

ALERT

UPDATE: Import Ban on All Products Containing Specific Chinese Silica

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On June 24, 2021, the White House announced immediate actions to prevent entry into the United States of silica and downstream products incorporating silica produced by Chinese company Hoshine Silicon Industry, Co. Ltd. and its subsidiaries (Hoshine). Specifically, the U.S. Customs & Border Protection (CBP) issued a Withhold Release Order (WRO) mandating the detainment of such goods due to Hoshine's use of forced labor.

Unprecedented Supply Chain Impact

Silica is a basic raw material in the manufacturing of a wide variety of electronic goods, including semiconductors, printed circuit boards, batteries, solar panels, and virtually all consumer and industrial electronics. Affected products include airlines, vehicles, construction and telecommunication equipment, computers, phones, and many others.

Last week's WRO could become the largest import ban in U.S. history. Hoshine accounts for an estimated 75-80% of China's silica mining and production. China accounts for approximately 68% of global silica output. This means that Hoshine's silica accounts for 50-55% of the total volume of silica produced worldwide. CBP has confirmed that its WRO applies not just to direct imports of Hoshine's silica, but also to products – **including third-country products** – “derived from or produced using” Hoshine's silica. Given Hoshine's enormous global market share, a significant volume of U.S. imports containing electronics and solar components could be impacted.

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Risk Exposure and Mitigation: What You Should Do

Companies that import, produce, sell, or otherwise use silica-containing products should immediately take steps to assess their supply chain exposure. This includes the extent to which imported products – including raw materials, semi-finished products, and finished goods – incorporate silica from Hoshine and, more broadly, silica mined in China, given concerns regarding the use of forced labor in China’s industries. Due to Hoshine’s enormous market position, and in light of the global integration of electronics-based supply chains, no company can assume that its sourcing patterns are unaffected.

Wiley’s team of internationally recognized lawyers, economists, and trade professionals have unmatched audit, customs, supply chain, international trade and national security expertise to help clients trace their supply chain exposure and institute practical measures to address risks and liabilities. Additionally, Wiley’s professionals, many having served in leadership roles in the U.S. Government, are well-positioned to help clients engage with Government officials to resolve a wide range of supply chain concerns.