

**What Every Member of the
Trade Community Should Know About:**

U.S. Rules of Origin

M.E. DEY & CO.

**Preferential and Non-Preferential Rules of Origin
AN CBP INFORMED COMPLIANCE PUBLICATION**

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INTRODUCTION

The country of origin of merchandise imported into the customs territory of the United States (the fifty states, the District of Columbia and Puerto Rico) is important for several reasons. The country of origin of merchandise can affect, among other things, the rate of duty, the eligibility for special programs, admissibility, quota, procurement by government agencies and marking requirements. This publication summarizes the various rules of origin for goods imported into the customs territory of the United States. The discussion is divided into “non-preferential” and “preferential” rules of origin. “Non-preferential” rules are those that generally apply to merchandise in the absence of bilateral or multilateral trade agreements. On the other hand, “preferential” rules are those that apply to merchandise to determine eligibility for special treatment under various trade agreements or special legislation. Some of the rules use a “tariff-shift” (or “change in tariff classification”) method, which is based on the Harmonized Commodity Description and Coding System (“Harmonized System”).¹ The Harmonized System forms the core of the U.S. tariff system, the Harmonized Tariff Schedule of the United States (“HTSUS”).²

NON-PREFERENTIAL RULES OF ORIGIN

U.S. Non-preferential rules of origin schemes are used for several purposes:

- Most-Favored-Nation or Normal-Trade-Relations Treatment
- Country of Origin Marking
- Government Procurement
- Textile and Textile Products

All U.S. non-preferential rules of origin schemes employ the “wholly obtained” criterion for goods that are wholly the growth, product, or manufacture of a particular country.

¹ See Annex to the International Convention on the Harmonized Commodity Description and Coding System.

² The Harmonized Tariff Schedule of the United States (“HTSUS”) went into effect on January 1, 1989. It replaced the Tariff Schedules of the United States (which had been in effect since August 31, 1963). Merchandise imported into the United States is classified under the HTSUS.

On the other hand, all U.S. non-preferential rules of origin schemes employ the “substantial transformation” criterion for goods that consist in whole or in part of materials from more than one country. In the majority of the non-preferential schemes, the substantial transformation criterion is applied on a case-by-case basis, and it is based on a change in name/character/use method (i.e., an article that consists in whole or in part of materials from more than one country is a product of the country in which it has been substantially transformed into a new and different article of commerce with a name, character, and use distinct from that of the article or articles from which it was so transformed).

A rules of origin scheme for textiles and textile products exists that employs the substantial transformation criterion. It is based on a tariff-shift method. Another rules of origin scheme for products imported from Canada or Mexico exists that also employs the substantial transformation criterion. It is also based on a tariff-shift method. A brief discussion of the U.S. non-preferential rules of origin schemes is set forth below.

OUTLINE OF U.S. NON-PREFERENTIAL RULES OF ORIGIN

Most-Favored-Nation or Normal-Trade-Relations Treatment

There is a rules of origin scheme that is used to determine the country of origin of a product for purposes of most-favored-nation or normal-trade-relations (“NTR”) duty treatment. It employs the “wholly obtained” criterion for goods that are wholly the growth, product, or manufacture of a particular country. On the other hand, it employs the “substantial transformation” criterion for goods that consist in whole or in part of materials from more than one country. The substantial transformation criterion is based on a change in name/character/use method (i.e., an article that consists in whole or in part of materials from more than one country is a product of the last country in which it has been substantially transformed into a new and

different article of commerce with a name, character, and use distinct from that of the article or articles from which it was so transformed).

Country of Origin Marking

There are two sets of rules of origin schemes for country of origin marking purposes. The first scheme is used to determine the country of origin of a product for all countries except Canada and Mexico. It employs a rules of origin approach similar to that discussed above for NTR duty treatment. The second scheme is based on Annex 311 to the North American Free Trade

Agreement (“NAFTA”).

