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## CHAIRMAN'S LETTER



Dear NAFTAZ members,

The lazy days of summer have arrived but not for everyone. Those of us involved in international trade and import/export compliance certainly have our hands full with no end in sight despite the beautiful weather.

If you have not reviewed the Section 301 trade remedy information on [USTR's website](#) or in [NAFTZ's recent Member Alert](#), *I urge you to do so immediately*. FTZ operator/users must admit

covered merchandise imported from China in Privileged Foreign (PF) status beginning July 6, 2018, but must also consider other critical matters such as the disposition of subject on-hand FTZ inventory prior to the effective date of the action as well as whether zone-manufactured goods may be subject to the 25% additional duties when reported on a Type 06 FTZ entry. These considerations have significant legal, regulatory and financial impacts so please seek counsel from a customs attorney or consultant.

NAFTZ is working diligently to secure standard FTZ language for all recent and future trade remedy actions of this nature. We submitted written [comments](#) and President Erik Autor [testified during the Section 301 hearing](#) in May. This month we also submitted a [multi-agency letter](#) to Ambassador Lighthizer at USTR, Secretary Ross at the Department of Commerce, Secretary Mnuchin at the Department of Treasury, and Commissioner McAleenan at CBP, with copy to all of the members of the Senate Finance Committee and the House Ways and Means Committee. We are currently finalizing our comments on the proposed Section 232 on automobiles and automobile parts for submission on June 29. We also recently submitted a letter to Jim Swanson and Lydia Jackson at CBP Office of Field Operations regarding the inapplicability of additional trade remedy duties on merchandise elected PF status prior to the effective date of a trade remedy action. We have communicated our position and overall messaging during recent meetings with individuals at the Department of Commerce, USTR, the Department of State and the Bureau of Industry Security. NAFTAZ continues to request meetings with key Members of Congress to explain the negative impact of the trade remedy actions on FTZ operator/users and to seek support in effecting positive changes.

With the increasing number of trade remedies and their impact on FTZs, one would think the NAFTAZ staff and board of directors haven't accomplished much else. Not true! Here is a list of other important advocacy and educational activities that we've been working on:

- Over the past two months, the NAFTAZ board of directors voted to join both the 301 Coalition and 321 Coalition. Engaging in these coalitions is intended to mitigate adverse impacts to FTZ operator/users of the Section 301 trade remedy and the Section 321 de minimis increase to \$800.
- The NAFTAZ Program Committee finalized the program for the [2018 Annual Conference](#) in Atlanta, GA. This is a conference you won't want to miss! Check out the [agenda](#) and especially Monday night's [Main Reception](#) at the Georgia Aquarium. [Registration is open](#) so please register for this great event! I look forward to seeing all of you there.
- The Nominating Committee is in the process of reviewing applications from individuals that wish to serve on the NAFTAZ board of directors. The deadline for applications was June 22 and we are grateful to the Nominating Committee for taking up this important task. Thank you for your service Trey Boring, IMS Worldwide, David Ostheimer, Lamb & Lerch, Donna Wolford, GE Appliances, a Haier company, Melissa Johnson, Greater Cincinnati FTZ, and Phil Trickey, Yamaha Motor Manufacturing.

Lastly, I am asking you to turn your attention to NAFTAZ's latest efforts in the 2018 Public Affairs Advocacy Campaign, **Telling the FTZ Success Story**. We continue to beat the advocacy drum in Washington so that legislators and administrators are receiving an accurate message about the value of the FTZ program to the U.S. economy. However, our advocacy efforts will enormously more successful if legislators hear directly from YOU—their constituents. Acknowledging that June 18 marked the 84th anniversary of the FTZ Act, we have initiated a "[FTZ Program's Anniversary Outreach to Congress](#)" initiative aimed at flooding Congress with letters about the FTZ program from grantees, operators and user. Thank you very much to our public affairs advisor Brian Hannigan at Smith Dawson & Andrews for preparing the template documents and resource information for all members to use. I personally request that each of you take the

### NAFTZ STAFF

#### President

**Erik Autor**  
[eauteur@naftz.org](mailto:eauteur@naftz.org)

#### Director of Events & Education

**Victoria Cartwright**  
[vcartwright@naftz.org](mailto:vcartwright@naftz.org)

#### Senior Manager of Communications & Member Services

**Jarmila Zapata**  
[jzapata@naftz.org](mailto:jzapata@naftz.org)

#### Manager of Accounting and Administration

**Morris Melvin**  
[mmelvin@naftz.org](mailto:mmelvin@naftz.org)

**Note:** All NAFTAZ materials, including Zones Report, are the intellectual property of the association and are intended for the benefit of members only. The use of NAFTAZ materials to advise or otherwise serve non-member clients is discouraged.

## CHAIRMAN'S MESSAGE (CONTINUED)

time to send a letter to your congressional representatives. Please also ask your industry colleagues and clients to do the same, and send copies of the letters to Brian Hannigan at [brianh@sda-inc.com](mailto:brianh@sda-inc.com).

Please join me in welcoming these new NAFTAZ members and committee members:

**Peggy Leanza**, *Thyssenkrupp Steel N.A.*; **Robert Mace**, *Cheniere Energy, Inc.*; **Drew Owens**, *Bridgestone Americas Tire Operations*; **Christa Shippee**, *Swarovski Lighting*; and **Greg Snipes**, *Ralph Lauren Corp.*

**Fundamentals Working Group:** **Cornelia Steinert**, *Canon Virginia, Inc.*

**Program Committee:** **Lewis Leibowitz**, *The Law Office of Lewis E. Leibowitz*

Happy Independence Day to all of you!

Sincerely,



Rebecca Williams, Chairman, NAFTAZ

## PRESIDENT'S LETTER



Dear NAFTAZ Members,

FTZ stakeholders continue to find themselves in the cross-fire of an escalating, multi-front trade war. Over the past few weeks, the White House has announced that, as of July 6, \$36 billion of imported intermediate and finished goods from China covering 863 tariff lines will be subject to 25 percent tariffs under Sec. 301 to remain in effect indefinitely. A second group of Chinese products worth

\$14 billion, covering 284 tariff lines, is also slated for 25 percent tariffs following a comment period.

