



## US-CHINA TRADE DEAL

• On May 12, the U.S. and China [agreed](#) to temporarily reduce certain additional tariffs between the two countries beginning May 14 for 90 days. The U.S. reduced its 125% China country-specific Reciprocal Tariff rate to 10%, so most Chinese products are now subject to 10% additional Reciprocal Tariffs and 20% additional IEEPA Tariffs. Other additional tariffs (i.e., China Section 301 and Section 232) and Most Favored Nation (Normal Trade Relations) are not affected. China also agreed to temporarily reduce its additional tariffs on U.S. products and “suspend or remove the non-tariff countermeasures” taken against the U.S. since April 2. The 90-day period ends August 12. Companies should be considering supply chain scheduling implications because, unless the countries reach some new agreement, the temporary duty reductions could end.

• See our [May 12](#) and [May 13](#) “What’s New” updates for more details.

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

• [E.O.](#) (May 12, 2025); CSMS [#65029337](#) (May 13, 2025).

## 232 AUTOS & PARTS CHANGES

On April 29, President Trump issued Proclamation 10925, modifying the original Section 232 auto/auto parts proclamation (see our [April 2](#) What’s New update) to create an import adjustment offset procedure for U.S. auto assemblers that allows a reduction of duties on automobile parts accounting for 15% of the value of a U.S.-assembled automobile for one year and equivalent to 10% of that value for an additional year. For the first year, U.S. auto makers may apply for an offset amount equal to 3.75% of the aggregate MSRP of all U.S.-assembled automobiles from April 3, 2025 through April 30, 2026.

The offset may be used by Importers of Record authorized by the U.S. automaker. The Department of Department is to establish an import adjustment offset process within 30 days. Contact [Brian Murphy](#) with questions. 90 [Fed. Reg.](#) [18899](#) (May 2, 2025).

## DE MINIMIS SHIPMENTS

Beginning May 2, products of China and Hong Kong are no longer eligible for the de minimis duty

## TRADE ENFORCEMENT

The head of the U.S. Department of Justice Criminal Division issued a [memo](#) dated May 12 with its areas of focus for the Trump Administration. Trade and customs fraud, including tariff evasion, is the second listed priority for investigations and prosecution.

## CORE COMPLIANCE

Clients are reminded that compliance with the Section 232, 301, and IEEPA additional tariffs is predicated on accurate tariff classifications and country of origin determinations. With the greatly increased duty rates, errors can have substantial financial consequences.

## BIS AI CONTROLS

• On May 13, the Commerce Department issued a [notice](#) rescinding the Biden Administration Artificial Intelligence (AI) Diffusion Rule that was scheduled to go into effect on May 15, 2025, saying it would have stifled American innovation, imposed burdensome regulatory requirements, and undermined relations with many countries that were assigned second-tier status in the rule. A formal notice of the rescission is to be published in the Federal Register and a replacement rule is to be issued.

• The Bureau of Industry of Security (BIS) has released three new guidance documents on AI involving [industry risks](#) under General Prohibition 10 of using Chinese advanced computing integrated circuits, the [controls](#) that apply to advanced computing integrated circuits (AICs) and other items used for training Chinese AI models, and [protecting](#) (AIC) supply chains against diversion.

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

## FTZ TO WAREHOUSE

FTZ clients are reminded that Privileged Foreign (PF) status merchandise may not be transferred from an FTZ for entry into a bonded warehouse. 19 C.F.R. § 146.64(a); C.S.D. 81-8. Contact [Marshall Miller](#) with questions.

## CFSs

Miami CBP has been reviewing customs-bonded Container Freight Station (CFS) operations and raising compliance issues. We understand

## TARIFF STACKING GUIDANCE

On May 1, CBP issued guidance interpreting Executive Order (EO) [14289](#), which modified tariffs imposed by previous EOs to avoid their duplicative application referred to as “stacking.” The new EO establishes a hierarchy whereby if one additional tariff program is applicable, then some other additional tariff programs are not applied. Specifically, the new EO only modifies application of the Section 232 Automotive Tariffs, the IEEPA Canada and Mexico Tariffs, and the Section 232 Aluminum and Steel Tariffs. CBP is publishing a formal [notice](#) to modify the HTSUS accordingly. A CBP message interprets “subject to” to mean no duties are owed. Note that this EO does not include the Reciprocal Tariffs, which separately include exclusions for articles subject to additional duties under the 232 Auto, Steel, and Aluminum Tariffs, as well as some other exclusions. See our [What’s New](#) updates for more details. CSMS [#64916414](#) (May 1, 2025); CSMS [#65054270](#) (May 15, 2025).

