



## IMPLEMENTATION OF SECTION 301 CHINA 25% DUTIES JULY 3, 2018

There are a wide range of developments today which should be considered:

- **In-Bond Merchandise.** The date an in-bond is filed will not necessarily determine if Section 301 China duties apply. The actual carrier arrival date will govern.
- **Drawback.** A CSMS [message](#) issued today indicates that drawback will be available on Section 301 China products unlike Section 232 steel and aluminum tariffs where no drawback was available.
- **FTZ PF Status On-Hand Inventory and China Section 301.** On behalf of the National Association of Foreign-Trade Zones, we prepared and filed with CBP Headquarters a detailed legal analysis concerning Privileged Foreign (PF) status material. We have been told that the CBP ACE computer system programming currently would require the additional Section 301 China 25% duty payments on July 6, 2018. However, Mr. Jim Swanson, Chief of Cargo, CBP Headquarters, confirmed by email that “as of right now” on July 6, 2018, China origin goods subject to Section 301 admitted in PF status prior to the Section 301 effective date will be entered under rates in effect at the time of admission. While this is very good news, please understand this guidance may change before July 6. The safest action is to duty pay PF status Section 301 China merchandise by July 5.
- **Quota.** Be aware of corrections to any Customs entries subject to steel and aluminum absolute quotas. ACE Programming requires for any error correction, deletion and replacement of the entry. If this occurs, merchandise subject to a quota will change and whatever quota is in effect on the date of the new delete/replace entry will apply. As a result, merchandise released may be required to be re-delivered if the quota has filled.
- **FTZ PF Date and Steel/Aluminum.** We have been informed that the CBP ACE system is currently not accepting PF dates prior to the effective date of Presidential Proclamations for aluminum and steel and is rejecting entries. While a correction is underway, there is no timetable.
- **FTZ Zone-to-Zone Transfer.** There are significant issues with zone-to-zone transfers and Sections 232 and 301 tariffs. We have been informed that the ACE CPB system will not manage zone-to-zone transfer with PF merchandise effectively. Consideration should be given to filing a Customs entry for movement of China Section 301 goods from Zone 1 prior to July 6. On or after July 6, Zone 2 must admit goods in PF status.
- **FTZ Type 08 NAFTA Duty Deferral Entries.** It appears that the ACE programing for Type 08 entries is not correct and will not allow HTSUS Chapter 99 duties to be paid. Deleting the Chapter 99 reference will allow Type 08 entries to be accepted on the CBP ACE system. A reasonable care memorandum should be prepared on this issue.

We expect more new updated information and more changes before July 6, 2018. We are available for consultation. Please contact [Marshall Miller](#), [Linda King](#) or [Brian Murphy](#) with questions.

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