

ISSUE No.41: ASSEMBLY OF ELECTRIC GENERATING SETS AND ROTARY CONVERTERS FROM GENERATORS (85.01) AND PRIME MOVERS (STEAM TURBINES, GAS TURBINES, INTERNAL COMBUSTION ENGINES ETC. OF HEADINGS 84.06, 84.07, 84.08, 84.11, 84.12)

OPTION A: Yes. (by assembly)

Option A/1: (SG)

517. Any assembly from parts confers origin on the assembled goods.

518. The Chapter rule should be :

“Obtaining goods from parts by assembly, including sub-assembly, shall be considered as reflecting last substantial transformation.”

Option A/2: (IND) (MOR) (SEN)

519. Any assembly resulting in a new good having new characteristics is considered to be substantial transformation. Attaching generators (85.01) and prime movers (steam turbines, gas turbines, internal combustion engines etc. of headings 84.06, 84.07, 84.08, 84.11, 84.12) results in a new good having new characteristics.

520. The Chapter rule should be :

“An assembly operation resulting in a new good having new characteristics is considered to be substantial transformation.”

OPTION B: Yes. (by a change of tariff classification rule) (CAN) (COL) (CH) (JPN) (KOR) (MEX) (PHI) (EGY) (HK) (MAL) **(MOR) (CHI)**

521. Assembly of electric generating sets or rotary converters from generators (85.01) and prime movers (steam turbines, gas turbines, internal combustion engines etc. of headings 84.06, 84.07, 84.08, 84.11, 84.12) is a substantial transformation.

522. The rule should be: CTH

OPTION C: Yes, provided (by a value added rule) (EC) **(BRA)**

523. Assembly of electric generating sets or rotary converters from generators (85.01) and prime movers (steam turbines, gas turbines, internal combustion engines etc. of headings 84.06, 84.07, 84.08, 84.11, 84.12) results in a substantial transformation. However, if the electric generating sets or rotary converters are manufactured from non-originating parts classified in 85.03, this is not a substantial transformation. Parts of motors or generators may be used provided that the 45% value added rule is met.

524. The rule should be :

CTH, except from heading 85.03; or 45 **[X]** % value-added rule

525. If the required value added is not achieved origin is determined by application of a [general] [final] residual rule.

OPTION D: No. (US) (AUS)

526. The rule for electric generating sets of 85.02 precludes origin being conferred when non-originating prime movers or non-originating generators are used. Electric generating sets are combinations of generators (85.01) and prime movers (steam turbines, gas turbines, internal combustion engines etc. of headings 84.06, 84.07, 84.08, 84.11, 84.12). Provided they are designed to be mounted together on a common base, they do not have to be joined together in shipping; presented together they undergo a change in heading. That change of heading does not ensure that a substantial transformation has occurred.

527. The rule should be :

CTH, except from headings 84.06, 84.07, 84.08, 84.11, 84.12, 85.01

~~528. When the specified rule is not met, the “5 parts” rule, the specified process rule, the use of one originating part rule and a [general] [final] residual rule apply in sequence.~~

Relevant HS Code:

85.02

ISSUE No.42: ASSEMBLY OF BALLASTS FOR DISCHARGE LAMPS OR TUBES FROM ELECTRICAL TRANSFORMERS OR INDUCTORS

OPTION A: Yes. (by assembly)

Option A/1: (SG)

529. Any assembly from parts (the same result is achieved by a CTSH rule) confers origin on the assembled goods.

530. The Chapter rule and the product specific rule should be :

“Obtaining goods from parts by assembly, including sub-assembly, shall be considered as reflecting last substantial transformation.” or

CTSH

Option A/2: (IND) (MOR) (SEN)

531. Any assembly resulting in a new good having new characteristics is considered to be substantial transformation. Assembling ballasts for discharge lamps or tubes from transformers or inductors results in a new good having new characteristics.

532. The Chapter rule should be :

“An assembly operation resulting in a new good having new characteristics is considered to be substantial transformation.”

OPTION B: Yes. (by a change of tariff classification rule) (JPN) (CAN) (COL) (CH) (EGY) (KOR) (PHI) (HK) (TH) (MAL)

533. The assembly of ballasts for discharge lamps or tubes from electrical transformers or inductors classified in the same heading is a substantial transformation.

534. The rule should be: CTSH

OPTION C: Yes, provided (by a value added rule) (EC) (TUR) **(BRA)**

535. Assembly of ballasts for discharge lamps or tubes from electrical transformers or inductors classified in the same heading does not necessarily result in a substantial transformation. If the ballasts for discharge lamps or tubes are manufactured from non-originating materials classified outside this heading, this is an origin conferring event. Electrical transformers or inductors may be used provided that the 45% value added rule is met.

536. The rule should be:

CTH; or 45[X] % value added rule

537. If the required value added is not achieved origin is determined by application of a [general] [final] residual rule.

OPTION D: No.

538. Ballasts often consist of little more than transformers or inductors. Therefore, a change of classification from subheadings for transformers and inductors would not constitute a substantial transformation.

539. The rule should be:

CTSH, except from subheadings 8504.21 to 8504.50

Option D/1: (US)

540. When the specified rule is not met, a subsidiary rule applies. The subsidiary rule should be:

“The country of origin of the good will be the country of origin of the electrical transformer or inductor.”

Option D/2: (AUS)

541. When the specified rule is not met, the “5 parts” rule, the specified process rule, the use of one originating part rule and a [general] [final] residual rule apply in sequence.

Option D/3: (MEX)

542. When the specified rule is not met, origin is determined by application of a [general] [final] residual rule.

Relevant HS Code:
8504.10

ISSUE No.43: ASSEMBLY OF PRIMARY BATTERIES AND ELECTRIC ACCUMULATORS FROM CELLS

OPTION A: Yes. (by assembly)

Option A/1: (SG)

543. Any assembly from parts confers origin on the assembled goods.

544. The Chapter rule should be :

“Obtaining goods from parts by assembly, including sub-assembly, shall be considered as reflecting last substantial transformation.”

Option A/2: (IND) (MOR) (SEN)

545. Any assembly resulting in a new good having new characteristics is considered to be substantial transformation. Assembling primary batteries and electric accumulators from cells results in a new good having new characteristics.

546. The Chapter rule should be :

“An assembly operation resulting in a new good having new characteristics is considered to be substantial transformation.”

OPTION B: Yes. (by a change of tariff classification rule) (US) (MAL) (**CAN**)

547. The assembly of primary batteries and electric accumulators from cells is a substantial transformation. The Chapter Notes preclude disassembly of batteries or accumulators into individual cells from conferring origin.

548. The rules should be:

CTHS for ex 85.06(a), ex 85.06(b), ex 85.07(a) and ex 85.07(b)

OPTION C: Yes, provided (by a value added rule) (EC) (**BRA**)

549. Assembly of primary batteries and electric accumulators from cells does not necessarily result in a substantial transformation. If the primary batteries and electric accumulators are manufactured from non-originating materials classified outside this heading, this is an origin conferring event. Cells may be used provided that the 45% value added rule is met.

550. The rule should be:

CTH; or 45[**X**] % value added rule

551. If the required value added is not achieved origin is determined by application of a [general] [final] residual rule.

OPTION D: No. (JPN) (CH) (COL) (EGY) (KOR) (PHI) (AUS) (HK) (MEX) (TH)

552. The assembly of primary batteries and electric accumulators from their parts is a substantial transformation, but merely putting together cells to form batteries or accumulators is not substantial.

553. The rule should be: CTSH

554. When the CTSH rule is not met, origin is determined by application of a [general] [final] residual rule.

Relevant HS Codes :
85.06, 85.07

ISSUE No.44: ATTACHMENT OF ELECTRIC MOTORS OR GENERATORS TO PARTS

OPTION A: Yes. (by assembly)

Option A/1: (SG)

555. Any assembly from parts confers origin on the assembled goods.

556. The Chapter rule should be :

“Obtaining goods from parts by assembly, including sub-assembly, shall be considered as reflecting last substantial transformation.”

Option A/2: (IND) (MOR) (SEN)

557. Any assembly resulting in a new good having new characteristics is considered to be substantial transformation. Attaching an electric motor or generator to parts for the electro-mechanical tools and appliances of headings 85.08, 85.09 and 85.10 results in a new good having new characteristics.

558. The Chapter rule should be :

“An assembly operation resulting in a new good having new characteristics is considered to be substantial transformation.”

OPTION B: Yes. (by a change of tariff classification rule) (JPN) (CH) (CAN) (COL) (MEX) (EGY) (KOR) (PHI) (AUS) (HK) (MAL) (TUR – 8509.90 only) (EC – 8508.90 only)

559. Once motors or generators are attached to parts for the electro-mechanical tools and appliances of headings 85.08, 85.09 and 85.10 to form as a new and different part or sub-assembly which can be used only for a specific machine, that part or sub-assembly is no longer a motor or generator in general terms. When articles which can be used for multiple purposes are further manufactured to meet the specific use or function required, the articles are considered to be substantially transformed to new and different goods. Therefore, a change to parts from materials classified outside the parts heading or subheading is always origin conferring.

560. The rule should be : CTH

OPTION C: Yes, provided (by a value added rule) (EC)

561. Attaching an electric motor or generator to parts for the electro-mechanical tools and appliances of headings 85.09 and 85.10 does not necessarily result in a substantial transformation. If the parts for the electro-mechanical tools and appliances of headings 85.09 and 85.10 are manufactured from non-originating materials classified outside this heading other than electric motors or generators, this is an origin conferring event. Electric motors or generators may be used provided that the 45% value added rule is met.

562. The rule should be:

CTH, except from heading 85.01; or 45% value added rule

563. If the required value added is not achieved origin is determined by application of a [general] [final] residual rule.

OPTION D: No. (US)

564. Parts classified in the parts heading or subheading are, as provided in Note 2(b) or (c) to Section XVI, suitable for use solely or principally with a particular kind of machine, or with a number of machines of the same heading; or other (multiple use) parts. Therefore, mere attachment of some parts to operate the machine in question changes the classification from motors or generators (85.01) heading to that parts heading or subheading concerned. However, even though the parts incorporating motors or generators are suitable for use solely or principally with a particular machine the characteristics of the parts in question are still motors or generators. Therefore, in principle, such parts should retain the origin of the motors or generators. Attaching an electric motor or generator to parts for the electro-mechanical tools and appliances of headings 85.08, 85.09 and 85.10 is not a substantial transformation.

565. The rule should be:

CTH, except from heading 85.01

566. When the specified rule is not met, the “5 parts” rule, the specified process rule, the use of one originating part rule and a [general] [final] residual rule apply in sequence.

Relevant HS Codes :

8508.90, 8509.90, 8510.90

ISSUE No.45: ASSEMBLY OF A “CAVITY” FROM ITS PARTS (ex 8516.90(b))

OPTION A: Yes. (by assembly)

Option A/1: (SG)

567. Any assembly from parts confers origin on the assembled goods.

568. The Chapter rule should be :

“Obtaining goods from parts by assembly, including sub-assembly, shall be considered as reflecting last substantial transformation.”

Option A/2: (IND) (MOR) (SEN)

569. Any assembly resulting in a new good having new characteristics is considered to be substantial transformation. The assembly of a “cavity” (part of microwave oven) from its parts classified in subheading 8516.90 results in a new good having new characteristics.

570. The Chapter rule should be :

“An assembly operation resulting in a new good having new characteristics is considered to be substantial transformation.”

OPTION B: Yes. (by a change of tariff classification rule) (JPN) (KOR)

571. Assembly of a “cavity” from its parts classified in subheading 8516.90 results in a sophisticated part for microwave oven. When parts are further manufactured to meet the specific use or function required, these particular parts are considered to be substantially transformed to new and different parts.

572. The rule should be : CTSHS

OPTION C: Yes, provided (by a value added rule)

Option C/1: (EC)

573. Assembly of a “cavity” from its parts classified in subheading 8516.90 does not necessarily result in a substantial transformation. If the “cavity” is manufactured from non-originating materials classified outside this heading other than electric motors or generators, this is an origin conferring event. The parts of the “cavity” may be used provided that the 45% value added rule is met.

574. The rule should be:

CTH, except from heading 85.01; or 45% value added rule

575. If the required value added is not achieved origin is determined by application of a [general] [final] residual rule.

Option C/2: (TUR)

576. Assembly of a “cavity” from its parts classified in subheading 8516.90 does not necessarily result in a substantial transformation. If the “cavity” is manufactured from non-originating materials classified outside this heading, this is an origin conferring event. The parts of the “cavity” may be used provided that the 45% value added rule is met.

577. The rule should be:

CTH; or 45% value added rule

578. If the required value added is not achieved origin is determined by application of a [general] [final] residual rule.

OPTION D: No.

579. Assembly of a “cavity” from its parts classified in subheading 8516.90 does not result in a substantial transformation. Any part of subheading 8516.90 should be assembled from materials classified outside this heading.

580. The rule should be: CTH

Option D/1: (US) (AUS) (CAN)

581. When the CTH rule is not met, the “5 parts” rule, the specified process rule, the use of one originating part rule and a [general] [final] residual rule apply in sequence.

Option D/2: (PHI) (CH) (COL) (MEX) (EGY) (HK) (TH) (MAL)

582. When the CTH rule is not met, origin is determined by application of a [general] [final] residual rule.

Relevant HS Code:
ex 8516.90(a)

ISSUE No.46: ADDITION OR REMOVAL OF DEVICES THAT RESULTS IN A CHANGE OF CLASSIFICATION: WELDING MACHINES AND APPARATUS

OPTION A: Yes. (by assembly)

Option A/1: (SG)

583. Any assembly from parts (the same result is achieved by a CTSH rule) confers origin on the assembled goods.

584. The Chapter rule and the product specific rule should be:

“Obtaining goods from parts by assembly, including sub-assembly, shall be considered as reflecting last substantial transformation.” or

CTSH

Option A/2: (IND) (MOR) (SEN)

585. Any assembly resulting in a new good having new characteristics is considered to be substantial transformation. Adding or removing such devices as an automatic welding wire feeder results in a new good having new characteristics.

586. The Chapter rule should be:

“An assembly operation resulting in a new good having new characteristics is considered to be substantial transformation.”

OPTION B: Yes. (by a change of tariff classification rule) (JPN) (CH) (CAN) (COL) (MEX) (KOR) (PHI) (HK) (MAL)

587. Welding machines are subdivided between automatic or partly automatic machines and non-automatic machines. The operations needed to change a non-automatic to a fully or partly automatic machine are considered to be substantial.

588. The rule should be: CTSH

OPTION C: Yes, provided (by a value added rule) (EC) **(BRA)**

589. Any non-originating material may be used regardless of its classification, provided the criterion of 45% value added is satisfied. If these articles in question are manufactured from non-originating materials classified outside this heading, this is also an origin conferring event regardless of the value added achieved.

590. The rule should be:

CTH; or 45[X] % value added rule

591. If the required value added is not achieved origin is determined by application of a [general] [final] residual rule.

OPTION D: No. (US)

592. A change of subheading between automatic or partly automatic welding machines and welding machines is not a substantial transformation. It can be accomplished by adding such devices as an automatic welding wire feeder to a welding machine or removing such devices from a welding machine. Such modifications would result in a change of subheading without a substantial transformation

593. The rule should be:

for 8515.21	:	CTSH, except from 8515.29
for 8515.29	:	CTSH, except from 8515.21
for 8515.31	:	CTSH, except from 8515.39
for 8515.39	:	CTSH, except from 8515.31

Option D/1: (US)

594. When the specified rule is not met, a subsidiary rule applies. The subsidiary rule should be:

“The country of origin shall be the country in which it was first transformed into a good of subheading 8515.2.” for subheadings 8515.21 and 8515.29

“The country of origin shall be the country in which it was first transformed into a good of subheading 8515.3.” for subheadings 8515.31 and 8515.39

Option D/2: (AUS)

595. When the specified rule is not met, the “5 parts” rule, the specified process rule, the use of one originating part rule and a [general] [final] residual rule apply in sequence.

Relevant HS Codes :
8515.21 to 8515.39

ISSUE No.47: ASSEMBLY OF THE ELECTRICAL HEATING RESISTORS OF SUBHEADING 8516.80 FROM PARTS CLASSIFIED IN THE SAME HEADING

OPTION A: Yes. (by assembly)

Option A/1: (SG)

596. Any assembly from parts (the same result is achieved by a CTSH rule) confers origin on the assembled goods.

597. The Chapter rule and the product specific rule should be :

“Obtaining goods from parts by assembly, including sub-assembly, shall be considered as reflecting last substantial transformation.” or

CTSH

Option A/2: (IND) (MOR) (SEN)

598. Any assembly resulting in a new good having new characteristics is considered to be substantial transformation. Assembling electric heating resistors from the parts results in a new good having new characteristics.

599. The Chapter rule should be:

“An assembly operation resulting in a new good having new characteristics is considered to be substantial transformation.”

OPTION B: Yes. (by a change of tariff classification rule) (CH) (CAN) (US) (COL) (MEX) (EGY) (AUS) (HK) (MAL) (TH) (PHI)

600. The assembly of parts classified in subheading 8516.90 to produce electrical heating resistors is a substantial transformation.

601. The rule should be : CTSH

OPTION C: Yes, provided (by a value added rule)

Option C/1: (EC)

602. Any non-originating material may be used regardless of its classification, provided the criterion of 45% value added is satisfied. If these articles in question are manufactured from non-originating materials classified outside this heading other than electric motors or generators (85.01), this is also an origin conferring event regardless of the value added achieved.

603. The rule should be:

CTH, except from heading 85.01; or 45% value added rule

604. If the required value added is not achieved origin is determined by application of a [general] [final] residual rule.

Option C/2: (TUR)

605. Any non-originating material may be used regardless of its classification, provided the criterion of 45% value added is satisfied. If these articles in question are manufactured from non-originating materials classified outside this heading, this is also an origin conferring event regardless of the value added achieved.

606. The rule should be:

CTH; or 45% value added rule

607. If the required value added is not achieved origin is determined by application of a [general] [final] residual rule.

OPTION D: No. (JPN) (KOR)

608. The assembly of parts classified in the same heading to produce electric heating resistors is not a substantial transformation. The electric heating resistors should be manufactured from the materials classified outside this heading.

609. The rule should be: CTH

610. When the CTH rule is not met, origin is determined by application of a [general] [final] residual rule.

Relevant HS Code:
8516.80

ISSUE No.48: FITTING OF ELECTRONIC ENCRYPTION SYSTEMS

OPTION A: Yes. (by assembly)

Option A/1: (SG)

611. Any assembly from parts confers origin on the assembled goods.

612. The Chapter rule should be :

“Obtaining goods from parts by assembly, including sub-assembly, shall be considered as reflecting last substantial transformation.”

Option A/2: (IND) (MOR) (SEN)

613. Any assembly resulting in a new good having new characteristics is considered to be substantial transformation. The manufacture and installation of an encryption system consisting of hardware (printed circuit boards) and software results in a new good having new characteristics.

614. The Chapter rule should be :

“An assembly operation resulting in a new good having new characteristics is considered to be substantial transformation.”

OPTION B: Yes. (by a process rule expressed by a change of classification) (CH) (EGY)

615. Manufacture and installation of an encryption system consisting of hardware (printed circuit boards) and software, which does not bring about a change of tariff classification, is a substantial transformation. These encryption systems are incorporated into goods such as videophones (ex 8517.19), for certain other telephony or telegraphy apparatus (ex 8517.80) and parts (ex 8517.90), for certain types of transmission apparatus incorporating reception apparatus (ex 8525.20) and certain parts for the goods of headings 85.25 to 85.28 (split (A) ex 8529-90(b)).

616. The rule should be:

“The production of the ciphering equipment with the manufacturing of the corresponding printed circuit boards (hardware) and the integration of the ciphering capabilities (software) confer origin.”

OPTION C: Yes, provided (by a value added rule)

Option C/1: (EC)

617. Any non-originating material may be used regardless of its classification, provided the criterion of 45% value added is satisfied. If these articles classified in ex-8517.19(a), ex-8517.80(a), ex-8517.90(a) are manufactured from non-originating materials classified outside this heading, this is also an origin conferring event regardless of the value added achieved.

618. The rule should be:

CTH; or 45% value added rule for ex 8517.19(a), ex 8517.80(a), ex 8517.90(a)

45% value added rule ex 8525.20(a), split (A) ex 8529.90(b)

619. If the required value added is not achieved origin is determined by application of a [general] [final] residual rule.

Option C/2: (TUR)

620. Any non-originating material may be used regardless of its classification, provided the criterion of 45% value added is satisfied. If these articles classified in ex 8517.90(a) and split (A) ex 8529.90(b) are manufactured from non-originating materials classified outside this heading, this is also an origin conferring event regardless of the value added achieved.

621. The rule should be:

CTH; or 45% value added rule for ex 8517.90(a) and split (A) ex 8529.90(b) only

622. If the required value added is not achieved origin is determined by application of a [general] [final] residual rule.

