



OUTSOURCING CUSTOMS ENTRY

Customs and Border Protection (CBP) has issued a ruling that an unlicensed company would impermissibly conduct “customs business” if it keyed Customs entry data into a licensed customs broker’s Automated Broker Interface (ABI) software system for the broker to transmit to CBP. The broker was proposing to use a foreign company to review shipment documents, determine the entry data, and key that data into ABI following broker procedures. CBP stated that only licensed brokers, importers, and ABI service bureaus may have access to the ABI system. Clients looking to outsource entry and entry review processes are reminded to consider the “customs business” requirements. Contact [Sean Murray](#), [Brian Murphy](#), or [Marshall Miller](#) with questions. HQ [H326926](#) (Dec. 19, 2023).

SECTION 321 ENTRY TEST

CBP has issued a General Notice that modifies its test program for entry of Section 321 low value shipments (LVS) in the Automated Commercial Environment (ACE) using Entry Type 86. The test is open to all owners, purchasers, consignees, and brokers of LVS, but CBP reminds that Participating Government Agency (PGA) reporting requirements still apply and that CBP may require formal entry to be filed. The modifications go into effect on February 15 and comments will be accepted throughout the test. 89 [Fed. Reg. 2630](#) (Jan 16, 2023).

BIS CHIP FAQs

On December 29, the Bureau of Industry and Security (BIS) published guidance and a number of frequently asked questions ([FAQs](#)) on the revised [requirements](#) for exporting advanced node semiconductors and manufacturing equipment. The guidance includes the new notification requirements, U.S. person activities, end use controls, and Automated Export System (AES) filings. Contact [Sean Murray](#) or [Chuck Ballard](#) with questions.

NO CAP ON CAPE ROUTE

The Federal Maritime Commission (FMC) has [waived](#) the 30-day notice for new charges, allowing ocean carriers to impose additional charges on containers being rerouted around the Cape of Good Hope due to the Houthi attacks on trade in the Red Sea.

CBP FTZ FUNDING

• The National Association of Foreign-Trade Zones (NAFTZ) is [lobbying](#) for

YEARLY FTZ FILINGS

Foreign-Trade Zone Operators on a calendar year management basis are reminded of the following annual filing and reauthorization requirements for the new year:

- FTZ Yearly Blanket CBP Form 216 Renewal
 - CBP FTZ Annual Reconciliation, Systems Review, and Certification Letter (along with any necessary CBPF 214 or Customs Entry)
- All FTZ Operators must submit the FTZ Annual Board Report on a calendar year basis. Contact [Marshall Miller](#), [Bryan Brown](#), [Linda King](#), or [Bridget Beran](#) with questions.

2023 IMPORT/EXPORT RECORDS

Clients are reminded that our annual import/export record review provides a thorough understanding of your 2023 imports and exports. Contact [Brenda Zeller](#) to order your 2023 records as soon as possible or with questions.

CHINA FORCED LABOR

- CBP has posted a new [attachment](#) that has been included with Detention Notices under the Uyghur Forced Labor Prevention Act (UFLPA). It includes examples of documentation importers may submit to obtain a release.
- At a January 11 House Homeland Security Subcommittee [hearing](#), Labor Department Deputy Undersecretary for International Affairs Thea Lee testified that seafood may be added to the list of priority enforcement targets under UFLPA. Current priority targets are cotton, polysilicon, and tomatoes.
- China has [sanctioned](#) the U.S. data intelligence company Kharon (which provides data used by some companies to conduct forced labor and restricted parties due diligence), a Kharon researcher, and a former human rights researcher.
- China has claimed the December Uyghur Human Rights Policy Act [report](#) “spread false stories” on Xinjiang and interfered in China’s internal affairs.

2024 PENALTIES & FEES

U.S. federal agencies have issued Final Rules announcing annual penalty and fee increases due to inflation:

- Penalties for FTZ Act violations increase to \$3,558/day. 88 [Fed. Reg. 89300](#) (Dec. 27, 2023).
- Commerce has announced penalty increases for International Emergency Economic Powers Act (IEEPA) violations to \$368,136 and for Export Controls Act of 2018 violations to \$364,992. 88 [Fed. Reg. 89300](#) (Dec. 27, 2023).
- OFAC has announced increases in the

2024 HTSUS

- The U.S. International Trade Commission (ITC) has [posted](#) the 2024 Basic Edition of the Harmonized Tariff Schedule of the United States (HTSUS), which took effect January 1, 2024. HTSUS revisions include certain HTS Chapter 29 chemicals, Heading 3004 medicaments, and Heading 7602 aluminum waste and scrap. CSMS [#58898566](#) (Jan. 2, 2024).
- Census has [confirmed](#) that Schedule B and HTS codes have been updated in the Automated Export System (AES). AES will continue to accept outdated codes for a 30-day grace period.

