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International Trade, Customs & Export Law

IEEPA, Section 232, and Beyond: CAPE and other Recent Trade Developments

June 1, 2026



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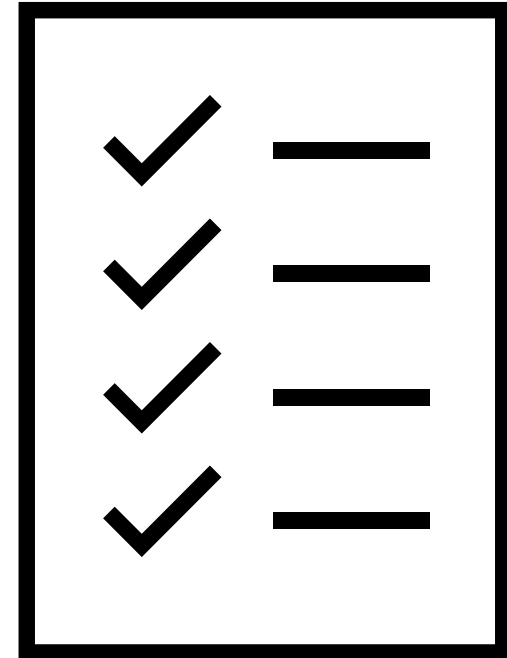
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Trade Update Agenda

- IEEPA Refunds and CAPE
- Section 232
- Section 301
- Section 122
- Tariff Mitigation Strategies



IEEPA Emergency Declarations

President Trump Declared Multiple Emergencies in 2025:

- **February:** Imposed 25% tariffs fentanyl being smuggled across northern and southern borders (Canada and Mexico) and 10% on China for shipping fentanyl to the U.S.
- **April:** China fentanyl tariffs increased to 20%; global 10% “reciprocal tariffs” with some countries subject to higher duty levels
- **July:** Brazil subject to 40% tariff in addition to 10% base tariff
- **August:** India subject to 25% tariff for importing Russian oil

What Happened in the Supreme Court?

The Supreme Court ruled that the President does NOT have the authority to impose tariffs under the International Emergency Economic Powers Act (IEEPA)

- IEEPA gives the President of the United States authority to regulate foreign commerce in the face of a declared “unusual and extraordinary” foreign threat to the United States.
- IEEPA was enacted in 1977 to provide Presidential authority during peacetime emergencies.
- No President prior to President Trump used IEEPA to impose tariffs.

What Does the Supreme Court Decision Mean?

- The President never had the authority to impose tariffs under IEEPA.
- **All the IEEPA tariffs are unlawful**—not just the fentanyl and reciprocal tariffs, but also the Brazil and India tariffs.
- SCOTUS remanded the case back to the lower courts for further proceedings.
- All future challenges must be filed in the CIT.

What the Supreme Court Decision Didn't Do

- Decide whether or how refunds should be issued.
 - “The Court says nothing today about whether, and if so how, the Government should go about returning the billions of dollars that it has collected from importers. But that process is likely to be a ‘mess,’ as was acknowledged at oral argument.” (Justice Kavanaugh, dissenting.)



CIT Refund Order Timeline

- **March 4:** CIT Judge Eaton issued ruling in *Atmus Filtration* that CBP must immediately refund IEEPA Tariffs.
- **March 6:** Order suspended in response to CBP declaration that it needed time to implement a refund system. CBP given 45 days to develop a system. Required to provide weekly update.
- **March 12:** CBP progress report on its new system, called the Consolidated Administration and Processing of Entries (CAPE), with four core components.
- **March 19:** CBP progress report shows it is between 45% and 80% creating CAPE.
- **March 31:** CBP progress report on CAPE and another closed settlement conference.
- **April 6:** *Atmus Filtration* is voluntarily dismissed.
- **April 7:** CIT Judge Eaton selects *Euro-Notions* as new lead case and reissues his universal order.
- **April 14:** CBP progress report on CAPE and another closed settlement conference.
- **April 17:** CIT Judge Eaton reissues his universal order in a selection of cases and orders the plaintiffs to select three attorneys each to participate in the *Euro-Notions* closed settlement conferences.
- **April 20:** CAPE Phase One is deployed.
- **April 28:** CBP progress report and closed settlement conference.
- **May 12:** CBP progress report pertaining to CAPE (notes 15,123,221 entries passing validations; Over \$35B)



CAPE Phase One

- **Who is eligible to file?**
 - Importers of Records
 - Licensed customs broker who filed the entries
- **Which entries are eligible?***
 - Unliquidated
 - Liquidated within the past 80 days
- * **CAPE will accept, but not immediately refund/liquidate entries:**
 - With a liquidation status of suspended, extended, or under review
 - Warehouse and warehouse withdrawal

What is Not Covered in Phase 1?

