

**DEPARTMENT OF COMMERCE****International Trade Administration****DEPARTMENT OF THE INTERIOR****Office of Insular Affairs****15 CFR Part 303****[Docket No. 030707164–3230–02]****RIN 0625–AA63****Changes in the Insular Possessions Watch, Watch Movement and Jewelry Program**

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

**ACTION:** Final rule.

**SUMMARY:** The Departments of Commerce and the Interior (the Departments) amend their regulations governing watch duty-exemption allocations and the watch and jewelry duty-refund benefits for producers in the United States insular possessions (the U.S. Virgin Islands, Guam, American Samoa and the Commonwealth of the Northern Mariana Islands). The rule amends existing regulations, due to changes in the industry, by updating the watch assembly requirements for purposes of the duty refund. We also amend 15 CFR part 303 to reflect the new designations that were created with the addition of the Department of Homeland Security.

**DATES:** This rule is effective October 1, 2003.

**FOR FURTHER INFORMATION CONTACT:** Faye Robinson, (202) 482–3526.

**SUPPLEMENTARY INFORMATION:** The Departments of Commerce and the Interior (the Departments) issue this rule to amend their regulations governing watch duty-exemption allocations and the watch and jewelry duty-refund benefits for producers in the United States insular possessions (the U.S. Virgin Islands, Guam, American Samoa and the Commonwealth of the Northern Mariana Islands). The background information and purpose of this rule is found in the preamble to the proposed rule (68 FR 45177, August 1, 2003) and is not repeated here.

The Departments amend the definitions for Creditable wages and Non-91/5 watches and watch movements, subpart A, 303.2(a)(13) and (14) respectively, to allow wages to be creditable towards the duty refund for watches containing preassembled movements provided (1) that the

producer is unable to purchase the movements unassembled and (2) that it completes in the insular possession all other assembly operations required to make the movement into a watch (*see* discussion, below). In order for wages to be considered creditable for watch assembly operations which incorporate preassembled movements, the Departments also amend subpart A, 303.5(b)(6) to require producers who completely assemble watches in the insular possessions, with the exception of the movement, to maintain documentation that demonstrates that the preassembled movement the insular producer purchased could not have been purchased in an unassembled condition. This documentation must be available, along with other relevant company records, for review during the annual audit and verification of the data from the Annual Application (Form ITA–334P). Producers are still required to meet the Bureau of Customs and Border Protection and the Departments' assembly requirements for purposes of the duty exemption.

Finally, this rule amends 15 CFR part 303 to reflect the new designations that were created with the addition of the Department of Homeland Security.

ITA received one comment in response to the proposed rule and request for comments. The commenter expressed support in totality for the new rule without revision. Accordingly, the Departments adopt the provisions in the proposed rule without change.

**Administrative Law Requirements**

Administrative Procedure Act. The Departments waives the 30-day delay in effectiveness for this rule because this rule relieves a restriction. (*See* 5 U.S.C. 553(d)(1)). This rule provides more flexibility in the types of movements that can be used in the watch assembly than was allowed prior to the adoption of this rule. Also, this rule allows a duty refund benefit for watches assembled with partially or completely assembled movements if the movement cannot be purchased unassembled. Because, this rule relieves restrictions for watch manufacturers, the 30-day delay in effectiveness is waived and this rule is effective upon publication.

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 would not have a significant economic impact on a substantial number of small entities. The factual basis for this certification

was published in the proposed rule and is not repeated here. No comments were received regarding the economic impact of this rule on small entities. As a result, a final regulatory flexibility analysis was not prepared.

Paperwork Reduction Act. This rulemaking contains revised collection of information requirements that have been approved by the Office of Management and Budget under control numbers 0625–0040 and 0625–0134. 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 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 amend 15 CFR part 303 as follows:

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

■ 1. The authority citation for 15 CFR part 303 continues to read 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 removing “U.S. Customs Service” or “Customs Service” wherever it appears and adding “Bureau of Customs and Border Protection” in its place.

■ 3. Title 15 CFR part 303 is amended by removing “Department of the Treasury” wherever it appears and adding “Department of Homeland Security” in its place.

■ 4. Section 303.2 is amended by revising the first sentence of paragraph (a)(13) and the first sentence of paragraph (a)(14) as set forth below.