SECTION 232 STEEL/ALUMINUM

The U.S. and European Union (EU) have agreed to continue the tariff-rate quota (TRQ) system to exempt imports of EU steel and aluminum from Section 232 25% and 10% duties through December 31, 2025. There are no substantive changes to aggregate EU TRQs and previously-granted Section 232 product exclusions will be extended. See our recent [What’s New](#).

SECTION 232 EXCLUSIONS

On February 15, CBP will begin deactivating some Section 232 product exclusions once they reach 95% capacity. This policy change follows a GAO report that importers have exceeded exclusion limits without paying duties. This policy only applies to exclusions for: non-quota countries, EU countries subject to 232 TRQs, and countries subject to both Section 232 tariffs and quotas. All other Section 232 exclusions will remain at the 100% threshold for deactivation. CSMS [#58942510](#) (Jan. 5, 2024).

SECTION 301 EXTENSION

- The U.S. Trade Representative (USTR) has further extended the 352 reinstated product exclusions and 77 COVID-related product exclusions that were previously extended through December 31, 2023. The exclusions now run through May 31, 2024. A public comment period will run from January 22 to February 21. Contact [Brian Murphy](#) or [Sean Murray](#) for assistance in filing comments. 88 [Fed. Reg. 90225](#) (Dec. 29, 2023).
- CBP did not implement these extensions until January 4, so importers who entered qualifying goods between January 1 and January 4 should file Post Summary Corrections (PSCs) to obtain duty refunds. Contact [Brian Murphy](#) with questions. CSMS [#58869963](#) (Dec. 29, 2023).

more CBP funding for FTZ oversight. Some CBP ports have declined FTZ applications, claiming a lack of resources and staffing. NAFTAZ says these issues are hindering economic development.

- Contact [Marshall Miller](#) with questions.

IRAN UAV PARTS PLOT

An Iranian and Chinese national have been [charged](#) with attempting to export U.S. components for use in Iranian unmanned aerial vehicles (UAVs). The Office of Foreign Assets Control (OFAC) has [added](#) both individuals, as well as other individuals and entities involved in the parts procurement network located in Iran, Malaysia, Indonesia, and Hong Kong, to the Specially Designated Nationals (SDN) List. The Department of Justice (DOJ) also announced seizure actions targeting funds of two of the entities designated by OFAC. 88 [Fed. Reg. 89495](#) (Dec. 27, 2023).

CBP 2024 TRADE SUMMIT

Registration opened on January 10 for the 2024 CBP Trade Facilitation and Cargo Security Summit in Philadelphia on March 26-28. CSMS #[58996704](#) (Jan. 10, 2024).

MISSILE PROLIFERATION

On December 19, the State Department issued a “notice of designation” for three Chinese entities that are allegedly engaged in activities related to missile proliferation: General Tech. Ltd., Beijing Luo Luo Tech. Development Co. Ltd., and Changzhou Utek Composite Company Ltd. 88 [Fed. Reg. 87836](#) (Dec. 19, 2023).

DIVING INTO TROUBLE

The U.S. Court of Appeals for the 11th Circuit has upheld the conviction and 57-month sentencing of Peter Sotis, majority owner of diving equipment company Add Helium, for ignoring BIS advice and attempting to ship rebreathers to Libya without a license. [U.S. v. Sotis](#), No. [22-10256](#) (Dec. 20, 2023).

EAPA XANTHAN GUM FINDING

CBP has [found](#) reasonable suspicion exists that Adi Chemtech entered merchandise covered by the antidumping duty order on xanthan gum from China by transshipping covered merchandise through India. CBP has commenced a formal investigation under the Enforce and Protect Act (EAPA) and imposed interim measures.

RUSSIA SANCTIONS

- President Biden issued Executive Order (EO) [14114](#) on December 22. The EO expands U.S. sanctions authorities against foreign financial institutions that facilitate significant transactions involving designated parties or designated items for Russia’s military-industrial base. OFAC has [posted](#) a list of those items, related general licenses, a compliance advisory, and FAQs.

- CBP has issued guidance on the filing requirements for Customs entries and FTZ admissions of fish, seafood, alcoholic beverages, and other products subject to EO 14068, as amended by EO 14114. CSMS #[58813725](#) (Dec. 22, 2023).

more CBP funding for FTZ oversight. Some CBP ports have declined FTZ applications, claiming a lack of resources and staffing. NAFTAZ says these issues are hindering economic development.

- CBP previously announced that the maximum per entry Merchandise Processing Fee (MPF) increased to \$614.35 for fiscal year 2024. 88 [Fed. Reg. 48900](#) (July 28, 2023).

2023 BIS ENFORCEMENT

BIS has issued a [review](#) of 2023 enforcement actions that reveals BIS had its highest number of convictions, temporary denial orders (TDOs), and post-conviction denial orders in 2023. It also completed over 1,500 end-use checks and added 465 entities to its Entity List.

