



WTO SECTION 232 DECISIONS

On December 9, the World Trade Organization (WTO) issued four panel reports (1, 2, 3, 4) that the U.S. Section 232 tariffs on steel and aluminum did not meet General Agreement on Tariffs and Trade (GATT) obligations. The Assistant U.S. Trade Representative [responded](#) that the WTO does not have authority to rule on national security issues.

EU CHINA WTO DISPUTE

The European Union (EU) has filed a WTO [complaint](#) against China over its trade treatment of Lithuania based on its relations with Taiwan.

CHINA SECTION 301 LITIGATION

On December 5, plaintiffs' counsel filed a [reply](#) to U.S. government's response on the court-ordered [remand](#) filed by the U.S. Trade Representative (USTR) in the Court of International Trade (CIT) litigation challenging China Section 301 Lists 3 and 4A. On December 15, the CIT scheduled oral arguments for February 7. Contact [Brian Murphy](#) or [Sean Murray](#) with questions.

CHINA 301 COVID EXCLUSIONS

The U.S. Trade Representative (USTR) has extended 81 China Section 301 product exclusions on certain medical care and COVID response products until February 28. 87 [Fed. Reg. 73383](#) (Nov. 29, 2022).

HFC IMPORTS AND EXPORTS

The Environmental Protection Agency (EPA) has issued a long Proposed Rule to implement provisions of the American Innovation and Manufacturing (AIM) Act of 2020 on the phasedown of hydrofluorocarbon (HFC) use. These regulations and restrictions apply to imports and exports and include a prohibition on covered imports by 2025 or 2026, depending on the industry sector, as well as labeling and reporting requirements. Products admitted into FTZs are considered imported under the Proposed Rule. Comments are due by January 30. 87 [Fed. Reg. 76738](#) (Dec. 15, 2022).

NMFS ACE IMPORT GUIDE

The U.S. National Marine Fisheries Service (NMFS) has published a draft Implementation Guide with the expected PGA message set and business rules for its Certification of Admissibility (COA) program on fishery products which is expected to go into effect in April/May 2023. CSMS [#54077767](#) (Nov. 21, 2022).

DDTC COMPLIANCE GUIDELINES

The Directorate of Defense Trade Controls has published updated [Compliance Program Guidelines](#) for defense manufacturers, exporters, importers, and other entities. Contact [Sean Murray](#) or [Chuck Ballard](#) with questions.



2022 YEAR-END CHECKLISTS

As you close out 2022 and finalize goals and budgets for 2023, consider the following:

Foreign-Trade Zone (FTZ)

- Review FTZ Scope of Authority/Land/Buildings
- FTZ Yearly Blanket CBPF 216 Renewal
- Review FTZ Operator Bond Amount Sufficiency
- CBP FTZ Annual Reconciliation, Systems Review, and Certification Letter (with any necessary CBPF 214 or Customs Entry)
- FTZ Board Annual Report
- Assess new FTZ Savings Opportunities for 2023

Import/Export

- Issue and Obtain Blanket FTA Certificates of Origin before Jan. 1
- Verify End-of-Year Transfer Pricing Adjustments and Confirm Customs Value Implications
- Review Import Bond Amount Sufficiency
- Review Embargoed/Sanctioned Country Procedures and Exports
- Consider Increased China Import and Export Restrictions
- Forced Labor Risk Review
- Update Import/Export Manuals
- 2023 Training Plans

SEMICONDUCTOR CONTROLS

The Bureau of Industry and Security (BIS) has extended the written comment period to January 31, on the new controls in its [Interim Final Rule](#) on supercomputer and semiconductor manufacturing items and end uses. 87 [Fed. Reg. 74966](#) (Dec. 7, 2022).
• China has [challenged](#) the U.S. export control measures on supercomputers and semiconductors at the World Trade Organization.

CHINESE ENTITY LISTINGS

BIS has issued a [Final Rule](#), effective December 16, adding 36 entities (35 Chinese and 1 Japanese subsidiary) to the Entity List. The entities are mostly artificial intelligence (AI) chip R&D, manufacturing, and sales entities, and tech and aerospace entities that support Chinese military modernization. Yangtze Memory Technologies Co. (YMTC) has been transferred from the Unverified List (UVL) to the Entity List. Contact [Sean Murray](#) or [Bryan Brown](#) with questions.

