

(3) Arriving carriers must use the Automated Manifest System (AMS);

(4) The quota category must be less than 85% full;

(5) The entry must contain at least one line classifiable in Chapter 61 or 62 of the Harmonized Tariff Schedule of the United States (HTSUS); and

(6) The entry must be submitted at the port of Los Angeles (2704/2720) or New York/Newark (1001/4601/4701).

If an importer submits a quota entry for Quota Preprocessing and it does not meet all of the above criteria the entry summary will be rejected back to the filer and may not be resubmitted to Customs until after the carrier has arrived. Upon arrival of the carrier, merchandise covered by a preprocessed entry will be released unless Customs decides to perform an examination. If an examination of the merchandise is necessary, the examination will occur during the port's regular inspectional hours.

Regulatory Provisions Affected

During the six-month test period of this operational procedure, the requirements regarding scheduling of ACH payment, quota status, submission of quota documents, and time of entry, found in §§ 24.25(c)(3), 132.11, 132.11a, 141.63 and 141.68 of the Customs Regulations, will be suspended at the affected ports.

Regarding the submission of an entry under this prototype, when the documents are filed *prior to arrival of the merchandise* the term "time of entry" shall be the time the merchandise arrives within the port limits. For purposes of this prototype, the term "time of presentation" shall be the time of delivery in proper form of the entry/entry summary for consumption for which a valid scheduled statement date for the estimated duties payable has been successfully received by Customs via the ABI. A valid scheduled statement date must be within 10 days of the estimated date of arrival of the merchandise.

III. Application

Importers that wish to participate in the Quota Preprocessing prototype must submit a written application that includes the following information:

1. The specific ports located at either New York/Newark or Los Angeles at which they intend to enter quota merchandise;

2. The importer of record number(s), including suffix(es), and a statement of the importer's/filer's electronic filing capabilities;

3. Names and addresses of any entry filers, including Customs brokers, who

will be electronically filing entries at each port on behalf of the importer/participant; and

4. The total number of consumption quota entries (type 02 and 07) filed at each of the prototype ports during the preceding 12-month period and the estimated number of eligible entries expected to be filed at each designated port during the Quota Preprocessing prototype. If it is expected that a significantly higher number of eligible entries will be filed during the prototype than were filed during the preceding 12 months, an explanation for the increase is necessary.

Customs will notify applicants in writing of their selection or nonselection in this prototype. If an applicant is denied participation, he/she may appeal in writing to the port director at the port which denied the application.

IV. Misconduct

A participant may be suspended from the Quota Preprocessing prototype and disqualified from any future phases of this prototype if involved in any of the following acts of misconduct:

1. Shifting the volume of imports clearing through the prototype port(s);

2. Continually overestimating the date of arrival;

3. Continually submitting ineligible entries, *i.e.*, the entry summary is non-ABI, the carrier is non-AMS, payment is not via ACH, and/or none of the merchandise is from HTSUS Chapter 61 or 62;

4. Submitting multiple requests for canceled entries;

5. Participating in any activity to circumvent quota or erroneously gain quota status; or

6. Failing to abide by the terms and conditions of this notice or applicable laws and regulations.

Participants subject to suspension will be notified in writing. Such notice will apprise the participant of the facts or conduct warranting suspension and the date on which the suspension will take effect. Any decision proposing suspension of a participant may be appealed in writing to the local port director within 15 days of the decision date. 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/she 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. Further, Customs has the discretion to immediately 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. In addition to being suspended, a participant may be subject to penalties, liquidated damages, and/or other administrative sanctions for such action.

V. Test Evaluation Criteria

Although by no means exclusive, the following evaluation criteria may be used by Customs to assess the merits of the test procedure:

1. Workload impact (workload shifts/volume, cycle times, etc.);
2. Policy and procedure accommodations;
3. System efficiency;
4. Operational efficiency; or
5. Other issues identified by public comment or by the participants.

Also, Customs may survey participants to validate the benefits of this prototype. Results of the test evaluations will be available at the conclusion of the prototype and will be made available to the public upon request.

Dated: July 20, 1998.

Audrey Adams,

Acting Assistant Commissioner, Office of Field Operations.

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DEPARTMENT OF THE TREASURY

Customs Service

Country of Origin Marking Rules for Textiles and Textile Products Advanced in Value, Improved in Condition, or Assembled Abroad

AGENCY: U.S. Customs Service; Department of the Treasury.

ACTION: Proposed interpretation; extension of comment period.

SUMMARY: On June 15, 1998, a document was published in the **Federal Register** advising the public that Customs is proposing a new interpretation concerning the country of origin rules for certain imported textile and textile products. Customs proposed that 19 CFR 12.130(c) should not control for purposes of country of origin marking of textile and textile products, and that Chapter 98, Subchapter II, U.S. Note 2(a), Harmonized Tariff Schedule of the United States does not apply for country of origin marking purposes. The document solicited comments, requesting that comments be received on or before August 14, 1998. This

notice extends the period of time within which interested members of the public may submit comments concerning the June 15 proposal. The comment period is being extended another 45 days.

