

UNITED STATES INTERNATIONAL TRADE COMMISSION  
Washington, DC

Investigation No. NAFTA-103-6

PROBABLE EFFECT OF CERTAIN MODIFICATIONS  
TO THE NORTH AMERICAN FREE TRADE AGREEMENT  
RULES OF ORIGIN

AGENCY: United States International Trade Commission

ACTION: Institution of investigation and request for written submissions

EFFECTIVE DATE: July 29, 2004

SUMMARY: Following receipt of a request on July 26, 2004, from the United States Trade Representative (USTR) under authority delegated by the President and pursuant to section 103 of the North American Free Trade Agreement (NAFTA) Implementation Act (19 U.S.C. 3313), the Commission instituted investigation No. NAFTA-103-6, *Probable Effect of Certain Modifications to the North American Free Trade Agreement Rules of Origin*, to provide advice to the President on the probable effect on U.S. trade under the NAFTA and on domestic industries of certain modifications to the rules of origin in NAFTA Annexes 401 and 403.

FOR FURTHER INFORMATION: Information may be obtained from Laura Polly, Office of Industries (202-205-3408, [laura.polly@usitc.gov](mailto:laura.polly@usitc.gov)), or Warren Payne, Office of Industries (202-205-3317, [warren.payne@usitc.gov](mailto:warren.payne@usitc.gov)). For information on the legal aspects of this investigation, contact William Gearhart of the Office of the General Counsel (202-205-3091, [william.gearhart@usitc.gov](mailto:william.gearhart@usitc.gov)). The media should contact Margaret O'Laughlin, Office of Public Affairs (202-205-1819, [margaret.olaughlin@usitc.gov](mailto:margaret.olaughlin@usitc.gov)).

BACKGROUND: According to the USTR's letter, U.S. negotiators have recently reached agreement in principle with representatives of the governments of Canada and Mexico on proposed modifications to Annexes 401 and 403 of the NAFTA. Chapter 4 and Annexes 401 and 403 of the NAFTA contain the rules of origin for application of the tariff provisions of the NAFTA to trade in goods. Section 202(q) of the North American Free Trade Agreement Implementation Act (the Act) authorizes the President, subject to the consultation and layover requirements of section 103 of the Act, to proclaim such modifications to the rules as may from time to time be agreed to by the NAFTA countries. One of the requirements set out in section 103 of the Act is that the President obtain advice from the United States International Trade Commission.

A list of the *proposed modifications* to Annexes 401 and 403 is available from the Office of the Secretary to the Commission or by accessing the electronic version of this notice at the Commission's Internet site (<http://www.usitc.gov>). The current U.S. rules of origin can be found in General Note 12 of the 2004 Harmonized Tariff Schedule of the United States (see "General Notes" link at [http://hotdocs.usitc.gov/tariff\\_chapters\\_current/toc.html](http://hotdocs.usitc.gov/tariff_chapters_current/toc.html)).

As requested, the Commission will forward its advice by September 24, 2004.

This investigation, although the first to be formally designated as a "NAFTA-103" investigation, has been designated as investigation No. NAFTA-103-6 because the Commission has previously provided NAFTA rules of origin advice to the President pursuant to section 103. For docketing and record keeping purposes, we are designating advice provided on September 5, 1995 as investigation No. NAFTA-103-1 (also docketed as investigation No. 332-363, see description in the *Federal Register* of June 7, 1995 (60 FR 30099)); advice provided on September 29, 1995 as investigation No. NAFTA-103-2 (also docketed as investigation No. 332-364, see description in the *Federal Register* of September 7, 1995 (60 FR 46626)); advice provided on September 10, 1999 as investigation No. NAFTA-103-3 (see description in the *Federal Register* of August 6, 1999 (64 FR 42961)); advice provided on September 14, 2001 as investigation No. NAFTA-103-4 (see description in the *Federal Register* of August 7, 2001 (66 FR 41268)); and advice provided on October 24, 2001 as investigation No. NAFTA-103-5 (see description in the *Federal Register* of October 4, 2001 (66 FR 50680)).