CAPE Phase 1 will NOT process or accept entries—

- For which liquidation is final
- Flagged for reconciliation, Entry Type 09 - Reconciliation Summary
- Designated on a drawback claim
- Covered by an open protest
- Not filed in ACE or without a liquidation status in ACE
- Subject to Antidumping/Countervailing Duties (AD/CVD), for which Department of Commerce has issued liquidation instructions, that are pending liquidation

What is Not Covered in Phase 1?

- What about other entries?
 - “At this time, CBP expects to develop the following functionalities in subsequent phases of CAPE:
 - The capability to process entries flagged for reconciliation and entries designated on drawback claims, which pose an enhanced risk of over-refunding the duties;
 - The capability to process entries for which liquidation is final;
 - The capability to process non-ABI entries where no entry summary lines exist.”



Will CAPE solve all my problems?

- If you only have unliquidated entries and entries that liquidated less than 80 days ago, CAPE might be all you need
- Operational concerns—this is a brand-new system that tens of thousands of importers, as well as CBP, are using for the first time
- The Government can still appeal Judge Eaton’s April 7 order in Euro-Notions that granted universal relief as to all importers and all entries, if the order is not withdrawn.

Determine Phase 1 Eligibility

CAPE Declaration

Filer



Importer of Record



Licensed customs broker who filed the entries



Surety



Law Firm

Entries



Unliquidated



Up to 80 days past liquidation date



Liquidation is final



Flagged for reconciliation, Entry Type 09 - Reconciliation Summary



Designated on a drawback claim



Covered by an open protest



Not filed in ACE or without a liquidation status in ACE



Subject to AD/CVD, for which Commerce has issued liquidation instructions, that are pending liquidation

Create and login to ACE Account

File Cape Declaration by uploading a CSV file listing the entry numbers on which IEEPA duties have been paid

Limited to up to 9,999 entries per Declaration. A separate Declaration may be submitted for additional entry numbers.

CBP File Validations

Fail

Declaration must be resubmitted. Review and correct identified error(s).

Pass

CBP Entry-Specific Validations

Fail

Only entries with errors fail. Review and correct identified error(s) for any rejected entries and resubmit the corrected entry summaries on a separate CAPE Declaration.

Pass

CBP will remove all applicable IEEPA HTSUS Chapter 99 numbers from accepted entry summaries and recalculate duties owed with interest

Unliquidated entry summaries will be set to liquidate 45 days from the CAPE Declaration acceptance date

Entries that are extended, suspended, or under review, and warehouse entries, will maintain their liquidation status with validated refunds issued at liquidation

Refund issued within 60 - 90 days following acceptance of a CAPE Declaration, unless a compliance concern requires further CBP review

Refund is issued through ACH payment to the IOR or Notify Party. Make sure that the ACE Portal account has updated and accurate information for your U.S. bank account



Monitoring CAPE: ACE Reports

- **ES-022: CAPE Entry Summary Report**
 - This report links CAPE declaration, entry, and refund numbers to help track the refund process and displays refund amounts separated by principal and interest.
- **REV-603: Trade Refund Report**
 - This report enables trade users to track CAPE declarations that have one of the following “Refund Secondary Statuses” after the refund is received by Treasury.
 - Sent to Treasury – *This status indicates that Treasury has received an approved refund claim.*
 - Treasury Issued – *This status indicates that a refund has been issued.*
 - Funds Diverted – *This status indicates that funds have been diverted for an existing bill. Diversion occurs after liquidation of the entry summary, before the refund is issued.*
 - Check/ACH Returned – *This status occurs when refunds are rejected due to incomplete ACH Refund enrollment.*



Monitoring CAPE: ACE Reports Cont'd

- REV-615: CAPE Details Refunds Report
 - Building on the REV-603 report, this report provides entry summary-level details associated with CAPE declarations that have been sent to Treasury.
- REV-613: ACH Rejected Refunds Report
 - This report provides information on refunds that have been rejected due to *incomplete ACH Refund enrollment*.

