



FORCED LABOR

• On April 8, the Department of Homeland Security's Forced Labor Enforcement Task Force (FLETF) held a public hearing on the use of forced labor and the implementation of the Uyghur Forced Labor Prevention Act (UFLPA). Industry groups asked for clarification of the presumption of forced labor defined in the Act, a 10% *de minimis* exception, and a period of informed compliance to meet the Act's requirements. Human rights groups argued that such requests were attempts to avoid the Act's requirements. 87 Fed. Reg. [15448](#) (March 18, 2022).

• U.S. Customs and Border Protection (CBP) has [posted](#) on its UFLPA website that it will be issuing "Notice of Known Importer" letters before June 21 to importers identified as having previously imported merchandise that may be subject to the UFLPA. The letters are to encourage the importers to address any forced labor issues "in a timely manner." Contact [Sean Murray](#) with questions.

CHINA SECTION 301 LITIGATION

The U.S. Court of International Trade (CIT) has issued a lengthy decision ruling that U.S. Trade Representative (USTR) did not exceed its statutory authority in issuing China Section 301 Lists 3 and 4A. However, the CIT identified Administrative Procedure Act (APA) procedural defects and remanded the matter to USTR to submit further explanation of its rationale by June 30. Contact [Brian Murphy](#) or [Sean Murray](#) with questions or if you are interested in filing a claim. [In Re Section 301 Cases](#), CIT Slip Op. [22-32](#) (April 1, 2022).

NEW ACE FORMS

On April 23, CBP will deploy its new ACE Forms tool, which will modernize importer access to CBP Forms 28 (Request for Information), 29 (Notice of Action), and 4647 (Notice to Mark/Redeliver) and "Docs Required" messages through the ACE Secure Data Portal. CSMS [#51605401](#) (April 14, 2022).

CEE REPORT

The Department of Homeland Security Office of Inspector General (OIG) has issued a report concluding that CBP needs improved oversight of the CBP

TEXAS BORDER DELAYS

On April 6, Texas Department of Public Safety officers began conducting additional inspections on commercial vehicles after the vehicles had cleared U.S. Customs and Border Protection (CBP) inspections. This has created significant delays for commercial traffic crossing the Texas-Mexico border. On April 14, Governor Greg Abbott announced that the State of Texas would ease state inspection requirements for commercial vehicles at the Laredo-Colombia Solidarity Bridge after reaching an agreement with the State of Nuevo Leon to enhance security enforcement measures in Nuevo Leon. Governor Abbott indicated that Texas would work with the States of Tamaulipas, Coahuila, and Chihuahua to reach similar agreements. Expect delays to continue until the inspections end.

301 PRODUCT EXCLUSIONS

The U.S. Trade Representative (USTR) has reinstated 352 previously expired China Section 301 product exclusions. The exclusions apply retroactively to October 12, 2021 and extend through December 31, 2022. Please contact [Brian Murphy](#) or [Sean Murray](#) with any questions or for assistance in filing Protests or Post Summary Corrections for past entries. 87 Fed. Reg. [17380](#) (March 28, 2022).

GLOBAL TRADE IMPACT

The World Trade Organization (WTO) has [issued](#) an assessment of the impact of the Russian invasion of Ukraine on the global economy. The WTO projects that global trade growth will be cut by about half to 2.4%-3.0% and global gross domestic product growth will fall from the earlier projected 4.7% to about 3.4%.

PARTNER EXPORT CONTROLS

BIS has issued a Final Rule that added Iceland, Liechtenstein, Norway, and Switzerland to the list of countries in Supplement No. 3 to 15 C.F.R. Part 746 that are excluded from U.S. export license requirements on certain transactions involving Russia and Belarus because they have implemented their own similar export controls. 87 Fed. Reg. [21554](#) (April 12, 2022).

RUSSIA, BELARUS & UKRAINE

There continues to be almost daily additions or changes to the sanctions and restrictions on transactions involving Russia and Belarus. Please contact [Bryan Brown](#), [Sean Murray](#), or [Chuck Ballard](#) with questions.

