



## RECIPROCAL TRADE DEALS

•Importers are reminded that the 90-day modification to the IEEPA Reciprocal Tariffs ends on July 8 and the country-specific Reciprocal Tariffs will be re-imposed unless trade deals or changes are announced.

•In June 11 testimony before the House Ways and Means Committee, Commerce Secretary Scott Bessent [stated](#) that the U.S. is negotiating with "18 important trade partners" and that it is highly likely the U.S. will extend the July 8 deadline for countries negotiating in good faith.

•To date, there are announced trade deals with the [United Kingdom](#) and China. The [Executive Order](#) on the U.K. trade deal provides for tariff reductions in the areas of automobiles and auto parts (including a 100,000 vehicle tariff-rate quota) and civil aerospace, as well as the creation of tariff-rate quotas for aluminum and steel articles. The specific details on the China deal have not yet been released.

## IEEPA TARIFFS APPEAL

The U.S. Court of Appeals for the Federal Circuit (CAFC) has granted the U.S. Government's request to stay the U.S. Court of International Trade (CIT) decision on the additional tariffs imposed under the International Emergency Economic Powers Act (IEEPA), allowing the U.S. Government to continue collecting the tariffs pending an appellate decision by the CAFC. The CAFC will hear the case *en banc*, and oral arguments are scheduled for July 31, 2025. CAFC Order [2025-1812/1813](#) (June 10, 2025).

## OTHER IEEPA LAWSUITS

•Chapter1 LLC, a skincare company, has filed a Complaint in the CIT proposing a class action challenging the IEEPA Reciprocal Tariffs and IEEPA fentanyl-based tariffs on Canada, Mexico, and Canada. [Chapter1 LLC v. U.S.](#), CIT Case No. [25-cv-0097](#) (filed May 29, 2025).

•The CIT has dismissed a challenge by a private citizen to the IEEPA fentanyl tariffs because the consumer lacked standing before the court to bring the court action. [Gary L. Barnes v. U.S.](#), CIT Slip Op. [25-65](#) (May 23, 2025).

## U.S. ORIGIN

CBP Headquarters has ruled that gold jewelry made from U.S.

## FTZ ADVANTAGES

In these turbulent times for international trade, foreign-trade zones (FTZs) continue to provide substantial benefits.

- No tariff payments at arrival (duty deferral cash flow benefits).
- Tariff-free exports (duty avoidance benefits).
- Scrap/Waste tariff savings.
- Tariffs only on the value of the foreign material used in U.S. FTZ production operations.
- FTZs are not within the "Customs Territory," so some CBP/PGA requirements do not apply until entry.
- Foreign and U.S. material allowed.
- Weekly Entry provides efficient 24/7 operations.
- Weekly Entry Merchandise Processing Fee (MPF) savings.

## BONDED WAREHOUSES

Some of the current increased interest in Bonded Warehouses is based on not requiring FTZ Board or Grantee involvement and fees, only requiring CBP Port approval, and the assessment of duties at Warehouse withdrawal instead of Warehouse entry. However, there is very significant complexity and expense in managing Bonded Warehouse operations.

- No national Bonded Warehouse management standards. Port requirements vary widely.
- Bonded Warehouses are within the Customs territory, so all CBP and PGA laws apply.
- Each Warehouse entry must be closed out and a "folder" immediately delivered to the Port with copies of all Warehouse Withdrawals and Exports supporting the closeout. ACE is not programmed to support Warehouse Entry closeout.
- Only foreign merchandise may be entered.
- We are unaware of any software system to manage Bonded Warehouses.
- Efficient, large-scale distribution is not viable because each shipment must be filed and accepted by CBP before shipment from the Bonded Warehouse is authorized.
- No weekly shipment process. MPF is assessed on each entry.
- Contact [Marshall Miller](#) to discuss.