OPTION D: No

623. The addition of electronic systems does not alter the essential character of the good and is not a substantial transformation.

624. The rules should be:

for 8517.19

- CTSH (JPN) (CAN) (MEX) (KOR) (TUR) (PHI) (HK) (US) (AUS) (MAL)

for 8517.80

- CTSH (JPN) (CAN) (MEX) (KOR) (TUR) (PHI) (HK) (US) (AUS) (TH) (MAL)

for 8517.90

- CTH (JPN) (CAN) (MEX) (KOR) (PHI) (HK) (US) (AUS) (TH) (MAL)

for 8525.20

- CTH (COL) (MEX) (PHI) (HK) (US) (CAN) (AUS) (MAL)
- CTSH, except from 8525.10 (JPN) (KOR)
- CTSH (TUR)

for 8529.90

- CTH (COL) (MEX) (KOR) (TUR) (PHI) (US) (AUS) (HK) (TH) (MAL)
- CTSH, except from headings 85.25 to 85.28 (CAN)

Option D/1: (COL) (MEX) (KOR) (TUR) (PHI) (HK) (TH) (MAL)

625. When the specified rule is not met, origin is determined by application of a [general] [final] residual rule.

Option D/2: (US) (AUS)(CAN)

626. When the specified rule is not met, the “5 parts” rule, the specified process rule, the use of one originating part rule and a [general] [final] residual rule apply in sequence.

Relevant HS Codes :

ex 8517.19(a), ex 8517.80(a), ex 8517.90(a), ex 8525.20(a), split (A) ex 8529.90(b)

ISSUE No.49: ASSEMBLY OF ELECTRIC SOUND AMPLIFIER SETS

OPTION A: Yes (by assembly)

Option A/1: (SG)

627. Any assembly from parts (the same result is achieved by a CTS rule) confers origin on the assembled goods.

628. The Chapter rule and the product specific rule should be :

“Obtaining goods from parts by assembly, including sub-assembly, shall be considered as reflecting last substantial transformation.” or

CTSH

Option A/2: (IND) (MOR) (SEN)

629. Any assembly resulting in a new good having new characteristics is considered to be substantial transformation. The assembly of electric sound amplifier sets results in a new good having new characteristics.

630. The Chapter rule should be :

“An assembly operation resulting in a new good having new characteristics is considered to be substantial transformation.”

OPTION B: Yes. (by a change of tariff classification rule) (JPN) (CH) (CAN) (MEX) (KOR) (HK) (TH) (MAL)

631. The assembly of electric sound amplifier sets comprising microphones, audio-frequency amplifiers and loudspeakers is a substantial transformation. Audio-frequency amplifiers are one of the significant components of the electric sound amplifier sets, but once formed as sets the components substantially change into a new and different good.

632. The rule should be: CTSH

OPTION C: Yes, provided (by a value added rule) (EC)

633. Any non-originating material may be used regardless of its classification, provided the criterion of 45% value added is satisfied.

634. The rule should be:

45% value added rule

635. If the required value added is not achieved origin is determined by application of a [general] [final] residual rule.

OPTION D: No (US) (PHI) (AUS)

636. The assembly of electric sound amplifier sets is not a substantial transformation. Electric amplifier sets comprising microphones, audio-frequency amplifiers and loudspeakers have the country of origin of the individual elements included in the set, or the country of origin of where the elements in the set are assembled from their parts.

637. It is intended that Rule 5(d) (putting up in sets [or kits]), a Chapter Note will preclude origin being conferred based on a change of classification within the heading if that change results merely from disassociation, disassembly or repackaging of sets of subheading 8518.50.

638. The rules should be:

CTH or change from subheading 8518.90

639. When the specified rule is not met, origin is determined by application of [Appendix 2, Rule 5(d) or] a [general] [final] residual rule.

Relevant HS Code:

8518.50

ISSUE No.50: FINISHING OPERATIONS FROM COATED OR EVAPORATED AND SLITTED ROLL (MAGNETIC TAPES), FROM COATED OR EVAPORATED (MAGNETIC DISCS), OR FROM SPUTTERED AND SURFACE PROTECTED (OTHER PREPARED UNRECORDED MEDIA)

OPTION A: Yes. (by assembly)

Option A/1: (SG)

640. Any assembly from parts confers origin on the assembled goods. The assembly of the floppy diskettes of subheading 8523.20 from parts classified in the same subheading is a substantial transformation.

641. The Chapter rule and the product specific rule should be :

“Obtaining goods from parts by assembly, including sub-assembly, shall be considered as reflecting last substantial transformation.” or

CTSHS for ex 8523.20(a) of split subheading (B)

Option A/2: (IND) (MOR) (SEN)

642. Any assembly resulting in a new good having new characteristics is considered to be substantial transformation. The finishing operations of prepared unrecorded media are accompanied by assembly which results in a new good having new characteristics.

643. The Chapter rule should be :

“An assembly operation resulting in a new good having new characteristics is considered to be substantial transformation.”

OPTION B: Yes. (by a change of tariff classification rule) (JPN) (AUS) (HK) (**CHI**) (TH – except ex 8523.90(a))

644. For cassettes the final operations from the coated or evaporated (another method of depositing the magnetised surface) and slitted roll of magnetic tape to a finished audio or video cassette (8523.11 to 8523.13), without change of subheading, bring about a substantial transformation. Similarly the production of magnetic discs of 8523.20 in their final casing from the already coated or evaporated disc, or of the finished magnetic optical disc of 8523.90 from the sputtered and surface protected discs of the same subheading are substantial transformations.

645. The rules should be:

CTSHS for ex 8523.11(a), ex 8523.12(a), ex 8523.13(a), ex 8523.20(a), ex 8523.90(a)

OPTION C: Yes, provided (by a value added rule) (EC)

646. Any non-originating material may be used regardless of its classification, provided the criterion of 45% value added is satisfied.

647. The rule should be: 45% value added rule

648. If the required value added is not achieved origin is determined by application of a [general] [final] residual rule.

OPTION D: Yes, provided (by a processing criterion) (TUR)

649. Magnetic tape itself is not a consumer good alone, but should be interpreted as a raw material. Converting process into consumer goods, such as carrier production, slitting and loading should be considered as substantial transformation though it undergoes no change of heading.

650. The rule should be:

CTH or carrier production, slitting and loading

651. If the processing criterion is not achieved origin is determined by application of a [general] [final] residual rule.

OPTION E: No.

Option E/1: (CH) (COL) (MEX) (EGY) (KOR) (PHI) (CAN) (MAL)

652. The assembly of prepared unrecorded media from parts classified in the same heading or subheading is not a substantial transformation.

653. The rule should be: CTH

654. When the CTH rule is not met, origin is determined by application of a [general] [final] residual rule.

Option E/2: (US)

655. The assembly of prepared unrecorded media from parts classified in the same heading or subheading is not a substantial transformation. This is also to exclude the possibility that erasing recordings from the media classified in heading 85.24, which would bring about a change of classification to heading 85.23, result in a change of country of origin.

The Technical Committee agreed by consensus at its Twelfth Session that change of classification as a result of erasing recorded phenomena, such as sound images or other data, should not be origin-conferring. (Sec)

656. The rule should be:

CTH, except from heading 85.24

657. When the specified rule is not met, origin is determined by application of a subsidiary rule. The subsidiary rule should be:

“For media which undergo a change of classification within the group of subheadings, the country of origin will be the country in which the good was first transformed into media classifiable within the group of subheadings and,

For media which undergo a change of classification from heading 85.24 (i.e., by erasure), the country of origin shall be the country in which the original unrecorded media was produced.”

Relevant HS Code:
85.23

ISSUE No.51: RECORDING SOUND, IMAGE OR DATA

OPTION A: Yes (by a change of tariff classification rule) (JPN) (CAN) (MEX) (EGY) (KOR) (TUR) (US) (SG) (HK) (TH) (CH) (IND) (MAL) (**CHI**)

658. The production of records, pre-recorded tapes and compact discs, video discs, recorded software on diskettes or compact discs, etc. is substantial transformation.

659. The rule should be: CTH

OPTION B: Yes, provided (by a value added rule) (EC) (**BRA**)

660. The production of recorded media is a substantial transformation, provided the criterion of 45% value added is satisfied.

661. The rule should be:
45[X]% value added rule

662. If the required value added is not achieved origin is determined by application of a [general] [final] residual rule.

OPTION C: No. (COL) (AUS)

663. For the recorded media of 85.24, the essential operation is production of the content. The country of origin of records, pre-recorded tapes and compact discs, video discs, recorded software on diskettes or compact discs, etc. is the country where the original content was produced. Copying this onto a carrying medium such as the records, tapes, compact discs, computer diskettes, etc. is not a substantial transformation.

664. The rules should be:

“The phonographic products of subheadings 8524.10, 8524.32, 8524.39, 8524.51, 8524.53 shall be regarded as originating in the country where the sound recordings were produced by a phonographic producer located or established in that country”

(* PHI joined the COL proposal on the understanding that if the rule had implications for intellectual property rights it would revert to the original PHI proposal that the country of origin should be the country in which the IPR rights over the content are held.)

Relevant HS Codes :

8524.10, 8524.32, 8524.39, 8524.51, 8524.53

ISSUE No.52: PROGRAMMING AND CONTROL OF MAGNETIC “SWIPE” CARDS

OPTION A: Yes. (by a process rule expressed by a change of classification) (CH)

665. For cards incorporating a magnetic stripe for reproducing phenomena other than sound or image, e.g. “swipe” cards for security systems or for automatic bank machines, of subheading 8524.91, it is necessary to split the subheading to provide that substantial transformation with programming and control gives the new product its essential properties without change of subheading.

666. The proposed rule is: CTSHS

OPTION B: Yes, provided (by a value added rule) (EC)

667. The production of cards incorporating a magnetic stripe for reproducing phenomena other than sound or image, e.g. “swipe” cards is a substantial transformation, provided the criterion of 45% value added is satisfied.

668. The rule should be: 45% value added rule

669. If the required value added is not achieved origin is determined by application of a [general] [final] residual rule.

OPTION C: No (JPN) (CAN) (MEX) (EGY) (KOR) (TUR) (US) (SG) (HK) (TH) (MAL) (**CHI**)

670. This operation is not considered to be a substantial transformation.

671. The rule should be: CTH

672. When the CTH rule is not met, origin is determined by application of a [general] [final] residual rule.

Relevant HS Code:

ex 8524.91(a)

ISSUE No.53: ATTACHING OR REMOVING RECEPTION APPARATUS TO MANUFACTURE THE TRANSMISSION APPARATUS FOR RADIO-TELEPHONY, ETC.

OPTION A: Yes. (by assembly)

Option A/1: (SG)

673. Any assembly from parts (the same result is achieved by a CTSH rule) confers origin on the assembled goods.

674. The Chapter rule and the product specific rule should be :

“Obtaining goods from parts by assembly, including sub-assembly, shall be considered as reflecting last substantial transformation.” or

CTSH

Option A/2: (IND) (MOR) (SEN)

675. Any assembly resulting in a new good having new characteristics is considered to be substantial transformation. Attaching or removing reception apparatus results in a new good having new characteristics.

676. The Chapter rule should be :

“An assembly operation resulting in a new good having new characteristics is considered to be substantial transformation.”

OPTION B: Yes. (by a change of tariff classification rule) (TUR)

677. Attaching or removing reception apparatus to manufacture the transmission apparatus for radio-telephony, etc. is a substantial transformation.

678. The rule should be: CTSH

OPTION C: Yes, provided (by a value added rule) (EC)

679. Any non-originating material may be used regardless of its classification, provided the criterion of 45% value added is satisfied.

680. The rule should be:

45% value added rule

681. If the required value added is not achieved origin is determined by application of a [general] [final] residual rule.

OPTION D: No

682. Adding reception apparatus to transmission apparatus or removing reception apparatus from transmission apparatus does not result in a substantial transformation.

683. The rule should be:

(a) CTH (CH) (CAN) (COL) (MEX) (PHI) (US) (AUS) (HK) (MAL)

(b) CTSH except from 8525.20 for 8525.10
CTSH except from 8525.10 for 8525.20 (JPN) (KOR)

Option D/1: (JPN) (CH) (CAN) (COL) (MEX) (KOR) (PHI) (HK) (MAL) (CHI)

684. When the specified rule is not met, origin is determined by application of a [general] [final] residual rule.

Option D/2: (US) (AUS)

685. When the CTH rule is not met, the “5 parts” rule, the specified process rule, the use of one originating part rule and a [general] [final] residual rule apply in sequence.

Relevant HS Codes :
8525.10, 8525.20

ISSUE No.54: ATTACHING OR REMOVING RADAR APPARATUS

OPTION A: Yes. (by assembly)

Option A/1: (SG)

686. Any assembly from parts (the same result is achieved by a CTSH rule) confers origin on the assembled goods.

687. The Chapter rule and the product specific rule should be :

“Obtaining goods from parts by assembly, including sub-assembly, shall be considered as reflecting last substantial transformation.” or

CTSH

Option A/2: (IND) (MOR) (SEN)

688. Any assembly resulting in a new good having new characteristics is considered to be substantial transformation. Attaching or removing radio apparatus results in a new good having new characteristics.

689. The Chapter rule should be :

“An assembly operation resulting in a new good having new characteristics is considered to be substantial transformation.”

OPTION B: Yes. (by a change of tariff classification rule) (CAN) (MEX) (US) (**CHI**)

690. Attaching or removing radio apparatus is a substantial transformation.

691. The rules should be: CTSH

OPTION C: Yes, provided (by a value added rule) (EC)

692. Any non-originating material may be used regardless of its classification, provided the criterion of 45[X]% value added is satisfied. For manufacturing radar apparatus and of radio navigational aids, if these articles in question are manufactured from non-originating materials classified outside this heading other than parts heading of 85.29, this is also an origin conferring event regardless of the value added achieved.

693. The rule should be:

CTH, except from heading 85.29; or 45% value added rule

694. If the required value added is not achieved origin is determined by application of a [general] [final] residual rule.

OPTION D: No.

695. Attaching or removing radio apparatus does not result in a substantial transformation.

696. The rules should be: CTH

Option D/1: (JPN) (CH) (COL) (KOR) (HK) (MAL)

697. When the CTH rule is not met, origin is determined by application of a [general] [final] residual rule.

Option D/2: (AUS)

698. When the CTH rule is not met, the “5 parts” rule, the specified process rule, the use of one originating part rule and a [general] [final] residual rule apply in sequence.

Relevant HS Code:
85.26

ISSUE No.55: ASSEMBLY OF FINISHED OR COMPLETE TELEVISION RECEIVERS, VIDEO PROJECTORS OR VIDEO MONITORS FROM UNFINISHED OR INCOMPLETE GOODS CLASSIFIED IN THE SAME SUBHEADING AS THE COMPLETE OR FINISHED PRODUCT

NOTE

699. The Generic Issue No. 3 is prepared to deal with the “non-blank” Chapter Note proposed by CH. On the other hand, Issue No.55 is prepared for the JPN and KOR’s proposal to split heading 85.28. According to the proposed Chapter Notes structure the “non-blank” rule is applicable when the product specific rules specified in the matrices do not determine the origin of a good. Therefore the Issue No.55 should be considered as a product specific issue.

OPTION A: Yes. (by assembly)

Option A/1: (SG)

700. Any assembly from parts confers origin on the assembled goods.

701. The Chapter rule should be :

“Obtaining goods from parts by assembly, including sub-assembly, shall be considered as reflecting last substantial transformation.”

Option A/2: (MOR)

702. Any assembly resulting in a new good having new characteristics is considered to be substantial transformation. Assembly of finished or complete television receivers from incomplete television receivers not incorporating a display device; assembly of finished or complete video projectors from incomplete video projectors not incorporating an optical block including display device; or assembly of finished or complete video monitors from incomplete video monitors not incorporating display devices results in a new good having new characteristics.

703. The Chapter rule should be :

“An assembly operation resulting in a new good having new characteristics is considered to be substantial transformation.”

OPTION B: Yes. (by a change of tariff classification rule) (JPN) (KOR) **(CAN) (CHI)**

704. Assembly of finished or complete television receivers from incomplete television receivers which do not incorporate a display device, or of finished or complete video projectors from incomplete video projectors which do not incorporate an optical block including display device, or of finished or complete video monitors from incomplete video monitors which do not incorporate display devices is a substantial transformation. The finishing operations require the highly sophisticated processing and determine the quality of the goods. The production of these components reflects the commercial reality of this industrial sector. The finished television receivers, video projectors and video monitors are substantially transformed from the unfinished or incomplete television receivers, video projectors or video monitors.

705. The rule should be:

- CTH; or CTHS from ex-85.28(b) for ex 85.28(a) (KOR) **(CTHS for ex 85.28(a)(JPN))**
- CTHS for ex 85.28(c) (subheading 8528.30) (JPN) (KOR)
- CTHS for ex 85.28(e) (JPN) (KOR)

OPTION C: Yes, provided (by a Chapter Rule/Note) (CH)

706. It is not necessary to deal with finishing operations as a product specific issue. Finishing unfinished or incomplete goods should be considered an origin conferring event, if the processes satisfied the requirements laid down in the Chapter Rule/Note (the “non-blank” rule).

707. The Chapter Rule/Note should be:

“Whenever the change of classification rules set out for goods of chapters 84 to 90 and 93 are not determinant of the country of origin of the good, the following substantial transformation rules are to be applied:

- (a) A finished good or part produced from a non-originating unfinished good or part classified in the same heading or subheading as the finished good or part shall originate in the country in which the good or part was finished, provided:

- (i) the unfinished good or part is not functioning for its ultimate use in its imported condition and has undergone at least two or more of the following processes:

assembly by built-up such as but not limited to welding, soldering, shrinking, bolting, glueing, fitting, fixing, spooling, winding, connecting, wiring, coupling; or

heat treatment or thermochemical treatment such as glowing, tempering, hardening; or

treatment for the purpose of shaping, forming such as cold or warm forming; or

mechanical treatment, refining of form-, positional- and surface tolerances of functional finished shapes such as turning, milling, drilling, broaching, grinding, polishing, honing, eroding; or

surface treatment such as coating, compressing, condensing, impregnating (excluding temporary conservation for transport and/or storage purpose), insulating; or

system engineering, software-development and application;

and

- (ii) The finished good or part has undergone final testing such as but not limited to balancing, spinning, voltage testing, performance- or isolation test.
- (b) A finished good or part, produced from a non-originating good or part, classified in the same subdivision as the finished good or part which do not satisfy the conditions mentioned in Rule 2.B.(1) (a) above shall originate in the country contributing most to the product in terms of total value of parts (including an unfinished good) and related processing activities.”

708. If the required processes are not satisfied origin is determined by application of a [general] [final] residual rule.

OPTION D: Yes, provided (by a value added rule)

Option D/1: (EC)

709. Any non-originating material may be used regardless of its classification, provided the criterion of 45% value added is satisfied.

710. The rule should be:

45% value added rule

711. If the required value added is not achieved origin is determined by application of a [general] [final] residual rule.

Option D/2: (EGY)

712. Any non-originating material may be used regardless of its classification, provided the criterion of 40% value added is satisfied.

713. The rule should be:

40% value added rule

714. If the required value added is not achieved origin is determined by application of a [general] [final] residual rule.

OPTION E: No. (See Issue No.56 for further elaboration)

715. The assembly of these electrical goods from unfinished or incomplete goods classified in the same subheading is not a substantial transformation.

Option E/1:

716. The rule should be:

- (i) CTH (PHI) (TH) (HK) (MAL)
- (ii) CTSH (MEX)

717. When the CTH or CTSH rule is not met, origin is determined by application of a [general] [final] residual rule.

Option E/2:

Option E/2/a: (AUS)

718. The rule should be:

CTSH, except from 8540.11 or 8540.12

719. When the specified rule is not met, the “5 parts” rule, the specified process rule, the use of one originating part rule and a [general] [final] residual rule apply in sequence.

Option E/2/b: (US)

720. The rule should be:

CTSH, except from 8540.11 or 8540.12

721. When the specified rule is not met, a subsidiary rule applies. The subsidiary rule should be: “Otherwise, the country of origin of the good shall be the country of origin of the cathode-ray television picture tube.”

Option E/3: (TUR)

722. The rule should be:

CTH, except from chassis of heading 85.29.

723. When the specified rule is not met, origin is determined by application of a [general] [final] residual rule.

Relevant HS Codes :

85.28 (ex85.28(a), ex85.28(c), ex85.28(e))

ISSUE No.56: ASSEMBLY OF TELEVISION RECEIVERS, VIDEO MONITORS, VIDEO PROJECTORS ETC. OF HEADING 85.28 USING A NON-ORIGINATING CATHODE RAY TUBE

OPTION A: Yes. (by assembly)

Option A/1: (SG)

724. Any assembly from parts confers origin on the assembled goods.

725. The Chapter rule should be :

“Obtaining goods from parts by assembly, including sub-assembly, shall be considered as reflecting last substantial transformation.”

