

(ii) The certificate expires, or  
 (iii) The Departments request their return with good cause.

(4) Certificate entitlements may be transferred according to the procedures described in paragraph (c) of this section.

(c) *The use and transfer of certificate entitlements.* (1) Insular producers issued a certificate may request a refund by executing a Form ITA-361P (*see* Sec. 303.16(b)(3)) and the instructions on the form). After authentication by the Department of Commerce, Form ITA-361P may be used to obtain duty refunds on watch movements, watches, and parts therefor. Duties on watch cases not containing a movement and on articles containing any material which is the product of a country with respect to which Column 2 rates of duty apply may not be refunded. Articles for which duty refunds are claimed must have entered the customs territory of the United States during the two-year period prior to the issue date of the certificate or during the one-year period the certificate remains valid. Copies of the appropriate Customs entries must be provided with the refund request in order to establish a basis for issuing the claimed amounts. Certification regarding drawback claims and liquidated refunds relating to the presented entries is required from the claimant on the form.

(2) Regulations issued by the U.S. Customs Service, U.S. Department of the Treasury, govern the refund of duties under 19 CFR 7.4. If the Departments receive information from the Customs Service that a producer has made unauthorized use of any official form, they may cancel the affected certificate.

(3) The territorial producer may transfer a portion of all of its certificate entitlement to another party by entering in block C of Form ITA-361P the name and address of the party.

(4) After a Form ITA-361P transferring a certificate entitlement to a party other than the certificate holder has been authenticated by the Department of Commerce, the form may be exchanged for any consideration satisfactory to the two parties. In all cases, authenticated forms shall be transmitted to the certificate holder or its authorized custodian for disposition (*see* paragraph (b) of this section).

(5) All disputes concerning the use of an authenticated Form ITA-361P shall be referred to the Departments for resolution. Any party named on an authenticated Form ITA-361P shall be considered an "interested party" within the meaning of § 303.21 of this part.

### § 303.20 Duty refund.

(a) Territorial jewelry producers are entitled to duty refund certificates only for jewelry that they produce which is provided for in heading 7113, HTSUS, is a product of a territory and otherwise meets the requirements for duty-free entry under General Note 3 (a)(iv), HTSUS, and 19 CFR 7.3.

(1) An article of jewelry is considered to be a product of a territory if:

(i) The article is wholly the growth or product of the territory; or

(ii) The article became a new and different article of commerce as a result of production or manufacture performed in the territories.

(2) *Two-year exception.* Any article of jewelry provided for in heading 7113, HTSUS, entered or withdrawn from warehouse for consumption during the two-year period beginning August 9, 1999, that is assembled in a territory shall be considered a product of the insular possessions. At the expiration of the two-year period, only jewelry which satisfies either of the criteria set forth in paragraph (a)(1) of this section shall be considered a product of an insular possession.

(b) Calculation of the value of production incentive certificates. (1) The value of each producer's certificate shall equal the producer's average creditable wages per unit shipped free of duty into the United States multiplied by the sum of:

(i) The number of units shipped up to 300,000 units times a factor of 90%; plus

(ii) Incremental units shipped up to 450,000 units times a factor of 85%; plus

(iii) Incremental units shipped up to 600,000 units times a factor of 80%; plus

(iv) Incremental shipments up to 750,000 units times a factor of 75%.

(2) The Departments may make adjustments for these data in the manner set forth in § 303.17(c).

### § 303.21 Appeals.

(a) Any official decision or action relating to the issuance or use of production incentive certificates may be appealed to the Secretaries by any interested party. Such appeals must be received within 30 days of the date on which the decision was made or the action taken in accordance with the procedures set forth in paragraph (b) of this section. Interested parties may petition for the issuance of a rule, or amendment or repeal of a rule issued by the Secretaries. Interested parties may also petition for relief from the application of any rule on the basis of hardship or extraordinary circumstances resulting in the inability of the petitioner to comply with the rule.

(b) Petitions shall bear the name and post office address of the petitioner and the name and address of the principal attorney or authorized representative (if any) for the party concerned. They shall be addressed to the Secretaries and filed in one original and two copies with the U.S. Department of Commerce, Import Administration, International Trade Administration, Washington, DC 20230, Attention: Statutory Import Programs Staff. Petitions shall contain the following:

(1) A reference to the decision, action or rule which is the subject of the petition;

(2) A short statement of the interest of the petitioner;

(3) A statement of the facts as seen by the petitioner;

(4) The petitioner's argument as to the points of law, policy or fact. In cases where policy error is contended, the alleged error together with the policy the submitting party advocates as the correct one should be described in full;

(5) A conclusion specifying the action that the petitioner believes the Secretaries should take.