The Chinese are matching the U.S. tariffs with retaliatory tariffs and restrictions of their own on U.S. goods and services. In response, the President has asked the U.S. Trade Representative to prepare a new target list covering an additional \$200 billion in Chinese goods for possible trade action, potentially exposing one-half of all U.S. goods imports from China to exorbitant tariffs not seen since passage of the infamous Smoot-Hawley tariffs in the 1930s.

These actions against China follow the imposition by the President of 25 percent duties on imported steel and aluminum under the Sec. 232 national security provision and the launch of a second 232 investigation against imported vehicles and parts. It is evident from the President's statements that a major underlying goal behind these tariffs is to reduce imports in a chimerical effort to eliminate U.S. bilateral merchandise trade deficits.

Major targets of the 232 tariffs – the European Union, Canada, Mexico, Turkey, and India – are responding with their own retaliatory tariffs on U.S. products. As a result, several U.S.-based manufacturers, including Harley-Davidson and BMW of North America, will move a portion of their production out of the United States to avoid U.S. duties on their imported inputs and foreign duties on exports of their finished products.

One thing is increasingly evident from all this mayhem – trade wars are neither “good” nor “easy to win.” Not only is it unclear what winning a trade war even means, we know from bitter historical experience that trade wars produce no real winners and they inflict serious damage to the global economy with ensuing job losses and risk of political instability.

## BOARD OF DIRECTORS

### OFFICERS

#### Chairman of the Board

**Rebecca Williams**, *Managing Director, FTZ Services, Vice President, RGDC*

#### Vice Chairman

**Eva Tomlinson**, *Director of FTZ Services, UPS Trade Management Services*

#### Treasurer

**Frankie Bryson**, *Senior Manager, ACT (USA and Canada), Nissan North America*

#### Secretary

**Melissa Irmen**, *SVP, Products & Strategy, Integration Point*

### DIRECTORS

**Christine Allen**, *Director of Workforce Development & FTZ 260, Lubbock Economic Development Alliance (LEDA)*

**Angie Atwood**, *FTZ Administrator, Columbus Regional Airport Authority*

**Torrey Chambliss**, *Manager, FTZ & Cargo Business Development, Port of Tampa Bay*

**Lesley Couch**, *Principal, Indigo Trade Solutions*

**Shannon Fura**, *Partner, Page Fura, P.C.*

**James Grogan**, *Senior Manager, Ernst & Young LLP*

**Trudy Huguet**, *Director of FTZ Services, GEODIS*

**Sean Lydon**, *President, ISCM, Inc.*

**Christopher Smith**, *Trade Advisor, IKEA Purchasing Services (US), Inc.*

**Michael Thomas**, *President/Managing Director, Thomas International Group*

**Shane Williams**, *FTZ Administrator, Port Houston*

#### Honorary Director

**Dom Gambardella**, *PricewaterhouseCoopers, LLP*

#### Immediate Past Chairman

**Trey Boring**, *Sr. Vice President, IMS Worldwide, Inc.*

#### General Counsel

**Marshall V. Miller, Esq.**, *Miller & Company, P.C.*

#### Public Affairs Advisor

**James P. Smith**, *Smith Dawson & Andrews*

## PRESIDENT'S LETTER (CONTINUED)

Notwithstanding the challenges of the current political environment, NAFTAZ continues to take action to protect the FTZ program and stakeholders. We have already filed comments and testified on the impact of the Sec. 301 tariffs on China and are preparing to do the same in the Sec. 232 investigation on vehicles and parts. Our comments emphasize that these trade actions threaten to undermine the goals of the FTZ program and damage the competitiveness of U.S. manufacturing to the detriment of American communities and workers. We also point out ways the Administration can both mitigate some of this harm and provide better guidance and clarity to FTZ manufacturers by adopting our proposed Presidential Proclamation language on treatment of FTZ merchandise in trade-remedies actions.

We have followed up these comments and testimony with a letter to the United States Trade Representative Amb. Lighthizer, Commerce Secretary Ross, Treasury Sec. Mnuchin, and CBP Commissioner McAleenan, a copy of which was sent to every member of the Senate Finance and House Ways and Means Committee. We have also conducted meetings in June on Capitol Hill and with Administration officials in the Departments of Commerce and State and are working to schedule more. During the June 20 Senate Finance Committee hearing on tariff actions, Sen. Cornyn (R-TX) submitted a question at our request to Commerce Secretary Wilbur Ross asking what the Administration is doing to avoid jeopardizing the future viability of the FTZ program.

We hope and expect that the economic study we have commissioned will bolster these ongoing advocacy efforts by highlighting the value of the program to the U.S. economy, communities, and jobs. We are grateful for the strong response from members who have made a financial contribution to fund this study. We encourage members who have not yet done so to contact me at [eaautor@naftz.org](mailto:eaautor@naftz.org) about becoming a sponsor.

On a final note, the NAFTAZ Board has approved the association formally joining the Sec. 321 Coalition, which is advocating for the ability to use the duty-free *de minimis* procedures through an FTZ for e-commerce fulfillment. We will continue to provide guidance to the coalition to ensure this effort meets our policy goals as an industry and avoids any potential adverse consequences to the program and stakeholders.

In closing, I wish everyone a happy and relaxing Fourth of July holiday and hope both the weather and the political climate do not get too hot.

Warm regards,



Erik Autor, President, NAFTAZ



### EVENT ADVERTISEMENT OPPORTUNITY

*NAFTZ is giving you the opportunity to advertise one of your own events or educational opportunities through our website. If you would like to post information on one of our event pages, please call the office at 202.331.1950 for more information.*

#### NAFTZ Event Advertisement Guidelines

- Advertising space must be purchased in three (3) month blocks.
- The cost is \$3,500 for each three (3) month block of advertising space.
- Advertising will be displayed on the bottom of the specified event's page.
- NAFTZ has final approval of advertisement content. Advertisement must not conflict with NAFTZ events or interests.
- This space is available for "event" advertisement only, including trainings, webinars, and other educational offerings. No specific products, software, or services, may be promoted in the advertisement space.

