

# FTZ Developments

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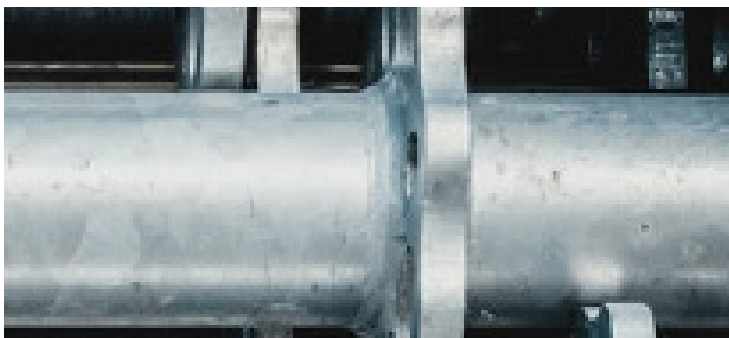
## Sharing FTZ-related News and Updates

### COBRA USER FEE CHANGES... IT'S THAT TIME AGAIN!

Effective October 1, 2021, the Merchandise Processing fee ("MPF") minimum and maximum for formal entries will increase to \$27.75 and \$538.40 respectively. The ad valorem rate of 0.3464% for MPF calculation remains unchanged. CBP announced details of the upcoming change in [CSMS #48938836](#).

### STEEL/ALUMINUM LICENSE CAUSING 06 ENTRIES TO REJECT?

On July 29th, CBP issued [CSMS #48923327](#) which clarifies that the reporting of steel or aluminum licenses are required on the FTZ admission/e214 and should NOT be reported on the withdrawal entry summary. With direction from DOC, CBP removed the requirement for the license number on the entry summary. As noted in the CSMS, if there are changes made by Trade via PSC to existing 06 entry summaries with steel/aluminum licenses, ACE will no longer allow the license. If a change is made by CBP, the existing license will need to be removed. Refer to Federal Register Notice, Final Rule, [85 FR 83804](#) Published 12/23/2020 and [19 CFR 361.101\(c\)](#). FTZ admissions/e214s without a license (if required) will be rejected. Please contact us for further questions and if you have on-hand FTZ inventory admitted to the zone prior to the effective date of this new aluminum license requirement.



### USTR TO IMPOSE ADDITIONAL TARIFFS ON IMPORTS FROM 6 COUNTRIES

Unless otherwise amended in the next two months, the proposed 180-day suspension period from when the USTR determined to take action in the form of additional duties of 25% on products of Austria, India, Italy, Spain, Turkey, and the United Kingdom specified in Section 301, Annex A, will expire on November 28, 2021

[Austria: 23 tariff subheadings](#)

[Spain: 27 tariff subheadings](#)

[India: 26 tariff subheadings](#)

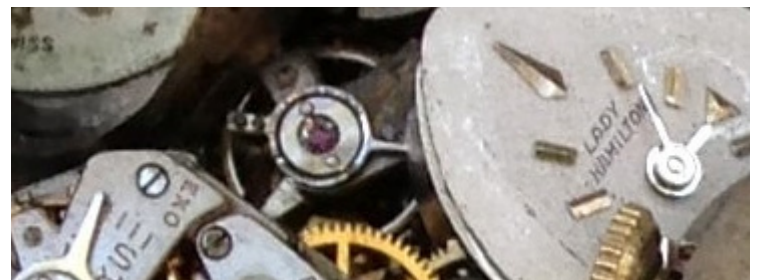
[Turkey: 32 tariff subheadings](#)

[Italy: 44 tariff subheadings](#)

[United Kingdom: 67 tariff subheadings](#)

### CBP NOW CONSIDERS WATCH CASES SUBSTANTIALLY TRANSFORMED

The May 14th ruling [HQ 306338](#), now considers watch cases assembled into a completed watch as substantially transformed into a new and different article without regard to whether the country of origin of the movement is also the country where the final assembly occurs, effectively eliminating Section 301 tariffs on cases made in China if assembled elsewhere.



