



## TRUMP TRADE

The incoming Trump Administration is working to have legislation introduced as soon as January 3 so that President Trump can have passed legislation ready for signing as soon as he is inaugurated on January 20. The specifics are still not known, but companies should plan for a 20% universal tariff on imports from all countries, 25% tariffs on products of Canada and Mexico, and a 60% tariff on China products. Lobbying efforts should already be underway, as should contingency plans for expediting shipments, modifying supply and distribution chains, and using foreign-trade zones, bonded warehouses, and other measures to mitigate or avoid the effects of the tariff increases.

Foreign-trade zones (FTZs) should consider filing Customs entry for on-hand inventory rather than relying on Privileged Foreign (PF) status, which may not lock in the Section 301 duty rate at FTZ admission.

See our [November](#) and [December](#) "What's New" client updates for more information.

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

## 301 TARIFF INCREASES

On December 11, the Office of the U.S. Trade Representative (USTR) [announced](#) Section 301 additional duties that had been previously proposed for certain Chinese tungsten products (25%), chemical elements doped for use in electronics (wafers) (50%), and polysilicon (50%) will go into effect on January 1, 2025. [89 Fed. Reg. 101682](#) (Dec. 16, 2024).

These Section 301 additional duty increases are in addition to those already scheduled for January 1 for certain diodes, transistors, integrated circuits, medical gloves, and other articles. [89 Fed. Reg. 76581](#) (Sept. 18, 2024).

## CHINA SECTION 301 LITIGATION

The U.S. Court of Appeals for the Federal Circuit has scheduled oral arguments for January 8 in the [HMTX Industries v. U.S.](#) litigation over the USTR's imposition of the China Section 301 additional duties on products in Lists 3 and 4. The decision could impact the imposition of new Section 301 additional duties. Contact [Brian Murphy](#) or [Sean Murray](#) with questions.



## 2024 YEAR-END CHECKLISTS

As you close out 2024 and finalize goals and budgets for 2025, consider the following:

### Import/Export

- Issue and Obtain Blanket FTA Certificates of Origin before Jan. 1
- Verify Year-End Transfer Pricing Adjustments and Confirm Customs Value Implications
- Review Import Bond Amount Sufficiency
- Review Embargoed/Sanctioned Country Procedures and Exports
- Consider Increased China Import Duties and Export Restrictions
- Review Forced Labor Risk
- Update Import/Export Manuals
- 2025 Training Plans

### Foreign-Trade Zone (FTZ)

- FTZ Yearly Blanket CBPF 216 Renewal
- Review FTZ Operator Bond Amount Sufficiency
- CBP FTZ Annual Reconciliation, Systems Review, and Certification Letter (with any necessary CBPF 214 or Customs Entry)
- Review FTZ Scope of Authority/Land/Buildings
- Review FTZ Operations Manual for Updates
- Update Key Employee List
- Assess new FTZ Savings Opportunities for 2025

### CBPF 216 ACTIVITY PERMITS

When completing your CBPF 216 Activity permits for the upcoming Zone Year, be sure to confirm all necessary activity boxes (Manufacturing, Manipulation, Exhibit, Destruction) are correctly checked. Some updates to the online fillable form do not consistently allow for checking multiple boxes.

### FTZ ANNOUNCEMENT

We are pleased to announce that the Firm has engaged Maria Isabel Romero as a consultant on FTZ projects. Isabel is well known in the FTZ community in Puerto Rico and throughout the U.S. She recently

## CHINA SEMICONDUCTORS

On December 2, the Bureau of Industry and Security (BIS) [released](#) an interim Final Rule and a Final Rule that expand U.S. export controls on semiconductor manufacturing. The new controls are designed to slow China's development of advanced semiconductors and Artificial Intelligence (AI). The new rules include controls on additional manufacturing equipment and high-bandwidth memory (HBM) chips, and two new Foreign Direct Product (FDP) rules that extend U.S. export controls to foreign-produced semiconductor manufacturing equipment. The new controls also add 140 companies to the Entity List, modify listings for 14 entities (including SMIC), and remove three entities from the Validated End-User (VEU) program. BIS also created 8 new "Red Flag" specific to advanced computing and semiconductors.

License Exception Implemented Export Control (IEC) has been updated to include the Netherlands, New Zealand, and Slovenia.

Contact [Sean Murray](#) or [Chuck Ballard](#) with questions.

89 Fed. Reg. [96830](#) and [96790](#) (Dec. 5, 2024).

## IMMEDIATE DELIVERY

CBP has issued its end of year Immediate Delivery (ID) authorization for merchandise to be released from December 17 through December 31. It allows importers to take advantage of Harmonized Tariff Schedule changes that take effect on or after January 1, 2025. CSMS [#63419911](#) (Dec. 16, 2024).