Option A/2: (IND) (MOR) (SEN)

726. Any assembly resulting in a new good having new characteristics is considered to be substantial transformation. Assembly of television receivers, video monitors, video projectors etc. using a non-originating cathode ray tube results in a new good having new characteristics.

727. The Chapter rule should be :

“An assembly operation resulting in a new good having new characteristics is considered to be substantial transformation.”

OPTION B: Yes. (by a change of tariff classification rule)

728. Assembly of television receivers, video monitors, video projectors etc. using a non-originating cathode ray tube is a substantial transformation. The cathode ray tube is one of the major parts of television receivers or video monitors. However, there are many other important parts other than the cathode ray tube such as the deflection yoke, electron gun, convergence purity magnet, degaussing coil, fly back transformer, printed circuit board which is assembled from many integrated circuits, diodes, resistors, capacitors transistors etc., tuner system (VHF, UHF, Sonderkanal and Hyperband, Satellite reception), sound system (stereo, surround, spatial, Hi-Fi), purity adjustment system, picture adjustment system, remote control system, power supply system, antenna system etc. Therefore there is no reason to single out the use of cathode ray tubes.

729. The rule should be:

- (i) CTH (PHI) (TH) (CAN) (CH) (KOR) (JPN) (HK) (MAL)
- (ii) CTSH (MEX)

OPTION C: Yes, provided (by a change of tariff classification rule) (TUR)

730. Assembly of television receivers, video monitors, video projectors etc. using a non-originating cathode ray tube is a substantial transformation. However, chassis of television, video monitors, etc. (85.29) should not be used as starting materials. A change from chassis to television, video monitors, etc. is not a substantial transformation.

731. The rule should be:

CTH, except from chassis of heading 85.29.

732. When the specified rule is not met, origin is determined by application of a [general] [final] residual rule.

OPTION D: Yes, provided (by a value added rule)

Option D/1: (EC)

733. Any non-originating material may be used regardless of its classification, provided the criterion of 45% value added is satisfied.

734. The rule should be:

45% value added rule

735. If the required value added is not achieved origin is determined by application of a [general] [final] residual rule.

Option D/2: (EGY)

736. Any non-originating material may be used regardless of its classification, provided the criterion of 40% value added is satisfied.

737. The rule should be:

40% value added rule

738. If the required value added is not achieved origin is determined by application of a [general] [final] residual rule.

OPTION E: No.

739. Cathode ray tubes are the most significant parts used for assembly of television receivers and video monitors of heading 85.28. Assembly using a non-originating cathode ray tube is not sufficient to be considered as a substantial transformation.

Option E/1: (AUS)

740. The rule should be:

CTSH, except from 8540.11 or 8540.12

741. When the specified rule is not met, the “5 parts” rule, the specified process rule, the use of one originating part rule and a [general] [final] residual rule apply in sequence.

Option E/2: (US)

742. The rule should be:

CTSH, except from 8540.11 or 8540.12

743. When the specified rule is not met, a subsidiary rule applies. The subsidiary rule should be: “Otherwise, the country of origin of the good shall be the country of origin of the cathode-ray television picture tube.”

Relevant HS Code:

85.28

ISSUE No.57: MANUFACTURE OF ENERGY DISTRIBUTION DIRECTING SYSTEMS

OPTION A: Yes. (by assembly)

Option A/1: (SG)

744. Any assembly from parts confers origin on the assembled goods.

745. The Chapter rule should be :

“Obtaining goods from parts by assembly, including sub-assembly, shall be considered as reflecting last substantial transformation.”

Option A/2: (IND) (MOR) (SEN)

746. Any assembly resulting in a new good having new characteristics is considered to be substantial transformation. Manufacture of energy distribution directing systems results in a new good having new characteristics.

747. The Chapter rule should be :

“An assembly operation resulting in a new good having new characteristics is considered to be substantial transformation.”

OPTION B: Yes. (by a process rule) (CH) (EGY)

748. The manufacture of energy distribution directing systems from equipment classified in the same heading is a substantial transformation. The system includes several computers which are interlinked and connected with equipment which makes it possible to communicate with remote input/output interfaces. Software is integrated with the hardware configuration. A split of the heading is needed.

749. The rule should be:

CTHS for ex-85.37(a)

OPTION C: Yes, provided (by a value added rule)

Option C/1: (EC) (BRA)

750. Any non-originating material may be used regardless of its classification, provided the criterion of 45% value added is satisfied. For manufacturing energy distribution directing systems, if these articles in question are manufactured from non-originating materials classified outside this heading other than parts heading of 85.38, this is also an origin conferring event regardless of the value added achieved.

751. The rule should be:

CTH, except from heading 85.38; or 45[X]% value added rule

752. If the required value added is not achieved origin is determined by application of a [general] [final] residual rule.

Option C/2: (TUR)

753. Any non-originating material may be used regardless of its classification, provided the criterion of 45% value added is satisfied. For manufacturing energy distribution directing systems, if

these articles in question are manufactured from non-originating materials classified outside this heading, this is also an origin conferring event regardless of the value added achieved.

754. The rule should be:

CTH; or 45% value added rule for subheading 8537.20 only

755. If the required value added is not achieved origin is determined by application of a [general] [final] residual rule.

Option C/3: (BRA)

~~756. Any non-originating material may be used regardless of its classification, provided the criterion of 45% value added is satisfied.~~

~~757. The rule should be:~~

~~60% value added rule; and~~

~~for ex 8537.10(a) with starting switches in thermoplastic and in metal boxes:~~

- ~~• Overload relay, contactor and circuit breaker which come with the starting switches should be manufactured in the country of manufacture of the final good;~~

~~for ex 8537.10(b) other:~~

- ~~• The metal box should be manufactured in the country of manufacture of the final good;~~

~~for 8537.20:~~

- ~~• The metal box should be manufactured in the country of manufacture of the final good.~~

758. If the required value added is not achieved origin is determined by application of a [general] [final] residual rule.

OPTION D: No.

759. There is no substantial transformation.

760. The rules should be: CTH

Option D/1: (JPN) (CAN) (COL) (MEX) (KOR) (PHI) (HK) (TH) (MAL) (CHI)

761. When the CTH rule is not met, origin is determined by application of a [general] [final] residual rule.

Option D/2: (US) (AUS)

762. When the CTH rule is not met, the “5 parts” rule, the specified process rule, the use of one originating part rule and a [general] [final] residual rule apply in sequence.

Relevant HS Code:
ex 85.37(a)

ISSUE No.58: ASSEMBLY OF CATHODE RAY TUBE BLOCKS FROM CATHODE RAY TUBES

OPTION A: Yes. (by assembly)

Option A/1: (SG)

763. Any assembly from parts confers origin on the assembled goods.

764. The Chapter rule should be :

“Obtaining goods from parts by assembly, including sub-assembly, shall be considered as reflecting last substantial transformation.”

Option A/2: (IND) (MOR) (SEN)

765. Any assembly resulting in a new good having new characteristics is considered to be substantial transformation. Change from cathode ray tubes to cathode ray tube blocks results in a new good having new characteristics.

766. The Chapter rule should be :

“An assembly operation resulting in a new good having new characteristics is considered to be substantial transformation.”

OPTION B: Yes. (by a change of tariff classification rule) (JPN) (KOR) (**CHI**)

767. Change from cathode ray tubes to cathode ray tube blocks is a substantial transformation, because it results from a highly sophisticated assembly process and an adjustment process. The relevant subheadings should be split.

768. The rule should be:

CTSHS for ex-8540.11(a) to 8540.60(a)

OPTION C: Yes, provided (by a value added rule) (EC)

769. Any non-originating material may be used regardless of its classification, provided the criterion of 45% value added is satisfied. If these articles in question are manufactured from non-originating materials classified outside this heading, this is also an origin conferring event regardless of the value added achieved.

770. The rule should be:

CTH; or 45% value added rule

771. If the required value added is not achieved origin is determined by application of a [general] [final] residual rule.

OPTION D: No.

772. Assembly of cathode ray tube blocks from cathode ray tubes is not a substantial transformation. The goods have origin in the country where they are assembled from their parts.

773. The rule should be: CTSH

Option D/1: (CH) (CAN) (MEX) (PHI) (HK) (MAL) (TH for subheadings 8540.11, 8540.12, 8540.40, 8540.50 only)

774. When the CTSH rule is not met, origin is determined by application of a [general] [final] residual rule.

Option D/2: (US) (AUS)

775. When the CTSH rule is not met, the “5 parts” rule, the specified process rule, the use of one originating part rule and a [general] [final] residual rule apply in sequence.

Relevant HS Codes :

ex 8540.11(a) to ex 8540.60(a)

SUMMARY NOTES TO ISSUES NOS. 63 TO 67

Structure of split headings: 85.41 (semiconductor devices, etc.; mounted piezo-electric crystals)

HS Code	Goods	CTHS Rule Proponents	Issue No.
ex 85.41(a)	semiconductor devices, etc., unmounted	Value added rule (EC) Assembly from parts (others)	No.1
ex 85.41(b)	semiconductor devices, etc., mounted	JPN, CAN, SG, PHI, MAL	No.59
ex 85.41(c) (8541.60)	mounted piezo-electric crystals	Value added rule (EC) Manufacture from raw materials (US) (AUS) Assembly from parts (others)	No.1
ex 85.41(d)	mounted, more than 2 items of this heading	JPN	No.60
ex 85.41(e)	programmed	SG, PHI, AUS	No.61
ex 85.41(f)	tested	SG, MOR, MAL	No.63
ex 85.41(g) (8541.90)	parts	Value added rule (EC) Manufacture from raw materials (others)	No.1
ex 85.41(h) (ex8541.40)	Flame sensor	CH	No.65

Structure of split headings: 85.42 (IC and microassemblies)

HS Code	Goods	CTHS Rule Proponents	Issue No.
ex 85.42(a)	Unmounted, unprogrammed	Diffusion for IC; Value added for microassemblies (EC) Manufacture from raw materials (CAN) Assembly from parts (others)	No.1
ex 85.42(b)	Unmounted, programmed	CAN, SG, PHI, AUS, CH	No.62
ex 85.42(c)	Mounted, unprogrammed	JPN, SG, PHI	No.59
ex 85.42(d)	Mounted, programmed	CAN, SG, PHI, AUS, CH	No.62
ex 85.42(e)	tested	SG, MOR, MAL	No.63
ex 85.42(f) (8542.90)	parts	Value added rule (EC) Manufacture from raw materials (others)	No.1

ISSUE No.59: MOUNTING OF DIODES, TRANSISTORS, OTHER SEMICONDUCTORS, INTEGRATED CIRCUITS ETC.

OPTION A: Yes. (by assembly)

Option A/1: (SG)

776. Any assembly from parts confers origin on the assembled goods.

777. The Chapter rule should be :

“Obtaining goods from parts by assembly, including sub-assembly, shall be considered as reflecting last substantial transformation.”

SG proposed an origin conferring primary rule at the Chapter level: “Process (such as mounting of integrated circuits) as defined for the specific headings or subheadings which result in new characteristics or use in the finished product”. When such definitions are submitted the applicable rule should be the specified process rule. (Sec)

Option A/2: (IND) (MOR) (SEN)

778. Any assembly resulting in a new good having new characteristics is considered to be substantial transformation. Mounting diodes, transistors, other semiconductors, integrated circuits etc. results in a new good having new characteristics.

779. The Chapter rule should be :

“An assembly operation resulting in a new good having new characteristics is considered to be substantial transformation.”

OPTION B: Yes. (by a change of tariff classification rule) (JPN) (SG) (PHI) (CAN) (MAL) (CHI)

780. Mounting of diodes, transistors, other semiconductors, integrated circuits etc. is a substantial transformation. The processes of manufacturing diodes, transistors and other semiconductor devices (85.41) and integrated circuits (85.42) fall into two main processes: the “front end process (wafer processing)” covers all preparatory processes until and including diffusion to obtain the unmounted product; the “back end process” means the assembly to the finished mounted product. The back end process can be divided into: (a) attaching dies and lead wires to chips; (b) encapsulating chips into packages (encapsulation).

781. Change from unmounted to mounted is substantial transformation because the “back end process” is technically complicated and the important step to obtain the finished products. Splits of the headings are needed to provide a change of classification from unmounted to mounted.

782. The rule should be:

CTHS

For ex 85.42(c), to exclude de-programming from being origin-conferring, CAN proposed “CTHS, except from 85.42(d)” (Sec)

OPTION C: Yes, provided (by a value added rule) (EC) – ex 85.41(b), microassemblies of ex 85.42(c) only

783. Any non-originating material may be used regardless of its classification, provided the criterion of 45% value added is satisfied. If the mounted diodes, transistors, other semiconductors, etc. of ex 85.41(b) or the mounted and unprogrammed microassemblies of ex 85.42(c) are manufactured from non-originating materials classified outside this heading, this is also an origin conferring event regardless of the value added achieved.

784. The rule should be:

CTH; or 45% value added rule for ex 85.41(b), microassemblies of ex 85.42(c)

785. If the required value added is not achieved origin is determined by application of a [general] [final] residual rule.

OPTION D: No.

786. Mounting is not a substantial transformation.

Option D/1:

787. However, if the diodes, transistors, other semiconductors, integrated circuits etc. are assembled directly from parts to the mounted goods, these goods are considered substantially transformed.

788. The rule should be:

CTH, or change from split heading ex 85.41(g) for ex 85.41(b)
CTH, or change from split heading ex 85.42(f) for ex 85.42(c)

Option D/1/a: (US)

789. When the specified rule is not met, a subsidiary rule applies. The subsidiary rule should be:

“The country of origin will be the country of origin of the chips or dice therein.” for “smart” cards (8542.12);

“The country of origin will be the country of diffusion” for goods of 85.41, electronic integrated circuits of 85.42;

Otherwise, the “5 parts” rule, the specified process rule, the use of one originating part rule and a [general] [final] residual rule apply in sequence.

Option D/1/b: (AUS)

790. When the specified rule is not met, the “5 parts” rule, the specified process rule, the use of one originating part rule and a [general] [final] residual rule apply in sequence.

Option D/1/c: (KOR) (HK)

791. When the specified rule is not met, origin is determined by application of a [general] [final] residual rule.

Option D/2: (CH) (MEX) - for ex 85.41(b) only

792. However, if the diodes, transistors, other semiconductors, integrated circuits etc. are assembled directly from parts to the mounted goods, these goods are considered substantially transformed.

793. The rule should be:

CTSH for ex 85.41(b)

794. When the CTSH rule is not met, origin is determined by application of a [general] [final] residual rule.

Option D/3: (EC) – electronic integrated circuits of ex 85.42(c) only

795. For electronic integrated circuits of ex 85.42(c), after the diffusion process no process confers origin on the electronic integrated circuits. The origin will be carried forward.

796. The rule should be:

For electronic integrated circuits: “The operation of diffusion (where integrated circuits are formed on a semi-conductor substrate by the selective introduction of an appropriate dopant)”

Relevant HS Codes :

ex 85.41(b), ex 85.42(c)

ISSUE No.60: MOUNTING OF MORE THAN 2 ITEMS OF HEADING 85.41

OPTION A: Yes. (by assembly)

Option A/1: (SG)

797. Any assembly from parts confers origin on the assembled goods.

798. The Chapter rule should be :

“Obtaining goods from parts by assembly, including sub-assembly, shall be considered as reflecting last substantial transformation.”

Option A/2: (IND) (MOR) (SEN)

799. Any assembly resulting in a new good having new characteristics is considered to be substantial transformation. Mounting of more than two items of heading 85.41 results in a new good having new characteristics.

800. The Chapter rule should be :

“An assembly operation resulting in a new good having new characteristics is considered to be substantial transformation.”

OPTION B: Yes. (by a change of tariff classification rule) (JPN)

801. Mounting of more than two items of heading 85.41 requires highly sophisticated technology and substantially transform the starting materials into different goods.

802. The rule should be: CTHS

OPTION C: Yes, provided (by a value added rule) (EC)

803. Any non-originating material may be used regardless of its classification, provided the criterion of 45% value added is satisfied. If the items mounted together are manufactured from non-originating materials classified outside this heading, this is also an origin conferring event regardless of the value added achieved.

804. The rule should be:

CTH; or 45% value added rule

805. If the required value added is not achieved origin is determined by application of a [general] [final] residual rule.

OPTION D: No

806. Mounting of more than two items of heading 85.41 alone is not substantial transformation

Option D/1: (CH) (CAN) (MRX) (KOR) (PHI) (MAL) **(CHI)**

807. However, if more than two items of heading 85.41 are mounted in the continuous assembly processes directly from parts, these goods are considered substantially transformed.

808. The rule should be: CTSH

809. When the CTSH rule is not met, origin is determined by application of a [general] [final] residual rule.

Option D/2: (US)

810. However, if more than two items of heading 85.41 are mounted in the continuous assembly processes directly from parts, these goods are considered substantially transformed.

811. The rule should be:

CTH; or change from split heading ex 85.41(g) (US)

812. When the CTH rule is not met or a change from other than ex 85.41(g) occurs, a subsidiary rule applies. The subsidiary rule should be:

“The country of origin will be the country of origin of the chips or dice therein.” for “smart” cards (8542.12);

“The country of origin will be the country of diffusion” for goods of 85.41, electronic integrated circuits of 85.42;

813. Otherwise, the “5 parts” rule, the specified process rule, the use of one originating part rule and a [general] [final] residual rule apply in sequence.

Option D/3: (AUS)

814. However, if more than two items of heading 85.41 are mounted in the continuous assembly processes directly from raw materials classified outside 85.41, these goods are considered substantially transformed.

815. The rule should be: CTH

816. When the CTH rule is not met, the “5 parts” rule, the specified process rule, the use of one originating part rule and a [general] [final] residual rule apply in sequence.

Relevant HS Code:

ex 85.41(d)

ISSUE No.61: PROGRAMMING DIODES, TRANSISTORS, SIMILAR SEMICONDUCTOR DEVICES AND OTHER GOODS OF HEADING 85.41

OPTION A: Yes. (by a process rule expressed by a change of classification) (SG) (PHI) (AUS)

817. Programming changes a piece of plastic or metal into an electronic device which functions as prescribed. Programming is one of the core portions of the production processes.

818. The rule should be: CTHS

OPTION B: Yes, provided (by a value added rule) (EC)

819. If the increase in value resulting from the assembly together with programming and other accepted operations satisfies the criterion of 45% value added, the programmed goods are considered substantially transformed. If the programmed goods are manufactured from non-originating materials classified outside this heading, this is also an origin conferring event regardless of the value added achieved.

820. The rule should be:

CTH; or 45% value added rule

821. If the required value added is not achieved origin is determined by application of a [general] [final] residual rule.

OPTION C: No

Option C/1: (CAN) (CH) (MEX) (KOR) (JPN) (MAL) (**CHI**)

822. For diodes, transistors, similar semiconductor devices and other goods of heading 85.41 programming alone is not a substantial transformation. The programmed diodes, transistors, similar semiconductor devices and other goods of heading 85.41 are considered substantially transformed when these good are assembled directly from parts.

823. The rule should be: CTSH

824. When the CTSH rule is not met, origin is determined by application of a [general] [final] residual rule.

Option C/2: (US)

825. For diodes, transistors, similar semiconductor devices and other goods of heading 85.41 programming alone is not a substantial transformation. The programmed diodes, transistors, similar semiconductor devices and other goods of heading 85.41 are considered substantially transformed when these goods are manufactured from raw materials classified other than heading 85.41.

826. The rule should be: CTH

827. When the CTH rule is not met, a subsidiary rule applies. The subsidiary rule should be:

“The country of origin will be the country of diffusion”

Relevant HS Code:

ex 85.41(e)

ISSUE No.62: PROGRAMMING UNMOUNTED OR MOUNTED ELECTRONIC INTEGRATED CIRCUITS AND MICROASSEMBLIES (E.G., ERASABLE PROGRAMMABLE READ ONLY MEMORY (EPROM) FOR FIRE DETECTION OR INTRUSION ALARM SYSTEMS OF 8531.90) OF HEADING 85.42

OPTION A : Yes. (by a process rule expressed by a change of classification) (SG) (PHI) (AUS) (CAN) (CH) (**CHI**)

828. Programming changes a piece of plastic or metal into an electronic device which functions as prescribed. Programming is one of the core portions of the production processes. The EPROM, for example, is a programmed unmounted electronic integrated circuit and the masterpiece of the fire detection or intrusion alarm systems of subheading 8531.90. The EPROM is normally exported separately because it is programmed specifically for each client and each importing country according to the national specifications for the fire detection or intrusion systems.

829. The rule should be: CTHS

OPTION B: Yes, provided (by a value added rule) (EC)

830. If the increase in value resulting from the assembly together with programming and other accepted operations satisfies the criterion of 45% value added, the programmed goods are considered substantially transformed. If the programmed goods are manufactured from non-originating materials classified outside this heading, this is also an origin conferring event regardless of the value added achieved.

