



CUSTOMS LAW UPDATES

On June 13, Senators Bill Cassidy (R-LA), Catherine Cortez Masto (D-NV), Marsha Blackburn (R-TN), and Maggie Hassan (D-NH) [invited](#) public comments by July 11 on trade facilitation and trade security issues, enhancements, and economic benefits to consider for updates to U.S. customs laws. We encourage clients to take advantage of this opportunity to comment directly to the legislative branch. Contact any of the firm's attorneys if you would like assistance with comments.

RUSSIA SANCTIONS EXPANDED

The Bureau of Industry and Security (BIS) has issued a Final Rule that amends the sanctions on Russia and Belarus in the Export Administration Regulations (EAR) to expand the items covered in Supplements 4, 6, and 7 to Part 746, revise the Russia/Belarus Foreign-Direct Product Rule, expand the items covered under Section 746.7 when destined to Iran, and make clarifying and conforming changes. 88 [Fed. Reg. 33422](#) (May 23, 2023).

UKRAINE STEEL

· A Presidential Proclamation has extended for one year to June 1, 2024 the suspension of Section 232 25% tariffs on Ukraine steel and broadened coverage to include E.U. steel melted and poured in Ukraine, so long as a Ukraine certificate of origin is provided. 88 [Fed. Reg. 36437](#) (June 5, 2023).

· CBP has provided guidance on entry reporting, including the application of 25% tariffs when a Ukraine certificate of origin is not provided and the treatment of steel held in Privileged Foreign (PF) FTZ status prior to June 1, 2023. CSMS [#56517371](#) (June 5, 2023).

DE MINIMIS BILL

Senators Bill Cassidy (R-LA), Tammy Baldwin (D-WI), and J.D. Vance (R-OH) have [introduced](#) the "De Minimis Reciprocity Act of 2023," which would set country-specific dollar amounts for U.S. Section 321 de minimis entries based on each country's dollar amount for de minimis entry and VAT import tax on U.S. shipments. China and Russia would not be eligible for the de minimis exception.

OPEN GENERAL LICENSES

The Directorate of Defense Trade Controls (DDTC) has published

FALL 2023 FIRM SEMINARS

Fall training seminars will be conducted by webinar only.

- FTZ 101 – October 10-12
- FTZ 201 – October 17-19
- I/E 101 – November 7-9
- I/E 201 – November 14-16

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

FTZ BOARD REGS

The Foreign-Trade Zones Board (FTZB) has proposed amendments to its regulations in 15 C.F.R. Part 400. The 26 proposed changes would allow electronic FTZB fee payments and make other significant changes impacting FTZ Grantees and Operators/Users. The firm is preparing a detailed comparison of the existing and proposed regulations that will be distributed to FTZ clients. Comments are due by July 11. FTZ clients are urged to submit comments. Contact [Marshall Miller](#) with questions or for assistance with comments. 88 [Fed. Reg. 37815](#) (June 9, 2023).

BIDEN TRADE POLICY

The U.S. Trade Representative (USTR) is inviting public comments on advancing inclusive, worker-centered trade and investment policies, including recommendations on policy actions to advance racial and gender equity and provide support for historically underserved communities. Comments are due by August 11. 88 [Fed. Reg. 98118](#) (June 12, 2023).

CHINA END USER CHECKS

Matthew Axelrod, BIS Asst. Secretary for Export Enforcement, indicated in recent [testimony](#) to the Senate Banking Committee that the number of end use checks in China has recently spiked. Mr. Axelrod attributed the increase to a change in U.S. policy that would move an entity to the restrictive BIS Entity List when end use checks cannot be completed timely.

U.S.-TAIWAN AGREEMENT

The U.S. and Taiwan have reached a n [agreement](#) covering customs administration and trade facilitation, good regulatory practices, domestic

UFLPA ENTITY LIST

The Department of Homeland Security has issued a Notice that adds two entities and eight subsidiaries to the Uyghur Forced Labor Protection Act (UFLPA) Entity List for working with the Xinjiang government to recruit, transport, transfer, harbor, or receive forced labor. These are the first additions since the list was created last year. Clients are reminded of the need to screen imports of Chinese products against the UFLPA Entity List and include listed entities in their forced labor programs. Contact [Brian Murphy](#) or [Sean Murray](#) with questions. 88 [Fed. Reg. 12481](#) (June 12, 2023).

