



RUSSIA SECTOR SANCTIONS

On May 11, the Bureau of Industry and Security (BIS) issued a [Final Rule](#) that expands the items subject to the Russian Industry Sector Sanctions in Supplement Number 4 to EAR Part 746. The rule adds 205 HTS codes at the 6-digit level, corresponding to 478 10-digit Schedule B numbers. All the items are designated EAR99. The items include wood products, industrial engines, boilers, motors, fans, ventilation equipment, bulldozers, sewing machine needles, and many other items with commercial and industrial applications. BIS also clarified that the scope of the list is based on the HTS description. Contact [Sean Murray](#) with questions. 87 Fed. Reg. [28758](#) (May 11, 2022).

BIS RUSSIA FAQs

BIS has issued [FAQs](#) on a range of issues involving Russia under the Export Administration Regulations (EAR), including applicable license requirements, license application review policy, foreign direct product (FDP) and De Minimis rules, excluded countries, luxury goods, license exceptions, and country group and country chart changes.

BIS COMPLIANCE

Matthew Axelrod, BIS Assistant Secretary for Export Enforcement, [told](#) the Ukrainian Congress Committee of America on April 21 that BIS knows which companies were exporting to Russia prior to its invasion of Ukraine, and is currently contacting those companies to ensure compliance and to educate them. To date, BIS has contacted 421 companies.

OFAC RUSSIA REGULATIONS

• The Office of Foreign Assets Control (OFAC) has amended and [reissued](#) in their entirety the Ukraine-Russia-Related Sanctions Regulations (31 C.F.R. Part 589) to provide more comprehensive and additional guidance, general licenses, and other regulatory provisions. 87 Fed. Reg. [26094](#) (May 2, 2022).

• OFAC has [revised](#) several FAQs (418, 541-543, 545, and 546) coincident with the updated sanctions regulations.

RUSSIAN VESSELS

On April 21, President Biden issued Presidential Proclamation [10371](#)

FORCED LABOR

• On May 2, Senators Marco Rubio (R-FL) and Rick Scott (R-FL) [introduced](#) the Transaction and Servicing Knowledge (TASK) Act (S.4095) which would require the Securities and Exchange Commission to require publicly traded companies to report any transactions with Chinese companies on the Entity List and report their sourcing and due diligence activities if their imported products are linked to forced labor in the Xinjiang region of China.

• Contact [Sean Murray](#) or [Brian Murphy](#) with forced labor questions.

UKRAINE EXPORT APPROVALS

Secretary of State Antony Blinken indicated in an April 26 U.S. Senate [hearing](#) that State Department licenses and approvals for military hardware for Ukraine are being given priority. Many licenses that have typically taken weeks to approve are being granted in days. The U.S. is also increasing natural gas exports to Europe to offset reduced imports from Russia.

SECTION 232 UKRAINE STEEL

The Department of Commerce [announced](#) on May 9 that it will suspend Section 232 tariffs on Ukraine steel for one year to provide further support to Ukraine in response to Russian aggression. No formal notice has yet been issued with details, such as timing and impact on Ukraine steel held in FTZs.

USTR CHINA 301 REVIEW

The U.S. Trade Representative (USTR) has announced that it is conducting the legally required review of the China Section 301 List 1 and 2 trade remedies. Domestic interested parties seeking to continue the List 1 and 2 additional duties may submit comments by July 5 (List 1) and August 22 (List 2). Subsequent notices will provide comment periods for other interested parties. 87 Fed. Reg. [26797](#) (May 5, 2022).

SECTION 232/301 REPORT

The U.S. International Trade Commission (ITC) [announced](#) that it would examine the impact of Section 232 and 301 tariffs on U.S. imports. The report is to be issued on March 15, 2023. Persons wishing to appear at a July 21 hearing have until July 6 to submit a request to

DRAFT FTZ QUESTIONNAIRE

The U.S. International Trade Commission (ITC) has published a draft Foreign Trade Zone Questionnaire in connection with its investigation into U.S. FTZs and similar programs in Canada and Mexico. The USITC Notice indicates the FTZ Questionnaire, which recipients will be legally required to complete, will be issued to 400 respondents and take 20 hours. The draft FTZ Questionnaire may be found [here](#), and public comments are due by June 27, 2022. Contact [Marshall Miller](#) or [Linda King](#) with questions or for assistance in preparing comments. 87 Fed. Reg. [25294](#) (April 28, 2022).

FTZ AES

The Census Bureau has announced that, effective May 17, the Automated Export System (AES) will accommodate the nine-character Foreign-Trade Zone (FTZ) Identifier. Software vendors were reminded to update their software accordingly. Response Code 15A will indicate when the required nine-character format has not been input correctly.