See Annex 311, North American Free Trade Agreement, December 17, 1992, Can-Mex-U.S., 32 I.L.M. 289 (1993). For goods that consist in whole or in part of materials from more than one NAFTA country, this scheme employs the substantial transformation criterion, which is expressed or based exclusively on a tariff-shift method. This scheme includes the following general rules:

See 19 CFR § 102. They are known as the “NAFTA Marking Rules,” and they are to be used for “determining whether a good is a good of a NAFTA country.”

See 19 CFR § 134.1(j). A good of a NAFTA country is an article for which the country of origin is Canada, Mexico or the United States as determined under the NAFTA Marking Rules.

See 19 CFR § 134.1(g). The NAFTA Marking Rules are the rules to be used to determine the country of origin for marking and duty purposes for goods imported into the United States from Canada or Mexico. See generally, *Bestfoods v. United States*, 165 F.3d 1371 (Fed. Cir. 1999).

- a de minimis test of 7 percent of the value of a good except for goods of chapter 22 wherein the test is 10 percent of the value of a good and, except for textile and apparel goods wherein the test is 7 percent of the total weight of the good (goods of chapters 1-4, 7, 8, 11, 12, 15, 17, and 20 are excluded from the de minimis test);
- a chemical reaction origin rule for the goods of chapters 28, 29, 31, 32 or 38; and
- provisions relating to the treatment of certain packaging materials, accessories, spare parts, tools, indirect materials in determining origin, and certain non-qualifying operations (e.g., mere dilution with water).

Government Procurement

There is a rules of origin scheme that is used to determine the country of origin for government procurement for the purpose of granting waivers of certain “Buy American” restrictions in U.S. laws or practice for products for eligible countries. For purposes of this scheme, an article is a product of a country or instrumentality only if:

- it is wholly the growth, product, or manufacture of that country or instrumentality, or
- in the case of an article which consists in whole or in part of materials from another country or instrumentality, it has been substantially transformed into a new and different article of commerce with a name, character, or use distinct from which it was so transformed.

Textile and Textile Products

There is a rules of origin scheme that is used to determine the country of origin for textiles and textile products for, among other things, the application of quotas. It employs the substantial transformation criterion which is expressed or based exclusively on a tariff-shift method and covers the headings and chapters of the Harmonized System relevant to textile and textile products. A detailed discussion of these rules may be found in the CBP informed compliance publication entitled, “What Every Member of the Trade Community Should Know About: Textile and Apparel Rules of Origin,” which is available on the CBP’s website: <www.cbp.gov>.

Legislation and Implementing Regulations

Legislation and implementing regulations governing rules of origin in U.S. non-preferential schemes may be found as follows:

• Government Procurement

- 19 U.S.C. § 2511 et seq. (Specifically § 2518(4)(B).)
- 19 CFR §177.21

• Marking Rules of Origin

- 19 U.S.C. §1304 for marking requirement
- 19 CFR Part 134
- 19 CFR §102.0

• Most-Favored-Nation or Normal-Trade-Relations Duty Assessment

- No rules of origin are set forth in legislation, but see General Note 3 to the HTSUS (19 U.S.C. §1202) for a discussion of duty rates and columns.

• Textiles and Textile Products

- 7 U.S.C. §1854
- 19 U.S.C. § 3592
- 19 CFR §§ 12.130, 102.21

PREFERENTIAL RULES OF ORIGIN

U.S. preferential rules of origin schemes are used for several special tariff programs:

- African Growth and Opportunity Act
- Andean Trade Preference Act
- Andean Trade Promotion and Drug Eradication Act
- Automotive Products Trade Act
- Caribbean Basin Economic Recovery Act
- Compact of Free Association Act
- Generalized System of Preferences
- Insular Possessions of the United States
- North American Free Trade Agreement Implementation Act
- Products of the West Bank, the Gaza Strip or a Qualifying Industrial Zone
- United States-Caribbean Basin Trade Partnership Act
- United States-Chile Free Trade Agreement Implementation Act
- United States-Israel Free-Trade Area Implementation Act
- United States-Jordan Free Trade Area Implementation Act
- United States-Singapore Free Trade Agreement Implementation Act