(c) The Secretaries may at their discretion schedule a hearing and invite the participation of other interested parties.

(d) The Secretaries shall communicate their decision, which shall be final, to the petitioner by registered, certified or express mail.

**Joseph A. Spetrini,**

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

**Ferdinand Aranza,**

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

[FR Doc. 99-30971 Filed 11-30-99; 8:45 am]

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## OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE

### 15 CFR Part 2015

#### Implementation of Tariff-Rate Quota for Imports of Sugar-Containing Products

**AGENCY:** Office of the United States Trade Representative (USTR).

**ACTION:** Interim rule with request for comments.

**SUMMARY:** This rule provides for export certificates to accompany imports of certain sugar-containing products under the tariff-rate quota for sugar-containing products established as a result of the Uruguay Round Agreements.

**DATES:** Effective Date: Interim rule effective on January 31, 2000.

Comments: Comments must be received by January 31, 2000.

**ADDRESSES:** Comments may be sent to Sharon Bomer Lauritsen, Director of Agricultural Affairs and Technical Barriers to Trade, Agricultural Affairs, Office of the United States Trade Representative, 600 17th Street, NW, Washington, DC 20508.

**FOR FURTHER INFORMATION CONTACT:** Sharon Bomer Lauritsen, Director of Agricultural Affairs and Technical Barriers to Trade, Agricultural Affairs, Office of the United States Trade Representative, 600 17th Street, NW, Washington, DC 20508; telephone: (202) 395-3167.

**SUPPLEMENTARY INFORMATION:**

**Background**

As a result of the Uruguay Round Agreements, approved by the Congress in section 101 of the Uruguay Round Agreements Act (URAA) (Pub. L. 103-465, the President, by Presidential Proclamation No. 6763, has established a tariff-quota for sugar-containing products. (Under a tariff-rate quota, the United States applies one tariff rate, known as the "in-quota tariff rate," to imports of a product up to a particular amount, known as the "in-quota quantity," and a different, higher tariff rate, known as the "over-quota tariff rate," to imports of the product in excess of that amount.) The United States has assigned Canada a particular share of the in-quota quantity. Sugar-containing products from Mexico may enter the United States under a separate tariff-rate quota established under the North American Free Trade Agreement.

Pursuant to Presidential Proclamation No. 7235, October 7, 1999, the United States Trade Representative is delegated authority under section 404(a) of the URAA to take such action as may be necessary in implementing the tariff-rate quotas for sugar-containing products to ensure that imports do not disrupt the orderly marketing of commodities in the United States.

As part of the implementation of the tariff-rate quotas, the United States is offering exporting countries that have an allocation of the in-quota quantity the opportunity to use export certificates for their sugar-containing product exports to the United States. Using export certificates assures an exporting country that only those exports that it intends for the United States market are counted against its in-quota allocation, and in this ensures that imports do not disrupt the orderly marketing of sugar-containing products in the United States. However, a country does not need to participate in the export

certificate program to receive its in-quota tariff rate for its share of the in-quota quantity.

In Annex 17 of the December 4, 1998, Record of Understanding between the Governments of the United States of America and Canada regarding Areas of Agricultural Trade, the United States agreed to require an export permit issued by the Government of Canada as a condition for eligibility for the in-quota duty for certain sugar-containing products of Canadian origin for which the exporter or importer is claiming preferential tariff treatment on entry into the United States.

Under the interim rule, a country wishing to avail itself of export certificates must notify USTR, provide the necessary supporting information, and otherwise satisfy USTR that the country is a participating country. (USTR intends to publish a notice in the **Federal Register** whenever a country becomes, or ceases to be, a participating country.) In light of the request by the Government of Canada to participate in the export certificate program, the United States will require as a condition of eligibility for the in-quota duty that all sugar-containing products entered into the United States from Canada be accompanied by an export certificate issued by the Government of Canada. The United States Customs Service will then be responsible for ensuring that no imports of sugar-containing products from that country are counted against Canada's in-quota allocation unless there is a proper export certificate issued for that sugar-containing product.