DATES: Comments must be received on or before September 30, 1998.

ADDRESSES: Written comments may be addressed to, and inspected at, the Regulations Branch, Office of Regulations and Rulings, U.S. Customs Service, 1300 Pennsylvania Avenue, NW, Washington, DC 20229.

FOR FURTHER INFORMATION CONTACT: Monika Brenner, Special Classification and Marking Branch, Office of Regulations and Rulings, (202) 927-1675.

SUPPLEMENTARY INFORMATION:

Background

A document was published in the **Federal Register** (63 FR 32697) on June 15, 1998, advising the public that Customs is proposing a new interpretation concerning the country of origin rules for certain imported textile and textile products. Customs proposed that 19 CFR 12.130(c) should not control for purposes of country of origin marking of textile and textile products, and that Chapter 98, Subchapter II, U.S. Note 2(a), Harmonized Tariff Schedule of the United States does not apply for country of origin marking purposes. The document solicited comments, requesting that comments be received on or before August 14, 1998.

Customs has received a request to extend the comment period to allow interested parties to have more time to consider the proposal and to explore how the proposed changes may impact the FTC rules on "Made in USA". Customs believes the request for more time has merit. Accordingly, the period of time for submission of comments is being extended 45 days.

All comments submitted will be available for public inspection in accordance with the Freedom of Information Act (5 U.S.C. 552), § 1.4, Treasury Department Regulations (31 CFR 1.4) and § 103.11(b), Customs Regulations (19 CFR 103.11(b)), between 9:00 a.m. and 4:30 p.m. on normal business days at the address stated above.

Dated: July 20, 1998.

Stuart P. Seidel,

Assistant Commissioner, Office of Regulations and Rulings.

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DEPARTMENT OF THE TREASURY

Customs Service

Quarterly IRS Interest Rates Used in Calculating Interest on Overdue Accounts and Refunds on Customs Duties

AGENCY: Customs Service, Treasury.

ACTION: General notice.

SUMMARY: This notice advises the public of the quarterly Internal Revenue Service interest rates used to calculate interest on overdue accounts and refunds of Customs duties. For the quarter beginning July 1, 1998, the rates will be 7 percent for overpayments and 8 percent for underpayments. This notice is published for the convenience of the importing public and Customs personnel.

EFFECTIVE DATE: July 1, 1998.

FOR FURTHER INFORMATION CONTACT: Ronald Wyman, Accounting Services Division, Accounts Receivable Group, 6026 Lakeside Boulevard, Indianapolis, Indiana 46278, (317) 298-1200, extension 1349.

SUPPLEMENTARY INFORMATION:

Background

Pursuant to 19 U.S.C. 1505 and Treasury Decision 85-93, published in the **Federal Register** on May 29, 1985 (50 FR 21832), the interest rate paid on applicable overpayments or underpayments of Customs duties shall be in accordance with the Internal Revenue Code rate established under 26 U.S.C. 6621 and 6622. Interest rates are determined based on the short-term Federal rate. The interest rate that Treasury pays on overpayments will be the short-term Federal rate plus two percentage points. The interest rate paid to the Treasury for underpayments will be the short-term Federal rate plus three percentage points. The rates will be rounded to the nearest full percentage.

The interest rates are determined by the Internal Revenue Service (IRS) on behalf of the Secretary of the Treasury based on the average market yield on outstanding marketable obligations of the U.S. with remaining periods to maturity of 3 years or less, and fluctuate quarterly. The rates effective for a quarter are determined during the first-month period of the previous quarter.

In Revenue Ruling 98-32 (1998-25 IRB 4, dated June 22, 1998), the IRS determined that the rates of interest for the fourth quarter of fiscal year (FY) 1998 (the period of July 1-September 30, 1998) will be 7 percent for overpayments and 8 percent for underpayments. These interest rates are subject to change for the first quarter of FY-1999 (the period of October 1-December 31, 1998).

For the convenience of the importing public and Customs personnel the following list of Internal Revenue Service interest rates used, covering the period from before July of 1974 to date, to calculate interest on overdue accounts and refunds of Customs duties, is published in summary format.

Beginning date	Ending date	Underpayments (percent)	Overpayments (percent)
Before July	063075	6	6
070175	013176	9	9
020176	013178	7	7
020178	013180	6	6
020180	013182	12	12
020182	123182	20	20
010183	063083	16	16
070183	123184	11	11
010185	063085	13	13
070185	123185	11	11
010186	063086	10	10
070186	123186	9	9
010187	093087	9	8
100187	123187	10	9
010188	033188	11	10
040188	093088	10	9
100188	033189	11	10