



## FORCED LABOR

Enforcement of the Uyghur Forced Labor Prevention Act “rebuttable presumption” begins June 21.

- CBP has issued updated [guidance](#) on the Hoshine Withhold Release Order (WRO). Clients are encouraged to carefully review the guidance including a new Advance Ruling process.

- CBP has posted the new “best practices” document entitled [“Preparing for an Audit-Partnership in Responsible Trade.”](#)

- Two industry Associations have issued well-written letters:

- [Consumer Technology Association](#)
- [Semiconductor Industry Association](#)

- Clients are reminded that the CBP is actively engaged in detaining shipments, requesting information, and issuing WROs on a wide range of imports from many countries. It is important that all clients importing material from any country to be actively engaged in reviewing their entire supply chain and validating that no materials are sourced from the Uyghur province in China or made with forced labor. Contact [Sean Murray](#), [Brian Murphy](#), or [Marshall Miller](#) for guidance.

## FTZ 9-DIGIT ZONE IDENTIFIER

Effective March 19, all FTZs must utilize the new 9-digit identifier for admissions, entries, and exports. FTZ operators should not attempt to create their own Zone ID as there is not a direct relationship between the new 9-Digit and Legacy 7-Digit identifiers. The 9-Digit identifier is created by CBP based on its relationship to specific FIRMS codes. The only means of securing the new identifier is through the ACE Secure Data Portal. Contact [Linda King](#) with questions. Contact [Brenda Zeller](#) to set up an ACE Portal account. CSMS [#51127478](#) (Feb. 24, 2022).

## SECTION 232 STEEL AND ALUMINUM

- The E.U. TRQ process is underway with the first quarter of duty-free imports for most HTS categories remaining open.

- Clients are reminded that when E.U. TRQ eligible steel and aluminum arrive in the U.S., if the TRQ category is open, Customs entry should immediately be filed to secure duty-free status.

- If the TRQ category is closed, enter the merchandise into a Bonded Warehouse until the new quota opens on April 1 and then immediately file Customs entry on all merchandise.

- FTZ admissions should not be made

## IMPORT/EXPORT TRAINING

Due to COVID-19, our spring and fall training seminars will again be conducted by webinar only.

### Spring

- Import/Export 101 – April 12 – 14
- Import/Export 201 – April 19 – 21

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

## U.S. RESPONSE TO UKRAINE

On February 21, one day after President Putin recognized as independent two Ukraine regions and deployed Russian military forces into Ukraine, President Biden [announced](#) that the U.S. would implement sanctions far beyond the measures taken by the U.S. and its allies in response to Russia’s annexation of Crimea in 2014. Please contact [Sean Murray](#), [Bryan Brown](#), or [Chuck Ballard](#) with any Russia-related questions.

## RUSSIAN RESPONSE

News sources are [reporting](#) that Russia issued a decree on March 5, indicating holders of Russian patents from 47 “unfriendly states” will be entitled to zero percent compensation for infringement. On March 3, a Russian court [denied](#) a trademark claim by Hasbro Inc. for misuse of its Peppa Pig trademark, saying the action is justified by the sanctions from the U.K. and other Western countries. President Putin has [reportedly](#) begun seeking “legal solutions” to seize Western assets left in Russia after its invasion of Ukraine.

## EXECUTIVE ORDERS

- On February 21, President Biden issued [Executive Order \(E.O.\) 14065](#) that effectively imposes a complete trade embargo on the Donetsk and Luhansk regions of Ukraine, including the prohibition of new investment in, exportation to, and importation from the covered regions by U.S. persons or to or from the U.S., and prohibits U.S. persons facilitating transactions with foreign persons, where those transactions would be prohibited if done by a U.S. person. The E.O. also established criteria for the Secretary of the Treasury to designate blocked persons.