831. The rule should be:

CTH; or 45% value added rule for microassemblies of ex 85.42(d) only

832. If the required value added is not achieved origin is determined by application of a [general] [final] residual rule.

OPTION C: No (**KOR**)

Option C/1: (JPN)

833. For electronic circuits and micro-assemblies of heading 85.42 programming alone is not a substantial transformation. The country of origin of the goods is the country of origin of the unprogrammed unmounted or mounted article of split heading ex 85.42(a) or ex 85.42(c).

834. This option does not accept split headings ex 85.42(b), ex 85.42(d) and ex 85.42(e), thus no proposal is presented.

Option C/2: (US)

835. For electronic circuits and micro-assemblies of heading 85.42 programming alone is not a substantial transformation.

836. To determine the origin of the goods, a subsidiary rule applies. The subsidiary rule should be:

“The country of origin will be the country of origin of the chips or dice therein.” for “smart” cards (8542.12);

“The country of origin will be the country of diffusion” for other electronic integrated circuits of 85.42;

Option C/3: (EC - electronic integrated circuits only)

837. For electronic integrated circuits of ex 85.42(b) or ex 85.42(d), after the diffusion no process confers origin on the electronic integrated circuits.

838. The rule should be:

for electronic integrated circuits: “The operation of diffusion (where integrated circuits are formed on a semi-conductor substrate by the selective introduction of an appropriate dopant)”

Relevant HS Codes :

ex 85.42(b), ex 85.42(d)

ISSUE No.63: TESTING OF DIODES, TRANSISTORS, SEMICONDUCTORS, INTEGRATED CIRCUITS ETC. OF HEADINGS 85.41, 85.42

OPTION A: Yes. (by a process rule expressed by a change of classification) (SG) (MOR) (MAL)

839. The testing of the goods of headings 85.41 and 85.42, such as diodes, transistors, semiconductors, integrated circuits etc., is considered to be a substantial transformation as it ensures conformity with specifications and, therefore, the functionality of the product.

840. The rule should be: CTHS

OPTION B: Yes, provided (by a value added rule) (EC)

841. If the increase in value resulting from the assembly together with testing and other accepted operations satisfies the criterion of 45% value added, the tested goods are considered substantially transformed. If the tested goods are manufactured from non-originating materials classified outside this heading, this is also an origin conferring event regardless of the value added achieved.

842. The rule should be:

CTH; or 45% value added rule for ex 85.41(f), microassemblies of ex 85.42(e) only

843. If the required value added is not achieved origin is determined by application of a [general] [final] residual rule.

OPTION C: No. (JPN) (CH) (US) (KOR) (MEX) (PHI) (CAN) (EC) (AUS) (HK)

844. Testing does not transform the product.

- (a) For diodes, transistors, similar semiconductor devices and other goods of heading 85.41

Option C/a/1: (CAN) (CH) (MEX) (KOR) (JPN) (PHI) (HK)

845. For diodes, transistors, similar semiconductor devices and other goods of heading 85.41 testing alone is not a substantial transformation. The tested diodes, transistors, similar semiconductor devices and other goods of heading 85.41 are considered substantially transformed when these good are assembled directly from parts.

846. The rule should be: CTSH

847. When the CTSH rule is not met, origin is determined by application of a [general] [final] residual rule.

Option C/a/2: (US)

848. For diodes, transistors, similar semiconductor devices and other goods of heading 85.41 testing alone is not a substantial transformation. The tested diodes, transistors, similar semiconductor devices and other goods of heading 85.41 are considered substantially transformed when these good are manufactured from raw materials classified other than heading 85.41.

849. The rule should be: CTH

850. When the CTH rule is not met, a subsidiary rule applies. The subsidiary rule should be: “The country of origin will be the country of diffusion”

Option C/a/3: (AUS)

851. For diodes, transistors, similar semiconductor devices and other goods of heading 85.41 testing alone is not a substantial transformation. The tested diodes, transistors, similar semiconductor devices and other goods of heading 85.41 are considered substantially transformed when these good are manufactured from materials classified other than heading 85.41.

852. The rule should be: CTH

853. When the CTH rule is not met, the “5 parts” rule, the specified process rule, the use of one originating part rule and a [general] [final] residual rule apply in sequence.

- (b) For electronic circuits and micro-assemblies of heading 85.42

Option C/b/1: (JPN)

854. For electronic circuits and micro-assemblies of heading 85.42 testing alone is not a substantial transformation. The country of origin of the goods is the country of origin of the unprogrammed mounted article of split heading ex 85.42(c).

855. This option does not accept split heading ex 85.42(e), thus no proposal is presented.

Option C/b/2: (US)

856. For electronic circuits and micro-assemblies of heading 85.42 testing alone is not a substantial transformation.

857. To determine the origin of the goods, a subsidiary rule applies. The subsidiary rule should be:

“The country of origin will be the country of origin of the chips or dice therein.” for “smart” cards (8542.12);

“The country of origin will be the country of diffusion” for electronic integrated circuits of 85.42;

Otherwise, the “5 parts” rule, the specified process rule, the use of one originating part rule and a [general] [final] residual rule apply in sequence.

Option C/b/3: (EC)

858. For electronic integrated circuits of ex 85.42(e), after the diffusion no process confers origin on the electronic integrated circuits.

859. The rule should be:

for electronic integrated circuits: “The operation of diffusion (where integrated circuits are formed on a semi-conductor substrate by the selective introduction of an appropriate dopant)”

Relevant HS Codes :

ex 85.41(f), ex 85.42(e)

ISSUE No.64 : ASSEMBLY OF IGNITION WIRING SETS AND OTHER WIRING SETS OF A KIND USED IN VEHICLES, AIRCRAFT OR SHIPS (8544.30)

OPTION A: Yes. (by assembly)

Option A/1: (SG)

860. Any assembly from parts (the same result is achieved by a CTS rule) confers origin on the assembled goods.

861. The Chapter rule and the product specific rule should be :

Obtaining goods from parts by assembly, including sub-assembly, shall be considered as reflecting last substantial transformation.” or

CTSH

Option A/2: (IND) (MOR) (SEN)

862. Assembly resulting in a new good having new characteristics is considered to be substantial transformation. Combining other electric conductors into wiring sets results in a new good having new characteristics.

863. Chapter rule should be :

“An assembly operation resulting in a new good having new characteristics is considered to be substantial transformation.”

OPTION B: Yes. (by a change of tariff classification rule)

864. Combining other electric conductors into wiring sets is a substantial transformation. The other electric conductors substantially change their characters when they are put into the wiring sets.

865. The rule should be:

CTSH (CAN) (EGY) (US) (JPN) (PHI) (HK) (TH) (MAL)

OPTION C: Yes, provided (by a value added rule) (EC) (TUR) **(BRA)**

866. Any non-originating material may be used regardless of its classification, provided the criterion of 45% value added is satisfied. If the wiring sets are manufactured from non-originating raw materials classified outside this heading, this is an origin conferring event regardless of the value added achieved.

867. The rule should be:

CTH; or 45% value added rule

868. If the required value added is not achieved origin is determined by application of a [general] [final] residual rule.

OPTION D: No.

869. Combining other electric conductors into wiring sets is not a substantial transformation. The wiring sets should be manufactured from raw materials classified outside heading 85.44.

870. The rule should be: CTH

Option D/1: (CH) (MEX) (KOR)

871. When the CTH rule is not met, origin is determined by application of a [general] [final] residual rule.

Option D/2: (AUS)

872. When the CTH rule is not met, the “5 parts” rule, the specified process rule, the use of one originating part rule and a [general] [final] residual rule apply in sequence.

Relevant HS Code:
8544.30

ISSUE No.65: ASSEMBLY OF FLAME SENSORS FROM OTHER GOODS OF HEADING 85.41

OPTION A: Yes. (by assembly)

Option A/1: (SG)

873. Any assembly from parts confers origin on the assembled goods.

874. The Chapter rule should be :

“Obtaining goods from parts by assembly, including sub-assembly, shall be considered as reflecting last substantial transformation.”

Option A/2: (IND) (MOR) (SEN)

875. Any assembly resulting in a new good having new characteristics is considered to be substantial transformation. The assembly of flame sensors results in a new good having new characteristics.

876. The Chapter rule should be :

“An assembly operation resulting in a new good having new characteristics is considered to be substantial transformation.”

OPTION B: Yes. (by a change of tariff classification rule) (CH) (MAL)

877. The assembly of flame sensors from other goods of heading 85.41 is a substantial transformation.

878. The rules should be: CTHS

OPTION C: Yes, provided (by a value added rule) (EC)

879. Any non-originating material may be used regardless of its classification, provided the criterion of 45% value added is satisfied. If these articles in question are manufactured from non-originating materials classified outside this heading, this is also an origin conferring event regardless of the value added achieved.

880. The rule should be:

CTH; or 45% value added rule

881. If the required value added is not achieved origin is determined by application of a [general] [final] residual rule.

OPTION D: No

882. The assembly of flame sensors from other goods of heading 85.41 is not a substantial transformation.

Option D/1: (CAN) (MEX) (KOR) (JPN) (PHI)

883. The flame sensors are considered substantially transformed when these good are assembled directly from parts.

884. The rule should be: CTSH

885. When the CTSH rule is not met, origin is determined by application of a [general] [final] residual rule.

Option D/2: (US) (AUS)

886. The flame sensors are considered substantially transformed when these good are manufactured from raw materials classified other than heading 85.41.

887. The rule should be: CTH

Option D/2/a: (US)

888. When the CTH rule is not met, a subsidiary rule applies. The subsidiary rule should be:

“The country of origin will be the country of diffusion”

Option D/2/b: (AUS)

889. When the CTH rule is not met, the “5 parts” rule, the specified process rule, the use of one originating part rule and a [general] [final] residual rule apply in sequence.

Relevant HS Codes :

ex 85.41(h), (ex 8541.40)

ISSUE No.66: USING OPTICAL FIBRE CABLES TO PRODUCE OTHER ELECTRIC CONDUCTORS OF SUBHEADING 8544.60

NOTE

890. This issue is to address the situation when optical fibre cables are mixed with other goods to form other electric conductors, for a voltage exceeding 1,000 V (8544.60).

OPTION A: Yes. (by assembly)

Option A/1: (SG)

891. Any assembly from parts (the same result is achieved by a CTSH rule) confers origin on the assembled goods.

892. The Chapter rule and the product specific rule should be :

“Obtaining goods from parts by assembly, including sub-assembly, shall be considered as reflecting last substantial transformation.” or

CTSH

Option A/2: (IND) (MOR) (SEN)

893. Any assembly resulting in a new good having new characteristics is considered to be substantial transformation. Adding optical fibre cables to other electric conductors results in a new good having new characteristics.

894. The Chapter rule should be :

“An assembly operation resulting in a new good having new characteristics is considered to be substantial transformation.”

OPTION B: Yes. (by a change of tariff classification rule)

895. Adding optical fibre cables to other electric conductors is a substantial transformation.

896. The rule should be:

(a) CTSH (EGY) (US) (JPN) (PHI) (HK) (TH) (MAL) (CAN)

OPTION C: Yes, provided (by a value added rule) (EC)

897. Any non-originating material may be used regardless of its classification, provided the criterion of 45% value added is satisfied. If the other electric conductors fitted with connectors are manufactured from non-originating raw materials classified outside this heading, this is an origin conferring event regardless of the value added achieved.

898. The rule should be:

CTH; or 45% value added rule

899. If the required value added is not achieved origin is determined by application of a [general] [final] residual rule.

OPTION D: No.

900. Adding optical fibre cables to other electric conductors is not a substantial transformation. The other electric conductors should be manufactured from raw materials classified outside heading 85.44.

901. The rule should be: CTH

Option D/1: (CH) (MEX) (KOR)

902. When the CTH rule is not met, origin is determined by application of a [general] [final] residual rule.

Option D/2: (AUS)

903. When the CTH rule is not met, the “5 parts” rule, the specified process rule, the use of one originating part rule and a [general] [final] residual rule apply in sequence.

Relevant HS Code :
8544.60

ISSUE No.67: FITTING CONNECTORS (85.36) TO INSULATED ELECTRIC CONDUCTORS (8544.49 AND 8544.59)

NOTE

904. The attachment of connectors is not listed in the proposed negative standards for a non-origin-conferring assembly presented at the Chapter level.

OPTION A: Yes. (by assembly)

Option A/1: (SG)

905. Any assembly from parts (the same result is achieved by a CTS rule) confers origin on the assembled goods.

906. The Chapter rule and the product specific rule should be :

“Obtaining goods from parts by assembly, including sub-assembly, shall be considered as reflecting last substantial transformation.” or

CTSH

Option A/2: (IND) (MOR) (SEN)

907. Any assembly resulting in a new good having new characteristics is considered to be substantial transformation. Attaching connectors to other electric conductors results in a new good having new characteristics.

908. The Chapter rule should be :

“An assembly operation resulting in a new good having new characteristics is considered to be substantial transformation.”

OPTION B: Yes. (by a change of tariff classification rule) (EGY) (JPN) (PHI) (HK) (TH) (MAL)

909. Attaching connectors to other electric conductors is a substantial transformation.

910. The rule should be: CTSH

OPTION C: Yes, provided (by a value added rule) (EC) (TUR)

911. Any non-originating material may be used regardless of its classification, provided the criterion of 45% value added is satisfied. If the other electric conductors fitted with connectors are manufactured from non-originating raw materials classified outside this heading, this is an origin conferring event regardless of the value added achieved.

912. The rule should be:

CTH; or 45% value added rule

913. If the required value added is not achieved origin is determined by application of a [general] [final] residual rule.

OPTION D: No.

914. Attaching connectors to other electric conductors is not a substantial transformation.

Option D/1: (US) (CAN)

915. The other electric conductors fitted with connectors should be manufactured from the goods other than other electric conductors without connectors (8544.49 or 8544.59).

916. The rule should be:

CTSH, except from subheading 8544.49 for 8544.41

CTSH, except from subheading 8544.59 for 8544.51

917. When the specified rule is not met, a subsidiary rule applies. The subsidiary rule should be:

“The country of origin will be the country in which it was first transformed into a good classified in subheading 8544.49.” for subheading 8544.49.

“The country of origin will be the country in which it was first transformed into a good classified in subheading 8544.59.” for subheading 8544.59

Option D/2: (AUS)

918. The other electric conductors fitted with connectors should be manufactured from the goods other than the group of other electric conductors.

919. The rule should be:

CTSH, except from subheadings 8544.49 to 8544.60 for 8544.41

CTSH, except from subheadings 8544.41, 8544.49, 8544.59 or 8544.60 for 8544.51

Option D/2/a: (AUS)

920. When the specified rule is not met, the “5 parts” rule, the specified process rule, the use of one originating part rule and a [general] [final] residual rule apply in sequence.

~~Option D/2/b: (CAN)~~

~~921. When the specified rule is not met, origin is determined by application of a [general] [final] residual rule.~~

Option D/3: (CH) (MEX) (KOR)

922. The other electric conductors fitted with connectors should be manufactured from raw materials classified outside heading 85.44.

923. The rule should be: CTH

924. When the CTH rule is not met, origin is determined by application of a [general] [final] residual rule.

Relevant HS Codes :
8544.41, 8544.51

Product specific issues: Chapter 86

ISSUE No.68: CHANGE OF CLASSIFICATION BY ATTACHING FITTINGS TO TANKS, CASKS, CONTAINERS FOR COMPRESSED OR LIQUEFIED GAS, OF IRON OR STEEL, ETC. CLASSIFIED IN HEADINGS 73.09 THROUGH 73.11

NOTE

925. The heading 86.09 does not cover parts of containers, unless presented together as unassembled or disassembled.

OPTION A: Yes. (by assembly)

~~Option A/1: (SG)~~

~~926. Any assembly from parts confers origin on the assembled goods.~~

~~927. The Chapter rule should be :~~

~~“Obtaining goods from parts by assembly, including sub-assembly, shall be considered as reflecting last substantial transformation.”~~

Option A/2: (IND) (MOR) (SEN)(SG)

928. Any assembly resulting in a new good having new characteristics is considered to be substantial transformation. Attaching fittings to tanks, casks, containers for compressed or liquefied gas, of iron or steel, etc. of headings 73.09 through 73.11 results in a new good having new characteristics.

929. The Chapter rule should be :

“An assembly operation resulting in a new good having new characteristics is considered to be substantial transformation.”

OPTION B: Yes (by an alternative approach) (EC)(BRA)

930. Attaching fittings to tanks, casks, containers for compressed or liquefied gas, of iron or steel, etc. of headings 73.09 through 73.11 changes the characteristics of the containers to those of being specially designed and equipped for carriage by one or more modes of transport. Therefore, attaching fittings to tanks, casks, containers for compressed or liquefied gas, of iron or steel, etc. of headings 73.09 through 73.11 is considered a substantial transformation. Moreover, finishing operations to unfinished or incomplete containers confers origin if the 45% value added rule is satisfied.

931. The rule should be :

CTH; or 45[X] % value-added rule

OPTION C: Yes. (by a change of tariff classification rule) (CH) (MEX) (KOR) (IND)(MOR)

932. Attaching fittings to tanks, casks, containers for compressed or liquefied gas, of iron or steel, etc. of headings 73.09 through 73.11 changes the characteristics of the containers to those of being specially designed and equipped for carriage by one or more modes of transport. Therefore, attaching fittings to tanks, casks, containers for compressed or liquefied gas, of iron or steel, etc. of headings 73.09 through 73.11 is considered a substantial transformation.

933. The rule should be: CTH

~~OPTION D: Yes, provided (by a value added rule) (BRA)~~

~~934. Any parts may be used to assemble plasma display panels regardless of its classification, provided the 60% value added rule is satisfied.~~

~~935. The rule should be :~~

~~60% value added rule~~

~~936. If the required value added is not achieved origin is determined by application of a [general] [final] residual rule.~~

OPTION E: No.

937. Attaching fittings to tanks, casks, containers for compressed or liquefied gas, of iron or steel, etc. of headings 73.09 through 73.11 does not change the characteristics of containers. The containers merely change the use to those which are suitable for carriage by one or more modes of transport. These changes are easily achieved without substantial transformation.

938. The rule should be:

CTH, except from headings 73.09 through 73.11

Option E/1: (AUS)

939. When the specified rule is not met, the “5 parts” rule, the specified process rule, the use of one originating part rule and a [general] [final] residual rule apply in sequence.

Option E/2: (JPN) (US) (CHI)(CAN)

940. When the specified rule is not met, origin is determined by application of a [general] [final] residual rule.

Relevant HS Code:
86.09

Product specific issues: Chapter 87

ISSUE No.69: MANUFACTURE OF A VEHICLE FROM A CHASSIS FITTED WITH ITS ENGINE

OPTION A: Yes. (by assembly)

~~Option A/1: (SG)~~

~~941. Any assembly from parts confers origin on the assembled goods.~~

~~942. The Chapter rule should be :~~

~~“Obtaining goods from parts by assembly, including sub-assembly, shall be considered as reflecting last substantial transformation.”~~

Option A/2: (IND) (MOR)(SG)

943. Any assembly resulting in a new good having new characteristics is considered to be substantial transformation. Manufacture of a vehicle from a chassis fitted with its engine results in a new good having new characteristics.

944. The Chapter rule should be :

“An assembly operation resulting in a new good having new characteristics is considered to be substantial transformation.”

OPTION B: Yes. (by a change of tariff classification rule)

Option B/1: (CH) (JPN) (MEX) (EGY) (US) (IND) (TH) (PHI) (CAN)(TUR for 87.01 to 87.03)
(TUN for 87.01 to 87.04) (MAL for 87.01 only)

945. Manufacture of a vehicle from a chassis fitted with its engine is a substantial transformation. The change from a chassis fitted with its engine of heading 87.06 to a finished motor vehicle mainly occurs through the following processes: fitting of equipment or parts such as interior panels, air conditioner, dash boards, switch boxes, windows, rack, sheets, cabins, bumpers, etc.; inserting of fluids such as fuel and oil; undercoating; testing.

946. The operations to fabricate and fit the bodywork are quite distinct from and just as important as those involved to produce the chassis fitted with its engine and should be considered as a substantial transformation.

. The Philippines propose that “change within the heading by assembly” is an origin conferring event. This issue is dealt with by the generic issue No.5: GIR 2(a) – assembly of the collected parts. (Sec)

947. The rule should be:

CTH for headings 87.01 to 87.05

Option B/2: (KOR for 87.05 only)

948. The manufacture of a vehicle from a chassis fitted with its engine is only substantial transformation in the case of the special purpose vehicles of heading 87.05. These vehicles have a primary function other than as transport and that the country of origin should be where the special equipment is fitted to the chassis to produce a finished vehicle.

949. The rule should be:

CTH for heading 87.05

OPTION C: Yes, provided (by a value added rule)

Option C/1: (EC) (AUS)

950. The operation of assembling a motor vehicle from a chassis fitted with its engine is not necessarily substantial transformation. An assembly is considered to be a substantial transformation only when the increase in value acquired as a result of working and processing and, if applicable, the incorporation of parts originating in the country of manufacture, represents at least 60% of the ex-works price of the product.

