



CHINA 301 CHANGES

•The public comment period for the U.S. Trade Representative's (USTR's) proposed increases to Section 301 additional duties on specific China products in 14 "strategic sectors" (including 100% tariffs on electric vehicles) and proposed production machinery exclusions closed on June 28. 1,133 public comments were [filed](#). 89 [Fed. Reg. 46252](#) (May 28, 2024).

•Noting the proposed August 1 date for most of the proposed duty rate increases, clients should prepare for potential implementation of the duty rate increases with short notice. Consider methods to expedite Customs entry so you are ready when changes are announced. Contact [Marshall Miller](#), [Brian Murphy](#), or [Sean Murray](#) with questions.

•The USTR has extended 164 China Section 301 reinstated product exclusions through May 31, 2025. CSMS [#61247712](#) (July 3, 2024).

BIS CHINA LICENSES

The Bureau of Industry and Security (BIS) has [released](#) a report on its China licensing policy and statistics for 2018-2023. About 33% of license applications involving an Entity List entity were denied, revoked, or returned without authorization (RWA), meaning 67% were approved. The report provides explanation. Contact [Sean Murray](#) or [Chuck Ballard](#) with questions or for assistance with export license applications.

BIS SCREENING ADVICE

On July 10 BIS issued a [recommended](#) best practice to screen export transactions against parties identified on the Trade Integrity Project [website](#) as parties with a history of shipping Common High Priority List items to Russia. All exporters, but particularly those of higher risk products, need to ensure that they have robust screening and "red flags" processes to prevent product diversion. Contact [Sean Murray](#) with questions.

PETROCHINA AES FINE

Automated Export System (AES) filers should carefully consider a recent settlement between PetroChina International America (PCIA) and the U.S. government. The U.S. Attorney's Office for the Southern District of

2024 FIRM SEMINARS

Our Fall training seminars will be held [in-person](#) at our Kansas City, Missouri office:

- FTZ 101 – Oct. 15
- FTZ 201 – Oct. 16
- Import/Export 101 – Nov. 12
- Import/Export 201 – Nov. 13

More detailed information is posted to our website. Visit our website [www.millerco.com](#) to register or contact [Amanda Jones](#). Seminars are offered to Miller & Company clients only.

TRANSITIONS

Joyce Powers has retired after thirty-seven years at the firm, working as Chief Administrative Officer and previously on foreign-trade zone operations. We appreciate her years of dedicated service. The firm welcomes Shari Rees as our new Chief Executive Officer.

FORCED LABOR PRIORITIES

•The Department of Homeland Security (DHS) has released an [updated](#) Uyghur Forced Labor Prevention Act (UFLPA) Strategy Report to Congress that adds aluminum, polyvinyl chloride (PVC), and seafood as new high priority sectors for enforcement. Apparel, cotton and cotton products, silica-based products including polysilicon, and tomatoes and downstream products continue to be identified as high priority sectors.

•The DHS has [released](#) a Fact Sheet touting enforcement efforts, particularly including the solar, textiles and apparel, automotive and flooring sectors. CSMS [#61339299](#) (July 11, 2024).

FORCED LABOR PLAINTIFF

A lawsuit has been [filed](#) by an alleged former Chinese prisoner against Milwaukee Tool for allegedly importing work gloves made by forced labor in a Chinese prison camp. The lawsuit relies on the Trafficking Victim Protection Act, which allows victims of forced labor to file a civil action against whoever knowingly benefits, financially or by receiving anything of value, from participation in a venture which that person knew or should have known was engaged in forced labor.

