

FTZ Developments

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Sharing FTZ-related News and Updates

GSP ELIGIBILITY UPDATES

On October 30, 2020, President Trump signed a Proclamation announcing changes to the Generalized System of Preference ("GSP") eligibility for preferential treatment including:

- Revoked GSP benefits: Effective on December 30, 2020, 12:01 am, a list of certain products imported from Thailand under GSP preferential treatment (approximately one-sixth of Thailand's GSP trade) was removed from the GSP eligibility list and are no longer treated as duty-free. The full list of the revoked products can be found in the Annex I.
- Removed GSP benefits: Effective November 1, 2020, 12:01 am, parboiled rice (HTS 1006.30.10) was removed from the GSP eligible product list for all GSP beneficiary developing countries ("BDCs") and can be found in the Annex II.
- Added GSP benefits: Effective November 1, 2020, 12:01 am, fresh-cut roses (HTS 0603.11.00) were added to the GSP eligible products for all GSP BDCs and can be found in the Annex II.
- De Minimis CNL waiver decision: Effective November 1, 2020, 12:01 am, the President waived Competitive Need Limitations (CNLs) for products in which total imports of the article did not exceed \$24.5 million. The detailed list can be found in the Annex III.
- CNL removal decision: Effective November 1, 2020, the President removed six products from Argentina, Brazil, Ecuador, and Indonesia that exceeded the \$190 million CNL threshold for imports from a single country from GSP eligibility. The detailed list can be found in the Annex II.
- Continued GSP benefits: The country of Georgia, Uzbekistan, and Indonesia will continue to receive GSP preferential treatment.

See CSMS [#44639601](#) and [#45046337](#) for more information.

FTZB FREE WEBINAR FEBRUARY 17, 2021 ANNUAL REPORT FOR OPERATORS

The FTZ Board will present a free webinar on February 17th at 2pm to review the requirements for submitting the FTZ Board annual report and assist in understanding the FTZ Board's online submission system ("OFIS"). A Q&A session will follow. To register, please rsvp by Feb 16th to: FTZ@trade.gov, please include your name and email address.

USMCA CONSOLIDATED APPROPRIATIONS ACT 2021 AND END OF RESTRAINED ENFORCEMENT

On December 27, 2020, the Consolidated Appropriations Act of 2021 became law. It included updates to the treatment of goods entered through FTZs and MPF refunds on post-importation claims both of which are retroactively effective as of July 1, 2020. CBP exercised a period of restrained enforcement on preferential treatment claims, which concluded on December 31, 2020. See [CSMS #45309245](#) for more information.

Note that USMCA originally did not include the same NAFTA restriction that prevented FTZ users from qualifying their FTZ-manufactured goods for preference treatment using the Rules of Origin when entered for U.S. consumption. However, the update to USMCA passed by Congress on December 27th through the Consolidated Appropriations Act inserted this FTZ restriction into USMCA. Please contact us if you have questions.

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FTZ OPERATOR BOND AMOUNTS

On August 28, 2020, U.S. Customs and Border Protection (“CBP”), Office of Trade issued internal interim guidance to the Ports of Entry regarding the computation and request of new and annual sufficiency reviews of Foreign Trade Zone (“FTZ”) operator bonds.

Effective August 28, 2020 the following interim guidance applies to FTZ operator bonds:

Ports of Entry may only require a \$50,000 FTZ operator bond for each initial FTZ activated location.

- If the FTZ operator is filing a bond for an individual FTZ activated location, the bond amount on file must be in an amount not less than \$50,000.
- If the FTZ operator is filing a consolidated bond to cover all FTZ activated locations nationwide, the bond on file must be in an amount not less than \$50,000 for each activated FTZ location.

A new bond may be warranted under the following circumstances:

- the activated zone area is substantially altered per FTZ manual, Section 4.11;
- the character of merchandise admitted to the zone or operations performed in the zone are substantially changed;
- the annual review reveals that growth in estimated liability exceeds 10%;
- a zone violation(s) or potential violation(s) is deemed a threat to the revenue or proper law enforcement; or
- any other reason substantially affecting liability of the Operator under the bond.