### FTZ JOBS

*Visit our [website](http://www.naftz.org) to see up-to-date job openings!*

## NAFTZ NEWS

### NAFTZ Hosts Successful Spring Seminar in Portland, OR

Each year, the NAFTZ Spring Seminar gathers together a diverse network of industry leaders from the foreign-trade zone community and provides them with the opportunity to share their achievements, insights, and most importantly discuss challenges facing the trade community along with any impacts on FTZs. The 2018 Spring Seminar, held in Portland, Oregon, on May 20-22, was no exception, attracting 174 attendees and 59 speakers. The event kicked off with a well-attended reception giving attendees a chance to meet, mingle, and unwind prior to Monday's full day of educational sessions.

Mayor of Portland, Ted Wheeler, opened the Seminar with a welcome address. In Oregon, FTZs serve as a crucial economic development tool; \$3.1 billion in goods are handled in zones. During the morning's General Session, Malcolm Appelbe, Director Global Trade and Logistics at Lam Research recounted his company's path to success during 2010-2015, going from zero to two operational zones. Lam Research received unique benefits from the program, including reduction in total duty and Merchandise Processing Fees (MPF), savings from drawback, and participation in a Customs best practices program.



Mayor Ted Wheeler, pictured center with NAFTZ President, Erik Autor, and Chairman, Rebecca Williams, opens the Spring Seminar in Portland.

and prescreening is necessary. Inbound and cargo release issues need to be mitigated and fixed. Phase 2 of admissions transition to Automated Commercial Environment (ACE) is in the final budget approval and should be announced soon. A portion of the money will go to add Partner Government Agencies (PGAs) into the process.

James Swanson, Director of Cargo Security and Controls at U.S. Customs and Border Patrol (CBP), described challenges and initiatives his agency encounters on the export and import side. Export staff is overloaded, but continues to push forward with export manifest programs. Customs is now more closely examining export manifests than Automated Export System (AES) filings, when issuing penalties. Serious enforcement doesn't always occur at the border

Following the CBP Update, attendees split into separate tracks for Grantees, Operator/Users, and Fundamentals. Among the topics covered were "Individual your Operation—Marketing for Grantees," "Deeper Dive into PGAs, ACE & Regulatory Developments," and "Production Authority—Marketed Correctly."

Another highlight from the event was the FTZ Board Update from the Executive Secretary of the FTZ Board, Andrew McGilvray. In 2016, \$610 billion was received into 195 active zones and over \$76 billion was exported during the same year. McGilvray stated that 10 years of the Alternative Site Framework (ASF) has generated steady growth for the FTZ program. The FTZ Board continues to conduct staff monitoring visits to sample production operations. More information concerning this topic is available on the Board website. The agency plans to conduct some grantee training sessions with broader geographic reach with the addition of webinar(s).

The FTZ Advocacy Campaign Update Session was moderated by Shane Williams, Port Houston and included speakers Brian Hannigan, Smith Dawson & Andrews; Eva Tomlinson, UPS Zones Solutions; and Rebecca Williams, Rockefeller Group. The presentation outlined the goals of the NAFTZ Public Affairs Advocacy Campaign, **Telling the FTZ Success Story**, which include enhancing advocacy efforts in Washington, DC, producing new FTZ success stories endorsed by operator/users and grantees, and commissioning a reputable FTZ economic impact study. The 2018 Legislative Summit was touted a success with record attendance, 11 Board meetings with Congressional offices on February 14, and four Congressional Appreciation Awards being presented. Williams revealed the winners and runner-ups for the 2018 FTZ Success Story Challenge as listed below and [posted](#) on our website:

- FTZ Grantee Winner: Capital Region FTZ #121 "[Capital Opportunities in Foreign-Trade](#)"
- FTZ Operator/User Winner: Bayer Crop Science "[19 Years of Active Zone Operations](#)"
- FTZ Grantee Runner-up: Greater Kansas City FTZ "[44 Years of Activated Zone Project](#)"
- FTZ Operator/User Runner-up: Xylem Inc. "[FTZ Success Story: Subzone 37D](#)"

Monday's educational program concluded with a series of lively round-table discussions among Operator/Users and Grantees where issues and

## UPCOMING EVENTS

### 2018 Annual Conference and Exposition

*September 16-19, 2018  
Atlanta, Georgia*

### ONLINE WEBINAR

#### Trade Policy Impacts

*Tuesday, August 7  
2:00 – 3:00 p.m. Eastern*

#### How to Get Involved

*Wednesday, August 15  
2:00 – 3:00 p.m. Eastern*

#### The Role of a 216 Customs Form

*Thursday, September 6  
3:00 – 4:00 p.m. Eastern*

If you have suggestions for future ZoneCast topics, please email Victoria Cartwright at [vcartwright@naftz.org](mailto:vcartwright@naftz.org).

[View all NAFTZ events.](#)

## GET INVOLVED

*NAFTZ members can help shape the future of the FTZ industry by serving on a committee.*

Contact us today for details.

## NAFTZ NEWS (CONTINUED)

questions raised during previous sessions were openly discussed. The roundtables allowed attendees to resolve any lingering questions with the help of their peers in the industry. Questions generated from the NAFTZ Roundtable were later brought to Executive Secretary McGilvray's attention during the Grantee outreach event.

Later in the evening, attendees and their guests had the opportunity to enjoy the scenic sunset by dinner cruise. Guests built new relationships while enjoying the most specular view of the Willamette River. This memorable event was made possible in great thanks to our sponsors Ports of Portland, Everett, Olympia, and The Northwest Seaport Alliance.



We hope that many of you enjoyed using the event app and found it valuable in connecting with other attendees. The data shows that approximately 78 percent of our attendees downloaded the event app. This year we implemented two games to encourage a competitive spirit among attendees – the Click Game and App Challenge. The number of Click Game participants doubled in comparison to last year.

### Thank You to Everyone Who Made this Possible

We are thankful to everyone who participated in the 2018 Spring Seminar! [Check out](#) the event photos. Witnessing the growth in energy each year is a true privilege. That is why we are thrilled to announce that the next Spring Seminar will take place **May 5-7, 2019** in Savannah, Georgia.

