



NEW 301 CHINA DUTIES

On May 14, the Office of the U.S. Trade Representative (USTR) issued its four-year review of the Section 301 additional duties on products of China in a 193-page [report](#). While the investigation found the Section 301 tariffs were effective in encouraging China to take some steps to address technology transfer, intellectual property, and other economic issues, it recommended further action.

USTR is [proposing](#) substantial new and increased Section 301 duties on certain products of China, including electric vehicles (increased rate to 100%), lithium-ion vehicle batteries (to 25%), certain battery parts (to 25%), critical minerals (to 25%), permanent magnets (to 25%), semiconductors (to 50%), steel and aluminum products (to 25%), medical gloves (to 25%), and syringes and needles (to 50%).

The USTR 301 [report](#) also recommends an exclusion process for production machinery (prioritizing solar manufacturing equipment), allocating funds to Customs and Border Protection (CBP) for enforcement, government-industry collaboration to prevent state-sponsored technology theft, and supply chain diversification.

The duty rate increases are proposed, but not yet in effect. USTR will [issue](#) a [Federal Register](#) notice next week to provide details and open a public comment period on the proposed changes. The firm will send a mass email to clients and post information on the What's New section of our website.

Clients should be considering short-term and long-term strategies.

Expect China to respond, potentially with retaliatory duties on U.S. imports.

Contact [Marshall Miller](#), [Brian Murphy](#), or [Sean Murray](#) with questions.

NEW 301 AND FTZs

USTR's May 14 [press release](#) does not provide details on how the Section 301 changes will apply to foreign-trade zones (FTZs). The requirements for FTZs have been inconsistent and unclear under previous Section 232 and 301 trade remedies. After the [Federal Register](#) notice is issued next week, FTZ users should file comments on the application of the new Section 301 additional duties to FTZs.

2024 FIRM SEMINARS

Our 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 [Amanda Jones](#). Seminars are offered to Miller & Company clients only.

ALUMINUM EXTRUSIONS ADD

The Department of Commerce has [issued Preliminary Determinations](#) imposing antidumping duties (ADD) on aluminum extrusions from China, Colombia, Ecuador, India, Indonesia, Italy, Malaysia, Mexico, Korea, Taiwan, Thailand, Turkey, UAE, and Vietnam, effective May 7. "All Others" ADD cash deposits for the 14 countries include 365.19% (China), 41.84% (Vietnam), and 13.63% (Mexico). The ADD scope language is broad and complex, covering "aluminum extrusions contained in merchandise that is a part or subassembly of a larger whole" (such as motor vehicle parts or subassemblies) with ADD assessed on only the aluminum extrusion portion. Commerce [revised](#) the scope language and is accepting public comments through May 22.

USMCA AUTO RULES

The U.S. International Trade Commission (ITC) is soliciting comments for a report on the United States-Mexico-Canada Agreement (USMCA) automotive rules of origin and their impact on the U.S. economy, effect on U.S. competitiveness, and relevancy in light of technology changes. The USMCA Implementation Act requires the ITC to transmit its report by July 1, 2025. The deadline to file requests to appear at the October 8 public hearing is September 24. 89 [Fed. Reg. 26919](#) (April 16, 2024).

SANCTIONS SOL

The foreign aid and national security bill signed into law by President Biden on April 24 included an extension of the statute of limitations from five to ten (10) years for violations of the International Emergency Economic Powers Act (IEEPA) and the Trading with the Enemy Act (TWEA) that are the statutory basis for most Office of

RECORD FTC PENALTY

Williams-Sonoma has [agreed](#) to a record \$3.175 million civil penalty for violation of Federal Trade Commission (FTC) rules on "Made in USA" claims. The penalty amount was impacted by the company's violation of a 2020 FTC order related to prior "Made in USA" issues. Contact [Sean Murray](#) with questions.

HUMAN TISSUE SAMPLES

Effective April 15, CBP has revoked five rulings, modified two rulings, and directed the classification of human tissue samples not prepared for therapeutic or prophylactic uses in HTSUS subheading 0511.99.4070 (1.1%) as "other" animal products not elsewhere specified or included. Contact [Sean Murray](#) with questions. 58 [Cust. B. & Dec. 1](#) (Feb. 14, 2024).

XINJIANG DUE DILIGENCE

Deputy Under Secretary of Labor for International Affairs Thea Lee [testified](#) at a Congressional-Executive Commission on China [hearing](#) on April 30 that no audit occurring in Xinjiang can occur without government oversight, making objective interviews an impossibility.

TUNA FORCED LABOR

Greenpeace has [called](#) for CBP to impose penalties on Bumble Bee Tuna and other entities that imported tuna from the Da Wang, a fishing vessel sanctioned by CBP for use of forced labor.

NEW IRAN SANCTIONS

Following Iran's April 14 missile and drone attack on Israel, President Joe Biden [announced](#) new sanctions on Iran. The sanctions target Iran's drone production, steel industry, and automotive companies.