951. The rule should be:

“Manufacture where the increase in value acquired as a result of working and processing, and if applicable, the incorporation of parts originating in the country of manufacture represents at least 60% of the ex-works price of the product.”

952. If the required value added is not achieved origin is determined by application of a [general] [final] residual rule.

Option C/2: (BRA)

~~953. — An assembly is considered to be a substantial transformation only when the increase in value acquired as a result of working and processing and, if applicable, the incorporation of parts originating in the country of manufacture, represents at least 60% of the product; and when the assembly manufacturing process is carried out entirely in that country.~~

~~954. — The following is the working or processing required to carry out:~~

- ~~• Assembling of the preliminary vehicle body and/or cabin, based on separate stamped parts;~~
- ~~• Anti corrosion treatment and internal and external painting;~~
- ~~• Assembling of the chassis , steering system, suspension system, electrical system, brake system and other assemblies which add significant labor value;~~
- ~~• Final assembly of the cabin with local preparation and installation of items, including acoustic and thermal lining material and finishing of seats and body;~~
- ~~• Final assembly of the vehicle;~~
- ~~• Final review and pertinent tests;~~
- ~~• Management of the quality and productivity of the process and final product , comprising the inspection of raw materials, intermediate products and packaging materials, the statistical process control, the tests and measurement and the final product quality;~~

~~955. — The rule should be:~~

953. An assembly is considered to be a substantial transformation only when the increase in value acquired as a result of working and processing and, if applicable, the incorporation of the parts of originating in the country of manufacture, represents at least 60% of the ex-works price of the product; and when the assembly manufacturing process is carried out in that country.

954. The following is the working or processing required to carry out:

Essential Production Process:

- assembly of the vehicle
- assembly of sub-systems
- painting
- final assembly

955. The rule should be:

"Manufacturing where the increase in value acquired as a result of working and processing and, if applicable, the incorporation of parts originating in the country of manufacture represents at least 60% of the ex-works price of the product".

956. If the required value added is not achieved origin is determined by application of a [general] [final] residual rule.

OPTION D: No

Option D/1: (MAL for 87.02 to 87.05) (TUR for 87.04 only)

957. The manufacture of a vehicle of headings 87.01 to 87.05 from a chassis fitted with motor (87.06) is not a substantial transformation. The goods of 87.06 already have the "essential character" of a vehicle.

958. The rule should be:

CTH, except from heading 87.06

CTH, except from heading 87.04 (MAL for 87.05 only)

959. If the specified rule is not met, origin is determined by application of a [general] [final] residual rule.

Option D/2: (KOR for headings 87.01 to 87.04)

960. The manufacture of a vehicle of headings 87.01 to 87.04 from a chassis fitted with motor (87.06) is not a substantial transformation. The goods of 87.06 already have the “essential character” of a vehicle.

961. In heading 87.06 not only assembled but also unassembled or disassembled chassis are classified by application of the GIR 2(a) of the Harmonized System if they are considered as having the essential character of the assembled chassis of this heading. The chassis of heading 87.06 are assembled from a lot of parts and in a highly complicated way. Sometimes the chassis of this heading can be an almost complete vehicle, even though it does not have a cab or body etc. which are not essential. For vehicles manufactured from an assembled chassis fitted with engine of heading 87.06 the country of origin of the vehicle is the country where assembly of the chassis of heading 87.06 was performed. If the vehicle is made from an unassembled chassis classified in 87.06 the country of origin of the vehicle is the country where the assembly of the unassembled chassis of 87.06 to produce the vehicle took place.

962. The rule should be:

CTH, except from assembled chassis of heading 87.06 for headings 87.01 to 87.04

Relevant HS Codes :
87.01 - 87.05

ISSUE No.70: MANUFACTURE OF MOUNTED BRAKE LININGS FROM BRAKE PADS AND LININGS OF SUBHEADING 6813.10

OPTION A: Yes. (by assembly)

~~Option A/1: (SG)~~

~~963. Any assembly from parts confers origin on the assembled goods.~~

~~964. The Chapter rule should be :~~

~~“Obtaining goods from parts by assembly, including sub-assembly, shall be considered as reflecting last substantial transformation.”~~

Option A/2: (IND) (MOR)(SG)

965. Any assembly resulting in a new good having new characteristics is considered to be substantial transformation. Processing brake linings or pads of subheading 6813.10 to produce mounted brake linings results in a new good having new characteristics.

966. The Chapter rule should be :

“An assembly operation resulting in a new good having new characteristics is considered to be substantial transformation.”

OPTION B: Yes (by an alternative approach) (EC) (AUS) (BRA)

967. Processing brake linings or pads of subheading 6813.10 to produce mounted brake linings is a substantial transformation. Moreover, any non-originating material may be used regardless of its classification, provided the criterion of 45[X]% value added is satisfied.

968. The rule should be:

CTH; or 45[X]% value added rule (BRA)

969. If the required value added is not achieved origin is determined by application of a [general] [final] residual rule.

OPTION C: Yes. (by a change of tariff classification rule)

970. Processing brake linings or pads of subheading 6813.10 to produce mounted brake linings is a substantial transformation.

(a) For subheading 8708.31: Mounted brake linings

Option C/a/1: (EGY) (KOR) (PHI) (CHI)

971. The rule should be:

CTSH

Option C/a/2: (CH) (US*) (TH*) (CAN**) (MAL**)

972. The rule should be:

CTH (* proposal is for ex 87.08(c) as shown in the matrix)
(** with exceptions to exclude disassembly (CAN) (MAL))

(b) For subheading 8709.90: parts for works trucks, etc. (including brakes)

Option C/b: (CH) (CAN) (MAL) (MEX) (KOR) (US*) (PHI**) (TH**)

973. The rule should be:

CTH (* proposal is for split heading (A), ex-87.09(c) as shown in the matrix)
(** proposal is for split heading (B), ex 87.09(d) as shown in the matrix)

(c) For subheading 8714.94: brakes for motorcycles, bicycles, invalid carriages, etc.

Option C/c: (CH) (MEX) (EGY) (KOR) (PHI) (TH) (MAL*) (CAN**) (US***)

974. The rule should be:

CTH (* with exceptions to exclude disassembly)
(**with exceptions to exclude disassembly; proposal is for ex 8714.94(b) as shown in the matrix)
(*** proposal is for ex 87.14(b) as shown in the matrix)

~~OPTION D: — Yes (by a value added rule) (BRA for 8709.90 only)~~

~~975. — Any non-originating material may be used regardless of its classification, provided the criterion of 60% value added is satisfied.~~

~~976. — The rule should be:~~

~~At least 60% value added~~

~~977. — If the required value added is not achieved origin is determined by application of a [general] [final] residual rule.~~

OPTION E: No (JPN *) (MEX for 8708.31 only)

978. Processing brake linings or pads of subheading 6813.10 to produce mounted brake linings is not a substantial transformation. The change of heading can result from only attaching fittings to brake linings and pads.

979. The rule should be:

CTH, except from subheading 6813.10

(* with exceptions to exclude disassembly and change of use)

980. If the specified rule is not met, origin is determined by application of a [general] [final] residual rule.

Relevant HS Codes :

8708.31, 8709.90, 8714.94

Product specific issues: Chapter 88

All issues are covered by the generic issues for Chapters 84 to 90.

Product specific issues: Chapter 89

NOTE

981. This Chapter excludes all separately presented parts (other than hulls) and accessories of vessels or floating structures, even if they are clearly identifiable as such. Such parts and accessories are classified in the appropriate headings elsewhere in the Nomenclature.

Note 1 to Chapter 89:

“A hull, an unfinished or incomplete vessel, assembled, unassembled or disassembled, or a complete vessel unassembled or disassembled, is to be classified in heading No. 89.06 if it does not have the essential character of a vessel of a particular kind.”

ISSUE No.71: ASSEMBLY OF A VESSEL OF HEADINGS 89.01 THROUGH 89.05 FROM A HULL THAT DOES NOT HAVE THE ESSENTIAL CHARACTER OF A VESSEL OF A PARTICULAR KIND

NOTE

982. Hulls are the only “parts” of vessels classified in this Chapter. However, hulls that have the essential character of a vessels of a particular kind are to be classified with that vessel of the particular kind.

OPTION A: Yes. (by assembly)

Option A/1: (SG)

~~983. Any assembly from parts confers origin on the assembled goods.~~

~~984. The Chapter rule should be :~~

~~“Obtaining goods from parts by assembly, including sub-assembly, shall be considered as reflecting last substantial transformation.”~~

Option A/2: (IND) (MOR)(SG)

985. Any assembly resulting in a new good having new characteristics is considered to be substantial transformation. Assembly of a vessel classified in a heading between 89.01 and 89.05 from a hull that does not have the essential character of a vessel of a particular kind classified in heading 89.06 results in a new good having new characteristics.

986. The Chapter rule should be :

“An assembly operation resulting in a new good having new characteristics is considered to be substantial transformation.”

OPTION B: Yes. (by an alternative approach) (EC)

987. Assembly of a vessel classified in a heading between 89.01 and 89.05 from a hull that does not have the essential character of a vessel of a particular kind classified in heading 89.06 is considered a substantial transformation. Moreover, finishing operations from unfinished or incomplete vessels or hulls of headings 89.01 to 89.05 confers origin if the 45% value added rule is satisfied.

988. The rule should be :

CTH; or 45 % value-added rule

OPTION C: Yes. (by a change of tariff classification rule) (CH) (EGY) (US) (KOR) (AUS) (CHI) (PHI) (JPN*) (CAN) (MEX)

989. Assembly of vessels from parts is an origin conferring event. A hull is one of the parts of vessels. However, assembly of a vessel from a hull which has the essential character of the vessel concerned is not a substantial transformation. Thus, the assembly of a vessel classified in a heading between 89.01 and 89.05 from a hull classified in heading 89.06 is considered to be substantial transformation.

990. The rule should be:

CTH (* with exceptions to address modification for headings 89.01 to 89.03)

~~OPTION D: No. (MEX for heading 89.05 only)~~

~~991. Vessels should be built from parts classified outside this Chapter. Therefore, the assembly of a vessel classified in a heading between 89.01 and 89.05 from a hull classified in heading 89.06 is not considered to be substantial transformation.~~

~~992. The rule should be:~~

~~CTH, except from headings 89.01 through 89.04, 89.06 through 89.08~~

~~993. If the specified rule is not met, origin is determined by application of a [general] [final] residual rule.~~

Relevant HS Codes :

89.01 through 89.05

ISSUE NO.72: ASSEMBLY OF A COMPLETE OR FINISHED VESSEL CLASSIFIED A HEADING BETWEEN 89.01 AND 89.05 FROM A HULL OR AN INCOMPLETE OR UNFINISHED VESSEL THAT HAS THE ESSENTIAL CHARACTER OF THE VESSEL CONCERNED

OPTION A: Yes. (by assembly)

Option A/1: (SG)

~~994. Any assembly from parts confers origin on the assembled goods.~~

~~995. The Chapter rule should be :~~

~~“Obtaining goods from parts by assembly, including sub-assembly, shall be considered as reflecting last substantial transformation.”~~

Option A/2: (IND) (MOR)(SG)

996. Any assembly resulting in a new good having new characteristics is considered to be substantial transformation. Assembly of a complete or finished vessel classified in a heading between 89.01 and 89.05 from a hull or a incomplete or unfinished vessel that has the essential character of the vessel concerned results in a new good having new characteristics.

997. The Chapter rule should be:

“An assembly operation resulting in a new good having new characteristics is considered to be substantial transformation.”

OPTION B: Yes, provided (by a value added rule) (EC)

998. Assembly of a complete or finished vessel classified in a heading between 89.01 and 89.05 from a hull or a incomplete or unfinished vessel that has the essential character of the vessel concerned is considered to be a substantial transformation, provided the 45% value-added rule is satisfied.

999. The rule should be:

CTH; or 45% value added rule

1000. If the required value added is not achieved origin is determined by application of a [general] [final] residual rule.

~~OPTION C: Yes, provided (by a Chapter Note/Rule) (CH)~~

~~1001. Assembly of a complete or finished vessel classified in a heading between 89.01 and 89.05 from a hull or a incomplete or unfinished vessel that has the essential character of the vessel concerned is considered to be a substantial transformation, provided the requirements specified in a Chapter Note/Rule are satisfied.~~

~~1002. The Chapter Note/Rule should be:~~

~~“Whenever the change of classification rules set out for goods of chapters 84 to 90 and 93 are not determinant of the country of origin of the good, the following substantial transformation rules are to be applied:~~

~~(a) A finished good or part produced from a non-originating unfinished good or part classified in the same heading or subheading as the finished good or part shall originate in the country in which the good or part was finished, provided:~~

~~(i) the unfinished good or part is not functioning for its ultimate use in its imported condition and has undergone at least two or more of the following processes:~~

- ~~- assembly by built up such as but not limited to welding, soldering, shrinking, bolting, glueing, fitting, fixing, spooling, winding, connecting, wiring, coupling; or~~
- ~~- heat treatment or thermochemical treatment such as glowing, tempering, hardening; or~~
- ~~- treatment for the purpose of shaping, forming such as cold or warm forming; or~~
- ~~- mechanical treatment, refining of form, positional and surface tolerances of functional finished shapes such as turning, milling, drilling, broaching, grinding, polishing, honing, eroding; or~~
- ~~- surface treatment such as coating, compressing, condensing, impregnating (excluding temporary conservation for transport and/or storage purpose), insulating; or~~

- ~~system engineering, software development and application;~~
- ~~and~~

(ii) ~~— The finished good or part has undergone final testing such as but not limited to balancing, spinning, voltage testing, performance or isolation test.~~

(b) ~~— A finished good or part, produced from a non-originating good or part, classified in the same subdivision as the finished good or part which do not satisfy the conditions mentioned in Rule 2.B.(1) (a) above shall originate in the country contributing most to the product in terms of total value of parts (including an unfinished good) and related processing activities.”~~

1003. ~~— If the requirements specified in the Chapter Note/Rule is not met, origin is determined by application of a [general] [final] residual rule.~~

~~OPTION D: No.~~

1004. ~~— Vessels should be assembled from parts classified outside this Chapter. A change to a vessel from a hull or an incomplete or unfinished vessel that has the essential character of the vessel concerned is not considered to be a substantial transformation.~~

1005. ~~— The rule should be:~~

~~CTH — (* with exceptions to address modification for headings 89.01 to 89.03)
(** with exceptions to address modification for headings 89.01 to 89.03, 89.05)~~

~~Option D/1: (CAN)~~

1006. ~~— When the specified rule is not met, the “5 parts” rule, the specified process rule, the use of one originating part rule and a [general] [final] residual rule apply in sequence.~~

~~Option D/2: (EGY) (KOR) (AUS) (PHI) (JPN*) (CAN*) (MEX**) (US) (CHI)~~

1007. If the specified rule is not met, origin is determined by application of a [general] [final] residual rule.

Relevant HS Codes :
89.01 through 89.05

ISSUE NO.73: ASSEMBLY OF A COMPLETE OR FINISHED OTHER VESSEL OF HEADINGS 89.06 FROM A HULL OR AN INCOMPLETE OR UNFINISHED OTHER VESSEL OF HEADING 89.06

NOTE

1008. Hulls of heading 89.06 covers the hulls which have the essential character of the complete or finished other vessels, including warships and lifeboats; and the hulls which do not have the essential character of a vessel of a particular kind classified in a heading between 89.01 and 89.05.

OPTION A: Yes. (by assembly)

~~Option A/1: (SG)~~

~~1009. Any assembly from parts confers origin on the assembled goods.~~

~~1010. The Chapter rule should be:~~

~~“Obtaining goods from parts by assembly, including sub-assembly, shall be considered as reflecting last substantial transformation.”~~

Option A/2: (IND) (MOR)(SG)

1011. Any assembly resulting in a new good having new characteristics is considered to be substantial transformation. Assembly of an other vessel, including a warship and a lifeboat from any hull or an incomplete or unfinished other vessel classified in heading 89.06 results in a new good having new characteristics.

1012. The Chapter rule should be:

“An assembly operation resulting in a new good having new characteristics is considered to be substantial transformation.”

OPTION B: Yes, provided (by a value added rule) (EC)

1013. Assembly of an other vessel, including a warship and a lifeboat from any hull or an incomplete or unfinished other vessel classified in heading 89.06 is considered to be a substantial transformation, provided the 45% value-added rule is satisfied.

1014. The rule should be:

CTH; or 45% value-added rule (EC)

1015. If the required value added is not achieved origin is determined by application of a [general] [final] residual rule.

OPTION C: Yes, provided (by a Chapter Note/Rule) (CH)

1016. Assembly of an other vessel, including a warship and a lifeboat from any hull or an incomplete or unfinished other vessel classified in heading 89.06 is considered to be a substantial transformation, provided the requirements specified in a Chapter Note/Rule are satisfied.

1017. The Chapter Note/Rule should be:

“Whenever the change of classification rules set out for goods of chapters 84 to 90 and 93 are not determinant of the country of origin of the good, the following substantial transformation rules are to be applied:

- (a) A finished good or part produced from a non-originating unfinished good or part classified in the same heading or subheading as the finished good or part shall originate in the country in which the good or part was finished, provided:

- (i) the unfinished good or part is not functioning for its ultimate use in its imported condition and has undergone at least two or more of the following processes:
- assembly by built-up such as but not limited to welding, soldering, shrinking, bolting, glueing, fitting, fixing, spooling, winding, connecting, wiring, coupling; or
 - heat treatment or thermochemical treatment such as glowing, tempering, hardening; or
 - treatment for the purpose of shaping, forming such as cold or warm forming; or
 - mechanical treatment, refining of form-, positional- and surface tolerances of functional finished shapes such as turning, milling, drilling, broaching, grinding, polishing, honing, eroding; or
 - surface treatment such as coating, compressing, condensing, impregnating (excluding temporary conservation for transport and/or storage purpose), insulating; or
 - system engineering, software-development and application;
- and
- (ii) The finished good or part has undergone final testing such as but not limited to balancing, spinning, voltage testing, performance- or isolation test.
- (b) A finished good or part, produced from a non-originating good or part, classified in the same subdivision as the finished good or part which do not satisfy the conditions mentioned in Rule 2.B.(1) (a) above shall originate in the country contributing most to the product in terms of total value of parts (including an unfinished good) and related processing activities.”

1018. If the requirements specified in the Chapter Note/Rule is not met, origin is determined by application of a [general] [final] residual rule.

OPTION D: Yes, provided (by a change of tariff classification rule)

1019. Assembly of an other vessel, including a warship and a lifeboat from any hull classified in heading 89.06 is considered to be a substantial transformation. ~~However, completion or finishing an incomplete or unfinished other vessel classified in heading 89.06 is not origin conferring.~~ Thus, the heading should be split between hulls and the other.

1020. The rule should be (US) (PHI)(MEX)(EGY)(KOR)(CAN):

CTH for ex 89.06(a) - hulls;
CTHS for ex 89.06(b) - other

Option E: (AUS) (JPN)(CHI)

1021. When the specified rule is not met, the “5 parts” rule, the specified process rule, the use of one originating part rule and a [general] [final] residual rule apply in sequence.

~~Option D/2: {(CAN)}~~

~~1022. If the specified rule is not met, origin is determined by application of a [general] [final] residual rule.~~

OPTION E: No. (MEX) (EGY) (KOR) (JPN*) **(CHI)**

1023. Other vessels, including warships and lifeboats should be built from parts classified outside this Chapter. A change to an other vessel, including a warship or a lifeboat of heading 89.06 from a hull which may or may not have the essential character of the other vessel, or from an incomplete or unfinished other vessel which has the essential character of the other vessel concerned is not considered to be a substantial transformation.

1024. The rule should be: CTH (* with exceptions to address modification)

1025. If the specified rule is not met, origin is determined by application of a [general] [final] residual rule.

Relevant HS Code:
89.06

ISSUE NO.74: ORIGIN OF VESSELS AND OTHER FLOATING STRUCTURES FOR BREAKING

~~OPTION A: (CTH) (MEX)~~

~~1026. A CTH rule indicates that origin is conferred when the vessels and other floating structures are exported with the intention that the vessels and other floating structures will have to be broken up. This is declared to the Customs in the exporting country and authorised. Therefore, origin of vessels and other floating structures for breaking up is the country in which these vessels and other floating structures are exported. In most cases the origin of those goods is the country where the vessels and other floating structures are consumed. Even though those goods are sold on the way to the destination, the classification does not change as long as the buyer has the same intention.~~

~~1027. The rule presented in the option B is not practical, due to the fact that the initial origin of vessels and other floating structures cannot easily be traced back. Documentary evidence which may show the country of manufacture of the vessels and other floating structures would be provided; however, it does not prove whether the vessels or other floating structures concerned satisfied the rules of origin. Thus, the Customs need to inquire whether the country of manufacture is the country of origin.~~

~~1028. [When the vessels and other floating structures concerned are physically broken up in the importing country, their origin subsequently changes to the importing country by virtue of application of a definition of the wholly obtained goods.]~~

~~1029. The rule should be: CTH~~

OPTION B: (Initial origin of vessels or other floating structures) (JPN) (EC) (PHI) (CH) (EGY) (US) (KOR) (SG) (IND) (SEN) (AUS) (CHI)

1030. The vessels and other floating structures of this heading must be worn up, however, degradation does not confer origin as a rule at a Chapter level provides for. This rule indicates that the initial origin of the vessels and other floating structures should retain until these vessels or other floating structures are physically broken up in the importing country. Thus, the vessels and other floating structures for breaking up change their origin when they are physically broken up in the importing country by virtue of application of a definition of the wholly obtained goods as scrap and waste.

