

TRADE NEWS WEEKLY

September 12 – September 16, 2022

A summary of international business news prepared by the Hawaii Foreign-Trade Zone 9 with the collaboration of the Research and Economic Analysis Division of the Department of Business, Economic Development & Tourism, and based on research and shipment data from *Sandler, Travis & Rosenberg P.A.*, which tracks companies involved in global trade. Other news sources may occasionally be included where indicated.

FTZ Weekly Entry Management

FTZ Headquarters issued an updated ACE FAQ on FTZ estimated weekly entries. There is no material difference with the 2010 CBP FTZ Manual Paragraph 9.8. The FAQ can be found at:

<https://www.cbp.gov/trade/automated/ace-faq>

The FAQ confirms that a Type 06 weekly estimated Cargo Release entry only covers the quantity for the HTS line-item combination [i.e., HTS tariff classification, Zone Status, Manufacturer Identification (MID) and country of origin].

FTZ importers should confirm the 06 weekly estimate Cargo Release covers all HTS line items to be shipped. Before FTZ clients physically release merchandise from their FTZs under weekly entry, they also should confirm all HTS line-item combinations are included. If not, a supplemental 06 estimate must be filed.

Source: *Miller & Company, P.C.*

Classification Change Proposed for Machine Cash Box

In the August 31, 2022, Customs Bulletin and Decisions, U.S. Customs and Border Protection is proposing to reclassify a universal bill stacker sub-assembly designed to receive and store paper currency in gaming, vending, and other machines as a banknote measuring machine under HTSUS 9031.49.90 (duty-free) rather than as a part of a gaming machine operated by banknotes under HTSUS 9504.30.0060 (duty-free).

CBP states that its original classification was based on the petitioner's assertion that the subject item, given the substantial construction of the housing and the locks used with the item, is principally used with casino gaming machines. However, CBP now states that these physical characteristics do not prevent the item from being used in general vending machines.

"Although we recognize the [item's] gaming-specific design and features," CBP said, "the evidence of a single importer's design for or sale to the gaming industry does not demonstrate the actual principal use of the merchandise." In addition, CBP said, this item "is not an essential part of casino gaming machines as it does not enable the gaming function or facilitate the operation; instead, it performs a distant function."

Ruling NY I86148 would be revoked to reflect this change. Comments on this proposal are due no later than September 30.

Source: *Sandler, Travis & Rosenberg, P.A.*

Compliance Measures Can Help Companies Respond to Intensified Enforcement Efforts

The Biden Administration's efforts to make U.S. trade policy more worker-friendly have, in practice, meant an intensified focus on ensuring that existing trade laws and regulations are being adequately enforced. Importers are thus having to pay even closer attention to their compliance status at a time when they are already juggling costly tariff increases, unprecedented supply chain challenges, and a volatile global economy.



H A W A I I
FOREIGN-TRADE ZONE
NO. 9

521 ALA MOANA BLVD, STE 101 • HONOLULU, HI 96813

Tel. 808-586-2507 • administrator@ftz9.org

www.ftz9.org • www.facebook.com/HawaiiFTZ

Twitter at: @FTZ9

For decades, importers have been responsible for exercising reasonable care in their trade operations. This includes properly classifying goods under the Harmonized Tariff Schedule, determining an accurate dutiable value, and documenting eligibility for free trade agreements and other trade preferences. Establishing and marking a product's country of origin, evaluating whether it is subject to antidumping or countervailing duties, and ensuring that its supply chain is free of forced labor are also important measures. Further, importers are tasked with keeping and maintaining good records of all these activities.

For many importers, these traditional trade compliance issues may have taken somewhat of a backseat in recent years amid the constant operational adjustments required to respond to the unpredictable announcement and implementation of new tariffs and trade restrictions. However, a number of the measures U.S. Customs and Border Protection uses to gauge its trade enforcement efforts, including penalties, seizures, and cargo detentions, have accelerated in recent months, highlighting the continuing need for importers to develop, implement, and monitor effective compliance programs.

A focus on compliance doesn't just help companies avoid problems; there are a number of valuable benefits as well. It can result in faster import clearance and fewer delays, yield higher duty savings and more predictable costs, mitigate potential penalties, and act as a defense to retroactive duty assessments on liquidated entries.

CBP has said consulting with a customs expert is part of its checklist for compliance with the reasonable care standard.

