

Columbus, Columbus, Ohio.

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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

the foreign-origin golf clubs and accessories that would be admitted to the proposed subzone for U.S. distribution. The application indicates that subzone status would help improve the facilities' international competitiveness.

In accordance with the Board's regulations, a member of the FTZ Staff has been designated examiner to investigate the application and report to the Board.

Public comment on the application is invited from interested parties. Submissions (original and three copies) shall be addressed to the Board's Executive Secretary at the following addresses:

1. *Submissions via Express/Package Delivery Services:* Foreign-Trade Zones Board, U.S. Department of Commerce, Franklin Court Building-Suite 4100W, 1099 14th Street, NW., Washington, DC 20005; or,

2. *Submissions via the U.S. Postal Service:* Foreign-Trade Zones Board, U.S. Department of Commerce, FCB-4100W, 1401 Constitution Ave., NW., Washington, DC 20230.

The closing period for their receipt is November 2, 2004. Rebuttal comments in response to material submitted during the foregoing period may be submitted during the subsequent 15-day period (to November 17, 2004).

A copy of the application will be available for public inspection at the Office of the Foreign-Trade Zones Board's Executive Secretary at address No.1 listed above and at the U.S. Department of Commerce Export Assistance Center, Suite 230, 6363 Greenwich Drive, San Diego, CA 92122.

Dated: August 27, 2004.

**Dennis Puccinelli,**

*Executive Secretary.*

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## DEPARTMENT OF COMMERCE

### Foreign-Trade Zones Board

[Order No. 1349]

#### **Grant of Authority for Subzone Status; Festo Corporation (Pneumatic Industrial Automation Products), Hauppauge, NY**

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

*Whereas*, by an Act of Congress approved June 18, 1934, an Act "To provide for the establishment \* \* \* of

foreign-trade zones in ports of entry of the United States, to expedite and encourage foreign commerce, and for other purposes," as amended (19 U.S.C. 81a-81u) (the FTZ Act), the Foreign-Trade Zones Board (the Board) is authorized to grant to qualified corporations the privilege of establishing foreign-trade zones in or adjacent to U.S. Customs ports of entry;

*Whereas*, the Board's regulations (15 CFR part 400) provide for the establishment of special-purpose subzones when existing zone facilities cannot serve the specific use involved, and when the activity results in a significant public benefit and is in the public interest;

*Whereas*, an application from Suffolk County, New York, grantee of FTZ 52, for authority to establish special-purpose subzone status for the pneumatic industrial automation ("fluid power") components manufacturing facilities of Festo Corporation, in Hauppauge, New York, was filed by the Board on June 23, 2003, and notice inviting public comment was given in the **Federal Register** (FTZ Docket 32-2003, 68 FR 39509, 7-2-2003); and,

*Whereas*, the Board adopts the findings and recommendations of the examiner's report, and finds that the requirements of the FTZ Act and Board's regulations would be satisfied, and that approval of the application would be in the public interest if approval were subject to restriction;

*Now, Therefore*, the Board hereby grants authority for subzone status at the pneumatic industrial automation ("fluid power") components manufacturing facilities of Festo Corporation, in Hauppauge, New York (Subzone 52A), at the locations described in the application, subject to the FTZ Act and the Board's regulations, including Section 400.28, and further subject to the following restrictions: (1) All foreign-origin steel mill products must be admitted under privileged foreign status (19 CFR 146.41) or domestic status (19 CFR 146.43); (2) All foreign-origin textile mill products must be admitted under privileged foreign status or domestic status; and, (3) Festo will submit supplemental annual report data for FTZ Staff monitoring purposes.

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 39-2004]

#### **Foreign-Trade Zone 163—Ponce, Puerto Rico Area; Application for Expansion/Time Extension**

An application has been submitted to the Foreign-Trade Zones Board (the Board) by Codezol, C.D., grantee of FTZ 163, requesting authority to expand FTZ 163, in the Ponce, Puerto Rico area, adjacent to the Ponce Customs port of entry. 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 25, 2004.

FTZ 163 was approved on October 18, 1989 (Board Order 443, 54 FR 46097, 11/01/89) and expanded on April 18, 2000 (Board Order 1091, 65 FR 24676, 4/27/00). The zone project currently consists of the following sites in the Ponce, Puerto Rico, area: Site 1 (106 acres)—within the Port of Ponce area, including a site (11 acres) located at 3309 Avenida Santiago de los Caballeros, Ponce; Site 2 (191 acres, 5 parcels)—Peerless Oil & Chemicals, Inc. Petroleum Terminal facilities located at Rt. 127, Km. 17.1, Penuelas; Site 3 (13 acres, 2 parcels)—Rio Piedras Distribution Center located within the central portion of the Quebrada Arena Industrial Park, and the Hato Rey Distribution Center located within the northeastern portion of the Tres Monjitas Industrial Park, San Juan; Site 4 (14 acres)—warehouse facility located at State Road No. 3, Km. 1401, Guayama (expires 10/1/04).

The applicant is requesting authority to expand the zone to include 2 additional sites (342 acres) in Ponce: Proposed Site 5 (256 acres, 34 parcels)—Mercedita Industrial Park located at the intersection of Route PR-9 and Las Americas Highway, Ponce; and, Proposed Site 6 (86 acres)—Coto Laurel Industrial Park located at the southwest corner of the intersection of Highways PR-56 and PR-52, Ponce. The sites are principally owned by the Port of Ponce, Vassallo Industries, Inc., and Desarrollos E Inversiones Del Sur, Inc. The applicant is also requesting permanent zone status for Site 4. No specific manufacturing requests are being made at this time. Such requests would be made to the Board on a case-by-case basis.

In accordance with the Board's regulations, a member of the FTZ Staff has been designated examiner to