



## RUSSIA SANCTIONS

The U.S. government issued new export controls and sanctions against Russia-related parties in conjunction with the two-year anniversary of Moscow's invasion of Ukraine in February 2022. The Bureau of Industry and Security (BIS) [added](#) 93 entities to its Entity List and the Departments of [Treasury](#) and [State](#) issued more than 500 sanctions designations. 89 [Fed. Reg. 14385](#) (Feb. 27, 2024).

## DE MINIMIS SURGE

U.S. Customs and Border Protection (CBP) [statistics](#) show over 386 million packages entered the U.S. as de minimis shipments during the first quarter of FY 2024. This is over half of all de minimis shipments in FY 2022 (685 million). House Select Committee on the Chinese Communist Party Chairman Rep. Mike Gallagher (R-WI) has raised [concerns](#) about the FY 2024 statistics, noting that de minimis shipments account for the vast majority of "illegal narcotics, agricultural goods, and counterfeit seizures by Customs."

## AES AUTHORIZED AGENTS

Effective April 1, the term "Forwarding Agent" will be replaced in the Automated Export System Trade Interface Requirements (AESTIR) document and AESDirect Portal with "Authorized Agent." There is no change to the regulations. The trade community found the term "Forwarding Agent" confusing when an "Authorized Agent" filed the Electronic Export Information (EEI) and a separate "Forwarding Agent" facilitated the cargo movement. CSMS [#59607941](#) (Feb. 27, 2024).

## HOUTHIS GUIDANCE

On February 16, the Office of Foreign Assets Control (OFAC) [issued](#) guidance on permissible humanitarian assistance following the imposition of U.S. sanctions on the Houthis, the Yemeni group that has been targeting commercial shipping in and around the Red Sea.

## PERSONAL DATA CONTROLS

President Joe Biden [issued](#) an Executive Order on February 28 to limit access to Americans' sensitive personal data by countries of concern. It is the first broad U.S. prohibition on data sales to individual countries. The National Security Division of the Department of Justice has already issued a Proposed Rule, with comments due by April 19. 89 [Fed. Reg. 15780](#) (March 5, 2024).

## R&D VALUE RULING

## 2024 FIRM SEMINARS

The following Spring training seminars will be conducted by webinar only.

- FTZ 101 – March 19-21
- FTZ 201 – March 26-28
- Import/Export 101 – April 9-11
- Import/Export 201 – April 16-18

The 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 [Kelley Randol](#). Seminars are offered to Miller & Company clients only.

## CBP UPDATE

•The COAC Part 146 Committee will be updating the CBP foreign-trade zone (FTZ) regulations.

•FTZs cannot be used to store detained Forced Labor merchandise. Bonded warehouses may be utilized.

•No Section 321 "de minimis" merchandise may be admitted or entered from FTZs.

•CBP Headquarters is developing regional FTZ expertise.

•ACE is funded for sustainment, not enhancements. There are 12 funded enhancements, but over 100 enhancements identified.

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

## FTZ BOARD UPDATE

•Effective March 11, all payments to the FTZ Board must be by ACH or credit card.

•FTZ Board staff public utility spot checks are underway.

•Grantee virtual [training sessions](#) scheduled for March 19 are open to the public.

•Updated regulations went into effect on March 11. As reported in February [Briefings](#), they include:

•Grantees are no longer required to maintain property owner agreements.

•FTZ Applications and Production Notifications can be submitted by the FTZ Operator.

•Zone Schedules are no longer required to include 3PL charges.

•FTZ Board staff review of Grantee Zone Schedules and fees.

•Contact [Marshall Miller](#) or [Linda King](#) with questions.

## FIRMS CODE VALIDATION

On March 2, CBP deployed a validation in the ACE test environment that FIRMS codes are correct for arriving Non-Air In-Bonds. For ocean and rail manifests,

## TARIFF ENGINEERING

•Ford has [agreed](#) to settle a long-running dispute over its classification of Transit Connect cargo vans. The approximately \$365 million [settlement](#) is one of the largest Customs penalty settlements in recent history. This settlement follows the 2019 U.S. Court of Appeals for the Federal Circuit decision that Ford incorrectly classified its Transit Connect vans as passenger vans (2.5%) instead of as cargo vans (25%). Ford imported the vans with temporary rear seats and other features that it removed after importation. The settlement also covers allegations that Ford undervalued the vans.

•Approximately \$183 million is restitution for lost duties, and approximately \$182 million constitutes penalties. The settlement results in Ford not having to admit liability, but it will now be required to seek rulings on the classification of specified new vehicles for the next five years.

## ITAR PENALTY

Reminding of the need for strong export control procedures, under the terms of a [settlement](#) with the State Department, Boeing has agreed to pay a civil penalty of \$51 million for 199 violations of the Arms Export Control Act (AECA) and International Traffic in Arms Regulations (ITAR) involving unauthorized exports, retransfers of technical data to foreign-person employees and contractors, unauthorized exports of defense articles, unauthorized exports of technical data to China, and violations of license terms and conditions. Boeing voluntarily disclosed all of the violations. Contact [Sean Murray](#), [Bryan Brown](#), or [Chuck Ballard](#) with questions.

