

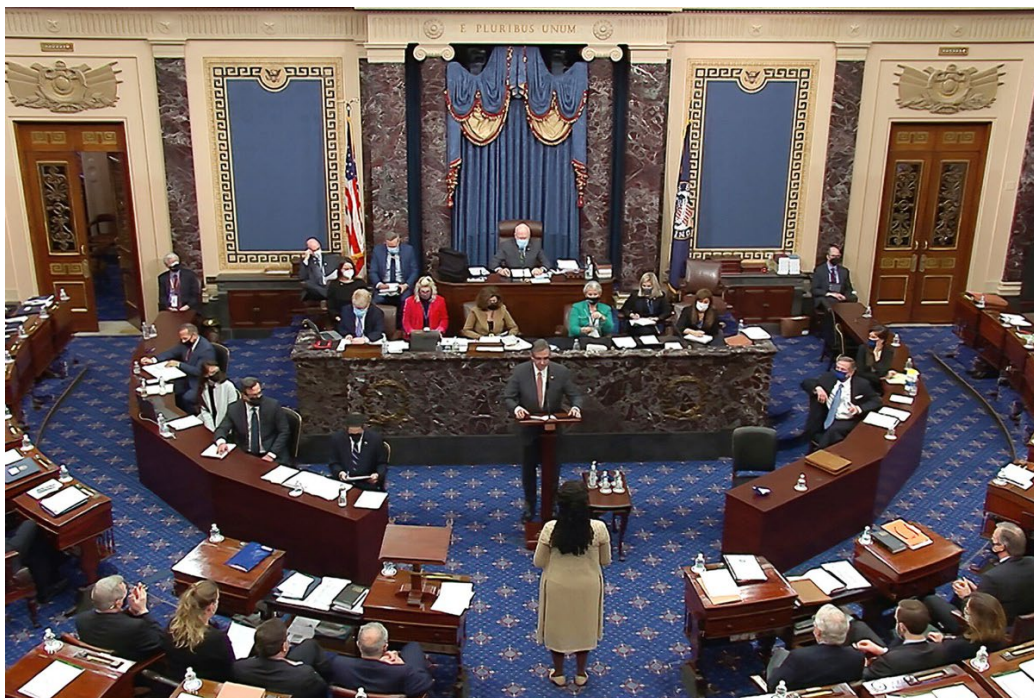


Fashion Jewelry & Accessories
Trade Association

FJATA NEWSLETTER

March 2023 Edition

SENATE APPROVES BILL TO CHANGE DISCLOSURE RULES FOR MANIFEST INFORMATION IN US PORTS



US Senate votes on the Moving Americans Privacy Protection Act (© ABC News)

On March 14, the Senate approved a bill that aims to change the disclosure rules for manifest information and it will move now on to deliberations within the House before it can be signed into law. This bill modifies regulations that currently governs the publication of personally identifiable data included in the manifest of ships or aircrafts arriving at US ports. This information typically includes the name and address of the importer or consignee, as well as the name and address of the shipper. The measure specifically orders the Treasury Department to exclude identifiable data, such as Social Security and passport numbers, from the manifest that is signed and sent to the Treasury before it is made available to the general public. Under the new bill, this information will not be disclosed publicly if the Secretary of the Treasury determines that doing so poses a risk of personal injury or property damage.

The bill reflects the ongoing struggle to balance transparency and security in an increasingly interconnected world. On the one hand, it is important for law enforcement and regulatory agencies to have access to this information in order to ensure compliance with various laws and regulations. However, on the other hand, disclosing this information can put individuals and businesses at risk of harm. For example, if a shipment contains valuable goods, disclosing the name and address of the recipient could make them a target for theft in the future.

One aspect of the bill that has received attention is its prohibition on the disclosure of passport numbers and Social Security numbers. According to politicians, Americans who are stationed overseas and shipping their household goods back to the U.S. have been the victims of identity theft due to the inclusion of these numbers on manifests. This is a serious concern, as identity theft can have long-lasting and far-reaching consequences. While it is important for information to be shared in order to facilitate commerce and ensure compliance with regulations, it is equally important to protect individuals and businesses from harm. The bill's passage in the Senate is an important step forward in this ongoing effort, and its introduction in the House suggests that it has broad bipartisan support.

