

### AMERICAN SHIPPING COMPANY

## **Supply Chain Gazette**



October 2023

# USTR Extends All Section 301 Exclusions Through End of Year

The Office of the U.S. Trade Representative is <u>extending</u> 77 COVID-19-related tariff exclusions as well as the 352 Section 301 exclusions that were restored in March 2022. Both sets of exclusions, which were to expire at the end of September, will last through Dec. 31.

The *Federal Register* notice announcing the notice, including its annexes, has not yet been published, but is public. It says the extension is "to provide a transition period for the expiring exclusions and to allow for further consideration under the four-year review."

The notice said CBP will issue instructions on entry guidance and implementation.

USTR Katherine Tai told senators earlier this year that the review will be completed in the fall (see ITT 07/20/2023), and added, "as part of this review, we are considering the existing tariffs structure and how to make the tariffs more strategic in light of impacts on sectors of the U.S. economy as well [as] the goal of increasing domestic manufacturing."

On CNBC's <u>Mad Money</u> on Sept. 5, Commerce Secretary Gina Raimondo also referred to the strategic importance—or lack thereof—of the current Section 301 target list.

"We didn't put those tariffs in place. We don't think they make a whole lot of sense, in many cases," Raimondo said, and so the USTR is working on a review "to see if they're effective."

She added: "The reality is, China's practices of subsidizing their businesses hurt U.S. workers. Having said that, the Trump tariffs could have been much more strategic, and that's why we're doing this four-year review."

Raimondo said U.S. firms that do business inside China are desperate for U.S. government advocacy to bring improve-

ments in the Chinese business environment, and hope Raimondo could help with that.

"They can't operate and think that there's going to be a raid on their business and they're not going to be told exactly what they did wrong," she said, referring to raids on consultants and research firms justified by an anti-espionage law in China.

"I'm not going to say we'll solve every problem, because we won't, [but] to even find some practical solutions, I have to be the voice of business and have to put it to the Chinese government, and give them a chance to show some changes," she said. — *Mara Lee* 

# DHS Adds 3 More to Entity List in Chemical, Textiles Sectors

Imports from a major Chinese PVC, chemical and textile manufacturer and two other textile companies will be barred from the U.S. beginning Sept. 27, after their listings by DHS on the Uyghur Forced Labor Prevention Act Entity List the previous day.

A DHS <u>notice</u> released Sept. 26 announced Xinjiang Zhongtai Group Co. Ltd., Xinjiang Tianshan Wool Textile Co. Ltd., and Xinjiang Tianmian Foundation Textile Co. are being added to the list. The companies will be subject to a rebuttable presumption that any goods they mine, produce or manufacture are made with forced labor and prohibited from importation.

Zhongtai Group "produces and sells polyvinyl chloride (PVC), iconic membrane caustic soda, industrial salt, calcium carbide, viscose fiber, viscose yarn, and other textile, chemical, and building materials," DHS said in a news release. A related company, Zhongtai Chemical, was added to the Entity List in June (see ITT 06/09/2023). A recent *Washington Post* report said the company also supplies aluminum and graphene to the electric vehicle industry.

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Tianshan Wool Textile "sells and manufactures cashmere and wool garments, as well as velvet and other textile products," DHS said. Tianmian Foundation Textile "produces yarn and textile products," the news release said.

All three companies are headquartered in Xinjiang. All three were added to the list for "working with the government of the Xinjiang Uyghur Autonomous Region to recruit, transport, transfer, harbor or receive forced labor or Uyghurs, Kazakhs, Kyrgyz, or members of other persecuted groups out of the Xinjiang Uyghur Autonomous Region," according to the notice.

"We do not tolerate companies that use forced labor, that abuse the human rights of individuals in order to make a profit," DHS Secretary Alejandro Mayorkas in the news release. "The Department of Homeland Security and its partners across the Biden-Harris Administration will continue to prosecute these companies, fight for the rights of the abused, and work towards the eliminate of Uyghur forced labor in the People's Republic of China."

Sen. Marco Rubio, R-Fla., the driving force behind passage of UFLPA, responded to the news with disappointment, saying the administration "is not moving fast enough to list entities."

"There are potentially thousands of China-based companies and entities complicit in slave labor. The current pace of implementation suggests that it could take DHS decades to fully enforce the law. The slow pace emboldens those profiting from slave labor," he said in a news release. — *Brian Feito* 

### CPSC Adopts New Safety Standard for Coin Batteries, Products Containing Them

The Consumer Product Safety Commission is setting a new mandatory safety standard for button cell or coin batteries, as well as consumer products that contain them, it said in a <u>direct final rule</u> published Sept. 21. The commission is adopting an existing voluntary industry standard, ANSI/UL 4200A, as mandatory, rather than moving forward with a proposed standard released in February (see ITT 02/08/2023).

Under Reese's Law, enacted by Congress in August 2022, CPSC was either supposed to adopt a voluntary standard

if it found it met the law's requirements, or create a new standard if none did. CPSC said that, while no voluntary standard met the law's performance and labeling requirements in February, the latest version of ANSI/UL 4200A published in August satisfies most of the conditions set by Reese's Law.

The direct final rule will take effect Oct. 23, unless CPSC receives adverse comment by Oct. 5. Should the new standard take effect, third-party testing and certification of children's products subject to the rule will be required "on or after" Dec. 20. In "recognition of limited testing availability and for the avoidance of hardship," CPSC will give consumer products button cell or coin batteries a grace period until March 19, 2024, before they must comply with the new standard, the commission said.

For the few warning label and packaging requirements that aren't met by the voluntary standard CPSC is adopting as mandatory, CPSC published a separate <u>final rule</u> in the Sept. 21 *Federal Register*. Compliance with that final rule is required for consumer products manufactured or imported after Sept. 21, 2024.