BUY AMERICAN

On April 18, the Office of Management and Budget [issued](#) a memorandum to the heads of executive departments and agencies on the implementation of the Buy America preference in infrastructure assistance programs. By May 14 all agencies were required to ensure that programs meet the Buy America requirements or determine that either a public interest, non-availability, or unreasonable cost waiver is appropriate. Contact [Brian Murphy](#) or [Sean Murray](#) with questions.

CONTAINER SHORTAGES

On April 22, the Federal Maritime Commission (FMC) [ordered](#) Hapag-Lloyd to pay \$822,220 for charging unfair detention fees on a drayage provider that was unable to make appointments to return empty containers.

TRADE REMEDIES & AD/CVD

CBP has introduced a new [website](#) that organizes information on antidumping and countervailing duties (AD/CVD) and Sections 201, 232 and 301 trade remedies.

FDA VQIP PORTAL

prohibiting Russian affiliated vessels from entering into U.S. ports, with certain exceptions, and authorizing the Secretary of Homeland Security to implement corresponding regulations. 87 Fed. Reg. [24265](#) (April 21, 2022); 87 Fed. Reg. [25629](#) (May 2, 2022).

OFAC RUSSIA DETERMINATIONS

• On May 8, the Director of OFAC [issued](#) a Determination pursuant to Section 1(a)(i) of Executive Order [14024](#) that Section 1(a)(i) applies to accounting, trust and corporate formation services, and management consulting services of the Russian economy. The Determination allows the Secretary to impose sanctions on individuals or entities that have operated or are operating in these sectors.

• On May 8, the Director of OFAC [issued](#) a Determination pursuant to Section 1(a)(ii) of Executive Order [14071](#) that Section 1(a)(ii) applies to accounting, trust and corporate formation, and management consulting. As a result, the provision of these services by a U.S. person or from the United States to any person in Russia is prohibited.

OFAC RUSSIA DESIGNATIONS

• On April 20, OFAC [designated](#) as Specially Designated Nationals (SDNs) Transkapitalbank (TKB) and a global network of more than 40 individuals and entities that are led by SDN designee Konstantin Malofeyev and several companies operating in Russia's virtual currency mining industry for sanctions evasion activities.

• On May 8, OFAC [designated](#) as SDNs 8 Sberbank board members, 27 Gazprombank board members, Moscow Industrial Bank and 10 of its subsidiaries, a private rifle manufacturer, and three Russian state-owned television stations.

OFAC RUSSIA FAQs

• On April 20, OFAC issued FAQ [1030](#) addressing obligations of credit card system operators regarding cards issued by sanctioned Russian financial institutions.

• OFAC has updated FAQs [1034](#), [1035](#), and [1038](#) and issued FAQs [1033 through 1040](#) addressing various topics.

OFAC FACT SHEET

On April 19, OFAC issued a [Fact Sheet](#), to clarify that U.S. sanctions do not restrain agricultural and medical exports, NGO activities, COVID-19 relief, the free flow of information, humanitarian assistance, and other support to the people impacted by Russia's invasion of Ukraine.

OFAC GENERAL LICENSES

• On April 19, OFAC issued General License (GL) [27](#), authorizing certain transactions in support of NGO activities that are otherwise prohibited by E.O. [14024](#).

• On April 20, OFAC issued GLs [28](#) and [29](#), authorizing through October 19, all transactions with Transkapitalbank ("TKB") destined

appear. Comments regarding the tariffs will be accepted through August 24. 87 Fed. Reg. [28035](#) (May 10, 2022).

EPA NOTICES OF ARRIVAL

The Environmental Protection Agency (EPA) has announced that it will continue the temporary process established due to the COVID-19 pandemic for handling paper Notices of Arrival (EPA Form 3540-1). CSMS [#51798905](#) (May 4, 2022).

DDTC END USE CHECKS

The Directorate of Defense Trade Controls (DDTC) conducted 256 end use checks in 2021, up about 38% from 2020. About 30% of the checks resulted in unfavorable findings. Most findings related to unreliable or uncooperative end users and unlicensed parties.

NEWMONT MINING FINES

Newmont Mining agreed to a [settlement](#) with OFAC after admitting that its Suriname division bought Cuban explosives. It agreed to pay \$141,442. In a related case, Chisu International [agreed to pay](#) \$45,908 after its Panama and Suriname affiliates supplied Cuban explosives to customers in Suriname.

AGOA REVIEW

The U.S. Trade Representative (USTR) has issued a Notice announcing its annual review of country eligibility under the African Growth and Opportunity Act (AGOA). Comments are due by June 23. 87 Fed. Reg. [28856](#) (May 11, 2022).

