

United States International Trade Commission

Probable Economic Effect of Certain Modifications to the North American Free Trade Agreement Rules of Origin

Investigation No. TA-103-027

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U.S. International Trade Commission

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Abbreviations and Acronyms

APTA	Automotive Parts Trade Act
AVE	ad valorem equivalent
CA	Chemical Appendix to the HTS
EPA	U.S. Environmental Protection Agency
FR	<i>Federal Register</i>
HS	Harmonized System (global)
HTS	Harmonized Tariff Schedule of the United States
MFN	most favored nation
NAFTA	North American Free Trade Agreement
NCM	net cost method
NTR	normal trade relations
OECD	Organisation for Economic Co-operation and Development
PA	Pharmaceutical Appendix to the HTS
PCA	printed circuit assembly
ROOs	rules of origin
SCD	Statistics Canada International Trade Division Database
SIICEX	Mexican International Trade Integral Information System
SOCMA	Society of Chemical Manufacturers & Affiliates
TVM	transaction value method
USDA	United States Department of Agriculture
USDOC	United States Department of Commerce
USITC	United States International Trade Commission
USTR	United States Trade Representative
WCO	World Customs Organization
WTO	World Trade Organization
WTA	World Trade Atlas database

Executive Summary

Scope

In response to a request by the United States Trade Representative (USTR), this report provides the advice of the U.S. International Trade Commission (Commission) on the probable economic effect of proposed modifications to the rules of origin (ROOs) for certain products in the North American Free Trade Agreement (NAFTA).¹ The advice addresses the probable economic effect of the proposed modifications on U.S. imports and exports under NAFTA, total U.S. imports and exports, and domestic industries producing the affected articles. The report covers 212 proposed modifications to the NAFTA ROOs. Many of the proposed rules would liberalize the current rules by allowing more non-originating inputs (that is, inputs not originating in Canada, Mexico, or the United States) through a change in the tariff shift rules and/or by removing or reducing the regional value content requirements. These modifications affect a wide variety of articles, including edible preparations; mineral fuels; chemicals; plastics; rubber articles; cork; glass and glassware; copper, nickel, and other base metals; machinery and parts; rail locomotives; trailers; optical and medical instruments; furniture; toys and games; lighters; and smoking pipes.

Approach and Summary of Findings

The Commission's probable economic effect analysis estimates the change in U.S. trade and production under each proposed modification to the NAFTA ROOs. The following codes were used to indicate the probable economic effect advice under the proposed modifications.

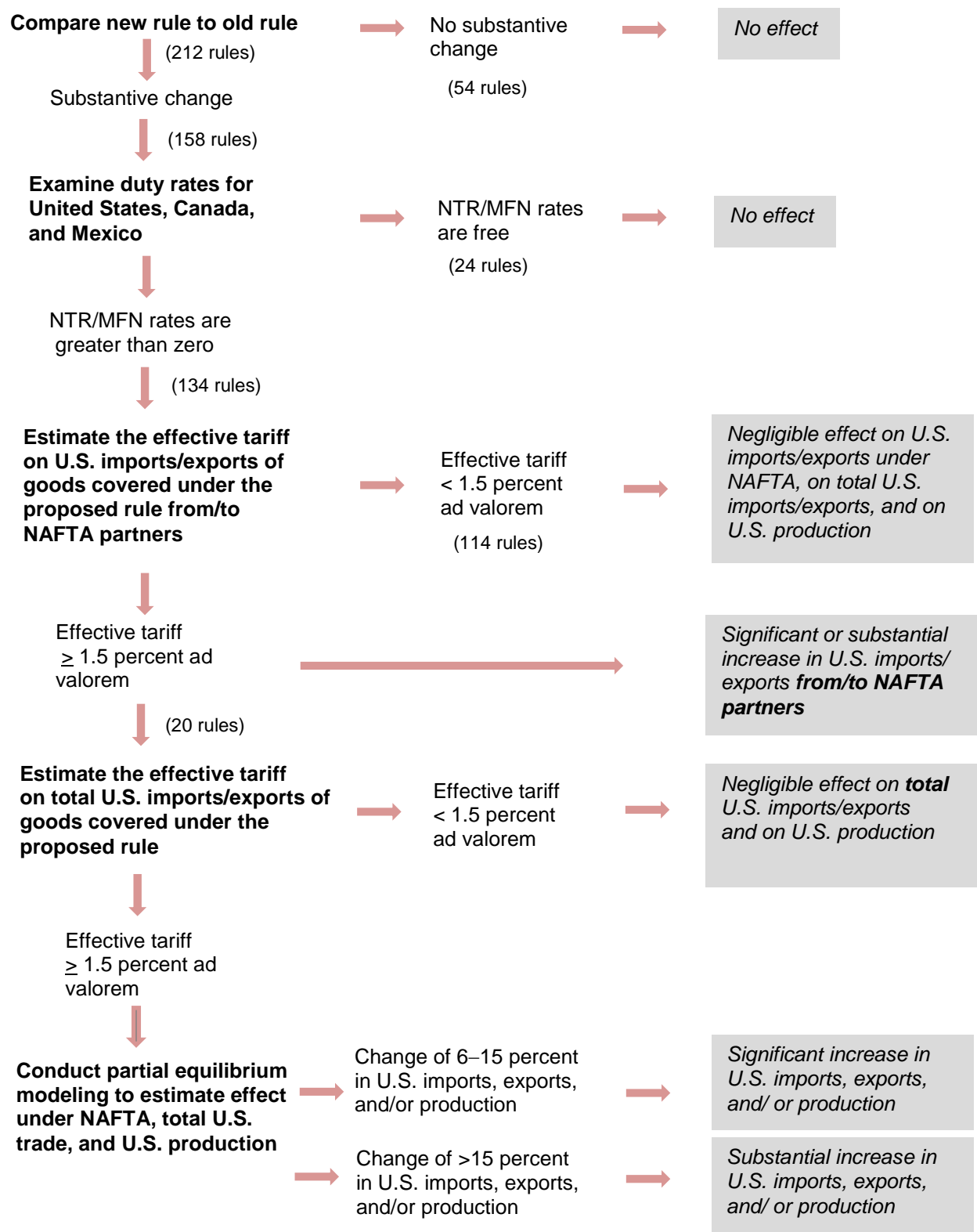
None:	No effect
Negligible:	Trade or production value changes of less than 6 percent
Significant:	Trade or production value changes of 6 percent to 15 percent
Substantial:	Trade or production value changes of more than 15 percent

None of the 212 proposed rules would likely have a significant or substantial effect on total U.S. imports. Only one of the proposed rules, which affect certain sauces, would likely have a significant effect on total U.S. exports. Similarly, none of the proposed rules would likely have a significant or substantial effect on the U.S. industry producing the subject goods.

The analysis consisted of several steps, as shown in figure ES.1. First, each of the 212 proposed rules was compared with the current rule to assess whether the proposed modification would substantively change the application of the NAFTA ROOs for any of

¹ The request letter appears in appendix A, and the *Federal Register* notice announcing institution of this investigation is in appendix B.

FIGURE ES.1 General process for estimating probable economic effect



Note: Qualitative information, such as industry structure, was also used as part of the analysis. The results from this analysis represent a maximum effect and may have been modified based on supplemental information and modeling.

the products covered by the rule. Fifty-four of the proposed modifications would not substantively change the rules under which products can qualify for preferential treatment under NAFTA. For these modifications there would be no effect on U.S. imports and exports under NAFTA, total U.S. imports and exports, and U.S. production.

The duty rates were then analyzed for those rules that would result in a substantive change. All products affected by 24 of the proposed rules already enter free of duty on a normal trade relations (NTR) or most-favored-nation (MFN) basis when imported into the United States, Canada, and Mexico. In these cases the rule change would have no effect on U.S. imports and exports under NAFTA, on total U.S. imports and exports, and on U.S. production.

For the remaining 134 modifications, further analysis was undertaken to estimate the probable economic effect on (1) U.S. imports under NAFTA; (2) total U.S. imports; (3) U.S. exports under NAFTA; (4) total U.S. exports; and (5) U.S. production. To the extent possible, the Commission examined production and sourcing patterns of the affected products and inputs in the NAFTA countries, overall levels of production and trade, and NTR duty rates for affected products for the United States and MFN rates for the affected products for Canada and Mexico.

