



## 2023 MPF CAP \$614.35

With the Merchandise Processing Fee (MPF) per entry cap now over \$600 per Customs entry for this fiscal year, clients are urged to consider shipment consolidation or foreign-trade zone (FTZ) use to accumulate Customs entries into one FTZ Weekly Entry. For clients already in FTZs, consider expanding FTZ use to reduce the number of imports per week not using FTZ Weekly Entry. Contact [Marshall Miller](#) or [Linda King](#) with questions.

## CHINA SEMICONDUCTORS

The Bureau of Industry and Security (BIS) has [sent](#) its Final Rule on the October 7, 2022 Interim Final Rule on Chinese advanced semiconductor and computer controls for interagency review. It is not known when the interagency review will be completed and the Final Rule issued. Contact [Sean Murray](#) or [Bryan Brown](#) with questions.

## SOUTH KOREA CHIP VEU

On October 13, BIS [announced](#) a Final Rule [designating](#) the semiconductor chip fabrication facilities in China of South Korean companies Samsung and SK Hynix as Validated End-Users (VEUs). As VEUs, these facilities may acquire most items through a general authorization, whereas non-VEUs need individual licenses for each item.

## AES REPORTING AND AUDITS

Census has [issued](#) another Global Reach Blog post on determining the Ultimate Consignee for Automated Export System (AES) reporting. Scenarios covered include drop shipments and BIS licensed shipments.

The firm has refined its AES audit process. Clients are encouraged to budget for an AES audit in 2024. AES data review typically identifies a high percentage of errors. Contact [Sean Murray](#) with questions.

## AESDIRECT LINK

U.S. Customs and Border Protection (CBP) will remove the AESDirect launch button in the legacy ACE Portal on October 21. Trade users will only be able to launch the AESDirect User Interface (UI) from the modernized ACE Portal. CSMS # [57663868](#) (Oct. 10, 2023).

## FALL 2023 FIRM SEMINARS

Fall training seminars will be conducted by webinar only.

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

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

## UFLPA

The U.S. Trade Representative (USTR) and the Departments of State, Treasury, Homeland Security, Commerce, and Labor have issued a [n addendum](#) to their July 2021 Xinjiang Supply Chain Business [Advisory](#) urging parties to continue due diligence measures to identify supply chain links to entities operating in Xinjiang or related to forced labor concerns.

In July, CBP [stopped](#) 320 shipments valued at more than \$68 million based on the suspected use of forced labor. These figures compare to 405 shipments valued at more than \$240 million in June.

## UFLPA ENTITY LIST

The Department of Homeland Security (DHS) has added three entities - Xinjiang Tianmian Foundation Textile Co., Ltd., Xinjiang Tianshan Wool Textile Co., Ltd., and Xinjiang Zhongtai Group Co., Ltd. - to the Uyghur Forced Labor Prevention Act (UFLPA) Entity List, for their involvement with forced labor and the government of the Xinjiang Uyghur Autonomous Region. 88 [Fed. Reg. 66496](#) (Sept. 27, 2023).

## GOLD MINING FORCED LABOR

A nonprofit organization, C4ADS, has recommended that Xinjiang Nonferrous Metal Industry Group and its subsidiaries be placed on the UFLPA Entity List for participating in the forced labor of Uyghur and Turkic minorities. C4ADS's [report](#) includes evidence of labor transfers to the Xinjiang region for gold and other mineral extraction and indicates their use in almost every modern industry worldwide.

## SEAFOOD FORCED LABOR

An Outlaw Ocean Project [report](#) states that major Chinese seafood processing plants are employing

## ALUMINUM EXTRUSIONS

A [petition](#) threatens to impose new antidumping and countervailing duties (AD/CVD) with AD rates from 28.29% to 256.58% on aluminum extrusions from China and 14 other countries, including India, Indonesia, Mexico, South Korea, Vietnam, and the UAE. The potential impact extends far beyond aluminum extrusion imports to include certain assembled and unassembled merchandise with aluminum extrusion components. The U.S. Department of Commerce still has to determine whether to initiate AD/CVD investigations. The Petitioner has filed [comments](#) that could narrow the [scope](#) of covered imports. Clients should assess their potential exposure. Contact [Brian Murphy](#), [Sean Murray](#) or [Marshall Miller](#) with questions. 88 [Fed. Reg. 71020](#) (Oct. 13, 2023).