**WRITTEN SUBMISSIONS:** No public hearing is being scheduled in connection with preparing this advice. However, interested parties are invited to submit written statements (original and 14 copies) concerning any economic effect of the modifications. All written submissions must conform with the provisions of section 201.8 of the Commission's *Rules of Practice and Procedure* (19 CFR 201.8); any submissions that contain confidential business information must also conform with the requirements of section 201.6 of the Commission's *Rules of Practice and Procedure* (19 CFR 201.6). Section 201.8 of the rules require that a signed original (or a copy designated as an original) and fourteen (14) copies of each document to be filed. In the event that confidential treatment of the document is requested, at least four (4) additional copies must be filed, in which the confidential information must be deleted. Section 201.6 of the rules require that the cover of the document and the individual pages clearly be marked as to whether they are the "confidential" or "nonconfidential" versions, and that the confidential business information be clearly identified by means of brackets.

All written submissions, except for confidential business information, will be made available for inspection by interested parties. The Commission may include confidential business information submitted in the course of this investigation in the report that it sends to the President. The USTR has also requested that the Commission prepare and make available a public version of its report; the Commission will not publish confidential business information in the public version of its report in a manner that would reveal the operations of the firm supplying the information.

To be assured of consideration by the Commission, written statements relating to the Commission's report should be submitted to the Commission at the earliest practical date and must be received no later than the close of business on August 27, 2004. All submissions should be addressed to the Secretary, United States International Trade Commission, 500 E Street, SW, Washington, DC 20436. The Commission's rules do not authorize filing submissions with the Secretary by facsimile or electronic means, except to the extent permitted by section 201.8 of the Commission's rules (19 CFR 201.8) (see Handbook for Electronic Filing Procedures, [ftp://ftp.usitc.gov/pub/reports/electronic\\_filing\\_handbook.pdf](ftp://ftp.usitc.gov/pub/reports/electronic_filing_handbook.pdf)). Persons with questions regarding electronic filing should contact the Secretary (202-205-2000 or [edis@usitc.gov](mailto:edis@usitc.gov)).

The public record for this report may be viewed on the Commission's electronic docket (EDIS) at <http://edis.usitc.gov>. Hearing impaired individuals are advised that information on this matter can be obtained by contacting our TDD terminal on 202-205-1810. Persons with mobility impairments who will need special assistance in gaining access to the Commission should contact the Office of the Secretary at 202-205-2000.

LIST OF SUBJECTS: NAFTA, rules of origin

By order of the Commission.

Marilyn R. Abbott  
Secretary to the Commission

Issued: July 29, 2004

EXECUTIVE OFFICE OF THE PRESIDENT  
THE UNITED STATES TRADE REPRESENTATIVE  
WASHINGTON, D.C. 20508

The Honorable Stephen Koplan  
Chairman  
U.S. International Trade Commission  
500 E Street, SW  
Washington, DC 20436

JUL 23 2004

DOCKET NUMBER 2390
Office of the Secretary Int'l Trade Commission

Dear Chairman Koplan:

Chapter Four and Annexes 401 and 403 of the North American Free Trade Agreement (NAFTA) set out rules of origin for applying the tariff provisions of the NAFTA. Our negotiators recently reached agreement, in principle, with representatives of the governments of Canada and Mexico on proposed modifications to Annexes 401 and 403. These are reflected in the document I have attached.

Section 202(q) of the North American Free Trade Agreement Implementation Act ("the Act") authorizes the President, subject to the consultation and layover requirements of section 103 of the Act, to proclaim modifications to the NAFTA rules of origin. One of the requirements set out in section 103 is that the President obtain advice from the United States International Trade Commission ("Commission") regarding the proposed action.

Under authority delegated by the President, and pursuant to section 103 of the Act, I request that the Commission provide advice on the probable effect of the modifications reflected in the enclosed proposals on U.S. trade under the NAFTA and on domestic industries. I request that the Commission provide this advice at the earliest possible date, but not later than September 24, 2004. The Commission should issue, as soon as possible thereafter, a public version of its report with any business confidential information deleted.

