



CHINA 301 MODS

On September 13, the Office of the U.S. Trade Representative (“USTR”) issued a [press release](#) and draft [Federal Register notice](#) making modifications and taking final action on changes to the China Section 301 additional duties that it proposed on May 14. The USTR notice mostly follows the May proposal.

Duty increases scheduled for September 27 cover 389 HTS classifications, including steel and aluminum HTSUS tariff provisions, non-lithium ion battery parts, electric vehicles, face masks, critical minerals, ship-to-shore gantry cranes (with existing contract carve-out), solar cells, syringes, and needles.

There will be later notices covering the production machinery product exclusion process and potential 301 duty increases for certain tungsten articles, silicon, and doped chemical elements.

Clients should be considering FTZ admission and Customs entry strategies before the September 27 effective date of the tariff increases.

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

CHINA WEEK

On September 12, the House Select Committee on the Chinese Communist Party [touted](#) House passage of 25 bills targeting China during what was called “China Week.” The question now is what legislation will be passed by the Senate and signed into law by the President.

CHINA DERISKING

The U.S. Federal Reserve has [posted](#) an interesting analysis of import trends from 2017 to 2022 which suggests that as U.S. imports of Chinese goods have fallen, other foreign U.S. suppliers may rely more on Chinese parts for their production.

FOREIGN BRANCHES ALERT

The Office of Foreign Assets Control (OFAC) has issued an [alert](#) warning companies to be cautious when working with foreign branches of Russian financial institutions because many of these branches are not on sanctions lists but are, in fact, subject to sanctions due to their ownership structure or activities. Contact [Sean Murray](#) with questions.

2024 FIRM SEMINARS

We are excited that our Fall client training seminars will be [in-person](#) at our Kansas City office and all days are free:

- 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.

TREASURY OVERSIGHT

A recently posted Treasury Inspector General’s [Memorandum](#) appears to indicate that the U.S. Treasury Department is seeking to transfer certain long-held trade-related responsibilities to the Department of Homeland Security (DHS). The proposal would eliminate the position and office of the Deputy Assistant Secretary for Tax, Trade, and Tariff policy. This office provides oversight and guidance on Customs regulations, Customs rulings, and public policy implications of U.S. import law, and is the Treasury representative on the Foreign-Trade Zones (FTZ) Board. The position has not been filled by Treasury since 2022. The loss of Treasury involvement could negatively impact trade functions and policy, so clients are urged to vigorously oppose this potential change with members of Congress. Contact [Marshall Miller](#) with questions.

FTZs & FORCED LABOR

At the NAFTAZ Annual Convention in New Orleans on September 9-11, CBP announced that it will be allowing goods to be moved to FTZs while subject to potential forced labor action. However, this benefit is of limited application because it is restricted to importers in the CTPAT Trade Compliance (ex-ISA) program. Contact [Marshall Miller](#) with questions. CSMS [#62269186](#) (Sept. 16, 2024).

FTZ BOARD ANNUAL REPORT

The 2023 FTZ Board Annual Report has been [released](#). It shows continued FTZ program growth. There are active FTZs located in all 50 states and Puerto Rico. 550,000 people were employed in 1,300 active FTZ operations. The

DE MINIMIS ENTRY ACTIONS

On September 13, the Biden Administration [announced](#) a series of actions to restrict the use of the Section 321 de minimis entry, including a Proposed Rule to exclude all products covered by Section 201, 232, and 301 additional duties from Section 321 de minimis entry. To improve targeting and protect consumers, the Biden Administration will also propose requiring the submission of additional data elements, including 10-digit HTSUS classification and the name of the person on whose behalf the exemption is being claimed. The Consumer Product Safety Commission (CPSC) will also issue a Proposed Rule to require importers of consumer products to electronically file Certificates of Compliance, including for de minimis shipments. These actions will particularly impact small package imports from China.

The Department of Homeland Security (DHS) [issued](#) a press release describing these executive actions.

The Biden Administration also announced continued priority targeting of illicit textile and apparel imports.

DE MINIMIS ACE DELAY

U.S. Customs and Border Protection (CBP)’s previously-announced ACE deployment of an automated warning of de minimis shipments over the \$800 per person per day threshold has been delayed to January 11, 2025. The automatic rejection of ineligible shipments will deploy no sooner than 30 days following the warning flag deployment. CSMS [#62050981](#) (Aug. 3, 2024).

DRUG ORIGIN MARKING

CBP has issued a new ruling that the ultimate purchaser of prescription drugs is the patient/consumer and imposes a notice requirement on the pharmaceutical company. This ruling also potentially impacts importers and distributors of other prescription medical products. Contact [Sean Murray](#) with questions. HQ [H283420](#) (June 14, 2024).