## OMINOUS SIGN

The updated ACE Development and Deployment Schedule posted by CBP includes an ACE enhancement that will enable filers to include up to 32 HTSUS tariff classifications on one Entry Summary line. The current limit is 8 HTSUS classifications per line. CSMS [#65038587](#) (May 14, 2025).

## CUSTOMS AUDITS

Clients are reminded that while the IEEPA, 232, and 301 additional tariffs are attracting the attention, Customs is still engaged in regular enforcement activity and Customs audits. CBP completed 71 [audits](#) in March that identified \$310 million in duties and fees owed to the U.S. government for improperly declared imported goods. Contact [Sean Murray](#) with questions.

## 301 CHINA SHIPBUILDING

On April 17, the U.S. Trade Representative (USTR) [issued](#) a determination in its Section 301 investigation of China maritime, logistics, and shipbuilding sectors and published a notice of actions and proposed actions including fees on Chinese vessel owners and operators, fees on operators of Chinese-built ships based on

exemption under Section 321. All de minimis entries must now be filed as either a Type 01 or Type 11 entry. International mail shipments under \$800 previously eligible for de minimis treatment will have a 120% additional duty or a specific duty of \$100 per shipment as elected by the carrier (increasing to \$200 on June 1). 90 Fed. Reg. [17608](#) (April 28, 2025); CSMS [#64792502](#) (April 18, 2025); CSMS [#6486116](#) (April 25, 2025); CSMS [#64917563](#) (May 1, 2025).

### PIPELINE MONTHLY ENTRY

On April 25, CBP issued guidance regarding the monthly entry process for pipelines, reminding importers it is only available for Customs entries of non-dutiable merchandise. CBP also reminded that importations of crude oil and natural gas by pipeline from Mexico and Canada were subject to the additional IEEPA duties from March 4 through March 6, and so ineligible for such an entry. CSMS [#64859298](#) (April 25, 2025).

### 232 STEEL/ALUMINUM FAQ

CBP has updated its Section 232 steel and aluminum [FAQs](#). One FAQ answer states that the term "subject to Section 232 actions" implies that Section 232 duties are owed and payable, so imports classified in a Section 232 new derivative tariff classification that do not contain any steel or aluminum are not subject to Section 232 actions "because no Section 232 duties are owed, as a result, they may be subject to the IEEPA-based Reciprocal Tariffs. The FAQ also informs that the Automated Commercial Environment (ACE) now allows, as an interim solution, any country besides the U.S. to be reported if the aluminum smelt/cast countries are unknown.

### IRANIAN OIL

On April 16, the Office of Foreign Assets Control (OFAC) [announced](#) it was sanctioning China's Shandong Shengxing Chemical Co., Ltd. (SSCC), a Chinese refinery, after SSCC purchased over \$1 billion of Iranian oil. Any refinery or entity that purchases Iranian crude oil is subject to U.S. sanctions.

### UNVERIFIED LIST

The Bureau of Industry and Security (BIS) has issued a Final Rule adding 18 entities to its Unverified List. The entities are located in China, Finland, Turkey, Kazakhstan, Italy, and the United Kingdom. BIS also removed five entities. 90 Fed. Reg. [17339](#) (April 25, 2025).

### PROPELLANT SANCTIONS

On April 29, OFAC [added](#) six individuals and six entities in Iran and China to its Specially Designated Nationals (SDN) List for their involvement in sending chemicals necessary for making propellants for Iranian missiles. 90 Fed. Reg. [20214](#) (May 12, 2025).

### VSD BENEFITS

On April 30, the Department of Justice (DOJ) [announced](#) that it

that this scrutiny may expand to other ports. Clients and bonded carriers should carefully monitor CFS operations and shipments to ensure compliance.