On April 22, BIS issued a Final Rule that adds sanctions on Iran in response to Iran's missile attack on Israel and continuing military support for Russia. These new regulations increase the number of items that require a license for export or reexport to Iran and expand the scope of the Iran and Russia/Belarus Foreign Direct Product (FDP) rules. 89 [Fed. Reg. 29254](#) (April 22, 2024).

ISRAEL SANCTIONS

On April 19, OFAC [announced](#) that it has placed two entities on its Specially Designated Nationals

MED LICENSE EXCEPTION

The Bureau of Industry and Security (BIS) has [issued](#) a Final Rule that adds a new license exception ("MED") for EAR99-classified medical devices and related parts, components, accessories, and attachments that are destined for Russia, Belarus, Crimea, or the covered regions of Ukraine. Clients are reminded of the need to ensure compliance with the terms of the license exception, particularly the end user restrictions.

Census has created [new](#) license code "C69" for declaring license exception MED in the Automated Export System (AES). 89 [Fed. Reg. 33224](#) (April 29, 2024).

Contact [Sean Murray](#) with questions.

HUAWEI LICENSES REVOKED

Several news sources reported on May 7 that the Commerce Department has revoked licenses allowing Intel and Qualcomm to export chips for laptops and handsets to Huawei Technologies, a sanctioned Chinese telecom equipment company. The revocation may have been prompted by the launch of Huawei's first AI-enabled laptop, which was powered by an Intel processor.

CHINA SHIPBUILDING

In response to a petition advocating, in part, for a U.S. port fee on China-made vessels (see April [Briefings](#)), USTR has instituted a Section 301 investigation into China's practices in the maritime, logistics, and shipbuilding sector that burden or restrict U.S. commerce. Comments and requests to appear at the May 29 public hearing are due by May 22. 89 [Fed. Reg. 29424](#) (April 12, 2024).

ILLEGAL EXPORT TO CHINA

On April 25, the Justice Department [charged](#) two Chinese nationals with attempting to export a silicon wafer trimming machine and technology related to manufacturing semiconductors without the required license. The two individuals set up a proxy company to hide the actual end user. If convicted, they face up to 20 years in prison.

AMBIGUOUS ORIGIN CLAIMS

In a lawsuit brought by a competitor alleging Lanham Act violations, the U.S. Court of Appeals for the 10th Circuit has upheld a district court decision in favor of I Dig Texas, a construction equipment distributor, finding advertising statements on its products' place of manufacture and patriotic references were ambiguous, so the advertisements were not literally false. [I Dig Texas v. Kerry Creager](#), Case No. [23-5046](#) (10th Cir., April 12, 2024).

ITAR REGISTRATION FEES

The State Department has proposed increases and changes to DDTC registration fees. Comments are due by June 10. 89 [Fed. Reg. 31119](#) (April 24, 2024).

(SDN) List for providing money to two Israelis who were committing violence against West Bank Palestinians.

sanctions and some export controls. Clients need to consider the impact on export record retention policies and future disclosures. Contact [Sean Murray](#) or [Chuck Ballard](#) with questions. P.L. [118-50](#).

VENEZUELA SANCTIONS

The U.S. is ending its relaxed sanctions on Venezuela. On April 17, the State Department [announced](#) that it would not renew General License (GL) 44, which authorized transactions with PDVSA, Venezuela's state-owned oil and gas company, and issued GL [44A](#) to authorize "wind down" transactions through May 31. The State Department indicated that the Venezuelan government has not demonstrated the commitment to free elections it promised in return for relaxed sanctions. Licenses might be approved on a case-by-case basis.

ORIGIN DECLARATIONS

CBP has issued an administrative message reminding importers that the terms of various U.S. free trade agreements require importers, not consignees, to complete origin declarations and certificates of origin. CSMS [#60588866](#) (May 14, 2024).

ORIGIN & EXPORT CONTROLS

On May 8, the Justice Department [announced](#) that a Florida woman, Yuksel Senbol, had pleaded guilty to 26 felony violations. Ms. Senbol allegedly set up a front company in the U.S. to obtain U.S. defense contracts and, when she received the contracts, she sent technical information to a Turkish supplier to build the products without the required export license. She also falsified the country of origin when supplying the products to the U.S. military. She faces up to 20 years in prison.

FIREARM CONTROLS

On April 30, BIS [published](#) an Interim Final Rule that transfers the export control of most firearm exports from the U.S. State Department's Directorate of Defense Trade Controls (DDTC) and the International Traffic in Arms Regulations (ITAR) to the BIS and the Export Administration Regulations (EAR). Actual control shifted on March 9 and the DDTC [published](#) guidance on April 8. 89 [Fed. Reg. 34680](#) (April 30, 2024).