If a new bond is required, the Office of Finance, Revenue Division, will issue a letter to the impacted parties indicating that the current bond is not sufficient and must be terminated and replaced with a new bond. No other type of notice from the Port of Entry or other CBP office will serve as official notice of insufficiency. It is unclear what process or formula CBP is now using to determine whether FTZ operator bonds are sufficient.

NAFTZ has argued to CBP that the formula for FTZ operator bond sufficiency remain “amount of the duties and fees owed on the average value of foreign status non-duty paid merchandise held in the zone and the bond should be evaluated on an annual basis”. If you are an FTZ operator, we recommend that you proactively communicate with your bond company to understand what documents they will need to increase your bond if required by CBP, and approximately how long it will take. For more information, see [CSMS #44578062](#)

FULL IMPLEMENTATION OF THE FWS MESSAGE SET IN ACE IS DELAYED

The U.S. Fish & Wildlife Service (“FWS”) is delaying implementation of the FWS Message Set in ACE. FWS expects enforcement of mandatory submission in ACE to take effect in June 2021. See [CSMS #46044069](#).

FULL IMPLEMENTATION OF THE APHIS CORE MESSAGE BEGAN JANUARY 25, 2021

Full implementation of the APHIS Core Message Set in the Automated Commercial Environment/International Trade Data System (“ACE/ITDS”) began January 25, 2021. APHIS will continue to maintain “warning” level Harmonized Tariff Code flagging (refer to Federal Register Notice APHIS-2017-0069). Beginning March 15, 2021, during the second and final stage, APHIS will fully enforce APHIS Core message set submission using “reject” severity flagging. The delay until March 15, 2021, is technical only; filers should start submitting APHIS Core message set data on January 25, 2021.

Full implementation of the message set will bring APHIS into compliance with the mandates of the Security and Accountability and Accountability For Every Port Act of 2006 and Executive Order 13659. See [CSMS #45773761](#) for additional information and guidance.



CTPAT TO RECOGNIZE BASC CERTIFICATION FOR BUSINESS PARTNERS

Under a new action plan, the CBP Deputy Commissioner tasked the CTPAT program in a CBP-wide effort to strengthen the working relationship between the World BASC Organization (“WBO”) and CBP. Under this plan, nine objectives or areas of cooperation were identified including:

- Establishment of a Maritime Security Committee
- Recognition of a BASC Supply Chain Partner
- CTPAT access to the World BASC databases
- Sharing of intelligence
- Creation of a Supply Chain Security Committee

Also under the plan, when a CTPAT member “has a BASC certified company as part of its supply chain, the CTPAT member only needs to document that this business partner is BASC certified in order to meet its CTPAT business partner monitoring and oversight obligations”. For further information, please see [announcement](#).

TEST PROGRAM FOR eFTZ ADMISSION APPLICATIONS FOR EXPANDED ZONE ID NUMBERS DELAYED

On January 7, 2021, CBP announced the deployment date for the expanded zone identification number modifications to the electronic FTZ admission applications test would be delayed until April 24, 2021. This includes expansion of the zone ID number from 7 to 9 digits. [CSMS #45244014](#)

SECTION 232 EXEMPTION ON CANADIAN UNWROUGHT ALUMINUM

Proclamation 10106 was signed on October 27, 2020, reinstating the exemption for products of Canada from the additional 10% Section 232 duties as of September 1, 2020. See CSMS [#44838240](#) and [#44591106](#)

UPGRADED ACE TOOLS MAY AID IN DUTY SAV- INGS AND COMPLIANCE

CBP has migrated reports in ACE to improve performance and data retrieval, some of the enhancements include In-bond, drawback, bond, and reconciliation. With the help of this data, importers can identify ways to drive import cost savings as well as ways to enhance compliance. RGFTZS is available to assist your company with training on how to use and benefit from the various ACE tools.