In cases in which the NTR or MFN duty rates were greater than zero and the rule change could result in more products qualifying for duty-free treatment under NAFTA, the Commission estimated the effective tariff rate on U.S. imports from and exports to NAFTA partners for the affected products.² In general, if the effective tariff was less than 1.5 percent ad valorem, the estimated effect on U.S. imports under NAFTA and total U.S. imports was estimated to be negligible. Of the 134 rules examined, 114 were estimated to have a negligible effect, or a combination of negligible and no effect, on U.S. imports and exports under NAFTA and on total U.S. imports and exports.³ For each of the 114 modifications, the expected effect on U.S. production was estimated to be negligible because the net effect on U.S. trade was expected to be negligible.

For 20 of the proposed rules (table ES.1), the effective tariff on U.S. imports from NAFTA partners or U.S. exports to NAFTA partners was 1.5 percent ad valorem or greater. For these cases, the Commission estimated the effective tariff on total U.S. imports (or total U.S. exports) of the products affected by the rule.⁴ If the effective tariff on total U.S. imports (or total U.S. exports) of products covered by the rule was less than 1.5 percent, the effect on total U.S. imports, exports, and production was estimated to be negligible.

² The effective tariff for U.S. imports or exports under NAFTA is generally the trade-weighted average duty for the products covered by the rule. In some cases, the proposed modification would substantively change coverage for only some of the goods covered by the proposed rule, in which case the Commission calculated the effective tariff based on the duties collected for imports of the products affected by the rule change. For example, for U.S. imports under NAFTA, the effective tariff is based on the estimated duties collected for U.S. imports from NAFTA partners of products substantively affected by the proposed rule divided by U.S. imports of all products covered by the rule from NAFTA partners in 2012.

³ A combination of negligible and no effect occurred, for example, in cases where the NTR duty rate was free for U.S. imports from NAFTA partners, but Canada and/or Mexico had MFN duties that applied to U.S. exports.

⁴ The effective tariff on total U.S. imports represents the change in duties that would be collected from the world due to more goods from NAFTA partners qualifying for duty-free preferences under NAFTA as a result of each proposed rule. The effective tariff on total U.S. imports of products covered by the rule was calculated based on estimated duties collected for U.S. imports from NAFTA partners of products substantively affected by the proposed rule divided by the value of total U.S. imports of all products covered by the rule.

For those rule modifications for which it was estimated that a substantive change in the ROOs might produce a more-than-negligible effect on total U.S. imports, exports, and/or production, further analysis was conducted. This analysis used a partial equilibrium model to estimate the likely change in the trade with NAFTA partners, total trade, and domestic production for the products covered by each proposed modification. In all cases, the effect on total U.S. imports was found to be negligible. Only one proposed modification was found to have a significant effect on total U.S. exports (subheading 2103.90 of the Harmonized Tariff Schedule of the United States, or HTS).⁵

For the 20 proposed modifications that could have a significant or substantial effect on NAFTA trade (as shown in table ES.1), the likely effect on U.S. production, and therefore U.S. industry, is expected to be negligible, because the change in total U.S. imports and exports is expected to be small relative to U.S. production of the affected products.

TABLE ES.1 Summary of effects advice: Proposed modifications with significant or substantial effects

HTS no., table no., and product description	Effect on U.S. imports from NAFTA partners	Effect on U.S. total imports	Effect on U.S. exports to NAFTA partners	Effect on U.S. total exports	Effect on U.S. production
2103.90 (table 3.1) Sauces derived from fish and non-alcoholic preparations of yeast extract	Negligible	Negligible	Significant *	Significant *	Negligible
2903.19 (table 3.16) Certain other saturated chlorinated derivatives of acyclic hydrocarbons	Significant	Negligible	None	None	Negligible
2916.32 (table 3.41) Benzoyl peroxide and benzoyl chloride	Substantial	Negligible	None	None	Negligible
2918.21–2918.23 (table 3.48) Salicylic acid and <i>o</i> -acetylsalicylic acid	Significant	Negligible	None	None	Negligible
2922.11–2922.21 (table 3.55) Certain oxygen-function amino-compounds	Negligible	Negligible	Significant *	Negligible	Negligible
2924.11–2924.21 (table 3.59) Acyclic amides and certain cyclic amides	Significant	Negligible	Negligible	Negligible	Negligible
3006.92 (table 3.74) Waste pharmaceuticals	None	None	Substantial*	Negligible	Negligible

⁵ Table 3.1, sauces derived from fish and nonalcoholic preparations of yeast extract (other than sauces).

TABLE ES.1 Summary of effects advice: Proposed modifications with significant or substantial effects—*Continued*

HTS no., table no., and product description	Effect on U.S. imports from NAFTA partners	Effect on U.S. total imports	Effect on U.S. exports to NAFTA partners	Effect on U.S. total exports	Effect on U.S. production
3204.20–3204.90 (table 3.80) Fluorescent brightening agents and luminophores	Substantial	Negligible	Negligible	Negligible	Negligible
3206.50 (table 3.83) Inorganic products of a kind used as luminophores	Substantial	Negligible	Negligible	Negligible	Negligible
3304.10–3305.90 (table 3.84) Beauty or make-up preparations and preparations for hair	None	None	Significant *	Negligible	Negligible
3824.90 (table 3.95) Chemical products and preparations, not elsewhere specified or included	Negligible	Negligible	Significant *	Negligible	Negligible
3901–3914 (table 3.97) Polymers in primary forms; plastic resins; silicones; cellulose	Negligible	Negligible	Significant *	Negligible	Negligible
4013–4015 (table 3.109) Inner tubes; hygienic or pharmaceutical articles of rubber; and articles of apparel and accessories of rubber	Negligible	Negligible	Significant	Negligible	Negligible
7419.99 (table 3.123) Other articles of copper, not elsewhere specified	Negligible	Negligible	Significant	Negligible	Negligible
8408.10 (table 3.139) Diesel engines for marine propulsion	Significant	Negligible	Negligible	Negligible	Negligible
8518.10–8518.30 (table 3.173) Microphones and their stands; loudspeakers; and headphones and earphones	Negligible	Negligible	Significant *	Negligible	Negligible
8519.20–8519.89 (table 3.174) Sound recording and reproducing apparatus	Negligible	Negligible	Significant *	Negligible	Negligible
9004.10 (table 3.189) Sunglasses	Negligible	Negligible	Significant	Negligible	Negligible
9503.00–9505.90 (table 3.210) Various toys and games	None	None	Significant *	Negligible	Negligible

TABLE ES.1 Summary of effects advice: Proposed modifications with significant or substantial effects—*Continued*

HTS no., table no., and product description	Effect on U.S. imports from NAFTA partners	Effect on U.S. total imports	Effect on U.S. exports to NAFTA partners	Effect on U.S. total exports	Effect on U.S. production
9614 (table 3.212) Smoking pipes and cigar or cigarette holders, and parts	Significant	Negligible	Negligible	Negligible	Negligible

Note: In instances in which “significant” or “substantial” is followed by an asterisk (e.g., “Significant *”), the results of the proposed modification are likely overstated because, as explained in chapter 2, it was necessary for the Commission to base its analysis on the assumption that all U.S. exports to Mexico in 2012 were assessed the MFN rates of duty. The effect on U.S. exports to NAFTA partners will be reduced to the extent that U.S. exports to Mexico currently receive duty-free treatment under NAFTA.

CHAPTER 1

Introduction

Background and Scope

As requested by the United States Trade Representative (USTR), this report provides advice concerning the probable economic effect of proposed modifications to the rules of origin (ROOs) for certain products in the North American Free Trade Agreement (NAFTA).¹ The advice addresses the proposed modifications' probable economic effect on U.S. trade under NAFTA, total U.S. trade, and domestic industries producing the affected articles. In his letter, the USTR noted that negotiators had reached an agreement in principle with the governments of Canada and Mexico on the fourth in a series of proposed modifications to Annex 401 of NAFTA.² Annex 401 (along with Chapter 4 and Annex 403) sets forth the ROOs used in applying the tariff provisions of the NAFTA.

This report, prepared by the U.S. International Trade Commission (Commission or USITC), covers 212 proposed modifications to the NAFTA ROOs. The proposed rules cover a wide variety of articles, including edible preparations; mineral fuels; chemical products; plastics; rubber articles; cork; glass and glassware; copper, nickel, and other base metals; machinery and parts; rail locomotives; trailers; optical and medical instruments; furniture; toys and games; lighters; and smoking pipes.

Many of the proposed rules would liberalize the current rules by allowing more non-originating inputs (that is, inputs not originating in Canada, Mexico, or the United States) through a change in the tariff shift rules and/or by removing or reducing the regional value content requirements.

A tariff shift rule requires that a non-originating input used in the production of a good undergo a specified change in tariff classification in order for the good to be considered originating (box 1.1). A regional value content requirement mandates that a certain share of the value of the good originate in the NAFTA region. Many of the rules have combined a tariff shift rule with a regional value content requirement.

