

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 three watch companies in the insular program. This rulemaking would update the watch assembly requirements for purposes of the duty refund. The change is being proposed due to the increasing difficulty in purchasing unassembled movements. Adoption of this rule would afford an overall positive economic benefit to watch producers by providing greater flexibility in their selection of movements which may lead to increased sales and employment. Although the proposed rule requires a producer who uses preassembled or partially assembled movements to have available, for the annual audit, documentation that the supplier would not sell the movement unassembled, such documentation would almost certainly be part of the normal ordering process. Consequently, the producer would merely be saving such documentation from the supplier stating that it does not sell the desired movement unassembled. The cost of saving the documentation would be, at most, probably \$5 a year for no more than the fifteen minutes a year spent on filing the information. Therefore, there would be little or no economic impact, particularly in light of the fact that it would only be required when preassembled or partially assembled movements were purchased.

This proposed rule would not have significant economic impact on a substantial number of small entities because the rule would only increase reporting or record keeping requirements by fifteen minutes a year per company at most if the producer chose to purchase preassembled or partially assembled movements and would not increase reporting or record keeping at all if the producer purchased only unassembled movements. These changes will also not duplicate, overlap or conflict with other laws or regulations. Consequently, these changes in the regulations are not expected to meet of the RFA criteria of having a "significant" economic effect on a "substantial number" of small entities, as stated in 5 U.S.C. 603 *et seq.* Therefore, a regulatory flexibility analysis was not prepared.

Paperwork Reduction Act. This proposed rulemaking contains revised collection of information requirements that have been submitted to the Office

of Management and Budget (OMB) for review and approval. The rule would allow watch producers the flexibility to use preassembled movements in situations where the desired movement could not be purchased unassembled and still receive the duty refund benefit. However, if producers purchase preassembled movements they would be required to save the documentation from the supplier that demonstrates that the preassembled movement could not have been purchased unassembled. The documentation would be required to be available for the annual audit of information contained on form ITA-334P. We would estimate the burden to be, at most, fifteen minutes a year to file the piece of paper provided by the supplier. There would be no burden for the producers who continued to use unassembled movements. Collection activities are currently approved by the Office of Management and Budget under control numbers 0625-0040 and 0625-0134. Public comment is sought regarding: whether the proposed collection of information requirement are necessary for the proper performance of the functions of the agency, including whether the information will have practical utility; the accuracy of the burden estimate; ways to enhance the quality, utility, and clarity of the information to be collected; and the ways to minimize the burden of the collection of information, including the use of automated collection techniques or other forms of information technology. Send comments regarding the burden estimate or any other aspect of the collection of information to U.S. Department of Commerce, ITA Information Officer, Washington, DC 20230 and the Office of Information and Regulations Officer, Office of Management and Budget, Washington, DC 20503 (Att: OMB Desk Officer).

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. 167.

2. Title 15 CFR Part 303 is amended by:

a. Removing "U.S. Customs Service" or "Customs Service" wherever it appears and adding "Bureau of Customs and Border Protection" in its place; and

b. Removing "Department of the Treasury" wherever it appears and adding "Department of Homeland Security" in its place.

3. Section 303.2 is amended by revising the first sentence of paragraph (a)(13) and revising paragraph (a)(14) to read as follows:

#### § 303.2 Definitions and forms.

(a) \* \* \*

(13) *Creditable wages* means all wages, 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, paid to permanent residents of the territories employed in a firm's 91/5 watch and watch movement assembly operations, plus wages paid for the repair of non-91/5 watches up to an amount equal to 50% of the firm's total creditable wages, and for wages paid for the complete assembly of watches in the insular possession, with the exception of the movement, only in situations where the desired movement cannot be purchased in an unassembled condition. \* \* \*

(14) *Non-91/5 watches and watch movements* include, but are not limited to, watches and movements which are liquidated as dutiable by the Bureau of Customs and Border Protection but do not include, for purposes of the duty refund, watches that are completely assembled in the insular possessions, with the exception of a desired movement if the movement can not be purchased in an unassembled condition; contains any material which is the product of any country with respect to which Column 2 rates of duty apply; are ineligible for duty-free treatment pursuant to law or regulation; or are units the assembly of which the Departments have determined not to involve substantial and meaningful