

## RECENT U.S. GOVERNMENT ACTIONS REGARDING HONG KONG

September 2, 2020,

Dear Valued Customer,

As you may know, the U.S. Government has recently taken certain actions regarding Hong Kong that impact aspects of global shipping.

We provide a short summary of the relevant actions to keep you informed of key changes.

**1. New U.S. marking rules require goods produced in Hong Kong be marked to indicate “China” as their origin.**

A good of Hong Kong origin entered for consumption into the United States may no longer be marked to indicate “Hong Kong” as the good's origin. Instead, the marking must indicate "China" (e.g., "Product of China", “Made in China”, etc.). While the rule has already gone into effect, a transition period is provided for import entries through November 9, 2020, to provide parties with an opportunity to implement the change.

For import entries on or after November 10, 2020, failure to mark an article in accordance with the requirements above will result in an additional U.S. customs duty of ten percent ad valorem. Hong Kong origin goods arriving in the United States that are not marked properly may be brought into a U.S. Foreign Trade Zone prior to U.S. entry where a permit to manipulate may be obtained from CBP to correct or remove such marking so as to comply with U.S. laws.

Given the commercial realities and freight transit time, we encourage you to start implementing the new marking requirements immediately to avoid potential penalties and delay.

**2. Goods produced in Hong Kong should continue to report “HK” as the country of origin on U.S. Customs entry documents and relevant transaction documents.**

The change in marking requirements does not affect U.S. country of origin rules for purposes of assessing U.S. customs duties or CBP entry procedures. For goods produced in Hong Kong, “HK” should continue to be reported as the country of origin on shipping documents, Certificate of Origin, commercial documents, U.S. entry filings, etc.

**3. The U.S. Government is imposing sanctions on persons involved in the activities surrounding Hong Kong's autonomy.**

The U.S. Government has recently added a number of individuals to the Specially Designated Nationals List under new Hong Kong-related sanctions authority. Therefore, you should ensure that transaction parties are being screened against the most up-to-date list.

**4. U.S. Export controls have tightened against Hong Kong.**

The U.S. Government has tightened restrictions regarding exports of items from the United States or of *U.S.-origin to Hong Kong*, such as the elimination of license exceptions under the Export Administration Regulations.

Sincerely,

APL Logistics