RUSSIA DUTY RATES

• On April 8, President Biden signed into law the "[Suspending Normal Trade Relations with Russia and Belarus Act](#)" (H.R. 7108) and it went into effect on April 9. All products of Russian and Belarusian origin are now subject to the duty rates set forth in Column 2 of the Harmonized Tariff Schedule of the United States (HTSUS). The Act also provides the President with the authority to increase the duty rates above Column 2 rates via presidential proclamation through January 1, 2024. Public Law (P.L.) 117-110.

• On April 8, President Biden signed into law the "[Ending Importation of Russian Oil Act](#)" (H.R. 6968), which prohibits U.S. imports of all Russian origin products classifiable in HTSUS Chapter 27. The Act is to be implemented consistently with Executive Order [14066](#) (March 8, 2022), which prohibits the importation of Russian origin crude oil and related products. P.L. 117-109.

BIS RUSSIA EXPORT CONTROLS

BIS has issued a [Final Rule](#) that expands the export license requirements imposed on February 24 to all items in Categories 0 through 9 of the Commerce Control List ("CCL") (i.e. all items with Export Control Classification Numbers (ECCNs)). 87 Fed. Reg. [22130](#) (April 14, 2022).

RUSSIAN SECTOR SANCTIONS

• On March 31, the Secretary of the Treasury issued a [Determination](#) that Section 1(a)(i) of Executive Order 14024 applies to the aerospace, electronics, and marine sectors of the Russian economy, which allows the Secretary to impose sanctions on individuals or entities that have operated or are operating in these sectors.

• On March 31, the Office of Foreign Assets Control (OFAC) [expanded its sanctions](#) to include Russian semiconductor, marine, and aerospace manufacturers. OFAC also added several specific entities

Centers of Excellence and Expertise (CEEs). OIG identified a lack of established performance standards for the CEEs. [OIG-22-34](#) (March 31, 2022).

HTSUS CH 90 CLASSIFICATIONS

CBP has revoked a ruling that classified a plastic urine drainage bag in HTSUS subheading 9018.90.80 (Free) as an “other” instrument or appliance used in the medical sciences and reclassified it in subheading 3926.90.99 (5.3%) as an “other article of plastics.” CBP reasoned that the markings on the bag to permit urine measurement make it a “capacity measure,” which is excluded from Chapter 90 by the Chapter Notes. Clients with articles classified in Chapter 90 should be reviewing their products to determine whether they could be considered “capacity measures.” Contact [Sean Murray](#) with questions. [56 Cust. B. & Dec. 41](#) (April 13, 2022).

SUPPLY CHAIN

The Bureau of Industry and Security (BIS) is requesting comments on how to make supply chains more resilient and secure in a few key industries: semiconductors, solar photovoltaics, pharmaceuticals, critical minerals and materials, including lithium-ion batteries and rare earth magnets. The information will be used in the U.S.-EU Trade and Technology Council Secure Supply Chains Working Group. Comments are due by May 23. [87 Fed. Reg. 19854](#) (April 6, 2022).

BIS LEADERSHIP

On March 31, the Senate confirmed Alan Estevez as Under Secretary of Commerce for Industry and Security. Under Secretary Estevez previously was the Under Secretary of Defense for Acquisition in the Obama administration.

USTR TRADE COMMITTEE

USTR has requested nominations by May 4 for membership on the Intragovernmental Policy Advisory Committee on Trade (IGPAC). The IGPAC provides general policy guidance and advice to USTR. [87 Fed. Reg. 20030](#) (April 6, 2022).

TRADE BARRIERS

On March 31, the U.S. Trade Representative [released](#) the 2022 National Trade Estimate on Foreign Trade Barriers, which provides an overview of significant trade barriers to U.S. exports. The report identified Chinese industrial policies, digital trade barriers, agricultural trade barriers, and labor rights concerns.

BUSINESSMAN SENTENCED

On March 31, the Justice Department [announced](#) the sentencing of a California businessman to one year in federal prison for illegally brokering the sale of embargoed defense articles to China and filing a false corporate tax return.

INTERESTED PARTIES

RUSSIAN INVESTMENTS

On April 6, President Biden issued Executive Order [14071](#) prohibiting new investment and the provision of certain services to any person in Russia, as well as prohibiting the approval, financing, facilitation, or guarantee by a U.S. person of such transactions by a foreign person. [87 Fed. Reg. 20999](#) (April 8, 2022).