FORCED LABOR TARGETING

U.S. Customs and Border Protection (CBP) has [reported](#) that in April 2023 it identified 377 shipments, valued at more than \$159 million, for further examination based on the suspected use of forced labor.

DFARS & FORCED LABOR

The Department of Defense (DoD) has published an Interim Rule, effective June 9, amending the Defense Federal Acquisition Regulation Supplement (DFARS) to prohibit the use of funds to knowingly procure products manufactured in whole or in part by forced labor from the Xinjiang Uyghur Autonomous Region (XUAR). Contractors must certify they made a good faith effort to determine that forced labor from the XUAR will not be used in the performance of the DoD contract. Comments are due by August 8. 88 [Fed. Reg. 37794](#) (June 9, 2023).

UFLPA CTPAT BENEFIT

In a May 30 [letter](#) to Customs Trade Partnership Against Terrorism (CTPAT) Trade Compliance program participants, CBP indicated that it would provide program participants with advance notice of possible holds, detentions, exclusions, or seizures pursuant to the UFLPA, as well as Withhold Release Orders and Findings of forced labor.

PET MEDS

CBP has issued a ruling that revokes two prior rulings on flea drops, determining that the flea drops are classified in Heading 3808 (6.5%) as insecticides and not in Heading 3004 (Free) as medicaments because they are not a

updates to Open General Licenses (OGLs) 1 & 2. OGL 1 allows the retransfer of qualifying defense articles and technical data to the Governments of Australia, Canada, and United Kingdom (UK) and qualifying entities and individuals. OGL 2 permits reexports between the Governments of Australia, Canada, and the UK, qualifying entities, and qualifying individuals. 88 Fed. Reg. [35992](#) (June 1, 2023).

RIGHT TO MAKE ENTRY

CBP has issued a ruling that a logistics consulting company was not an owner or purchaser with sufficient financial interest in the imported merchandise to act as Importer of Record. Clients are reminded that the importing entity must have the "right to make entry." Contact [Sean Murray](#) or [Brian Murphy](#) with questions. HQ [H324098](#) (June 5, 2023).

301 COVID EXCLUSIONS

The U.S. Trade Representative (USTR) has extended 77 COVID product exclusions through September 30. 88 Fed. Reg. [31580](#) (May 17, 2023); CSMS [#56517869](#) (June 5, 2023).

IRAN UAV ACTIVITIES

The Office of Foreign Assets Control (OFAC), the State Department, the Commerce Department, and the Department of Justice have provided joint [guidance](#) on Iran's Unmanned Aerial Vehicle (UAV) activities and industry due diligence and internal controls to prevent direct or indirect transfers.

ACE EXCHANGE RATES

On June 10, CBP deployed the Currency Exchange Rates enhancement from the legacy ACS system to the Automated Commercial Environment (ACE). The change impacts electronic data interchanges (EDIs). Trade users will continue to receive daily and quarterly exchange rate information using third party software or from the CBP Foreign Currency Exchange Rates [website](#). CSMS [#56529827](#) (June 6, 2023).

HARP SEAL OIL PENALTY

FeelGood Natural Health Stores, a Canadian retailer, has pleaded [guilty](#) to shipping and selling harp seal oil capsules into the United States in violation of the Marine Mammal Protection Act. Pursuant to the plea agreement, FeelGood agreed to remit \$20,000 and be placed on probation for 3 years.

ENTITY LIST ADDS

BIS added 43 entities to the Entity List, effective June 12. Most of the entities were added for supporting China's military or human rights abuses. Multiple TFASA Group entities in the UAE and UK were added for providing training to Chinese military pilots using Western and NATO sources. 88 Fed. Reg. [38739](#) (June 14, 2023).

service regulations, and corruption, and small and medium-sized enterprises. Taiwan has agreed to offer advance customs rulings and both countries have agreed to share Authorized Economic Operator (AEO) information.

PORT OF ENTRY CHANGES

CBP has updated prior guidance on changing the Port of Entry in ACE Cargo Releases and Entry Summaries. CSMS [#56597286](#) (June 12, 2023).

