



RECORD FTC PENALTY

Kubota has [agreed](#) to a record \$2 million civil penalty for incorrect “Made in USA” claims on replacement parts for its tractors, utility vehicles, mowers, agricultural, and other equipment. The Federal Trade Commission (FTC) states that many of the “Made in USA” parts were wholly imported or contained significant imported materials and Kubota failed to update labels when it changed sourcing. In addition to the record penalty, Kubota is subject to reporting and recordkeeping requirements for the next 20 years. Contact [Sean Murray](#) with questions or for guidance.

HOUTHIS TERRORIST GROUP

Following their attacks on commercial shipping in the Red Sea and the Gulf of Aden, the U.S. has [designated](#) the Houthis, a Yemen-based group, as a terrorist organization.

WEST BANK

President Biden [issued](#) an Executive Order on February 1 authorizing the U.S. to sanction “foreign persons” responsible for increases in violence in the West Bank. The Office of Foreign Assets Control (OFAC) simultaneously [sanctioned](#) four Israeli nationals for attacks against Palestinians, and the Financial Crimes Enforcement Network (FinCEN) [issued](#) an alert to financial institutions related to financing Israeli extremist settlers violence against Palestinians in the West Bank. 89 [Fed. Reg. 7605](#) (Feb. 5, 2024).

FORCED LABOR STATS

In January 2024, U.S. Customs and Border Protection (CBP) [identified](#) \$236 million worth of shipments for further examination based on the possible use of forced labor.

FORCED LABOR PROTESTS

CBP deployed ACE updates on January 27 to allow filers protesting Exclusion Notices under the Uyghur Forced Labor Prevention Act (UFLPA) to contest the CBP exclusion decision via the ACE Protest tool. CSMS [#59188461](#) (Jan. 26, 2024).

UFLPA AND DE MINIMIS

The U.S. House Select Committee on China has [consulted](#) with the Treasury Department to determine if barring Chinese textiles from de minimis eligibility would help enforce the Uyghur Forced Labor Prevention Act.

DE MINIMIS ENTRY UPDATES

• CBP has updated the deadline to file

2024 FIRM SEMINARS

The following Spring training seminars will be conducted by webinar only.

- FTZ 101 – March 19-21
- FTZ 201 – March 26-28
- Import/Export 101 – April 9-11
- Import/Export 201 – April 16-18

The Fall training seminars will be held in-person at our Kansas City, Missouri office:

- FTZ 101 – Oct. 15
- FTZ 201 – Oct. 16
- Import/Export 101 – Nov. 12
- Import/Export 201 – Nov. 13

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

CUSTOMS BOND AMOUNTS

• CBP has issued new formal guidance on the calculation of bond amounts for all types of customs bonds. Clients are encouraged to review this new guidance and determine whether their Importation, Foreign-Trade Zone (FTZ), Custodial, and other bonds are sufficient. CSMS [#59402411](#) (Feb. 13, 2024).

• CBP continues to require a \$50,000 minimum FTZ bond amount, but the new guidance does not include specific standards for calculating FTZ bond amounts, which could result in substantial variances between Customs ports.

• Contact [Marshall Miller](#), [Bryan Brown](#), or [Linda King](#) with questions.

MORE RUSSIA SANCTIONS

The Bureau of Industry and Security (BIS) issued a Final Rule, effective January 23, that expanded sanctions on Russia and Belarus, including substantially expanding the range of goods covered by the Russia and Belarus Industry Sector Sanctions and revising the restrictions targeting Iranian drone supply to Russia. 89 [Fed. Reg. 4804](#) (Jan. 25, 2024).

BIS VSD PROCESS

BIS has updated its [policies](#) on Voluntary Self-Disclosures (VSDs) to encourage submissions via email, accept an abbreviated narrative for minor or technical infractions, and not require companies providing an abbreviated narrative to review the prior five years for infractions unless so requested by the BIS. Contact [Sean Murray](#) or [Bryan Brown](#) with questions.

SECTION 301 LITIGATION

On February 12, counsel for the plaintiffs in the HMTX Industries LLC v. U.S. case filed their reply brief at the U.S. Court of

NEW FTZ REGS

The Foreign-Trade Zones Board (FTZB) has published a Final Rule that amended its regulations in 15 C.F.R. Part 400, effective February 8. Changes include FTZB acceptance of electronic payments, revisions to the language on the federal tax exemption for “foreign” merchandise, and elimination of the requirement that FTZ Grantees maintain agreements with property owners. Contact [Marshall Miller](#), [Bryan Brown](#), or [Linda King](#) with questions. 89 [Fed. Reg. 8525](#) (Feb. 8, 2024).