JAPAN FTA ORIGIN CERTIFICATES

CBP has issued a ruling granting an importer's protest following the Machinery Center for Excellence and Expertise's (CEE) denial of preferential tariff treatment under the U.S.-Japan Trade Agreement. CBP determined that the U.S.-Japan Trade Agreement merely requires an attestation that the goods qualify under the Agreement, which the importer made by including the special program indicator "JP" on the entry documentation. HQ [H322700](#) (March 17, 2022).

NORD STREAM 2 SANCTIONS

On May 4, the Department of State imposed sanctions pursuant to the Countering America's Adversaries Through Sanctions Act (CAATSA) and the Protecting Europe's Energy Security Act (PEESA) on several individuals, entities, and vessels involved in Russia's Nord Stream 2 pipeline project. 87 Fed. Reg. [26385](#), [26386](#), and [26387](#) (May 4, 2022).

EXPORT MANIFESTS

CBP is extending the electronic export manifest program for rail and vessel traffic for another two years, until April 26, 2024. 87 Fed. Reg. [25037](#) and [25036](#) (April 27, 2022).

BIS RUSSIA TDO

BIS has issued a Temporary Denial [Order](#) against Russian airline

The Food and Drug Administration (FDA) has announced that the Voluntary Qualified Importer Program (VQIP) application portal for fiscal year 2023 will close on May 31, 2022. CSMS [#51803879](#) (May 5, 2022).

AUSTRALIAN COMPANY FINED

Toll Holdings (Toll), an Australian international logistics company, was [fined](#) \$6.13 million for almost 3,000 violations of Office of Foreign Assets Control (OFAC) regulations. Toll received numerous payments using U.S. dollars from clients in North Korea, Syria, and Iran. Company compliance efforts did not keep pace with the growth in its business.

SPECIAL 301 WATCH LIST

On April 29, the U.S. Trade Representative (USTR) [announced](#) that Kuwait, Saudi Arabia, Lebanon, and Romania have been removed from the USTR Section 301 Watch List on intellectual property protections. Ukraine's watch list review was suspended due to the Russian invasion.

INDO-PACIFIC FRAMEWORK

On April 18, U.S. Trade Representative Katherine Tai [met](#) with representatives from Taiwan and the Philippines. Both representatives expressed their desire to join the Indo-Pacific Economic Framework.

SLI REMINDER

When shipping via freight forwarder, a properly prepared Shipper's Letter of Instruction (SLI) can prevent issues and delays. Invoices and packing lists typically do not provide all the needed information to complete the Automated Export System (AES) filing, such as the ECCN, routed export information, end user type, related parties, etc. Please contact [Chuck Ballard](#) or [Bryan Brown](#) for a copy of our SLI.

UK INTERNET SANCTIONS

The UK has [issued](#) new trade sanctions relating to internet services and online media services. Social media companies must take "reasonable steps" to exclude content generated or shared by sanctioned parties. Internet service providers must take similar steps to prevent UK users from accessing sites "provided by designated persons." App stores must take steps to prevent UK users from downloading or accessing apps provided by designated persons.

COUNTERFEIT NARCOTICS

On April 21, CBP [announced](#) that since October 1, 2021, it has seized over 16,000 pounds of counterfeit drugs and over \$252 million in counterfeit products at express consignment operations in Indianapolis, Cincinnati, and Louisville.

SYRIA UPDATE

On May 12, OFAC issued General License [22](#), which authorizes transactions incidental to several

for or originating in Afghanistan; and authorizing through May 19, all transactions ordinarily incident and necessary to winding down transactions with TKB.

• On May 2, OFAC issued GL [30](#), authorizing through September 29 transactions with Gazprom Germania GmbH that are otherwise prohibited by Directive 3 under E.O. 14024.

• On May 5, OFAC issued GLs [7A](#), [26A](#), [31](#), and [32](#). GL 7A authorizes overflight payments, emergency landings, and air ambulance services and replaces GL 7. GL 26A replaces GL 26 and authorizes through July 11, winding down of transactions involving Sberbank Kazakhstan, Sberbank Europe AG, and Sberbank (Switzerland) AG. GL 31 authorizes certain transactions related to patents, trademarks, and copyrights including application filings and other activities related to intellectual property protection. GL 32 authorizes through July 11, the winding down of transactions involving Amsterdam Trade Bank NV.

• On May 8, OFAC issued GLs [25A](#), [33](#), [34](#), and [35](#). GL 25A authorizes transactions related to telecommunications and certain internet-based communications. GL 33 authorizes the winding down of operations or existing contracts with three state-owned television stations designated as SDNs on the same day. GL 34 authorizes through July 6 the winding down of accounting, trust and corporate formation, and management consulting services otherwise prohibited by Section 1(a) (ii) of E.O. 14071. GL 35 authorizes through August 19, all transactions ordinarily incident and necessary to the provision of credit rating or auditing services otherwise prohibited by Section 1(a)(ii) of E.O. 14071.