CHINA SECTION 301 LAWSUIT

Beginning January 1, most imported goods that were previously excluded from the [China Section 301](#) additional tariffs again became subject to those additional tariffs. Many importers are preserving their rights to possible refunds by joining a lawsuit in the Court of International Trade challenging the tariffs on List 3 and 4A goods. If your company has not investigated this opportunity with inside or outside legal counsel, please contact us.

CBP’S UPDATED STRATEGIC PLAN

CBP recently updated its strategic plan for the next five years. This updated strategy includes a new vision statement focused on enhancing national security, a new mission statement centered on protecting the American people, safeguarding U.S. borders, and enhancing domestic economic prosperity, as well as new enduring mission priorities of facilitating lawful trade and travel, protecting revenue, countering terrorism. [Click here for the complete Strategic Plan.](#)

FDA FTZ WEEKLY ENTRY GUIDANCE

In December 2020, FDA released new/updated guidance on FTZ Weekly Entry Filing ([Compliance Policy Guide or CPG 110.650](#)). The guidance contains non-binding recommendations from FDA about FTZ weekly entry procedures. Please contact us to discuss any possible impact to your FTZ operation.



ROCKEFELLER GROUP CONTINUES TO FIND SUCCESS IN INLAND EMPIRE INDUSTRIAL

Rockefeller Group began 2021 with the sale of two recently completed industrial properties in the Inland Empire to separate buyers. The two buildings, which total approximately 500,000 square feet, sold for \$80.75 million. Haralambos Leasing Company acquired the 297,161-square-foot Fontana Santa Ana Industrial Center for \$54 million. The property is located at 10965 Banana Avenue in Fontana, Calif. and was developed by Rockefeller Group as part of a joint venture with MBK Real Estate. Lone Oak – Moreno Valley, L.L.C. acquired the 203,944-square foot Centerpointe Commerce Center for \$26.75 million. The property is located at 14180 Frederick Street in Moreno Valley, Calif. According to James V. Camp, Senior Vice President and Regional Development Officer for Rockefeller Group's West Region, the sale of these two industrial buildings to different users shows that demand for new product in the Inland Empire along the I-10 and I-215 corridors remains strong. "During the uncertainty of 2020, we were able to complete both of these buildings with minimal disruption to construction, delivering two Class-A mid-sized buildings to buyers focused on increasing their industrial footprint in the market." Construction of Fontana Santa Ana Industrial Center began in March 2020 on a 13.78-acre site Rockefeller Group acquired as an assemblage of eleven separate parcels.

The company began construction of Centerpointe Commerce Center in October 2019. Interest in the buildings even prior to the walls being raised was high because of their proximity to major highways and the port and the rise of e-commerce in the region. Rockefeller Group expects demand to continue to outpace supply in the Inland Empire market and has more than 4 million-square feet of industrial currently under construction or planned in the Inland Empire and South San Diego.



Rockefeller Group Delivers Santa Ana Industrial Center

CBP ISSUES WRO AGAINST COTTON AND TOMATO PRODUCTS PRODUCED IN XINJIANG

Effective January 13, 2021, CBP will detain cotton products and tomato products produced in China's Xinjiang Uyghur Autonomous Region at all U.S. ports of entry. The Withhold Release Order ("WRO") against cotton and tomato products is based on information that reasonably indicates the use of detainee or prison labor and situations of forced labor. Please contact us for more information about how the WRO process works.

CBP PROTEST WEBINAR

If you were not able to participate in the December 2020 CBP-hosted webinar on filing protests in ACE, you can view the recorded [webinar here](#).

MADE IN USA PROPOSED CONSENT AGREEMENT

The U.S. Federal Trade Commission ("FTC") is requesting comments regarding the largest-ever monetary judgment case for continuing to misrepresent that products were all or virtually all "Made in the USA". Comments are due February 8, 2021. If your company does not have a solid compliance program as it relates to use of the FTC-regulated "Made in the USA" claim, please contact us for more information.

