

privileges and claims should all be approved on time, including those applications made at Customs Headquarters.

Customs response: Applications for privileges are not approved at Customs Headquarters. Customs is being proactive, rather than reactive, by consolidating the Drawback Program and ensuring that Drawback resources are used optimally.

Comment: One commenter stated that Customs will increase costs by closing some of the Drawback Centers because a Drawback Specialist usually visits the drawback claimant with an Auditor and this will increase Customs travel expenses. In a related comment, several commenters noted that by closing the Boston Drawback Center, Customs expenses will increase because Auditors and Inspectors will have to travel to remote customs sites beyond their port's geographical area to review and audit drawback claims.

Customs response: A Drawback Specialist does not always accompany an Auditor. Moreover, Drawback Specialists are technical experts that an Auditor can consult as a resource either electronically or telephonically. Customs already incurs some of these travel expenditures in that a drawback claimant can use any of the eight existing Drawback Centers and does not always choose to file a drawback claim at the Center located nearest the claimant. Regarding the comment directed at the Boston Drawback Center, it is noted that Auditors and Inspectors are located throughout the Customs Service. Regulatory Auditors will remain in Boston, as well as other sites. Inspectors located at the port of export will perform the export examinations, as they always have. They perform functions separate from those of a Drawback Specialist and the role of Inspectors will not be affected by the consolidation.

Comment: Several commenters stated that the cost of staffing and training new Drawback personnel will be significant.

Customs response: The remaining Drawback Centers have well-trained, capable staffs and there is no need to immediately increase staffing levels at those Centers. New staff will be hired to replace personnel lost through attrition or retirement and to accommodate any sustained increase in drawback filings nationwide.

Comment: Several commenters noted that as proposed Free Trade Agreements and yearly reductions in duty rates will eventually eliminate the need for drawback, closure of the Drawback Centers at this time is unwarranted.

Customs response: Customs views a consolidated, more efficient Drawback Program as consistent with the trade trends cited in the comment above.

Comment: Several commenters are of the view that it is not prudent to change the Drawback Program during this time of transition of the Customs Service to the Homeland Security Department and that any such changes will distract from the goals of fighting terrorism.

Customs response: Customs is of the view that the agency's efforts regarding anti-terrorism and its move to the Homeland Security Department will not be impacted by any of the changes to the Drawback Program discussed in this document.

Comment: Several commenters questioned why California will have two Drawback Centers operating after the consolidation, even though Boston has more volume than the Los Angeles Drawback Center. The commenters also suggested documenting the length of time it takes certain Drawback Centers to process drawback claims and correcting inefficiencies.

Customs response: As stated above, many factors were taken into consideration in making the determination to close the Boston Drawback Center. Regarding workload volume, Customs notes that the volume at the Boston and Los Angeles Centers is approximately the same.

Comment: Several commenters stated that exporters will have their costs increased by having to submit drawback applications and claims to remote Drawback Centers. The commenters also expected increased delays in having to wait for shipment inspections and payment of drawback claims.

Customs response: Exporters file their claims at the port of exportation. A Drawback Center has no bearing on the export process. There is no reason to believe there will be any delays in shipment inspections, as there have been no changes made to this process.

Further Customs Analysis

Customs has determined that based on the above comments, no change is necessary to the proposed rulemaking published in the **Federal Register** on August 21, 2002 (67 FR 54137). However, it has come to Customs attention, upon further review of the proposed consolidation, that a redistribution of the workload that is to be transferred from the closed Drawback Centers, as well as an extension of the time period that the Boston Drawback Center will remain operational, will assist in maintaining the level of service at the remaining Drawback Centers that existed prior to consolidation.

The original phased-in consolidation plan, which detailed the transfer of remaining unliquidated drawback cases and the time frames for Drawback Center closures, as published in the August 21, 2002, **Federal Register** document, remains in effect except for the following changes:

(1) Drawback claims that remain unliquidated twelve months after closure of the Miami Drawback Center and require Customs review will be forwarded to the Los Angeles Drawback Center (not to the Chicago Drawback Center); and

(2) The Drawback Center at the port of Boston, MA will close 180 days from the date of publication of this document in the **Federal Register** (not 30 days from such date as originally planned). As of that date, drawback claims will no longer be accepted at the Boston Drawback Center and claims must be filed at one of the five remaining Drawback Centers. Drawback claims submitted to the Boston Drawback Center after this date will be rejected. Once rejected, it is the responsibility of the claimant to ensure timely filing of the drawback claim at one of the five remaining Drawback Centers. Customs personnel at the port of Boston will continue to process drawback claims for a period of 12-months after closure of the Boston Drawback Center. After this time, all remaining unliquidated drawback claims filed at the Boston Drawback Center prior to its closure that require Customs review will be forwarded to the Chicago Drawback Center for final processing (not to the New York/Newark Drawback Center as originally planned).

Conclusion

After analysis of the comments and further review of the matter, Customs has determined to adopt as a final rule the amendments proposed in the Notice of Proposed Rulemaking published in the **Federal Register** (67 FR 54137) on August 21, 2002.

Inapplicability of Delayed Effective Date

Although this final rule was issued after a notice for public comments, it is not subject to the notice and public procedure requirements of 5 U.S.C. 553 because it relates to agency management and organization. Customs solicited and reviewed comments as a courtesy to the public. Accordingly, there is no requirement for a delayed effective date for this regulation.