RTX ITAR PENALTY

RTX Corporation has [agreed](#) to pay \$200 million to settle approximately 750 International Traffic in Arms Regulations (ITAR) violations by Rockwell Collins, which merged with

RUSSIA SANCTIONS

The Bureau of Industry and Security (BIS) has [again](#) increased export controls on Russia by renaming and expanding the scope of the Russia/Belarus Military End User (MEU) Foreign Direct Product (FDP) Rule and adding foreign companies to the Entity List. The Final Rule also adds controls on software for the operation of computer numerical control (CNC) machine tools. 89 [Fed. Reg. 68539](#) (Aug. 27, 2024).

CANADA CHINA EV SURTAXES

Canada has [announced](#) that it would impose a 100% surtax on Chinese electric vehicles starting October 1 and 25% surtax on China steel and aluminum imports effective October 15. Canada also [instituted](#) a 30-day consultation period to October 10 on possible imposition of a surtax on China lithium-ion batteries, battery parts, solar products and critical minerals. The U.S. Trade Representative (USTR) [applauded](#) the actions.

CANADIAN CRUDE TRACKING

CBP is requesting public comments on a program to document pipeline movement and ownership changes of Canadian crude oil using global interoperability standards (GIS). Test participants will supply the GIS data and CBP will be able to view it in near real-time. It could be integrated with ACE for Canadian crude oil and other pipeline commodities for Customs entry purposes. Comments are due by November 4. 89 [Fed. Reg. 71381](#) (Sept. 3, 2024).

VAGUE DESCRIPTIONS

On September 4 CBP implemented a nationwide rejection of vague descriptions in Air Cargo Advance Screening (ACAS). A 30-day warning period ends October 6, after which rejections will be issued. Descriptions such as “accessories,” “gift,” “parts,” or “consolidated” will be rejected. CSMS [#62081967](#) (Sept. 5, 2024).

CBP has [updated](#) its list of cargo descriptions viewed as unacceptably vague and provided examples of acceptable descriptions. Examples include “chair” versus “leather office chair” and “hose” versus “rubber garden hose.” Clients are encouraged to share the list with their vendors for their preparation of invoices. CSMS [#62263081](#) (Sept. 16, 2024).

PROTEST APPROVAL IMPACT

The U.S. Court of International Trade (CIT) has dismissed an importer’s challenge to a denied Protest, ruling that administrative notice and comment procedures under 19 U.S.C. § 1625(c) are not triggered by a previous Protest approval because, in part, there was no CBP Office of Regulations and Rulings (OR&R) involvement in the Protest approval. [Under the Weather LLC v. U.S. CIT Slip Op. 24-99](#) (Sept. 5, 2024).

AG TRADE DEFICIT INCREASING

value of shipments received this year was \$949 billion, down from \$1.1 trillion, primarily due to the drop in oil prices. 62% of FTZ activity was production, with the pharmaceutical industry again first, followed by petroleum refining and automotive. Exports were \$149 billion.

FIRMS CODE REQUIREMENT

CBP has issued guidance that when submitting in-bond “arrival” notices in the Automated Commercial Environment (ACE), Facilities Information and Resources Management System (FIRMS) codes must be associated with the facility or location where the in-bond shipment is physically delivered to at destination. Failure to provide the FIRMS code can result in liquidated damages. CSMS [#62093369](#) (Sept. 6, 2024).

HEARING AIDS

CBP intends to revoke four rulings concerning the classification of hearing amplification devices, as well as any treatment previously given to substantially identical transactions. The proposal would change the classification of these devices from hearing aids of HTSUS 9021.40.00 (0%) to sets consisting of a microphone and one or more speakers of HTSUS 8518.30.20 (0%). 58 [Cust. B. & Dec. 9](#) (Aug. 14, 2024).

E-CIGARETTE TRACKING

The Food and Drug Administration (FDA) and the Department of the Treasury have [issued](#) a Proposed Rule which would require importers to submit the FDA-issued Submission Tracking Number (STN) of Electronic Nicotine Delivery System (ENDS) products in ACE. FDA’s goal is to streamline the admissibility review process for ENDS products. Comments are due by October 15. 89 [Fed. Reg. 66647](#) (Aug. 16, 2024).

CHILD/FORCED LABOR LIST

The U.S. Department of Labor’s Bureau of International Labor Affairs (ILAB) has [added](#) a record 37 new goods to the List of Goods Produced by Child Labor or Forced Labor.

ANTIBOYCOTT PENALTY

Steamlight Inc., a Pennsylvania manufacturer of portable lighting equipment, was [penalized](#) \$44,750 by BIS for violating the U.S. antiboycott regulations by providing information that the goods it was selling contained no Israeli content.