¹ The request letter appears in appendix A, and the *Federal Register* notice announcing institution of this investigation is in appendix B.

² Section 202(q) of the NAFTA Implementation Act (Act) authorizes the President, subject to the consultation and layover requirements of section 103 of the Act, to proclaim such modifications to ROOs as may from time to time be agreed to by the NAFTA countries. One of the requirements set out in section 103 is that the President obtain advice from the U.S. International Trade Commission.

BOX 1.1 Tariff shift rules and regional value requirements

Goods made in the territory of one or more NAFTA member countries that incorporate inputs made outside the NAFTA region (considered non-originating inputs) must meet the requirement(s) of the preferential ROOs that apply to the specific good based on its tariff classification.^a These ROOs identify the criteria that the finished goods imported from NAFTA partners must meet to be eligible for preferential duty treatment under NAFTA. The most common criterion is a tariff shift, in which the transformation of non-originating input changes the inputs tariff classification in a way that will allow the finished good to be considered originating.^b The other method, which is sometimes used in combination with a tariff shift, is the regional value content requirement, which sets a minimum for the share of the good's content that is attributable to the region, including value derived from originating (NAFTA) inputs.

The tariff shift method requires that each of the non-originating materials or components used in the production of a good must meet the requirements of the rule, i.e., they must change tariff classification in a particular manner. A tariff shift rule may specify a required change in classification at any tariff level, from chapters (2-digit HTS), headings (4-digit HTS), subheadings (6-digit HTS), and tariff items (8-digit HTS). If one or more of the non-originating raw materials or components used to manufacture a good does not meet the tariff shift rule (i.e., the product is classified in one of the disallowed HTS chapters, headings, or subheadings), and that non-originating content is not considered *de minimis*,^c the good is considered not originating and generally does not qualify for NAFTA treatment.

For example, the rule for heading 1601 (pork sausage) is "a change to headings 1601 through 1605 from any other chapter."^d This standard means that each non-originating raw material and/or component that goes into making pork sausage (heading 1601) must be classified in another chapter (i.e., not chapter 16) so the end product can qualify as an originating good under NAFTA. For instance, pork sausage (HTS 1601) produced in Mexico using imported frozen pork meat from Hungary (HTS heading 0203, in chapter 2) and spices imported from Jamaica (HTS headings 0907–0910, chapter 9) would meet the requirements of the tariff shift rule and would be considered an originating "good of Mexico" under NAFTA.

If the rule is based on a regional value content requirement, either the transaction value method or net cost method may be used to determine content.

Transaction value method: Calculates the value of the non-originating material as a share of the good's transaction value (the price paid or payable for the good).

Net cost method: Calculates the regional value content as a share of the net costs incurred by the producer less any expenses for sales promotion, royalties, shipping, and packing. The share of the content needed to qualify as originating is lower with this method because certain costs are excluded from the net cost.

^a A good that is wholly obtained or made within the NAFTA region is considered to be an originating good and may receive preferential duty treatment under the terms of the NAFTA agreement.

^b According to regulations of U.S. Customs and Border Protection (CBP), the good must meet the requirements of the rules set forth in 19 CFR part 102, which are known as the "NAFTA marking rules." These rules are also generally used by CBP on a normal trade relations basis to determine whether any imported product "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." http://www.cbp.gov/linkhandler/cgov/trade/legal/informed_compliance_pubs/icp026.ctt/icp026.pdf, 9.

^c There is an exception to the tariff shift rule for small amounts of non-originating inputs under the "de minimis" rule, which states that a non-originating input is allowed if the value of the input is 7 percent or less of the transaction value of the good.

^d *Harmonized Tariff Schedule of the United States* (2013) (HTS), General Note 12 (NAFTA).

Information Sources

The Commission used multiple data and information sources in preparing its advice. The proposed rules are from the USTR request letter.³ The existing rules are from General Note 12 (NAFTA) of the *Harmonized Tariff Schedule of the United States* (2013) (HTS), “North American Free Trade Agreement.”⁴ The normal trade relations (NTR) tariff rates cited in the effect statements were taken from the HTS. For Canada, the most-favored-nation (MFN) tariff rates⁵ were from *Customs Tariff: Departmental Consolidation 2013*, and for Mexico they were from the SIICEX-CAAAREM⁶ database and the WTO Integrated Database.⁷ In addition, the Commission sought information and views from interested parties through a *Federal Register* notice announcing this investigation and by directly contacting industry representatives.⁸

Trade data for 2012 were used in the analysis. Unless otherwise specified, U.S. import and export data are U.S. Department of Commerce data from the Commission’s Interactive Tariff and Trade DataWeb database.⁹ Canada’s and Mexico’s import data, as reported in the Global Trade Atlas database,¹⁰ were often used to provide more detail on rates of duty applied to U.S. exports to those countries. For some of the proposed modifications, analysis of U.S. exports to Canada and Mexico used detailed data on Canadian imports from Statistics Canada, International Trade Division,¹¹ and on Mexican imports from the SIICEX.¹²

Organization of the Report

Chapter 2 presents a detailed explanation of the Commission’s method for determining the probable economic effect of the proposed modifications on U.S. imports and exports under NAFTA, on total U.S. imports and exports, and on U.S. industry. Chapter 2 also provides a summary of the findings. The Commission’s advice for each proposed rule is presented in separate tables in chapter 3. The advice is organized by HTS chapter. A list of organizations contacted is provided in appendix C. Copies of the submissions from interested parties are provided in appendix D.

³ Appendix A. The rules appear in the report exactly as they appear in the letter, including the global Harmonized System (HS) product nomenclature. HS nomenclature adds a dot in the middle of 4-digit heading classifications (e.g., 40.05) while the U.S. system does not (e.g., 4005).

⁴ Available at <http://www.usitc.gov/publications/docs/tata/hts/bychapter/1300gntoc.htm>.

⁵ The NTR duty rates are commonly called MFN rates in other countries.

⁶ SIICEX-CAAAREM stands for Mexican International Trade Integral Information System—Confederation of Mexican Customs Brokers Associations, <http://www.siicex-caaarem.org.mx/> (accessed April–July 2013).

⁷ Appendix E contains a table with the range of rates applicable for each proposed rule.

⁸ Appendix B has the *Federal Register* notice; appendix C lists the companies contacted during this investigation; and appendix D contains a copy of the submissions received from interested parties.

⁹ USITC DataWeb/USDOC (accessed April–June 2013).

¹⁰ GTIS (accessed May–June 2013).

¹¹ Canadian government representative, email messages to USITC staff, June 21 and July 3, 2013.

¹² Data were only available for a limited number of products. Mexican government representative, email messages to USITC staff, June 24, July 1, and July 17, 2013.

CHAPTER 2

Approach and Summary of Findings

The Commission's probable economic effect analysis estimates the change in U.S. trade and production that would result from each proposed modification to the NAFTA rules of origin (ROOs). The following codes were used to indicate the probable economic effect of each proposed modification on U.S. trade under NAFTA, total U.S. trade, and U.S. production.