Most of the above-mentioned rules of origin schemes are set forth in the General Notes of the Harmonized Tariff Schedule of the United States (“HTSUS”). U.S. preferential rules of origin schemes employ the “wholly obtained” criterion for goods that are wholly the growth, product, or manufacture of a particular country. On the other hand, for goods that consist in whole or in part of materials from more than one country, the majority of U.S. preferential rules of origin schemes are based:

- on a change in name, character, and use (substantial transformation) and
- on a required minimum local value content; unless specified otherwise, the cost of foreign materials may not be included in local value content unless they undergo a double substantial transformation.

Other preferential rules of origin (e.g., NAFTA preferential rules of origin) are based on a tariff-shift method and/or regional value-content method for goods that are not wholly obtained from the applicable region or country.

Under these preferential programs, qualifying goods may enter the customs territory of the United States free of duty or at reduced rates of duty. A brief discussion of the U.S. preferential rules of origin schemes is set forth below.

OUTLINE OF U.S. NON-PREFERENTIAL RULES OF ORIGIN

African Growth and Opportunity Act

The African Growth and Opportunity Act (“AGOA”) provides for the duty free entry of certain non-textile articles previously excluded from preferential treatment under the Generalized System of Preferences program as well as the duty and quota-free entry of certain textile and apparel articles that meet certain specific production requirements, as set forth in subchapter XIX, Chapter 98, HTSUS. The AGOA provides this special treatment to certain articles from the designated beneficiary sub-Saharan African countries. It is intended to encourage economic growth in those countries.

With respect to the non-textile articles to which the AGOA extends duty free treatment, such treatment is granted under the AGOA to any otherwise eligible article that is the growth, product or manufacture of a designated beneficiary country if:

- That article is imported directly from a designated beneficiary country into the U.S. customs territory and
- The sum of (1) the cost or value of the materials produced in one or more designated beneficiary countries, plus (2) the direct costs of processing operations performed in the designated beneficiary country, or in one or more members of an association of countries which is treated as one country under section 507 (2) of the Trade Act of 1974, is at least 35 percent of the appraised value of the article. Up to 15 percent of the 35 percent local value content requirement may be attributable to the cost or value of materials produced in the United States.

Andean Trade Preference Act

The Andean Trade Preference Act (“ATPA”) provides for the duty free entry of all but a few classes of merchandise from the following designated beneficiary countries: Bolivia, Ecuador, Colombia, and Peru. It is intended to encourage economic growth in those countries. Duty free treatment is granted under the ATPA to any otherwise eligible article that is the growth, product, or manufacture of a designated beneficiary country if:

- That article is imported directly from a beneficiary country into the U.S. customs territory and
- The sum of (1) the cost or value of materials produced in one or more Andean beneficiary countries or one or more Caribbean Basin beneficiary countries, plus (2) the direct costs of processing operations performed in one or more Andean or Caribbean Basin beneficiary countries, is at least 35 percent of the appraised value of the article.
- Puerto Rico and the Virgin Islands are considered “beneficiary countries” for purposes of 35 percent local value content.
- Up to 15 percent of the 35 percent local value content requirement may be attributable to the cost or value of materials produced in the United States.

Andean Trade Promotion and Drug Eradication Act

The Andean Trade Promotion and Drug Eradication Act (“ATPDEA”) extends and enhances trade benefits available under the ATPA as a way to create additional alternatives to illicit drug production in order to enhance political security in the Andean region and the hemisphere. The expanded trade benefits under the ATPDEA include the duty free entry of certain non-textile articles previously excluded from preferential treatment under the ATPA, as well as the duty and quota-free treatment of certain textile and apparel articles that meet certain specific production requirements, as set forth in subchapter XXI, Chapter 98, HTSUS. The non-textile articles to which the ATPDEA extends duty free treatment must satisfy the ATPA rules of origin.