The Commission's assistance in this matter is greatly appreciated.

*Thanks!*

Sincerely,



Robert B. Zoellick

Enclosure

July 12, 2004

**NAFTA RULES OF ORIGIN LIBERALIZATION**  
**Tentatively Agreed Proposals in Response to Industry Submissions**

**A. Annex 401:**

**Spices**

**Chapter 9, 09.01-09.10:** Delete heading 09.01-09.10 and the rule of origin applicable thereto and replace with the following:

- |                 |   |
|-----------------|---|
| 09.01           | A change to heading 09.01 from any other chapter.   |
| 0902.10-0902.40 | A change to subheading 0902.10 through 0902.40 from any other subheading, including another subheading within that group. |
| 09.03           | A change to heading 09.03 from any other chapter.   |
| 0904.11         | A change to subheading 0904.11 from any other chapter.  |
| 0904.12         | A change to subheading 0904.12 from any other subheading.   |
| 0904.20         | A change to subheading 0904.20 from any other chapter.  |
| 09.05           | A change to heading 09.05 from any other chapter.   |
| 0906.10         | A change to subheading 0906.10 from any other chapter.  |
| 0906.20         | A change to subheading 0906.20 from any other subheading.   |
| 09.07           | A change to a good of heading 09.07 from within that heading or any other chapter.  |
| 0908.10-0909.50 | A change to a good of any of subheading 0908.10 through 0909.50 from within that subheading or any other chapter.         |
| 0910.10         | A change to a good of subheading 0910.10 from within that subheading or any other chapter.                                |
| 0910.20         | A change to subheading 0910.20 from any other chapter.  |
| 0910.30         | A change to a good of subheading 0910.30 from within that subheading or any other chapter.                                |

- 0910.40 A change to subheading 0910.40 from any other chapter.
- 0910.50-0910.91 A change to subheading 0910.50 through 0910.91 from any other subheading, including another subheading within that group.
- 0910.99 A change to dill seeds, crushed or ground, of subheading 0910.99 from dill seeds, neither crushed nor ground, of subheading 0910.99 or any other chapter; or
- A change to any other good of subheading 0910.99 from any other chapter.

**Chapter 12, 12.01-12.14:** Delete heading 12.01-12.14 and the rule of origin applicable thereto and replace with the following:

- 12.01-12.06 A change to heading 12.01 through 12.06 from any other chapter.
- 1207.10-1207.60 A change to subheading 1207.10 through 1207.60 from any other chapter.
- 1207.91 A change to a good of subheading 1207.91 from within that subheading or any other chapter.
- 1207.99 A change to subheading 1207.99 from any other chapter.
- 12.08-12.14 A change to heading 12.08 through 12.14 from any other chapter.

**Carrageenan**

**Chapter 13, 13.01-13.02:** Delete heading 13.01-13.02 and the rule of origin applicable thereto and replace with the following:

- 13.01 A change to heading 13.01 from any other chapter, except from concentrates of poppy straw of subheading 2939.11.
- 1302.11-1302.32 A change to subheading 1302.11 through 1302.32 from any other chapter, except from concentrates of poppy straw of subheading 2939.11.
- 1302.39 A change to carrageenan of subheading 1302.39 from within that subheading or any other chapter, provided the non-originating materials of subheading 1302.39 do not exceed 50 percent by weight of the good; or

A change to any other good of subheading 1302.39 from any other chapter, except from concentrates of poppy straw of subheading 2939.11.

