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## Lions, Tigers and Bears! Oh My! Too Many Scary Trade Compliance Updates

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We have all been dealing with a sea of change lately in the regulatory world, but do not be afraid. If you are responsible for trade compliance at your company, you are getting used to this! Here are our top picks of what you need to be aware of in changes to trade compliance regulations including Hong Kong, USMCA, Huawei, new EEI filing requirements for China/Russia/Venezuela and the removal of the CIV license exception.

- Hong Kong:** Effective June 30, 2020, the Bureau of Industry and Security (BIS) suspended any license exceptions for exports, reexports (or in-country transfers) to Hong Kong of items subject to the Export Administration Regulations (EAR) and will be treated the same as if exported to the People's Republic of China (Country group D). So, that means certain license exceptions such as TSR and STA are no longer available for Hong Kong. Deemed export/reexport transactions involving Hong Kong foreign nationals authorized under a license exception prior to June 30, 2020 may continue to be authorized under such provision until August 28, 2020, otherwise an export license will be required. [Learn more here.](#)

**Let us know if you think you might need assistance with obtaining deemed export licenses for your Hong Kong foreign nationals working here in the U.S. or an export license for a transfer of U.S. technology to Hong Kong.**

- USMCA:** The U.S.-Mexico-Canada Agreement (USMCA) took effect on July 1, 2020. The most significant changes were in the automobile industry and note that you can't use your old NAFTA certificates or your old marking rules anymore. [Learn more here.](#)
  - Certificates of Origin**  
There is no Customs form or prescribed format and it can be provided on an invoice or another document, provided it contains the required data elements.
  - Country of Origin Marking Rules**  
The rules of origin contained in 19 CFR Part 102 determine the country of origin for marking purposes rather than the USMCA rules of origin.
    - De minimis**  
De minimis increased from 7% under NAFTA to 10% under USMCA.

**Let us know if you need to have your products re-evaluated under the USMCA.**

- Huawei:** An interim final rule was released on June 18<sup>th</sup> which specifically provides that "technology subject to the EAR that is designated as EAR99 or controlled on the Commerce Control List (CCL) only for anti-terrorism (AT) reasons may be released to members of a standards organization without a license, including Huawei, if released for the purpose of contributing to the revision or development of a standard." The rule will authorize the sharing of technology usually subject to the EAR without a license to develop standards to ensure the U.S. is a participant in setting industry standards in the telecommunications. BIS is requesting comments on or before August 17, 2020.

Note that if the temporary general license for Huawei is not extended beyond August 13, 2020, the license requirement in the Entity List entries for Huawei immediately applies to all exports, reexports, and in-country transfers to those entities and affiliates. [Learn more here.](#)

**Let us know if you need any guidance with dealings with Huawei or any other restricted party.**

- New EEI Requirements:** Electronic Export Information (EEI) filing requirement for military end use items subject to Supplement No. 2 to EAR Part 744 destined for China, Russia, and Venezuela became effective on June 29,  
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2020. EEI filing for exports to China, Russia, or Venezuela of items controlled by Export Control Classification Numbers (ECCNs) not listed in Supplement No. 2 to Part 744 (military end use items) will not be required until September 27, 2020. BIS has a great FAQ document found [here](#). Previously, exporters did not have to file EEIs for shipments valued under \$2,500 per Schedule B number (unless an export license is required) and from entering the ECCN in the EEI when the reason for control is only anti-terrorism (AT) (e.g. EAR99, 5A991, etc.). The new rule revises § 758.1 of the EAR to require filing for items destined to China, Russia, or Venezuela regardless of the value of the shipment, unless the shipment is eligible for License Exception GOV. In addition, the ECCN must be included in the EEI filing regardless of the reason for control, even if no license is required to ship an item to those countries. There are a few exemptions from this new requirement (see 758.1(c) of the EAR), such as for personal baggage (BAG) or gifts (GFT). [Learn more here.](#)

**Let us know if you need further guidance regarding these new EEI regulations.**

- 5. Removal of license exception CIV:** BIS removed license exception Civil End Users (CIV) from the EAR effective June 29, 2020. BIS states “This will advance U.S. national security interests by allowing U.S. government review of these transactions to these countries prior to export, reexport or transfer (in-country) in accordance with current licensing policy for national security-controlled items on the CCL.” This seems to be directly related to the other military end user/use crack downs we have been seeing. [Learn more here.](#)

**Let us know if you need further guidance regarding this new regulation.**

Hopefully we’ve shed some light on this hot topic. Let BPE Global know if we can help you with any of your trade compliance needs. BPE Global is a global trade consulting and training firm. Julie Gibbs is a Director of BPE Global. You can reach Julie by email at [julie@bpeglobal.com](mailto:julie@bpeglobal.com) or by phone at 1-415-595-8543.