

Environmental Protection Agency

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paragraph authorizing the exemption (for example, "40 CFR 1068.315(a)"). INSTALLING THIS ENGINE IN ANY DIFFERENT APPLICATION MAY BE A VIOLATION OF FEDERAL LAW SUBJECT TO CIVIL PENALTY."

[67 FR 68347, Nov. 8, 2002, as amended at 69 FR 39269, June 29, 2004]

§ 1068.325 What are the temporary exemptions for imported engines?

You may import engines under certain temporary exemptions, subject to the conditions in this section. We may ask the U.S. Customs Service to require a specific bond amount to make sure you comply with the requirements of this subpart. You may not sell or lease one of these engines while it is in the United States. You must eventually export the engine as we describe in this section unless you get a certificate of conformity for it or it qualifies for one of the permanent exemptions in § 1068.315. Section 1068.330 specifies an additional temporary exemption allowing you to import certain engines you intend to modify.

(a) *Exemption for repairs or alterations.* You may temporarily import a nonconforming engine under bond solely to repair or alter it or the equipment in which it is installed. You may operate the engine and equipment in the United States only as necessary to repair it, alter it, or ship it to or from the service location. Export the engine directly after servicing is complete.

(b) *Testing exemption.* You may temporarily import a nonconforming engine under bond for testing if you follow the requirements of § 1068.210. You may operate the engine in the United States only to allow testing. This exemption expires one year after you import the engine, unless we approve an extension. The engine must be exported before the exemption expires.

(c) *Display exemption.* You may temporarily import a nonconforming engine under bond for display, as described in § 1068.220. This exemption expires one year after you import the engine, unless we approve your request for an extension. We may approve an extension of up to one more year for each request, but no more than three years in total. The engine must be exported by the time the exemption ex-

pires or directly after the display concludes, whichever comes first.

(d) *Export exemption.* You may temporarily import a nonconforming engine to export it, as described in § 1068.230. You may operate the engine in the United States only as needed to prepare it for export. Label the engine as described in § 1068.230.

(e) *Diplomatic or military exemption.* You may temporarily import nonconforming engines without bond if you represent a foreign government in a diplomatic or military capacity. In your request to the Designated Officer (see § 1068.305), include either written confirmation from the U.S. State Department that you qualify for this exemption or a copy of your orders for military duty in the United States. We will rely on the State Department or your military orders to determine when your diplomatic or military status expires, at which time you must export your exempt engines.

(f) *Delegated assembly exemption.* You may import a nonconforming engine for final assembly, as described in § 1068.260.

[67 FR 68347, Nov. 8, 2002, as amended at 69 FR 39269, June 29, 2004; 70 FR 40515, July 13, 2005]

§ 1068.330 How do I import engines requiring further assembly?

This section allows you to import engines in configurations different than their final configuration. This exemption is temporary, as described in paragraph (d) of this section.

(a) This section applies in the following cases:

(1) You import a partially complete engine with the intent to manufacture complete engines for which you have either a certificate of conformity or an exemption that allows you to sell completed engines.

(2) You import an uncertified complete engine with the intent to modify it for installation in an application different than its otherwise intended application (for example, you import a land-based engine to modify it for a marine application). In this case, to qualify for an exemption under this section, you need either a certificate of conformity or an exemption that allows you to sell completed engines.

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(3) You import a complete or partially complete engine to modify for an application for which emission standards do not apply.

(4) You import a complete or partially complete engine for installation in equipment subject to equipment-based standards for which you have either a certificate of conformity or an exemption that allows you to sell the equipment.

(b) You may request this exemption in an application for certification. Otherwise, send your request to the Designated Officer. Your request must include:

(1) The name of the supplier of the partially complete engine, or the original manufacturer of the complete engine.

(2) A description of the certificate or exemption that will apply to the engines in the final configuration, or an explanation why a certificate or exemption is not needed.

(3) A brief description of how and where final assembly will be completed.

(4) An unconditional statement that the engines will comply with all applicable regulations in their final configuration.

(c) If we approve a temporary exemption for an engine, you may import it under the conditions in this section. If you are not a certificate holder, we may ask the U.S. Customs Service to require a specific bond amount to make sure you comply with the requirements of this subpart.

(d) These provisions are intended only to allow you to import engines in the specific circumstances identified in this section, so any exemption under this section expires when you complete the assembly of the engine in its final configuration. If the engine in its final configuration is subject to emission standards, then it must be covered by a certificate or a different exemption before you introduce it into commerce.

[67 FR 68347, Nov. 8, 2002, as amended at 70 FR 40516, July 13, 2005]

§ 1068.335. What are the penalties for violations?

(a) *All imported engines.* Unless you comply with the provisions of this subpart, importation of nonconforming en-

gines violates sections 203 and 213(d) of the Act (42 U.S.C. 7522 and 7547(d)). You may then have to export the engines, or pay civil penalties, or both. The U.S. Customs Service may seize unlawfully imported engines.

(b) *Temporarily imported engines.* If you do not comply with the provisions of this subpart for a temporary exemption under § 1068.325 or § 1068.330, you may forfeit the total amount of the bond in addition to the sanctions we identify in paragraph (a) of this section. We will consider an engine to be exported if it has been destroyed or delivered to the U.S. Customs Service for export or other disposition under applicable Customs laws and regulations. EPA or the U.S. Customs Service may offer you a grace period to allow you to export a temporarily exempted engine without penalty after the exemption expires.

[67 FR 68347, Nov. 8, 2002, as amended at 69 FR 39270, June 29, 2004; 70 FR 40516, July 13, 2005]

Subpart E—Selective Enforcement Auditing

§ 1068.401. What is a selective enforcement audit?

(a) We may conduct or require you to conduct emission tests on your production engines in a selective enforcement audit. This requirement is independent of any requirement for you to routinely test production-line engines.

(b) If we send you a signed test order, you must follow its directions and the provisions of this subpart. We may tell you where to test the engines. This may be where you produce the engines or any other emission testing facility.

(c) If we select one or more of your engine families for a selective enforcement audit, we will send the test order to the person who signed the application for certification or we will deliver it in person.

(d) If we do not select a testing facility, notify the Designated Officer within one working day of receiving the test order where you will test your engines.

(e) You must do everything we require in the audit without delay.

[69 FR 39270, June 29, 2004]