• Contact [Bryan Brown](#) or [Sean Murray](#) with questions.

NEW FDA LANUNCH GUIDANCE

The Food and Drug Administration (FDA) has announced new guidance on Pre-Launch Activities Importation Requests (PLAIR). The guidance outlines FDA's approach for the importation of unapproved finished dosage-form drug products to prepare for U.S. launch. Contact [Sean Murray](#) with questions. 87 [Fed. Reg. 11716](#) (March 2, 2022).

TIB EXTENSIONS FORM

CBP has requested comments on revisions to the Application for Extension of Bond for Temporary Importation (CBP Form 3173). Interested parties may submit comments by May 31. 87 [Fed. Reg. 25503](#) (April 29, 2022).

Aviastar-TU (Aviastar), which provides cargo services including the delivery of military cargo. The TDO prohibits Aviastar from participating in transactions subject to the EAR for 180 days. 87 [Fed. Reg. 24514](#) (April 26, 2022).

NORTH KOREAN CHARGES

A Spanish citizen and a UK citizen were [charged](#) on April 25 with attempting to violate the North Korean sanctions by conspiring to provide blockchain and cryptocurrency services to North Korea. If convicted, they face up to 20 years in prison.

UK/E.U. UKRAINE DUTIES

The UK [announced](#) on April 25 that it was eliminating all tariffs on imports from Ukraine. The E.U. [announced](#) a similar proposal on April 27.

JAPAN RUSSIA DUTIES

The Associated Press [reported](#) on April 20 that Japan enacted a law to revoke Russia's Most Favored Nation (MFN) trade status.

ALUMINUM IMPORTS

Beginning June 29, aluminum import licenses will require both the fields of "country of largest smelt" and "country of second largest smelt" to be completed on license applications. CSMS [#51720841](#) (April 26, 2022).

CBP GUIDE ON CBPF 28/29/4647

CBP has [released](#) a reference guide on the use of the modernized CBPF 28 (Request for Information), CBPF 29 (Notice of Action) and CBPF 4647 (Redelivery Notice) ACE. The guide provides instructions for accessing and responding to these forms through ACE.

AD/CVD SCOPE RULINGS

The Commerce Department has announced that scope ruling requests have been filed in the antidumping and countervailing duty cases involving Chinese raw flexible magnets, wooden cabinets and vanities, aluminum foil, and steel trailer wheels. 87 [Fed. Reg. 24095](#) (April 22, 2022).

GLOBAL INTERNET

On April 28, the White House [announced](#) that the U.S. had joined 60 other nations to launch the Declaration for the Future of the Internet. The declaration outlines principles that the internet should be used to protect human rights and fundamental freedoms, promote the free flow of information, advance inclusive and affordable connectivity, and protect privacy.

industries in "non-regime" held territories in Syria. These industries include power grid, agriculture, telecommunications, construction, finance, clean energy, transportation, water and waste management, health services, education, manufacturing, and trade. In addition, OFAC [amended](#) several FAQs and added [FAQ 884](#).

EEL SMUGGLING

The Department of Justice (DOJ) Environment and Natural Resources Division [announced](#) that it has indicted American Eel Depot Corp and 8 employees for allegedly violating the Lacey Act and the Endangered Species Act by smuggling baby eels from Europe and transporting them to China where they were raised to maturity and then transported to the United States. If convicted, the employees face up to 20 years in prison and \$500,000 in fines.

DEA SETTLEMENT

Following a self-disclosure, Thermo Fisher Scientific Chemicals [agreed](#) to pay \$25,000 for shipping chemicals in violation of the Controlled Substances Act. Thermo Fisher [allegedly](#) failed to file DEA Form 486 declarations when shipping these substances to its facilities in India, the UK, and South Korea.

FOREIGN BRIBERY

On April 20, the Department of Justice (DOJ) [announced](#) an \$84 million settlement with an international waste management company to resolve investigations into the bribery of foreign officials in Brazil, Mexico, and Argentina. The company maintained false books and records to conceal improper payments to its subsidiaries in Brazil, Mexico, and Argentina. Contact [Bryan Brown](#) with questions.

E.U. GEOGRAPHIC INDICATORS

The European Commission has [announced](#) a proposed regulation that would expand current protections of geographic indicators for wine, spirits, agricultural products, and foodstuffs to include protections for ceramics, glassware, clothing, lace, jewelry, furniture, and knives.

FTZ STATISTICS

FOREIGN-TRADE ZONES BOARD ACTIVITY AS OF 5/15/2022

	Approved
Zones	297
Subzones*	877
	Pending
Zones	2
Subzones	10
Misc.	31

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

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