**Seasonings**

**Chapter 21, 2103.30-2103.90:** Delete subheading 2103.30-2103.90 and the rule of origin applicable thereto and replace with the following:

- |         |   |
|---------|---|
| 2103.30 | A change to subheading 2103.30 from any other chapter.  |
| 2103.90 | A change to mixed condiments or mixed seasonings of subheading 2103.90 from any other heading; or<br><br>A change to any other good of subheading 2103.90 from any other chapter. |

**Precious Metals - Gold, Silver, Platinum, Palladium and Rhodium**

**Chapter 71, 71.01-71.12:** Delete heading 71.01-71.12 and the rule of origin applicable thereto and replace with the following:

- |                 |   |
|-----------------|---|
| 71.01-71.05     | A change to heading 71.01 through 71.05 from any other chapter.   |
| 7106.10-7106.92 | A change to subheading 7106.10 through 7106.92 from any other subheading, including another subheading within that group; or<br><br>No required change in tariff classification to subheading 7106.91, whether or not there is also a change from another subheading, provided that the non-originating materials undergo electrolytic, thermal or chemical separation or alloying. |
| 71.07           | A change to heading 71.07 from any other chapter.   |
| 7108.11-7108.20 | A change to subheading 7108.11 through 7108.20 from any other subheading, including another subheading within that group; or<br><br>No required change in tariff classification to subheading 7108.12, whether or not there is also a change from another subheading, provided that the non-originating materials undergo electrolytic, thermal or chemical separation or alloying. |
| 71.09           | A change to heading 71.09 from any other chapter.   |

- 7110.11-7110.49 A change to subheading 7110.11 through 7110.49 from any other subheading, including another subheading within that group.
- 71.11 A change to heading 71.11 from any other chapter.
- 71.12 A change to heading 71.12 from any other heading.

**Speed Drive Controllers**

**Chapter 85, 8504.40.bb:** Delete the rule of origin for tariff item 8504.40.bb and replace with the following:

- 8504.40.bb A change to tariff item 8504.40.bb from any other subheading.

**Printed Circuit Assemblies**

**Chapter 85, 8504.90.aa:** Add tariff item 8504.90.aa and the following rule of origin:

- 8504.90.aa A change to tariff item 8504.90.aa from any other tariff item.

**Household Appliances**

**Chapter 84, 8414.51:** Delete subheading 8414.40-8414.80 and the rules of origin applicable thereto and replace with the following:

- 8414.40 A change to subheading 8414.40 from any other heading; or
- A change to subheading 8414.40 from subheading 8414.90, whether or not there is also a change from any other heading, provided there is a regional value content of not less than:
- (a) 60 percent where the transaction value method is used, or
  - (b) 50 percent where the net cost method is used.
- 8414.51 A change to subheading 8414.51 from any other subheading.
- 8414.59-8414.80 A change to subheading 8414.59 through 8414.80 from any other heading; or
- A change to subheading 8414.59 through 8415.80 from subheading 8414.90, whether or not there is also a change from any other heading, provided there is a regional value content of not less than:

- (a) 60 percent where the transaction value method is used, or
- (b) 50 percent where the net cost method is used.

**Chapter 85, 8509.10-8509.80:** Delete subheading 8509.10-8509.40 and 8509.80 and the rules of origin applicable thereto and replace with the following:

8509.10-8509.30 A change to subheading 8509.10 through 8509.30 from any subheading outside that group, except from heading 85.01 or tariff item 8509.90.aa; or

A change to subheading 8509.10 through 8509.30 from heading 85.01 or tariff item 8509.90.aa, whether or not there is also a change from any subheading outside that group, provided there is a regional value content of not less than:

- (a) 60 percent where the transaction value method is used, or
- (b) 50 percent where the net cost method is used.

8509.40-8509.80 A change to subheading 8509.40 through 8509.80 from any other subheading, including another subheading within that group.

**Chapter 85, 8516.10-8516.80:** Delete subheadings 8516.10 through 8516.80 and the rules of origin applicable thereto and replace with the following:

8516.10-8516.80 A change to subheading 8516.10 through 8516.80 from any other subheading, including another subheading within that group.

