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Section 232 Tariffs Take Effect Oct. 14 on Lumber and Furniture

Section 232 tariffs on timber, lumber and their derivatives will take effect Oct. 14, under a proclamation issued by President Donald Trump. Tariffs will be set at 10% for timber and lumber, 25% for upholstered furniture and 25% on wooden cabinets and vanities.

On Jan. 1, the tariffs on upholstered furniture will increase to 30%, and on wooden cabinets and vanities to 50%, "except for countries with which the United States reaches an agreement that addresses the threatened impairment of the national security posed by imports of wood products."

The tariffs on the EU and Japan will be capped at 15%, including the most-favored-nation rate, while goods from the U.K. will be subject to a rate that "shall not exceed" 10% on top of MFN.

Tariff subheadings subject to the new tariffs are outlined in an annex to the proclamation.

The tariffs on timber and lumber will cover Harmonized Tariff Schedule subheadings 4403.11.00; 4403.21.01; 4403.22.01; 4403.23.01; 4403.24.01; 4403.25.01; 4403.26.01; 4403.99.01; 4406.11.00; 4406.91.00; 4407.11.00; 4407.12.00; 4407.13.00; 4407.14.00; and 4407.19.00. New subheading 9903.76.01 will apply the 10% tariff to those subheadings.

Upholstered wooden furniture subject to the 25% rate will be filed under new subheading 9903.76.02, which will apply to subheadings 9401.61.4011; 9401.61.4031; 9401.61.6011; and 9401.61.6031.

Wooden cabinets and vanities subject to the 25% tariff will be filed under new subheading 9903.76.03, covering subheadings 9403.40.9060; 9403.60.8093; and 9403.91.0080.

However, as some goods classified under those subheadings aren't wooden cabinets and vanities, new duty-free subheading 9903.76.04 will apply to goods of those subheadings that are not "completed wooden kitchen cabinets or vanities or parts of wooden kitchen cabinets or vanities." MFN and other duties still will apply.

Individual tariff subheadings for the U.K., the EU and Japan will apply only to upholstered furniture and wooden cabinets and vanities, as none of the timber and lumber tariffs rise high enough to breach caps set in tariff deals with those countries.

New subheading 9903.76.20 will apply a 10% additional tariff on upholstered furniture and wooden cabinets and vanities from the U.K. New subheadings 9903.76.21 and 9903.76.22 will apply a 15% overall tariff, including both Section 232 and most-favored nation duties, to goods of Japan and the EU, respectively.

Goods subject to these Section 232 tariffs won't be subject to reciprocal tariffs, the additional 40% International Emergency Economic Powers Act tariffs imposed on Brazil and additional 25% IEEPA tariffs imposed on India for its imports of Russian oil.

Goods subject to both these tariffs and the Section 232 tariffs on autos and auto parts will only be subject to the tariffs on autos and auto parts. Goods subject to both these tariffs and the IEEPA tariffs on Canada and Mexico will only be subject to these Section 232 lumber and furniture tariffs.

"Products that are not subject to these Section 232 tariffs will generally be subject instead to reciprocal tariffs," said a White House fact sheet also released Sept. 29. The proclamation also removes more than 150 tariff subheadings in Chapter 44 from the "Annex II" list of goods exempt from reciprocal tariffs, effective Oct. 14.

Drawback will be available. Any goods subject to these tariffs entered into a foreign-trade zone on or after Oct. 14 must be entered under privileged foreign status.

Like with Section 232 tariffs on steel, aluminum and autos, the proclamation directs the Commerce Department to create an inclusion process to add goods to the tariffs.

It also includes a provision that, if Commerce finds “that there is a risk of undervaluation of any particular class of imports of wood products subject to tariffs imposed pursuant to this proclamation, the Secretary is authorized to impose specific, compound, or mixed tariffs at a rate that he determines to correspond approximately to the *ad valorem* duty rate otherwise in effect under section 232 for the same class of articles.” ***— Brian Feito***

Federal Circuit Upholds Lists 3 and 4A Section 301 Tariffs on China

The U.S. Court of Appeals for the Federal Circuit on Sept. 25 upheld the Lists 3 and 4A Section 301 tariffs. CAFC Judges Todd Hughes and Alan Lourie, along with Judge Rodney Gilstrap of the Eastern District of Texas, who was sitting by designation, said the tariffs were a valid exercise of the government’s authority under Section 307(a)(1)(C), which lets the U.S. Trade Representative “modify or terminate any action” taken under Section 301, where such action is “no longer appropriate."