SAP FCPA PENALTY

German software company SAP SE has [agreed](#) to a \$100 million settlement with the Security Exchange Commission (SEC) and faces a \$118.8 million criminal penalty upon [entering](#) into a prosecution agreement with the Department of Justice (DOJ) for Foreign Corrupt Practices Act (FCPA) violations from December 2014 to January 2022 related to bribing government officials in countries including South Africa, Indonesia, Kenya, Ghana, Malawi, Azerbaijan, and Tanzania.

PRESIDENT’S EXPORT COUNCIL

BIS has announced the re-establishment of the President’s Export Council Subcommittee on Export Administration and is requesting nominations for membership by February 8. 88 [Fed. Reg. 1064](#) (Jan. 9, 2024).

AGOA CHANGES

On December 29, President Biden issued Presidential Proclamation 10692, reinstating Mauritania as a beneficiary sub-Saharan country under the African Growth and Opportunity Act (AGOA) and terminating AGOA beneficiary country status for Gabon, Niger, Uganda, and the Central African Republic. 89 [Fed. Reg. 437](#) (Jan. 4, 2024).

U.S. CIT ON EAPA

The U.S. Court of International Trade (CIT) has found it lacked subject matter jurisdiction to hear a challenge to CBP entry liquidations pursuant to an antidumping duty evasion investigation under the Enforce and Protect Act (EAPA) because the importer had failed to protest the liquidations. [Royal Brush Mfg., Inc. v. U.S.](#), CIT Slip Op. [23-177](#) (Dec. 15, 2023).

RUSSIA SMUGGLING

The owner of a Kansas business, KanRus Trading Company Inc., has [pleaded](#) guilty to conspiring with others to smuggle U.S. origin avionics equipment to end users in Russia and other foreign countries, as well as failing to file and filing false export documents with the U.S. government. The owner faces a maximum of 25 years in prison.

NO AD/CVD EVASION

CBP has [determined](#) that Muller Import Inc. and U.S. Castings Inc. did not evade anti-dumping and countervailing duty orders on cast iron soil pipe and

CHINA 301 LITIGATION

The U.S. Government has [filed](#) its response brief in the Court of Appeals for the Federal Circuit (CAFC) litigation challenging China Section 301 Lists 3 and 4A tariffs. The deadline for lead plaintiffs to file a reply brief is February 12. Contact [Brian Murphy](#) or [Sean Murray](#) with questions.

ACE PGAs & EPA HFCs

CBP has announced Partner Government Agency (PGA) programming deployments on January 16, including the EPA hydrofluorocarbon (HFC) “EH1” and “EH2” flags, which will generate rejections. CSMS #[58769730](#) (Jan. 11, 2024).

CTPAT PILOT BILL

A bipartisan bill (H.R. [6876](#)) was introduced in the House on December 19 that would create a Customs Trade Partnership Against Terrorism (CTPAT) pilot program for third-party logistics providers.

CHEM WEAPONS AND PHARMA

BIS has requested comments on the impact of the Chemical Weapons Convention (CWC) regulations on commercial activities involving “Schedule 1” drugs. BIS is trying to understand whether legitimate interests of commercial chemical, biotechnology, and pharmaceutical firms are being harmed. Comments are due by January 19. 88 [Fed. Reg. 88049](#) (Dec. 20, 2023).

LOSS OF EXPORT PRIVILEGES

Mr. Jonathan Yet Wing Soong, currently serving a 20-month sentence for exporting EAR99 software to Beihang University, an entity on the BIS Entity List, has had his export privileges revoked for 10 years. 88 [Fed. Reg. 88565](#) (Dec. 22, 2023).

DRAWBACK RECORDS

CBP has issued a ruling that neither of two sets of provided documents were sufficient proof of export for drawback purposes because they did not adequately establish the export of the items or the identity of the exporter. HQ [H311759](#) (Nov. 28, 2023).

SDN RUSSIAN SANCTIONS

Privilege Underwriters, a New York insurance company, has agreed to a \$466,000 [settlement](#) with OFAC covering its potential civil liability for 39 Russia sanctions violations. The company continued collecting insurance payments from a company of Viktor Vekselberg, a sanctioned Russian-Ukrainian oligarch, after the owner was [added](#) to the Specially Designated Nationals (SDN) List.

CBERA REPORT

The Office of the U.S. Trade Representative (USTR) has released a [report](#) on the Caribbean Basin Economic Recovery Act (CBERA) that shows improvements in utilization and trade trends, and assesses beneficiary country performances.

UNVERIFIED LIST
BIS has issued a Final Rule that added 13 Chinese entities to the Unverified List (UVL). The companies were added after BIS was unable to verify end uses following end use checks in China. 88 [Fed. Reg. 87897](#) (Dec. 20, 2023).

fittings. While the allegor argued that CBP should impose “adverse inferences,” CBP noted that its evaluation of the alleged Indian transshipment facility and gaps in the record did not produce substantial evidence of transshipment.

FTZ STATISTICS
FOREIGN-TRADE ZONES BOARD
ACTIVITY AS OF 1/15/2024

	Approved
Zones	302
Subzones*	884
	Pending
Zones	0
Subzones	9
Misc.	33

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

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