## DE MINIMIS

On January 11, CBP will deploy a warning in ACE when Section 321 may exceed the \$800 per person/per day threshold. CSMS [#63361789](#) (Dec. 11, 2024).

## BATTERY CLASSIFICATION

As previously reported in November [Briefings](#), CBP has proposed the revocation of rulings on the classification of lithium-ion battery cells as "parts of" batteries in HTSUS subheading 8507.90.80 (3.4%) and their classification as batteries in HTSUS subheading 8507.60 (3.4%). The proposed change would subject Chinese origin battery cells to the Section 301 duty increases [announced](#) by the Biden Administration in September and

### CHINA SECTION 301 FIX

U.S. Customs and Border Protection (CBP) has announced a minor correction by USTR to a reinstated China Section 301 product exclusion impacting a HTSUS Heading 3926 provision. CSMS #[63114152](#) (Nov. 20, 2024).

### APHIS LACEY ACT UPDATE

On December 1, the U.S. Department of Agriculture (USDA), Animal Plant Health and Inspection Service (APHIS) began implementing Phase VII of the Lacey Act provisions. An "AL1" tariff flag has been added in ACE to approximately 450 HTSUS classifications. CSMS #[63127915](#) (Nov. 21, 2024).

### UFLPA ENTITY LIST

Effective November 25, the Department of Homeland Security (DHS) [added](#) 29 Chinese companies in the agricultural and metals sectors to the Uyghur Forced Labor Prevention Act (UFLPA) Entity List. Importers in these sectors should review their supply chains for potential impact. CSMS #[63141067](#) (Nov. 22, 2024).

### DOMREP FORCED LABOR

CBP has issued a [Finding](#) based on information which reasonably indicates that Kingtom Aluminio S.R.L., the first China-owned entity in the Dominican Republic, has used forced labor in the manufacturing of aluminum extrusion and profile products. CBP will seize and exclude such products manufactured by Kingtom. CSMS #[63273746](#) (Dec. 4, 2024).

### EU FORCED LABOR

The European Council has [adopted](#) and published the EU Forced Labor Regulation, which bans importation or exportation of any products made from forced labor. The regulation is expected to go into effect in December 2027.

### CANADA FORCED LABOR

Public Safety Canada has [published](#) its first Annual Report and updated guidelines under its forced labor law. The updated guidelines clarify that the only companies required to file annual reports are those with a Canada place of business, doing business in Canada, or possessing tangible assets in Canada. Also, the reporting requirements apply to entities that manufacture or import, and not to entities that only sell or distribute.

### ERR GUITARS

LA/Long Beach Seaport CBP Officers, in coordination with Homeland Security and the Los Angeles County Sheriff's Department, [seized](#) 3,000 counterfeit Gibson guitars. Genuine Gibson guitars would have had a manufacturer's suggested retail price of nearly \$19 million.

### GERMAN OFAC PENALTY

On December 3, the Office of Foreign Assets Control (OFAC)

retired after 27 years as an officer and Director of the FTZ program for the Puerto Rico Industrial Development Company (PRIDCO), Grantee of FTZ 7.

### IMPORTER ORIGIN CERTS

Just in time for the issuance of annual blanket certificates of origin, CBP has issued updated guidance on importer obligations and requirements when completing origin declarations and certifications, reminding that such documentation must be completed by a "responsible official" or by an authorized agent having knowledge of the relevant facts. CBP cites prior May 2024 [guidance](#) reminding that a consignee not acting as the U.S. Importer or Record (IOR) cannot substitute for the IOR on origin documentation, and the importer, exporter, producer, or authorized agent completing the origin documentation is responsible for its truthfulness and is liable for false statements and material omissions. CSMS #[63096696](#) (Nov. 19, 2024).

### FALSE AES FILINGS

On November 14, the Bureau of Industry and Security (BIS) [entered](#) into an administrative enforcement settlement agreement with M&M Wireless (M&M), under which M&M will pay a \$5.4 million fine and forfeit \$462,669 to settle accusations that it provided false export information to its freight forwarding agent for consumer electronic shipments to the United Arab Emirates. This resulted in erroneous Automated Export System (AES) filings. M&M also failed to keep required export records.

### AES REPORTS IN ACE

On December 4, CBP announced that it has enhanced the Census AES data universe in Automated Commercial Environment (ACE) Reports. This will allow the retirement of the Trade Export data universe in ACE Reports, so users of Trade Export data should transition to ACE Reports. Contact [Brenda Zeller](#) with questions. CSMS #[63271761](#) (Dec. 4, 2024).

### SPACE-RELATED CONTROLS

BIS has extended the comment periods for its Interim Final Rule and Proposed Rule on space-related export controls. Comments are now due by December 23. 89 [Fed. Reg. 91251](#) and [91295](#) (Nov. 19, 2024).