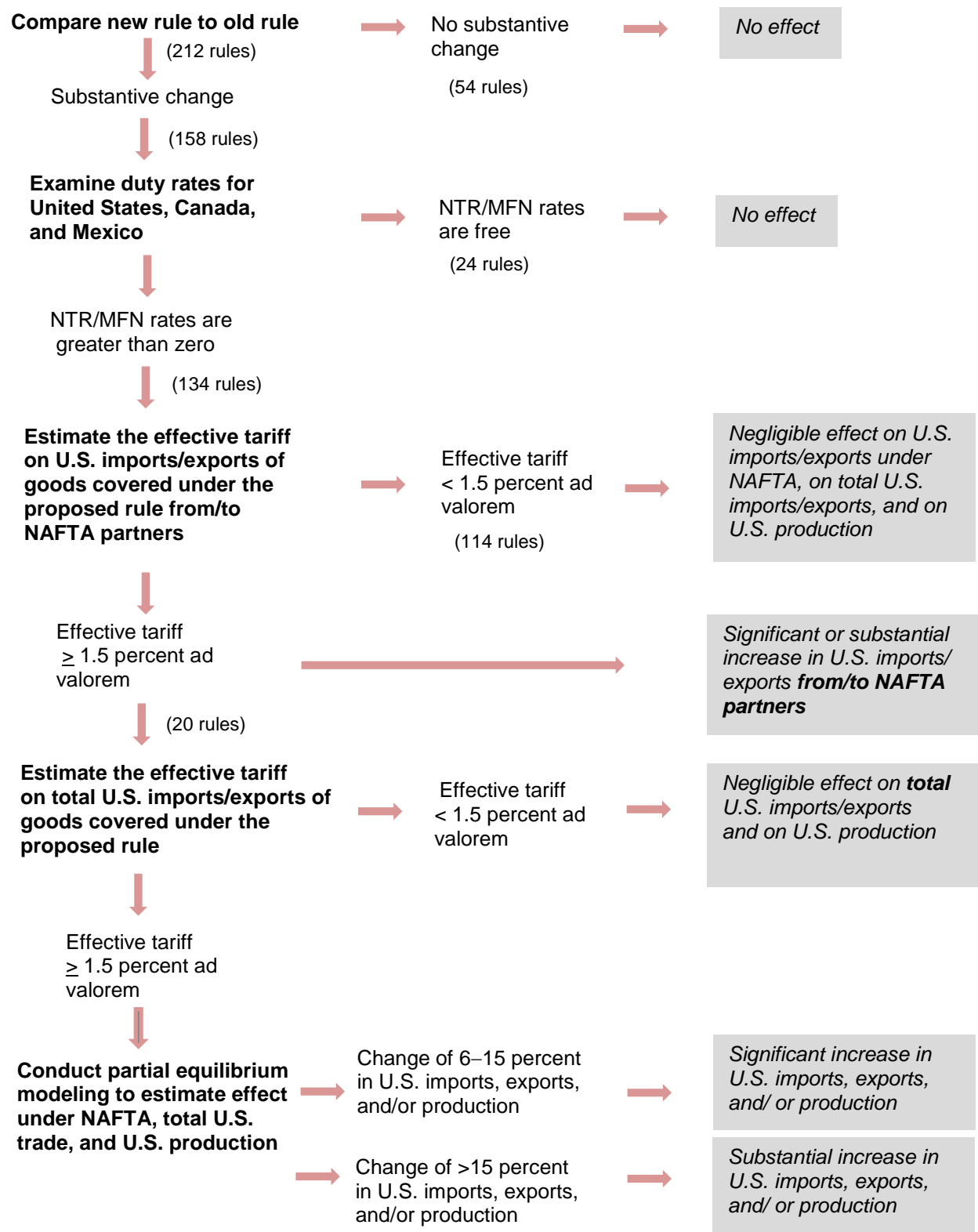
None:	No effect
Negligible:	Trade or production value change of less than 6 percent
Significant:	Trade or production value change of 6 percent to 15 percent
Substantial:	Trade or production value change of more than 15 percent

The general process used in the analysis consisted of several steps, as shown in figure 2.1. First, each proposed rule was compared with the current rule to see if any substantive change in the terms or application of the NAFTA ROOs would likely occur for any of the products covered by the rule.¹ Fifty-four of the 212 proposed modifications would not substantively change the rules under which products can qualify for preferential treatment under NAFTA. For each such modification, the effect on U.S. imports and exports under NAFTA, total U.S. imports and exports, and U.S. production is listed as "none."

Second, for those modifications for which there was a substantive change, duty rates were analyzed. For 24 proposed rules, all products already enter free of duty on an NTR/MFN basis when imported into the United States, Canada, and Mexico. In these cases the effect of the rule change on U.S. imports, exports, and production is listed as "none."

¹ When the World Customs Organization (WCO) made changes to the Harmonized System (HS) in 2007, the ROOs were rewritten so that all previously allowed tariff shifts were reflected in the updated nomenclature, leading to complex rules. Many of the proposed modifications would streamline and simplify these complex rules, in some cases combining multiple rules into one. There are many instances in which the proposed rules would make no substantive change in the legal standard used in applying the ROOs. In some cases only part of the current rule substantively was changed. For more information on the 2007 HS changes, see the WCO, Correlation Tables 2002–2007, http://www.wcoomd.org/en/topics/nomenclature/instrument-and-tools/hs_nomenclature_older_edition/correlation_table_2007.aspx.

FIGURE 2.1 General process for estimating probable economic effect



Note: Qualitative information, such as industry structure, was also used as part of the analysis. The results from this analysis represent a maximum effect and may have been modified based on supplemental information and modeling.

Each of the remaining 134 proposed modifications was identified as either liberalizing or restricting NAFTA eligibility, as compared with the current rule.² If a proposed modification would liberalize or restrict NAFTA eligibility for the affected products (e.g., by allowing more non-originating content or simplifying compliance), the value of U.S. imports from NAFTA partners or exports to NAFTA partners may change. For those 134 modifications, further analysis was undertaken to estimate the modification's probable economic effect on (1) U.S. imports under NAFTA; (2) total U.S. imports; (3) U.S. exports under NAFTA; (4) total U.S. exports; and (5) U.S. production. In total, 670 separate effects were estimated for the remaining 134 modifications.

Because it is difficult to predict exactly how much liberalization or restriction would result from any substantive modification, the analysis assumed maximum effects. For example, for a modification that is liberalizing, it was assumed that the proposed rule modification would allow all goods imported under the affected tariff provisions to receive duty-free treatment under NAFTA. In other words, it was assumed that all goods from NAFTA partners that currently receive the MFN or NTR rate of duty³ would now qualify for duty-free preferences under NAFTA and that the goods that currently receive duty-free treatment under NAFTA would continue to do so.⁴

To the extent possible, the probable economic effect analysis identified and considered patterns for producing and sourcing the affected inputs and products in the NAFTA countries, and overall levels of production and trade.

In cases in which the MFN or NTR duty rates are greater than zero and the rule change could result in more than a minimal share⁵ of additional products qualifying for preferential duties, the Commission estimated the effective tariff rate on U.S. imports from NAFTA partners and U.S. exports to NAFTA partners for the affected products. The effective tariff on U.S. imports or exports under NAFTA is generally the trade-weighted average duty. For U.S. imports, the Commission estimated the trade-weighted average duty by dividing the estimated duties collected on U.S. imports of the products covered by the rule from NAFTA partners by the value of U.S. imports of the subject products from NAFTA partners.⁶ In some cases, the proposed modification would substantively change NAFTA eligibility for only some of the goods covered by proposed rule. In this scenario, the effective tariff rate was calculated under the assumption that there would be no potential change in duty for those products for which the proposed rule is substantively the same as the current rule.⁷

² Very few of the proposed rule modifications are more restrictive than the current rules, but in such cases, the approach used by the Commission to analyze the restriction was essentially the same as the approach used to analyze a liberalizing effect.

³ In the HTS, the column 1-general duty rates applied to most trading partners are known as normal trade relations (NTR) duty rates; such external duty rates are commonly referred to in other countries as most-favored-nation (MFN) tariff rates. In the HTS, the duty rates accorded to originating goods under the NAFTA are set forth in column 1-special.

⁴ As of January 1, 2008, NAFTA rates of duty are free for originating goods under all tariff lines. The non-NAFTA rate is typically the NTR/MFN rate; however, certain products may qualify for other rates of duty under product-specific provisions also reflected in the HTS special duty column, such as the Pharmaceuticals Appendix (PA) or the Automotive Products Trade Act (APTA).

⁵ What the Commission considers "minimal" depends on the current rate of duty for the products covered by the proposed rule. In most cases the effective tariff was calculated, unless the share of dutiable imports/exports of the products was less than 2 percent of U.S. imports or exports from NAFTA partners in 2012.

⁶ A similar process was used to calculate the trade-weighted average duty for U.S. exports.

⁷ In this situation, the effective tariff is based on the estimated duties collected on U.S. imports from NAFTA partners of products substantively affected by the proposed rule ("affected products") divided by U.S. imports of all products covered by the rule from NAFTA partners in 2012.

In calculating the effective tariff on U.S. imports from NAFTA partners, the Commission used import data that distinguished between imports entered under NTR rates of duty and imports that are free of duty under NAFTA. The effective tariff on U.S. exports to NAFTA partners was calculated using Canada's and Mexico's import data. For many exported products, data were not available to allow the Commission to calculate the share of trade that entered Canada or Mexico under MFN rates of duty versus free of duty under NAFTA. In those cases, the effective tariff was estimated by assuming that all U.S. exports of these products entered at MFN rates rather than free of duty under NAFTA.

In general, if the effective tariff on U.S. imports/exports of covered products from/to NAFTA partners was less than 1.5 percent ad valorem, the estimated change in value in U.S. imports/exports under NAFTA, total U.S. imports and exports, and production was estimated to be less than 6 percent and was listed as "negligible."⁸ Of the 134 rules examined, 114 were estimated to have a negligible effect, or a combination of negligible and no effect, on U.S. imports and exports under NAFTA and on total U.S. imports and exports.⁹ For each of the 114 modifications, the expected effect on U.S. production was estimated to be negligible because the net effect on U.S. trade was expected to be negligible.