### **Loudspeakers**

**Chapter 85, 8518.10-8518.21, 8518.22, 8518.29 and 8518.90:** Delete subheadings 8518.10-8518.21, 8518.22, 8518.29 and 8518.90 and the rules of origin applicable thereto and replace with the following:

8518.10 – 8518.29 A change to subheading 8518.10 through 8518.29 from any other heading; or

A change to a good of any of subheading 8518.10 through 8518.29 from within that subheading or any other subheading within heading 85.18, including another subheading within that group, whether or not there is also a change from any other heading, provided there is a regional value content of not less than:

- (a) 30 percent where the transaction value method is used, or

- (b) 25 percent where the net cost method is used.

8518.90

A change to subheading 8518.90 from any other heading; or

A change to subheading 8518.90 from any other subheading within heading 85.18, whether or not there is also a change from any other heading, provided there is a regional value content of not less than:

- (a) 30 percent where the transaction value method is used, or
- (b) 25 percent where the net cost method is used.

**Thermostats**

Chapter 90, 9032.10-9032.89: Delete subheading 9032.10-9032.89 and the rules of origin applicable thereto and replace with the following:

9032.10

A change to subheading 9032.10 from any other heading; or

A change to a good of subheading 9032.10 from within that subheading or subheading 9032.89 through 9032.90, whether or not there is also a change from any other heading, provided there is a regional value content of not less than:

- (a) 60 percent where the transaction value method is used, or
- (b) 50 percent where the net cost method is used.

9032.20-9032.89

A change to subheading 9032.20 through 9032.89 from any other heading; or

A change to subheading 9032.20 through 9032.89 from subheading 9032.90, whether or not there is also a change from any other heading, provided there is a regional value content of not less than:

- (a) 60 percent where the transaction value method is used, or
- (b) 50 percent where the net cost method is used.

**Parts of Parts**

Chapter 84: Delete the rules of origin applicable to subheading 8473.30 and replace with the following:

8473.30

A change to subheading 8473.30 from any other heading; or

No required change in tariff classification to subheading 8473.30, provided there is a regional value content of not less than:

- (a) 60 percent where the transaction value method is used, or
- (b) 50 percent where the net cost method is used.

**Chapter 85:** Delete the rules of origin applicable to subheadings 8504.90, 8505.90, 8506.90, 8507.90, 8509.90, 8511.90, 8514.90, 8516.90, 8517.90, 8529.10, 8529.90, 8530.90, 8531.90, 8532.90 and 8533.90, heading 85.38 (subheading 8538.10-8538.90), subheading 8540.91, 8540.99 and 8543.90 and replace with the following:

- 8504.90            A change to subheading 8504.90 from any other heading; or  
  
No required change in tariff classification to subheading 8504.90, provided there is a regional value content of not less than:
  - (a) 60 percent where the transaction value method is used, or
  - (b) 50 percent where the net cost method is used.
  
- 8505.90            A change to subheading 8505.90 from any other heading; or  
  
No required change in tariff classification to subheading 8505.90, provided there is a regional value content of not less than:
  - (a) 60 percent where the transaction value method is used, or
  - (b) 50 percent where the net cost method is used.
  
- 8506.90            A change to subheading 8506.90 from any other heading, except from tariff item 8548.10.aa; or  
  
No required change in tariff classification to subheading 8506.90, provided there is a regional value content of not less than:
  - (a) 60 percent where the transaction value method is used, or
  - (b) 50 percent where the net cost method is used.
  
- 8507.90            A change to subheading 8507.90 from any other heading, except from tariff item 8548.10.aa; or  
  
No required change in tariff classification to subheading 8507.90, provided there is a regional value content of not less than:
  - (a) 60 percent where the transaction value method is used, or

(b) 50 percent where the net cost method is used.

8509.90

A change to subheading 8509.90 from any other heading; or

No required change in tariff classification to subheading 8509.90, provided there is a regional value content of not less than:

- (a) 60 percent where the transaction value method is used, or
- (b) 50 percent where the net cost method is used.

8511.90

A change to subheading 8511.90 from any other heading; or

No required change in tariff classification to subheading 8511.90, provided there is a regional value content of not less than:

- (a) 60 percent where the transaction value method is used, or
- (b) 50 percent where the net cost method is used.