CONSIGNEE NAMES

CBP has issued an administrative message warning that it is implementing cargo messaging to

232 MEXICAN STEEL/ALUMINUM

On July 10, President Biden issued proclamations imposing 25% Section 232 tariffs on Mexican origin steel and derivative steel articles that are melted and poured in a country other than Mexico, Canada, or the U.S. and Section 232 tariffs on Mexican origin aluminum and derivative aluminum articles for which the primary or secondary country of smelt or country of most recent cast is China, Russia, Belarus, or Iran. The additional Section 232 tariffs went into effect on July 10. There are also reporting requirements for steel melt and pour countries and aluminum smelt and cast countries. See our ["What's New"](#) for more details. Contact [Brian Murphy](#) with questions. 89 [Fed. Reg. 57347](#) (July 15, 2024); 89 [Fed. Reg. 57339](#) (July 15, 2024).

DON'T LET THIS HAPPEN

BIS has [released](#) its latest "Don't Let This Happen to You!" [booklet](#). It is a useful tool for training coworkers and educating management on trade compliance risks because it provides examples of fines and penalties imposed on companies for violations of U.S. export controls.

COMPANY ACE REPORTS

U.S. Customs and Border Protection (CBP) continues to roll out in [stages](#) its mandatory prompt requiring users to identify the subject company's Automated Commercial Environment (ACE) ID whenever a report is run or scheduled in ACE Reports. This requirement became effective for Document Image System, In-Bond, and AD/CVD Reference reports on July 11 and Trade Remedy, Drawback, PGA Message Set, and Protest reports on June 27. Roll-out dates for additional reports continue throughout July and August. CSMS [#61295679](#) (July 8, 2024); CSMS [#61133056](#) (June 24, 2024).

CBP ELECTRONIC FORMS

CBP has reminded importers that it offers electronic notification of and access to CBP Requests for Information, Notices of Action, Notices to Mark/Redeliver, Detention Notices, and Documents Required Notices. Importers should ensure their desired mode of communication and email contact for electronic forms is updated. CSMS [#61117624](#) (June 24, 2024).

AES & DEA FORM 486

Texas [published](#) on June 25 that PCIA had agreed to a fine and monetary forfeiture totaling \$14.5 million for reporting inaccurate information in AES filings. Over \$32 million of ultra-low-sulfur diesel (ULSD) fuel was classified as a mineral oil mix. The investigation began after Mexican authorities discovered discrepancies in import documents and contacted U.S. trade officials to help clarify the discrepancies. Contact [Sean Murray](#) with questions.

BIFACIAL SOLAR PANELS

President Biden issued a [proclamation](#) on June 21 revoking the exclusion of certain bifacial solar panels with crystalline silicon photovoltaic (CSPV) cells from Section 201 safeguard duties and creating an importer certification for bifacial panels that qualify for the exclusion from the safeguard duties. The ACE CATAIR Entry Summary has been updated to include a new Importer's Additional Declaration Type Code 09 (201 Bifacial Certification Designation). 89 [Fed. Reg. 53333](#) (June 26, 2024); CSMS #[61152419](#) (June 26, 2024), CSMS #[61134845](#) (June 25, 2024).

SUPPLY CHAIN RESILIENCE

On June 14, President Biden [issued](#) an Executive Order (EO) that defines the membership and responsibilities of the White House Council on Supply Chain Resilience. The council is tasked with coordinating and promoting federal government efforts to strengthen supply chain resilience and U.S. industrial competitiveness, facilitating collaboration with allies and partners, and conducting a quadrennial supply chain review of industries critical to national and economic security. The first report is due December 31, 2024. 89 [Fed. Reg. 51949](#) (June 21, 2024).

OUTBOUND INVESTMENT REGS

On June 21, the Treasury Department [issued](#) a 36-page Proposed Rule to regulate U.S. investments in certain national security sensitive products and technologies in countries of concern. The Proposed Rule defines covered U.S. persons, foreign persons, and transactions, and lists advanced integrated circuits, supercomputers, quantum computers, networks, and sensors, and artificial intelligence (AI) systems as covered activities. China, along with Hong Kong and Macau, have been identified as countries of concern. Comments are due by August 4. 89 [Fed. Reg. 55846](#) (July 5, 2024).