## NEW USDA ORIGIN LABELING

The U.S. Department of Agriculture [announced](#) the Final Rule for voluntary "Product of the USA" and "Made in the USA" labeling. The labels cover products from animals born, raised, slaughtered, and processed in the U.S. The prior rule allowed product label claims where the animal was only processed in the U.S. The same criteria will also apply to product labeled as "Product of" or "Made in" U.S. states, territories, and localities.

## FURNITURE COUNTERTOPS

In an Enforce and Protect Act (EAPA) proceeding, CBP has [issued](#) a Notice of Determination that Legion Furniture evaded antidumping and countervailing duty (AD/CVD) orders on quartz surface products from China by not separately declaring them when imported attached

CBP issued a ruling that accepted a pharmaceutical importer's "fallback" valuation methodologies for drug products in developmental testing and clinical trials. When commercial sale prices are available, CBP accepted their use (with potential additions for packaging costs) as a modified transaction value. Contact [Sean Murray](#) with questions. HQ [H332371](#) (Feb. 28, 2024).

#### IPEF TEXTS RELEASED

The Commerce Department has [released](#) texts of the Clean Economy Agreement and Fair Economy Agreement "pillars" of the Indo-Pacific Economic Framework for Prosperity (IPEF). Each pillar goes into effect when five (of the 14) countries ratify it, which occurred with the Supply Chain Agreement in February.

#### NICARAGUA SANCTIONS

In response to foreign policy and human rights concerns, the U.S. has increased export controls on Nicaragua through two new Final Rules. The Commerce Department Final Rule increases export licensing requirements by moving Nicaragua to Country Group D and other changes. The State Department has added Nicaragua to the list of countries subject to a U.S. arms embargo. 89 [Fed. Reg. 18780](#) (March 15, 2024); 89 [Fed. Reg. 18796](#) (March 15, 2024).

#### DISPENSER PARTS ANALYSIS

CBP has ruled in favor of Suterra LLC's protest that its automatic aerosol dispenser is classified as a horticulture appliance "part" in HTSUS subheading 8424.90.90, rather than as an appliance itself in HTSUS subheading 8424.82.00. CBP noted the dispenser does not actually spray the liquid and is only an "integral part" of an appliance in Heading 8424. HQ [H335120](#) (Dec. 8, 2023).

#### CBP E-ALLEGATIONS

CBP has created a webpage on its [e-Allegations](#) trade violations reporting tool. It provides statistics on trade violations alleged by the public through e-Allegations by year and violation type. Violation types include tariff classification, forced labor, and intellectual property rights (IPR).

#### OFAC NORTH KOREAN UPDATES

On February 16, OFAC updated the North Korean Sanctions Regulations. The Final Rule amends a general license for humanitarian non-governmental organizations (NGOs) to require a pre-export report. Also included are general licenses for BIS-authorized exports related to medical, agricultural, and journalistic activities. 89 [Fed. Reg. 12233](#) (Feb. 16, 2024).

#### ORGANIC GRACE PERIOD

The Agricultural Marketing Service (AMS) is [providing](#) a grace period of soft "enforcement discretion" on its new regulations for organic import certificates that take effect on March 19.

#### GUN SIGHT CLASSIFICATION

The CIT has ruled that tritium-powered gun sights are classified as "lamps" (6%) instead of as "apparatus" (0%). The sights contain a "gaseous tritium light

to Vietnam origin wooden furniture. FIRMS codes are valid and in the appropriate In-Bond CBP arrival port. For Non-Air In-bonds bound for FTZs, CBP will validate FIRMS codes at the in-bond level. CBP plans to expand this validation to all Modes of Transport at a later date. Clients are reminded to confirm their FIRMS codes are correct. Contact [Linda King](#) or [Bridget Beran](#) with questions. CSMS [#59651310](#) (March 1, 2024).

#### MAGNITSKY SANCTIONS UPDATE

OFAC has issued a Final Rule, effective March 12, updating the Magnitsky Sanctions Regulations that target Russia. The new regulations are more comprehensive. 89 [Fed. Reg. 17728](#) (March 12, 2024).

#### RADIATION HARDENED

On March 13, BIS issued an Interim Final Rule clarifying that some radiation hardened microcircuits sold to or used by the U.S. government may be eligible for license exception "GOV." Comments are being accepted until April 12. 89 [Fed. Reg. 18353](#) (March 13, 2024).