1031. The rule presented in the option A is not relevant in the following points. Firstly, the classification of the exporting country does not bind that of the importing country. Secondly, the act of Customs declaration changes the origin of goods, even though there is no physical change in the goods. Thirdly, it is not absolutely sure whether or when the vessel or other floating structures in question are actually broken up. The Customs authority may have different ways to control this situation.

1032. Documentary evidence which clearly shows the country of manufacture of the vessels and other floating structures can be obtained without difficulty to determine the country of origin. [Retrospective application of the harmonized rules of origin to all the existing or used goods is another aspect in the overall architecture to decide upon.]

1033. The rule should be:

“The country of origin of the goods of this heading shall be the country of origin of the vessels and other floating structures prior to being classified in this heading.”

~~OPTION C (CAN)~~

~~The rule should be:~~

~~"The country of origin of the goods of this heading shall be the country in which the vessels or other floating structures are registered".~~

Relevant HS Code:

89.08

Product specific issues: Chapter 90

ISSUE No.75: PRODUCTION OF OPTICAL FIBRES FROM PREFORMS CLASSIFIED OUTSIDE HEADING 90.01

OPTION A: Yes (CAN) (PHI) (JPN) (MEX) (MAL) (EC, **EGY, TUR** - with added value rule)

1034. The production of optical fibres from glass or plastics materials known as preforms entails a capital-intensive manufacturing operation to significantly reduce the diameter of the preforms (drawing) and results in substantial transformation of the preforms. The drawing operation is essential to adapt the optical fibres to their intended uses.

1035. The rule should be: CTH

OPTION B: No (US) (KOR) (CH)

1036. Substantial transformation does not take place when optical fibres are drawn from non-originating preforms. The properties of the fibre are established when the preform is created; the preform is actually in effect a large fiber which needs only to be reduced in size.

1037. The rule should be: CTH

Relevant HS Code:
ex9001.10(a)

ISSUE No.76: PRODUCTION OF OPTICAL FIBRE BUNDLES FROM OPTICAL FIBRES

OPTION A: (IND) (MAL)

1038. The production of optical fibre bundles from optical fibres results in a new good which has new uses, such as endoscopic devices. Although in the case of non-coherent bundles the new uses generally are limited to transmission of light only, concentric bundles, i.e., those in which the fibres are arranged in a predetermined order, are suitable also for the transmission of images. The production of optical fibre bundles should be considered to result in substantial transformation.

1039. The rule should be: CTSHS

OPTION B: Yes, provided an added value criterion is satisfied (EC, EGY, TUR)

1040. Substantial transformation of optical fibres occurs when non-originating fibres are used to produce optical fibre bundles, provided that the value added as a result of the operation exceeds a specified level. The rule should be:

CTH; or

manufacture where the increase in value acquired as a result of working and processing, and if applicable, the incorporation of parts originating in the country of manufacture represents at least 45% of the ex-works price of the product.

OPTION C: No

1041. Substantial transformation does not take place when non-originating optical fibres are made up into bundles. Bundling fibres is a simple operation which does not transform the fibres.

1042. The rule should be:

CTH (CAN) (KOR) (MEX) (CH) (JPN)

CTH, except from preforms, and a subsidiary rule to provide that the origin will be the country of origin of the preforms (US)

Relevant HS Code:
ex 9001.10(b)

ISSUE NO.77: PRODUCTION OF OPTICAL FIBRE CABLES OTHER THAN THOSE OF 8544.70 FROM OPTICAL FIBRES AND OPTICAL FIBRE BUNDLES

OPTION A: Yes (US) (KOR) (IND) (PHI) (MAL) (EGY)

1043. Substantial transformation takes place when non-originating optical fibres are used to produce optical fibre cables. The cables consist normally of multiple bundles of optical fibres which are protected by sheathing and reinforcement against heat and outside forces and may have fittings attached. Such cables are normally many kilometers in length. These cables are widely used in telecommunications.

1044. The rule should be: CTSHS

OPTION B: Yes, provided (EC)

1045. The production of optical fibre cables optical fibres or optical fibre bundles may involve either simple operations or substantial transformations resulting in different goods. Substantial transformation takes place if sufficient working or processing is undertaken which satisfies an added value criterion.

1046. The rule should be:

CTH; or

Manufacture where the increase in value acquired as a result of working and processing, and if applicable, the incorporation of parts originating in the country of manufacture represents at least 45% of the ex-works price of the product.

OPTION C: No (CAN) (JPN) (MEX) (**CHI**) (**CH**)

1047. Optical fibres and bundles do not undergo substantial transformation when used to produce optical fibre cables. The rule should be: CTH

Relevant HS Code:
ex 9001.10(c)

ISSUE No.78: POLISHING OF SPECTACLE LENSES OF GLASS OR OTHER MATERIALS OR OF OTHER OPTICAL ELEMENTS

OPTION A: Yes (KOR) (HK) (CAN) (IND) (MAL)

1048. Change of tariff heading is sufficient to express the substantial transformation which takes place when unworked optical elements are worked by grinding and polishing, or by polishing alone in such a manner, as to produce the required optical properties. Optical polishing alone is likely to be an essential process when the elements (blanks) of Chapter 70 or Chapter 39 are produced directly into the desired moulded shapes but do not yet have the required optical properties.

1049. The rule should be: CTH

OPTION B: Yes, or provided (EC)

1050. Substantial transformation takes place when unworked optical elements are worked in such a manner, including by polishing alone, that unworked or partially worked optical elements undergo a change of classification to goods of heading 90.01. In addition, worked optical elements of this heading undergo substantial transformation as a result of working which results in the attainment of a specified level of added value.

1051. The rule should be:

CTH; or

Manufacture where the increase in value acquired as a result of working and processing, and if applicable, the incorporation of parts originating in the country of manufacture represents at least 45% of the ex-works price of the product.

OPTION C: No (US)

1052. While optical working consists of roughing, trueing, smoothing and polishing, the EN to heading 7014 specifies that the optical elements can undergo one or more of these processes preceding polishing and remain in the provisions for goods not optically worked (chapter 70). Consequently, the polishing operations alone may result in a change of classification from Chapter 70 to heading 90.01. Such polishing, without the other operations of roughing, trueing and smoothing, do not substantially transform the optical elements.

1053. The rule should be:

CTSH, except a change from lens blanks [of heading 7014 or subheading 7015.10, for subheadings 9001.50 and 9001.90], if they only require polishing to transform them into goods of heading 9001. If this rule is not met, the country of origin of the good will be the country of origin of the lens blank.

Relevant HS Code:

9001.40

ISSUE No.79: COATING OF WORKED OPTICAL ELEMENTS OF 9001.90

OPTION A: Yes (KOR) **(PHI)**

1054. The coating of these goods is a complex and intensive operation which involves the placement of as many as 64 layers of plastic on the element to impart optical and durability properties. Substantial transformation of the uncoated elements takes place.

1055. The rule should be:

CTH, or change within the subheading as a result of coating.

OPTION B: (EC)

1056. The coating of optical elements of subheading 9001.90 may, under defined circumstances, result in substantial transformation.

1057. The rule should be:

CTH; or

Manufacture where the increase in value acquired as a result of working and processing, and if applicable, the incorporation of parts originating in the country of manufacture represents at least 45% of the ex-works price of the product.

OPTION C: No

1058. The coating of optical elements of subheading 9001.90 is a surface-working process which does not result in substantial transformation. The rule should be:

CTH (HK) (CAN) (IND) (SG) (MAL) **(EGY)**

CTSH, except a change from lens blanks, if they only require polishing to transform them into goods of heading 9001. If this rule is not met, the country of origin of the good will be the country of origin of the lens blank. (US)

Relevant HS Code:
9001.90

ISSUE No.80: MOUNTING OF LENSES, PRISMS, MIRRORS AND OTHER WORKED OPTICAL ELEMENTS

OPTION A: Yes

1059. The mounting of worked optical elements so as to produce parts of or fittings for instruments or apparatus results in substantial transformation of the optical element. The operations, far from being simple assemblies, require the creation of vacuums in the devices and normally include the assembly of the focusing mechanism. It would therefore be incorrect to assume that the mounting process is merely an encasement of the optical element. The change from heading 90.01 to 90.02 expresses this substantial transformation.

1060. The rule should be:

CTH (CH) (SG) (KOR) (MAL) **(PHI)**
CTSH (MEX)
CTH or 45% added value (EC)

OPTION B: No (CAN) (JPN) **(EGY)**

1061. The mounting of optically worked lenses is a simple operation and does not result in substantial transformation.

1062. The rule should be:

CTSH, except from 9001.90

OPTION C: No (US)

1063. The mounting of optically worked lenses, or the mounting and [polishing][optical working] of lens blanks, does not result in substantial transformation.

1064. The rule should be:

CTSH except from 9001.90 or from lens blanks of 70.14 if they only require polishing to transform them into goods of heading 90.01.

1065. When the CTSH rule is not met, the “5 parts” rule, the specified process rule, the use of one originating part rule and a [general] [final] residual rule apply in sequence.

Relevant HS Code:
90.02

ISSUE No.81: PRODUCTION OF PARTS AND ACCESSORIES FOR BINOCULARS, MONOCULARS, TELESCOPES AND OTHER ASTRONOMICAL INSTRUMENTS FROM WORKED OPTICAL ELEMENTS OR MOUNTED OPTICAL ELEMENTS

OPTION A: Yes

1066. The mounting of optical elements to produce these parts and accessories results in substantial transformation, as does the conversion of mountings of 90.02 to produce goods of 9005.90.

1067. The rule should be:

CTH (CH) (CAN) (KOR) (SG) (MAL)
CTH or 45% value added rule (EC)

OPTION B: No (JPN) (MEX) (US)

1068. The change from worked optical elements of 90.01 to parts and accessories of 9005.90 reflects a simple operation which does not substantially transform the optical elements. The change from mounted optical elements of 90.02 to 9005.90 represents a change of use with little processing which should not be considered substantial transformation. The rule should be:

CTH, except from 90.01 or 90.02

1069. When the specified rule is not met, a chapter subsidiary rule applies. The subsidiary rule should be:

The country of origin of the good shall be the country of origin of the lens or other optical element. (US)

Relevant HS Code:

9005.90

ISSUE No.82: ATTACHMENT OF INTERCHANGEABLE LENSES TO CAMERAS, PROJECTORS AND PHOTOGRAPHIC ENLARGERS AND REDUCERS OF HEADINGS 90.06, 90.07 AND 90.08

OPTION A: No substantial transformation; separate origin treatment (US)

1070. The attachment of an interchangeable lens to a camera, projector or photographic enlarger or reducer does not result in substantial transformation. Such lenses are distinct goods which should be treated separately for origin purposes. The rules of origin for cameras, projectors, and photographic enlargers or reducers should provide that the addition of an interchangeable lens does not result in substantial transformation of either the lens or the apparatus with which it is associated. Without an appropriate exclusion, by operation of the functional unit rule the origin of the lens would be subsumed to that of the apparatus. This would be the case even when the apparatus is assembled from parts and there is a required change of tariff classification. Furthermore, interchangeable lenses and the products on which they are used are generally marked with their country of origin in a conspicuous manner. Treating the combination as separate goods avoids the problems of re-marking the non-originating good.

1071. The rule should be:

CTSH, except a change from interchangeable lenses of subheading 9002.11, and a subsidiary rule to provide that the country of origin of the lens should be determined in accordance with the rule for subheading 9002.11, and the country of origin of the camera, projector or photographic enlarger or reducer in accordance with the rule for cameras, projectors or photographic enlargers or reducers as the case may be.

OPTION B: Irrespective of substantial transformation, no separate treatment

1072. When the assembly of a camera satisfies the applicable rule of origin an interchangeable lens which is attached or included with the camera would lose its separate identity for origin purposes. This is a sound result because the Agreement requires that the harmonized rule of origin have, inter alia, two features: 1) that goods have a single country of origin; and 2) that the rules be applied equally for all the purposes set out in the Agreement. The implication of Option A is that country of origin marking requirements should apply separately to the interchangeable lens, and that the camera and accessories as imported should bear two separate markings, one for the camera and one for the lens, even if the assembly of the camera has otherwise resulted in the conferral of origin. If the camera has been assembled and has a determined country of origin, the addition of the lens would not, under any of the proposals made, change the country of origin of the camera. It might be the function of a residual or subsidiary rule to provide the origin of the lens in such a case, but in formulating such a rule proper account should be taken of simplicity and administrative burdens.

1073. The rule should be:

- CTSH (JPN, CAN, MEX, CH, KOR, SG, PHI, HK, MAL)
- CTH; or
- Manufacture where the increase in value acquired as a result of working and processing, and if applicable, the incorporation of parts originating in the country of manufacture represents at least 45% of the ex-works price of the product. (EC)
- [x]% value added rule

Relevant HS Codes :

90.06, 90.07, 90.08

ISSUE No.83: PRODUCTION OF FRAMES AND MOUNTINGS FOR SPECTACLES, GOGGLES AND THE LIKE FROM IDENTIFIABLE PARTS

OPTION A : Yes (CH) (MEX) (SG) (HK) (KOR) (MAL) **(EGY)**

1074. The assembly of frames and mountings from parts classified in subheading 9003.90 results in substantial transformation of the parts.

1075. The rule should be: CTSH

OPTION B: Yes, provided

1076. The assemblies involved when parts identifiable as those for frames and mountings are used may be rather simple or may be substantial. A change of tariff classification criterion may permit assemblies to be origin conferring which are rather simple. Therefore, such operations should be considered as resulting in substantial transformation only if a value added criterion is met. Under this approach the rules proposed are designed to require a certain degree of manufacturing in the country of assembly.

1077. The rule should be:

- CTH; or
- Manufacture where the increase in value acquired as a result of working and processing, and if applicable, the incorporation of parts originating in the country of manufacture represents at least 45% of the ex-works price of the product. (EC)
- CTSH, except from more than one of: fronts (ex 9003.90(a) or temples ex 9003.90(b). (CAN)

OPTION C: Yes, provided (US)

1078. In general, the assembly of spectacle frames from identifiable parts should not be considered to result in substantial transformation. However, when such assembly involves also a degree of manufacturing in the form of the finishing of unfinished parts it is appropriate to consider that substantial transformation takes place.

1079. The rule should be:

CTSH, except from finished temples **and** finished fronts of 9003.90

1080. If this rule is not satisfied the origin of the good will be the origin of the front.

OPTION D: No (JPN)

1081. Assembly of spectacle frames is a simple process which does not substantially transform the temples and fronts, which are the major components of the frames. The rule should be:

CTH

Relevant HS Codes :

9003.11, 9003.19

ISSUE No.84: MOUNTING OF LENSES IN FRAMES TO PRODUCE SPECTACLES OR GOGGLES

OPTION A: Yes (HK) (KOR) (SG) (PHI) (MEX) (MAL) [(CH)]

1082. Both lenses and frames undergo substantial transformation when lenses are mounted in frames to produce spectacles.

1083. The rule should be: CTH

OPTION B: Yes, provided (EC)

1084. The mounting of lenses in frames is considered to result in substantial transformation provided an added value criterion is met.

1085. The rule should be:

- CTH, except from 9001.40, 9001.50, or 90.03; or
- Manufacture where the increase in value acquired as a result of working and processing, and if applicable, the incorporation of parts originating in the country of manufacture represents at least 45% of the ex-works price of the product.

OPTION C: Yes, provided (CAN) (SEN) (JPN)

1086. Mounting alone does not substantially transform non-originating lenses. The intent of the proposal is that a certain degree of manufacturing of the parts should take place in the country of assembly for origin to be conferred.

1087. The rule should be:

CTH, except from more than one of: lenses; or frames

OPTION D: No (US) [(CH)]

1088. Mounting of lenses in frames to produce spectacles does not result in substantial transformation. The rule should be:

CTH, except from 9001.40 or 9001.50.

1089. If this rule is not satisfied, the country of origin of the good will be the country of origin of the lenses. (US)

Relevant HS Codes :
9004.10, 9004.90

ISSUE No.85: ASSEMBLY OF CATHETERS, CANNULAE AND THE LIKE USING RUBBER TUBING

OPTION A: Yes

1090. This assembly using rubber tubing of subheading 4009.10 results in substantial transformation.

1091. The rule should be:

- CTSHS (CAN) **(KOR)**
- CTH (MAL)
- CTH; or
- Manufacture where the increase in value acquired as a result of working and processing, and if applicable, the incorporation of parts originating in the country of manufacture represents at least 45[x]% of the ex-works price of the product. (EC) **(BRA)**

OPTION B: No (US)

1092. The assembly of catheters and similar medical devices involves the simple attachment of fittings to rubber tubing and should not be considered as origin conferring. The proposed rule precludes origin being conferred on catheters, cannulae and the like assembled from non-originating vulcanised rubber surgical tubing. This reflects the fact that these apparatus are often very simple, consisting of little more than tubing and fittings, in which case assembly would not substantially transform the tubing.

1093. The rule should be:

CTSHS except from 4009.10

1094. When the specified rule is not met, the “5 parts” rule, the specified process rule, the use of one originating part rule and a [general] [final] residual rule apply in sequence.

Relevant HS Code:

ex 9018.39(a)

ISSUE No.86: ASSEMBLY OF PARTS AND ACCESSORIES OF AUTOMATIC REGULATING OR CONTROLLING INSTRUMENTS AND APPARATUS USING CONTROL PANELS OR PROGRAMMABLE CONTROLLERS

OPTION A: Yes (JPN) (CH) (CAN) (MEX) (SG) (MAL) **(PHI)** (EC - *with alternative added value criterion*)

1095. The assembly of these devices and parts using components classified outside the heading results in substantial transformation.

1096. The rule should be: CTH

OPTION B: No (US)

1097. The rule should preclude origin being conferred on those parts and accessories which are manufactured using non-originating control panels or programmable controllers of heading 85.37 as the manufacturing process would not substantially transform those parts.

1098. The rule should be:

CTH, except from 85.37.

1099. If this rule is not met, a subsidiary rule would provide that the country of origin of the good shall be the country of origin of the programmable controllers or control panels used in their manufacture.

PART 4: REORGANISED CHAPTER RULES AND NOTES

Chapters 84 to 90

[Chapter Notes][Chapter Rules][Legal Notes]:

For the purposes of this chapter:

[1. Limitations on change of classification rules: (US)]

[[Notwithstanding the product specific rules in the matrix,] where a change of classification (i.e., change of heading, subheading, split heading or split subheading) results from one of the following circumstances, origin shall be determined as indicated: (US)]

[Where satisfaction of the rules of this Appendix results solely from the following circumstances, origin shall be determined as indicated [herein] [in Appendix]. (Alternative US Text)]

A. Disassembly

Disassembly operations, including those which result in a change of tariff classification, shall not be considered origin conferring. (Basket 1)

[(1) A change of classification which results from the disassembly of the good that can perform its original purpose shall not be considered as the change required by the rule set forth in the matrix. The parts recovered from the good shall retain the country of origin of the good prior to disassembly. (US) (Issues Nos.11 and 12)]

[(2) A change of classification which results from the disassembly of the good that cannot perform its original purpose without being restored or repaired shall not be considered as the change required by the rule set forth in the matrix. The country of origin of the recovered parts shall be (one among the following options (US):] (Issues Nos.11 and 12)]

[(a) the country where the parts are recovered;] (SEN)

[(b) the country of origin of the good from which the parts are recovered;] (CAN)

[(c) the initial country of origin of the parts.] (IND)

[Reassembly of disassembled parts: (Issue No.13)]

A good reassembled from disassembled parts shall have origin in the country where the good satisfy the rule set forth in the matrix. If the country of origin is not determined by the rule set forth in the matrix, [Note][Rule] *[a [general] [final] residual rule]* 2 shall apply. (CH)]

B. Packaging or repackaging (Issue No.6)

[Where a change in classification results from packaging or repackaging the origin of the good shall be the origin prior to such packaging or repackaging. (US) (AUS) (SEN)]

C. Application of HS GIR 2(a) - Collection of parts into kits (Issues Nos.4 and 5)

[Where a change in classification results from the application of HS General Interpretative Rule 2(a) with respect to collections of parts that are presented as unassembled articles of another heading or subheading the individual parts shall retain their origin prior to such collection. (For goods assembled from collections of parts, Note 2.C shall apply.) (US) (AUS)]

[A change of classification which results from the application of Rule 2(a) of the General Rules for the Interpretation of the HS (GIR 2(a)), with respect to a collection of parts, shall not be considered as the change required by the rule set forth in the matrix. (Sec)]

[A good assembled from a collection of parts that are classified by virtue of the application of GIR 2(a) in the same heading or subheading as the good shall have origin in the country where, subject to paragraph *[next]*, the relevant rule or note set out in the Appendix is satisfied.

