

zone-to-zone transfers; in § 146.92, one definition is deleted (§ 146.92(j)) and one definition is added (§ 146.92(k)); § 146.93 is expanded to include privileged status after admission (paragraph (e)) and new paragraph (b) is added to clarify feedstock eligible for attribution; in § 146.94, paragraph (a) is revised to clarify recordkeeping requirements applicable to feedstocks admitted into the subzone; and in § 146.95, language is added to subparagraphs (a)(3) (i) and (ii) regarding attribution to product or feedstock not listed in T.D. 66-16, and to subparagraphs (b) regarding Customs use of refinery operating records. Other changes to the proposed regulations involve the renumbering of two provisions caused by the incorporation of proposed § 146.95 into the text of proposed § 146.96, which is redesignated as § 146.95; a corresponding renumbering changes occur in proposed § 146.97, which is now redesignated as § 146.96. Also, the example contained in proposed § 146.96(a)(2) is moved to the appendix, which contains expanded examples.

The Regulatory Flexibility Act and Executive Order 12866

Based on the supplementary information set forth above, pursuant to the provisions of the Regulatory Flexibility Act, 5 U.S.C. 601 *et seq.*, it is certified that the regulations will not have a significant economic impact on a substantial number of small entities. Accordingly, the regulations are not subject to the regulatory analysis or other requirements of 5 U.S.C. 603 and 604. This document does not meet the criteria for a "significant regulatory action" as specified in E.O. 12866.

Paperwork Reduction Act

The collection of information requirements contained in these final regulations have been reviewed and approved by the Office of Management and Budget (OMB) in accordance with Paperwork Reduction Act of 1980 (44 U.S.C. 3507) under control number 1515-0189. The estimated average annual burden associated with this collection is 18,824 hours, or 2,353 hours per respondent or recordkeeper. Comments concerning the accuracy of this burden estimate and suggestions for reducing this burden should be directed to the U.S. Customs Service, Paperwork Management Branch, Room 6316, 1301 Constitution Avenue, NW., Washington, DC 20229, or the Office of Management and Budget, Attention: Desk Officer for the Department of the Treasury, Office of Information and Regulatory Affairs, Washington, DC 20503.

Drafting Information

The principal author of this document was Russell Berger, Regulations Branch, U.S. Customs Service. However, personnel from other offices participated in its development.

List of Subjects in 19 CFR Part 146

Customs duties and inspection, Entry, Exports, Foreign-trade zones, Imports, Penalties, Petroleum, Reporting and recordkeeping requirements.

Amendments to the Regulations

For the reasons stated above, the proposed amendments to part 146 of the Customs Regulations (19 CFR part 146), which were published at 59 FR 10342 on March 1, 1994, are adopted as a final rule as set forth below.

PART 146—FOREIGN-TRADE ZONES

1. The general authority citation for part 146 is revised to read as follows:

Authority: 19 U.S.C. 66, 81a-81u, 1202 (General Note 20, Harmonized Tariff Schedule of the United States (HTSUS)), 1623, 1624.

* * * * *

2. In § 146.65, paragraph (a)(1) is amended by adding a sentence at the end to read as follows:

§ 146.65 Classification, valuation, and liquidation.

(a) *Classification.*—(1) * * * Notwithstanding the grant of privileged status, Customs may correct any misclassification of any such entered merchandise when it posts the bulletin notice of liquidation under § 159.9 of this chapter.

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3. Part 146 is amended by adding a new subpart H and appendix to read as follows:

Subpart H—Petroleum Refineries in Foreign-Trade Subzones

Sec.	
146.91	Applicability.
146.92	Definitions.
146.93	Inventory control and recordkeeping system.
146.94	Records concerning establishment of manufacturing period.
146.95	Methods of attribution.
146.96	Approval of other recordkeeping systems.

Appendix to Part 146—Guidelines for Determining Producibility and Relative Values for Oil Refinery Zones

Subpart H—Petroleum Refineries in Foreign-Trade Subzones

§ 146.91 Applicability.

This subpart applies only to a petroleum refinery (as defined herein) engaged in refining petroleum in a

foreign-trade zone or subzone. Further, the provisions relating to zones generally, which are set forth elsewhere in this part, including documentation and document retention requirements, and entry procedures, such as weekly entry, shall apply as well to a refinery subzone, insofar as applicable to and not inconsistent with the specific provisions of this subpart. It does not cover zone-to-zone transfers in which the fact of removal from one zone is ignored.

§ 146.92 Definitions.

(a) *Attribution.* "Attribution" means the association of a final product with its source material.

(b) *Feedstocks.* "Feedstocks" means crude petroleum or intermediate product that is used in a petroleum refinery to make a final product.

(c) *Feedstock factor.* "Feedstock factor" means the relative value of final products utilizing T.D. 66-16 (see § 146.92(h)), and which takes into account any volumetric loss or gain.

(d) *Final product.* "Final product" means any petroleum product that is produced in a refinery subzone and thereafter removed therefrom or consumed within the zone.

(e) *Manufacturing period.* "Manufacturing period" means a period selected by the refiner which must be no more than a calendar month basis, for which attribution to a source feedstock must be made for every final product made, consumed in, or removed from the refinery subzone.

(f) *Petroleum refinery.* "Petroleum refinery" means a facility that refines a feedstock listed on the top line of the tables set forth in T.D. 66-16 into a product listed in the left column of the tables set forth in T.D. 66-16.

(g) *Price of product.* "Price of product" means the average per unit market value of each final product for a given manufacturing period or the published standard product value if updated each month.

(h) *Producibility.* "Producibility" is a method of attributing products to feedstocks for petroleum manufacturing in accordance with the Industry Standards of Potential Production set forth in T.D. 66-16.

(i) *Relative value.* "Relative value" means a value assigned to each final product attributed to the separation from a privileged foreign feedstock based on the ratio of the final product's value compared to the privileged foreign feedstock's duty.

(j) *Time of Separation.* "Time of separation" means the manufacturing period in which a privileged foreign status feedstock is deemed to have been