For more information please visit the fully detailed bill [here](#).

2022 REPORT ON THE ECONOMIC IMPACT OF SECTION 232 AND SECTION 301 TARIFFS

In 2018, the United States government implemented two sets of tariffs, under Section 232 and Section 301, aimed at protecting domestic industries and addressing a variety of unfair trade practices performed by foreign countries. The tariffs were ultimately enforced against a wide range of products and industries, from steel and aluminum to technology and consumer goods. In March of 2022, the House and Senate Committees on Appropriations released a [report](#) titled "Economic Impact of Section 232 and 301 Tariffs on U.S. Industries", which they published alongside the Consolidated Appropriations Act of 2022.

The report finds that the tariffs have had negative effects on U.S. industries, with higher costs for businesses and consumers, and reduced output and employment in affected industries. The study estimates that the tariffs have reduced real GDP by \$32 billion and led to the loss of over 179,000 jobs. The report also notes that the tariffs have led to higher prices for U.S. consumers, with the average household facing an additional \$414 in costs due to the tariffs. The impact of the tariffs varied across different industries, with some sectors experiencing benefits and others facing challenges. For example, the tariffs on steel and aluminum had positive effects on the domestic steel and aluminum industries, with increased production and employment. However, these tariffs had negative impacts on downstream industries that relied on these metals, such as automotive and machinery manufacturing. The report also notes

that the tariffs on technology and consumer goods, imposed under Section 301, had negative effects on U.S. industries, including reduced output and employment in affected sectors.

Some key findings of the 2022 report include the following:

1. The costs of the tariffs are being borne disproportionately by lower-income households, specifically those in the bottom 20 percent of the income distribution. This is because these households spend a larger share of their income on goods subject to the tariffs, such as clothing and footwear.
2. The tariffs have led to reduced investment in affected industries because businesses facing higher costs due to the tariffs are less likely to invest in new equipment, research and development, and other areas that are critical for long-term growth and competitiveness, which could have significant implications for the U.S. economy in the years to come.
3. The tariffs have led to reduced exports for affected industries. This is because other countries have retaliated by imposing their own tariffs on U.S. goods, making it more difficult for U.S. businesses to sell their products abroad. This could have negative effects on U.S. competitiveness in global markets and could limit opportunities for businesses to expand and grow.
4. The tariffs have had differential impacts across different regions of the United States. For example, the tariffs on steel and aluminum have had positive effects on the steel-producing regions of the country, such as the Great Lakes and the Ohio River Valley. However, these tariffs have had negative effects on other regions, such as the Southeast, where many downstream industries are located. Similarly, the tariffs on technology and consumer goods have had negative effects on regions with significant technology and manufacturing sectors, such as California and the Pacific Northwest.

The report highlights the need for careful consideration of trade policy and the need to balance the interests of different industries and households in the U.S. economy. As trade tensions continue to evolve and new challenges emerge, it will be important for policymakers to take into account the findings of this report and other research on the economic impact of trade policies. Looking forward, it remains to be seen how the Section 232 and 301 tariffs will continue to affect U.S. industries. Some experts argue that these tariffs are necessary to protect domestic industries and promote fair trade practices, while others believe that they could have unintended consequences and harm the U.S. economy in the long term. Ultimately, the challenge for policymakers will be to strike the right balance between protecting domestic industries and promoting free trade, while minimizing the costs and uncertainties for businesses and consumers.

FIGHTING TRADE CHEATS ACT INTRODUCED IN CONGRESS

On March 15, the Fighting Trade Cheats Act was introduced to the Senate. This legislation aims to combat unfair trade practices and prevent foreign companies from taking advantage of U.S. industries and workers by establishing a level playing field for trade across the globe. The Fighting Trade Cheats Act is a comprehensive bill which includes provisions to increase funding for enforcement of U.S. trade laws, strengthen intellectual property rights, crackdown on state-owned enterprises, address currency manipulation, and expand governmental tariff authority. The bill aims to establish a new office within the Department of Commerce which would be responsible for investigating and enforcing trade laws, and would provide new tools and resources to help American companies defend themselves against unfair trade practices. This agency would be responsible for overseeing and addressing issues such as dumping, subsidies, and intellectual property theft. The agency would also work closely with U.S. Customs and Border Protection to prevent the importation of goods that violate U.S. trade laws.