Automotive Products Trade Act

The Automotive Products Trade Act implements into U.S. law the United States-Canada Automotive Agreement. It provides for the duty free entry of motor vehicles and specified original equipment parts that qualify as “Canadian articles” under General Note 5 to the HTSUS. The term “Canadian articles” refers to

articles produced in Canada that satisfy the criteria for originating goods set forth in the NAFTA preferential rules of origin (as found in General Note 12 to the HTSUS).

Caribbean Basin Economic Recovery Act

The Caribbean Basin Economic Recovery Act (“CBERA”) is a program that provides for the duty free entry of all but a few classes of merchandise from the designated beneficiary countries or territories surrounding the Caribbean Sea. It is intended to encourage economic growth in those countries. Duty free treatment is granted under the CBERA to any otherwise eligible article that is the growth, product, or manufacture of a designated beneficiary country if:

- That article is imported directly from a beneficiary country into the U.S. customs territory and
- The sum of (1) the cost or value of materials produced in one or more Caribbean Basin beneficiary countries, plus (2) the direct costs of processing operations performed in one or more Caribbean Basin beneficiary countries, is at least 35 percent of the appraised value of the article.
- Puerto Rico and the Virgin Islands are considered “beneficiary countries” for purposes of 35 percent local value content.
- Up to 15 percent of the 35 percent local value content requirement may be attributable to the cost or value of materials produced in the United States.

Compact of Free Association Act

The Compact of Free Association Act (“FAS”) provides for the duty free entry of all but a few classes of merchandise from the following freely associated states: Marshall Islands, the Federated States of Micronesia, and the Republic of Palau. It is intended to encourage economic growth and development in those countries. Duty free treatment is granted under the FAS to any otherwise eligible article that is the growth, product, or manufacture of a freely associated state if:

- That article is imported directly from a freely associated state into the U.S. customs territory and
- The sum of (1) the cost or value of materials produced in that freely associated state plus (2) the direct costs of processing operations performed in that freely associated state is at least 35 percent of the appraised value of the article.
- Up to 15 percent of the 35 percent local value content requirement may be attributable to the cost or value of materials produced in the United States.

Generalized System of Preferences

The Generalized System of Preferences (“GSP”) is a program that provides for the duty free entry of all but a few classes of merchandise from the designated beneficiary developing countries or territories around the world. It is intended to encourage economic growth and development in those countries. Duty free treatment is granted under the GSP to any otherwise eligible article that is the growth, product, or manufacture of a designated beneficiary developing country if:

- That article is imported directly from a beneficiary developing country into the U.S. customs territory and
- The sum of (1) the cost or value of materials produced in that beneficiary developing country (or produced in one or more members of an association of countries treated as one country under the GSP), plus (2) the direct costs of processing operations performed in that beneficiary developing country (or in one or members of an association of countries treated as one country under the GSP), is at least 35 percent of the appraised value of the article.

Insular Possessions of the United States

General Note 3(a)(iv) provides for the duty free entry of merchandise from the insular possessions of the United States that are outside the customs territory of the United States: U.S. Virgin Islands, Guam, American Samoa, Wake Island, Midway Islands, and Johnston Atoll. (For purpose of this provision, merchandise from the Commonwealth of the Northern Mariana Islands is given the same tariff treatment

as merchandise from Guam.) Duty free treatment is granted under General Note 3(a)(iv) to any article which is the growth, product, or manufacture of an insular possession of the United States if:

- That article is imported directly from the insular possession into the U.S. customs territory and
- That article does not contain foreign materials (i.e., materials produced in other than an insular possession or the United States) valued at more than 70 percent of the appraised value of the imported article, or in the case of certain articles such as textiles subject to textile agreements, 50 percent of the appraised value of such articles.