#### FMC Reviewing Late Filed Comments on D&D Rule

Federal Maritime Commission staff have "nearly" completed the drafting process for the commission's upcoming final rule on detention and demurrage, and are "reviewing several late filed subsequent comments that have come in within the past month," FMC General Counsel Chris Hughey said at a Sept. 21 FMC meeting.

Hughey said that the FMC is currently reviewing comments and drafting a final rule on refusal to deal, and also is working on a proposed rule that will address parts of the Ocean Shipping Reform Act mandated rule on unfair and unjustly discriminatory methods that are not included in the refusal to deal rule.

FMC Managing Director Lucille Marvin also discussed the OSRA charge complaint process at the meeting. Since the law's enactment in 2022, 104 of the 167 charge complaints that the FMC said met the threshold for investigation were resolved voluntarily, Marvin said during the meeting. That's an uptick in the number voluntarily resolved since Marvin's update at the commission's May meeting, where

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she said a little over half of the complaints that met that threshold were resolved voluntarily (see ITT 05/04/2023).

In all, the FMC has received 402 charge complaints. Of the 167 complaints that met the threshold for investigation, 43 investigations had been completed and 36 of those investigations didn't find evidence that the charges were not in compliance, Marvin said. Those shippers were notified of this and other "potential avenues at the FMC" where those shippers could get help, she said. Twenty cases are currently under investigation, Marvin said.

"We definitely don't want the public to walk away with the impression that if your charge complaint didn't quite meet the threshold, that you're out," Marvin said. "We have many different avenues at the commission to help people with their commercial disputes."

Commissioner Rebecca Dye asked questions following Marvin's presentation about the charge complaint process, specifically if charge complaints go to the ocean carriers for consideration. Marvin said that it depends on the steps taken in each charge complaint. Marvin said that the FMC does try to get the carrier involved as soon as "all of the information" is together, but the FMC's hope is that the shipper has "tried to work out their issue with their carrier" before coming to the FMC with the charge complaint. — *Noah Garfinkel* 

### NCBFAA Seeks Clarity on FDA's Upcoming Cosmetics Registration and Listing Requirements

The National Customs Brokers & Forwarders Association of America sought more clarify from the FDA on a recently issued <u>draft guidance</u> document on upcoming registration and listing requirements for cosmetics facilities and products, in <u>comments</u> submitted to the agency on Sept. 1.

The NCBFAA asked the FDA to confirm that the registration number will not be required as part of the import documents "processed at entry into the U.S." The NCBFAA also sought clarification on the definition of facility, which in the notice is defined as "any establishment (including an establishment of an importer) that manufactures or processes cosmetic products distributed in the United States." The NCBFAA asked if that means an importer must register only if the "the importer manufactures or processes cosmetics."

The NCBFAA also pointed out that the Modernization of Cosmetics Regulation Act (MoCRA), which set the registration and listing requirements, requires a "responsible person" who isn't located in the U.S. to "designate a US agent" when registering and submitting its product. The NCBFAA wanted to know how the FDA would validate that the U.S. person has agreed to be the agent, the comments said.

The NCBFAA asked whether or not the current de minimis policy, which allows cosmetic products under \$800 to enter the U.S. without providing FDA data, will continue.

The NCBFAA also asked whether the FDA would have a system in place for cosmetics registration by "opening moment" on Oct. 1. The FDA said in its guidance document that it "intends to make the new electronic submission portal available for submitting registration and product listing information ... in October 2023." — *Noah Garfinkel* 

# Ports of L.A., Long Beach to Raise Container Fee by

Terminal operators at the Los Angeles and Long Beach ports will raise their traffic mitigation fee by 4% starting Nov. 1, the West Coast Marine Terminal Operator Agreement (WCMTOA) said in a news release. Beginning that date, the TMF will be \$35.57 per TEU (twenty-foot equivalent unit) or \$71.14 per forty-foot container, said the WCMTOA, which includes all 12 terminal operators at the ports. "The adjustment matches the combined 4% increase in longshore wage and assessment rates recently ratified in the coastwide contract between the International Longshore and Warehouse Union and the Pacific Maritime Association," the release said.

# CBP LA/LB Warns of Noxious Weed Seeds on Ocean Container Shipments

CBP agricultural specialists have been finding <u>USDA-listed</u> federal noxious weed seeds on ocean container shipments, and importers may be required to take action to "mitigate the threat of introducing such risks to the United States," CBP Los Angeles/Long Beach said in an Oct. 3 <u>public bulletin</u>. "The [noxious weed] seeds are found on the outside of packing material attached to the side of boxes and on crates," the bulletin said. "The seeds most likely

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have become attached during the loading and storage of the cargo."

Options for importers when seeds are discovered include "re-exportation, treatment, and/or destruction of the cargo," the bulletin said. The bulletin lists approved facilities for treatment of cargo. "Please have all importers clean and inspect their packing material prior to importation into the United States," CBP LA/LB said.

### Commerce Begins New AD/CVD Investigations on Paper Shopping Bags

The Commerce Department is beginning new antidumping duty investigations on **paper shopping bags** from Cambodia, China, Colombia, India, Malaysia, Portugal, Taiwan, Turkey and Vietnam, as well as new countervailing duty investigations on **paper shopping bags** from China and India, it said in a <u>fact sheet</u> June 21. The underlying petition was filed May 31 (see <u>ITT 06/01/2023</u>). The International Trade Commission is scheduled to make its preliminary injury determinations by July 17. These AD/CVD investigations will continue only if the ITC finds injury. *International Trade Today* will provide more details upon publication of the initiation notices in the *Federal Register*.

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