Another notable aspect of the Fighting Trade Cheats Act is the establishment of a new penalty system for companies that engage in unfair trade practices. Under the new system, companies that are found to have engaged in illegal activities would face fines and other penalties, including the suspension or revocation of their right to do business in the United States. Domestic manufacturers, producers, wholesalers, labor unions, or trade associations harmed by Section 1592 fraud or gross negligence violations would be able to file a civil lawsuit for damages against the violator or anyone who helped or abetted them. According to the bill's proponents, the punishment for deception under 19 USC 1592 would increase from the items' domestic worth to three times that amount. Ultimately the penalty for a violation of trade practices would equate to the lesser of three times the domestic value or ten times the duties, taxes, and fees the government would have had to pay. The act would also forbid individuals and businesses from taking part in CBP's importer of record program if they are found to be in violation of any of the listed customs laws.

Supporters of the Fighting Trade Cheats Act argue that this bill must be passed in order to level the playing field for American businesses and employees in an increasingly globalized world. They claim that unfair trade practices like dumping and subsidies have facilitated the loss of American employment and the downfall of particular sectors. However, the act's opponents argue that it would trigger further protectionism and retaliation from other nations. They maintain that discussion and collaboration, as opposed to unilateral action and punitive measures, are the best ways to achieve fair trade.

As the bill continues to move through the Senate, businesses should remain up to date on the precise clauses that are incorporated in order to make it easier to fully understand their specific responsibilities and ensure they are in compliance with all new regulations. Businesses should also review their internal operations and supply chain to identify any areas where they may be vulnerable to allegations of unfair trade practices. This may entail evaluating their usage of financial aid such as grants or other subsidies as

well as their adherence to laws and rules governing intellectual property. Lastly, companies should consider engaging with trusted trade associations and industry groups in order to stay informed about the latest developments and to collaborate on advocacy efforts related to the new regulations to effectively advocate for their interests. We will continue to keep our members informed of any new developments surrounding the bill's progress through Congress.

NY STATE LEGISLATORS PASS NEW PFAS BAN

On March 20, New York State Legislators enacted a [bill](#) that expands upon the ban on PFAS chemicals in apparel to include outdoor apparel and outerwear. Therefore, any outdoor products containing PFAS chemicals, such as rain jackets, ski pants, and other outdoor clothing, will no longer be allowed to be sold in the state. This ban will go into effect gradually over the course of three separate phases. The first phase, beginning January 1, 2025, will ban the sale of any new clothing that contains 'intentionally added' chemicals. The second phase, effective January 1, 2027, bans the sale of apparel containing PFAS chemicals at or above established industry limits. The final phases, which will go into effect on January 1, 2028, will ban the sale of clothing with PFAS that are either intentionally added or present at levels above industry standards. First time offenders will be punished with a fine of up to \$1,000 per day, while second violations will be met with a fine of up to \$2,500 per day for as long as the violation persists.

While this is an important step in the ongoing efforts to protect public health and the environment, as PFAS chemicals continue to be linked to a range of health problems and environmental concerns, there are concerns about the potential impact of the ban on businesses that produce and sell these products. In order to abide by new regulations, some companies may need to reformulate their products to remove PFAS chemicals, which could be both costly and time-consuming. There are also worries that the prohibition would have unforeseen repercussions, such as encouraging the use of substitute substances that can be just as dangerous. Businesses must ensure that they are in compliance with these upcoming regulations at every level of their supply chain in order to avoid unnecessary fines and penalties in the future.

CBP UFLPA ENHANCEMENT GIVES IMPORTERS EARLY ALERT OF VIOLATIONS

The CBP will be deploying the Uyghur Forced Labor Prevention Act (UFLPA) Region Alert enhancement to the Automated Commercial Environment (ACE). Under UFLPA, the CBP will not permit any goods from the Xinjian Uyghur Autonomous Region into the US. This enhancement gives those importing from this region an early notification of their violation. This going into effect on March 18, 2023.

