

## NEWS IN BRIEF

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### CBP Issues a New WRO on Certain Cotton from China

On Wednesday, U.S. Customs and Border Protection (CBP) made an announcement of a withhold release order (WRO) on all cotton products made by Xinjiang Production and Construction Corp. (XPCC). The WRO applies to all cotton and cotton products made by XPCC including XPCC's subordinate and affiliated entities. This means that the cotton products made by XPCC or any products made by others suspected of using XPCC cotton products in its production will be held from entry until the importer can produce support that the cotton used in their final products were not in any part made by XPCC.

Importers of cotton goods should have their forced labor team go back to their suppliers immediately to confirm that none of their textile imports were made with any cotton that came from XPCC, including at certain processing points, did not include the use of forced labor. This must be done in detail. For a cotton shirt the importer must have reports that the cotton fabric used was not made with XPCC cotton. This includes confirming that the cotton yarns for the fabric for the shirts was not produced in anyway using forced labor.

It has been estimated that XPCC produces about 7% of the world's cotton. This means that XPCC cotton fabric may be used by factories in other countries. Importers will be expected to confirm that their suppliers' factories around the world do not use XPCC cotton in their supply chains. Importers of textile and textile products should start to check their supply chains through their internal forced labor monitoring programs.

### Prepare for the Changes Coming Up on December 31

There are a few programs that will expire on December 31, 2020:

**GSP:** The Generalized Systems of Preferences are set to expire on December 31, 2020. GSP has always been with definite endings over the years of its existence. We expect GSP to be renewed, but we are not sure if the lame duck Congress will deal with it before January 1, 2021. In the past expirations most GSP renewals came days (and sometimes months) after its expiration. Duty will have to be paid when GSP expires, but as in the past, we expect GSP to be renewed retroactively and refunds to be allowed.

**China 301 Exclusions:** All exclusions to the China 301 duties will expire by December 31, 2020. We will have to wait for actions by the new Administration to see if exclusions will be reinstated or if new ones will be issued. President Biden may even remove the China 301 duties program but that is not expected since the 301 duties are popular in Congress.

**MTB:** The current Miscellaneous Trade Bill (MTB) is scheduled to expire on December 31, 2020. Congress has not moved a new MTB out of Committee yet. We will watch this closely.

**CBMA:** The Craft Beverage Modernization Act (CBMA) had been extended until the end of the 2020 calendar year.

There is an omnibus bill being considered that will include the continuing resolution to keep the government open that is due by December 11, 2020.

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This bill may also contain the COVID-19 stimulus package. Many other bills are being attempted to get attached to this legislation including possibilities for GSP and CBMA. We will watch this legislation closely as well as anything else that may come out of this current lame-duck Congress session.

### **Thailand and Ukraine Removed from GSP Benefits**

In a Presidential Proclamation issued on October 25, 2020, President Trump announced that Thailand will lose all of its Generalized System of Preferences (GSP) duty free benefits. This change will go into effect six months from the date of the proclamation. The same proclamation removed the GSP benefits from the Ukraine as of October 30, 2020.

### **CIS Webinar on our new Web Portal**

Carmichael will be hosting another webinar to introduce our customers to our new Web Portal. This will be held on December 17th at 11 am PST. If you are interested in attending, please send a message to the following email address:  
[joseph\\_lee@carmnet.com](mailto:joseph_lee@carmnet.com).



By **Todd Boice**, President