



CHINA SECTION 301

•As reported in last month's [Briefings](#), on May 14 the U.S. Trade Representative ("USTR") issued its report on the China Section 301 tariffs. The USTR has proposed retaining the current Section 301 tariffs on products, substantially increasing Section 301 duty rates for 365 HTS classifications in nine strategic sectors beginning August 1, 2024 (with some increases deferred to Jan. 1, 2025 and Jan. 1, 2026), and establishing an exclusion process for particular machinery used in domestic manufacturing. Comments may be filed on the proposed changes through June 28. This is your chance to argue for changes in covered products, duty rates, or how the duties are applied to products in FTZs and other trade programs. Contact [Marshall Miller](#), [Brian Murphy](#), or [Sean Murray](#) for assistance in filing public comments or for our Excel spreadsheet of the affected tariff provisions. 89 [Fed. Reg. 46252](#) (May 28, 2024).

•See our What's New client [updates](#) for more information.

•The USTR has extended 164 China Section 301 product exclusions through May 31, 2025. 89 [Fed. Reg. 46948](#) (May 30, 2024); CSMS [#60954319](#) (June 11, 2024).

DE MINIMIS SECTION 321

U.S. Customs and Border Protection (CBP) has [suspended](#) multiple customs brokers from the Entry Type 86 Test Pilot which is used to file Section 321 de minimis Customs entries. Suspended brokers can be considered for reinstatement after demonstrating a remedial action plan to CBP. One broker, Seko, has filed a [motion](#) in the U.S. Court of International Trade (CIT) challenging the suspension. The CIT has denied Seko's motion for expedited briefing.

NEW LACEY PHASE

The U.S. Department of Agriculture Animal and Plant Health Inspection Service (APHIS) has issued a [Notice](#) that Phase VII of the Lacey Act enforcement schedule goes into effect on Dec. 1, 2024. Phase VII will require a declaration for all remaining plant product HTSUS classifications that are not 100% composite materials. This will impact more than 200 HTSUS classifications for products as diverse as furniture, sunglasses, rifles, essential oils, footwear, cutlery, and machinery. Importers of

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.

IN-PERSON TRAINING

By popular demand, our firm training seminars return to in-person onsite presentations in the Fall. We could not be more pleased to step away from video conferencing! We believe the in-person sessions will be much more productive. They will also provide time to meet and talk with others in the industry and enjoy some Kansas City BBQ. The in-person seminars will not be recorded and distributed electronically. Please make your travel plans now. Space is limited. We look forward to seeing you this Fall!

FTZ FINANCIAL SAVINGS

Foreign-trade zone (FTZ) clients are encouraged to calculate their FTZ project financial savings and communicate that savings to senior management. As Customs duties continue to rise for many reasons and the Merchandise Processing Fee (MPF) per entry cap increases (now \$614.35 per entry), FTZ activity can be an even more positive financial benefit. Contact [Marshall Miller](#) for the latest version of the firm's FTZ financial savings documentation.

FTZ GRANTEE FEE SCHEDULE

FTZ clients are encouraged to review their Grantee fee schedules to understand the fees charged by their Grantee. Grantees may charge for a wide variety of activities. The FTZ Board [website](#) provides detailed information about every Grantee and zone project, including the Grantee fee schedule.

EAPA DUE PROCESS

In a challenge to a CBP Enforce and Protect Act (EAPA) decision against an importer for its alleged transshipment of cast iron soil pipe from China through Cambodia evading antidumping and countervailing duties (ADD/CVD),

NEW RUSSIA CONTROLS

On June 12, coinciding with the start of the G7 Summit, the U.S. Departments of [Commerce](#), [Treasury](#), and [State](#) announced additional export controls and sanctions on Russia, including:

- Adding more than 500 6-digit HTS subheadings to controls on exports, re-exports, and transfers to and within Russia and Belarus;
- Additions to the Entity List;
- Targeting shell companies by listing addresses on the Entity List;
- Issuing Temporary Denial Orders (TDOs) against two Russian aircraft part procurement networks;
- Designating Chinese, UAE, Turkish, Singapore, and other country entities that are operating in the defense and technology sectors of the Russian economy;
- Designating entities involved in Russian energy project construction; and
- Designating entities involved in the Russian metals and mining industries.

The Commerce [Final Rule](#) will be published in the June 18 [Federal Register](#).

RED FLAG LETTERS

The Commerce Department's press [release](#) publicly acknowledged that it recently informed over 130 U.S. distributors of additional restrictions on shipments to known suppliers to Russia. Contact [Sean Murray](#) or [Chuck Ballard](#) with questions.