- On February 22, the Secretary of the Treasury issued a [Determination Pursuant to Section 1\(a\)\(i\) of Executive](#)

## OFAC REGULATIONS

On March 1, the Office of Foreign Assets Control (OFAC) published new regulations, the Russian Harmful Foreign Activities Sanctions Regulations, [31 C.F.R. Part 587](#), which implement [Executive Order 14204](#), “Blocking Property with Respect to Specified Harmful Foreign Activities of the Government of the Russian Federation,” dated April 15. [87 Fed. Reg. 11297](#) (March 1, 2022).

## OFAC DIRECTIVES

- On February 22, OFAC issued [Directive 1A](#) under Executive Order (E.O.) 14024, which prohibits U.S. financial institutions from participating in the secondary market for ruble or non-ruble denominated bonds issued by Russia’s Central Bank, National Wealth Fund, and Ministry of Finance, effective March 1. The entities were added to OFAC’s Non-SDN Menu-Based Sanctions (NS-MBS) List.

- On February 24, OFAC issued [Directive 2](#) under E.O. 14204, which prohibits U.S. financial institutions from opening or maintaining correspondent or payable-through accounts and from processing transactions with Sberbank and 25 of its subsidiaries. Sberbank is the largest financial institution in Russian, holding about one-third of all bank assets. The entities were designated in Annex 1 to the Directive, effective March 26, and have been added to OFAC’s List of Foreign Financial Institutions Subject to Correspondent Account or Payable-Through Account Sanctions (CAPTA) List. The prohibitions will apply to later designated entities 30 days after the designation.

- On February 24, OFAC issued [Directive 3](#) under E.O. 14204, which prohibits activities in the U.S. or by U.S. persons, with the 13 major Russian firms designated in Annex 1 to the Directive, involving transactions in new equity or new debt of longer than 14 days maturity issued on or after March 26. The 13 firms are considered critical to the Russian economy and include six of Russia’s largest financial institutions. The entities have been added to OFAC’s NS-MBS List. The prohibitions will apply to later designated entities 30 days after designation.

- On February 28, OFAC issued [Directive 4](#) under E.O. 14024, which imposes further sanctions on the entities designated under Directive 1A by prohibiting U.S. persons from engaging in any transaction involving

because the mandated Privileged Foreign (PF) status requires the 25% or 10% duties to be paid.

- We are in the process of establishing Bonded Warehouses for clients.

- While TRQ process for Japan steel is scheduled to begin on April 1, no Presidential Proclamation has been issued. No Proclamation or CBP guidelines have been issued yet for FTZs. After April 1, every effort should be made to file regular Customs entries should be made. When the quota is filled, Bonded Warehousing is an option. Direct questions to [Brian Murphy](#).

#### FTZ ITC INVESTIGATION

As previously reported, the U.S. International Trade Commission (ITC) has issued a [Notice of Investigation](#) No. 332-588. ITC staff are contacting FTZs to learn about specific companies and the FTZ program to prepare a Questionnaire that will be sent to all FTZs. Clients that have received calls and discussed FTZ issues with ITC representatives should contact [Scott Taylor](#).

#### COVID COMPUTED VALUE

In [H321226](#) (January 7, 2022) Customs concluded that the costs of a Mexican government Covid-related shutdown could not be included in computed value calculations because production of imported merchandise did not occur. Instead, the costs were treated as an extraordinary expense, consistent with Mexican GAAP, and therefore not part of computed value. Contact [Brian Murphy](#) with questions.

#### BUY AMERICAN

On March 7, the Defense Department, General Services Administration (GSA), and National Aeronautics and Space Administration (NASA) published a Final Rule amending the domestic content requirements for federal purchases under the Federal Acquisition Regulations (FAR). Beginning Oct. 25, federal purchases must contain at least 60% domestic content, with phased increases to 75% domestic content by 2029. 87 Fed. Reg. [12780](#) (March 7, 2022). Contact [Sean Murray](#) with questions.

#### INDO-PACIFIC TRADE

On March 10, the U.S. Trade Representative (USTR) requested public comment on the development of the Indo-Pacific Economic Framework (IPEF). The IPEF would create commitments between Pacific trading partners on labor issues, the digital economy, trade facilitation, and the environment, but would not involve commitments to reduce tariffs. Comments are due by April 11. 87 Fed. Reg. [13789](#) (March 10, 2022).