TAIWAN-ORIGIN PANELS

CBP has issued a final determination on the country of origin for various models of LED display panels consisting of two major subassemblies. CBP determined that the components, sourced largely from China and Taiwan, are substantially transformed in Taiwan assembly operations. HQ [H332752](#) (July 10,

shipments have invalid consignee names. CBP examples of invalid consignee names include "don't know," "not sure," and fictitious person names. Entry filers should consider the possibility of CBP holds and inquiries. CSMS #[61339949](#) (July 11, 2024).

BROKER EXAM PASS RATE

The May 1 Customs Broker License Exam had a 13% [pass](#) rate. Recent pass rates were 34% (Oct. 25, 2023), 5.5% (April 26, 2023), and 11.1% (Oct. 26, 2022).

BOOSTER SEATS

CBP has issued a ruling that an adjustable seat for babies aged from 4-12 months is not a "booster seat," classifying it in HTSUS 9401.80.4046 as "other" seats, which subjects it to Section 301 China 25% additional duties. HQ [H330091](#) (April 15, 2024).

CONFLICT MINERALS

The U.S. State Department has issued a "Statement of Concern" concerning illicit [trade](#) and exploitation of certain raw materials, including gold and tantalum from Congo, Rwanda, and Uganda. The statement expresses concern that companies have lost focus and encourages increased private sector supply chain due diligence.

LACEY ACT AND ORIGIN FRAUD

A Washington state home goods importer has pleaded [guilty](#) to a felony count of importing goods by means of false statements for falsely declaring on entries and Lacey Act filings that imported wooden cabinets and vanities were Malaysia origin when they were produced in China from China-harvested woods. The company will pay \$360,000 in fines, has paid more than \$850,000 in outstanding Customs duties, is subject to 3 years' probation, and is required to implement a compliance plan. The goods were seized by the U.S. Fish & Wildlife Service and donated to Habitat for Humanity.

UNVERIFIED LIST

BIS has published a Final Rule that added to the Unverified List (UVL) thirteen entities from China, the United Arab Emirates (UAE), Turkey, Cyprus, and Kyrgyzstan. In addition, another eight entities were removed from the UVL. 89 [Fed. Reg. 55036](#) (July 3, 2024).

QUARTZ TOPS EAPA

CBP has issued a notice of initiation of investigation and interim measures under the Enforce and Protect Act (EAPA) against four U.S. importers for alleged evasion of antidumping and countervailing duty (ADD/CVD) orders on quartz surface products from China by alleged transshipment through Thailand. EAPA Consolidated Case [7888](#) (June 17, 2024).

ADD/CVD REG CHANGES

The Department of Commerce has issued a 49-page Proposed Rule to update its Antidumping and

since the Drug Enforcement Agency (DEA) considers DEA Form 486 to be an export permit, an Automated Export System (AES) filing is required, regardless of value or destination, whenever a DEA Form 486 is provided to the exporter by the DEA. The DEA Transaction Number provided by DEA needs to be referenced in the AES filing.

BIS BOYCOTT REQUESTER LIST

BIS has [updated](#) its boycott requester list. The [list](#) includes entities that have or are likely to request that other companies comply with a boycott not sanctioned by the U.S.

FIRMS CODE VALIDATION

CBP will deploy ACE enhancements on August 10 to validate Facilities Information and Resource Management System (FIRMS) codes for in-bond arrivals, except for air arrivals. Contact [Linda King](#) with questions. CSMS #[61076107](#) (June 20, 2024).

CBP CRYPTO SURVEYS

CBP Regulatory Audit has initiated a pilot program to survey importers on their use of cryptocurrencies to pay for imported merchandise. Contact [Sean Murray](#) with questions.

