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**A LAW FIRM SERVING A DIVERSE CLIENTELE IN IMPORT, EXPORT, AND FOREIGN-TRADE ZONE LAW.**

**FTZ ENTRIES—CHINA SECTION 301 LIST 4A DUTY REDUCTION UPDATE  
FEBRUARY 4, 2020**

On January 22, 2020, the U.S. Trade Representative announced a reduction in the China Section 301 List 4A duties from 15% to 7.5%. 85 Fed. Reg. [3741](#) (Jan. 22, 2020). On February 4, 2020, Customs has issued an Administrative Message with guidance on applying the duty rate reduction for China Section 301 List 4A merchandise admitted into a foreign-trade zone (FTZ) in Privileged-Foreign (PF) status prior to February 14, 2020. CSMS #[41538917](#) (Feb. 4, 2020). Merchandise admitted into an FTZ in PF status will be subject to the rate of duty in effect at the time of PF election. Thus, merchandise admitted in PF status prior to February 14, 2020 will be subject to the higher 15% duty rate.

Clients should defer in-bond movements and FTZ admissions of List 4A merchandise until February 14, 2020 to take advantage of the reduced 7.5% duty rate. As it is unclear how the ACE system will process these entries because the same HTSUS subheading is used for all China Section 301 List 4A merchandise, clients should also instruct their brokers and/or software providers to use the higher 15% rate for merchandise subject to China Section 301 List 4A duties with a PF election date prior to February 14, 2020 and validate Customs entry records.

Please contact [Marshall Miller](#), [Brian Murphy](#), [Sean Murray](#), [Linda King](#), or [Ryan Thornton](#) with questions or for assistance.

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**IMPORTS EXPORTS FOREIGN-TRADE ZONES**

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