



******UPDATE******

CHINA SECTION 301 LIST 3 TRADE REMEDY RATE INCREASE FROM 10% TO 25%

The USTR [Federal Register notice](#) was published today, and Customs just published a CSMS [message](#). We have a number of recommendations related to the additional duties scheduled to increase tomorrow May 10, 2019 for China goods subject to China Section 301 List 3:

1. **FTZs provide multiple opportunities to continue to use the 10% rate, not the 25% rate.** The “exported to the United States” language allows a window of opportunity for in-transit goods at a 10% rate.
2. **PF Status On-Hand Inventory.** Current FTZ on-hand inventory which is in Privileged Foreign (PF) status with a PF election date before May 10, 2019 will be assessed at the time of Entry Summary with the current 10% rate of duty.
3. **NPF Status On-Hand Inventory.** Note the following regarding current FTZ on-hand inventory subject to China Section 301 List 3 which is in Non-Privileged Foreign (NPF) status and is being warehoused only in the FTZ:
 - a. For China goods admitted into the FTZ before the September 24, 2018 effective date, **clients should file a status change (Admission Type C) e214 to change these goods to Privileged Foreign (PF) status today.**
 - b. For China goods admitted into the FTZ after the September 24, 2018 effective date, **clients should (i) file a status change (Admission Type C) e214 zone to change these goods to Privileged Foreign (PF) status today, and (ii) immediately contact the firm to assist in filing of a Prior Disclosure and Voluntary Notification related to the failure to properly admit the China goods in PF status.**
4. **FTZ-Bound China Goods (Exported May 9 or Earlier.)**
 - a. **E214s.** Special attention should be paid to ensure that the correct “export date” is utilized on the e214 FT 20 record as outlined in the CATAIR. Clients should consider filing separate CBPF e214s for China Section 301 List 3 goods to better manage these goods.
 - b. **PF Status CBP Entry Summary Reporting.** Customs entries must report the date of export at the line level for Privileged Foreign (PF) goods. Reporting of the date of export is mandatory per entry line in order for CBP to validate eligibility for the 10% duty rate. Customs is working on programming with an uncertain

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timetable. Clients should ensure their FTZ software is able to report date of export from e214s to Entry Summary.

- c. **Zone-to-Zone Transfers.** Date of export information must be obtained from the transferring FTZ for China Section 301 List 3 goods.
- d. **NAFTA Duty Deferral.** The export date must be secured for entry purposes.
- e. **Customs Entry.** The option of Customs entry should be considered for China goods exported May 9 or earlier.

As always, we offer advice and counsel 24/7 on import, export, and FTZ effective Trade Remedy management. Please contact [Marshall Miller](#), [Brian Murphy](#), or [Sean Murray](#) with questions or for assistance.