UVL CHANGES

BIS has issued a [Final Rule](#), effective

D.R. SUGAR FORCED LABOR

Effective November 23, U.S. Customs and Border Protection (CBP) has issued a [Withhold Release Order](#) (WRO) requiring detentions of imports of raw sugar and sugar-based products produced in the Dominican Republic by Central Romana Corporation Limited, based on information determined by CBP to reasonably indicate the use of forced labor.

AUTO PARTS FORCED LABOR

Sheffield University (United Kingdom) has produced a [report](#) indicating that most major auto companies, including companies in the U.S., Europe, and Japan, received steel and parts sourced, at least partially, from the Uyghur region in China. Clients should review their supply chains for Uyghur forced labor content.

RUSSIAN OIL PRICE CAP

The Office of Foreign Assets Control (OFAC) has issued a [Determination](#), effective December 5, that the price cap on Russian origin crude oil is \$60 per barrel. On November 22, OFAC issued [guidance](#) on the implementation of the Russian oil price cap, including covered articles and services. The prohibitions are being implemented in coordination with the G7 countries, EU, and Australia.

OFAC EXTENDS RUSSIAN GL

On November 21, OFAC extended General License (GL) 13B by issuing [GL 13C](#). GL 13C allows payments of taxes and import fees to the Central Bank of the Russian Federation, the National Wealth Fund of the Russian Federation, or the Ministry of Finance of the Russian Federation until March 7.

IRAN UAV SANCTIONS

OFAC and the Department of State [sanctioned](#) several individuals and entities on November 15 for their roles in either producing or transferring unmanned aerial vehicles used by Russia in its war against Ukraine. 87 [Fed. Reg. 70896](#) (Nov. 21, 2022).

U.S.-JAPAN EXPORT CONTROLS

BIS has requested public comments on areas and priorities for export control cooperation between the U.S. and Japan. The comments will inform the work of the Japan-U.S. Commercial and Industrial Partnership Export Control Working Group. Comments must be received by January 17. 87 [Fed. Reg. 73748](#) (Dec. 1, 2022).

TRADE SECRETS THEFT

A Chinese intelligence officer was [convicted](#) on November 5 and sentenced to 20 years in prison for attempting and conspiring to commit economic espionage and trade secret theft. Court documents indicated he targeted American aviation companies, recruited employees to travel to China

BROKER POAs

In line with its [Modernized Customs Broker Regulations](#) which require a broker to execute a Power of Attorney (POA) directly with an Importer of Record or drawback claimant (and not through a forwarder or other third party), CBP is allowing brokers with such POAs until February 17 to affirm the POAs with direct communications with their principal. CSMS #[54194146](#) (Dec. 1, 2022).

BUY AMERICA

A Texas man has [pled guilty](#) to conspiracy to defraud the U.S. government resulting from a scheme to secure contracts under the Buy America Act by replacing China country of origin labels with labels indicating products were manufactured in the U.S. He also pled guilty to submitting false export clearance information on exported products.

DRAWING EXPORTS

BIS has issued an Order renewing temporary denials of export privileges for three related Wilmington, North Carolina companies (Quicksilver Manufacturing, Rapid Cut, and U.S. Prototype) based on evidence that the companies were involved with unauthorized exports to China of customer product drawings without required licenses. 87 [Fed. Reg. 75587](#) (Dec. 9, 2022).

VENEZUELA OIL LICENSE

On November 26, OFAC issued [General License \(GL\) 41](#) to allow Chevron to resume "limited" oil pumping operations with Petroleos de Venezuela, S.A. (PDVSA) in their joint venture. OFAC also issued frequently asked questions (FAQs) 1098 and 1099.

SANCTIONS FOR CRSV

President Biden issued a [Memorandum](#) on November 22 ("Promoting Accountability for Conflict-Related Sexual Violence") recognizing CRSV as a form of serious human rights abuse that may be a basis for sanctions designations. 87 [Fed. Reg. 74485](#) (Dec. 6, 2022).