Source: Sandler, Travis & Rosenberg, P.A.

AD/CV News - Aluminum Sheet, Olives, Polyester Fiber, Shrimp, Silica Fabric

The International Trade Administration and/or International Trade Commission have recently announced the following actions in antidumping and/or countervailing duty cases. For more

information on AD/CV duty issues, including how to mitigate liability, please contact attorney Kristen Smith at (202) 730-4965 or via email.

Aluminum sheet – net subsidy rates of 17.8 and 252.22 percent in final results of administrative review of CV duty order on common alloy aluminum sheet from China for the period January 1 through December 31, 2020.

Olives – net subsidy rates of 4.58 to 8.32 percent in preliminary results of administrative review of CV duty order on ripe olives from Spain for the period January 1 through December 31, 2020.

Polyester fiber – dumping margin of 1.89 percent for one exporter/producer in preliminary results of administrative review of AD duty order on low-melt polyester staple fiber from Korea for the period August 1, 2020, through July 31, 2021.

Shrimp – sunset review determination that revocation of AD duty order on frozen warmwater shrimp from China, India, Thailand, and Vietnam would be likely to lead to continuation or recurrence of dumping at margins of up to 112.81 percent for China, 110.9 percent for India, 5.34 percent for Thailand, and 25.76 percent for Vietnam.

Silica fabric – preliminary determination that amorphous silica fabric with 70-90 percent silica content from China is circumventing the AD/CV duty orders on ASF from China.

Source: Sandler, Travis & Rosenberg, P.A.

Trade, Supply Chain Objectives for Indo-Pacific Framework Announced

Facilitating trade and improving supply chain resilience will be among the primary focuses of negotiations to establish the Indo-Pacific Economic Framework. Those were among the numerous negotiating objectives announced at a September 8-9 ministerial meeting of the 14 current IPEF participants (Australia, Brunei, Fiji, India, Indonesia, Japan, Korea, Malaysia, New Zealand, the Philippines, Singapore, Thailand, the U.S., and Vietnam).



H A W A I I
FOREIGN-TRADE ZONE
NO. 9

521 ALA MOANA BLVD, STE 101 • HONOLULU, HI 96813

Tel. 808-586-2507 • administrator@ftz9.org

www.ftz9.org • www.facebook.com/HawaiiFTZ

Twitter at: @FTZ9

U.S. Trade Representative, Katherine Tai, said the IPEF aims to be “a modern economic arrangement” that “delivers broad-based economic connectivity and benefits our workers, combats climate change, builds resilient supply chains and levels the playing field for our companies.” The ministerial meeting resulted in statements on each of IPEF’s four pillars (trade, supply chains, clean economy, and fair economy) that Commerce Secretary, Gina Raimondo, said, “set out the path ahead and enable us to move into a new and more concrete phase of work.” Tai said participants next intend to “move toward negotiations ... with the first round of discussions taking place after this ministerial.”

Source: Sandler, Travis & Rosenberg, P.A.

Sugar Re-Export Programs Under Review

The Department of Agriculture’s Foreign Agricultural Service is accepting comments through November 7 on its administration of the re-export programs for refined sugar, sugar-containing products, and polyhydric alcohol.

Under the refined sugar re-export program, FAS issues licenses to sugar refiners to import low-duty raw sugar unrestricted by the raw sugar tariff-rate quota provided for in Additional U.S. Note 5(a)(i) in chapter 17 of the HTSUS and exempt from the requirement that imports be accompanied by a certificate for quota eligibility issued to the foreign exporter. An equivalent quantity of domestically produced refined sugar must be either exported by the licensee or provided by the licensee to licensed U.S. manufacturers for use in exported SCP or licensed producers for use in polyhydric alcohol for non-food purposes.

Under the SCP re-export program, FAS issues licenses to U.S. manufacturers of SCP to purchase refined sugar from refiners with refined sugar re-export licenses for use in SCP to be exported to the world market.

Under the polyhydric alcohol program, FAS issues licenses to U.S. producers of polyhydric alcohols to purchase refined sugar from refiners with refined sugar re-export licenses for use in the production of polyhydric alcohols, except

polyhydric alcohols used as a substitute for sugar in human food consumption.

FAS is soliciting comments on the public’s views of the current administration of these programs. Specific issues on which comments are requested include the extent to which licensed refiners and manufacturers use third-party exporters, the process of toll refining (where SCP manufacturers or polyhydric alcohol producers may maintain legal title of the imported sugar from importation to final license transfer), and the definitions of “refiner,” “sugar refining,” and “refined sugar.”