### DRAWBACK & FTZs

In a case involving the timeliness of substitution unused merchandise drawback claims, the U.S. Court of International Trade (CIT) has ruled that the "date of importation" for merchandise admitted into a foreign-trade zone (FTZ) is the date of vessel arrival, not the date of Customs entry when the merchandise is shipped out of the FTZ. *King Maker Marketing Inc. v. U.S.*, CIT Slip Op [25-58](#) (May 15, 2025).

### 232 STEEL/ALUMINUM

The Commerce Department has adopted an Interim Final Rule allowing U.S. producers and industry associations to request that additional products be added to the lists of steel or aluminum derivative products covered by the 25% additional tariffs. As summarized in our [May 2](#) What's New update, there will be three 2-week windows at the beginning of May, September, and January each year for filing requests, with the first beginning this May 1.

Requests will be posted on the regulations [website](#) and are subject to a 14-day public comment period and a 60-day processing period. Interested parties should monitor the posted requests. Comments on the Interim Final Rule are due by June 16, 2025. Contact [Brian Murphy](#) or [Sean Murray](#) with questions. 90 Fed. Reg. [18780](#) (May 2, 2025).

### AESDIRECT & PGAS

For Census Automated Export System (AES) filers that use AESDirect, Census has [announced](#) that AESDirect is being updated on May 20 so all AESDirect participants can see the Participating Government Agency (PGA) requirements that are integrated in AESDirect. [Appendix X](#) to the AES Trade Interface Requirements (AESTIR) provides lists, by PGA, of flagged HTSUS / Schedule B classifications. Contact [Sean Murray](#) or [Chuck Ballard](#) with questions.

### NEW 232 INVESTIGATIONS

Section 232 national security investigations have been initiated into critical minerals, trucks, and aircraft and jet engines:

- A Section 232 investigation has been initiated into "processed critical minerals" and their "derivative products," which includes "semi-finished goods (such as semiconductor wafers, anodes, and cathodes) as well as final products (such as permanent magnets, motors, electric vehicles, batteries, smartphones, micro-processors, radar systems, wind turbines and their components, and advanced optical devices)." The Commerce Department has [requested](#) public comments by May 16. 90 Fed. Reg. [17372](#) (April 25, 2025).

containers, fees on foreign-built vehicle carriers, and restrictions on transporting U.S. liquefied natural gas (LNG) on foreign vessels, as well as proposed additional tariffs ranging from 20% to 100% on Chinese containers, chassis, chassis parts, and ship-to-shore cranes. The first phase, imposing net tonnage fees on China vessel owners and operators per U.S. voyage, will commence in 180 days. The public comment [period](#) closes May 19. 90 Fed. Reg. [17114](#) (April 23, 2025).

### IEEPA LITIGATION

On May 13, a U.S. Court of International Trade (CIT) three-judge panel held a hearing in litigation brought by the Liberty Justice Center challenging the President's authority to impose the Reciprocal Tariffs under the International Emergency Economic Powers Act of 1977 (IEEPA), with the court questioning both sides on the legal standard for the court to apply and the impact of a 1975 *Yoshida* appeals court decision. *V.O.S. Selections, Inc. v. Trump*, CIT Case [1:25-cv-00066](#).

### ACE REPORT UPDATE

CBP has updated ACE to more frequently refresh reports. CSMS [#64791231](#) (April 18, 2025).

### ACH DEBIT INCREASES

As tariffs increase, importers paying duties and fees through the CBP Automated Clearing House (ACH) Debit program may need to request increases to the debit caps to appropriately manage their larger ACH payments to CBP.

### INFORMAL ENTRY GUIDANCE

If filers are submitting an Informal Entry, and separate entries are filed for a single consignee, the corresponding Entry Summary must also be separate entries. Consolidation of entries on an Entry Summary is not acceptable. CSMS [#64957404](#) (May 6, 2025).