#### CHINA WTO COMPLIANCE

On February 22, USTR [released](#) its Annual Report to Congress on China's compliance with WTO commitments. The Report details the effectiveness of U.S. measures to compel China to comply with its WTO commitments and the possibility to take actions outside the WTO to address problems.

[Order 14204](#), titled Section 1(a)(i) applies to the Financial Services Sector of the Russian Federation economy. [Executive Order 14204](#), "Blocking Property with Respect to Specified Harmful Foreign Activities of the Government of the Russian Federation," was issued April 15, 2021. This Determination forms the legal basis for many of the measures imposed against Russia since its invasion of Ukraine.

- On March 8, President Biden issued [Executive Order 14066](#) prohibiting the importation of Russian origin crude oil, petroleum, natural gas, coal, and related products; new investment in Russia's energy sector by U.S. persons; and the approval, financing, facilitation, or guarantee by a U.S. person of a transaction by a foreign person, where the transaction would be prohibited if done by a U.S. person or within the U.S.
- On March 11, President Biden issued an (unnumbered) [Executive Order](#) prohibiting the importation into the United States of certain iconic goods of Russian origin; the exportation or supply by U.S. persons or from the United States to Russia of certain luxury goods and dollar-denominated bank notes; certain new investment in Russia; and the approval, financing, facilitation, or guarantee by a U.S. person of a transaction by a foreign person, where the transaction would be prohibited if done by a U.S. person or within the U.S.

#### OFAC GENERAL LICENSES

- On February 21, the Office of Foreign Assets Control (OFAC) issued a series of Ukraine General Licenses authorizing limited activity otherwise prohibited by [Executive Order 14065](#). See [Ukraine/Russia-related Sanctions](#) General Licenses 17 through 22.

- Between February 22 and March 8, OFAC issued a series of Russia-Related General Licenses authorizing limited activity otherwise prohibited by [Executive Order 14024](#). See, [Russian Harmful Foreign Activities Sanctions](#), General Licenses 2, 3, 5, 6, 7, 8A, 11, and 12.

- On February 23, OFAC issued [General License No. 4](#) authorizing through March 1, 2022, transactions ordinarily incident and necessary to wind down transactions involving Nord Stream 2 AG that are otherwise prohibited by [Executive Order 14309](#), "Blocking Property With Respect to Certain Russian Energy Export Pipelines," dated August 20, 2021.

- On March 2, OFAC issued General Licenses [No. 13](#) and [No. 14](#) authorizing limited administrative transactions through Jun. 23, and clearing and settlement transactions (no end date), otherwise prohibited by [Directive 4](#) under Executive Order 14024.

- On March 2, OFAC issued General Licenses [No. 9A](#) and [No. 10A](#) authorizing through May 24, 2022, activities ordinarily incident and necessary to wind down certain derivative contracts and certain dealings in debt and equity with five Russian financial institutions, including VTB Bank, Sberbank, and Otkritie Bank, that are otherwise prohibited by the Russian Harmful Foreign Activities Sanctions Regulations, [31 C.F.R. Part 587](#).

- On March 3, OFAC issued [General License No. 15](#) authorizing transactions

with the three entities, including asset transfers to, and foreign exchange transactions for or on behalf of, such entities.

#### OFAC DESIGNATIONS

- On February 22, OFAC [designated](#) as Specially Designated Nationals ("SDNs"), pursuant to [E.O. 14024](#), Vnesheconombank (VEB) and Promsvyazbank Public Joint Stock Company ("PSB"), along with 42 of their subsidiaries, 5 vessels under PSB ownership, and three members of President Putin's inner circle.

- On February 23, OFAC [designated](#) as SDNs Nord Stream 2 AG and one individual pursuant to [Executive Order 14039](#), "Blocking Property with Respect to Certain Russian Energy Export Pipelines." (Aug. 20, 2021).

