

Columbus, Columbus, Ohio.

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General Counsel.

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## DEPARTMENT OF COMMERCE

### Foreign-Trade Zones Board

[Order No. 1350]

#### Approval of Manufacturing Authority Within Foreign-Trade Zone 82; Mobile, Alabama; Bender Shipbuilding and Repair Company (Shipbuilding)

Pursuant to its authority under the Foreign-Trade Zones Act of June 18, 1934, as amended (19 U.S.C. 81a-81u) (the Act), the Foreign-Trade Zones Board (the Board) adopts the following Order:

*Whereas*, the City of Mobile, Alabama, grantee of FTZ 82, has requested authority under Section 400.32(b)(1) of the Board's regulations on behalf of Bender Shipbuilding and Repair Company (Bender), to construct and repair oceangoing vessels under FTZ procedures within FTZ 82—Site 1, Mobile, Alabama (Docket 37-2003, filed 7-29-2003);

*Whereas*, pursuant to 15 CFR 400.32(b)(1), the Commerce Department's Assistant Secretary for Import Administration has the authority to act for the Board in making such decisions on new manufacturing/processing activity under certain circumstances, including situations where the proposed activity is the same, in terms of products involved, to activity recently approved by the Board (§ 400.32(b)(1)(i));

*Whereas*, the proposed shipbuilding and repair activity would be subject to the "Standard Shipyard Restriction" (full Customs duties paid on steel mill products); and,

*Whereas*, the FTZ Staff has reviewed the proposal, taking into account the criteria of Section 400.31, and the Executive Secretary has recommended approval, subject to restriction;

*Now, Therefore*, the Assistant Secretary for Import Administration, acting for the Board pursuant to Section 400.32(b)(1), concurs in the recommendation and hereby approves the request subject to the Act and the Board's regulations, including Section 400.28, and the following special conditions:

1. Any foreign steel mill product admitted to the subzone, including plate, angles, shapes, channels, rolled steel stock, bars, pipes and tubes, not incorporated into merchandise otherwise classified, and which

is used in manufacturing, shall be subject to full Customs duties in accordance with applicable law, unless the Executive Secretary determines that the same item is not then being produced by a domestic steel mill.

2. In addition to the annual report, Bender shall advise the Board's Executive Secretary (§ 400.28(a)(3)) as to significant new contracts with appropriate information concerning foreign purchases otherwise dutiable, so that the Board may consider whether any foreign dutiable items are being imported for manufacturing in the subzone primarily because of subzone status and whether the Board should consider requiring Customs duties to be paid on such items.

3. All foreign-origin netting of twine, cordage, or rope covered by Textile Category 229 must be admitted under domestic status (19 CFR 146.43).

Signed at Washington, DC, this 27th day of August 2004.

**James J. Jochum,**

Assistant Secretary of Commerce for Import Administration, Alternate Chairman, Foreign-Trade Zones Board.

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## DEPARTMENT OF COMMERCE

### Foreign-Trade Zones Board

[Docket 40-2004]

#### Foreign-Trade Zone 153—San Diego, CA; Application for Subzone Status; Callaway Golf Company Facilities (Golf Clubs), Carlsbad, CA

An application has been submitted to the Foreign-Trade Zones Board (the Board) by the City of San Diego, California, grantee of FTZ 153, requesting special-purpose subzone status for the golf club manufacturing facilities of Callaway Golf Company (Callaway), located in Carlsbad, California. The application was submitted pursuant to the provisions of the Foreign-Trade Zones Act, as amended (19 U.S.C. 81a-81u), and the regulations of the Board (15 CFR part 400). It was formally filed on August 27, 2004.

The proposed subzone would include Callaway's manufacturing and warehousing facilities at four sites in Carlsbad (San Diego County), California: Site 1 (four buildings) Building 1 (manufacturing/7 acres/128,000 sq.ft. under roof)—2285 Rutherford Road, located adjacent to the McClellan-Palomar Airport; Building 2 (2 acres/38,000 sq.ft.)—5928 Pascal Court, located immediately to the west of Building 1; Building 3 (manufacturing, warehousing/5 acres/73,000 sq.ft.)—5960 Pascal Court, located to the rear of Building 2; Building 8 (2 acres/20,000

sq.ft.)—2261 Rutherford Road, located immediately to the west of Building 2; Site 2—Headquarters Building (manufacturing/11 acres/245,000 sq.ft.)—2180 Rutherford Road, located about 1,500 feet to the west of Site 1; Site 3 (three buildings)—Building 5 (research and development/5 acres/63,000 sq.ft.)—5858 Dryden Place, located about three-fourths of a mile southwest of Site 2; and, Building 6 (testing and development/9 acres/10,000 sq.ft.)—5860 Dryden Place, located adjacent to Building 5; and, Grounds Keeping Building (960 sq.ft.)—5825 Dryden Place; Site 4—Building 7 (warehousing/9 acres/150,000 sq.ft./leased)—2081 Faraday Avenue, located approximately 900 feet to the west of Site 2.

The facilities (2,000 employees) are used to produce golf clubs (drivers/fairway woods, irons, putters) and to distribute U.S. and foreign-made golf clubs, parts of golf clubs, and accessories for export and the U.S. market. The golf club manufacturing process at the facilities involves machining and assembly, and could produce up to 13 million units annually. Components purchased from abroad (about 35% of finished golf club value) used in manufacturing and production may include: parts of golf clubs (heads and parts of heads, shafts, grips, head covers, divot tools), glues, adhesives, plastic plugs and ferrules, leather golf bags, golf bags of textile materials (Textile Categories 369 and 870; would be admitted under privileged foreign (PF) status (19 CFR 146.41)), name plates, medallions, and plates (duty rate range: free—20%, *ad valorem*). Additional foreign-sourced components and accessories to be distributed to the U.S. market and export include: golf clubs, parts of golf clubs, golf balls, plugs, ferrules, leather luggage/briefcases/shoe cases/golf gloves/duffel bags, leather golf bags, umbrellas, metal boxes and lids, name plates, table decorations of iron or steel; and, the following items classified within Textile Categories 331/631/831, 359/459/659/859, 363/369/669, 670/870: golf bags of textile materials, pouches, hats/caps/visors, towels, and golf gloves of textile materials (to be admitted under PF status).

FTZ procedures would exempt Callaway from Customs duty payments on the foreign component inputs used in export production. On its domestic sales and exports to NAFTA markets, the company would be able to choose the duty rate that applies to finished golf clubs (4.4%) for the foreign-sourced inputs noted above. Callaway would be able to defer Customs duty payments on