### HTS FOOD PREPARATIONS

The Court of Appeals for the Federal Circuit (CAFC) has ruled that imported frozen fruit mixtures and fruit and vegetable mixtures that were cleaned, combined, and packaged in Canada from cut and frozen fruit as other frozen fruit are classified properly in HTSUS Heading 0811 as "fruit" instead of in HTSUS subheading 2106.90.95 as "Food preparations not elsewhere specified or included." The CAFC affirmed the lower court's interpretation that the common meaning of "fruit" includes fruit mixtures and dismissed the importer's arguments that cutting, sifting out inedible materials, cleaning, freezing, and mixing fruit created "preparations" because cut and mixed fruit are not prepared beyond what is already inherently encompassed within the term "food." *Nature's Touch Frozen Foods (West) Inc. v. U.S.*, CAFC Slip Op. [2023-2093](#) (May 9, 2025).

### SUPPLEMENTAL MANIFEST

Updated requirements for Document

would not prosecute Universities Space Research Association (USRA) after USRA self-disclosed that one of its employees had exported aviation related software to Beijing University in China. Beijing University is on the BIS Entity List. USRA cooperated with export control authorities, and that employee was eventually prosecuted and sentenced to 20 months in prison.

#### SEAFOOD REVIEW

On April 17, President Trump issued Executive Order [14276](#), which instructed the USTR to review all U.S. regulations affecting U.S. fisheries to eliminate harmful over-regulation and to promote domestic fishing. The USTR is instructed to examine the trade practices of major seafood producing nations, including illegal, unreported, and unregulated fishing and the use of forced labor in the seafood supply chain, and consider appropriate responses, including Section 301 measures.

#### FOREIGN FILM TARIFFS

In a May 4 Truth Social [post](#), President Trump authorized the Commerce Department and the U.S. Trade Representative (USTR) to begin the process of instituting a 100% tariff on foreign produced movies “coming into” the United States. The Truth Social post was not followed by an Executive Order or any other formal legal document, and the legal basis for imposing such a tariff is unclear since most foreign films enter the U.S. as digital transmissions, which are currently not subject to duties.

• A Section 232 investigation has been [initiated](#) into medium-duty and heavy-duty trucks, their parts, and derivative products. The notice describes covered truck parts as “the individual components and systems of medium- and heavy-duty trucks, including engines and engine parts, transmissions and powertrain parts, and electrical components.” Comments are due by May 16. 90 Fed. Reg. [17371](#) (April 25, 2025).

• On May 1, the Commerce Secretary initiated a Section 232 investigation to determine the effects on U.S. national security by the imports of commercial aircraft and jet engines, and parts for commercial aircraft and jet engines. Interested parties are [invited](#) to submit comments by June 3. 90 Fed. Reg. [20273](#) (May 13, 2025).

#### SUGAR CLASSIFICATION

In response to a domestic interested party petition, CBP is currently accepting comments through June 23 on the tariff classification of cane sugar molasses and liquid sugar. CBP currently classifies cane sugar molasses in HTSUS subheading 1703.10.30 as molasses and liquid sugar in HTSUS subheading 1702.90.40 as “other sugars.” The petitioner argues the proper classification of the subject cane sugar molasses and liquid sugar is in HTSUS subheading 1702.90.10 or HTSUS subheading 1702.90.20 as “sugar syrups.” 90 Fed. Reg. [17072](#) (April 23, 2025).

Image System (DIS) reporting of supplemental manifests in ACE will now be effective October 1, 2025. Filers must use the new document code CBP168 to submit the supplemental manifest. CSMS [#64830512](#) (April 23, 2025).

#### PHARMACEUTICAL PRICING EO

On May 12, President Trump [issued](#) an Executive Order instructing the USTR and Commerce Secretary to ensure that foreign countries are not engaged in any unreasonable or discriminatory practices that impair U.S. national security or force American patients to disproportionately pay for global pharma R&D. Within 30 days, the Commerce Secretary is to communicate price targets to pharmaceutical manufacturers. If initial actions are not successful, the Commerce Secretary is directed to consider all necessary actions regarding the export of drugs and precursor materials. 90 Fed. Reg. [20749](#) (May 15, 2025).

FTZ STATISTICS	
FOREIGN-TRADE ZONES BOARD	
ACTIVITY AS OF 5/15/2025	
	Approved
Zones	310
Subzones*	902
	Pending
Zones	3
Subzones	5

\*From Fed. Reg. Notices

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