

CHAIRMAN



UNITED STATES INTERNATIONAL TRADE COMMISSION

WASHINGTON, DC 20436

December 17, 1997

The Honorable Dan Burton
U.S. House of Representatives
Washington, DC 20515

Dear Congressman Burton:

Thank you for your letter of November 14, 1997, concerning the first draft of the international rules of origin for bearings that was published by the Commission.

The Commission shares your concerns about the principles to be applied in determining the origin of bearings made from blanks or from unfinished, unassembled components. As negotiations in the World Customs Organization (WCO) continue, the United States seeks to achieve a rule that is both economically and technically feasible, as well as politically acceptable, to all countries involved.

The Commission has drafted a residual rule to be applied to various products of Chapter 84, including bearings, when the change-of-classification rules do not recognize certain substantial transformations. This draft has been presented with other proposals to the Technical Committee on Rules of Origin of the WCO at its 10th session. We will also recommend that such a residual provision be taken up in the context of the ongoing discussions under the Committee on Rules of Origin of the World Trade Organization in Geneva. We have enclosed for your reference a copy of the proposed residual rule, as well as the currently proposed product specific rules for bearings.

We will continue to apprise your staff of our progress. If we can provide further assistance, please do not hesitate to contact us.

Sincerely,

A handwritten signature in black ink, appearing to read "Marcia E. Miller".

Marcia E. Miller

Enclosure

1. Residual rules.--

a. Goods produced from an incomplete or unfinished article classifiable in the same heading or subheading by application of GIR 2(a).--Where goods are produced from an incomplete or unfinished (other than unassembled or disassembled) article which had the essential character of the complete or finished goods and was classifiable, by application of GIR 2(a), in the same heading or subheading as the complete or finished goods, origin of the presented goods shall be determined as follows:

i. Goods produced from blanks--Where the goods were produced from a blank:

(1) Provided all the following criteria are met, the country of origin of the goods shall be the country in which the blank was finished:

(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

(b) In the country in which the goods were finished:

(i) The blank was configured to final shape by the removal of material (other than by honing or polishing), or by bending, hammering, pressing, stamping or similar forming process; and

(ii) The blank underwent one or more of the following processes:

1) Hardening to a minimum hardness of 38 degrees Rockwell C or equivalent standard of hardness; or

2) Assembly with five or more parts (other than parts of general use as defined in Note 1(g) to Section XVI).

(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.

- ii. Goods produced from incomplete or unfinished articles, other than blanks.—Where the goods are produced from an incomplete or unfinished article, other than a blank, the origin of presented goods shall be the country of origin of the incomplete or unfinished article from which it was produced.

- b. Other rules for assembled goods.—Where neither the product specific rules in the matrix nor the preceding legal notes are determinant of origin, the following shall apply:
 - i. Origin in the country of assembly.—Provided the following criteria are met, the goods shall originate in the country of assembly:
 - (1) The assembly resulted in a device or apparatus capable of performing one or more new mechanical or electrical function(s), and either:
 - (a) The assembly involved 5 or more parts (other than parts of general use, as defined in Note 1(g) to Section XVI), or
 - (b) The assembly involved less than 5 parts (other than parts of general use, as defined in Note 1(g) to Section XVI), and one or more of the parts (other than parts of general use, as defined in Note 1(g) to Section XVI), satisfies the product specific rules provided in the matrix as having origin in the country of assembly.
 - (2) For purposes of the subparagraph (a) above, the following shall not be considered assembly operations:
 - (a) the attachment of machinery to a base,
 - (b) the installation of machinery or apparatus into cabinets or similar encasements,
 - (c) the attachment of dials, knobs, hand cranks, and other consumer-operated controls,
 - (d) the attachment of a power cord, or
 - (e) installation of batteries, accumulators or other articles not designed to become a permanent part of the

good.

ii. Other.—If the requirements of subparagraph (1) above are not met, the following shall apply:

- (1) If the principal rule applicable to the goods in the product specific matrix includes an exception to a change of classification from a particular heading or subheading and a non-originating part classifiable in such heading or subheading was used in the assembly of the good, the country of origin of the good shall be the country of origin of such excepted part.
- (2) In all other cases, the country of origin shall be the country in which the majority of the parts originated. If there is no majority, the country of origin shall be the country of origin of the part which appears last in the Nomenclature.

HS Code Number	Description of goods	Principal Rule	Subsidiary
84.82	BALL OR ROLLER BEARINGS.		
8482.10	-Ball bearings	CTSH, except from inner or outer races or rings of subheading ex 8482.99.b	The country of origin shall be the country of origin of the inner or outer rings or rings of subheading ex 8482.99.b.
8482.20	-Tapered roller bearings, including cone and tapered roller assemblies	CTSH, except from inner or outer races or rings of subheading ex 8482.99.b	The country of origin shall be the country of origin of the inner or outer rings or rings of subheading ex 8482.99.b.
8482.30	-Spherical roller bearings	CTSH, except from inner or outer races or rings of subheading ex 8482.99.b	The country of origin shall be the country of origin of the inner or outer rings or rings of subheading ex 8482.99.b.

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