### Columbia Distribution Tour

NAFTZ strives to incorporate interactive educational elements in our events. In generous partnership with Columbia Sportswear Co. and Port of Portland, NAFTZ Annual Spring Seminar guests had the opportunity to view Port of Portland operation highlights as well as tour the Columbia Sportswear



Company Rivergate Distribution Center. Attendees were provided an insider's view of Columbia Sportswear Company's internally developed system in this 1.5 million square foot facility featuring sorting, receiving and storage practices while employing, at peak season, approximately, 700 local workers. Thank you to Columbia Sportswear and Port of Portland for showcasing their operations and bringing FTZ education to life. If interested in getting more involved in the NAFTZ educational planning process, please contact Victoria Cartwright at [vcartwright@naftz.org](mailto:vcartwright@naftz.org).



### NAFTZ NEWS (CONTINUED)

#### Save \$100 on your 2018 Annual Conference and Exposition Registration

[Register by September 20](#) and save on NAFTZ Annual Conference registration. Plus, when you register multiple people from your organization you get another \$50 off.

We could list a bunch of reasons why you should attend our Annual Conference, but to make it simple, here are our top five:

1. **HEAR FROM THE EXPERTS.** Our speakers are proven business leaders, practitioners, and peers. Attend panel discussions focusing on FTZs in the News: Trade Cases, Current Affairs & Foreign Investment, and Leveraging your Zone to the fullest, ACE Reports, and FTZs and Free Trade Agreements
2. **DETERMINE AGENCY FTZ IMPACTS** while exploring sessions on trade issues, as well as CBP/FTZ Board Updates
3. **PERSONALIZE YOUR EXPERIENCE** with specialized tracks for Grantees, Operator/Users, Petroleum sector and those new to the industry
4. **GET CREDIT.** Those attending the LIVE event are eligible for up to [19 CCS/CES and 20 CPE credits](#). These credits can be applied towards earning or renewing your [Accredited Zones Specialist \(AZS\) designation](#).
5. **MEET WITH VENDORS AND SUPPLIERS.** Our exhibitors are seasoned industry veterans and solution-providers who truly know what is happening in the world of FTZs. Invest time in the exposition hall at the largest FTZ-related event in the United States.

[Learn More](#) | [Register Today](#)

## FTZS: A PUBLIC PRIVATE PARTNERSHIP FOR THE US ECONOMY

### 46<sup>TH</sup> ANNUAL CONFERENCE & EXPOSITION

September 16-19, 2018  
The Westin Peachtree Plaza • Atlanta, GA



#### Annual Conference Promotion Kit

Want to promote the Annual Conference? We have designed [Sample Social Media Posts](#) to get you started! Thank you for your help in building a great conference. We look forward to seeing you and your colleagues in Atlanta. [Follow us on Twitter](#), [LinkedIn](#), and ["Like" our Facebook page](#) so you can like and share our posts. Use hashtag [#NAFTZAC18](#) when posting.

#### Sponsorship and Exhibit Opportunities

Our annual conference is the largest FTZ-related event in the United States. With about 400 in attendance last year, representing 270 different companies and over 20 exhibitors, the NAFTZ's Annual Conference is the place to let the entire FTZ community know the part your firm plays in an FTZ's strategy for economic success. With even more attendance expected in Atlanta this year, you have a great chance to put your special product, service or idea before everybody in the FTZ business. Check out available [sponsorship](#) and [exhibit](#) offerings and submit your requests to [vcartwright@naftz.org](mailto:vcartwright@naftz.org).

#### Participate in the Twitter/Facebook Challenge

To participate in the NAFTZ 2018 Facebook/ Twitter \*contest participants must:

- 1). Follow the @NAFTZ Twitter or Facebook or like our Facebook page/ Twitter feed, respectively
- 2). Respond to the "#NAFTZAC18 Conference Question of the Day" posts during the conference.

Those who answer all questions are entered in a raffle for a cash gift card during Wednesday luncheon.

\*Entries limited to submissions via one's personal account.

#### Hotel Savings – Stay in the NAFTZ Room Block

Our 2018 host Annual Conference hotel is [The Westin Peachtree Plaza Atlanta](#) (210 Peachtree Street NW Atlanta, Georgia 30303) offering the NAFTZ discount rate of \$199/night+tax for single/double occupancy until August 20, 2018, based on availability. [Book your room online](#) or call 800.937.8461 and reference "NAFTZ Annual Conference." A limited number of rooms have been reserved at the discounted NAFTZ rate, so book your room today. For travel arrangements plan to join us for the 9/16, Sunday Reception at 5:30 p.m.

We hope you get the chance to [discover](#) the hidden gems, fine dining, and memorable entertainment Atlanta has to offer.

## NAFTZ NEWS (CONTINUED)

### Upcoming NAFTZ Webinars in August and September

#### Trade Policy Updates

**Tuesday, August 7, 2:00–3:00 p.m. Eastern**

Tune in to hear the latest updates on Section 232. Presenter Shannon Fura, Page Fura P.C., will highlight the status of trade policy and potential FTZ impact.

[Learn More](#) | [Register Today](#)

#### How to Get Involved in NAFTZ

**Wednesday, August 15, 2:00–3:00 p.m. Eastern**

Explore the nuances of what makes NAFTZ unique and beneficial to its members in this one hour event. Presenters include NAFTZ's Membership Committee Chair, Eric Berry, and NAFTZ's Accredited Zones Specialist (AZS) Committee Chair, Laylan Hime, will highlight the resources available to stay on top of trade actions, connect with FTZ Industry professionals and enhance one's career with a little help from NAFTZ.

[Learn More](#) | [Register Today](#)

#### The Role of a 216 Customs Form

**Thursday, September 6, 3:00–4:00 p.m. Eastern**

Understand the true purpose of this 216 customs form in this September webinar. Presenter Michael D'Aoust, PTSI, will highlight the form essentials and the role it plays in your FTZ.