CBP FORM 216

The firm identified a programming error where the electronically-fillable CBP Form 216 Application for FTZ Activity Permit would only allow users to check one activity box. After our communication with CBP Headquarters, the firm has been corrected so multiple boxes may be selected. We encourage clients who file the CBP Form 216 for more than one activity to review their recently submitted CBP Form 216 to confirm the correct boxes were checked. Contact [Linda King](#) or [Bridget Beran](#) with questions.

FTZ ORIGIN RULING

CBP has issued a ruling on the country of origin for duty and marking purposes of China wood boards processed into finished truck bed flooring panels in a U.S. foreign-trade zone (FTZ) and entered into the U.S. Customs territory. The ruling, which was requested by a Hong Kong entity, raises nuanced country of origin issues impacting China Section 301 and origin marking. Contact [Brian Murphy](#) with questions. HQ [H330975](#) (Jan. 25, 2024).

ACE DETENTION NOTICES

CBP has [automated](#) the CBP Form 6051D for cargo detentions, including UFLPA detentions. If a CBP review results in a cargo detention, CBP will file an electronic CBP Form 6051D in ACE and importers will receive the Detention Notice via email if they have selected “Portal” as a mode of communication in the ACE Portal.

USMCA AUTO RULES

Following its February 7 hearing on automotive trade under the U.S.-Mexico-Canada Agreement (USMCA), the U.S. Trade Representative (USTR) is accepting public comments until February 28. 89 [Fed. Reg. 11334](#) (Feb. 14, 2024).

USMCA & LEGACY HTS

CBP has ruled that Toyota Tacoma i-

Type 86 entries to the Automated Commercial Environment (ACE) from “within 15 days” to “upon or prior to arrival.” 89 Fed. Reg. 2630 (Jan. 16, 2024). CSMS #59089765 (Jan. 18, 2024).

· CBP has deployed an update in ACE to the timing of Entry Type 86 1C entry release messages for non-express air cargo shipments, changing them from flight departure to arrival to ensure that CBP has sufficient time and in-port resources to review entries and notify filers of holds. CSMS #59217223 (Jan. 29, 2024).

FOREIGN PARTS FRAUD

David Murar, a St. Charles, Missouri owner of three metals companies, has [pleaded](#) guilty to fraudulently misrepresenting the origin of foreign parts as U.S. and providing military critical technical data to foreign individuals and entities for the supply of such parts to the U.S. military. Mr. Murar faces up to 20 years in prison and a fine up to \$250,000.

EAPA CIT DECISION

The U.S. Court of International Trade (CIT) has ordered CBP to reconsider its Enforce and Protect Act (EAPA) evasion determination on a company's imports of door thresholds from Vietnam alleged to be covered by antidumping and countervailing duties (AD/CVD) on Chinese aluminum extrusions. The CIT faulted CBP for misconstruing a Commerce scope ruling and circumvention determination. Contact [Brian Murphy](#) with questions. [Columbia Aluminum Products, LLC v. U.S.](#), CIT Slip Op. 24-03 (Jan. 6, 2024).

THERMAL PAPER AD/CVD

· CBP has [issued](#) an EAPA administrative determination that an importer evaded antidumping duties on German thermal paper when importing converted thermal paper rolls from Mexico. CBP confirmed that EAPA is strict liability, so “reasonable care” is not a defense against an evasion finding under EAPA.

· CBP has [found](#) substantial evidence that three companies, Exquis, Lollicup USA, and Sanster, evaded AD/CVD orders on thermal paper from China, along with Exquis evading an AD order on thermal paper from South Korea. Lollicup USA argued it substantially transformed the thermal paper in Taiwan, but CBP emphasized that conversion of thermal paper rolls into smaller sizes does not constitute a substantial transformation.

IPEF EFFECTIVE DATE

The Indo-Pacific Economic Framework’s supply chain pillar goes into [effect](#) on February 24. Its goal is to improve coordination between IPEF countries in diversifying supply chains, resolving logistical bottlenecks and removing obstacles to trade.

VENEZUELA GUIDANCE

On February 2, the Office of Foreign Assets Control (OFAC) [issued](#) frequently asked questions (FAQs) on the suspended and re-imposed sanctions on Venezuela. The new FAQs clarify changes made on January 29 and provide further guidance on which transactions are prohibited and

Appeals for the Federal Circuit (CAFC). Plaintiffs’ primary argument is that the U.S. Trade Representative (USTR) exceeded its statutory authority when it implemented Lists 3 and 4A. Oral arguments should occur in a few months. Contact [Brian Murphy](#) or [Sean Murray](#) with questions.

POTENTIAL HTS CHANGES

The World Customs Organization (WCO) is [considering](#) changes to the Harmonized Tariff Schedule (HTS) to identify goods more specifically for trade and environmental reasons. Changes being considered include adding extra digits beyond the six-digit subheading level of the current HTS and linking the HTS classification to the GS1 Global Product Classification System.