#### TIBS & USMCA DUTY DEFERRAL

Tin-plated strips of Chinese origin may be imported from Canada under a Temporary Importation Bond (TIB) as articles to be processed into articles manufactured or produced in the United States (HTSUS subheading 9813.00.05), but the resulting brass plumbing parts are subject to the United States-Mexico-Canada Agreement (USMCA) duty deferral restrictions and the "lesser of the two" duty rule. Contact [Brian Murphy](#) or [Linda King](#) with questions. HQ [H332811](#) (Feb. 8, 2024).

#### ZIMBABWE

President Biden [signed](#) an Executive Order on March 4, effectively terminating the Zimbabwe sanctions program. Concurrently, OFAC [designated](#) 11 individuals, including Zimbabwe's president and first lady, and three entities for corruption and human rights abuses pursuant to EO 13818 and the Global Magnitsky Human Rights Accountability Act.

#### RUSSIAN DIAMONDS

In February, OFAC issued two prohibitions on imports of certain Russian diamonds. 89 [Fed. Reg. 16450](#) (March 7, 2024).

Beginning March 1, all Customs entries and FTZ admissions of non-industrial diamonds, diamond jewelry, and unsorted diamonds require a self-certification that the imported product is not prohibited. The self-certification must be uploaded to the ACE Document Image System (DIS). CSMS [#59635420](#) (Feb. 29, 2024).

Contact [Marshall Miller](#) with questions.

#### ALCOHOL EXCISE TAX

CBP has issued a Final Rule, effective March 6, that moves the responsibility for administering refunds, reduced tax rates, and tax credits on imported alcohol from CBP to the Treasury Department. 89 [Fed. Reg. 15958](#) (March 6, 2024).

#### CEE TRANSPARENCY

The Commercial Customs Operations Advisory Committee (COAC) working

#### UFLPA ENTITY LIST

The U.S. Court of International Trade (CIT) has denied a Chinese entity's challenge to its inclusion on the Uyghur Forced Labor Prevention Act (UFLPA) Entity List based on alleged involvement with Xinjiang Uyghur forced labor, explaining that reasonable cause is the appropriate standard for UFLPA listing decisions. *Ninestar Corp. et al. v. U.S.*, CIT Slip Op. [24-24](#) (Feb. 27, 2024).

#### USTR SUPPLY CHAIN

On May 2, the U.S. Trade Representative (USTR) will hold a public hearing on objectives and strategies to advance U.S. supply chain resilience in trade negotiations, enforcement, and other initiatives. Requests to appear are due by April 12 and public comments by April 22. 89 [Fed. Reg. 16608](#) (March 7, 2024).

#### HTSUS HANDICAPPED PROVISION

CBP has modified a ruling concerning certain transducer arrays. The transducer arrays were part of a portable electronic cancer treatment system, but CBP ruled that cancer is not a permanent or chronic physical or mental handicap under HTSUS subheading 9817.00.96. 58 [Cust. B. & Dec. 34](#) (Feb. 21, 2024).

#### ADULTERATED DRUGS

Generic drug manufacturer KVK Research Inc. pleaded [guilty](#) on March 6 to criminal charges that it introduced adulterated drugs into interstate commerce. The company admitted that 62 batches of tablets included an active pharmaceutical ingredient that was made at an unauthorized foreign facility. The company agreed to a \$1.5 million criminal penalty and \$2 million payment to resolve False Claims Act civil liability.

#### SUDAN SANCTIONS UPDATES

On March 5, OFAC issued a Final Rule updating the Darfur Sanctions Regulations. The sanctions are now called the Sudan Stabilization Sanctions Regulations. The new rule provides new guidance, adds and updates some definitions, and provides new general licenses. 89 [Fed. Reg. 15744](#) (March 5, 2024).

#### PROLIFERATION PENALTIES

The State Department has announced sanctions against three individuals and two entities for activities in violation of the Iran, North Korea, and Syria Nonproliferation Act. The entities include PMC Wagner and Russian Aerospace Forces (VKS). 89 [Fed. Reg. 16078](#) (March 6, 2014).

#### EAPA DASHBOARD

CBP has [created](#) a webpage with statistics on Enforce and Protect Act (EAPA) investigations into antidumping and countervailing duty (AD/CVD) evasion. There have been 228 EAPA cases since 2016. Contact [Brian Murphy](#) with questions.

source" that will glow for 5-12 years. The CIT determined that "lamps" includes various devices for producing any source of light while the "apparatus" classification specifically excludes searchlights and spotlights. Trijicon, Inc. v. U.S., CIT Slip Op. [24-18](#) (Feb. 16, 2024).

group has [recommended](#) that CBP improve transparency regarding an importer's ability to change their assigned Centers of Excellence and Expertise (CEE). Contact [Sean Murray](#) or [Brian Murphy](#) with questions.

**FTZ STATISTICS**  
**FOREIGN-TRADE ZONES BOARD**  
**ACTIVITY AS OF 3/15/2024**

	Approved
Zones	302
Subzones*	887
	Pending
Zones	1
Subzones	6
Misc.	33

\*From Fed. Reg. Notices

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