FIRMS CODE VALIDATION

Starting June 22, CBP will deploy ACE enhancements to validate FIRMS codes for in-bond arrivals, excluding air arrivals. ACE will [verify](#) FIRMS codes are valid, active, and within the in-bond arrival port and that the correct bond type is in place for the FIRMS code. FTZ clients are urged to validate their destination FIRMS codes when filing in-bonds to ensure "arrival" can be completed. Contact [Linda King](#) or [Bridget Beran](#) with questions. CSMS [#61024320](#) (June 17, 2024).

AUTOS FORCED LABOR

A [report](#) by the Senate Finance Committee Democrat majority staff on its investigation into automakers and Chinese forced labor singles out Volkswagen, BMW, and Jaguar Land Rover actions and exposure to forced labor in their supply chains. Of note for all company anti-

plant products that currently do not file a Lacey declaration will likely need to file a declaration under Phase VII. APHIS is accepting comments through July 30. 89 Fed. Reg. [47122](#) (May 31, 2024; CSMS #[60840588](#)) (June 3, 2024).

TURTLE EXPORTS

On June 5 the Department of Justice (DOJ) [announced](#) that a Grand Jury indicted Mr. Russell Milis of Brooklyn, NY for allegedly smuggling endangered box turtles to China in violation of Lacey Act and Endangered Species Act requirements. Mr. Milis faces up to 10 years in prison for each count and a fine of \$250,000.

SECTION 301 CLASSIFICATION

Water Pik has settled a CIT case which re-classified its electro-mechanical oral hygiene devices from HTSUS subheading 8424.89.9000 (1.8% MFN and 25% China Section 301 duties) to HTSUS subheading 8509.80.50 (4.2% MFN duties, but no China Section 301 duties). *Water Pik, Inc. v. U.S.*, CIT Case No. [23-00083](#) (June 4, 2024).

DETER ACT FOR CHINA

Congressman Blake Moore (R-UT) has introduced the Deterring Economic Aggression Through Retaliation (DETER) Act, which would strip China of Permanent Normal Trade Relations (PNTR) status if it engages in military aggression or serious economic coercion toward Taiwan. S. [1328](#).

SOLAR PANEL DUTIES

The [exemption](#) for bifacial solar panels from Section 201 safeguard duties ended on June 6. A 14.25% duty rate now applies for all solar panels.

SECTION 301 ORIGIN ANALYSIS

CBP has issued a ruling that the origin of four food waste disposals manufactured and assembled in Mexico is Mexico. Although 45-49% of their finished cost is China-origin components, including the motor, CBP found that their assembly into subcomponents and then into the finished disposal units in Mexico substantially transformed the original components into a new and different article of commerce. HQ [H333319](#) (May 15, 2024).

IPEF COMMENTS REQUESTED

The Commerce Department has requested public comments to identify “critical sectors” and “key goods” under the Indo-Pacific Economic Framework for Prosperity (IPEF) agreement relating to supply chain resilience. Comments are due by June 21. 89 Fed. Reg. [47536](#) (June 3, 2024).

AMERICAN ASSEMBLY

CBP has determined that certain upholstered wood chairs assembled in the U.S. with parts from various sources are U.S.-origin because they undergo a substantial transformation during the U.S. assembly process. 89 Fed. Reg. [47975](#) (June 4, 2024).

The U.S. Court of International Trade (CIT) has upheld the CBP determination but suggested that “due process” rights might be triggered if there had been business harm from a lack of notice and opportunity to be heard prior to the imposition of EAPA interim measures. Contact [Brian Murphy](#) with questions. *Phoenix Metal Co., Ltd. v. U.S.*, CIT Slip Op. [24-68](#) (June 10, 2024).

EAPA ON OIL TUBULAR GOODS

CBP has [issued](#) EAPA decisions against 10 importers of oil country tubular goods (OCTG) that CBP alleges are China origin and transshipped through Thailand, evading antidumping and countervailing duties (ADD/CVD).

SECTION 232 EXCLUSIONS

•The Bureau of Industry of Security (BIS) has issued a Final Rule that removes six Section 232 steel General Approved Exclusions (GAEs) and six aluminum GAEs, effective July 1, 2024. 89 Fed. Reg. [43740](#) (May 20, 2024).

•President Biden has issued a Presidential Proclamation that extends to June 1, 2025, the Section 232 exemption for Ukraine steel. 89 Fed. Reg. [48233](#) (June 5, 2024).

DUAL CITIZEN PLEADS GUILTY

A U.S.-Russian dual citizen has [pleaded](#) guilty to shipping weapons parts to Russia without the required export license. Mr. Dmitry Timashev mailed the parts to Kazakhstan knowing they would be reexported to Russia. Sentencing is scheduled for November 8. Mr. Timashev faces up to 5 years in prison.

