

Looking Forward into 2023

The last few years in trade have been turbulent to say the least. We've seen unprecedented and rapid paced sanctions put into action. Many companies have been left scrambling to figure out how to comply with new regulations and whether they can export to or provide services to their customers. Here are some take aways for planning for the next year:

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Continued supply chain disruption from the Russia - Ukraine war:

Countries around the world have continued to add Russian and Belarusian companies and individuals to their restricted party lists. Shippers and any company that has operations in Russia, Belarus and certain regions in the Ukraine will continue to monitor any activity in these regions in terms of abiding by the current and evolving regulations. In addition, oil continues to be a focus for punitive action. In early December, the EU and G7 adopted a price cap of \$60/barrel on Russian crude oil. The price cap is clearly a way to limit revenue to Russia. Ship to ship (STS) transfers of oil will happen as a way to divert this measure but it's yet to be seen how that will affect oil prices and transportation costs going forward—and affect the pricing of all products requiring transport. Companies should continue to be wary of diversion of their products to Russia. For instance, [Azu International](#), a Turkish company, is keeping a steady supply of U.S. computer and IT equipment to Russia. While they are not on a restricted party list, your company could be found in violation if unlicensed or unauthorized shipments are sold to this company and then shipped on to Russia.

Continued sanctions against China:

- **Section 301 Duties:** In December, the Office of the United States Trade Representative announced a nine-month extension of 352 product exclusions from Section 301 Duties. There has been no update from the current U.S. government administration on the status of the Section 301 tariffs going forward. Companies, especially small companies, continue to pivot their operations based on the excessive duties for Chinese manufactured products. It does not appear that there will be any change to these tariff-based actions before the next election in 2024.
- **Supercomputer regulations:** This has to be one of the most confusing and unprecedented regulations for companies to digest. Published and effective on the same date, the Bureau of Industry and Security (BIS) issued Regional Stability controls specific to China for certain items on the Commerce Control List. The following new ECCNs have been added: 3A090, 3B090, 4A090 and 4D090. But all items (including EAR99 items) are impacted by these regulations that could have an 'end use' in a semiconductor fabrication facility in the PRC that develops or produces integrated circuits meeting or exceeding certain technology parameters. We already know there are many substantive comments in the works being prepared for submission to BIS. In the meantime, you can reference some FAQ's regarding the definition as of a "[semiconductor fabrication facility](#)" and other information.

Best plan of action-- Training:

Because of all the shifting and new regulations, exporters should have a companywide trade compliance training program in place that provides an overview of the high-risk areas the company encounters based on their products, technologies and where and who they do business around the world.

Trade compliance training seminars and conferences such as the BIS Update and U.S. Customs Symposiums and webinars are great ways to stay updated and are now offered virtually. But companies should also invest in training that is specific to their industry, products and markets. Training is a company's greatest ally in mitigating trade compliance risks.

The year 2023 will bring many of the same issues for shippers as 2022 and shippers should expect more twists and turns in the trade compliance arena. Even if supply chain woes do ease, don't let the new CBP and BIS regulations delay your freight or cost more than you anticipated once it arrives at the border.

Hopefully we've shed some light on this 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 or by phone at 1-415-595-8543.