TRANSACTION VALUE

Customs Headquarters has ruled that a luxury goods importer may appraise merchandise using transaction value for purchases from its related parent notwithstanding contract clauses in its distribution agreement that recommend when certain products should be removed from retail stores. This ruling distinguishes a 2014 Customs ruling that a foreign seller's contractual right to withdraw and stop sale of certain merchandise constituted a restriction on the disposition or use of goods barring the use of transaction value. CBP also ruled that fees paid by the importer associated with U.S. retail operations are not part of the price paid or payable for the imported goods. Contact [Sean Murray](#) or [Tom Lobred](#) with questions. HQ [H301778](#) (June 4, 2024).

NORTH KOREAN CARTOONS

Mondo TV, an Italian animation company, was [penalized](#) \$537,939 by the Office of Foreign Assets Control (OFAC) for outsourcing animation services to a North Korean entity and processing the payments through a U.S. financial institution.

SNOWMOBILE INDICTMENT

On June 12, two people were [indicted](#) for conspiring to send snowmachines and related parts to Russia without the required export license. The two individuals, one in Alaska the other in Washington, attempted to route the equipment via Hong Kong to avoid U.S. export controls.

APHIS ACE GUIDE

The U.S. Department of Agriculture Animal and Plant Health Inspection

2024).

TRADE SECRET THEFT

Canadian and German national and Chinese resident Klaus Pflugbeil has [pleaded](#) guilty to conspiring to send and sell Tesla electric-vehicle battery manufacturing trade secrets. Mr. Pflugbeil, a former Tesla employee, was caught attempting to sell trade secrets to an undercover U.S. law enforcement agent at a trade show. Mr. Pflugbeil faces up to 10 years in prison. A co-defendant remains at large.

RUSSIA EXPORTS PLEA

On July 2 Mr. Douglas Robertson, the Vice President of KanRus Trading Company, a Kansas City area company, pled [guilty](#) to violating U.S. export control laws. Mr. Robertson admitted to conspiring to ship avionics and sophisticated equipment to Russia by filing false forms and without obtaining the required export licenses. Mr. Robertson faces up to 20 years in prison.

Countervailing Duty (ADD/CVD) regulations with significant changes, including to the application of ADD/CVD cash deposits rates, determining if an entity is eligible to receive a separate ADD/CVD rate from a non-market economy, and selecting respondents in ADD/CVD investigations and administrative reviews. Clients are encouraged to comment. Comments are due by September 10. [89 Fed. Reg. 57286](#) (July 12, 2024).

MAGNET HTSUS

CBP has proposed modifying rulings on the classification of certain composite good permanent magnets with the essential character of magnet materials other than metal as "Other" in HTSUS subheading 8505.19.30 (4.9%) rather than as "Of metal" in HTSUS subheadings 8505.11 (2.1%) because, in part, ferrite (iron oxide) is not a metal. Comments are due by August 2. [58 Cust. B. & Dec. 20](#) (July 3, 2024).

ORGANIC REJECTION FLAG

On June 28, enforcement of the USDA Agricultural Marketing Service (AMS) "AM8" tariff flag for organic filing requirements changed from a warning to a reject in ACE. CSMS [#61139474](#) (June 25, 2024).

Service (APHIS) has updated its PGA Message Set Implementation Guide and Supplemental Trade guide. All new rules are scheduled for production no earlier than September 14. CSMS [#61228903](#) (July 2, 2024).

COPYRIGHT RULE

CBP has issued a Final Rule that amends the Customs Regulations on imported merchandise that violates or is suspected of violating copyright laws, including the Digital Millenium Copyright Act (DMCA). Changes include clarifying the definition of "piratical articles" and simplifying the detention process for goods suspected of violating copyright laws. [89 Fed. Reg. 52364](#) (June 24, 2024).

FTZ STATISTICS
FOREIGN-TRADE ZONES BOARD
ACTIVITY AS OF 7/15/2024

Approved	
Zones	307
Subzones*	889
Pending	
Zones	1
Subzones	7
Misc.	33

*From Fed. Reg. Notices

Miller & Company P.C. | 4929 Main Street | Kansas City, MO 64112 US

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