8514.90

A change to subheading 8514.90 from any other heading; or

No required change in tariff classification to subheading 8514.90, provided there is a regional value content of not less than:

- (a) 60 percent where the transaction value method is used, or
- (b) 50 percent where the net cost method is used.

8516.90

A change to subheading 8516.90 from any other heading; or

No required change in tariff classification to subheading 8516.90, provided there is a regional value content of not less than:

- (a) 60 percent where the transaction value method is used, or
- (b) 50 percent where the net cost method is used.

8517.90

A change to subheading 8517.90 from any other heading; or

No required change in tariff classification to subheading 8517.90, provided there is a regional value content of not less than:

- (c) 60 percent where the transaction value method is used, or
- (d) 50 percent where the net cost method is used.

8529.10

A change to subheading 8529.10 from any other heading; or

No required change in tariff classification to subheading 8529.10, provided there is a regional value content of not less than:

- (e) 60 percent where the transaction value method is used, or
- (f) 50 percent where the net cost method is used.

8529.90

A change to subheading 8529.90 from any other heading; or

No required change in tariff classification to subheading 8529.90, provided there is a regional value content of not less than:

- (a) 60 percent where the transaction value method is used, or
- (b) 50 percent where the net cost method is used.

8530.90

A change to subheading 8530.90 from any other heading; or

No required change in tariff classification to subheading 8530.90, provided there is a regional value content of not less than:

- (a) 60 percent where the transaction value method is used, or
- (b) 50 percent where the net cost method is used.

8531.90

A change to subheading 8531.90 from any other heading; or

No required change in tariff classification to subheading 8531.90, provided there is a regional value content of not less than:

- (a) 60 percent where the transaction value method is used, or
- (b) 50 percent where the net cost method is used.

8532.90

A change to subheading 8532.90 from any other heading; or

No required change in tariff classification to subheading 8532.90, provided there is a regional value content of not less than:

- (a) 60 percent where the transaction value method is used, or
- (b) 50 percent where the net cost method is used.

8533.90

A change to subheading 8533.90 from any other heading; or

No required change in tariff classification to subheading 8533.90, provided there is a regional value content of not less than:

- (a) 60 percent where the transaction value method is used, or
- (b) 50 percent where the net cost method is used.

8538.10-8538.90 A change to subheading 8538.10 through 8538.90 from any other heading; or

A change to subheading 8538.10 through 8538.90 from any other subheading within that group, whether or not there is also a change from any other heading, provided there is a regional value content of not less than:

- (a) 60 percent where the transaction value method is used, or
- (b) 50 percent where the net cost method is used.

8540.91 A change to subheading 8540.91 from any other heading; or

No required change in tariff classification to subheading 8540.91, provided there is a regional value content of not less than:

- (c) 60 percent where the transaction value method is used, or
- (d) 50 percent where the net cost method is used.

8540.99 A change to subheading 8540.99 from any other heading; or

No required change in tariff classification to subheading 8540.99, provided there is a regional value content of not less than:

- (e) 60 percent where the transaction value method is used, or
- (f) 50 percent where the net cost method is used.

8543.90 A change to subheading 8543.90 from any other heading; or

No required change in tariff classification to subheading 8543.90, provided there is a regional value content of not less than:

- (a) 60 percent where the transaction value method is used, or
- (b) 50 percent where the net cost method is used.

**Chapter 90:** Delete the rules of origin applicable to subheadings 9005.90, 9006.91-9006.99, 9007.91, 9008.90, 9010.90, 9013.90, 9014.90, 9024.90, 9026.90, 9027.90, 9029.90, 9030.90 and 9032.90 and heading 90.33 and replace with the following:

- 9005.90            A change to subheading 9005.90 from any other heading; or
- No required change in tariff classification to subheading 9005.90, provided there is a regional value content of not less than:
- (a)    60 percent where the transaction value method is used, or
  - (b)    50 percent where the net cost method is used.
- 9006.91-9006.99    A change to subheading 9006.91 through 9006.99 from any other heading; or
- A change to a good of any of subheading 9006.91 through 9006.99 from within that subheading, whether or not there is also a change from any other heading, provided there is a regional value content of not less than:
- (a)    60 percent where the transaction value method is used, or
  - (b)    50 percent where the net cost method is used.
- 9007.91            A change to subheading 9007.91 from any other heading; or
- No required change in tariff classification to subheading 9007.91, provided there is a regional value content of not less than:
- (a)    60 percent where the transaction value method is used, or
  - (b)    50 percent where the net cost method is used.
- 9008.90            A change to subheading 9008.90 from any other heading; or
- No required change in tariff classification to subheading 9008.90, provided there is a regional value content of not less than:
- (a)    60 percent where the transaction value method is used, or
  - (b)    50 percent where the net cost method is used.
- 9010.90            A change to subheading 9010.90 from any other heading; or
- No required change in tariff classification to subheading 9010.90, provided there is a regional value content of not less than:
- (a)    60 percent where the transaction value method is used, or
  - (b)    50 percent where the net cost method is used.

- 9013.90            A change to subheading 9013.90 from any other heading; or
- No required change in tariff classification to subheading 9013.90, provided there is a regional value content of not less than:
- (a)    60 percent where the transaction value method is used, or
  - (b)    50 percent where the net cost method is used.
- 9014.90            A change to subheading 9014.90 from any other heading; or
- No required change in tariff classification to subheading 9014.90, provided there is a regional value content of not less than:
- (a)    60 percent where the transaction value method is used, or
  - (b)    50 percent where the net cost method is used.
- 9024.90            A change to subheading 9024.90 from any other heading; or
- No required change in tariff classification to subheading 9024.90, provided there is a regional value content of not less than:
- (c)    60 percent where the transaction value method is used, or
  - (d)    50 percent where the net cost method is used.
- 9026.90            A change to subheading 9026.90 from any other heading; or
- No required change in tariff classification to subheading 9026.90, provided there is a regional value content of not less than:
- (a)    60 percent where the transaction value method is used, or
  - (b)    50 percent where the net cost method is used.
- 9027.90            A change to subheading 9027.90 from any other heading; or
- No required change in tariff classification to subheading 9027.90, provided there is a regional value content of not less than:
- (a)    60 percent where the transaction value method is used, or
  - (b)    50 percent where the net cost method is used.
- 9029.90            A change to subheading 9029.90 from any other heading; or

No required change in tariff classification to subheading 9029.90, provided there is a regional value content of not less than:

- (a) 60 percent where the transaction value method is used, or
- (b) 50 percent where the net cost method is used.

9030.90

A change to subheading 9030.90 from any other heading; or

No required change in tariff classification to subheading 9030.90, provided there is a regional value content of not less than:

- (a) 60 percent where the transaction value method is used, or
- (b) 50 percent where the net cost method is used.

9032.90

A change to subheading 9032.90 from any other heading; or

No required change in tariff classification to subheading 9032.90, provided there is a regional value content of not less than:

- (a) 60 percent where the transaction value method is used, or
- (b) 50 percent where the net cost method is used.

90.33

A change to heading 90.33 from any other heading; or

No required change in tariff classification to heading 90.33, provided there is a regional value content of not less than:

- (a) 60 percent where the transaction value method is used, or
- (b) 50 percent where the net cost method is used.

## Toys

**Chapter 95, 95.01-95.05:** Delete heading 95.01, subheading 9502.10, 9502.91-9502.99 and heading 95.03-95.05 and the rules of origin applicable thereto and replace with the following:

9501.00-9505.90

A change to subheading 9501.00 through 9505.90 from any other chapter; or

A change to a good of any of subheading 9501.00 through 9505.90 from within that subheading or any other subheading with Chapter 95, including another subheading within that group, whether or not there is also a change from any other chapter, provided there is a regional value content of not less than:

- (a) 60 percent where the transaction value method is used, or
- (b) 50 percent where the net cost method is used.