## TEXAS BORDER ISSUES

Issues and delays continue at the southern border. On September 20, CBP temporarily [suspended](#) vehicle processing operations and the international railway crossing bridge in Eagle Pass, Texas so CBP resources could assist the U.S. Border Patrol with taking migrants into custody. The Texas Department of Public Safety (DPS) began inspecting 100% of commercial trucks at Colombia Bridge in Laredo on October 12 and began conducting enhanced commercial vehicle inspections at crossings in El Paso on October 13.

## EPA PFAS REPORTING

The Environmental Protection Agency (EPA) has issued a significant Final Rule requiring reporting and recordkeeping by importers and manufacturers on their use of perfluoroalkyl and polyfluoroalkyl substances (PFAS) for each year since 2011. By May 13, 2025, importers and manufacturers must submit information on PFAS uses, production volumes, byproducts, disposal, exposures, and environmental or health effects. PFAS reporting will impact a wide variety of products, including furniture, textiles, electronics, printed circuit boards, wires, cables, pipes, bakeware, cosmetics, automotive products, and toys. Importers may [qualify](#) for a streamlined reporting option. 88 [Fed. Reg. 70516](#) (Oct. 11, 2023).

## FENTANYL SANCTIONS

On October 3, the Office of Foreign Assets Control (OFAC) [updated](#) the Specially Designated Nationals (SDN) list to sanction over twenty Chinese entities that manufacture and distribute fentanyl, and representatives and customers thereof including Canadian customer, Valerian Labs. The Department of Justice (DOJ) also [announced](#) indictments against eight Chinese entities participating in fentanyl and methamphetamine production.

## CHIPS ACT GUARDRAILS

The U.S. Department of Commerce has released a Final Rule implementing the national security-based restrictions on Creating Helpful Incentives to Produce Semiconductors (CHIPS) and Science Act funding. CHIPS Act funding recipients are prohibited from expanding semiconductor manufacturing capacity in foreign countries of concern for ten years and recipients are restricted from certain joint research or technology licensing efforts with foreign entities of concern. The rule goes into effect on November 24. 88 [Fed. Reg. 65600](#) (Sept. 25, 2023).

## RUSSIAN OIL PRICE CAP

OFAC has [sanctioned](#) two ship owners in Turkey and the UAE and two of their vessels for transporting Russian oil sold above the global price cap set by a coalition of the U.S. and its allies. The coalition has also issued a best practices [advisory](#) and OFAC has issued General License [73](#), authorizing limited safety and environmental transactions involving certain persons and vessels.

## BIS RUSSIAN SANCTIONS

BIS has [added](#) seven Harmonized Tariff System (HTS) codes to the list of common high-priority items that exporters should monitor for possible diversion to Russian weapons programs. They include certain ball bearings, antennas, and antenna reflectors. BIS states that Global Export Control Coalition restrictions and enforcement efforts have decreased coalition country exports to Russia by \$81.1 billion (52%).

## RUSSIAN EVASION

On September 26, the U.S., Australia, Canada, New Zealand, and the United Kingdom [issued](#) joint guidance on identifying critical products and technology necessary for Russia's military systems. BIS has issued [guidance](#) to help prevent these products and technology from reaching Russia through third countries.

## TIB RULING

CBP has ruled that "finstock" metals do not qualify under the Temporary Importation Bond (TIB) provision HTSUS 9813.00.30 as articles intended solely for testing, experimental, or review purposes because the importer's purpose is not to test the finstock itself, but to use the finstock to test machinery.

Uyghurs who were forcibly shipped from Xinjiang and notes that imports from those plants are likely entering U.S. supply chains.

## BROKER FRAUD

A customs broker already subject to criminal prosecution faces additional [charges](#) for defrauding two more importers by failing to forward customs duties to CBP. Importers are reminded that they can avoid this issue by paying CBP directly through the CBP Automated Clearinghouse (ACH). Contact [Brian Murphy](#) with questions.

## ZONE RESTRICTED EXPORTS

CBP has ruled that jewelry admitted into an FTZ in Zone Restricted (ZR) status for partial destruction with subsequent export of valuable waste residue satisfied the requirements for ZR merchandise and qualified as an export for drawback. HQ [H331481](#) (Sept. 18, 2023).