FTC CONTINUES TO ENFORCE “MADE IN USA” FOR CBP INQUIRY

Since implementing the “Made in USA” labeling ruling in August of 2021, the Federal Trade Commission (FTC) has subjected many violators to significant fines. This labeling rule dictates the traits a product must have to be labeled as “Made in the USA”. There are three main conditions: the final assembly and significant processing of the product must be in the US, and all/virtually all the components of the product must be made or sourced in the US. If these qualifications cannot be met and proven, the product is not legally permitted to be advertised as a domestic good and if they are, the FTC may take enforcement action.

The most recent case includes a kitchen appliance company by the name of Instant Brand. Instant Brand claims their products under their Pyrex-brand are made in the US, but the FTC has found that many of their measuring cups were manufactured in China. The Commission presumes that the increased demand of kitchen appliances during the pandemic was too much for the company and caused them to outsource some operations. The issue here is that they did not adjust their labeling or advertising to reflect the changes in production location.

The FTC found the violation to be one count of false or misleading representation which resulted in a \$129,416 fine. Also now required by the FTC is (1) proof that unqualified claims (products not involved in the violation) fit the parameters of a product allowed to be labeled “Made in USA”, (2) a disclosure detailing the extent of which the qualified products are made from foreign part or processes internationally, and (3) proof that shows products of assembly claims are principally assembled and substantially transformed domestically and that these operations are substantial.

The “Made in USA” labeling ruling is likely going to continue to commonly be enforced by the FTC. Violations do not only present financial repercussions but could also cause damages to a company’s reputation. To avoid issues, companies should ensure their sourcing and manufacturing is in line with the ruling and be prepared with proof in case such allegations present themselves.

THE COMPLEXITIES OF PFAS LIABILITY AND INSURANCE COVERAGE

Per- and polyfluoroalkyl substances (PFAS) have been in the news a lot lately due to their harmful effects on human health and the environment. These “forever chemicals” are found in many consumer products, as well as industrial and manufacturing processes. As a result, businesses are finding it nearly impossible to feasibly insure their PFAS risks as insurers continue to cut coverage and fight claims related to these substances.

For the shipping industry, this means that companies that transport goods that contain PFAS, or that are involved in manufacturing or distributing products that contain these substances, may face significant financial risks. If an accident or contamination

occurs, the costs associated with cleanup and liability could be astronomical, and without insurance coverage, companies may be left holding the bag.

One of the reasons that insurers are reluctant to provide coverage for PFAS risks is that the long-term effects of these substances are not yet fully understood. While it is clear that exposure to PFAS can lead to serious health problems, including cancer and immune system damage, the extent of the damage and the long-term effects are not entirely definitive. This lack of clarity makes it difficult for insurers to assess the risks associated with these substances and to price coverage accordingly.

In addition, there is a growing awareness among insurers of the potential liabilities associated with PFAS. As more and more people become aware of the dangers of these substances, there is a risk that lawsuits and regulatory actions will increase, leading to potentially significant financial losses for insurers. Thus, in an effort to limit their exposure to these risks, many insurers are adamantly cutting coverage and fighting claims related to all sorts of PFAS liabilities. For the shipping industry, this means that companies that handle PFAS-containing products may need to take extra precautions to protect themselves from liability. This may include investing in additional safety measures, such as improved handling procedures and equipment, as well as working with insurers to develop customized coverage solutions that take into account the specific risks associated with their operations.

The present difficulties behind the insurance PFAS risks is a reflection of the complex and evolving nature of these substances. As more is learned about their harmful effects and the risks associated with them, insurers and businesses alike will need to adapt to ensure that they are adequately protected. In the meantime, companies that handle PFAS-containing products must be vigilant in their efforts to minimize risks and protect themselves from liability.