North American Free Trade Agreement Implementation Act

The North American Free Trade Agreement Implementation Act implements into U.S. law the North American Free Trade Agreement (“NAFTA”). The NAFTA eliminates tariffs on most goods originating in Canada, Mexico, and the United States over a maximum transition period of fifteen years. There are NAFTA rules of origin for preferential tariff purposes. The rules of origin for goods that are not wholly obtained from the NAFTA region are based on a tariff-shift method and/or regional value-content method. For the United States, these rules can be found in General Note 12 to the HTSUS. Detailed regulations implementing the NAFTA rules of origin may be found in the Appendix to Part 181 of the Customs Regulations (19 CFR Part 181, Appendix).

Products of the West Bank, the Gaza Strip or a Qualifying Industrial Zone

General Note 3(a)(v) provides for duty free entry of merchandise imported into the United States from the West Bank, Gaza Strip, or a Qualifying Industrial Zone. This provision is intended to promote peace within that region by stimulating economic growth and trade between those areas and the United States and Israel. Reduced or duty free treatment is granted under this program to any article that is the growth, product, or manufacture of the West Bank, Gaza Strip, or a Qualifying Industrial Zone if:

- That article is imported directly from the West Bank, Gaza Strip, or a Qualifying Industrial Zone or Israel into the U.S. customs territory and
- The sum of (1) the cost or value of materials produced in the West Bank, Gaza Strip, or a Qualifying Industrial Zone or Israel, plus (2) the direct costs of processing operations performed in the West Bank, Gaza Strip, or a Qualifying Industrial Zone or Israel, is at least 35 percent of the appraised value of the article.
- Up to 15 percent of the 35 percent local value content requirement may be attributable to the cost or value of materials produced in the United States.

United States-Caribbean Basin Trade Partnership Act

The United States-Caribbean Basin Trade Partnership Act (“CBTPA”) builds on the CBERA and extends additional trade benefits to designated countries in the Caribbean Basin from October 1, 2002, and ending on the earlier of September 30, 2008, or on the date on which a free trade agreement enters into force between the United States and the CBTPA beneficiary countries. The expanded trade benefits under the CBTPA include the duty free entry of certain non-textile articles previously excluded from preferential treatment under the CBERA, as well as the duty and quota-free treatment of certain textile and apparel articles that meet certain specific production requirements, as set forth in subchapter XX, Chapter 98, HTSUS.

With respect to the non-textile articles to which the CBTPA extends preferential treatment, such treatment is granted under the CBTPA to any otherwise eligible good that is the growth, product or manufacture of a designated beneficiary country if:

- That article is imported directly from a beneficiary country into the U.S. customs territory and
- The article meets the rules of origin for a good as set forth in General Note 12, HTSUS.

United States-Chile Free Trade Agreement Implementation Act

The United States-Chile Free Trade Agreement Implementation Act implements into U.S. law the United States-Chile Free Trade Agreement (“UCFTA”). The UCFTA eliminates tariffs on most goods originating in the United States and Chile over a maximum transition period of twelve years. There are UCFTA rules

of origin for preferential tariff purposes. The rules of origin for goods that are not wholly obtained from the United States or Chile are based on a tariff-shift method and/or regional value-content method. For the United States, these rules can be found in General Note 26 to the HTSUS.

United States-Israel Free Trade Area Implementation Act

The United States-Israel Free Trade Area Implementation Act implements into U.S. law the United States-Israel Free Trade Area Agreement (“IFTA”). The IFTA provides for free or reduced rates of duty for merchandise imported into the United States from Israel. The IFTA is intended to stimulate trade between the United States and Israel. Reduced or duty free treatment is granted under the IFTA to any article which is the growth, product, or manufacture of Israel if:

- That article is imported directly from Israel, West Bank, Gaza Strip, or a Qualifying Industrial Zone into the U.S. customs territory and
- The sum of (1) the cost or value of materials produced in Israel, West Bank, Gaza Strip, or a Qualifying Industrial Zone, plus (2) the direct costs of processing operations performed in Israel, West Bank, Gaza Strip, or a Qualifying Industrial Zone, is at least 35 percent of the appraised value of the article.
- Up to 15 percent of the 35 percent local value content requirement may be attributable to the cost or value of materials produced in the United States.