Attendees will learn how to:

- Handle exceptions or non-standard transactions
- Address manipulation, temporary removals, repairs, and destruction
- Explore what's covered and not covered under single request/blanket activities
- Define recording manipulation and record retention

[Learn More](#) | [Register Today](#)

### Archived Webinars

As a member, you have an opportunity to [view](#) a previously recorded webinar if you were unable to attend one of our live webinars. All webinars are complementary to our members and are available to nonmembers and federal government officials at a low rate.

Our June 7 ZoneCast, entitled "A Resource Guide on Trade Actions" attracted 35 participants and is now available for on-demand viewing. We would like to thank our speaker Adrienne Braumiller, Braumiller Law Group, PLLC.

### NAFTZ Recent Letters on Your Behalf

- [FDA Weekly Filing Process](#)
- [Sample Medical Devices](#)

### Submit a Job Posting

Companies with active membership receive complimentary rates on job postings listed on our online career center. Non-members can also submit a job opening at a cost of \$100 for a 30 day job posting. In addition to promoting the opening on [naftz.org](#), we will advertise the opening on our various social media sites for broader exposure. Please send the job description, a high resolution logo, and your company's Twitter handle if applicable to [jzapata@naftz.org](mailto:jzapata@naftz.org).

#### Foreign-Trade Zone Consultant (Telecommuting position)

#### FOREIGN-TRADE ZONE CORPORATION (FTZC)

The **FTZC** (Foreign-Trade Zone Corporation), the leading FTZ consulting firm specializing in the U.S. FTZ Program, seeks a knowledgeable, outgoing, and organized individual to assist our clients in implementing and establishing Foreign-Trade Zone operations. [Read more.](#)

#### FTZ Specialist or Custom Broker Entry Team Leader

#### FOREIGN-TRADE ZONE CORPORATION (FTZC)

The **FTZC**™ (Foreign-Trade Zone Corporation), the leading Foreign-Trade Zone consulting, operations, and software firm, has an immediate opening for a knowledgeable individual to assist FTZC in growing its managed service division. [Read more.](#)

#### Foreign-Trade Zone Specialist

#### FOREIGN-TRADE ZONE CORPORATION (FTZC)

The **FTZC** (Foreign-Trade Zone Corporation), a leading Foreign-Trade Zone consulting, operations, and software firm, has an immediate opening for a knowledgeable individual to assist in providing daily Foreign-Trade Zone management for key FTZC client's zone operations, as well as providing compliance oversight related to Zone operations. [Read more.](#)

#### FTZ Manager

#### TRADE COMPLIANCE RECRUITING SOLUTIONS

Trade Compliance Recruiting Solutions is looking for an FTZ Manager to oversee FTZ operations pertaining to export and import. [Read more.](#)

## NAFTZ NEWS (CONTINUED)

### Congrats to Our Newest AZS Member

Congratulations to our newest AZS designation holder in June.

The [Accredited Zones Specialist \(AZS\) program](#) serves to elevate professional standards and distinguish foreign-trade zone professionals who have demonstrated knowledge of the FTZ program and regulatory change in today's challenging environment.

#### Newest AZS Holder

**Michael Thomas,**  
*President/Managing Director –*  
*Thomas International Group*



### Sponsor Our Website

Support our mission and be recognized for your commitment to the FTZ community by sponsoring the NAFTA website. The cost for running a banner ad for a 12-month period is \$2,750 with benefits actualized once we receive payment. Sponsors will receive placement of their company logo on our homepage along with a hyperlink to your business website. Purchases are made on behalf of the company. Contact [Jarmila Zapata](#) if you have any questions.

[Become a Website Sponsor](#)

### Registration Open for CBP 2018 Trade Symposium

[Registration is open](#) for the U.S. Customs and Border Protection 2018 Trade Symposium, which will be held on August 14-15, at the Atlanta Marriott Marquis Hotel in Atlanta, GA. [Access](#) the registration form.

### AZFA to Host Annual Free Zones Conference in Guatemala



The Asociación de Zonas Francas de las Américas (AZFA) has opened registration for its Annual Conference. The conference will be held at Casa Santo Domingo in Antigua, Guatemala Oct. 1-3. The conference consists of a two-day program where participants will be able to learn about trends and innovations in the industry in the important market of Latin America.

[Learn More](#) | [Register](#)



## FTZ COMMUNITY NEWS

Do you have a success story or newsworthy development about your Zones that the NAFTAZ Zones Report readers might be interested in?

Contact [jzapata@naftz.org](mailto:jzapata@naftz.org).

### Kansas City Southern (KCS) to Serve New Texas Industrial Park

*Progressive Railroading* June 22, 2018

[Kansas City Southern](#) officials joined state, federal and local officials at a groundbreaking ceremony held this week for the first phase of a 540-acre rail-served industrial park in El Campo, Texas.

[Read](#) the full article

### How Foreign-Trade Zones Work to Help Business

*Times News* June 11, 2018

*By Hank Hayes*

BLOUNTVILLE — Could the Tri-Cities Airport's Foreign-Trade Zone program be a solution to help local manufacturers work around President Trump's tariffs on steel and aluminum imports from Canada, Mexico and the European Union?

[Read](#) the full article

### Adam Schlicht to Oversee Milwaukee's Foreign-Trade Zone as Municipal Port Director (Wisconsin)

*Milwaukee Independent* June 6, 2018

Two cabinet secretaries and a slew of other state officials visited Elizabeth City Monday for a kickoff meeting of "Hometown Strong," Gov. Roy Cooper's new initiative aimed at building prosperity in rural communities.

[Read](#) the full article

### Global Trade and Foreign-Trade Zones

*KC SmartPort Blog*

June 5, 2018

*By Mary Rooney*

The Greater Kansas City Foreign-Trade Zone, Inc. (GKCFTZ) is a regional grantee of the national FTZ program.

[Read](#) the full article

### Ramping Up Hometown Strong: Gov's Cabinet Chief Visit Elizabeth City (North Carolina)

*DailyAdvance*

June 5, 2018

The Office of the U.S. Trade Representative is inviting comments on the issues raised in separate World Trade Organization disputes filed by Korea against U.S. safeguard measures on crystalline silicon photovoltaic products and large residential washers.