US AND EUROPEAN LEADERS LOOK TO DISRUPT RUSSIA DIAMOND TRADE

On March 6, 2023, Ambassador James O'Brien and Deputy Director General and Chief Trade Enforcement Officer Denis Redonnet of the European Commission joined to discuss the current issue facing diamonds. Also present were leading retailers, manufacturers, laboratories, and trade associations within the diamond industry from the US and Europe. The issue discussed was the billion dollars in revenue Russia continues to gain from the diamond trade. The leaders, committed to damaging Russia's economic standing due to the war in Ukraine, brainstormed ways to obstruct this revenue flow.

CBP SEIZES COUNTERFEITS GOODS IN CHICAGO



~\$1,000,000 worth of counterfeit goods seized by Chicago CBP (© Customs and Border Protection)

On March 20th, U.S. Customs and Border Protection (CBP) officers intercepted two shipments at the Chicago O'Hare International Mail Branch which contained a total of 354 counterfeit designer products. The shipments contained a variety of counterfeit designer products, including handbags, wallets, belts, and shoes. The items were in violation of trademarks held by several luxury brands, including Gucci, Louis Vuitton, and Chanel. The estimated value of the seized products was over \$1 million. According to the CBP, the seizures were the result of targeted efforts to identify and intercept counterfeit products at the border. The agency works closely with other law enforcement agencies, as well as with private sector partners, to identify and stop the flow of counterfeit goods into the country.

Counterfeit products not only harm legitimate businesses and consumers, but they can also fund organized crime. Counterfeit goods have long been known to be a source of income for organized crime syndicates around the world. Criminal enterprises often engage in the production, distribution, and sale of counterfeit goods as a way to fund their operations because it can be both profitable and often less risky than many other illegal alternatives. Counterfeit profits can be used to finance a range of criminal activities, including drug trafficking, human smuggling, and terrorism. By intercepting these shipments, CBP officers may have prevented the funding of criminal organizations and helped to protect consumers from potentially dangerous counterfeit products.

The seizure of these counterfeit designer products highlights the ongoing efforts of CBP to combat the importation of counterfeit goods. It also underscores the importance of trademark protection for legitimate businesses, who can suffer significant

financial losses when their products are counterfeited. Counterfeit products are a growing problem for businesses and consumers alike. They continue to pose health and safety risks, as well as financial losses for all parties involved. By continuing to intercept counterfeit products and prosecute those responsible, law enforcement agencies can help protect both the public and legitimate businesses from the harmful effects of counterfeit goods. The CBP is encouraging anybody with knowledge of fake goods illegally crossing the US border to file an e-Allegation. The e-Allegation system offers the general public a way to inform CBP anonymously of any suspected breaches of international trade laws or rules pertaining to the entry of products into the United States. The e-Allegation system can be found on the CBP website: [here](#).

FJATA SIGNS LETTER AGAINST AB 627 (JACKSON)

FJATA signed a letter sent to California State Assembly on February 24, 2023 that opposes Assembly Bill 627 (AB627) of Jackson, California. This Bill proposes a ban on all diesel trucks from city street or country roads located in Riverside and San Bernardino Counties, beginning January 2030. The letter objects this ban claiming the repercussions would be extensively negative. These Counties are crucial logistics hubs and support the goods coming from and going to the major California ports: Port of Los Angeles and the Port of Long Beach. Shipments from these ports are distributed throughout North America. Of the 79,437 commercial vehicles operated exclusively in the state, 83% run on diesel. Eliminating this fuel source could jeopardize the movement of goods and the 383,000 people employed by the Riverside and San Bernardino logistics industry.

The letter continues to list other negative impacts of the Bill. Most grocery stores, pharmacies, and hospitals rely on daily deliveries that would no longer be possible. Other necessary deliveries that may not be feasible if diesel is banned includes chemicals that clean drinking water, cash for banks, and construction equipment. As for the legality of this Bill, the letter also comments that “the Federal Clean Air Act preempts states from promulgating standards related to new engine emissions. The Federal Aviation Administration Authorization Act of 1994 preempts state laws related to motor carrier prices, routes, and services”. There are two pieces of Federal Law that will likely result in a preemption and therefore annul AB627. Additionally, the funding proposed in this bill is simply not enough. There are 65,876 trucks that would need HVIP vouchers and related charging equipment. The cost of this is over 50x larger than the entire HVIP FY22-23 budget in California.