United States-Jordan Free Trade Area Implementation Act

The United States-Jordan Free Trade Area Implementation Act implements into U.S. law the “Agreement between the United States of America and the Hashemite Kingdom of Jordan on the Establishment of a Free Trade Area” (United States-Jordan Free Trade Area Agreement). The Agreement eliminates tariffs on most goods originating in Jordan and the United States over a maximum transition period of ten years. Duty free treatment is granted under the Act to any otherwise eligible article that is imported directly from Jordan into the U.S. customs territory and

- That is wholly the growth, product or manufacture of Jordan or a new or different article of commerce that has been grown, produced or manufactured in Jordan and
- The sum of (1) the cost or value of the materials produced in Jordan, plus (2) the direct costs of processing operations performed in Jordan is not less than 35 percent of the appraised value of such article. Up to 15 percent of the 35 percent local value content requirement may be attributable to the cost or value of materials produced in the United States.

United States-Singapore Free Trade Agreement Implementation Act

The United States-Singapore Free Trade Agreement Implementation Act implements into U.S. law the United States-Singapore Free Trade Agreement (“SFTA”). The SFTA eliminates tariffs on most goods originating in the United States and Singapore over a maximum transition period of ten years. There are SFTA rules of origin for preferential tariff purposes. The rules of origin for goods that are not wholly obtained from the United States or Singapore are based on a tariff-shift method and/or regional value-content method. For the United States, these rules can be found in General Note 25 to the HTSUS.

Preferential Duty Trade Initiatives

<u>Initiative</u>	<u>Status</u>	<u>Preference Flow</u>
African Growth and Opportunity Act	Unilateral	Non-reciprocal
Andean Trade Preference Act	Unilateral	Non-reciprocal
Andean Trade Promotion and Drug Eradication Act	Unilateral	Non-reciprocal
Automotive Products Trade Act	Bilateral	Reciprocal

Caribbean Basin Economic Recovery Act	Unilateral	Non-reciprocal
Compact of Free Association Act	Unilateral	Non-reciprocal
Generalized System of Preferences	Unilateral	Non-reciprocal
North American Free Trade Agreement	Trilateral	Reciprocal
Products of Insular Possessions	Unilateral	Non-reciprocal
Products of the West Bank, Gaza Strip or a Qualifying Industrial Zone	Unilateral	Non-reciprocal
United States-Caribbean Basin Trade Partnership Act	Unilateral	Non-reciprocal
United States-Chile Free Trade Agreement	Bilateral	Reciprocal
United States-Israel Free Trade Area Agreement	Bilateral	Reciprocal
United States-Jordan Free Trade Agreement	Bilateral	Reciprocal
United States-Singapore Free Trade Agreement	Bilateral	Reciprocal

Eligible Products & Preferential Rates of Duty in the HTSUS

The HTSUS lists the eligible products and preferential rates of duty throughout the schedule for particular special tariff programs. The rates of duty for the preferential tariff programs are generally found in the column 1 sub-column entitled "Special." A summary of the symbols used in the "Special" sub-column and a list of the programs they represent may be found in General Note 3(c) to the HTSUS. Some articles may be subject to temporary modifications found in Chapter 99, HTSUS. As indicated above, the goods must meet the requirements for the particular special tariff program in order to be eligible for the applicable preferential rate of duty.