[Read](#) the full article

### Commentary by Jenny Trick: Comparing South Carolina's BMW Success to Foxconn

*The Journal Times*

June 3, 2018

Recently, I attended a Wisconsin Technology Council luncheon featuring University of South Carolina economist Joey Von Nessen and was struck by the parallels between BMW's investment and impact in South Carolina and the transformational development underway here in Wisconsin with Foxconn's planned investment.

[Read](#) the full article

### International Cargo Capabilities Surge at Rickenbacker International Airport (Ohio)

*Columbus Business First*

June 1, 2018

*By Columbus Regional Airport Authority*

Clothes arriving from Sri Lanka. Jet engines made in southwest Ohio heading to northwest Washington. The last Sumatran rhino in the Western Hemisphere departing for a sanctuary in Indonesia.

[Read](#) the full article

### FTZ Warehouse Space Available in Jackson, MI

If you are looking for immediate FTZ space Silver Foam Distributing, in Jackson, MI can meet your needs. Please contact Adam Reid, Manager of Foreign-Trade Zone# 43 at [reid@bcunlimited.org](mailto:reid@bcunlimited.org) or 269.441.1674 for additional details.

## TRADE NEWS

### Senior White House Trade Official Calls it Quits

*Politico*

June 27, 2018

*By Adam Behsudi*

Everett Eissenstat will leave his post at the White House next month, sparking more concern among free-traders who saw the former congressional trade counsel as a key bulwark against the hard-liners advocating for President Donald Trump to support tariffs and other trade restrictions.

[Read](#) the full article

### News Flash: USTR Finalizes First Round of China Tariffs

*American Shipper*

June 15, 2018

*By Brian Bradley*

The United States will follow through with 25 percent tariffs on approximately \$50 billion worth of goods from China in 2018 import value, mainly including industrially significant technology products spread across 1,102 U.S. tariff lines, the Office of the U.S. Trade Representative (USTR) announced Friday.

[Read](#) the full article

### Dubai Works on the First Commercial Platform for Free Zones

*Ethereum World News*

June 14, 2018

*By Carlos Terenzi*

Dubai has several times been in the media because of its developments on [blockchain technology](#).

[Read](#) the full article

### Safeguards on Solar Products, Washers are Focus of USTR Inquiry

*Sandler, Travis & Rosenberg Trade Report*

June 13, 2018

The Office of the U.S. Trade Representative is inviting comments on the issues raised in separate World Trade Organization disputes filed by Korea against U.S. safeguard measures on crystalline silicon photovoltaic products and large residential washers.

[Read](#) the full article

### Air Cargo Security Program Seen as Aid for E-Commerce Made Permanent

*Sandler, Travis & Rosenberg Trade Report*

June 12, 2018

Effective June 12, U.S. Customs and Border Protection is implementing a mandatory Air Cargo Advance Screening program after running ACAS as a pilot since December 2010.

[Read](#) the full article

### Trump Considering Bilateral Talks to Update NAFTA

*Sandler, Travis & Rosenberg Trade Report*

June 7, 2018

President Trump is reportedly considering pursuing individual trade agreements with Canada and Mexico amid dimming prospects for concluding talks on a revamped NAFTA.

[Read](#) the full article

### EU Hits Back at U.S. Tariffs as Trade Row Heats Up

*China Daily*

June 6, 2018

*By Julian Shea*

A full-on trade war between the United States and the European Union has moved a significant step closer following the European Commission's decision to endorse the imposition of additional duties on selected imports from the US to the EU, in response to tariffs being imposed on EU steel and aluminum products by the US.

[Read](#) the full article

### Trade Associations Express Concern Over China 301 Tariffs

May 22, 2018

103 trade associations express concern over the recent 301 tariffs. A [multi-industry letter](#) has been submitted to the USTR's public comment docket as part of the Section 301 investigation.

### How Trump's Steel and Aluminum Tariffs Could Affect State Economies

*Brookings*

March 6, 2018

*By Max Bouchet and Joseph Parilla*

The Trump administration's trade policy took another abrupt turn last week with a spontaneous announcement to impose tariffs of 25 percent on steel and 10 percent on aluminum.

[Read](#) the full article

## TRADE NEWS (CONTINUED)

### How Can Economic Zones in Africa Sustain Growth?

*Global Times*

June 3, 2018

*By Song Wei*

At the Beijing Summit of the Forum on China-Africa Cooperation in 2006, China promised to establish three to five overseas economic and trade cooperation zones in African countries within three years.

[Read](#) the full article

### Recent CSMS Messages

- [CSMS# 18-000389](#) – AD/CVD Investigations: Steel Propane Cylinders from China, Taiwan, and Thai
- [CSMS# 18-000382](#) – Updated Drawback CATAIR and Error Dictionary
- [CSMS# 18-000381](#) – Harmonized System Update (HSU) 1809 created on June 7, 2018
- [CSMS# 18-000378](#) – UPDATE: Submitting Imports of Products Excluded from Duties on Imports of Steel or Aluminum

## REGULATORY UPDATE

THE REGULATORY UPDATE IS PROVIDED TO ZONES REPORT EACH MONTH BY MILLER & CO.

### 321 HYBRID SOLUTION

Customs has indicated it will develop a [two-track filing](#) system for Section 321 entries in ACE, creating a new option to clear shipments via Entry Type 86 in the Automated Broker Interface (ABI) while still allowing clearance off manifest in the Automated Manifest System. The ABI process will be optional, but required for entries with Partner Government Agency (PGA) data.

### ACAS REQUIREMENT

Customs has issued an Interim Final Rule, effective June 12, requiring in-bound aircraft to file the advance data established under the Air Cargo Advance Screening (ACAS) program. Filing is required before loading the cargo on the aircraft. 83 [Fed. Reg. 27380](#) (June 12, 2018).

### ACE PILOT

The Fish and Wildlife Service (FWS) ACE PGA Pilot became available in production on May 23, 2018. CSMS [#18-000364](#) (May 25, 2018).