## COUNTERTOPS AD/CVD

In an Enforce and Protect Act (EAPA) proceeding, CBP has [determined](#) that an importer of quartz countertops evaded AD/CVD duties on China quartz surface products by transshipment through Taiwan. The determination was based on discrepant records and evidence that the Taiwan facilities were apartment or commercial buildings, not factories. Contact [Brian Murphy](#) with questions.

## REFINERY UNIT RULING

CBP has ruled that components of two refinery units cannot all be classified under a tariff provision for "distilling or rectifying plant" because not every component contributes to the "clearly defined function" of distillation. Machinery imports should be carefully scrutinized for correct classification and duty reduction opportunities. Contact [Sean Murray](#) or [Brian Murphy](#) with questions. HQ [H327109](#) (Aug. 4, 2023).

## UAV SANCTIONS

·BIS has added 28 entities located in Russia, China, Finland, the UAE, Pakistan, Oman, and Germany to the Entity List. The entities were determined to have helped Russian and Iranian unmanned aerial vehicle (UAV) programs, supported Russian weapons production, and other actions contrary to U.S. national security. 88 [Fed. Reg. 66271](#) (Sept. 27, 2023).

·OFAC has [added](#) 2 people and 5 entities to the Specially Designated Nationals (SDN) List for their support of UAV development in Iran. These people and entities are in Iran, Turkey, the UAE, Hong Kong, and China. 88 [Fed. Reg. 68284](#) (Oct. 3, 2023).

## BIS SOFTWARE CLARIFICATION

BIS has issued a Final Rule to clarify controls on the release of software, including the transfer of access information. 88 [Fed. Reg. 63840](#) (Sept. 18, 2023).

## DDTC GUIDANCE

## CBP FORM 28 DECREASE

In an October 5 Final Rule adopting prior interim amendments on CBP Centers of Excellence and Expertise (CEEs), CBP states that there has been a 61% decrease in CBP Form 28 Requests for Information since CEE implementation in 2014. Though CBP has identified other reasons for this decrease, including systems limitations, CBP says this decrease demonstrates the positive effect of CEEs on reducing information requests. 88 [Fed. Reg. 69026](#) (Oct. 5, 2023).

## WASSENAAR CCL CHANGES

In an Interim Final Rule scheduled for [publication](#) on October 18, BIS is implementing changes to the Commerce Control List resulting from the 2022 Wassenaar Arrangement plenary meeting and requesting comments on restricting STA (Strategic Trade Authorization) license-exception eligibility for certain technology used to develop supersonic aero gas turbine engine components controlled under ECCN 9E003.k for countries in EAR Country Group A:5.

## RUSSIAN CONSPIRATOR

John Unsalan, President of U.S. building materials supplier Metalhouse, has [pleaded](#) guilty to one count of conspiracy to commit money laundering after the Department of Justice (DOJ) found he provided \$150 million for steel making materials to a Russian oligarch. Unsalan faces a maximum 20-year prison sentence and forfeiture of the proceeds obtained.

## BIS ENTITY LIST - RUSSIA

BIS has added 49 entities to the Entity List for supplying Russian consignees with U.S.-origin integrated circuits that can be used in precision guidance systems in missiles and drones used in the war against Ukraine. Forty-two of the entities are based in China. 88 [Fed. Reg. 70352](#) (Oct. 11, 2023).

## WCO HTS 2027

The World Customs Organization (WCO) Harmonized System Committee (HSC) is [extending](#) the customary five-year HTS review cycle to six years, meaning the next round of internationally harmonized revisions will be implemented on January 1, 2028. The WCO HSC attributes the delay to the effects of the COVID pandemic on the negotiating cycle.

## ACS RIP

CBP [deployment](#) of ACE Collections Release 7 enhancements on November 4 will finally enable retirement of the legacy CBP Automated Commercial System (ACS) mainframe.

Contact [Sean Murray](#) with questions. HQ [H314204](#) (Oct. 2, 2023).

The Directorate of Defense Trade Controls (DDTC) has released new guidance to help [companies](#) and [universities](#) assess and control the export of technology and defense articles subject to the International Traffic in Arms Regulations (ITAR).

**FTZ STATISTICS**  
**FOREIGN-TRADE ZONES BOARD**  
**ACTIVITY AS OF 10/15/2023**

	Approved
Zones	301
Subzones*	884

	Pending
Zones	1
Subzones	7
Misc.	33

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

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