ALUMINUM IMPORT LICENSE TO BE REQUIRED ON e214

Beginning on January 25, 2021, e214 filers were going to be required to include one or more Aluminum Import License Numbers in the FT60 record(s) using a qualifier code of ALU. However, CBP delayed the deployment of this requirement to March 29, 2021. The ITA is accepting comments no later than Feb 26. Please see CSMS [#45300205](#), [#45606692](#) and [#45799085](#).



CBPTA RENEWAL WITH RETROACTIVE DUTY REFUNDS

On October 10, 2020, the President signed the “Extension of the Caribbean Basin Economic Recovery Act”, which extends CBPTA for goods entered or withdrawn from warehouse for consumption from October 1, 2020 thru September 30, 2030. This bill also allows for the refund of duties paid on eligible goods entered during the lapse period. See CSMS [#44437979](#)

Rockefeller Group FTZ Academy

Rockefeller Group Foreign Trade Zone Services offers a full suite of web-based FTZ administration training modules:

- Module 1:** Import/Export/FTZ 101
- Module 2:** FTZ Inventory Control & Recordkeeping Systems
- Module 3:** FTZ Receipts/Admission
- Module 4:** Handling Merchandise in an FTZ & Exceptions
- Module 5:** FTZ Withdrawals for U.S. Consumption
- Module 6:** FTZ Withdrawals for Export
- Module 7:** Zone-to-Zone Transfers
- Module 8:** Periodic FTZ Reporting
- Module 9:** CBP FTZ Compliance Reviews, Internal Auditing & Compliant Recordkeeping
- Module 10:** FTZ Considerations for 3PL Operators
- Module 11:** In-bond Regulations & Operational Considerations
- Module 12:** Common FTZ ICRS Issues
- Module 13:** Integrating FTZs into Your Supply Chain
- Module 14:** Client's Choice (customized)

To learn more, click 'FTZ Academy' at www.rgftz.com or contact us at rgftzs@rockefellergroup.com.

RESTRICTED EXPORTS TO COMPANIES ON NEW MILITARY END-USER LIST

The Bureau of Industry and Security (“BIS”) issued a [final rule](#) adding a new military end-user (“MEU”) list to the Export Administration Regulations and placed 57 Chinese and 45 Russian companies on this list. Beginning in December 2020, a license became required to export, re-export, or transfer (in-country) designated items to entities on this list. The MEU list identifies military end users known to the U.S. government in order to help exporters manage their export compliance and licensing requirements. However, please note that the list is not exhaustive; an entity’s exclusion from the list should not be assumed indicative of whether or not a license is required for goods exported to that entity.

Recent CBP Messages

Please review the following recent pipeline and CSMS messages from CBP to determine how they may impact your import, export and/or FTZ operations:

[CSMS #44707941-NMFS Guidance for trade to address three issues](#)

[CSMS #44788494-Information on the Deployment of ASI in ACE](#)

[CSMS #44890398-Accelerated Liquidation Policy & PSC Status Check](#)

[CSMS #45125441-Update: National & District Broker Permits & RLF/EIP Filing](#)

[CSMS #45134970-Foreign Supplier Verification Program and Unique Facility Identifier](#)

[CSMS #45160124-Periodic Monthly Statement \(PMS\) Dates for 2021](#)

[CSMS #45198584-Trade Policy Update USMCA Drawback Deployment & Updated Drawback CATAIR](#)

[CSMS #45364915-FDA Recommends Use of ITACS](#)

[CSMS #45445419-Info on ACE Deployment of AD/CVD Flags for EAPA Evasion & Injunctions](#)

[CSMS #45967496-Information Addition of New Protest Issues in the Protest Module](#)

[CSMS #46027089-Updated ACE Development and Deployment Schedule Posted to CBP.gov/ACE](#)

[CSMS #46108805-APHIS Lacey Guide & Samples Update](#)

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We welcome your ideas for topics. Questions or information can be sent to RGFTZS@rockefellergroup.com.

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