FORCED LABOR TECHNICAL EXPO

FJATA attended the Force Labor Technical Expo on March 9, 2023 held by the CBP. This event was held to gather industry executives that are impacted by the Uyghur Forced Labor Prevention Act (UFLPA). The night consisted of many speakers, both from government and private organizations, discussing the Act and the implications of it. Eight speakers were representatives of the CBP, including Acting Commissioner Troy Miller

and Executive Assistant Commissioners AnnMarie Highsmith and Pete Flores. There were ten other speakers representing organizations such as the Department of Labor, Department of Homeland Security, the U.S. Commission on International Religious Freedom, research and data analytics firm Kharon, and many others.

COAC TO MEET IN LATE MARCH

The Commercial Customs Operation Advisory Committee (COAC) of the US Customs and Board Protection (CBP) will be meeting on March 29 in Seattle, WA. The Committee will be discussing various topics presented by subcommittees, and after deliberation will give recommendations on how to proceed. The relevant committees and topics include the following:

- Next Generation Facilitation Subcommittee: provide updates on their task forces and working groups. This includes the Automated Commercial Environment (ACE) 2.0 Working Group and the 21st Century Customs Framework (21CCF) Task Force.
- One US Government Working Group: provide updates on the work that has been addressed this past quarter. This includes legislative trade proposals from the 21CCF Task Force and Focus Groups, as well as discussions with Partner Government Agencies.
- Passenger Air Operations (POA): this new subcommittee will provide an update of their overall operations which includes recognizing and implementing methods to modernize passenger processing rules, ease passenger experience at US ports of entry, and identify the challenges that come with these operations.
- Ecommerce Task Force: provide updates on their deliberation on duplicate messaging related to security and trade fillings.
- Rapid Response Subcommittee: provide updates from the Broker Modernization Working Group and the US-Mexico-Canada Agreement (USMCA) Working Group. For the USMCA Working Group, there will be updates on their efforts to identify gaps between the North American Countries.
- Secure Trade Lanes Subcommittee: provide updates on their active Working Groups. This includes the re-formed Pipeline Working Group, the Export Modernization Working Group, the Trade Partnership and Engagement Working Group, the Cross-Border Recognition Working Group, and the In-Bond Working Group.
- Intelligent Enforcement Subcommittee: provide updates on their Working Groups. This includes the Antidumping/Countervailing Duty (AD/CVD) Working Group, the Intellectual Property Rights Working Group, the Bond Working Group, and the Forced Labor Working Group.

Along with this March meeting, the COAC plans to meet in June, September, and December of 2023. The CBP accepted public comment on the meeting until March 24.

NEW DOL SECRETARY JULIE SU HAS HISTORY SUPPORTING AB5



Julie Su nominated for Secretary of the Department of Labor (© U.S. Department of Labor)

On February 28, 2023, President Biden nominated Julie Su to be the Secretary of the Department of Labor. Su has been serving as Deputy Secretary since July 2021, and prior to that spend time as the Labor Secretary of California. During her time in California, Su supported Assembly Bill 5 (AB5), the ongoing legislation that eases the qualifications required for workers to be considered employees. The California Trucking Association (CTA) and many other trucking associations oppose AB5 because they want truck drivers to be able to be considered independent contractors, as opposed to employees.

The Owner-Operator Independent Drivers Association (OOIDA) sent a letter to all U.S. Senators stressing that if AB5 goes into place, “hundreds of thousands of truckers” would be forced to change their business model, causing many to leave the industry or retire. Su promoted AB5 in California and the OOIDA fear the likelihood she will do the same in her new position.

Website

Hope you have all notices our updates website. We would love to get your feedback on it.

LEGISLATIVE STATUS

Click [here](#) to view a list of bills affecting our industry and any action that has occurred.

Our Mission - We continue our leadership role in legislative issues and advancing internationally recognized, sensible standards for the jewelry and accessories industries on behalf of our members.

Thanks for reading. Have any questions? Email us at executive_director@fjata.org.