HEADPHONE SET RULINGS

CBP is proposing to revoke or modify ruling letters that classified wireless headphone sets in HTSUS subheading 8517.62.00. Comments must be received by May 24. 58 [Cust. B. & Dec. 30](#) (April 24, 2024).

CITES VIOLATIONS

Founder of luxury handbag company Gzuniga, Nancy Teresa Gonzalez de Barberi, has been [sentenced](#) to 18 months in prison for illegally importing from Colombia handbags made from protected caiman and python skins in violation of the

CHINA ENTITY LIST

On May 9, BIS [added](#) 37 Chinese entities to the BIS's Entity List for their involvement in attempts to obtain U.S. technology to enhance China's quantum computing capabilities and improve China's Unmanned Aerial Systems (UAS). 89 [Fed. Reg. 41886](#) (May 14, 2024).

NEW OFAC SLS APPLICATION

OFAC [introduced](#) its new Sanctions List Service (SLS) on May 8. The SLS is now the primary way that OFAC will provide sanctions lists and data to the public.

OFAC PENALTIES

SCG Plastics Co., Ltd., a plastic resin seller headquartered in Thailand, has paid \$20 million to [settle](#) 467 apparent OFAC sanctions violations related to Iran. From 2017 to 2018, SCG Plastics caused U.S. financial institutions to process \$291 million in wire transfers for sales of Iran-origin high-density polyethylene resin (HDPE) manufactured by an Iran joint venture owned by SCG Plastics' parent company and an Iranian government entity.

Two Florida steel traders have been [sentenced](#) for money-laundering and Russia-Ukraine sanctions violations between 2017 and 2021. The president of Orlando-based steel trading firm Metalhouse LLC has pled guilty and been sentenced to six years in prison and ordered to forfeit \$160 million in proceeds for violations of U.S. sanctions against Sergey Kurchenko, a pro-Russian Ukrainian oligarch. His former business associate, a Belarusian national living in Miami, was sentenced to 21 months in prison and ordered to forfeit \$4.7 million for his role in the scheme.

PATHOGEN OVERSIGHT

On May 6, the Biden administration [issued](#) a U.S. government policy on life sciences research into biological agents and toxins. The policy does not change or exempt application of U.S. export controls implementation [guidance](#) was also issued.

RUSSIAN DRONE SCHEME

On April 30, Mr. Nikolay Grigorev of Brooklyn, New York, pleaded [guilty](#) to conspiring to defraud the U.S. using a New York company he registered and controlled to purchase and export American electronic components for use in Russian military drones. His co-conspirators remain at large.

RUSSIAN SANCTIONS

The State Department published a notice on May 14 blocking the property of ten individuals and 79 entities for operating in certain sectors of the Russian economy, including electronics, construction, and manufacturing, or for being owned or controlled by a blocked entity. Most of the sanctioned entities are Russian, but the list includes

EV TAX CREDIT

The Internal Revenue Service (IRS) has issued final regulations for Federal income tax credits for clean vehicles under the Inflation Reduction Act of 2022 (IRA). The IRA requires at least 50% of the value of EV battery critical minerals to be sourced and processed in the U.S. or a trade partner country. The regulations take effect on July 5. 89 Fed. Reg. [37706](#) (May 6, 2024).

OFAC REPORTING REGS

OFAC has issued an Interim Final Rule that makes changes to its Reporting, Procedures and Penalties Regulations in 31 C.F.R. Part 501. Modifications include requiring electronic filing of certain OFAC submissions and changes to some reporting requirements for blocked property and rejected transactions. Comments are due by June 10. 89 Fed. Reg. [40372](#) (May 10, 2024).

Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES). The company was ordered to forfeit all the handbags.

CANON – CBP PARTNERSHIP

CBP has [announced](#) a partnership with Canon U.S.A. for the prevention of counterfeit product imports. As part of the Donations Acceptance Program, Canon will donate 328 verification tools to help CBP authenticate a variety of Canon products. Companies should consider similar action.

AGOA REVIEW

USTR is conducting its annual review of country eligibility under the African Growth and Opportunity Act (AGOA) for 2025. A virtual public hearing will occur on June 27. Pre-hearing comments are due by June 6. 89 Fed. Reg. [42052](#) (May 14, 2024).

China, Hong Kong, Turkey, and UAE entities. 89 Fed. Reg. [42012](#) (May 14, 2024).

DIS EMAIL ENHANCEMENTS

On June 11, enhancements will be deployed in the Document Image System (DIS) giving CBP the ability to send document review status messages regardless of how the documents were sent to CBP, as well as other messaging enhancements. CSMS [#60341431](#) (April 30, 2024).

FTZ STATISTICS**FOREIGN-TRADE ZONES BOARD
ACTIVITY AS OF 5/15/2024**

	Approved
Zones	302
Subzones*	888
	Pending
Zones	1
Subzones	13
Misc.	33

*From Fed. Reg. Notices

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