FOREIGN FINANCE GUIDANCE

On June 12, the Office of Foreign Assets Control (OFAC) issued [guidance](#) that explains how foreign financial institutions may be sanctioned if they conduct or facilitate transactions or provide any services in support of the Russian defense industry.

RUSSIA URANIUM

Following enactment of the Prohibiting Russian Uranium Imports Act, which prohibits U.S. imports of Russian low-enriched uranium (LEU) beginning August 11, the Department of Energy (DOE) has announced a waiver process to permit certain imports. 89 Fed. Reg. [45871](#) (May 24, 2024).

APHIS TRANSIT SHIPMENTS

CBP has issued an administrative message reminding that APHIS-regulated shipments transiting the United States must meet APHIS requirements at the first U.S. port of arrival. Non-compliant shipments will be held by CBP Agriculture and may be refused entry. CSMS #[60659654](#) (May 20, 2024).

SYRIA SANCTIONS

OFAC has published an update to the Syrian Sanctions Regulations (SSR) that permits some activities in northeast and northwest Syria. OFAC has also published one

forced labor programs, the investigation found that reliance on scanning the Uyghur Forced Labor Protection Act (ULFPA) Entity List, supplier questionnaires, and publicly available information is insufficient to identify forced labor. Further, it concluded that credible human rights audits cannot be conducted in Xinjiang. The report recommends that CBP share more information on enforcement actions and that the Forced Labor Enforcement Task Force (FLETF) increase efforts to identify entities using forced labor and add them to the ULFPA Entity List.

UFLPA ENTITY LIST ADDITIONS

•Twenty six textile entities were [added](#) to the UFLPA Entity list on May 17. This is the largest one-time expansion of the list. 89 Fed. Reg. [43417](#) (May 17, 2024).

•The ree China-based seafood, aluminum, and footwear companies were [added](#) effective June 12. 89 Fed. Reg. [49894](#) (June 12, 2024).

TURKEY BOYCOTT

Turkey has [blocked](#) trade with Israel because of the ongoing conflict in Gaza. Virtually all trade between the countries is now blocked. Turkey indicated that the sanctions will be lifted when there is a permanent cease fire between Israel and Hamas. Contact [Sean Murray](#) with questions.

ANTIBOYCOTT PENALTY

Airbus DS Government Solutions Inc. (ADSGS) has agreed to pay a \$44,750 civil penalty to [settle](#) alleged violations of the Export Administration Regulations (EAR) antiboycott provisions. ADSGS voluntarily self-disclosed the violations to BIS.

USMCA COOPERATION

Following the fourth meeting of the U.S.-Mexico-Canada Agreement (USMCA) Free Trade Commission, the U.S., Mexico, and Canada announced [procedures](#) to coordinate between the countries in emergencies that impact trade.

CUBA REGS

OFAC has [published](#) a Final Rule updating the Cuban Assets Control Regulations (CACR) to increase support for internet freedom and private sector entrepreneurs by expanding authorizations for internet-based services and certain financial transactions. OFAC also published six [new](#) frequently asked questions (FAQs) and updated others. 89 Fed. Reg. [46323](#) (May 29, 2024).

IRAN ENTITY SANCTIONS

On May 23, the U.S. State Department published a notice that six entities located in the UAE, China, Vietnam, and Iran have been placed on the OFAC Specially Designated Nationals (SDN) List for violating U.S. Executive Orders related to Iran. Twenty vessels were also added to the SDN List. 89 Fed. Reg. [45724](#) (May 23, 2024).

GNSS RECEIVER ORIGIN

CBP has issued a final determination that a Global Navigation Satellite System (GNSS) receiver is a product of the U.S. despite undergoing final assembly in Thailand. CBP ruled that the final assembly in Thailand did not substantially transform the U.S.-origin receiver. 89 Fed. Reg. 48908 (June 10, 2024).

CHINA CONNECTED CAR RULES

In May 15 testimony before a Senate Appropriations Sub-committee, Commerce Secretary Gina Raimondo stated the Commerce Department expects to have its Final Rule on connected vehicle information sharing issued this fall

[new](#) frequently asked question (FAQ) and [updated](#) 5 other FAQs. 89 Fed. Reg. 48309 (June 6, 2024).

IRAN DRONE ENABLERS

On May 31, OFAC [sanctioned](#) four entities related to Rayan Roshd Afzar Company (RRA). RRA is involved in Iran's Unmanned Air Vehicle (UAV) program that is supplying drones in support of Russia's war in Ukraine.

FTZ STATISTICS

FOREIGN-TRADE ZONES BOARD
ACTIVITY AS OF 6/15/2024

Approved	
Zones	307
Subzones*	888
Pending	
Zones	1
Subzones	8
Misc.	33

*From Fed. Reg. Notices

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