## ENTRY REVIEW

•We encourage all clients to carefully review Customs entries to ensure they include all the appropriate HTSUS classifications for the additional tariff programs. CBP

## 232 STEEL/ALUMINUM

President Trump issued a Proclamation that doubled the Section 232 steel and aluminum tariffs from 25% to 50% effective June 4, except for U.K. steel/aluminum. The Proclamation also amended tariff-stacking rules to reverse the priority of Section 232 steel/aluminum tariffs and auto tariffs. Finally, the Proclamation revised the rules on the Section 232 steel and aluminum tariffs by applying the Reciprocal Tariffs to the non-aluminum, non-steel content of Section 232 steel and aluminum articles and assessing Section 232 tariffs only on the steel or aluminum content of covered HTS Chapter 73 and 76 articles. See our June 3 [What's New](#) [update](#), 90 Fed. Reg. [24199](#) (June 9, 2025).

## 232 SCOPE EXPANSION

•Almost 13,000 comments were [filed](#) by the June 4 deadline for the 58 Section 232 steel and aluminum tariff Inclusion requests covering 525 unique 8-digit or 10-digit HTSUS classifications. The Commerce Department has 60 days to determine if the products will become subject to the Section 232 tariffs. The potential scope increase includes paints, hand tools, air conditioners, tractors, auto parts, furniture, etc. See our May 22 ["What's New" update](#).

•Effective June 23, the Commerce Department has expanded the scope of Section 232 steel and aluminum products to cover refrigerators, freezers, dryers, washing machines, dishwashers, ovens, disposals, and wire racks. The scope increase includes these steel derivatives admitted into FTZs in Privileged Foreign (PF) zone status before June 23. 90 Fed. Reg. [25208](#) (June 16, 2025); CSMS [#65288784](#), [#65289012](#) (June 9, 2025).

•The White House National Economic Council Director commented at a steel group meeting that only a "few" exemptions to Section 232 steel tariffs will be granted.

## 232 SMELT AND CAST

CBP has updated guidance for filing unknown countries of smelt and cast for aluminum derivatives under Section 232. The ISO code should be reported as "UN." Reporting "unknown" will result in 200% Section 232 duties as if it is aluminum from Russia. The ISO

castings and set with stones overseas is U.S. origin under the substantial transformation standard and is not subject to the Reciprocal Tariffs. HQ [H348567](#) (June 6, 2025).

#### ILLEGAL TRANSSHIPMENT

The CBP Office of Trade has [reminded](#) importers to watch out for “tariff workarounds” declaring false countries of origin, which can result in fines, criminal charges, or import bans.

#### TARIFF INCREASES

The Congressional Budget Office (CBO) has [issued](#) a report on the budgetary and economic effects of the tariff increases implemented between January 6 and May 13. The report projects that the tariff actions will result in a 0.4% rise in inflation in 2025 and 2026 and a reduction in the size of the U.S. economy, in part due to foreign retaliatory tariffs.

#### AGOA & CBI REVIEWS

- The U.S. Trade Representative (USTR) has announced its annual review of the eligibility of sub-Saharan African countries to receive benefits under the African Growth and Opportunity Act (AGOA). The deadline for submitting pre-hearing written comments, requests to testify, or written testimony is June 30. A public meeting will be held on July 18 to receive oral testimony. 90 [Fed. Reg. 23103](#) (May 30, 2025).

- USTR has announced its biennial review of the Caribbean Basin Initiative (CBI), including beneficiary country eligibility. Comments are due by July 16. 90 [Fed. Reg. 25420](#) (June 16, 2025).

- AGOA and CBI tariff benefits are negated by the Reciprocal Tariffs, which could be a basis for comments.

#### CBP TRADE INFORMATION

On May 30, CBP announced that national and local port information will be provided through the Trade Information Notice (TIN) System and encouraged importers to [sign up](#) for individual port information releases. Automated Commercial Environment (ACE) information will continue to be provided through the Cargo Systems Messaging Service (CSMS). CSMS [#65201305](#) (May 30, 2025).