The change of classification that may be required by the relevant rule in the matrices is considered to have taken place in the country in which the good is assembled from the collection of parts.] (JPN) (CAN) (HK) (CH)

D. Functional units (Issue No.7)

[Where a change in classification results from the application of note 4 to Section XVI of the HS to separately packaged goods presented together in a single shipment the separately packaged goods shall retain their origin prior to such presentation. (US) (JPN) (AUS)]

~~E. Change of use (Issue No.9)~~

~~[A change of classification which results from the change of use of the good shall not be considered as the change required by the rule set forth in the matrix. (SEN)]~~

F. Recertification or retesting of articles (Issue No.10)

A change of classification which results from the recertification or retesting of the good shall not be considered as the change required by the rule set forth in the matrix. (Endorsed by CRO)

~~G. Degradation of goods by ageing or consumption or any other reason (Issue No.8)~~

~~[[Unless otherwise provided] a change of classification which results from degradation of the good by ageing or consumption or any other reason shall not be considered as the change required by the rule set forth in the matrix. (SEN)]~~

[Origin Conferring Primary Rules (Sec)]: (SG) (IND) (Issue No.1)

[A. Goods of this chapter that are not wholly the product of one country shall be deemed to originate in the last country where one of the following occurs:

- (a) Non-originating materials undergo a change of classification from any other sub-heading, including a sub-heading of the same heading (CTSH); or from any other heading (CTH) as indicated in the specific headings or subheadings; or
- (b) Obtaining goods from parts by assembly, including sub-assembly, shall be considered as reflecting last substantial transformation; or
- (c) Process (such as mounting of integrated circuits) as defined for the specific headings or subheadings which result in new characteristics or use in the finished product. (SG)]

[B. An assembly operation resulting in a new good having new characteristics is considered to be substantial transformation. (IND) (MOR) (SEN for Chapters 84 to 86 only)]

[C. For the purposes of Chapter 87 the following goods, when assembled and finished, shall originate in the country where assembly and finishing results in a change of subheading:

- (a) Bumpers;
- (b) Air bag systems (including inflators and modules);
- (c) Body assemblies ;

- (d) Brakes and servo-brakes;
- (e) Gear boxes and similar gear assemblies;
- (f) Axles, whether or not provided with other transmission components;
- (g) Wheels;
- (h) Suspension shock-absorbers;
- (ij) Vehicle suspension assemblies;
- (k) Radiators;
- (l) Silencers and exhaust pipes;
- (m) Clutches;
- (n) Steering wheels, steering columns and steering boxes;
- (o) Handle bar assemblies; and
- (p) Chassis or frame assemblies. (US)]

2-2. [Additional and residual (US)] [Origin Conferring Primary (Sec)] rules:

[When neither the product specific rules provided in the matrix nor legal note 1 above are determinant of origin, the following shall apply: (US)]

[A. Goods produced from forged or cast blanks (US) (CH) (AUS) (Issue No.2)

Where goods are produced from forged or cast blanks which had the essential character of the complete or finished goods and were classifiable, by application of HS General Interpretative Rule 2(a), in the same heading or subheading as the complete or finished goods:

- (1) Provided the following criteria are met, the country of origin of the goods shall be the country in which the blank was finished: (US) (CH) (AUS)
- (a) In its imported prefinished condition, the blank was not capable of functioning for its ultimate use and was not advanced beyond cleaning or working to remove flash, sprues, burrs or similar excess material, [and (US)] (AUS)
 - (b) In the country in which the goods were finished: (US) (CH)
 - (i) The blank was configured to final shape by the removal of material (other than merely by honing or polishing or both), or by bending, hammering, pressing, stamping or similar forming process; and (US) (CH)
 - (ii) The blank underwent one or more of the following processes:
 - 1. [Hardening to a minimum hardness of 38 degrees Rockwell C [or Vickers H-V-3-70] or equivalent standard of hardness; (US)]
[Heat treatment or thermochemical treatment, such as glowing, tempering, hardening; (CH)] or
 - 2. Assembly with five or more parts (other than parts of general use as defined in [Note 2 to Section XV or similar parts of plastic (Chapter 39) (US)] [Note 1(g) to Section XVI of the HS (CH)]); or (US) (CH)
 - 3. Surface treatment, such as coating, compressing, condensing, impregnating or insulating; (CH)
- (2) If the criteria of subparagraph (a) above are not satisfied, the country of origin of the goods shall be the country of origin of the blank. (US) (CH) (AUS)]

[B. Finished goods or parts produced from unfinished goods or parts, other than blanks: (CH) (Issue No.3)

Whenever the change of classification rules set out for goods of chapters 84 to 90 and 93 are not determinant of the country of origin of the good, the following substantial transformation rules are to be applied:

- (a) A finished good or part produced from a non-originating unfinished good or part classified in the same heading or subheading as the finished good or part shall originate in the country in which the good or part was finished, provided:
 - (i) the unfinished good or part is not functioning for its ultimate use in its imported condition and has undergone at least two or more of the following processes:

- assembly by built-up such as but not limited to welding, soldering, shrinking, bolting, glueing, fitting, fixing, spooling, winding, connecting, wiring, coupling; or
- heat treatment or thermochemical treatment such as glowing, tempering, hardening; or
- treatment for the purpose of shaping, forming such as cold or warm forming; or
- mechanical treatment, refining of form-, positional- and surface tolerances of functional finished shapes such as turning, milling, drilling, broaching, grinding, polishing, honing, eroding; or
- surface treatment such as coating, compressing, condensing, impregnating (excluding temporary conservation for transport and/or storage purpose), insulating; or
- system engineering, software-development and application;

and

- (ii) The finished good or part has undergone final testing such as but not limited to balancing, spinning, voltage testing, performance- or isolation test.
- (b) A finished good or part, produced from a non-originating good or part, classified in the same subdivision as the finished good or part which do not satisfy the conditions mentioned in Rule 2.B(a) above shall originate in the country contributing most to the product in terms of total value of parts (including an unfinished good) and related processing activities.” (CH)]

[C. [Other (US)] [Chapter Residual Rules (Sec)]: (Issue No.1)

Where neither the product specific rules in the matrix nor the preceding legal notes are determinant of origin, the following shall apply: (US) (CH) (AUS) (TUR for ex 8471.60(a) for split subheadings (A) and (B) only)

- (1) Goods produced by assembly of 5 or more parts (other than parts of general use, as defined in [Note 2 to Section XV or similar parts of plastic (Chapter 39) (US)] [note 1(g) to Section XVI of the HS (AUS)]) shall have origin in the country of assembly, or (US) (AUS) (TUR for ex 8471.60(a) for split subheadings (A) and (B) only)

- (2) Goods produced as a result of processing non-originating components into a device or apparatus capable of performing one or more new mechanical or electrical functions shall have origin in the country of such processing, or (US) (TUR for ex 8471.60(a) for split subheadings (A) and (B) only)
- (3) *[Residual rule].*— Goods produced by the assembly of less than 5 parts (other than parts of general use, as defined in Note 2 to Section XV of the HS or similar parts of plastic (Chapter 39)), and one or more of whose parts (other than parts of general use, as defined in [Note 2 to Section XV of the HS or similar parts of plastic (Chapter 39) (US)] [note 1(g) to Section XVI of the HS (AUS)]) satisfies the requirements for origin in the country of assembly, shall have origin in the country of assembly. (US) (AUS) (TUR for ex 8471.60(a) for split subheadings (A) and (B) only)
- (4) *[For the purposes of Paragraph 2.C above (Sec)]* the following shall not be considered origin conferring operations:
- (i) the attachment of machinery to a base; (US) (CH) (JPN) (AUS)
 - (ii) the [installation (US)] [attachment (JPN)] of machinery or apparatus into cabinets or similar encasements; (US) (CH) (JPN) (AUS)
 - (iii) the attachment of parts of general use (as defined in [Note 2 to Section XV of the HS or similar parts of plastic (Chapter 39) (US)] [note 1(g) to Section XVI of the HS (CH) (JPN) (AUS)]); (US) (CH) (JPN) (AUS)
 - (iv) the attachment of handles, dials, knobs, hand cranks, and other consumer-operated controls; (US) (CH) (JPN) (AUS)
the attachment of a power cord, [change of mains voltage/frequency by adding transformer, adapter or converter (TUR)] (US) (CH) (AUS)
 - (vi) installation of batteries, accumulators, [sensors, thermostats (TUR)] or [other (US)] [similar (JPN)] articles not designed to [or supplied (deletion proposed by US)] become a permanent part of the good; (US) (CH) (JPN) (AUS)
 - (vii) the attachment of accessories or parts (including printed circuits with components assembled thereon), which serve only to enhance the operation of the machine or device; (US) (AUS)
 - (viii) presetting, adding, changing parameters and settings of a programme in a machine, equipment or electronic equipment; (TUR)
 - (ix) Adding manuals, warranty cards, conformance certificates to standards with or without test, adding brand, name and/or model labels or relabeling; (TUR)
 - (x) Loading new software, version or different user language; (TUR)]

[3. Product specific residual rules (US) (Issue No.77 – OC0023E2)

Chapter 87

When application of the primary rules of this Chapter (including the product specific rules provided in the matrix) does not result in a determination of a country of origin, the country of origin shall be determined as follows:

1. The country of origin of safety seat belts of heading 87.08 that were assembled from narrow woven fabrics of heading 58.06 is the country where the fabrics were formed, or in the case of such a good containing textile fabrics of more than one country, the origin of the good is the country in which the textile fabric that predominates by weight was formed.

Chapter 88

When application of the primary rules of this Chapter (including the product specific rules provided in the matrix) does not result in a determination of a country of origin, the country of origin shall be determined as follows:

1. The country of origin of a parts of and accessories to parachutes (including dirigible parachutes and paragliders) and rotochutes of heading 88.04 is the country where the fabrics were formed, or in the case of such a good containing textile fabrics of more than one country, the origin of such good is the country in which the textile fabric that predominates by weight was formed.]

4. Criteria to apply the residual rules of Appendix 2, Rule 2 (Architecture, Issue No.1)

The criteria to apply the residual rules of Appendix 2, Rule 2 for Chapters 84 to 90 are:

- (a) value (EC);
- (b) number of units or components (US);
- (c) essential characters (CAN);
- (d) essential characters for Chapters 84 and 85; weight for Chapters 86 to 90 (JPN);
- (e) total value of parts (including unfinished goods) and the related processing activities (CH).

5. Definitions (Issue No.2)

- (a) *[The term “blank” means an article, not ready for direct use, having the approximate shape or outline of the finished article or part, and which can only be used, other than in exceptional cases, for completion into the finished article or part (e.g., bottle preforms of plastics being intermediate products having tubular shape, with one closed end and one open end threaded to secure a screw type closure, the portion below the threaded end being intended to be expanded to a desired size and shape.)] (Sec)*

6. Method of calculating the ad valorem percentage prescribed in Origin Criteria: (EC) (Issue No.1)

For the purposes of calculating the percentage of the value added requested:

- (a) The term “ex works price” shall mean the price paid for the product obtained to the manufacturer in whose undertaking the last working or processing is carried out. The ex-works price shall include the value of all materials used in manufacture and all costs (material costs as well as other costs) effectively incurred by the manufacturer. Internal taxes which are, or may be, repaid when such product is exported or commercial price reductions shall not be taken into account.
- (b) The terms “value acquired as a result of working and processing” and “incorporation of parts originating in the country of manufacture” shall mean the increase in value resulting from the assembly itself, together with any preparatory, finishing and checking operations, and from the incorporation of any parts originating in the country where the operations were carried out, including profit and general costs borne in that country as a result of these operations.

PART 5: PRODUCT SPECIFIC RULES OF ORIGIN PROVIDED IN THE MATRICES

CHAPTER 84

[Chapter Notes][Chapter Rules][Legal Notes]:

For the purposes of this chapter:

[1. Limitations on change of classification rules: (US)]

[[Notwithstanding the product specific rules in the matrix,] where a change of classification (i.e., change of heading, subheading, split heading or split subheading) results from one of the following circumstances, origin shall be determined as indicated: (US)]

[Where satisfaction of the rules of this Appendix results solely from the following circumstances, origin shall be determined as indicated [herein] [in Appendix]. (Alternative US Text)]

A. Disassembly

Disassembly operations, including those which result in a change of tariff classification, shall not be considered origin conferring. (Basket 1)

[(1) A change of classification which results from the disassembly of the good that can perform its original purpose shall not be considered as the change required by the rule set forth in the matrix. The parts recovered from the good shall retain the country of origin of the good prior to disassembly. (US) **(Issues Nos.11 and 12)**

[(2) A change of classification which results from the disassembly of the good that cannot perform its original purpose without being restored or repaired shall not be considered as the change required by the rule set forth in the matrix. The country of origin of the recovered parts shall be (one among the following options (US):] **(Issues Nos.11 and 12)**

[(a) the country where the parts are recovered;] (SEN)

[(b) the country of origin of the good from which the parts are recovered;] (CAN)

[(c) the initial country of origin of the parts.] (IND)

[Reassembly of disassembled parts: **(Issue No.13)**

A good reassembled from disassembled parts shall have origin in the country where the good satisfy the rule set forth in the matrix. If the country of origin is not determined by the rule set forth in the matrix, [Note][Rule] *[a [general] [final] residual rule]* 2 shall apply. (CH)]

B. Packaging or repackaging **(Issue No.6)**

[Where a change in classification results from packaging or repackaging the origin of the good shall be the origin prior to such packaging or repackaging. (US) (AUS) (SEN)]

C. Application of HS GIR 2(a) - Collection of parts into kits **(Issues Nos.4 and 5)**

[Where a change in classification results from the application of HS General Interpretative Rule 2(a) with respect to collections of parts that are presented as unassembled articles of another heading or subheading the individual parts shall retain their origin prior to such collection. (For goods assembled from collections of parts, Note 2.C shall apply.) (US) (AUS)]

[A change of classification which results from the application of Rule 2(a) of the General Rules for the Interpretation of the HS (GIR 2(a)), with respect to a collection of parts, shall not be considered as the change required by the rule set forth in the matrix. (Sec)]

[A good assembled from a collection of parts that are classified by virtue of the application of GIR 2(a) in the same heading or subheading as the good shall have origin in the country where, subject to paragraph *[next]*, the relevant rule or note set out in the Appendix is satisfied.

The change of classification that may be required by the relevant rule in the matrices is considered to have taken place in the country in which the good is assembled from the collection of parts.] (JPN) (CAN) (HK) (CH)

D. Functional units **(Issue No.7)**

[Where a change in classification results from the application of note 4 to Section XVI of the HS to separately packaged goods presented together in a single shipment the separately packaged goods shall retain their origin prior to such presentation. (US) (JPN) (AUS)]

E. ~~Change of use~~ **(Issue No.9)**

~~[A change of classification which results from the change of use of the good shall not be considered as the change required by the rule set forth in the matrix. (SEN)]~~

F. Recertification or retesting of articles **(Issue No.10)**

A change of classification which results from the recertification or retesting of the good shall not be considered as the change required by the rule set forth in the matrix. (Endorsed by CRO)

~~G. — Degradation of goods by ageing or consumption or any other reason **(Issue No.8)**~~

~~[[Unless otherwise provided] a change of classification which results from degradation of the good by ageing or consumption or any other reason shall not be considered as the change required by the rule set forth in the matrix. (SEN)]~~

[Origin Conferring Primary Rules (Sec)]: (SG) (IND) **(Issue No.1)**

[A. Goods of this chapter that are not wholly the product of one country shall be deemed to originate in the last country where one of the following occurs:

- (a) Non-originating materials undergo a change of classification from any other sub-heading, including a sub-heading of the same heading (CTSH); or from any other heading (CTH) as indicated in the specific headings or subheadings; or
- (b) Obtaining goods from parts by assembly, including sub-assembly, shall be considered as reflecting last substantial transformation; or
- (c) Process (such as mounting of integrated circuits) as defined for the specific headings or subheadings which result in new characteristics or use in the finished product. (SG)]

[B. An assembly operation resulting in a new good having new characteristics is considered to be substantial transformation. (IND) (MOR) (SEN for Chapters 84 to 86 only)]

[C. For the purposes of Chapter 87 the following goods, when assembled and finished, shall originate in the country where assembly and finishing results in a change of subheading:

- (a) Bumpers;

- (b) Air bag systems (including inflators and modules);
- (c) Body assemblies ;
- (d) Brakes and servo-brakes;
- (e) Gear boxes and similar gear assemblies;
- (f) Axles, whether or not provided with other transmission components;
- (g) Wheels;
- (h) Suspension shock-absorbers;
- (ij) Vehicle suspension assemblies;
- (k) Radiators;
- (l) Silencers and exhaust pipes;
- (m) Clutches;
- (n) Steering wheels, steering columns and steering boxes;
- (o) Handle bar assemblies; and
- (p) Chassis or frame assemblies. (US)]

2-2. [Additional and residual (US)] [Origin Conferring Primary (Sec)] rules:

[When neither the product specific rules provided in the matrix nor legal note 1 above are determinant of origin, the following shall apply: (US)]

[A. Goods produced from forged or cast blanks (US) (CH) (AUS) (**Issue No.2**)

Where goods are produced from forged or cast blanks which had the essential character of the complete or finished goods and were classifiable, by application of HS General Interpretative Rule 2(a), in the same heading or subheading as the complete or finished goods:

- (1) Provided the following criteria are met, the country of origin of the goods shall be the country in which the blank was finished: (US) (CH) (AUS)
 - (a) In its imported prefinished condition, the blank was not capable of functioning for its ultimate use and was not advanced beyond cleaning or working to remove flash, sprues, burrs or similar excess material, [and (US)] (AUS)
 - (b) In the country in which the goods were finished: (US) (CH)
 - (i) The blank was configured to final shape by the removal of material (other than merely by honing or polishing or both), or by bending, hammering, pressing, stamping or similar forming process; and (US) (CH)
 - (ii) The blank underwent one or more of the following processes:
 - 1. [Hardening to a minimum hardness of 38 degrees Rockwell C [or Vickers H-V-3-70] or equivalent standard of hardness; (US)]
[Heat treatment or thermochemical treatment, such as glowing, tempering, hardening; (CH)] or
 - 2. Assembly with five or more parts (other than parts of general use as defined in [Note 2 to Section XV or similar parts of plastic (Chapter 39) (US)] [Note 1(g) to Section XVI of the HS (CH)]); or (US) (CH)
 - 3. Surface treatment, such as coating, compressing, condensing, impregnating or insulating; (CH)
- (2) If the criteria of subparagraph (a) above are not satisfied, the country of origin of the goods shall be the country of origin of the blank. (US) (CH) (AUS)]

[B. Finished goods or parts produced from unfinished goods or parts, other than blanks: (CH) (**Issue No.3**)

Whenever the change of classification rules set out for goods of chapters 84 to 90 and 93 are not determinant of the country of origin of the good, the following substantial transformation rules are to be applied:

- (a) A finished good or part produced from a non-originating unfinished good or part classified in the same heading or subheading as the finished good or part shall originate in the country in which the good or part was finished, provided:

- (i) the unfinished good or part is not functioning for its ultimate use in its imported condition and has undergone at least two or more of the following processes:
 - assembly by built-up such as but not limited to welding, soldering, shrinking, bolting, glueing, fitting, fixing, spooling, winding, connecting, wiring, coupling; or
 - heat treatment or thermochemical treatment such as glowing, tempering, hardening; or
 - treatment for the purpose of shaping, forming such as cold or warm forming; or
 - mechanical treatment, refining of form-, positional- and surface tolerances of functional finished shapes such as turning, milling, drilling, broaching, grinding, polishing, honing, eroding; or
 - surface treatment such as coating, compressing, condensing, impregnating (excluding temporary conservation for transport and/or - storage purpose), insulating; or
 - system engineering, software-development and application;
 - and
 - (ii) The finished good or part has undergone final testing such as but not limited to balancing, spinning, voltage testing, performance- or isolation test.
- (b) A finished good or part, produced from a non-originating good or part, classified in the same subdivision as the finished good or part which do not satisfy the conditions mentioned in Rule 2.B(a) above shall originate in the country contributing most to the product in terms of total value of parts (including an unfinished good) and related processing activities.” (CH)]

[C. /Other (US)/ [Chapter Residual Rules (Sec)]: (Issue No.1)

Where neither the product specific rules in the matrix nor the preceding legal notes are determinant of origin, the following shall apply: (US) (CH) (AUS) (TUR for ex 8471.60(a) for split subheadings (A) and (B) only)