- On February 24, OFAC [designated](#) as SDNs, pursuant to [E.O. 14024](#), VTB Bank, Russia's second largest financial institution, three other major financial institutions, Otkritie Bank, Novikombank, and Sovcombank, including 34 subsidiaries, several members of President Putin's inner circle and their family members, and certain high-ranking financial sector of executives and some related business interests.

- On February 25, OFAC [designated](#) as SDNs, pursuant to [E.O. 14204](#), Vladimir Putin, President of the Russian Federation, Sergei Lavrov, Minister of Foreign Affairs of the Russian Federation, and 11 members of the Russian Security Council.

- On February 28, OFAC [designated](#) as SDNs, pursuant to [E.O. 14204](#), the Russian Direct Investment Fund (RDIF), two related companies, and the CEO of RDIF, Kirill Dmitriev.

- On March 3, OFAC [designated](#) as SDNs, pursuant to [E.O. 14204](#), a range of individuals from President Putin's inner circle and related property including Alisher Usmanov, his superyacht, and Airbus A340-300, and several Russian-Intelligence-Directed Disinformation Outlets.

- On March 11, OFAC [designated](#) as SDNs, pursuant to [E.O. 14024](#), certain Russian oligarchs, Kremlin elites, members of their families, and certain luxury assets; the management board of VTB Bank; and 12 members of the Russian State Duma.

#### STATE DEPT. DESIGNATIONS

On March 3, the Department of State [designated](#) as Specially Designated Nationals, pursuant to [E.O. 14024](#), several Russian elites, including Boris and Arkady Rotenberg, and some of their family members, companies, and personal property; 22 Russian defense-related entities; and one technology company. The parties were added to OFAC's List of Specially Designated Nationals and Blocked Persons.

#### RUSSIA TRADE STATUS

On March 11, USTR Katherine Tai [announced](#) that the United States will revoke Russia's Most Favored Nation (MFN) (or Normal Permanent Trade Relations (NPTR)) status, which will significantly increase U.S. Customs duties. The Administration will work with Congress to revoke Russia's MFN status. The same day the G7 nations announced they would revoke MFN status from Russia at the WTO invoking

## CHINA SECTION 301

On February 22, USTR announced a technical amendment to the list of products subject to the China Section 301 duties to correct a mistake made when implementing the 2022 Harmonized Tariff Schedule (HTS). 87 Fed. Reg. [9785](#) (Feb. 22, 2022).

## CHINA SANCTIONS

On February 15, OFAC issued a new set of [regulations](#) on China. The regulations relate to the prohibition on U.S. persons investing in Chinese military companies. OFAC also updated a General License related to legal services in its Weapons of Mass Destruction Proliferators Sanction Regulations. 87 Fed. Reg. [8733](#) and [8735](#) (Feb. 16, 2022).

## COOKIE ASSORTMENTS

On February 16, CBP [proposed](#) the revocation of a classification ruling on the classification of cookie assortments. CBP proposes to classify various biscuits and wafers, packaged, and sold together, under different HTSUS subheadings because the assorted cookies are not a set put up for retail sale. Contact [Brian Murphy](#) with questions.

## CRYPTOCURRENCY E.O.

On March 9, President Biden issued a [Executive Order](#) outlining a whole-of-government approach to addressing the risks and harnessing the potential benefits of digital assets and their underlying technology. The E.O. lays out a national policy for digital assets across six key priorities: consumer and investor protection, financial stability, illicit finance, U.S. leadership in the global financial system, economic competitiveness; financial inclusion, and responsible innovation.

## TRADEMARK COUNTERFEITING

On February 17, USTR [released](#) the 2021 Notorious Markets List. The List identifies WeChat and AliExpress online markets, which facilitate substantial trademark counterfeiting.

## EU SUPPLY CHAINS

On February 23, the European Commission [published](#) a directive intended to be the foundation for European Union (EU) legislation requiring large companies to implement due diligence on the environmental and social costs of their supply chains. The legislation would require companies in the EU to identify actual or potential adverse human rights and environmental impacts and make efforts to minimize them.

