

Client Advisory

March 2001

Proposed Increase In Marking Penalties

Two bills pending in Congress contain provisions that would add considerable new penalties to Section 304 of the Tariff Act of 1930. Specifically, they would create a new paragraph in Section 1304(k) (Section 1304(k)(2)) which would allow Customs to assess civil penalties *of up to \$10,000 for each violation* of the marking statute if the violation involves defacing, destroying, removing, altering, covering, obscuring or obliterating of a country of origin marking. The bills are the *Drug Free Borders Act of 2001* (S. 92) and the *Drug Free America Act of 2001* (S. 89).

The present marking statute generally requires all foreign articles imported into the United States (or their containers) to be properly marked with their country of origin so as to advise the ultimate purchaser of the article of the origin of the articles. Violators who deface, destroy, remove, alter, cover, obscure or obliterate a country of origin marking currently face criminal penalties in the form of fines of up to \$250,000 plus imprisonment for a maximum of one year. Customs also may assess 10% marking duties on goods that are not properly marked and ask that the goods be redelivered to Customs. The two bills before Congress add *civil* penalties to Customs' arsenal for punishing country of origin marking violators.

Clients and importers wishing to comment on the proposed change should contact:

Senator Phil Gramm (R-TX)
370 Russell Senate Office Building
Washington, DC 20510
202 224 2934
phil_gramm@gramm.senate.gov

Senator Chuck Grassley (R-IA)
135 Hart Senate Office Building
Washington, DC 20510
202 224 3744
<http://grassley.senate.gov/webform.htm>

as well as their local Congressional representatives and Senators.

Importers desiring an assessment of their compliance with Customs' rules on country of origin marking should contact any member of Katten Muchin Zavis Rosenman or its Global Trade Advisory Group (GTAG).

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*For further information please contact any of the members of
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