The court said the word “modify” includes the power to greatly increase Section 301 tariffs where the existing measures are insufficient to achieve their stated purpose, “necessitating increased action that is more appropriate.” In addition, the court said this authority doesn’t violate the Constitution’s non-delegation doctrine, nor does it violate the major questions doctrine, which guards against major regulatory action not explicitly provided for by Congress.

Lastly, the court said the Lists 3 and 4A tariffs are actions of the USTR and not the president, subjecting the tariffs to the Administrative Procedure Act. The court sustained the tariffs under the APA after finding that the USTR properly responded to comments received on the Lists 3 and 4A duties on remand at the Court of International Trade.

Customs Issuing More CF-28s as Scrutiny of Import Compliance Increases, Trade Attorneys Say

Trade attorneys helping importers comply with duty collection regulations are seeing Customs officials increase their scrutiny of entry filings via a higher rate of CF-28 forms being sent to companies, according to comments made during various webinars this week.

“We are seeing CF-28s flying all over the place, especially in cases where changes [in regulations] are being made,” trade attorney Olga Torres said during a Sept. 4 webinar sponsored by Sayari. CBP sends out CF-28 forms when it is formally seeking additional information. “We've seen it a lot with cases dealing with Chapter 98 claims that are all of a sudden being claimed. So take it seriously.”

Torres also said her firm is seeing a lot of CF-28 inquiries sent by CBP to her clients, including smaller clients who have been importing for years but are relatively inexperienced in filing entries.

Michael Roll, a trade attorney speaking on a Sept. 3 webinar sponsored by A.N. Deringer, also said he’s noticed CBP increasing its issuance of CF-28 forms.

"The point is, you're getting an inquiry. Customs is knocking on your door saying, prove it. You claim USMCA, prove it. You have 30 days to reply. So there’s a lot of this kind of activity going on right now,” Roll said.

Roll said mitigating supply chain risk may involve educating a company’s suppliers and having contractual terms saying the importer will hold the supplier liable for ensuring accurate information.

Tell the supplier, “‘If you screw up and we get the penalty, you have to reimburse us.’ You can build terms contractually in your purchase orders or your contracts,” but that, plus education, are measures that companies can pursue, Roll said.

The trade also is still seeking guidance on transshipment (see ITT 08/29/2025), especially as this could be an area that CBP could target for fraud, according to Torres.

Torres and her firm have been advising companies that are exposed to high-risk countries, such as Vietnam, Malaysia, Cambodia, Thailand and Indonesia, to understand the manufacturing processes that their suppliers use. They should be vigilant about maintaining records and bills materials, she said.

"In terms of CBP enforcement, I am seeing a lot of businesses and companies that are importers that are struggling to keep up with the tariffs," Torres said. "So we caution companies, when you're making changes, when you're looking at your classifications, when you're looking at your valuation, be very conservative. Try to get expert opinions and document, document, document. Especially if you're making changes, if you've been importing for the past 10 years, and if you've used a specific code, or if you have a methodology supporting your valuation and you're making switches. We're seeing Customs all over it."*— **Joanna Marsh***

Bond Providers Indicate They Can Accommodate Elevated Bond Limits Amid Higher Tariff Rates

Sureties that provide importers with customs bonds say that they're able to handle covering the potentially significantly higher amounts of duties that importers may owe because of tariff rate increases, according to two companies interviewed by *International Trade Today*.

An "underwriting limitation" imposed on sureties by the Treasury Department—set at 10% of a surety's "analyzed statutory surplus," which is a balance sheet item similar to equity—applies to "any single risk," said Matt Zehner, vice president of surety information and analysis for the Roanoke Insurance Group. It's not a limit on the total amount of bonds that the surety may issue to all customers.

And even with that limitation, sureties will be able to handle the large bonds that will be required from major importers due to this year's massive tariff increases.

"Based on the recent activity we've seen in the marketplace, with bonds being issued that are at or above a billion dollars, it does appear the surety marketplace is capable of providing capacity for very large bonds," Zehner said.

That said, some sureties may decide for their own reasons not to take on those risks.

"Some companies have underwriting limitations of multiple billions of dollars; however, each company decides on its own what amount of risk it is willing to undertake. Self-imposed limits may be well below the maximum per-risk limitation set by the U.S. Treasury," Zehner said.