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Rockefeller Group **FTZ ACADEMY**

## FTZs PERMITTED TO STORE WRO MERCHANDISE

CBP has indicated that it is preparing to publish final guidance permitting FTZs to admit and store merchandise subject to a Withhold Release Order (WRO), pending determination whether the merchandise was produced using forced labor. The guidance is anticipated to state storing WRO merchandise in an FTZ will be subject to the same rules as bonded warehouses. By storing WRO merchandise, FTZ operators should determine if the WRO was made prior to exportation, be aware that they are subject to strict liability, and that the merchandise must be physically segregated, physically identifiable, and accounted for in the ICRS should an audit be required.

## A TASK FORCE TO ADDRESS SHORT-TERM SUPPLY CHAIN DISCONTINUITIES

On June 8th, the Biden-Harris Administration announced a [fact sheet](#) of key findings from E.O 14017 “America’s Supply Chains”, which resulted in publication of the report, [“Building Resilient Supply Chains, Revitalizing American Manufacturing, And Fostering Broad-Based Growth”](#). This publication summarized the findings of the initial set of reviews of the supply chains of four critical products: semiconductor manufacturing and advanced packaging; large capacity batteries; critical minerals and materials; and pharmaceuticals and active pharmaceutical ingredients. Areas of interest include the administration establishing a “strike force” to propose enforcement actions against unfair foreign trade practices that have eroded critical supply chains, and the DOC evaluating whether to initiate a Section 232 investigation into whether imports of neodymium magnets (used in motors and other devices important to defense and civilian industrial use) are threatening U.S. national security and could result in higher import tariffs on such goods.

## CBP ACE CATAIR APPENDIX P FOR FTZ ERROR CODES

The updated document (V2.1) is available on [CBP.gov](#) as it relates for deployment to production on June 28, 2021.

## NEW TAB IN ACE: PGA DOCUMENTS

With the July 17th ACE deployment, a new tab appeared (PGA Documents) that will provide documentation to the trade related to entries. Details of the change were provided by CBP in [CSMS #48787955](#). Although currently only used by the CPSC (Consumer Product Safety Commission), additional PGAs may utilize in the future.

## CARBON-INTENSIVE IMPORTS PROPOSED TARIFFS

Legislation introduced last month in the House ([H.R.4534](#)) and Senate ([S.2378](#)) which follows a similar proposal by the European Union, would initially impose tariffs on imported goods that are both carbon-intensive and exposed to trade competition, including aluminum, iron, steel, cement, natural gas, petroleum, and coal.

## FTZ BOARD 2020 ANNUAL REPORT TO CONGRESS

The [Board’s annual report to Congress](#) was released on August 3rd and includes statistics and information about the FTZ program. Some interesting statistics include the value of shipments into zones, which totaled nearly \$625 billion with over 59% of the shipments received involving domestic status merchandise. Warehouse/distribution operations received over \$283 billion and production operations accounted for over \$341 billion. The largest production operations industries include pharmaceutical, oil refining, automotive, electronics, and machinery/equipment sectors. The largest warehouse/distribution operations industries include electronics, electrical machinery, automotive, consumer products, and other electronics sectors.



## HTS 9801.00.10 AND FOREIGN GOODS RETURNED: UPDATED REQUIREMENTS

On August 20, 2021, CBP issued a CSMS that provides updated guidance concerning importer and/or broker responsibilities in filing duty free claims, as well as documents CBP may request to support those claims. Please see [CSMS 49132200](#) for background and related guidance.