### ALUMINUM EXTRUSIONS

The U.S. Court of Appeals for the Federal Circuit (CAFC) has issued two decisions broadening the coverage of antidumping and countervailing duties (AD/CVD) on aluminum extrusions from China. [Whirlpool Corp. v. U.S.](#), CAFC Slip Op. [2017-1117](#) (May 23, 2018); [Meridian Products LLC v. U.S.](#), CAFC Slip Op. [2016-2657](#) (May 22, 2018). Companies importing any aluminum materials should carefully examine these decisions.

### APHIS PERMIT EXEMPTION

The Animal and Plant Health Inspection Service (APHIS) has issued an [Import Alert](#) that will allow imports of FDA-approved human medical devices containing animal-derived ingredients without an APHIS import permit when the devices are in final dosage form and ready for use in single or bulk packaging.



## REGULATORY UPDATE (CONTINUED)

### BOYCOTTING COUNTRIES

The Treasury Department has published its list of countries that may require participation in an unsanctioned boycott. The countries include: Iraq, Kuwait, Lebanon, Libya, Qatar, Saudi Arabia, Syria, United Arab Emirates, and Yemen. 83 Fed. Reg. [22751](#) (May 16, 2018).

### CANADIAN WINE DISPUTE

The Trump Administration has [requested](#) that the World Trade Organization (WTO) examine regulations that exclude imported wine from being sold on regular grocery store shelves in British Columbia.

### CBP EXPORT PENALTIES

Mr. Jim Swanson, Director of Cargo and Security Controls at Customs, indicated on May 21 at the NAFTA Spring Conference in Portland, Oregon, that Customs is more closely examining export manifests than Automated Export System (AES) filings, when issuing penalties. He indicated that Customs has issued over 250 export penalty notices in 2 months, primarily on rail shipments to Canadian ports.

### CHINA SECTION 301 DUTIES

As forewarned in a May 29 [statement](#) issued by President Trump, on June 15, the Office of the U.S. Trade Representative (USTR) announced the imposition of additional 25% duties on specified products from China. The USTR has released two product lists:

- A [list](#) of 818 HTSUS classifications that will be subject to the 25% additional duties on July 6; and
- A [proposed list](#) of an additional 284 HTSUS classifications for public comment and hearing.

Some products, such as pharmaceutical products of Headings 3002, 3003, and 3004, were deleted from the originally proposed list. Companies are urged to review these lists and assess their impact. Also:

- A process is to be implemented for requesting specific product exclusions, as with the steel and aluminum tariffs.
- The May 29 Presidential statement indicated that investment restrictions and enhanced export controls will be imposed on certain Chinese persons and entities by June 30.
- Subject products are to be admitted into foreign-trade zones in Privileged Foreign ("PF") status.

### DDTC COMMENTS

On June 13, the Directorate of Defense Trade Controls (DDTC) published [comments](#) relating to the review of U.S. Munitions List (USML) Categories V (Energetic Materials), X (Protective Equipment), and XI (Military Electronics).

### DIGITAL CAMERA ORIGIN

Customs has issued a Final Determination that the installation of the proprietary software in the U.S. on Chinese components and hardware is not enough to substantially transform cameras, so the country of origin remains China for government procurement purposes. 83 Fed. Reg. [24136](#) (May 24, 2018).

### E-COMMERCE CONCERN

Customs has released a list of e-commerce goals and its strategic [plan](#) to review existing authorities and develop a plan to incentivize compliance.

### EAR UPDATE

On June 4, BIS published a Final Rule updating the Export Administration Regulations (EAR) and the Commerce Control List (CCL) to correct some previous revisions related to sub-ECCNs in ECCN 1C350.b-d. 83 Fed. Reg. [25559](#) (June 4, 2018).

### EVASION DETERMINATION

In a May 21 [final determination](#), Customs has determined that there is substantial evidence that American Pacific Rubber (APAC) evaded antidumping duties on imported oil country tubular goods (OCTG).

### EXPORT PENALTY

Merit Aerospace has entered into a [settlement agreement](#) with the Bureau of Industry and Security (BIS) under which it may not engage in export activities for four years, must pay a penalty of \$221,000, and is subject to export audits with the results provided to the BIS. Merit was accused of attempting to circumvent a detained shipment, declaring a value well below the actual value, and making false and misleading statements to government officials.

### FALSE ENTRIES

A New York customs broker has entered a guilty plea in connection with a scheme to evade federal excise tax on imported cigars using false Entry Summaries to misrepresent import quantities, resulting in the evasion of \$503,681 in Federal Tobacco Excise Tax. The broker faces up to 20 years in prison. DOJ [Press Release](#) (June 8, 2018).

### FTZS & TRADE-REMEDIES

The National Association of Foreign-Trade Zones (NAFTZ) has sent a letter to U.S. Trade Representative Lighthizer, Commerce Secretary Ross, Treasury Secretary Mnuchin, and Customs Commissioner McAleenan requesting that all future trade remedy actions. (i.e., AD/CVD duties, Section 201, Section 232, and Section 301) contain consistent language on FTZs to prevent unintended adverse consequences on the FTZ program.

## REGULATORY UPDATE (CONTINUED)

### FWS VS. APHS

The Fish and Wildlife Service (FWS) has issued a policy [bulletin](#) clarifying inspection requirements for shipments that include both plants and wildlife.

### GUNS & AMMO

The Bureau of Industry and Security (BIS) and the Directorate of Defense Trade Controls (DDTC) have issued Proposed Rules to move sporting firearms and ammunition from the U.S. Munitions List (USML) to the Commerce Control List (CCL). Comments are due to both agencies by July 9. 83 Fed. Reg. [24166](#) and [24198](#) (May 24, 2018).

### HTS CHAPTER 38 SPIS

Through a trade agreement enforcement operation nicknamed "38 Special" that targeted HTS Chapter 38 entries, the CBP Pharmaceutical, Health and Chemicals Center of Excellence and Expertise found problems with 31 of 32 targeted entries using special indicator codes (SPIs), resulting in recovery of \$137,277.36 in revenue. Companies should be performing similar targeting and reviews.