Legislation and Implementing Regulations

Legislation and implementing regulations governing rules of origin in U.S. preferential schemes are;

- African Growth and Opportunity Act
 - General Note 16 to HTSUS (19 U.S.C. § 1202)
 - 19 U.S.C. § 3701
 - 19 CFR §§ 10.178a, 10.211
- Andean Trade Preference Act
 - General Note 11 to HTSUS (19 U.S.C. § 1202)
 - 19 U.S.C. § 3201
 - 19 CFR § 10.201
- Andean Trade Promotion and Drug Eradication Act
 - 19 U.S.C. § 3201
 - 19 CFR §§ 10.241, 251
- Automotive Products Trade Act
 - General Note 5 to HTSUS (19 U.S.C. § 1202)
 - 19 CFR § 10.84
 - 19 U.S.C. § 2001
- Caribbean Basin Economic Recovery Act
 - General Note 7 to HTSUS (19 U.S.C. § 1202)
 - 19 CFR § 10.191
 - 19 U.S.C. § 2701
- Compact of Free Association Act
 - General Note 10 to HTSUS (19 U.S.C. § 1202)
- Generalized System of Preferences
 - General Note 4 to HTSUS (19 U.S.C. § 1202)
 - 19 CFR § 10.171
 - 19 U.S.C. § 2161

- North American Free Trade Agreement Implementation Act
 - Article 401 of the North American Free Trade Agreement
 - General Note 12 to HTSUS (19 U.S.C. § 1202)
 - 19 CFR Part 181 (including Appendix)
 - 19 U.S.C. § 3332
- Products of Insular Possessions
 - General Note 3(a)(iv) to HTSUS (19 U.S.C. § 1202)
 - 19 CFR §§ 7.2, 7.3
- Products of the West Bank, the Gaza Strip or a Qualifying Industrial Zone
 - General Note 3(a)(v) to HTSUS (19 U.S.C. § 1202)
 - 19 U.S.C. § 2112
- United States-Caribbean Basin Trade Partnership Act
 - General Note 17 to HTSUS (19 U.S.C. § 1202)
 - 19 U.S.C. § 2701
 - 19 CFR §§ 10.221 & 10.231
- United States-Chile Free Trade Agreement Implementation Act
 - General Note 26 to HTSUS (19 U.S.C. § 1202)
 - 19 U.S.C. § 3805
- United States-Israel Free Trade Area Implementation Act
 - General Note 8 to HTSUS (19 U.S.C. § 1202)
 - 19 U.S.C. § 2112
- United States-Jordan Free Trade Area Implementation Act
 - General Note 18 to HTSUS (19 U.S.C. § 1202)
 - 19 U.S.C. § 2112
- United States-Singapore Free Trade Agreement Implementation Act
 - General Note 25 to HTSUS (19 U.S.C. § 1202)
 - 19 U.S.C. § 3805

RESPONSIBILITY FOR CORRECT DETERMINATION OF ORIGIN

Pursuant to 19 U.S.C. §§1481, 1484, and the applicable implementing regulations, importers of record are required to use “reasonable care” to declare the correct country of origin of imported goods. CBP officials at CBP ports of entry are responsible for verifying the accuracy of those declarations during the clearance of goods through customs. That responsibility is discharged and monitored through the review of pertinent documents (or electronically transmitted information) and through selected audits of the merchandise and the importer. Pertinent entry documents (which may include declarations) are used to declare the country of origin of a good for non-preferential rules of origin purposes. Incorrect country of origin information may lead to delays and detentions and, if the country of origin affects admissibility, to denials of entry. In addition, negligent or fraudulent country of origin information can lead to monetary penalties or, in certain cases, to criminal sanctions.

OBTAINING PRE-IMPORTATION (ADVANCE) RULINGS

As explained above, it is the responsibility of the importer of record to use “reasonable care” when declaring the correct country of origin. In order to meet the reasonable care requirement, a person may seek a pre-importation or advance ruling from the CBP with respect to whether merchandise is eligible for preferential tariff treatment under a particular U.S. rules of origin scheme.

REPORT SMUGGLING 1-800-BE-ALERT OR 1-800-NO-DROGA
Visit our Internet web site: <http://www.cbp.gov>