File Validation Error Messages

CAPE File Validation Errors	
Error message	Definition
CSV content is empty or missing the header	CSV needs Entry Number header and at least 1 entry number
Not a CSV file	File format must be CSV
The file size exceeds 1mb. Please split the data into smaller files before reuploading	File size cannot be more than 1mb
The file is deemed unsafe. Please correct the file data before reuploading	Resave file and upload again
The file exceeds the maximum 10,000 allowed entry numbers per file	If you have more than 10,000 entry numbers, submit multiple CSV files uploads



File Validation Error Messages Cont'd

CAPE File Validation Errors	
Error message	Definition
Filer Code not matching	For Filer and Organizational Broker, first 3 characters of Entry Number must match Filer Code of account
Duplicate Entry	CSV file has duplicate Entry Numbers
Not 11 characters long	Entry Number must be 11 characters without dashes
Account Mismatch	Importer of Record Number must match Importer of Record Number of Entry Summary
Entry Summary Not Found or Archived in ACE	Entry Summary must exist in ACE



Entry Validation Error Messages

Entry Validation Errors	
Error message	Definition
Entry on Drawback	Entry cannot be on a drawback entry
Entry Summary Flagged for Recon	Entry has been flagged for Reconciliation, which is not allowed in CAPE Phase 1
Entry Summary is Cancelled/Rejected	Entry summary status must be "Accepted"
Entry Summary is in Final Liquidation Status	Entry summary liquidated/reliquidated more than 80 days ago
Entry Summary is in Trade Control	Control status for the entry summary must be with CBP
Entry Summary is Subject to Court Injunction	Entry summary cannot be flagged for injunction



Entry Validation Error Messages Cont'd

Entry Validation Errors	
Error message	Definition
Entry Summary Not Found or Archived in Ace	Entry must exist
Entry Summary Pending Liquidation or Not Liquidated and Has Suspension Record	Entry summary has a liquidation status of "Pending" or "Not Liquidated" and has a Suspension record
Entry Summary Under Review	Entry cannot be in adjusted status
Entry Type Not Allowed	Entry type cannot be TIB (23), Duty Deferral (08), Reconciliation (09), or Drawback (047)
Goods Value Amount Not Allowed on IEEPA HTS Line	IEEPA HTS number cannot have a "GDS_VAL_AMT" greater than zero
No IEEPA HTS on Entry	Entry must have at least one IEEPA HTS
Protest on Entry	Entry cannot be on an Open or Suspended protest. Entry cannot be in Denied status if AFR box is checked



Entry Validation Error Messages Cont'd

Entry Validation Errors	
Error message	Definition
Protest on Entry Statement Processing Not Complete	Entry cannot be on a statement that is authorized for payment, but the payment has not yet processed
HTS Relationship/Sequence Mismatch	The HTS numbers on the line are out of order or unable to calculate due to the HTS being out of the low/high bounds
Unable to Calculate Duty-'X' Duty Comp Code	There is a duty comp code that is not able to be calculated
Unexpected Error-try Again	Re upload file to try again
SPI or Additional HITS Required	Either a Special Program Indicator (SPI) code or an additional HTS code is required on at least one line of the entry summary



What Should I Do Now?



Watch for CIT rulings on refunds



Watch entries and liquidation dates; note protest dates for potential protest filing



Keep an eye out for CAPE Phase One refunds



Continue protesting within 180 days of liquidation to preserve refund rights



Consider filing a refund suit if you have finally liquidated entries outside of protest period

Section 232 Current Status

Product	Rate	Exemptions
Steel, Aluminum, Copper	10-50% (<i>new</i>)	Certain <u>aircraft and parts</u> from the UK, EU, Japan, and South Korea; metal weight < 15%; certain motorcycle parts
Timber & Lumber	10% Softwood 25% Upholstered Wooden Products, Kitchen Cabinets, Vanities	Goods subject to the Section 232 auto or semiconductor tariffs. 10% for the UK, and 15% for the EU, Japan, and South Korea. Listed HTS that are not a completed kitchen cabinet/vanity/part
Autos & Parts	25%	Auto <u>parts</u> entering the US under the USMCA. For <u>vehicles</u> imported under the USMCA, tariffs may apply only to the <u>non-U.S. content</u> of a product. 10% UK & TRQ for UK vehicles; 15% for Japan, EU, and South Korea 25+ year old vehicles
Medium & Heavy-Duty Vehicles	10% Buses 25% MHDV & Parts	<u>Parts</u> entering the US under USMCA. <u>MHDV</u> imports under USMCA, tariffs apply to <u>non-US content</u> . 25+ year old MHDVs or buses
Semiconductors	25%	Chips imported to support the buildout of the US tech supply chain and the strengthening of the domestic manufacturing capacity for derivatives of semiconductors
Critical Minerals	0% (in negotiations)	-
Pharmaceuticals	100% (<i>new</i>)	Certain companies 10% on UK; 15% for Japan, the EU, South Korea, Switzerland, and Liechtenstein



Metal Tariffs Prior to April 6, 2026

U.S. smelt/cast or melt/pour

Exempt (steel and aluminum only)

50% tariff (all countries) on metal content

25% (UK steel and aluminum)

200% (Russia Aluminum)

Unless...