For 20 of the proposed rules, the effective tariff on U.S. imports from NAFTA partners or U.S. exports to NAFTA partners was 1.5 percent ad valorem or greater. For these cases, the Commission estimated the effective tariff on total U.S. imports (or total U.S. exports) of the affected products. The effective tariff on total U.S. imports represents the change in duties that would be collected from the world due to more goods from NAFTA partners qualifying for duty-free preferences under NAFTA as a result of each proposed rule. The Commission calculated the effective tariff on total U.S. imports by dividing estimated duties collected on imports of the affected products from NAFTA partners by total U.S. imports of all the goods covered by the proposed rule. A similar process was used for U.S. exports. If the effective tariff on total U.S. imports (or total U.S. exports) of the affected goods was less than 1.5 percent, the estimated change in the value of total U.S. imports, exports, and production was estimated to be less than 6 percent, and the effect for each was listed as "negligible."

Further analysis was conducted for proposed modifications that were likely to change the value of total U.S. imports, exports, and/or production by more than 6 percent (i.e., the change was likely to be "significant" or "substantial"). A partial equilibrium model was used to estimate the likely change in U.S. trade with NAFTA partners, total U.S. trade, and domestic production for the products covered by each proposed modification. To estimate the change in trade value, this model used (1) the difference between the NAFTA (free) and non-NAFTA tariff rates; (2) the values for an elasticity of substitution, an aggregate demand elasticity, and price elasticities of supply for domestic shipments and imports; and (3) where available, the value of preferential and non-preferential (i.e.,

⁸ Under the range of parameter values employed in the analysis, a duty change must exceed 1.5 percentage points in order to yield a significant trade change. In most cases, a duty rate change of at least 2 percentage points is necessary to yield a significant change in trade. The effect of a duty change is sensitive to, among other things, the share of NAFTA partner trade in total trade.

⁹ A combination of "negligible" and "none" occurs when U.S. imports are free on an NTR basis, but U.S. exports to Canada and/or Mexico are subject to duty rates greater than zero on an MFN basis. In this instance, the effect of a modification on U.S. imports would be "none," while the effect on U.S. exports would be "negligible." Similarly, if U.S. NTR rates of duty are greater than zero, but the rates of duty in Canada and Mexico are MFN free, then the effect would be "negligible" for U.S. imports and "none" for U.S. exports.

with non-NAFTA partners) trade in the NAFTA markets for the affected products.¹⁰ The non-NAFTA tariff rate was assumed to be each country's MFN or NTR rate. The values used for the elasticities were designed to estimate the upper bound of possible effects of the proposed modification. The model assumes that firms can meet any increase in demand, regardless of existing capacity or capacity utilization.¹¹ Only one proposed modification was found to have a significant effect on total U.S. exports (subheading 2103.90).¹² In all cases, the effect on total U.S. imports was found to be negligible.

The effect of a proposed modification on a U.S. industry was assessed by comparing the expected change in total U.S. exports and imports of the affected goods with the level of U.S. production of those goods. Increased exports might benefit the U.S. industry involved by allowing it to increase sales (and, therefore, U.S. production). Conversely, increased imports could have a negative effect on the domestic industry by lowering its sales (and, therefore, its U.S. production). However, the size of the effect on production depends not only on the expected increase in the value of imports and exports, but also on the degree of substitutability between domestic and imported products. The effect on production was estimated to be negligible in all cases in which the net effect on total U.S. trade was negligible. For cases that were analyzed using the partial equilibrium model, the likely effects on U.S. production, and therefore U.S. industry, were also found to be negligible.

The Commission invited interested parties to submit information concerning the proposed modifications and received seven submissions.¹³ One firm (Arkema, Inc.) stated that the proposed modification for subheading 2916.32 (benzoyl peroxide and benzoyl chloride) and proposed chemical reaction rule for chapter 29 could have "serious, negative impacts" on its production, sales, and operations.¹⁴ The remaining interested parties expressed support for either all proposed modifications or for specific modifications.

Table 2.1 shows a summary of the 20 proposed modifications that could have a significant or substantial effect on imports or exports under NAFTA and/or on total imports or exports. As noted above, the effect on U.S. production was found to be negligible for all of the proposed ROOs.

¹⁰ In cases in which the data for U.S. exports to Mexico under NAFTA preferences are incomplete, the analysis is based on the assumption that all U.S. exports to Mexico entered under MFN rates of duty. Such assumptions are clearly stated in each instance in the text of the report. Although U.S. production data were estimated where appropriate, estimates were not available for Canadian and Mexican production.

¹¹ No assumptions are made regarding investment.

¹² Table 3.1, sauces derived from fish and nonalcoholic preparations of yeast extract (other than sauces).

¹³ Appendix D contains the complete submissions.

¹⁴ Arkema, Inc., written submission to the USITC, July 22, 2013, 3, and September 20, 2013, 1. Copies of the submissions are in appendix D. See chapter 3 for the Commission's advice on the proposed chemical reaction rule for chapter 29 (table 3.13) and the proposed modification for subheading 2916.32 (table 3.41).

TABLE 2.1 Summary of effects advice: Proposed modifications with significant or substantial effects

HTS no., table no., and product description	Effect on U.S. imports from NAFTA partners	Effect on U.S. total imports	Effect on U.S. exports to NAFTA partners	Effect on U.S. total exports	Effect on U.S. production
2103.90 (table 3.1) Sauces derived from fish and non-alcoholic preparations of yeast extract	Negligible	Negligible	Significant *	Significant *	Negligible
2903.19 (table 3.16) Certain other saturated chlorinated derivatives of acyclic hydrocarbons	Significant	Negligible	None	None	Negligible
2916.32 (table 3.41) Benzoyl peroxide and benzoyl chloride	Substantial	Negligible	None	None	Negligible
2918.21–2918.23 (table 3.48) Salicylic acid and <i>o</i> -acetylsalicylic acid	Significant	Negligible	None	None	Negligible
2922.11–2922.21 (table 3.55) Certain oxygen-function amino-compounds	Negligible	Negligible	Significant *	Negligible	Negligible
2924.11–2924.21 (table 3.59) Acyclic amides and certain cyclic amides	Significant	Negligible	Negligible	Negligible	Negligible
3006.92 (table 3.74) Waste pharmaceuticals	None	None	Substantial*	Negligible	Negligible
3204.20–3204.90 (table 3.80) Fluorescent brightening agents and luminophores	Substantial	Negligible	Negligible	Negligible	Negligible
3206.50 (table 3.83) Inorganic products of a kind used as luminophores	Substantial	Negligible	Negligible	Negligible	Negligible
3304.10–3305.90 (table 3.84) Beauty or make-up preparations and preparations for hair	None	None	Significant *	Negligible	Negligible
3824.90 (table 3.95) Chemical products and preparations, not elsewhere specified or included	Negligible	Negligible	Significant *	Negligible	Negligible
3901–3914 (table 3.97) Polymers in primary forms; plastic resins; silicones; cellulose	Negligible	Negligible	Significant *	Negligible	Negligible

TABLE 2.1 Summary of effects advice: Proposed modifications with significant or substantial effects—*Continued*

HTS no., table no., and product description	Effect on U.S. imports from NAFTA partners	Effect on U.S. total imports	Effect on U.S. exports to NAFTA partners	Effect on U.S. total exports	Effect on U.S. production
4013–4015 (table 3.109) Inner tubes; hygienic or pharmaceutical articles of rubber; and articles of apparel and accessories of rubber	Negligible	Negligible	Significant	Negligible	Negligible
7419.99 (table 3.123) Other articles of copper, not elsewhere specified	Negligible	Negligible	Significant	Negligible	Negligible
8408.10 (table 3.139) Diesel engines for marine propulsion	Significant	Negligible	Negligible	Negligible	Negligible
8518.10–8518.30 (table 3.173) Microphones and their stands; loudspeakers; and headphones and earphones	Negligible	Negligible	Significant *	Negligible	Negligible
8519.20–8519.89 (table 3.174) Sound recording and reproducing apparatus	Negligible	Negligible	Significant *	Negligible	Negligible
9004.10 (table 3.189) Sunglasses	Negligible	Negligible	Significant	Negligible	Negligible
9503.00–9505.90 (table 3.210) Various toys and games	None	None	Significant *	Negligible	Negligible
9614 (table 3.212) Smoking pipes and cigar or cigarette holders, and parts	Significant	Negligible	Negligible	Negligible	Negligible

Note: In instances in which “significant” or “substantial” is followed by an asterisk (e.g., “Significant *”), the results of the proposed modification are likely overstated because, as explained in chapter 2, it was necessary to base the analysis on the assumption that all U.S. exports to Mexico in 2012 were assessed the MFN rates of duty. The effect on U.S. exports to NAFTA partners will be reduced to the extent that U.S. exports to Mexico currently receive duty-free treatment under NAFTA.