## FIRST SALE

In [H303474](#) (January 4, 2022), Customs held that in transactions between an Italian men's clothing factory, its parent company, and a US importer of men's suits, the sales transactions do not qualify for first sale treatment, because the importers were not able to establish that the prices between the related parties were at arm's length. The only sale that qualified as an arm's length transaction under transaction value was the sale from the US importer to its US customer. Contact [Sean Murray](#) with questions.

involving certain blocked entities owned by Alisher Usmanov that are otherwise prohibited by the Russian Harmful Foreign Activities Sanctions Regulations. [31 C.F.R. Part 587](#).

•On March 8, OFAC issued [General License No. 16](#) authorizing transactions related to certain imports of energy products that are otherwise prohibited by [Executive Order 14066](#)

•On March 11, OFAC issued [General License No. 23](#) authorizing certain transactions that are ordinarily incident and necessary to activities in support of non-governmental organizations that are otherwise prohibited by [Executive Order 14065](#). Activities include humanitarian projects (e.g., medicine, health services, nutrition), democracy building, education, etc.

•On March 11, OFAC issued General Licenses [No. 17](#), [No. 18](#), and [No.19](#), authorizing certain transactions otherwise prohibited by (unnumbered) [Executive Order](#), "Prohibiting Certain Imports, Exports, and New Investment with Respect to Continued Russian Federation Aggression," dated March 11, ("E.O.") and [31 C.F.R. Part 587](#); transactions ordinarily and incident to agreements entered prior to March 11, that are otherwise prohibited by section 1(a)(i) of the E.O.; certain personal, non-commercial remittances of U.S. dollar-denominated bank notes that are otherwise prohibited by Section 1(a)(iv); and transactions that are ordinarily incident and necessary to the personal maintenance (e.g., housing expenses) of U.S. persons located in Russia that are otherwise prohibited by Section 1(a)(iv).

## OFAC FAQs

Between February 22 and March 11, OFAC [issued](#) FAQs numbered 964 through 1028 addressing Russian Harmful Foreign Activities Sanctions and Ukraine-/Russia-Related Sanctions.

## BIS EXPORT CONTROLS

•On February 24, the Bureau of Industry and Security (BIS) issued a final rule amending the Export Administration Regulations (EAR) that added: new license requirements for exports to Russia on all items subject to the EAR that are classified under any Export Control Classification Number (ECCN) in Categories 3 through 9 of the Commerce Control List (CCL); license requirements for exports to the Donetsk and Luhansk regions of Ukraine on all items subject the EAR (with certain exceptions for food, medicine, and software enabling communication over the Internet); corresponding licensing policies of denial with very limited exceptions; two new foreign direct product rules specific to Russia and Russian "military end users"; limitations on the use of EAR license exceptions; 49 entities to the Entity List; and other measures. 87 Fed. Reg. [12226](#) (March 3, 2022).

•On March 3, BIS issued a [final rule](#) that added 91 entities to the Entity List and a [final rule](#) expanding existing sanctions targeting the oil refinery sector in Russia in section 746.5 of the EAR.

•On March 11, BIS issued a [final rule](#) that adds a new section 746.10 to the EAR that restricts the export of luxury goods to Russia, Belarus, and worldwide to certain Russian and

Article XXI.

## FINCEN ALERT

On March 7, the Financial Crimes Enforcement Network (FinCEN) issued an alert advising financial institutions to be vigilant against efforts to evade the U.S. imposed restrictions implemented in connection with Russia's invasion of Ukraine. The alert includes examples of suspicious activity and summarizes financial institutions' reporting obligations under the Bank Secrecy Act. [FIN-2022-Alert001](#).

## DOJ ANNOUNCEMENT

On March 3, the Department of Justice ("DOJ") [announced](#) the creation of the interagency Task Force KleptoCapture, which is dedicated to enforcing the sanctions, export controls, and economic countermeasures the U.S. has imposed in response to Russia's military invasion of Ukraine. It was [announced](#) the same day that the taskforce will be led by veteran SDNY prosecutor Andrew Adams.