Does not contain any of the subject metal

or

Civil aircraft or part from UK, EU, SK, JP

Exempt

The New Metal Tariffs Effective April 6, 2026

U.S. smelt/cast or melt/pour

10% tariff

Annex I-A

50% tariff (all countries)

*25% (UK origin + smelt/cast
or melt/pour in UK)*

200% (Russia Aluminum)

Annex I-B

25% tariff (all countries)

*15% (UK origin + smelt/cast
or melt/pour in UK)*

200% (Russia Aluminum)

Annex III

15% tariff (all countries)

*25% (non-normal trading
relations countries)*

200% (Russia Aluminum)

Unless...

Does not contain any
of the subject metal

or

Aggregate metal weight
<15% and classified outside
Ch. 72, 73, 74, 76

or

Motorcycle part
in Ch. 84, 85, 87

or

Civil aircraft or part
from UK, EU, SK, JP

Exempt

Section 232 Metal Tariff Changes – Inclusion Process

- The April 2 proclamation eliminated the public inclusion processes for steel, aluminum, and copper
 - Over 400 derivatives previously added under the inclusion process
- However ... USTR and Commerce will have the authority to add derivative articles to the scope of Section 232 metals tariffs whenever they jointly determine that the import of those articles undermines efforts to combat the national security threats in the underlying Section 232 metals tariff proclamations
 - Notice will be published in the Federal Register, but does not require a formal petition, public comment period or defined timeline
 - Commerce and USTR may reverse or modify inclusions decisions
 - Products are added to Annex I-B (25% tariff), unless a comparable article already exists in Annex I-A, in which case the 50% duty applies.

Section 232 Metal Tariffs

- **Chapter 98**: Eligible, except 9802.00.60.
- **Drawback**: Only goods that meet the following criteria are eligible for duty drawback
 - (a) The article is **classifiable** in an HTSUS provision that is listed in **Annex I-B** or **Annex III** or that may be added by DOC/USTR in the future
 - (b) The article is **not** of a type of merchandise **subject to AD/CVD**;
 - (c) **The article is a product of Trade Agreement Partners**, composed of the **United Kingdom**, the **European Union**, **Japan**, the **Republic of Korea**, **Mexico**, **Canada**, and **any trading partner** with which the United States **concludes a final Agreement on Reciprocal Trade**; **and**
 - (d) The aluminum content of the article is composed entirely of aluminum that was **smelted and cast in a Trade Agreement Partner country**, the steel content of which is composed entirely of steel that was **melted and poured in a Trade Agreement Partner country**, or the copper content of which is composed entirely of copper that was **smelted and cast in a Trade Agreement Partner country**.



Tariff Reduction for Mexican and Canadian Producers

- On April 23rd 2026, Commerce announced procedures for Canadian and Mexican producers of steel and aluminum to obtain reductions of Section 232 tariffs
 - Pursuant to authority given to Commerce in the MHDV proclamation (October 2025)
 - Available for applicants that produce steel or aluminum in Canada or Mexico and that supply, directly or indirectly to U.S. producers of automobiles or MHDVs
 - Only new commitments from qualified companies that will expand U.S. primary steel and primary aluminum production capacity for automobiles and MHDVs and their parts are eligible
 - Only imports of steel and aluminum that qualify for preferential tariff treatment under USMCA and that were melted and poured, or smelted and cast, in Mexico or Canada are eligible
 - Tariff reductions granted will be limited to (1) quantities of qualifying imports equal to the projected annual new production capacity and (2) a fixed period of time to be determined by the DOC
 - New rate for approved companies will be 25%