CHAPTER 3

Advice on the Probable Economic Effect of Certain Proposed Modifications to the Rules of Origin Contained in the North American Free Trade Agreement

This chapter provides the Commission's advice for each of the 212 proposed rule modifications. Each proposed rule is covered in a separate table. The first column of each table lists the range of HTS chapters, headings, or subheadings that are covered by the proposed rule. The rule of origin currently in effect for the covered HTS chapters, headings, or subheadings is presented in the second column. The proposed rule is presented in the third column. The fourth column of each table provides a summary of the Commission's probable economic effect advice. Below each table, the proposed modification and its probable economic effect are described in greater detail.

TABLE FOR HTS CHAPTER 21

TABLE 3.1 Sauces derived from fish and nonalcoholic preparations of yeast extract (other than sauces)

HTS no.	Existing rule	Proposed rule	Probable effect advice
2103.90	7A.(A) A change to mixed condiments or mixed seasonings of subheading 2103.90 from yeasts of subheadings 2102.10 or 2102.20 or any other chapter; or (B) A change to any other good of subheading 2103.90 from any other chapter.	A change to subheading 2103.90 from any other subheading.	U.S. trade under NAFTA: Imports: Negligible Exports: Significant increase ¹ U.S. total trade: Imports: Negligible Exports: Significant increase ² U.S. production: Negligible

TABLE 3.1: Modification and effect

Modification: Under the existing rules, manufacturers may use active yeasts of HTS subheading 2102.10 and inactive yeasts classified in subheading 2102.20 from non-NAFTA countries as inputs in mixed condiments and seasonings, which then qualify for NAFTA status. Non-originating inputs classified in other chapters may also be used to make goods of this subheading.

The proposed modification is liberalizing because it would allow the production of sauces, mixed condiments, and mixed seasonings of subheading 2103.90 from non-originating ingredients classified in any other subheading, including those of chapter 21. That is, it would also permit U.S. manufacturers to use the extracts, essences, and concentrates of coffee, tea, maté or their substitutes of subheadings 2101.11 through 2101.30; the sauces and preparations of subheadings 2103.10 through 2103.90; the soups and broth preparations of subheadings 2104.10 and 2104.20; the ice cream and other edible ice of subheading 2105.00; and the food preparations not elsewhere specified of subheadings 2106.10 through 2106.90 from non-NAFTA countries as inputs in mixed condiments and seasonings that would then qualify for NAFTA status. As an example, non-originating soy sauce of subheading 2103.10 could be used to produce a sauce or condiment of subheading 2103.90.

Effect: The proposed modification would likely have a negligible effect on U.S. imports under NAFTA and on total U.S. imports. U.S. NTR duty rates for sauces and preparations of mixed condiments and mixed seasonings of subheading 2103.90 range from free to 7.5 percent ad valorem with the exception of tariff item 2103.90.78, which has an NTR duty rate of 30.5 cents/kg plus 6.4 percent ad valorem. However, only 3 percent of U.S. imports from NAFTA partners of products covered by the rule were dutiable in 2012, resulting in an effective tariff of less than 0.5 percent ad valorem.

The proposed modification could potentially result in a significant increase in U.S. exports to NAFTA partners, which totaled \$377.6 million for this 6-digit subheading in 2012. For Canada, MFN rates of duty range from 8 to 11 percent ad valorem; for Mexico, the MFN rate of duty is 20 percent ad valorem. For Canadian imports from the United States in 2012, the effective tariff applied to the covered products was 0.5 percent ad valorem.³ If MFN rates of duty are applied to U.S. exports to Mexico, the estimated effective tariff on all U.S. exports to Mexico of goods covered by this rule is 20 percent ad valorem.⁴ Using the actual duties paid on U.S. exports to Canada and assuming the MFN rates apply to U.S. exports to Mexico, the effective tariff on U.S. exports to NAFTA partners in 2012 was 6 percent ad valorem.⁵ Despite the high

¹ Results for this proposed modification are likely overstated because the analysis was based on the assumption that all U.S. exports to Mexico paid the MFN rate of duty. The effect on U.S. exports to NAFTA partners will be reduced to the extent that U.S. exports to Mexico currently receive the NAFTA preferential rate of duty.

² Results for this proposed modification are likely overstated because the analysis was based on the assumption that all U.S. exports to Mexico currently paid the MFN rate of duty.

³ Commission estimate based on Canadian import data from Statistics Canada, International Trade Division.

⁴ Commission estimate based Mexican import data from Global Trade Atlas.

⁵ Commission estimate based on Canadian import data from Statistics Canada, International Trade Division, and Mexican import data from Global Trade Atlas.

TABLE 3.1: Modification and effect—*Continued*

effective tariff, the potential increase in U.S. exports is moderated somewhat because U.S. exports already account for a large share of the Canadian and Mexican markets (45 percent in 2012) and U.S. exports to NAFTA partners also account for a large share of total U.S. exports of these products (46 percent in 2012). The proposed rule would also likely result in significant increase in total U.S. exports, which totaled \$826.1 million for this 6-digit subheading in 2012.

The effect on U.S. production would likely be negligible because total U.S. exports of these products represent a small share of U.S. production of these products (estimated at about 13 percent in 2012).

TABLES FOR HTS CHAPTER 27

TABLE 3.2 Liquefied natural gas

HTS no.	Existing rule	Proposed rule	Probable effect advice
2711.11	4A. A change to a good of subheading 2711.11 from within that subheading or any other subheading, provided that the non-originating feedstock constitutes no more than 49 percent by volume of the good.	A change to a good of subheading 2711.11 from within that subheading or any other subheading, provided that the non-originating feedstock of subheading 2711.11 constitutes no more than 49 percent by volume of the good.	U.S. trade under NAFTA: Imports: None Exports: None U.S. total trade: Imports: None Exports: None U.S. production: None

TABLE 3.2: Modification and effect

Modification: The proposed rule would make no substantive change to the current NAFTA rule of origin. The proposed rule is intended to clarify that the non-originating feedstock must come from the stated subheading, in this case, 2711.11.

Effect: The proposed modification would have no effect on U.S. trade under NAFTA, on total U.S. trade, or on U.S. production because the proposed rule is substantively the same as the current NAFTA rule.

CHAPTER 27

TABLE 3.3 Liquefied propane, butanes, ethylene, propylene, butylene, and butadiene

HTS no.	Existing rule	Proposed rule	Probable effect advice
2711.12– 2711.14	4B. A change to a good of subheadings 2711.12 through 2711.14 from within that subheading or any other subheading, including another subheading within the group, provided that the non-originating feedstock constitutes no more than 49 percent by volume of the good.	A change to a good of subheading 2711.12 through 2711.14 from within that subheading or any other subheading, including another subheading within that group, provided that the non-originating feedstock of subheading 2711.12 through 2711.14 constitutes no more than 49 percent by volume of the good.	U.S. trade under NAFTA: Imports: None Exports: None U.S. total trade: Imports: None Exports: None U.S. production: None

TABLE 3.3: Modification and effect

Modification: The proposed rule would make no substantive change to the current NAFTA rule of origin. The proposed rule is intended to clarify that the non-originating feedstock must come from the stated subheadings, in this case, 2711.12 through 2711.14.

Effect: The proposed modification would have no effect on U.S. trade under NAFTA, on total U.S. trade, or on U.S. production because the proposed rule is substantively the same as the current NAFTA rule.

CHAPTER 27

TABLE 3.4 Natural gas in gaseous state

HTS no.	Existing rule	Proposed rule	Probable effect advice
2711.21	4D. A change to subheading 2711.21 from any other subheading, except from subheading 2711.11.	A change to subheading 2711.21 from any other subheading.	U.S. trade under NAFTA: Imports: None Exports: None U.S. total trade: Imports: None Exports: None U.S. production: None

TABLE 3.4: Modification and effect

Modification: The current NAFTA rule allows natural gas in gaseous state to be made from non-originating inputs from any other subheading except from subheading 2711.11, which covers liquefied natural gas. The proposed modification is liberalizing because it would allow liquefied natural gas from a non-NAFTA country to be converted to natural gas in gaseous state and be eligible for NAFTA benefits. Any other non-originating input would still be required to undergo a change in subheadings in order for the final product (2711.21) to qualify for NAFTA benefits.