MATURE NODE CHIP SURVEY

BIS is [surveying](#) U.S. industry on the use of mature-node semiconductors in supply chains that support U.S. national security and critical infrastructure.

BIS CYBER RULE

BIS has [published](#) a Proposed Rule that requires U.S. Infrastructure as a Service (IaaS) providers to verify the identity of foreign customers, includes procedures for authorizing special measures to deter foreign malicious cyber actors’ use of U.S. IaaS products, and requires providers of certain IaaS products to report when a foreign person transacts with that provider or reseller to train a large Artificial Intelligence (AI) model with capabilities that could be used in malicious cyber-enabled activity. Comments are due by April 29. 89 Fed. Reg. 5698 (Jan. 29, 2024).

ITAR ANTENNAS TO IRAN

Mr. Eric Chang, a dual citizen of the U.S. and Taiwan, has pleaded guilty to [attempting](#) to sell antennas controlled under the International Traffic in Arms Regulations (ITAR) to Iran. He was arrested in Italy and sent to the U.S. for prosecution. His co-conspirator, Mr. David Chu, was previously sentenced to two years in prison for his role in the scheme.

ILLEGAL RUSSIAN SHIPMENTS

The U.S. has [charged](#) Ilya Kahn, a citizen of the U.S., Russia, and Israel, for conspiring to violate the Export Control Reform Act by shipping semiconductors to Joint Stock Company Research and Development Center Elvees, a sanctioned Russian firm.

GLOBAL BUSINESS IDENTIFIER

CBP has [extended](#) the Global Business Identifier pilot through February 23, 2027. Certain commodity and country of origin limitations will be removed for test participants. 89 Fed. Reg. 9859 (Feb. 12, 2024).

CHINESE MILITARY COMPANIES

The U.S. Department of Defense (DOD) has [updated](#) its list of Chinese military companies operating in the U.S., either directly or indirectly.

NEW FWS TARIFF FLAGS

Tariff flag [updates](#) impacting approximately 80 HTSUS classifications were made for the U.S. Fish and Wildlife Service, beginning February 5. CSMS #59226940 (Jan. 30, 2024).

FORCE MAX hybrid pick-up trucks with a gasoline engine supplemented by an electric motor are to be classified using the 2012 HTSUS when determining the USMCA product-specific rule of origin because that is the HTSUS version that corresponds to the USMCA rules of origin. Clients are reminded to note this idiosyncrasy for USMCA and other FTA determinations. Contact [Brian Murphy](#) or [Sean Murray](#) with questions. NY N337574 (Feb. 8, 2024).

SMART CART

CBP has ruled a “smart shopping cart” is classified as a vehicle under HTS Heading 8716. CBP rejected classification in Heading 8470 as a cash register, finding that the cart is “essentially” a manually propelled vehicle functioning as a cart, regardless of whether electronic payment is built into the cart. HQ [H331484](#) (Jan. 12, 2024).

SUBSTITUTION DRAWBACK

The U.S. Court of International Trade (CIT) has denied unused merchandise substitution drawback claims for aircraft parts classified in HTSUS subheading 8803.3.00030 based on the CIT’s interpretation of the provision as a basket “Other” provision, rejecting the importer’s statutory construction arguments. [Spirit AeroSystems, Inc. v. U.S.](#), CIT Slip Op. 24-10 (Jan. 30, 2024).

AD/CVD CERTIFICATIONS

The Commerce Department has announced, effective May 2, ACE functionality for the importer’s additional declaration that is required for entering merchandise subject to an AD/CVD certification requirement. The new ACE functionality will make the Entry Summaries more easily identifiable for Commerce and CBP. 89 Fed. Reg. 7372 (Feb. 2, 2024).

RUSSIA PARTS SCHEME

A Russian-Canadian national has [pleaded](#) guilty for her role in laundering money from a scheme to send parts for unmanned aerial vehicles and missiles to Russia. She faces up to 20 years in prison.

CBP TEXTILE ENFORCEMENT

Department of Homeland Security Secretary Alejandro Mayorkas has [mandated](#) that CBP, with other agencies, develop an enforcement action plan for textiles to curb Customs violations, including forced labor violations.

DOJ INDICTMENTS

On January 31, the Department of Justice (DOJ) [announced](#) indictments against four Chinese nationals for their roles in a multi-year conspiracy to violate export controls by smuggling electronic parts through China to Iran.

which are permitted.

FTZ STATISTICS
FOREIGN-TRADE ZONES BOARD
ACTIVITY AS OF 2/15/2024

	Approved
Zones	302
Subzones*	885
	Pending
Zones	1
Subzones	8
Misc.	33

*From Fed. Reg. Notices

Miller & Company P.C. | 4929 Main Street, Kansas City, MO 64112

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