- (1) Goods produced by assembly of 5 or more parts (other than parts of general use, as defined in [Note 2 to Section XV or similar parts of plastic (Chapter 39) (US)] [note 1(g) to Section XVI of the HS (AUS)]) shall have origin in the country of assembly, or (US) (AUS) (TUR for ex 8471.60(a) for split subheadings (A) and (B) only)
- (2) Goods produced as a result of processing non-originating components into a device or apparatus capable of performing one or more new mechanical or electrical functions shall have origin in the country of such processing, or (US) (TUR for ex 8471.60(a) for split subheadings (A) and (B) only)
- (3) [Residual rule].— Goods produced by the assembly of less than 5 parts (other than parts of general use, as defined in Note 2 to Section XV of the HS or similar parts of plastic (Chapter 39)), and one or more of whose parts (other than parts of general use, as defined in [Note 2 to Section XV of the HS or similar parts of plastic (Chapter 39) (US)] [note 1(g) to Section XVI of the HS (AUS)]) satisfies the requirements for origin in the country of assembly, shall have origin in the country of assembly. (US) (AUS) (TUR for ex 8471.60(a) for split subheadings (A) and (B) only)
- (4) *[For the purposes of Paragraph 2.C above (Sec)]* the following shall not be considered origin conferring operations:
- (i) the attachment of machinery to a base; (US) (CH) (JPN) (AUS)
 - (ii) the [installation (US)] [attachment (JPN)] of machinery or apparatus into cabinets or similar encasements; (US) (CH) (JPN) (AUS)
 - (iii) the attachment of parts of general use (as defined in [Note 2 to Section XV of the HS or similar parts of plastic (Chapter 39) (US)] [note 1(g) to Section XVI of the HS (CH) (JPN) (AUS)]); (US) (CH) (JPN) (AUS)
 - (iv) the attachment of handles, dials, knobs, hand cranks, and other consumer-operated controls; (US) (CH) (JPN) (AUS)
 - (v) the attachment of a power cord, [change of mains voltage/frequency by adding transformer, adapter or converter (TUR)] (US) (CH) (AUS)
 - (vi) installation of batteries, accumulators, [sensors, thermostats (TUR)] or [other (US)] [similar (JPN)] articles not designed to [or supplied (deletion proposed by US)] become a permanent part of the good; (US) (CH) (JPN) (AUS)
 - (vii) the attachment of accessories or parts (including printed circuits with components assembled thereon), which serve only to enhance the operation of the machine or device; (US) (AUS)
 - (viii) presetting, adding, changing parameters and settings of a programme in a machine, equipment or electronic equipment; (TUR)

- (ix) Adding manuals, warranty cards, conformance certificates to standards with or without test, adding brand, name and/or model labels or relabeling; (TUR)
- (x) Loading new software, version or different user language; (TUR)]

[3. Product specific residual rules (US) (**Issue No.77 – OC0023E2**)

Chapter 87

When application of the primary rules of this Chapter (including the product specific rules provided in the matrix) does not result in a determination of a country of origin, the country of origin shall be determined as follows:

1. The country of origin of safety seat belts of heading 87.08 that were assembled from narrow woven fabrics of heading 58.06 is the country where the fabrics were formed, or in the case of such a good containing textile fabrics of more than one country, the origin of the good is the country in which the textile fabric that predominates by weight was formed.

Chapter 88

When application of the primary rules of this Chapter (including the product specific rules provided in the matrix) does not result in a determination of a country of origin, the country of origin shall be determined as follows:

1. The country of origin of a parts of and accessories to parachutes (including dirigible parachutes and paragliders) and rotochutes of heading 88.04 is the country where the fabrics were formed, or in the case of such a good containing textile fabrics of more than one country, the origin of such good is the country in which the textile fabric that predominates by weight was formed.]
4. Criteria to apply the residual rules of Appendix 2, Rule 2 (**Architecture, Issue No.1**)

The criteria to apply the residual rules of Appendix 2, Rule 2 for Chapters 84 to 90 are:

- (a) value (EC);
- (b) number of units or components (US);
- (c) essential characters (CAN);

- (d) essential characters for Chapters 84 and 85; weight for Chapters 86 to 90 (JPN);
- (e) total value of parts (including unfinished goods) and the related processing activities (CH).

5. Definitions (Issue No.2)

- a) *[The term “blank” means an article, not ready for direct use, having the approximate shape or outline of the finished article or part, and which can only be used, other than in exceptional cases, for completion into the finished article or part (e.g., bottle preforms of plastics being intermediate products having tubular shape, with one closed end and one open end threaded to secure a screw type closure, the portion below the threaded end being intended to be expanded to a desired size and shape.) (Sec)*

6. Method of calculating the ad valorem percentage prescribed in Origin Criteria: (EC) (Issue No.1)

For the purposes of calculating the percentage of the value added requested:

- (a) The term “ex works price” shall mean the price paid for the product obtained to the manufacturer in whose undertaking the last working or processing is carried out. The ex-works price shall include the value of all materials used in manufacture and all costs (material costs as well as other costs) effectively incurred by the manufacturer. Internal taxes which are, or may be, repaid when such product is exported or commercial price reductions shall not be taken into account.
- (b) The terms “value acquired as a result of working and processing” and “incorporation of parts originating in the country of manufacture” shall mean the increase in value resulting from the assembly itself, together with any preparatory, finishing and checking operations, and from the incorporation of any parts originating in the country where the operations were carried out, including profit and general costs borne in that country as a result of these operations.

Chapter 84

Primary rule

Note 1: Collection of parts:

Where a change in classification results from the application of HS General Interpretative Rule 2(a) with respect to collections of parts that are presented as unassembled articles of another heading or subheading the individual parts shall retain their origin prior to such collection

Note 2: Assembly of the collection of parts:

Goods assembled from a collection of parts classified as the assembled good by application of General Interpretative Rule 2 shall have origin in the country of assembly, provided the assembly would have satisfied the primary rule for the good had each of the parts been presented separately and not as a collection

Note 3: Putting up goods for transport, storage or retail sale:

Where a change in classification results from putting up goods for transport, storage or retail sale, the origin of the good shall be the origin prior to putting up.

Note 4: Recertification or retesting:

A change of classification which results from the recertification or retesting of the good shall not be considered as the change required by the rule set out in the matrix

Note 5: Disassembly of goods:

A change of classification which results from the disassembly of goods shall not be considered as the change required by the rule set forth in the matrix. The country of origin of the parts recovered from the goods shall be the country where the parts are recovered, unless the importer, exporter or any person with a justifiable cause to determine the origin of parts demonstrates another country of origin on the basis of verifiable evidence such as origin marks on the part itself or documents.

Note 6: Parts and accessories produced from blanks:

1. The country of origin of goods that are produced from blanks which by application of the HS General Interpretative Rule 2(a), in the same heading or subheading as the complete or finished goods, shall be the country in which the blank was finished provided finishing included configuring to final shape by the removal of material (other than merely by honing or polishing or both), or by forming processes such as bending, hammering, pressing or stamping.
2. Paragraph 1 above applies to goods classifiable in provisions for parts or parts and accessories, including goods specifically named under such provisions, and to goods classifiable in headings 84.80 and 84.83.

Chapter 84

HS Code Number	Description of goods	Primary Rule	Notes	Comments
A	B	C	D	E
Chapter 84	Nuclear reactors, boilers, machinery and mechanical appliances; parts thereof	<i>As indicated at the heading or subheading level</i>		
84.01	Nuclear reactors; fuel elements (cartridges), non-irradiated, for nuclear reactors; machinery and apparatus for isotopic separation.	<i>As indicated at the subheading or split subheading level</i>		
8401.10	- Nuclear reactors	<p>[CTSH] (JPN) (US) (CAN) (CH) (MEX) (COL) (SG) (PHI) (MOR) (AUS) (HK)</p> <p>[CTH; or</p> <p>Manufacture where the increase in value acquired as a result of working and processing, and if applicable, the incorporation of parts originating in the country of manufacture represents at least 45% of the ex-works price of the product. <i>Hereinafter referred to as “CTH; or 45% value-added rule”]</i> (EC)(BRA)</p>		<p>Submitted to CRO for decision</p> <p>Issues Nos.1 to 13</p>

HS Code Number	Description of goods	Primary Rule	Notes	Comments
A	B	C	D	E
8401.20	- Machinery and apparatus for isotopic separation, and parts thereof	<i>As indicated at the split subheading level</i>		
ex 8401.20(a)	-- <u>Machinery and apparatus for isotopic separation</u>	[CTSHS] (JPN) (US) (CAN) (CH) (MEX) (COL) (SG) (PHI) (MOR) (AUS) [CTH; or 45% value-added rule] (EC) (BRA)		Submitted to CRO for decision Issues Nos.1 to 13
ex 8401.20(b)	-- <u>Parts of machinery and apparatus for isotopic separation</u>	[CTH] (JPN) (US) (CAN) (CH) (MEX) (COL) (SG) (PHI) (MOR) (AUS) [CTH; or 45% value-added rule] (EC) (BRA)		
8401.30	- Fuel elements (cartridges), non-irradiated	[CTSH] (JPN) (US) (CAN) (CH) (MEX) (COL) (SG) (PHI) (MOR) (AUS) (HK) [CTH; or 45% value-added rule] (EC) (BRA)		Submitted to CRO for decision Issues Nos.1 to 13
8401.40	- Parts of nuclear reactors	[CTH] (JPN) (US) (CAN) (CH) (MEX) (COL) (SG) (PHI) (AUS) [CTH; or 45% value-added rule] (EC) (BRA)		Submitted to CRO for decision Issues Nos.1 to 13

HS Code Number	Description of goods	Primary Rule	Notes	Comments
A	B	C	D	E
84.02	Steam or other vapour generating boilers (other than central heating hot water boilers capable also of producing low pressure steam); super-heated water boilers.	<i>As indicated at the subheading level</i>		
	- Steam or other vapour generating boilers :			
8402.11	-- Watertube boilers with a steam production exceeding 45 t per hour	[CTSH] (JPN) (COL) (SG) (TH) [CTH; or 45% value-added rule] (EC) (BRA) [CTSH, except from subheading 8402.12] (CAN) (US) (MEX) (CH) (PHI) (AUS)	<u>[Subsidiary Rule:</u> The country of origin will be the country in which it was first transformed into a good of the subheading 8402.1. (US)]	Submitted to CRO for decision Issues Nos.1 to 13
8402.12	-- Watertube boilers with a steam production not exceeding 45 t per hour	[CTSH] (JPN) (COL) (SG) (TH) [CTH; or 45% value-added rule] (EC) (BRA)		Submitted to CRO for decision Issues Nos.1 to 13

HS Code Number	Description of goods	Primary Rule	Notes	Comments
A	B	C	D	E
		[CTSH, except from subheading 8402.11] (CAN) (US) (MEX) (CH) (PHI) (AUS)	<u>[Subsidiary Rule]</u> The country of origin will be the country in which it was first transformed into a good of the subheading 8402.1.. (US)]	
8402.19	-- Other vapour generating boilers, including hybrid boilers	[CTSH] (JPN) (US) (CAN) (CH) (MEX) (COL) (SG) (PHI) (MOR) (AUS) (HK) (TH) [CTH; or 45% value-added rule] (EC) (BRA)		Submitted to CRO for decision Issues Nos.1 to 13
8402.20	- Super-heated water boilers	[CTSH] (JPN) (US) (CAN) (CH) (MEX) (COL) (SG) (PHI) (MOR) (AUS) (HK) [CTH; or 45% value-added rule] (EC) (BRA)		Submitted to CRO for decision Issues Nos.1 to 13
8402.90	- Parts	[CTH] (JPN) (US) (CAN) (CH) (MEX) (COL) (SG) (PHI) (AUS) (TH) [CTH; or 45% value-added rule] (EC) (BRA)		Submitted to CRO for decision Issues Nos.1 to 13
84.03	Central heating boilers other than those of heading No. 84.02.	<i>As indicated at the subheading level</i>		

HS Code Number	Description of goods	Primary Rule	Notes	Comments
A	B	C	D	E
8403.10	- Boilers	[CTSH] (JPN) (US) (CAN) (CH) (MEX) (COL) (SG) (PHI) (MOR) (AUS) (HK) [CTH; or 45% value-added rule] (EC) (BRA)		Submitted to CRO for decision Issues Nos.1 to 13
8403.90	- Parts	[CTH] (JPN) (CAN) (MEX) (COL) (SG) (US) (AUS) (TH) [CTH; or 45% value-added rule] (EC) (BRA)		Submitted to CRO for decision Issues Nos.1 to 13
84.04	Auxiliary plant for use with boilers of heading No. 84.02 or 84.03 (for example, economisers, super-heaters, soot removers, gas recoverers); condensers for steam or other vapour power units.	<i>As indicated at the subheading level</i>		
8404.10	- Auxiliary plant for use with boilers of heading No. 84.02 or 84.03	[CTSH] (JPN) (US) (CAN) (CH) (MEX) (COL) (SG) (PHI) (MOR) (AUS) (HK) [CTH; or 45% value-added rule] (EC) (BRA)		Submitted to CRO for decision Issues Nos.1 to 13
8404.20	- Condensers for steam or other vapour power units			

HS Code Number	Description of goods	Primary Rule	Notes	Comments
A	B	C	D	E
8404.90	- Parts	[CTH] (JPN) (US) (CAN) (CH) (MEX) (COL) (SG) (PHI) (AUS) [CTH; or 45% value-added rule] (EC) (BRA)		Submitted to CRO for decision Issues Nos.1 to 13
84.05	Producer gas or water gas generators, with or without their purifiers; acetylene gas generators and similar water process gas generators, with or without their purifiers.	<i>As indicated at the subheading level</i>		
8405.10	- Producer gas or water gas generators, with or without their purifiers; acetylene gas generators and similar water process gas generators, with or without their purifiers	[CTSH] (JPN) (US) (CAN) (CH) (MEX) (COL) (SG) (PHI) (MOR) (AUS) (HK) [CTH; or 45% value-added rule (EC)] (BRA)		Submitted to CRO for decision Issues Nos.1 to 13
8405.90	- Parts	[CTH] (JPN) (US) (CAN) (CH) (MEX) (COL) (SG) (PHI) (AUS) [CTH; or 45% value-added rule (EC)] (BRA)		Submitted to CRO for decision Issues Nos.1 to 13
84.06	Steam turbines and other vapour turbines.	<i>As indicated at the subheading level</i>		

HS Code Number	Description of goods	Primary Rule	Notes	Comments
A	B	C	D	E
8406.10	- Turbines for marine propulsion	[CTSH] (JPN) (CAN) (CH) (MEX) (COL) (SG) (PHI) (MOR) (TH) [CTH; or 45% value-added rule] (EC) (BRA) [CTSH, except from subheading 8406.81 or 8406.82] (US) (AUS)	<u>[Subsidiary Rule]</u> The country of origin will be the country in which it was first transformed into a good of this heading, other than parts.] (US)	Submitted to CRO for decision Issues Nos.1 to 13
	- Other turbines :			
8406.81	-- Of an output exceeding 40 MW	[CTSH] (JPN) (CH) (COL) (SG) (PHI) (MOR) (TH) [CTH; or 45% value-added rule] (EC) (BRA) [CTSH, except from subheading [8406.10 or (US) (AUS)] 8406.82] (CAN) (MEX) (US) (AUS)	<u>[Subsidiary Rule]</u> The country of origin will be the country in which it was first transformed into a good of this heading, other than parts.] (US)	Submitted to CRO for decision Issues Nos.1 to 13

HS Code Number	Description of goods	Primary Rule	Notes	Comments
A	B	C	D	E
8406.82	-- Of an output not exceeding 40 MW	[CTSH] (JPN) (CH) (COL) (SG) (PHI) (MOR) (TH) [CTH; or 45% value-added rule] (EC) (BRA) [CTSH, except from subheading [8406.10 or (US) (AUS)] 8406.81] (CAN) (MEX) (US) (AUS)	[Subsidiary Rule] The country of origin will be the country in which it was first transformed into a of good this heading, other than parts.] (US)	Submitted to CRO for decision Issues Nos.1 to 13
8406.90	- Parts	[CTH] (JPN) (US) (CAN) (CH) (MEX) (COL) (SG) (PHI) (AUS) [CTH; or 45% value-added rule] (EC) (BRA)		Submitted to CRO for decision Issues Nos.1 to 13
84.07	Spark-ignition reciprocating or rotary internal combustion piston engines.	[CTH] (JPN) (US) (CAN) (CH) (MEX) (COL) (SG) (MOR) (AUS) (HK) (TH – 8407.90 only) [CTH, except from heading 84.09; or 45% value-added rule] (EC) (BRA) [CTH; or change within the heading by assembly] (PHI)		Submitted to CRO for decision Issues Nos.1 to 13
8407.10	- Aircraft engines - Marine propulsion engines:	<i>As indicated at the heading level</i>		

HS Code Number	Description of goods	Primary Rule	Notes	Comments
A	B	C	D	E
8407.21	-- Outboard motors	<i>As indicated at the heading level</i>		
8407.29	-- Other			
	- Reciprocating piston engines of a kind used for the propulsion of vehicles of Chapter 87 :			
8407.31	-- Of a cylinder capacity not exceeding 50 cc			
8407.32	-- Of a cylinder capacity exceeding 50 cc but not exceeding 250 cc			
8407.33	-- Of a cylinder capacity exceeding 250 cc but not exceeding 1,000 cc			
8407.34	-- Of a cylinder capacity exceeding 1,000 cc			
8407.90	- Other engines			

HS Code Number	Description of goods	Primary Rule	Notes	Comments
A	B	C	D	E
84.08	Compression-ignition internal combustion piston engines (diesel or semi-diesel engines).	[CTH] (JPN) (US) (CAN) (CH) (MEX) (COL) (SG) (MOR) (AUS) (HK) (TH – 8408.20, 8408.90 only) [CTH, except from heading 84.09; or 45% value-added rule] (EC) (BRA) [CTH; or change within the heading by assembly] (PHI)		Submitted to CRO for decision Issues Nos.1 to 13
8408.10 8408.20 8408.90	- Marine propulsion engines - Engines of a kind used for the propulsion of vehicles of Chapter 87 - Other engines	<i>As indicated at the heading level</i>		
84.09	Parts suitable for use solely or principally with the engines of heading No. 84.07 or 84.08.	[CTH] (JPN) (COL) (MEX) (EC) (PHI) (US) (CAN) (BRA) [CTSH] (SG) [CTH or change within the subheading subject to Chapter Note] (CH) (MOR) (AUS)		Submitted to CRO for decision Issues Nos.1 to 13
8409.10	- For aircraft engines - Other :	<i>As indicated at the heading level</i>		

HS Code Number	Description of goods	Primary Rule	Notes	Comments
A	B	C	D	E
8409.91	-- Suitable for use solely or principally with spark-ignition internal combustion piston engines			
8409.99	-- Other			
84.10	Hydraulic turbines, water wheels, and regulators therefore.	<i>As indicated at the subheading and split subheading level</i>		
	- Hydraulic turbines and water wheels:			
8410.11	-- Of a power not exceeding 1,000 kW	[CTSH] (JPN) (COL) (CH) (SG) [CTH; or 45% value-added rule] (EC) (BRA)		Submitted to CRO for decision Issues Nos.1 to 13
		[CTSH except from subheading 8410.12 or 8410.13] (CAN) (US) (MEX) (AUS)	<u>[Subsidiary Rule]</u> The country of origin will be the country in which it was first transformed into a good of this heading, other than parts] (US)	
8410.12	-- Of a power exceeding 1,000 kW but not exceeding 10,000 kW	[CTSH] (JPN) (COL) (CH) (SG) [CTH; or 45% value-added rule] (EC) (BRA)		Submitted to CRO for decision Issues Nos.1 to 13

HS Code Number	Description of goods	Primary Rule	Notes	Comments
A	B	C	D	E
		[CTSH except from subheading 8410.11 or 8410.13] (CAN) (US) (MEX) (AUS)	<u>[Subsidiary Rule]</u> The country of origin will be the country in which it was first transformed into a good of this heading, other than parts.] (US)	
8410.13	-- Of a power exceeding 10,000 kW	[CTSH] (JPN) (COL) (CH) (SG) [CTH; or 45% value-added rule] (EC) (BRA)		Submitted to CRO for decision Issues Nos.1 to 13
		[CTSH, except from subheading 8410.11 or 8410.12] (CAN) (US) (MEX) (AUS)	<u>[Subsidiary Rule]</u> The country of origin will be the country in which it was first transformed into a good of this heading, other than parts.] (US)	
8410.90	- Parts, including regulators	[CTH] (JPN) (US) (CAN) (CH) (MEX) (COL) (SG) (PHI) [CTH; or 45% value-added rule (EC)] (BRA) <i>[As indicated at the split subheading level] (CAN) (AUS)</i>		Submitted to CRO for decision Issues Nos.1 to 13