ITAR CAPACITOR CONTROLS

On November 21 the Directorate of Defense Trade Controls [temporarily suspended controls](#) on certain capacitors in U.S. Munitions List (USML) Category XI(c)(5). The covered capacitors will be controlled by the Export Administration Regulations (EAR) until at least May 21. 87 [Fed. Reg. 74967](#) (Dec. 7, 2022).

December 16, transferring 9 Russian entities from the Unverified List (UVL) to the Entity List due to a lack of cooperation in end-use checks and removing 27 entities (26 Chinese and 1 Pakistani) from the UVL because BIS was able to complete end-use checks.

EV TAX CREDITS

President Biden stated in a press conference on December 1 with French President Emmanuel Macron that the Inflation Reduction Act provision granting a tax credit for purchases of EVs with batteries composed of 40% critical minerals extracted or processed in any country in which the U.S. has a free trade agreement is a "glitch," and was intended to include all U.S. allies. EU Trade Commissioner Valdis Dombrovskis has called for corrective action before the end of the year.

ACE OCEAN HOUSE BILL

The Ocean House Bill Release was deployed in ACE CERT on December 14. Production Go-Live has been extended to March 5. CSMS #[54356641](#) (Dec. 14, 2022); CSMS #[54269479](#) (Dec. 7, 2022).

VESSEL CLEARANCE

CBP has issued a General Notice announcing the Vessel Entrance and Clearance Automation Test, which will allow eligible participants to submit certain vessel entry and clearance data and requests to CBP electronically instead of by paper forms. 87 [Fed. Reg. 70850](#) (Nov. 21, 2022).

IRAN SANCTIONS CHARGE

The Department of Justice [unsealed](#) an indictment on November 29 against an Alabama man for conspiring to export U.S.-origin parts used in the oil and gas industry to Iran, alleging he transshipped the parts through Turkey and the U.A.E. to avoid U.S. sanctions. He faces up to 20 years imprisonment and a \$1 million fine for the sanctions violations.

DEVICE CLASSIFICATION

CBP has issued a ruling classifying a Penrose drain for use in veterinary surgical procedures in HTSUS Heading 4009 as tubes of vulcanized rubber. CBP rejected classification in Heading 9018 because the drains lacked the sophisticated properties of appliances used in veterinary sciences and rejected classification in Heading 4014 as hygienic or pharmaceutical articles of vulcanized rubber because the drains were not of general use and required the services of a veterinary practitioner. HQ [H325669](#) (Oct. 6, 2022).

where their computers were hacked, and solicited proprietary information on behalf of China.

UN HUMANITARIAN AID

The United Nations (UN) Security Council has passed Resolution [2664](#), which includes a standard humanitarian exemption from the asset freeze provisions in UN sanctions programs that will allow non-governmental entities and banks to provide legitimate humanitarian aid. U.S. Treasury Secretary Janet Yellen [indicated](#) U.S. support for the Resolution.

MID REPLACEMENT?

CBP will conduct a voluntary test from December 19 to July 21 on the electronic transmission of specific global business identifiers (GBIs) for manufacturers and shippers of certain commodities and countries of origin on Customs entries. Test participants may provide a DUNS number, Global Location Number (GLN), or Legal Entity Identifier (LEI) on the ACE Cargo Release entry. 87 [Fed. Reg. 74157](#) (Dec. 2, 2022).

SOLAR CIRCUMVENTION

On December 12, the Department of Commerce issued [preliminary determinations](#) that certain solar cells and modules from Cambodia, Malaysia, Thailand, and Vietnam are circumventing existing antidumping and countervailing duty (AD/CVD) orders on China solar cells and modules. Commerce concluded that four suppliers in Cambodia, Malaysia and Vietnam were not circumventing, but still issued "country-wide" circumvention findings.

CRYPTO EXCHANGE FINED

On November 28, OFAC [announced](#) it was fining Kraken, a crypto exchange service, \$362,158.70 for violating the Iranian Sanctions Regulations. OFAC indicated that although Kraken screened customers and reviewed IP addresses during onboarding, it did not check IP addresses during individual transactions.

FTZ STATISTICS

FOREIGN-TRADE ZONES BOARD ACTIVITY AS OF 12/15/2022

	Approved
Zones	298
Subzones*	880
	Pending
Zones	2
Subzones	8
Misc.	33

*From [Fed. Reg. Notices](#)

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