Effect: U.S. imports of these goods are already free of duty for all NTR countries; therefore, there would be no effect on U.S. imports under NAFTA or on total U.S. imports. The MFN rate of duty imposed on these goods by Canada and Mexico is also free; therefore, there would be no effect on U.S. exports under NAFTA or total U.S. exports. As a result, U.S. production of these products would not be affected by the proposed rule change.

CHAPTER 27

TABLE 3.5 Petroleum bitumen

HTS no.	Existing rule	Proposed rule	Probable effect advice
2713.20	4H. A change to a good of subheading 2713.20 from within that subheading or any other subheading, provided that the non-originating feedstock constitutes no more than 49 percent by volume of the good.	A change to a good of subheading 2713.20 from within that subheading or any other subheading, provided that the non-originating feedstock of subheading 2713.20 constitutes no more than 49 percent by volume of the good.	U.S. trade under NAFTA: Imports: None Exports: None U.S. total trade: Imports: None Exports: None U.S. production: None

TABLE 3.5: Modification and effect

Modification: The proposed rule would make no substantive change to the current NAFTA rule of origin. The proposed rule is intended to clarify that the non-originating feedstock must come from the stated subheading, in this case, 2713.20.

Effect: The proposed modification would have no effect on U.S. trade under NAFTA, on total U.S. trade, or on U.S. production because the proposed rule is substantively the same as the current NAFTA rule.

TABLES FOR HTS CHAPTER 28

TABLE 3.6 Fluorine, chlorine, bromine and iodine; sulfur; carbon; hydrogen, rare gases, and other nonmetals

HTS no.	Existing rule	Proposed rule	Probable effect advice
2801.10 – 2804.90	<p>1. A change to subheadings 2801.10 through 2801.30 from any other subheading, including another subheading within that group.</p> <p>2. A change to headings 2802 through 2803 from any other heading, including another heading within that group.</p> <p>3. A change to subheadings 2804.10 through 2804.50 from any other subheading, including another subheading within that group.</p> <p>4. (A) A change to subheadings 2804.61 through 2804.69 from any subheading outside that group; or</p> <p>(B) A change to subheadings 2804.61 through 2804.69 from any other subheading within that group, 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:</p> <p>(1) 60 percent where the transaction value method is used, or</p> <p>(2) 50 percent where the net cost method is used.</p> <p>5. A change to subheadings 2804.70 through 2804.90 from any other subheading, including another subheading within that group.</p>	<p>A change to subheading 2801.10 through 2804.90 from any other subheading, including another subheading within that group.</p>	<p>U.S. trade under NAFTA: Imports: Negligible Exports: None</p> <p>U.S. total trade: Imports: Negligible Exports: None</p> <p>U.S. production: Negligible</p>

TABLE 3.6: Modification and effect

Modification: The proposed modification would make no substantive changes to the current NAFTA rules for subheadings 2801.10 through 2804.50 and 2804.70 through 2804.90. There are no international subheadings under headings 2802 and 2803.

The current NAFTA rules include a regional value content requirement that applies to silicon of subheadings 2804.61 and 2804.69. Silicon of 99.99 percent or greater purity (subheading 2804.61) made from non-originating silicon of lower purity (subheading 2804.69) would have to meet the regional value content in order to qualify for NAFTA preferences. The proposed modification is liberalizing because it removes this regional value content requirement for silicon.

Effect: The proposed modification would likely have a negligible effect on U.S. imports under NAFTA and on total U.S. imports because most U.S. imports that are covered by the rule already enter free of duty, resulting in an effective tariff of less than 0.5 percent ad valorem. Also, as noted above, the proposed modification substantively affects only subheadings 2804.61 and 2804.69. The U.S. NTR rate of duty is free for subheading 2804.61, and more than 99 percent of U.S. imports under subheading 2804.69 from Canada and Mexico were free of duty under NAFTA in 2012. The NTR rates of duty for U.S. imports under tariff items in subheading 2804.69 range from 5.3 to 5.5 percent ad valorem.

The proposed modification would likely have no effect on U.S. exports under NAFTA and on total U.S. exports. Canada's MFN duty rate for all the subheadings covered by the rule is free. Mexico's MFN duty rates are also MFN free for the products covered under the subheadings that would be substantively affected by the proposed modifications—that is, subheadings 2804.61 and 2804.69. The rules for subheadings 2801.10 through 2804.50 and 2804.70 through 2804.90 remain the same; hence trade in the products covered under these subheadings would not be affected.

The effect on U.S. production would likely be negligible because the net effect on total U.S. trade is expected to be negligible.

CHAPTER 28

TABLE 3.7 Strontium, barium, and other alkali or alkaline-earth metals

HTS no.	Existing rule	Proposed rule	Probable effect advice
2805.19	<p>6 A. (A) A change to other alkali metals of subheading 2805.19 from other alkaline earth metals of subheading 2805.19 or from any other subheading; or</p> <p>(B) A change to other alkali earth metals of subheading 2805.19 from other alkali metals of subheading 2805.19 or from any other subheading.</p>	A change to a good of subheading 2805.19 from any other good within that subheading or any other subheading.	<p>U.S. trade under NAFTA: Imports: None Exports: None</p> <p>U.S. total trade: Imports: None Exports: None</p> <p>U.S. production: None</p>

TABLE 3.7: Modification and effect

Modification: The proposed rule would make no substantive change to the current NAFTA rule of origin. The proposed modification is a simplification of the wording in the current rule of origin.

Effect: The proposed modification would have no effect on U.S. trade under NAFTA, on total U.S. trade, or on U.S. production because the proposed rule is substantively the same as the current NAFTA rule.

CHAPTER 28

TABLE 3.8 Hydrogen chloride (hydrochloric acid); chlorosulfuric acid; sulfuric acid; nitric acid; sulfonitric acids; diphosphorous pentaoxide; phosphoric acid; polyphosphoric acids, whether or not chemically defined; oxides of boron; boric acids

HTS no.	Existing rule	Proposed rule	Probable effect advice
2806.10–2810.00	<p>7. (A) A change to subheading 2806.10 from any other subheading, except from subheading 2801.10; or</p> <p>(B) A change to subheading 2806.10 from subheading 2801.10, whether or not there is also a change from any other subheading, provided there is a regional value content of not less than:</p> <p>(1) 60 percent where the transaction value method is used, or</p> <p>(2) 50 percent where the net cost method is used.</p> <p>8. A change to subheading 2806.20 from any other subheading.</p> <p>9. A change to headings 2807 through 2808 from any other heading, including another heading within that group</p> <p>10. A change to subheadings 2809.10 through 2810.00 from any other subheading, including another subheading within that group.</p>	A change to subheading 2806.10 through 2810.00 from any other subheading, including another subheading within that group.	<p>U.S. trade under NAFTA: Imports: None Exports: None</p> <p>U.S. total trade: Imports: None Exports: None</p> <p>U.S. production: None</p>

TABLE 3.8: Modification and effect

Modification: The proposed rule covers hydrogen chloride (hydrochloric acid); chlorosulfuric acid; sulfuric acid; nitric acid; sulfonitric acids; diphosphorous pentaoxide; phosphoric acid; polyphosphoric acids; oxides of boron; and boric acids. The current NAFTA rules include a regional value content requirement that applies to the production of hydrogen chloride (subheading 2806.10) from non-originating chlorine (subheading 2801.10). When this regional value content requirement is not met, the chlorine used to produce hydrogen chloride must be made in North America in order for NAFTA origin to be conferred.

The proposed modification is liberalizing because it removes both the product exclusion and the regional value content requirement. The proposed rule would make no substantive changes to the current NAFTA rules for subheadings 2806.20 through 2810.00. There are no international subheadings under headings 2807 and 2808.

Effect: The proposed modification would likely have no effect on U.S. imports under NAFTA and on total U.S. imports because subheading 2806.10, the only product affected by the proposed modification, is free of duty on an NTR basis.

The proposed modification would likely have no effect on U.S. exports under NAFTA and on total U.S. exports. Canadian and Mexican MFN rates of duty for imports under 2806.10 are free.

The proposed modification would likely have no effect on U.S. production because there will likely be no effect on total U.S. trade.