FTZs, DRAWBACK, AND UOM

CBP has modified a prior ruling on substitution unused merchandise drawback claims for certain FTZ exports to permit the use of the HTSUS unit of measure (UOM) reported on the Entry Summary line for purposes of calculating per unit averaging, so long as the drawback claimant tracks the selected UOM and does not change the UOM for future drawback claims against that Entry Summary line. HQ [H341220](#) (Aug. 30, 2024).

was accused of, among other things, failing to properly classify products, exporting improperly classified goods to China, and procuring defense articles from China without the appropriate authorizations.

ACE CARGO RELEASE

CBP has significantly updated the ACE Cargo Release Business Rules and Process Document, which includes details on admissible, released, and manifest hold actions. CSMS [#62097491](#) (Sept. 6, 2024).

AUTO PARTS COO

The House Select Committee on the Strategic Competition Between the U.S. and the Chinese Communist Party has [issued](#) a press release on its letters to six auto parts retailers with detailed questions to identify any purchases of, and their due diligence relating to, auto parts from Qingdao Sunsong or its related U.S. subsidiary which may have been transshipped from Thailand and have a mismarked country of origin. Qingdao Sunsong’s U.S. subsidiary was raided by federal investigators in January.

AUKUS

On August 20, the Directorate of Defense Trade Controls (DDTC) published an Interim Final Rule related to the Australia, United Kingdom, U.S. (AUKUS) trilateral security partnership. The Interim Final Rule makes several changes to the Proposed Rule, including to the scope of International Traffic in Arms Regulations (ITAR) license exemptions. DDTC is requesting comments on the new rule by November 18. 89 [Fed. Reg. 67270](#) (Aug. 20, 2024).

Census has [updated](#) the Automated Export System (AES) exemptions in AESTIR Appendix O.

ELECTION INTERFERENCE

On September 4, the Office of Foreign Assets Control (OFAC) [added](#) 10 individuals and two entities to the Specially Designated Nationals (SDN) List. The two entities, RT (formerly Russia Today) and Autonomous Non-Profit Organization (ANO) Dialog (ANO Dialog), along with a number of their executives, are accused of trying to influence the 2024 elections in the United States.

AI REPORTING REQUIREMENTS

BIS has [released](#) a Proposed Rule outlining new mandatory reporting requirements for artificial intelligence (AI) developers and cloud providers. The new requirements would require developers and providers to report on cybersecurity measures, outcomes from testing efforts, and development activities. Comments are due by October 11. 89 [Fed. Reg. 73612](#) (Sept. 11, 2024).

TRADE ESTIMATE REPORT

USTR has requested comments by October 17 to assist in identifying significant foreign barriers to U.S.

The U.S. Department of Agriculture (USDA) is [projecting](#) a continued increase in the U.S. agricultural trade deficit in the coming years. The USDA Economic Research Service estimates a record \$32 billion deficit for fiscal year 2024 and projects a \$42.5 billion deficit for fiscal year 2025.

SALESMAN ARRESTED

A Massachusetts man was [arrested](#) for conspiring to export his company's products to Russia. Mr. Sam Bhambhani, a former salesman for a laser welding machine manufacturer, is accused of attempting to sell equipment to a subsidiary of Rosatom in Yekaterinburg, Russia and falsifying export documentation. Rosatom manufacturers items for Russia's nuclear programs.

DOORBELL CAMERA HTSUS

CBP has issued a ruling that digital security camera doorbells are classified as TV cameras. HQ [H331779](#) (Sept. 4, 2024).

CPSC PGA BETA TEST

The Consumer Product Safety Commission (CPSC) has issued a notice of its intent to expand the current CPSC Partner Government Agency (PGA) message set beta test. The expansion will allow importers of consumer products to voluntarily participate in the test by eFiling data from a certificate of compliance. 89 Fed. Reg. [73392](#) (Sept. 10, 2024).

QUANTUM COMPUTING

On September 5, BIS [published](#) a new Interim Final Rule on the export of quantum computing, semiconductor manufacturing equipment, and related advanced technologies. Allied countries are introducing similar regulations. Comments on the Interim Final Rule are due by November 5. 89 Fed. Reg. [72926](#) (Sept. 6, 2024).

Census has [updated](#) the Automated Export System (AES) with License Code C70 for the Implemented Export Control (IEC) license exemption under these controls.

exports of goods, foreign direct investment, and electronic commerce for its National Trade Estimate Report. 89 Fed. Reg. [71775](#) (Sept. 3, 2024).

KNOCKOFF BAGS

Mr. Wasseem Ramjaun, a Canadian businessman, has [pleaded](#) guilty to trafficking counterfeit designer handbags valued at more than \$4 million. Mr. Ramjaun faces up to 10 years in prison and a \$2 million fine.

FTZ STATISTICS

FOREIGN-TRADE ZONES BOARD
ACTIVITY AS OF 9/15/2024

Approved	
Zones	307
Subzones*	890
Pending	
Zones	1
Subzones	11
Misc.	33

*From Fed. Reg. Notices

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