The United States Customs Service will separately issue regulations governing Customs implementation of this rule.

**Comments**

Before adopting this interim regulation as a final rule, consideration will be given to any written comments that are timely submitted to USTR. Each person submitting a comment should include his or her name and address, and give reasons for any recommendation. After the comment period closes, USTR will publish in the **Federal Register** a final rule on this subject, together with a discussion of comments received and any amendments made to the interim rule as a result of the comments.

To simplify the processing and consideration of comments, commenters are encouraged to submit documents in electronic form accompanied by an original and one paper copy. All documents submitted in electronic form should be on DOS formatted 3.5" diskettes, and should be prepared in

either WordPerfect format or a format that the WordPerfect program can convert and import into WordPerfect.

**The Regulatory Flexibility Act and Executive Order 12866**

Pursuant to the provisions of 5 U.S.C. 553(a), public notice is inapplicable to this interim rule because it is within the foreign affairs function of the United States. Also, for the above reason, there is no need for a delayed effective date under 5 U.S.C. 553(d). No regulatory flexibility analysis is required for this rule since neither 5 U.S.C. 553 nor any other provision of law requires publication of a general notice of proposed rulemaking with respect to this rule. Because no notice of proposed rulemaking is required for interim regulations, the provisions of the Regulatory Flexibility Act (5 U.S.C. 601 *et seq.*) do not apply; and because this document involves a foreign affairs function of the United States and implements an international agreement, it is not subject to the provisions of E.O. 12866.

**List of Subjects in 15 CFR Part 2015**

Customs duties and inspection, Exports, Imports, Reporting and recordkeeping requirements, Sugar.

For the reasons set out in the preamble, 15 CFR is amended by adding the following new part 2015 to read as follows:

**PART 2015—IMPLEMENTATION OF TARIFF-RATE QUOTAS FOR SUGAR-CONTAINING PRODUCTS**

Sec.

2015.1 Purpose.

2015.2 Definitions.

2015.3 Export certificates.

**Authority:** Sec. 404, Pub. L. 103-465, 108 Stat. 4809; Proclamation 6763, 3 CFR, 1994 Comp., p. 147; Proclamation 7235, 64 FR 55611, October 13, 1999.

**§ 2015.1 Purpose.**

The purpose of this part is to provide for the implementation of the tariff-rate quota for sugar-containing products established as a result of the Uruguay Round Agreements, approved by the Congress in section 101 of the Uruguay Round Agreements Act (Pub. L. 103-465). In particular, this part provides for the administration of export certificates where a country that has an allocation of the in-quota quantity under a tariff-rate quota has chosen to use export certificates.

**§ 2015.2 Definitions.**

For the purpose of this subpart, the following terms shall have the following meanings:

(a) *In-quota sugar-containing products* means any article classified under any of the subheadings of the HTS specified in additional U.S. note 8 to chapter 17 of the HTS that is entered under the in-quota rate of duty.

(b) *Allocated country* means a country to which an allocation of a particular quantity of sugar-containing products has been assigned.

(c) *Enter* or *Entered* means to enter, or withdraw from warehouse, for consumption.

(d) *HTS* means the Harmonized Tariff Schedule of the United States.

(e) *Participating Country* means any allocated country that USTR has determined is, and has notified the U.S. Customs Service as being, eligible to use export certificates.

(f) *USTR* means the United States Trade Representative or the designee of the United States Trade Representative.

**§ 2915.3 Export certificates.**

(a) To claim the in-quota rate of duty on sugar-containing products of a participating country, the United States importer must make a declaration to the United States Customs Service, in the form and manner determined by the United States Customs Service, that a valid export certificate is in effect with respect to those sugar-containing products.

(b) To be valid, an export certificate shall:

(1) Be issued by or under the supervision of the government of the participating country;

(2) Specify the name of the party to whom the certificate is issued, the product description and quantity, shipment date, and the quota year for which the export certificate is in effect;

(3) Have a distinct and uniquely identifiable number; and

(4) Be used in the quota year for which it is in effect.