## UPDATED ACE DEPLOYMENT SCHEDULE: GLOBAL BUSINESS IDENTIFIER AND OCEAN HBOL ARE DELAYED

Along with other changes to target deployments, CBP has pushed the deployment of the Global Business Identifier, which will replace MIDs, to Spring 2022. The enhancement to allow the release of ocean cargo at the lowest shipment level is also pushed from this Winter to August 2022. Full FWS Message Set Implementation is still pending formulation of regulations requiring the utilization of ACE to submit import data. Click here for [CBPs Schedule for ACE Deployments](#).



## CBP CONTINUING EDUCATION FOR LICENSED CUSTOMS BROKERS

Proposed changes to CBP regulations 19 CFR Part 111 will require continuing education for individual customs broker license holders and for CBP to create a framework for administering this requirement. Click here for [FRN 50794-50827 \[2021-19013\]](#).

## APHIS ANNOUNCED EFFECTIVE DATE OF PHASE SIX OF LACEY ACT OCT 1, 2021

On August 9, 2021, CBP issued a CSMS updating the implementation of phase VI of the enforcement schedule. Various comments were received that delayed the initial implementation, including concerns regarding the addition of essential oils (3301.29.5150-essential oils of “other”). APHIS determined that HTS code may not provide sufficient specificity and could result in both deliberate and unintentional inaccuracies, and therefore it was decided to remove 3301.29.5150 from this implementation phase. See [CSMS 48968987](#) for more information.

## DURING THE JUNE 2021 COAC MTG, CBP IS CHANGING COURSE ON RISK-BASED BONDS

Customs Commercial Operations Advisory Committee (“COAC”) Bond Working Group announced it has made progress reviewing CBP’s monetary guidelines for setting bonds, which has not been updated since 1991. Although a review of the recommendations will be made by CBP, the Working Group is optimistic the document can be updated by the end of the fiscal year. For more information regarding the recommendations discussed [click here](#).



# ROCKEFELLER GROUP INDUSTRIAL COMPLETIONS, SALES, KEY TO 2021 STRATEGY

Rockefeller Group recently announced the sale of two industrial projects in Braselton, Ga. (Atlanta) and Otay Mesa, Calif. (San Diego). According to Brandi Hanback, these industrial deals, along with earlier deals in Lehigh Valley, Pa. and Edison, N.J., are in line with the company's 2021 strategy. "Our recent performance on industrial sales in the NJ/PA, West and Southeast regions further underscore our conviction to continue to invest in new industrial projects in existing and new markets," said Brandi Hanback, Executive Vice President, Deputy Head of Development and Head of FTZ, Trade & Logistics.

Over the summer, Rockefeller Group sold a 135,623 square foot distribution center situated on a 7.81-acre site in Otay Mesa, Calif., to a fund managed by Black Creek Group. Rockefeller Group broke ground on Airway Industrial Park in September 2020 and completed construction in June. It is the company's first industrial development in South San Diego.



Airway Industrial Park | Otay Mesa, CA

"We entered the South San Diego/Otay Mesa industrial market for the first time with this project," said Marc Berg, Vice President and Regional Director for Rockefeller Group's West Region. "We were able to successfully design and develop a quality Class A industrial building with state-of-the-art features including truck trailer parking stalls to meet market demand."

"Airway Industrial Park drew significant interest from institutional investors and ecommerce/3PL users alike who recognize the value proposition of being proximate to the greater San Diego area, as well as, on the U.S. southern border," said Mark Hilton Carpenter Jr., Associate Director, Development. "The South San Diego County submarket has morphed into the premier location for modern industrial and distribution development. We are very focused on identifying new development opportunities in this area."

In the Southeast, Rockefeller Group sold a 222,618-square-foot speculative distribution center in Braselton, Ga. to Cabot Properties. The building is fully leased to Duckyang America Inc., a Korean automotive equipment supplier who is using the building for warehousing and light manufacturing. Located on Broadway Avenue along the I-85 North corridor in the North Atlanta submarket, Braselton 85 broke ground in fall 2020 and was completed in March.