Source: Sandler, Travis & Rosenberg, P.A.

Sugar TRQ Entry Extended

The USDA has announced that all sugar entering the U.S. under the fiscal year 2022 raw cane sugar tariff-rate quota will be permitted to enter U.S. customs territory through December 31, two months later than previously announced. This action follows a determination that additional supplies of raw cane sugar are required in the U.S. market. USDA states that it will closely monitor stocks, consumption, imports, and all sugar market and program variables on an ongoing basis.

Source: Sandler, Travis & Rosenberg, P.A.

Section 301 Action Sought Against Mexican Trade Practices

Trade measures against Mexico, including higher tariffs, could be the result of a new petition alleging unfair trade practices by that country.

A bipartisan group of members of Congress filed a petition with the Office of the U.S. Trade Representative September 9 requesting that USTR conduct a Section 301 investigation into “the flood of imported seasonal and perishable agricultural products from Mexico, specifically, fruits and vegetables grown with subsidized horticultural infrastructure and other forms of Mexican government support.” The petition said the Mexican government’s “scheme to subsidize the development, operation, and expansion of an export-oriented protected seasonal and perishable agricultural industry is



H A W A I I
FOREIGN-TRADE ZONE
NO. 9

521 ALA MOANA BLVD, STE 101 • HONOLULU, HI 96813

Tel. 808-586-2507 • administrator@ftz9.org

www.ftz9.org • www.facebook.com/HawaiiFTZ

Twitter at: @FTZ9

an unreasonable practice that constitutes export targeting” under Section 301.

The petition added that, as a result of this scheme, Mexico’s share of the U.S. market in several primary seasonal and perishable products has increased by 160 percent over the past 15 years while Florida’s share has fallen by 36 percent. This shift is “a direct threat” to the Biden Administration’s intention to “protect and reinvigorate critical supply chains within the U.S.,” lawmakers said, because it “endangers the long-term food security of the U.S. and raises the prospect that Mexico will become an unchallenged hegemon in the winter and spring fruit and vegetable supply chain, with the ability to set market prices that harm American consumers.”

The petition requested that USTR use its “broad authority to investigate and redress unreasonable trade practices that burden and restrict U.S. commerce” under Section 301 and work with the petitioners to “secure the relief needed to sustain the Florida seasonal and perishable agricultural industry.” While the petition did not request any particular relief, Section 301 authority has been used in recent years to impose higher tariffs on hundreds of billions of dollars’ worth of imports from China, European Union member countries, and others.
Source: Sandler, Travis & Rosenberg, P.A.

Apparel Imports Rise, Textile Imports Fall

Imports of textiles and apparel saw mixed results in July, according to statistics from the Department of Commerce’s Office of Textiles and Apparel.

For more information on trade-related issues affecting textiles and apparel, please contact ST&R’s textile and apparel practice leader, Elise Shibles, at (415) 490-1403 or via email. [Click here](#) to register for ST&R’s upcoming webinar on Chapter 98 duty savings for textiles and apparel.

Overall Imports - Textile and apparel imports totaled 10.0 billion square meter equivalents in July 2022, down 1.0 percent from June but up 12.2 percent from July 2021. Textile imports

totaled 7.07 billion SME, down 3.8 percent for the month but up 10.2 percent from the previous year, while apparel imports of 2.94 billion SME rose 6.5 percent from June and 17.4 percent from a year before.

Total year-to-date imports were 67.1 billion SME, up 34.5 percent from the previous year, as textile imports rose 39.9 percent to 47.6 billion SME and apparel imports gained 22.9 percent to 19.5 billion SME.

Total imports for the year ending in July 2022 were 111.5 billion SME, up 32.4 percent from a year earlier. Textile imports gained 37.4 percent to 78.4 billion SME while apparel imports rose 21.9 percent to 33.1 billion SME.

Source: Sandler, Travis & Rosenberg, P.A.



H A W A I I
FOREIGN-TRADE ZONE
NO. 9

521 ALA MOANA BLVD, STE 101 • HONOLULU, HI 96813

Tel. 808-586-2507 • administrator@ftz9.org

www.ftz9.org • www.facebook.com/HawaiiFTZ

Twitter at: @FTZ9