**Charlene Barshefsky,**

*United States Trade Representative.*

[FR Doc. 99-30808 Filed 11-30-99; 8:45 am]

BILLING CODE 3190-01-M

**SECURITIES AND EXCHANGE COMMISSION**

**17 CFR Part 211**

[Release No. SAB 100]

**Staff Accounting Bulletin No. 100**

**AGENCY:** Securities and Exchange Commission.

**ACTION:** Publication of staff accounting bulletin.

**SUMMARY:** This staff accounting bulletin expresses views of the staff regarding

the accounting for and disclosure of certain expenses commonly reported in connection with exit activities and business combinations. This includes accrual of exit and employee termination costs pursuant to Emerging Issues Task Force (EITF) Issues No. 94-3, *Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit an Activity (Including Certain Costs Incurred in a Restructuring)*, and No. 95-3, *Recognition of Liabilities in Connection with a Purchase Business Combination*, and the recognition of impairment charges pursuant to Accounting Principles Board (APB) Opinion No. 17, *Intangible Assets*, and Statement of Financial Accounting Standards (SFAS) No. 121, *Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of*.

**DATES:** Effective November 24, 1999.

**FOR FURTHER INFORMATION CONTACT:** Eric Jacobsen, Paul Kepple, or Eric Casey, Office of the Chief Accountant (202-942-4400), Robert Bayless, Division of Corporation Finance (202-942-2960), Securities and Exchange Commission, 450 Fifth Street, N.W., Washington, D.C. 20549; electronic addresses: JacobsenE@sec.gov; KeppleP@sec.gov; CaseyE@sec.gov; BaylessR@sec.gov.

**SUPPLEMENTARY INFORMATION:** The statements in staff accounting bulletins are not rules or interpretations of the Commission, nor are they published as bearing the Commission's official approval. They represent interpretations and practices followed by the Division of Corporation Finance and the Office of the Chief Accountant in administering the disclosure requirements of the Federal securities laws.

Dated: November 24, 1999.

**Margaret H. McFarland,**

*Deputy Secretary.*

**PART 211—[AMENDED]**

Accordingly, Part 211 of Title 17 of the Code of Federal Regulations is amended by adding Staff Accounting Bulletin No. 100 to the table found in Subpart B.

**STAFF ACCOUNTING BULLETIN NO. 100**

1. Amend Section A of Topic 2 of the Staff Accounting Bulletin Series to add new subsection 9. *Liabilities Assumed in a Purchase Business Combination*. Revise the title of Section P of Topic 5 to *Restructuring Charges*, designate the current section P as subsection 3 of Section P of Topic 5, *Income Statement Presentation of Restructuring Charges*, deleting the first paragraph under that

subsection, and renumbering Questions 1, 2, and 3 in that subsection to be Questions 13, 14, and 15. Add new subsection 1. *Characteristics of an Exit Plan to Section P of Topic 5*. Add new subsection 2. *Characteristics of an Exit Cost to Section P of Topic 5*. Add new subsection 4. *Disclosures*. to Section P of Topic 5. Furthermore, add new Sections BB. *Inventory Valuation Allowances* and CC. *Impairments to Topic 5*.

**TOPIC 2: BUSINESS COMBINATIONS**

**A. Purchase Method**

\* \* \* \* \*

**8. Business Combinations Prior to an Initial Public Offering**

\* \* \* \* \*

**9. Liabilities Assumed in a Purchase Business Combination**

*Facts:* Company A acquires Company Z in a business combination accounted for as a purchase. Company Z has recorded liabilities for contingencies such as product warranties and environmental costs.

*Question:* Are there circumstances in which it is appropriate for Company A to adjust Company Z's carrying value for these liabilities in the purchase price allocation?

*Interpretive Response:* Yes. Accounting Principles Board Opinion No. 16, *Business Combinations*, requires that receivables, liabilities, and accruals be recorded in the purchase price allocation at their fair value, typically the present value of amounts to be received or paid, determined using appropriate current market interest rates. In some cases, fair value is readily determinable from contemporaneous arms-length transactions involving substantially identical assets or liabilities, or from amounts quoted by a third party to purchase the assets or assume the liabilities. More frequently, fair values are based on estimations of the underlying cash flows to be received or paid, discounted to their present value using appropriate current market interest rates.

The historical accounting by Company Z for receivables or liabilities may often be premised on estimates of the amounts to be received or paid. Amounts recorded by Company A in its purchase price allocation may be expected to differ from Company Z's historical carrying values due, at least, to the effects of the acquirer's discounting, including differences in interest rates. Estimation of probable losses and future cash flows involves judgment, and companies A and Z may