Braselton 85 | Braselton, GA

"Duckyang's lease at Braselton 85 and Cabot's purchase of the building shows that demand for new Class-A industrial space in Atlanta remains strong heading into the second half of 2021 and that Atlanta and its suburbs are a key distribution hub for both national and international companies," said Steven McGee, Director, Southeast Development for Rockefeller Group. "Braselton 85's location along I-85 where a number of major manufacturers have recently begun operations, made it ideal for Duckyang and investors like Cabot."

McGee said interest in the building was significant since the company purchased the site in 2019. The newly built modern state-of-the-art facility includes an ESFR sprinkler system, 26 on-site trailer drops, 134 auto parking spaces, 47 dock doors with two drive-in doors, 32' clear height, 185' truck court with 60' concrete apron and LED lighting. The project's proximity to Atlanta and the broader Southeast United States, combined with access to skilled labor, drove demand from a variety of prospective users.

Duckyang America Inc. manufactures and distributes cockpit modules, instrument panels and door trims for the automotive industry. The company took occupancy in March.





# 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:** Hands-on Preparation for CBP FTZ Compliance Review/Spot Check
- Module 14:** Client's Choice (customized)

To learn more, click 'FTZ Academy' at [www.rgftz.com](http://www.rgftz.com) or contact us at [rgftzs@rockefellergroup.com](mailto:rgftzs@rockefellergroup.com). Also, watch our [30-second video](#) where we highlight our decades of experience with FTZ development, implementation and administrator training opportunities.

# 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:

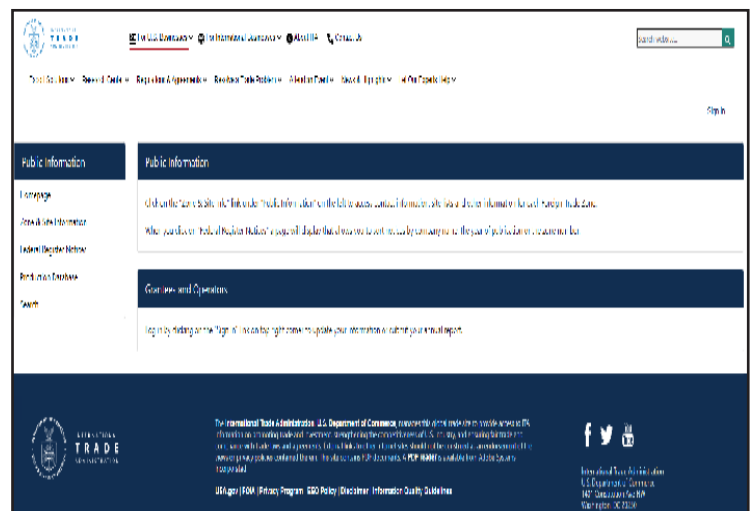
- [CSMS #47830638 Guidance Proper Entry Summary Reporting for Complete Golf Clubs](#)
- [CSMS #48425729 Mitigating Procedures for Very Large Truck Shipments](#)
- [CSMS #48452595 Updated ACE CATAIR PGA Status Codes Doc Available](#)
- [CSMS #48979698 Effective Sep 4th CORE will Disable the 5106 Mailbox](#)
- [CSMS #49059465 FDA Deployment Sep 4th: New FDA Validations Which May Result in Rejects & Implementation of New Sub-Reason Code](#)
- [CSMS #49268401 UPDATED GUIDANCE\\_Conforming Amendment to Section 301 China Product Exclusion](#)
- [CSMS #49307243 The Consumer Product Safety Commission Status Notification \(SO\) Messaging Update](#)



U.S. Customs and Border Protection

# UPDATED OFIS WEBSITE

The Foreign Trade-Zones Board has updated the Online FTZ Information System ("OFIS") website. You can visit OFIS [here](#) to review all the new changes. You should take a look!



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We welcome your ideas for topics. Questions or information can be sent to [RGFTZS@rockefellergroup.com](mailto:RGFTZS@rockefellergroup.com).

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