#### OFAC SANCTIONS PENALTY

The Office of Foreign Assets Control (OFAC) has [assessed](#) an almost \$216 million civil penalty against venture capital firm GVA Capital Ltd. of San Francisco, California for its ongoing management of an investment for a sanctioned Russian oligarch while knowing his blocked status. The Penalty Notice is for the statutory maximum civil penalty, which reflects GVA's knowing and willful actions, failure to comply with an OFAC subpoena, and failure to self-disclose the violations. Contact [Sean Murray](#) or [Chuck Ballard](#) with questions on OFAC sanctions.

#### 301 MARITIME INVESTIGATION

USTR is requesting comments on

code must be reported for the primary and secondary country of smelt, as well as the country of cast for all countries subject to Section 232 aluminum tariffs. Filers must report “Y” for primary and/or secondary country of smelt. Filers cannot file “N” for both. Filers can expect to see two new ACE error codes related to the misfiling of the unknown smelt and cast country. CSMS [#65340246](#) (June 13, 2025).

Headquarters is sending a message that the ACE system has been changed to allow up to 16 HTSUS classifications on one Customs entry line to comply with entry declaration requirements. This underscores the complexity of the new Customs entry requirements. We are seeing client entries with incorrect extra HTSUS classifications and overpaid Customs duties, as well as entries without all required HTSUS classifications and underpaid Customs duties. Contact [Brian Murphy](#) with questions. CSMS [#65340739](#) (June 13, 2025); CSMS [#65265235](#) (June 6, 2025).

- The additional and changing entry requirements are placing great stress on importer and broker personnel. Workloads have dramatically increased. Some electronic systems have not been timely updated to meet entry requirements.

- Delaying Customs entry is not a viable strategy. CBP can – and has – issued liquidated damages for late-filed Customs entries.

#### FTZ PENALTIES

Clients that are experiencing delays in e-214/Customs entry filings as a result of FTZ software providers' inability to timely provide documentation should be in direct contact with their CBP Ports explaining the reasons for filing delays. We are aware of one FTZ that was closed by a CBP Port for late filings and have been informed of very significant liquidated damages assessed on another FTZ. Contact [Marshall Miller](#), [Linda King](#), [Sean Murray](#), or [Brian Murphy](#) with questions.

#### DE MINIMIS ENTRIES

Beginning August 12, a new message for automated enforcement of de minimis will be added to the ACE Production Environment. Filers can expect to see “34 - Entry Release Withheld – De Minimis Met” messages in ACE. CSMS [#65186870](#) (May 29, 2025).

#### MADE IN USA

Clients are reminded to continue to monitor and ensure that any “Made in USA” claims can be substantiated. A June 5 Wall Street Journal article covered an increase in lawsuits over “Made in USA” claims. Contact [Sean Murray](#) with questions.

#### IV DEVICE ORIGIN

CBP has issued a final determination regarding five different scenarios for the production of an intravenous drop set. In three scenarios, CBP determined that the origin is the U.S. since the final substantial assembly occurred in the U.S., but the origin is foreign in two scenarios involving foreign parts and assembly operations. 90 [Fed. Reg. 22102](#) (May 23, 2025).

#### SYRIA SANCTIONS

On May 23, OFAC [issued](#) General License (GL) 25, which generally lifts U.S. sanctions on Syria. OFAC issued frequently asked questions ([FAQ](#)) guidance on Syria GL 25 on

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#### 232 AUTO OFFSETS

The U.S. International Trade Administration has published the procedures for domestic auto manufacturers to apply for and use an import adjustment offset amount as provided by Presidential Proclamation 10925 on adjusting U.S. imports of autos and auto parts. Applications can be submitted beginning June 13 for two periods extending to April 30, 2027. 90 [Fed. Reg. 25027](#) (June 13, 2025).

#### 301 EXCLUSIONS EXTENDED

On June 5, the USTR extended Section 301 exclusions for three months through August 31. 164 of these exclusions were granted in May 2024 and 14 exclusions were granted in September 2024. 90 [Fed. Reg. 23987](#) (June 5, 2025).