April 6 Section 232 Metal Tariff Changes

Section 232 Tariffs on Metals	Before April 6, 2026	On & After April 6, 2026
Section 232 tariffs apply to	Value of the metal content	Full value of the import
Tariff rate on original articles and derivatives (considered to be entirely or almost entirely made of metal)		50% (25% UK Steel/Aluminum)
Tariff rate on derivatives which are not almost entirely made up of the metal	50% (25% UK Steel/Aluminum)	25% (15% UK Steel/Aluminum)
Tariff on certain steel/aluminum industrial equipment & electrical grid equipment		The greater of 15% or MFN rate through Dec. 31, 2027 (then 25%)
Exemption for products melted & poured or smelt & cast in the US	Steel & Aluminum: Exempt Copper: 50%	All metal tariffs except for original articles: 10%
Exemption for products that do not contain any metal	Yes	Yes
Exemption for derivative products where aggregate weight of the metal is < 15% of total weight	N/A	Yes, for products outside of chapters 72–74, 76
Exemption for motorcycle parts (HTS chapters 84, 85, 87) in Annex I-B	N/A	Yes
Exemption for Civil Aircraft and Parts from UK, EU, SK, and Japan	Yes	Yes



Pending Section 232 Investigations

Investigation & Initiation date	Initiated	Report Deadline (270 days after initiation)	Presidential Decision (90 days after report)	Implementation (15 days after decision)	Congress Informed (15 days after implementation)
Commercial Aircraft & Jet Engines	5/1/2025	1/26/2026	4/26/2026	5/11/2026	5/26/2026
Polysilicon	7/1/2025	3/28/2026	6/26/2026	7/11/2026	7/26/2026
Drones	7/1/2025	3/28/2026	6/26/2026	7/11/2026	7/26/2026
Wind Turbines	8/13/2025	5/10/2026	8/8/2026	8/23/2026	9/7/2026
Robotics	9/2/2025	5/30/2026	8/28/2026	9/12/2026	9/27/2026
PPEs	9/2/2025	5/30/2026	8/28/2026	9/12/2026	9/27/2026



Section 301 Actions:



Section 301

- USTR Greer stated on February 20, they will launch section 301 tariff investigations on an expedited basis (normally about a 1 year process) on the following:

“to cover most major trading partners and to address areas of concern such as industrial excess capacity, forced labor, pharmaceutical pricing practices, discrimination against U.S. technology companies and digital goods and services, digital services taxes, ocean pollution, and practices related to the trade in seafood, rice, and other products.”

Pending Section 301 Investigations

Investigation	Status
Structural Excess Capacity & Production in Manufacturing Sectors (covers 16 economies)	Initiated on March 11, 2026
Failure to Impose and Effectively Enforce a Prohibition on the Importation of Goods Produced with Forced Labor (covers 60 economies)	Initiated on March 12, 2026
Review of China's Compliance with the Phase One Agreement	Initiated on October 24, 2025
Review of Brazil's Trade Practices	Initiated July 15, 2025
Four-Year Review of Section 301 action on China related to forced technology transfer	Statutorily required to commence in May 2026
Enforcement of U.S. rights in the WTO dispute involving large civil aircraft	Tariffs on EU and UK suspended until July 2026; USTR to consider whether to take action
Review of Foreign Digital Service Taxes	On Feb. 21, 2025, President directed USTR to consider renewing investigations
Review of International Seafood Trade Practices	On April 17, 2025, President directed USTR to initiate investigation
Pharmaceutical pricing practices, discrimination against U.S. technology companies and digital goods and services, ocean pollution, and practices related to the trade rice and other products.	Threatened February 20, 2026

May 29, 2026": New Sec. 301 Inv. on Vietnam (Policies, Acts, and Practices Related to IP Protection & Enforcement)



Pending Section 301 Investigations: MFG Capacity



Section 301 - March 11 Investigations

- New Section 301 investigations of the acts, policies, and practices of the following trading partners relating to structural excess capacity and production in manufacturing sectors:
- Bangladesh, Cambodia, China, the European Union, India Indonesia, Japan, Malaysia, Mexico, Norway, Singapore, South Korea, Switzerland, Taiwan, Thailand, and Vietnam

Pending Section 301 Investigations: MFG Capacity



Section 301 - March 11 Investigations

- Sectors as among those affected: aluminum, automobiles, batteries, cement, chemicals, electronics, energy goods, glass, machine tools, machinery, non-ferrous metals, paper, plastics, processed food and beverages, robotics, satellites, semiconductors, ships, solar modules, steel, and transportation equipment.

