a proposed rule published December 17, 1999 (64 FR 70652). On December 17, 1999, EPA proposed a disapproval of revisions to the California State Implementation Plan concerning federal recognition of variances in the South Coast Air Quality Management District. In response to requests from the South Coast Air Quality Management District, the San Diego Air Pollution Control District, and the Regulatory Flexibility Group, EPA is extending the comment period for 14 days.

**DATES:** The comment period is extended until January 17, 2000.

**ADDRESSES:** Comments should be submitted to: Ginger Vagenas, Permits Office (AIR-3), Air Division, U.S. Environmental Protection Agency, Region IX, 75 Hawthorne Street, San Francisco, CA 94105-3901.

**FOR FURTHER INFORMATION CONTACT:** Ginger Vagenas at (415) 744-1252.

Dated: December 21, 1999.

**Felicia Marcus,**

*Regional Administrator, Region IX.*

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#### **DEPARTMENT OF TRANSPORTATION**

#### **Surface Transportation Board**

#### **49 CFR Part 1244**

[STB Ex Parte No. 385 (Sub-No. 4)]

#### **Modification of the Carload Waybill Sample and Public Use File Regulations**

**AGENCY:** Surface Transportation Board, Transportation.

**ACTION:** Notice of proposed rulemaking.

**SUMMARY:** Modifications to the existing regulations are proposed that would require all railroads to identify contract movements in the annual carload waybill sample. A 30-year limit on the confidentiality of the “Waybill Sample” is also proposed.

**DATES:** Comments are due February 21, 2000.

**ADDRESSES:** Send comments (an original and 10 copies) referring to STB Ex Parte No. 385 (Sub-No. 4) to: Surface Transportation Board, Office of the Secretary, Case Control Branch, 1925 K Street, NW, Washington, D.C. 20423-0001.

**FOR FURTHER INFORMATION CONTACT:** Paul A. Aguiar, (202) 565-1527 or H. Jeff