OFAC DESIGNATIONS

- On March 24, OFAC [designated](#) 328 members of the Russian State Duma, the State Duma itself, dozens of Russian defense companies, and the CEO of Sberbank as Specially Designated Nationals (SDNs).
- On April 6, OFAC [designated](#) as SDNs Sberbank and 42 of its subsidiaries, Alfa-Bank (Russia) and 6 of its subsidiaries and 5 of its vessels, family members of President Putin and Foreign Minister Lavrov, and the remaining members of the Russian Security Council who had not been previously designated.
- On April 7, OFAC [designated](#) Public Joint Stock Company Alrosa and United Shipbuilding Corporation (including 28 subsidiaries and 8 board members) as SDNs. Alrosa is the world’s largest diamond mining company, accounting for 28% of global diamond mining.

50% RULE

Clients are reminded that restricted party screening should not be based solely on the lists maintained by OFAC, BIS, and other government agencies. Pursuant to OFAC’s [50% Rule](#), companies owned 50% or more by SDNs, Sectoral Sanctioned Parties, and certain other sanctioned entities, are subject to the same prohibitions as their sanctioned owners. Please contact [Bryan Brown](#) with any questions.

DEFENSE PRODUCTION ACT

On March 31, President Biden [invoked](#) the Defense Production Act to support the production and processing of minerals used for large capacity batteries.

BRITISH STEEL & ALUMINUM

The Commerce Department has [published](#) a summary of the UK-U.S. Section 232 tariff rate-quota (TRQ) arrangement that replaces the Section 232 25% duty on UK steel and 10% duty on UK aluminum on June 1. The TRQ covers more steel than the UK imported to the U.S. in 2018 through 2019. In response, the UK [announced](#) that it would suspend retaliatory tariffs on U.S. goods.

TURKISH STEEL

The Supreme Court has declined to review the Federal Circuit’s decision upholding the validity of President Trump’s decision to double steel tariffs on Turkish steel. [Transpacific Steel, LLC v. U.S.](#), No. 21-721 (March 28, 2022).

JAPANESE STEEL

Effective April 1, President Biden altered the Section 232 action against Japanese steel after successful negotiations with Japan

and individuals involved in these industries to the Specially Designated Nationals (SDN) List. In addition, OFAC warned that it could sanction any individual or entity who operates or has operated in these sectors.

RUSSIAN GENERAL LICENSES

- On March 24, OFAC updated two General Licenses (GLs) and issued new GLs. Updated [GL 6A](#) allows the export of agricultural products to Russia along with medicine, medical devices, and COVID-19 diagnostic and treatment supplies and equipment. Updated [GL 17A](#) addresses U.S. imports of some alcoholic beverages, non-industrial diamonds, and seafood. New [GL 20](#) authorizes some third-country diplomatic and consular fund transfers and new [GL 25](#) permits most journalistic activities involving Russia. OFAC also updated frequently asked questions (FAQs) [1023 and 1024](#).
- On April 7, OFAC issued GLs [9C](#), [10C](#), [21A](#) (authorizing the wind down of Sberbank CIB USA and Alrosa USA), and [25](#) (authorizing transactions ordinarily incident and necessary to the receipt or transmission of telecommunications involving Russia).
- On April 12, OFAC issued GL [26](#) authorizing transactions that are ordinarily incident and necessary to winding down transactions with Sberbank Kazakhstan, Sberbank Europe, and entities in which they own a 50% or greater interest through July 11.

RUSSIA & FTZS

CBP has issued a message reminding that since OFAC General License 17 expired, CBP would be requiring manifests, entries for consumption or warehouse, or admissions to foreign-trade zones of alcoholic beverages or non-industrial diamonds of Russian origin to be held as prohibited products. Direct Delivery is not authorized. CBP is to provide additional guidance on disposition of this merchandise. Contact [Marshall Miller](#) with any questions. CSMS [#51414790](#) (March 25, 2022).