### WTO DIRECTOR-GENERAL

On November 29, the General Council of the World Trade Organization (WTO) [reappointed](#) Director-General Dr. Ngozi Okonjo-Iweala for a second four-year term.

### FORWARDER SANCTIONED

C.H. Robinson, one of the largest international freight forwarders, has [entered](#) into a settlement agreement with OFAC that includes a penalty of \$257,690 for 82 apparent violations of OFAC sanctions on Cuba and Iran by non-U.S. subsidiaries.

may impact FTA eligibility for batteries. Comments were due December 6, but may still be considered. Contact [Brian Murphy](#) with questions. 58 [Cust. B. & Dec. 1](#), (Nov. 6, 2024).

### ACCESSORIES

CBP has proposed the revocation of three rulings that classified snow blade, "pallet saver," and magnetic fork cover accessories for forklifts as parts of forklifts in HTSUS subheading 8431.20 (Free) and classification in HTSUS subheading 8430.20 (other machinery: snowplows), subheading 7326.90 (other articles of iron or steel), and subheading 4016.99 (other articles of vulcanized rubber). Clients are reminded of the difficulties in classifying parts and accessories. Contact [Brian Murphy](#) or [Sean Murray](#) with questions. Comments are due by December 27. 58 [Cust. B. & Dec. 1](#) (Nov. 27, 2024).

### EXCISE TAX LIABILITY

A federal appeals court has [found](#) a consignee of imported tires liable for Internal Revenue Code excise taxes assessed on any person who "brings" such articles into the United States, even though it was not the U.S. Importer of Record. The court regarded the tire wholesale buyer as the beneficial owner. [Texas Truck Parts & Tire Inc. v. U.S.](#), Case No. 23-20588 (5th Cir.) (Oct. 8, 2024).

### CONTROLLED DATA EXPORT

On December 6, the Department of Justice (DOJ) [announced](#) that Mr. Hang (Cody) Sun, a U.S. permanent resident, was indicted for sending International Traffic in Arms Regulations (ITAR) controlled data to China without the required license or authorization. Mr. Sun is also accused of obtaining rare earth magnets from China that Quadrant Magnets sold to U.S. companies for use in U.S. military aircraft and other programs in violation of the Defense Acquisition Regulations (DFARS). If convicted, Mr. Sun faces up to 20 years in prison.

### INDIA TRANSSHIPMENT

On November 20, the Department of Justice [announced](#) an indictment of Indian National, Mr. Sanjay Kaushik. Mr. Kaushik is accused of obtaining an Attitude Heading Reference System (AHRS) from a U.S. supplier, with the intent of supplying it to Russia. If convicted, Mr. Kaushik faces up to 20 years in prison plus a \$1,000,000 fine for each count.

### CHEMICAL CONTROLS

BIS has requested comments on industry impacts related to the Chemical Weapons Convention Implementation Act of 1998 and the Chemical Weapons Convention Regulations (CWCR) during 2024. Comments are due by January 8. 89 [Fed. Reg. 97583](#) (Dec. 9, 2024).

### USMCA AUDITS

There are [reports](#) of an increase in

[announced](#) a settlement agreement with German industrial supply company Aiotec GmbH. Aiotec agreed to pay \$14,550,000 to settle allegations that it conspired to purchase U.S. products to build a polypropylene plant in Iran.

#### CYBERSECURITY SANCTIONS

On December 10, OFAC [announced](#) that it was sanctioning Sichuan Silence Information Technology Company (SSITC) and one of its employees for their role in the April 2020 compromising of thousands of firewalls globally. SSITC was accused of deploying malware and ransomware software to 81,000 companies worldwide, including U.S. critical infrastructure entities.

#### NORTH KOREA INDICTMENT

On December 3, the Department of Justice (DOJ) [announced](#) the arrest of Mr. Shenghua Wen. Mr. Wen, a Chinese National who overstayed his student visa, is accused of conspiring to export guns, ammunition, a chemical threat detection device, and an eavesdropping device detector to North Korea. If convicted, Mr. Wen faces up to 20 years in prison.

#### UPDATED DIS GUIDE

An updated Implementation Guide for the Document Image System (DIS) has been published. CSMS #[63192571](#) (Nov. 27, 2024).

Mexican audits of U.S. exporters for USMCA claims on goods shipped to Mexico. Clients are reminded to ensure they can validate USMCA qualification before issuing USMCA certifications of origin and to limit the number of company individuals with the authority to issue FTA certifications to customers. Contact [Brian Murphy](#) or [Sean Murray](#) with questions.

#### FTZ STATISTICS

##### FOREIGN-TRADE ZONES BOARD ACTIVITY AS OF 12/15/2023

Approved	
Zones	309
Subzones*	893
Pending	
Zones	1
Subzones	10
Misc.	33

\*From Fed. Reg. Notices

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