## ENTRIES - FTZ ADMISSIONS

•ENERGY PRODUCTS: On March 9, U.S. Customs and Border Protection ("CBP") issued a message explaining requirements for entries or admissions to Foreign-Trade Zones (FTZs) of oil and other energy products of Russian origin that are subject to OFAC [General License 16](#). Filers must provide documentation evidencing that the effective date of the underlying contract or order was prior to March 8. The information is required prior to unloading, but CBP encourages submissions as early as possible. FTZ admissions of such products are not authorized using Direct Delivery and will be authorized only under standard admission procedures. [CSMS #51260049](#) (March 9, 2022).

•SEAFOOD AND DIAMONDS: On March 12, CBP issued a message explaining requirements for entries or admissions to FTZs of fish, seafood, and preparations thereof, alcoholic beverages, and non-industrial diamonds of Russian origin that are subject to [General License 17](#). Filers must provide documentation evidencing the effective date of the underlying contract or order was prior to March 11. The information is required prior to unloading, but CBP encourages submissions as early as possible. FTZ admissions of such products are not authorized using direct delivery and will be authorized only under standard admission procedures. [CSMS #51289159](#) (Nov. 12, 2022).

## BELARUS

•OFAC Designations: On February 24, OFAC [designated](#) as SDNs pursuant to [Executive Order 14038](#), "Blocking Property of Additional Persons Contributing to the Situation in Belarus," dated August 9, 2021, 24 Belarusian individuals and entities in the defense and financial industries due to Belarus's support and facilitation of Russia's invasion of Ukraine.

•OFAC General Licenses: On February 24, OFAC issued General Licenses [No. 6](#) and [No. 7](#) authorizing official business of the U.S. Government and of Certain International Organizations that is otherwise prohibited by the Belarus Sanctions Regulations, [31 C.F.R. 548](#).

**FCPA FINE**

On February 17, the Securities and Exchange Commission [announced](#) that a South Korean telecommunications company had agreed to pay a \$6.3 million fine to resolve alleged violations of the Foreign Corrupt Practices Act (FCPA). The company allegedly engaged in multiple schemes to make improper payments to South Korean and Vietnamese officials.

**AGOA PROBE**

On February 23, the U.S. International Trade Commission (ITC) announced the initiation of an investigation and request for comment on the effectiveness of the African Growth and Opportunity Act (AGOA). Requests to appear at the Jun. 9 public hearing must be filed by May 25. 87 [Fed. Reg. 10239](#) (Feb. 23, 2022).

Belarusian Oligarchs.

• BIS has created a [landing page](#) with links to various resources on the export controls that have been implemented in response to Russia's invasion of Ukraine.

**DDTC EXPORT CONTROLS**

On February 25, the Directorate of Defense Trade Controls (DDTC) [updated](#) its policies to deny licenses or other approvals for exports and other transactions subject to the International Traffic in Arms Regulations (ITAR) destined for or originating in the Donetsk and Luhansk regions of Ukraine.

**CONVICTION**

On February 22, Mr. Jorge Orencel of Maryland was [sentenced](#) to 6 months in federal prison and fined \$5,000 for attempting to ship fission and ionization chambers to Hong Kong without the required license, falsifying a commercial invoice, by showing a reduced value, and supplying a fake shipper's letter of instruction (SLI) to his freight forwarding agent

•BIS Export Controls: On March 2, BIS issued a final rule amending the EAR that render Belarus subject to the same requirements that were imposed on Russia under the EAR by BIS on February 24, published at 87 [Fed. Reg. 12226](#) (March 3, 2022). 87 [Fed. Reg. 13048](#) (March 8, 2022).

**FTZ STATISTICS****FOREIGN-TRADE ZONES BOARD  
ACTIVITY AS OF 3/15/2022**

Approved	
Zones	297
Subzones*	875
Pending	
Zones	4
Subzones	10
Misc.	32

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