RUSSIAN AIRCRAFT

- On March 18, 2022, BIS [announced](#) the identification of over [100](#) commercial and private aircraft that have been flown into Russia in apparent violation of the Export Administration Regulations (EAR) and provided notice that any form of service (e.g., refueling, maintenance, repair, or providing spare parts) to these aircraft requires authorization. Seventy-three (73) more aircraft were added to the [list](#) on March 30. Ten (10) more were added to the [list](#) on April 14, including the first seven (7) Belarusian aircraft.
- On April 7, BIS issued three temporary denial orders against [Aeroflot](#), [Azur Air](#), and [UTair](#), which deny the export privileges under the EAR of these three Russian carriers for 180 days.
- On April 8, BIS granted 15

The U.S. Court of International Trade (CIT) has dismissed a challenge brought by a domestic producer of steel pipes concerning the classification used by an importer of similar products. The CIT determined that CBP may provide general information on how CBP classifies products, but CBP is not required to provide information on the classifications used by specific importers. Wheatland Tube Co. v. U.S., CIT Slip Op. [22-22](#) (March 18, 2022).

ORIGIN STORIES

CBP has [issued](#) a ruling that paperback books printed and folded in Hong Kong and then transferred to China for binding and packing were Hong Kong origin. CBP determined that the gluing and cutting to bind printed materials does not result in a substantial transformation. HQ [H323855](#) (April 4, 2022).

IDENTITY THEFT

The U.S. Court of International Trade (CIT) has dismissed an attempt by CBP to collect \$5.7 million in unpaid duties from an importer. Chinese suppliers made entry of passenger vehicle and light truck tires without the importer's knowledge. The importer did not pay the applicable duties. The CIT determined that CBP failed to articulate a specific violation of 19 U.S.C. § 1592(a). As a result, a prior statute of limitations waiver was invalid. U.S. v. Katana Racing, Inc., CIT Slip Op. [22-30](#) (March 28, 2022).

HUAWEI ENTITY LIST

BIS has issued corrections to three Huawei entities that were added to the BIS Entity List in February. 87 Fed. Reg. [21011](#) (April 11, 2022).

to incorporate a tariff-rate quota (TRQ) and eliminate the Section 232 duty on Japanese steel derivatives. Section 232 duties remain on Japanese aluminum. 87 Fed. Reg. [19351](#) (April 1, 2022).

OFFSETS

BIS is reminding companies that the annual report of offsets is due on June 15. Reports are required for offset contracts to foreign parties related to defense articles and technology that exceed \$5 million. 87 Fed. Reg. [17269](#) (March 28, 2022).

SANCTIONS EVASION

• On March 16, the Treasury Department [announced](#) the launching of the multi-country Russian Elites, Proxies, and Oligarchs (REPO) task force. Executive agencies in each member jurisdiction (Australia, Canada, Germany, France, Italy, Japan, the United Kingdom, the United States, and the European Union) will share information and coordinate activities involving sanctions, asset freezing, civil and criminal asset seizures, and criminal prosecutions.

• The Treasury Department has [announced](#) the Kleptocracy Asset Recovery Rewards [Program](#), which authorizes the Secretary of the Treasury to offer rewards up to \$5 million for information leading to seizure, restraint, or forfeiture of assets linked to foreign government corruption. This includes the Russian government.

ACE DEVELOPMENTS

CBP has published additional chapters in the ACE CATAIR identifying future capabilities. CSMS [#51585169](#) (April 12, 2022).

authorizations for certain aircraft to leave Russia and removed them from the [list](#) of aircraft identified as having flown into Russia in apparent violation of the EAR.

• On April 12, BIS announced that it was placing PJSC Aeroflot (Aeroflot) on its Denied Parties List. Aeroflot, the Russian flag carrier, is partially owned by the Russian government. The order will remain in effect for 180 days but could be extended. 87 Fed. Reg. [21611](#) (April 12, 2022).

FINCEN ALERT

On March 15, FinCEN issued an alert advising financial institutions to be vigilant in identifying and reporting suspicious transactions in real estate, artwork, precious metals, stones, and jewelry, and other high value assets that may be used by Russian oligarchs and their proxies as mediums to evade sanctions. [FIN-2022-Alert002](#).

FTZ STATISTICS

FOREIGN-TRADE ZONES BOARD ACTIVITY AS OF 4/15/2022

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

*From Fed. Reg. Notices