Should an importer need a customs bond that goes beyond the 10% limit, sureties may be able to work with other sureties to procure one bond for an importer that has a higher bond limit, according to James Reiss, president of International Bond & Marine Brokerage.

"The challenge isn't whether sureties have the capacity to issue larger bonds. The right surety agent is well-equipped with tools to manage these risks such as reinsurance and co-surety arrangements that allow risk-sharing across multiple carriers. Capacity has always been a defining strength of the insurance and surety space, and U.S. Customs provides the flexibility for sureties to structure these solutions effectively," Reiss said.

He continued, "Co-surety partnering can be a practical solution for larger or more complex bond requirements. However, not all importers or customs brokers have direct access to multiple sureties experienced in structuring these types of risks."

Zehner echoed Reiss' thoughts: "Through both reinsurance and co-insurance, multiple surety companies join together to provide the surety capacity if one company is not able to take on the entire risk on its own. The large limit of a bond is shared among multiple companies."

As sureties work through providing customs bonds for importers, importers themselves need to be aware of their options when seeking to increase how much their bond covers.

"As bond amounts rise, it becomes increasingly important for brokers and principals to connect with underwriters who bring strong financial expertise and access to markets that can provide flexible solutions. When a principal's financials don't fully support higher bond limits, these underwriters can explore alternative structures to ensure the bond is secured on viable terms," Reiss said.

This is particularly true for importers that have riskier profiles, according to Reiss. These importers may have to have collateral to support their bond requests, Reiss said.

"Higher rates do raise duty amounts and risk, but strong, well-capitalized companies are unlikely to see an impact. However, smaller firms with tight margins and limited liquidity, may face added scrutiny and potential collateral requirements," Reiss told *ITT*. "Ultimately, collateral decisions will depend on the company's financial condition, its track record with importing, and the quality of the broker facilitating its entries.

But overall, companies that hold customs bonds also may need to err on the side of getting a slightly higher bond than what Customs may advise.

"The most important step is to take time upfront to assess your true bonding needs. With tariffs on the rise, importers can no longer rely solely on a lookback at the previous 12 months of duties, taxes and fees. Instead, it's critical to forecast on a rolling 12-month basis, factoring in both anticipated merchandise values and updated tariff rates," Reiss said. ***— Joanna Marsh***

First Sale Claims Require Extensive Data Upkeep to Support, Expert Says

As seen in recent rulings and CBP audits on first sale, CBP is asking for more information supporting importers' claims of bona fide sales and arms' length sales, Kelly Nelson, managing director of tax, trade and customs at KPMG, said during a Sept. 25 webinar.

"What they really want to do is make sure that all costs are being included in the price, and if there are any additions to the price paid or payable, [that] they are being included in that first sale price," Nelson said.

This additional attention has resulted in an increased request for middlemen's books and records, such as financial statements, journal entries and charts of accounts, which Nelson described as a detailed information list of all the different accounts and information and financials being booked within those accounts.

"Once the auditor receives that information, they generally look to see if there's any accounts that look like they could be housing any additional payments to the suppliers or the factories that may need to be included in your price. Some of the costs that they generally look for may be packing costs, selling commissions, assists, royalty licensing fees, etc.," Nelson said. "So, if you do have any of this costing information, or if your suppliers are saying they're providing any of this to the factories ... it's necessary to make sure that this is included in the first sale price."

CBP also may audit the records of the middleman about the supplier arrangement, such as the financial statements of the suppliers, Nelson continued.

"They may look to validate the cost of goods sold against the financial statements. So, we do want everything tied together," Nelson said. "In addition, they will look for any high-risk account identification. ... They're going to look for some key buzzword throughout those accounts to see if they think there's anything that could be considered in addition to the price, and to make sure that was included in the transaction value."

She continued, "It is important to make sure, if you are utilizing the first sale, that you are doing a detailed analysis of the valuation to make sure that all costs are included," as CBP appears to be requesting this kind of information.

Nelson advised webinar participants to keep documents for five years so that companies have it to provide documentation to CBP as needed to support claims. Types of documents may include supplier agreements, the middleman's purchase order to the factory, the factory's invoice to the middleman, the middleman's invoice to the factory and the importer, and the importer's payment of record to the middleman and the factory. Importers also should consider maintaining customs value and costs worksheets, especially when an assembly transaction is involved.

"We'll also collect financial statements audited for a one-year period, the same year of the transactions that are being reviewed and declared for first sale, as well as any transfer pricing policies that may be in place for the impacted entries that are being reviewed once you're on board the program," Nelson said, adding that companies should conduct audits with vendors on board with the program.