Pending Section 301 Investigations: Forced Labor



Section 301 - March 12 Investigations

- New Section 301 investigations of failure of the following trading partners to impose and effectively enforce a ban on the importation of goods produced with forced labor

Pending Section 301 Investigations: Forced Labor



Section 301 - March 12 Investigations

- Algeria, Angola, Argentina, Australia, the Bahamas, Bahrain, Bangladesh, Brazil, Cambodia, Canada, Chile, China, Colombia, Costa Rica, the Dominican Republic, Ecuador, Egypt, El Salvador, the European Union, Guatemala, Guyana, Honduras, Hong Kong, India, Indonesia, Iraq, Israel, Japan, Jordan, Kazakhstan, Kuwait, Libya, Malaysia, Mexico, Morocco, New Zealand, Nicaragua, Nigeria, Norway, Oman, Pakistan, Peru, the Philippines, Qatar, Russia, Saudi Arabia, Singapore, South Africa, South Korea, Sri Lanka, Switzerland, Taiwan, Thailand, Trinidad and Tobago, Türkiye, the United Arab Emirates, the United Kingdom, Uruguay, Venezuela, and Vietnam

Section 122 Goes to Court

- Section 122 tariffs challenged at the CIT
 - 24 States and 2 Importers
 - *State of Oregon v Trump*
 - *Burlap and Barrel v. Trump*
- Challenging the valid legal basis for imposing tariffs under this statute, which is focused on “balance of payments”



CIT Decision

- May 7, 2026: CIT ruled that the Section 122 tariffs are unlawful in a 2-1 split decision.
- The majority held that, accepting the President’s proclamation imposing the tariffs as true, the President failed to “identify balance-of-payments deficits within the meaning of Section 122 as it was enacted in 1974.”

CIT Decision

- The majority did not, however, strike down the Section 122 tariffs for everyone.
- No universal injunction because the “potential for increased costs to one plaintiff is not an appropriate basis for the imposition of a universal injunction.”
- Instead, the majority issued a permanent injunction only as to the named plaintiffs who are importers (including the State of Washington, in its capacity as an importer).

DOJ Appeal

- The Government appealed the decision to the Federal Circuit Court of Appeals and moved to stay the order in the CIT imposing an injunction as to plaintiffs.
- Federal Circuit has granted an administrative stay of the CIT's judgment until further notice. The administrative stay gives the court time to consider the government's motion to stay, a response to which is due within seven days.

What Should I Do Now?



Monitor Section 122 Appeal



Watch entries and liquidation dates, note protest dates



Protesting within 180 days of liquidation to preserve refund rights



Consider filing a refund suit if you have finally liquidated entries

Tariff Mitigation Strategies - First Sale Valuation

- The first sale rule is a highly effective method for lowering import tariffs, including Section 232 and 301 tariffs. It allows duty to be based on the lower-priced sale of goods from the manufacturer to a middleman/vendor in qualifying multi-tiered transactions rather than the higher-priced sale from the middleman/vendor to the importer.



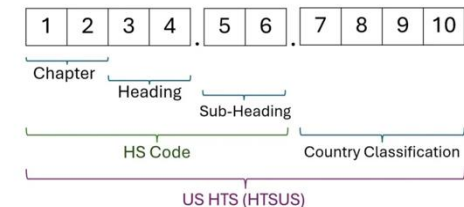
Tariff Mitigation Strategies – Free Trade Agreements

- The U.S. has Free Trade Agreements (FTA) that eliminate tariffs and lower other trade barriers with number of key trading partners. Products imported under the USMCA may receive preferential tariff treatment from certain tariff regimes, including Section 232.



Tariff Mitigation Strategies – Tariff Engineering and Ch. 98

- Tariff engineering allows importers of products subject to high duties or trade remedy tariffs to import those goods in unfinished or embellished forms to legally take advantage of classification provisions carrying a lower or free rate of duty.
- Special provisions under Chapter 98 of the Harmonized Tariff Schedule of the U.S. may enable importers to partially or fully avoid duties and trade remedy tariffs on numerous types of products based on their use or condition.



Tariff Mitigation Strategies – FTZ and Bonded Facilities

- Goods imported into a foreign-trade zone and subject to specific operations (e.g., assembly, manufacture, processing, repackaging, repair, storage, and destruction) are not subject to duty unless they leave the zone for domestic consumption, and even then, in some cases, users can choose the lower duty rate between the component materials and the finished product.
- Bonded warehouses can be used to store or manipulate imported goods without payment of duty for up to five years. There are various classes of bonded warehouses that can be utilized to fit your company's supply chain strategy.
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Thank You!



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