#### IEEPA CANADA ENTRY UPDATE

CBP has provided updated guidance on its March 24 [list](#) of energy and energy resources of Canada, as defined by HTSUS 9903.01.13. The new [list](#) replaces all previous lists and has significantly fewer HTSUS classifications. CSMS [#65054354](#) (May 15, 2025).

#### CHIP CONTROLS

The “Chip Security Act” ([S. 1705](#)) introduced in the Senate on May 8 would require location verification mechanisms for export-controlled AI chips to prevent the use of these chips if diverted contrary to law in an effort to curb China's access to advanced chip technology. A similar bi-partisan bill was proposed in the House ([H.R. 3447](#)) on May 15. The House bill includes mandatory reporting requirements.

#### CIT DE MINIMIS PHASE OUT

On May 16, Detroit Axle filed suit in the CIT over the elimination of the de minimis exemption for imports from China and Hong Kong. The suit claims that IEEPA does not authorize the President to eliminate the exemption. [Axle of Dearborn, Inc. v. Department of Commerce](#), CIT Case [25-cv-00091](#).

#### DRUG PRICING COMMENTS

USTR has requested comments by June 27 as required by Executive Order (EO) [14297](#), entitled “Delivering Most-Favored-Nation Prescription Drug Pricing to American Patients.” The comments should discuss any unreasonable or discriminatory act, policy, or practice that forces American patients to pay a disproportionate amount of global pharmaceutical research and development, including actions that

modifications to the Section 301 investigation into China's maritime, logistics, and shipbuilding sectors. The proposed modifications include changing the basis of the fees assessed on vehicle carriers to net tonnage and eliminating the provision providing for USTR suspension of liquefied natural gas (LNG) export licenses. Comments are due by July 7. 90 [Fed. Reg. 24856](#) (June 12, 2025).

#### CBP BOND LIABILITY

The CIT has ruled that the 6-year statute of limitations for the U.S. Government to recover under a customs bond begins to run on the Customs entry liquidation date and dismissed the U.S. Government's lawsuit against the surety to recover unpaid antidumping duties and interest due to the government's failure to issue a surety demand in a reasonable time. [U.S. v. Aegis Security Insurance Company](#), CIT Slip Op. [25-73](#) (June 11, 2025).

May 28.

#### TABLE ORIGIN

CBP has issued a final determination on the country of origin of certain meeting tables, determining that their origin is Canada for U.S. government procurement purposes. The tables tops were manufactured in Canada and the legs in China, and the table tops were packed with the legs in disassembled condition for assembly in the destination country. 90 [Fed. Reg. 22105](#) (May 23, 2025).

#### CHINESE SEAFOOD WRO

On May 28, CBP imposed a Withhold Release Order (WRO) on seafood harvested by Zhen Fa 7, a Chinese- flagged vessel. The WRO instructs CBP to detain seafood harvested by Zhen Fa 7 at all U.S. ports of entry. The WRO is based on information received by CBP that forced labor was used in processing activities on the vessel. CSMS [#65176258](#) (May 28, 2025).

suppress the price of pharmaceutical products below fair market value in foreign countries. 90 [Fed. Reg. 23105](#) (May 30, 2025).

#### FDA INTENDED USE

The U.S. Food and Drug Administration (FDA) has indicated that filers are erroneously transmitting Intended Use Descriptions in the PG01 message set. FDA encourages filers to [refer](#) to the FDA ACE Supplemental Guide to determine the correct intended use information to communicate to FDA for release of goods. CSMS [#65109243](#) (May 21, 2025).

#### FTZ STATISTICS

##### FOREIGN-TRADE ZONES BOARD ACTIVITY AS OF 6/15/2025

		Approved
Zones		310
Subzones*		906
		Pending
Zones		3
Subzones		1

\*From [Fed. Reg.](#) Notices

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