Companies should also review their arms-length arrangements, as the financials can be changed year-over-year, she said.

NMFS Publishes Comparability Determinations on Foreign Fisheries, Requires Admissibility Certification

The National Marine Fisheries Service, a division of the National Oceanic and Atmospheric Administration, has published its comparability finding determinations for all fisheries on the list of foreign fisheries, the agency said in a *Federal Register* notice.

Nations whose fisheries were denied comparability findings will be denied the ability to import fish and fish products from those fisheries into the U.S. starting Jan. 1, 2026, the notice said, unless a fishery submits a required certification of admissibility or the U.S. lifts its restrictions on the country.

The period that certifications of admissibility will be required spans from Jan. 1, 2026, to Dec. 31, 2029, unless NMFS states otherwise.

FDA to Require Indonesian Shrimp and Spices to Have Import Certification

Starting Oct. 31, the FDA will require import certification for shrimp and spices from certain regions of Indonesia, citing a perceived contamination risk of food with Cesium-137, the FDA said on Oct. 3.

The action marks the “first use” of the authority in the Food Safety Modernization Act to “require certification or other assurance that imported food meets U.S. requirements before the food can leave the port of export for shipment to the U.S."

Import certification will be required for shrimp from the Island of Java and Lampung Province on the Island of Sumatra in Indonesia and for spices from the Island of Java and Lampung Province on the Island of Sumatra in Indonesia.

The FDA’s Import Alert 99-52 says the requirement comes after CBP detected high levels of Cesium-137 in multiple shipments of shrimp and in a sample of cloves from certain regions of Indonesia. The FDA’s laboratories confirmed CBP’s finding.

"Potential Cs-137 contamination sources include radioactive contamination discovered in Serpong, Banten Province in 2020, ongoing investigations revealing airborne radioactive debris from metal smelting facilities, and contamination risks identified in the Island of Java and the Province of Lampung in the island of Sumatra,” the FDA said.

In August, the FDA created Import Alert 99-51, which warned of food contaminated by cesium-137 (see ITT 08/15/2025). In that alert, the FDA said shrimp products from Indonesian company Bahari Makmur Sejati must undergo physical examination or otherwise face detention. In September, spice company Natural Java Spice was added to that list of companies whose products warrant additional scrutiny.

Senate Finance Chair Wants Retroactive AGOA, Haiti Programs

Tariff preferences for sub-Saharan African countries and two of the three tariff preference programs for Haiti ended Oct. 1. In a hallway interview at the Capitol, Senate Finance Chairman Mike Crapo, R-Idaho, said that he “would love to [renew both] retroactively."

He said, “I can only speak about me, personally. I hope that we can get it done as soon as possible.” He added, “Whether there is a pathway to do that, it is not clear."

The increase in tariffs for African Growth and Opportunity Act countries is small compared with the reciprocal tariffs’ effect, according to an analysis from the International Trade Centre in Geneva. Across all AGOA countries, new Section 232 tariffs and reciprocal tariffs added about 13 percentage points to average duties; AGOA’s lapse adds up to 1 percentage point.

However, for the heaviest users in the apparel sector—Kenya, Lesotho and Madagascar—tariffs increase by 11 percentage points, 10 percentage points and 6.9 percentage points, respectively.

The ITC pointed out that while just under 44% of exports from AGOA beneficiaries were covered by the tariff preferences, more than 96% of apparel exports got a break with AGOA.

"At the country level, Benin (99.3%), Lesotho (98.7%) and Kenya (92.9%) relied heavily on the programme to maintain competitiveness, particularly in apparel and processed food,” the analysis said.

The American Apparel and Footwear Association issued a statement Oct. 1 about its “deep disappointment” that AGOA, the Haitian Hemispheric Opportunity through Partnership Encouragement (HOPE) Act, and the Haiti Economic Lift Program (HELP) Act (Haiti HOPE/HELP) trade preference programs were allowed to expire.

"AAFA is calling on Congress and the Administration to take steps to extend these programs, retroactively, immediately," it said.

"Despite persistent and constructive engagement from a wide range of stakeholders, Congress has fallen short in renewing these mutually beneficial programs, ultimately surrendering further strength to China's manufacturing influence by placing unnecessary obstacles in the way of viable sourcing alternatives," said Beth Hughes, vice president of trade and customs for AAFA. — ***Mara Lee***

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