TIB RULING

CBP has issued a ruling that engines imported and sold to another company for assembly into lawn mowers which will be exported are not eligible for entry under Temporary Importation Bond (TIB) in HTSUS 9813.0005 because they are sold for domestic consumption. HQ [H327240](#) (June 5, 2023).

DFARS & BUY AMERICAN ACT

The Department of Defense (DoD) has issued a Proposed Rule to amend the Defense Federal Acquisition Regulation Supplement (DFARS) to align it with changes to the Federal Acquisition Regulations (FAR) which increased the Buy American Act (BAA) domestic content threshold and other BAA changes. Proposed changes include the definitions of "domestic end product," "qualifying country end product," and "domestic construction material" to address the scheduled increases to the domestic content requirement from 55% to 60% in CY 2023, 65% in CY 2024, and 75% in CY 2029. Comments are due by August 8. 88 Fed. Reg. [37942](#) (June 9, 2023).

VTA TELECOM DEBARRED

The Directorate of Defense Trade Controls (DDTC) has debarred VTA Telecom for 3 years for exporting defense goods to Vietnam and providing false information on export documentation. VTA Telecom was [fined](#) \$1,869,372 by BIS in 2021 for related violations. 88 Fed. Reg. [35994](#) (June 1, 2023).

TDO EXTENSIONS

· BIS has extended the Temporary Denial Order (TDO) issued to Quicksilver Manufacturing, Rapid Cut, and U.S. Prototype for an additional 180 days. They were accused of sending customer-controlled drawings to China without the proper authorizations. 88 Fed. Reg. [37007](#) (June 6, 2023).

· BIS has extended the TDO issued to Advanced Web Services, Strandway LLC, and three individuals for 180 additional days and added the Avatos Group and another individual. They are all under investigation for actions on behalf of a Russian procurement network conspiring to evade U.S. export controls. 88 Fed. Reg. [38813](#) (June 14, 2023).

KENYA TRADE AGREEMENT

The USTR has released [summaries](#) of texts proposed by the U.S. during the first negotiating round of the U.S.-

treatment for an affliction and are principally used as a medicament. Clients with medicaments that act topically like flea drops should consider the potential application of the logic to their products. Contact [Sean Murray](#) with questions. 57 Cust. B. & Dec. [5](#) (June 7, 2023).

WCO HTS GUIDANCE

The World Customs Organization (WCO) has [posted](#) classification decisions, amendments to the WCO Compendium of Classification Opinions, and amendments to the Explanatory Notes (ENs) from the 71st Session of the Harmonized System Committee. These decisions and amendments involve many HTS provisions and many types of merchandise, including certain HID and LED bulbs, gas turbine engines, Zambonis, electric motor trucks, and GPS watches.

IPEF AGREEMENT

· On May 27, Indo-Pacific Economic Framework for Prosperity ([IPEF](#)) partner countries announced the substantial conclusion of negotiations on an IPEF supply chain agreement that would, among other things, support coordination to identify supply chain issues in advance and create a mechanism to address facility-specific labor rights allegations. IPEF partners are now preparing the final text for ratification.

· The Commerce Department states that the U.S. is working on Mutual Recognition Agreements (MRAs) with the eight IPEF countries that do not already have MRAs between their Authorized Economic Operator (AEO) programs and the U.S. Customs Trade Partnership Against Terrorism (CTPAT).

· The next round of IPEF talks will be in Busan, South Korea on July 9-15.

IRAN SANCTIONS PENALTIES

Murad LLC, a recently acquired cosmetics subsidiary of Unilever, was [penalized](#) \$3,334,286 for egregious violations of the Iran Sanctions Regulations. A senior company manager was also personally penalized \$175,000 for his role in the conspiracy to export cosmetics to Iran.

STEEL/ALUMINUM ITC STUDY

The USTR has [asked](#) the U.S. International Trade Commission (ITC) to conduct an investigation into greenhouse gas emissions in U.S. steel and aluminum production. Questionnaires will be sent to U.S. steel and aluminum producers, whether U.S. or foreign owned, to collect data.

Kenya Strategic Trade and
Investment Partnership (STIP) in
April 2023.

FTZ STATISTICS
FOREIGN-TRADE ZONES BOARD
ACTIVITY AS OF 6/15/2023

	Approved
Zones	300
Subzones*	883

	Pending
Zones	2
Subzones	6
Misc.	33

*From Fed. Reg. Notices

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