### ISRAEL FTA COO

Effective June 30, 2018, the existing U.S.-Israel Free Trade Agreement Certificate of Origin requirement will be [phased out](#), at which time Israel will accept invoice declarations on exports from the United States.

### PACKAGING PENALTIES

Customs issued [guidance](#) in November 2017 that it planned to increase enforcement of wood packaging materials (WPM) violations. It has been reported that CBP has now issued penalties to several companies who imported merchandise with non-compliant WPM.

### PROPANE TANKS

The U.S. International Trade Commission has ordered an investigation into imposition of AD and CVD duties on steel propane cylinders from China, Taiwan, and Thailand. 83 Fed. Reg. [24491](#) (May 22, 2018).

### RUSSIAN SANCTIONS

The Office of Foreign Assets Control (OFAC) has issued or updated a number of General Licenses (GLs) including [GL 15](#), [GL 16](#), [GL 12C](#), and [GL 13B](#), mostly related to the wind-down of activities with sanctioned entities and individuals. OFAC has also issued [8 new frequently asked questions](#) (FAQs) and [modified others](#) relating to the GLs. On June 11, OFAC [added 5 entities and 3 individuals](#) to its Specially Designated Nationals (SDN) List for cyber-security related issues. 83 Fed. Reg. [27831](#) (June 14, 2018).

### SCISSOR LIFTS ORIGIN

Customs has issued a Final Determination that the country of origin of imported partially-assembled electric scissor lifts is the U.S. for government procurement purposes. Forty percent of the components are of U.S.-origin, including three control modules, batteries, the platform control box, and the ground control panel. 83 Fed. Reg. [24811](#) (May 30, 2018).

### SCOPES & NIGHT VISION

Naum and Irina Morgovsky [pleaded](#) guilty on June 12, 2018 in Federal District Court for the Northern District of California for their role in a conspiracy to export rifle and night vision components to Russia. The Morgovsky's face up to 30 years in prison and millions of dollars in fines.

### STEEL/ALUMINUM EXCLUSIONS

Companies may still file requests for exclusion from these steel and aluminum tariffs. The Bureau of Industry and Security (BIS) has received over 13,000 [steel](#) and 700 [aluminum](#) product exclusion requests and public comments. Commerce Department officials have advised that product exclusions cannot be requested for steel or

aluminum subject to quotas.

### STEEL/ALUMINUM TARIFFS

On May 31, 2018, President Trump issued proclamations that extended and modified the Section 232 tariffs on steel and aluminum:

- Temporary exemptions ended for Canada, Mexico, and E.U. countries. Steel and aluminum tariffs effective June 1, 2018.
- South Korea, Argentina, and Brazil subject to steel quotas, not steel tariffs, effective June 1, 2018.
- Australia exempt from steel tariffs and quotas effective June 1, 2018.
- Argentina subject to aluminum quotas, and Argentina and Australia not subject to aluminum tariffs effective June 1, 2018.

All other countries subject to steel and aluminum tariffs. 83 Fed. Reg. [25849](#) and [25857](#) (June 5, 2018).

- Customs has issued an updated Administrative Message on the Section 232 steel and aluminum tariffs. CSMS Message #[18-00372](#) (May 31, 2018).
- The [E.U.](#), [Canada](#), [Mexico](#), [China](#), and other countries have issued lists of U.S. products for retaliatory duties. Some Mexican tariffs went into effect June 5, and Canada tariffs will apply on July 1.
- India, Japan, and other countries have filed World Trade Organization (WTO) challenges to the U.S. Section 232 tariffs.
- Customs has published quota [bulletins](#) on Korea, Argentina, and Brazil steel and aluminum quotas, including annual and quarterly limits, acceptable Customs entry types, and daily quota processing procedures. Some quotas are already filled. Companies may consider foreign-trade zone admissions or bonded warehouses as options.

## REGULATORY UPDATE (CONTINUED)

### SUDAN PENALTY

On June 6, OFAC announced a [settlement agreement](#) with [Ericsson](#), Inc. of Plano, Texas and its Swedish parent for providing assistance to Sudan for broken ground satellite equipment with knowledge it violated the Sudanese Sanctions Regulations. Ericsson employees also took steps to hide the actual destination from its compliance organization.

### TOASTED

Customs has ruled that garlic processing using a fixed bed dryer did not result in "toasting," as the term is defined in the dictionary. HQ [H289310](#) (March 5, 2018).

### UNVERIFIED LIST

The BIS has added 33 entities in 8 countries to its Unverified List. 83 [Fed. Reg. 22842](#) (May 17, 2018).

### VEHICLE & PARTS TARIFFS

The Commerce Department has launched an investigation under Section 232 of the Trade Expansion Act of 1962 into the need to impose 25% tariffs on motor vehicles and vehicle parts as a matter of national security. Comments are due June 22 and public hearings are scheduled for July 19-20.

### VENEZUELA

On May 21, President Trump issued Executive Order 13835 prohibiting U.S. persons from engaging in any transactions relating to providing debt to the Venezuelan government, including Petroleos de Venezuela (PDVSA) and the Bank of Venezuela. On May 18, the Office of Foreign Assets Control (OFAC) added 4 individuals and 3 entities to the [Specially Designated Nationals](#) (SDN) List. 83 [Fed. Reg. 24001](#) (May 24, 2018) and [25113](#) (May 31, 2018).

### WTO SAFEGUARDS

South Korea has [requested](#) World Trade Organization (WTO) consultations with the U.S. on U.S. safeguard duties on imports of large residential washers and crystalline silicon photovoltaic products. 83 [Fed. Reg. 27068](#) and [Fed. Reg. 27069](#) (June 11, 2018).

### ZTE

- Commerce Secretary Wilbur Ross announced on June 7 a new agreement with Chinese telecom company [ZTE](#), under which ZTE will be able to buy U.S. components, but will pay an additional \$1 billion in penalties and place another \$400 million in escrow. ZTE will also replace its board and senior leadership, and appoint monitors that will report to the Bureau of Industry and Security (BIS) on ZTE's compliance efforts.
- Legislation has been introduced in the Senate to [block the agreement](#).



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