CHAPTER 28

TABLE 3.9 Other inorganic acids and other inorganic oxygen compounds of nonmetals; halides and halide oxides of nonmetals; sulfides of nonmetals; commercial phosphorous trisulfide; and ammonia, anhydrous or in aqueous solution

HTS no.	Existing rule	Proposed rule	Probable effect advice
2811.11– 2814.20	<p>10A. A change to subheadings 2811.11 through 2811.22 from any other subheading, including another subheading within that group.</p> <p>10B. (A) A change to sulfur dioxide of subheading 2811.29 from any other good of subheading 2811.29 or any other subheading; or</p> <p>(B) A change to any other good of subheading 2811.29 from sulfur dioxide of subheading 2811.29 or any other subheading.</p> <p>10C. A change to subheadings 2812.10 through 2814.20 from any other subheading, including another subheading within that group.</p>	A change to a good of any of subheading 2811.11 through 2814.20 from any other good within that subheading or any other subheading, including another subheading within that group.	<p>U.S. trade under NAFTA: Imports: Negligible Exports: Negligible</p> <p>U.S. total trade: Imports: Negligible Exports: Negligible</p> <p>U.S. production: Negligible</p>

TABLE 3.9: Modification and effect

Modification: The current NAFTA rule allows a good of subheadings 2811.11 through 2814.20 made from non-originating inputs from any other subheading, including a subheading within that group, to receive the preferential rate of duty. The current rules also allow a change from sulfur dioxide of subheading 2811.29 to any other good of subheading 2811.29, or vice versa, to confer origin.

The proposed modification is liberalizing because it would allow goods of subheadings 2811.11 through 2814.20 to be made from non-originating inputs of same subheading. In addition, the proposed rule would continue to allow any subheading-level tariff change to confer origin.

Effect: The proposed modification would likely have a negligible effect on U.S. imports under NAFTA and on total U.S. imports. NTR rates of duty range from free to 4.2 percent ad valorem. In 2012, less than 1 percent of U.S. imports of the products covered by this rule from Canada and Mexico were dutiable, resulting in an effective tariff rate on U.S. imports from NAFTA partners of less than 0.5 percent ad valorem.

The proposed modification would likely have a negligible effect on U.S. exports under NAFTA and on total U.S. exports. Canada's MFN duty rate for all of the subheadings covered by the rule is free. Mexico's MFN duty rates are free for the products covered under subheadings 2811.19 through 2814.20, while the duty rates for subheading 2811.11 range from free to 7 percent ad valorem. If MFN rates of duty were applied to U.S. exports to the NAFTA partners, the estimated effective tariff rate on all U.S. exports to NAFTA partners of goods covered by this rule was less than 0.5 percent ad valorem in 2012.¹

The effect on U.S. production would likely be negligible because the net effect on total U.S. trade is expected to be negligible.

¹ Commission estimate based on U.S. export data from USITC DataWeb/USDOC and Mexican import data from Global Trade Atlas.

CHAPTER 28

TABLE 3.10 Sodium hydroxide (caustic soda); potassium hydroxide (caustic potash); and peroxides of sodium or potassium

HTS no.	Existing rule	Proposed rule	Probable effect advice
2815.11–2815.30	<p>11. (A) A change to subheadings 2815.11 through 2815.12 from any other heading; or</p> <p>(B) A change to subheadings 2815.11 through 2815.12 from any other subheading within heading 2815, 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:</p> <p>(1) 60 percent where the transaction value method is used, or</p> <p>(2) 50 percent where the net cost method is used.</p> <p>12. A change to subheading 2815.20 from any other subheading.</p> <p>13. (A) A change to subheading 2815.30 from any other subheading, except from subheading 2815.11 through 2815.20; or</p> <p>(B) A change to subheading 2815.30 from subheadings 2815.11 through 2815.20, whether or not there is also a change from any other subheading, provided there is a regional value content of not less than:</p> <p>(1) 60 percent where the transaction value method is used, or</p> <p>(2) 50 percent where the net cost method is used.</p>	<p>A change to subheading 2815.11 through 2815.30 from any other subheading, including another subheading within that group.</p>	<p>U.S. trade under NAFTA: Imports: Negligible Exports: Negligible</p> <p>U.S. total trade: Imports: Negligible Exports: Negligible</p> <p>U.S. production: Negligible</p>

TABLE 3.10: Modification and effect

Modification: The current rule imposes limitations on the non-originating inputs that may be used to produce goods of subheadings 2815.11 through 2815.30 for those products to qualify for NAFTA preferences. Certain goods are subject to regional value content requirements. For products classified in subheading 2815.11 or 2815.12, non-originating inputs classified in other headings may be used, but if non-originating inputs classified in subheadings within heading 2815 are used, the final product is subject to the regional value content requirement. For example, sodium hydroxide in aqueous solution (subheading 2815.12) made from non-originating solid sodium hydroxide (subheading 2815.11) can receive the preferential rate of duty provided that it meets the regional value content requirement. For products classified in subheading 2815.30, any input classified in subheadings 2815.11 through 2815.20 needs to be made in North America, unless the final product meets the regional value content requirement.

The proposed modification is liberalizing because it removes the regional value content requirement for chemicals covered in subheadings 2815.11, 2815.12, and 2815.30, and it would allow any subheading-level tariff change to confer origin. The proposed modification does not substantively change the rule of origin for goods of subheading 2815.20.

Effect: The proposed modification would likely have a negligible effect on U.S. imports under NAFTA and on total U.S. imports. U.S. imports under the subheadings 2815.11 through 2815.20¹ are free of duty on an NTR basis, and all U.S. imports under subheading 2815.30 from Canada and Mexico entered free of duty under NAFTA in 2012.

The proposed modification would likely have a negligible effect on U.S. exports under NAFTA and on total U.S. exports. Canada's MFN duty rates for all the subheadings covered by the rule are free. Mexico's MFN duty rates are free for the products covered under the subheadings 2815.12 through 2815.30, while the duty rate for Mexican imports under subheading 2815.11 is 5 percent ad valorem. If MFN rates of duty are applied to U.S. exports to the NAFTA partners, the estimated effective tariff rate on all U.S. exports to NAFTA partners of the goods covered by this rule was less than 0.5 percent ad valorem in 2012.²

The effect on U.S. production would likely be negligible because the net effect on total U.S. trade is expected to be negligible.

¹ Subheading 2815.20 is not substantively changed by the proposed modification.

² Commission estimate based on U.S. export data from USITC DataWeb/USDOC and Mexican import data from Global Trade Atlas.

CHAPTER 28

TABLE 3.11 Other inorganic bases and oxides; hydroxides and peroxides of metals; salts and peroxysalts, of inorganic acids and metals; and miscellaneous inorganic chemicals

HTS no.	Existing rule	Proposed rule	Probable effect advice
2816.10–2850.00	<p>14. A change to subheading 2816.10 from any other subheading.</p> <p>14A. (A) A change to oxide, hydroxide or peroxide of strontium of subheading 2816.40 from oxide, hydroxide or peroxide of barium of subheading 2816.40 or from any other subheading.</p> <p>(B) A change to oxide, hydroxide or peroxide of barium of subheading 2816.40 from oxide, hydroxide or peroxide of strontium of subheading 2816.40 or from any other subheading.</p> <p>14B. A change to subheadings 2817.00 through 2818.30 from any other subheading, including another subheading within that group.</p> <p>15. (A) A change to subheading 2819.10 from any other heading; or</p> <p>(B) A change to subheading 2819.10 from subheading 2819.90, whether or not there is also a change from any other heading, provided there is a regional value content of not less than:</p> <p>(1) 60 percent where the transaction value method is used, or</p> <p>(2) 50 percent where the net cost method is used.</p> <p>16. A change to subheading 2819.90 from any other subheading.</p>	<p>A change to a good of any of subheading 2816.10 through 2850.00 from any other good within that subheading or any other subheading, including another subheading within that group.</p>	<p>U.S. trade under NAFTA: Imports: Negligible Exports: Negligible</p> <p>U.S. total trade: Imports: Negligible Exports: Negligible</p> <p>U.S. production: Negligible</p>

CHAPTER 28
TABLE 3.11—Continued

HTS no.	Existing rule	Proposed rule	Probable effect advice
	<p>17. (A) A change to 2820.10 from any other heading; or</p> <p>(B) A change to subheading 2820.10 from subheading 2820.90, whether or not there is also a change from any other heading, provided there is a regional value content of not less than:</p> <p>(1) 60 percent where the transaction value method is used, or</p> <p>(2) 50 percent where the net cost method is used.</p> <p>18. A change to subheading 2820.90 from any other subheading.</p> <p>19. (A) A change to subheadings 2821.10 through 2821.20 from any other heading; or</p> <p>(B) A change to subheadings 2821.10 through 2821.20 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:</p> <p>(1) 60 percent where the transaction value method is used, or</p> <p>(2) 50 percent where the net cost method is used.</p> <p>20. A change to headings 2822 through 2823 from any other heading, including another heading within that group.</p>		

CHAPTER 28
TABLE 3.11—Continued

HTS no.	Existing rule	Proposed rule	Probable effect advice
	<p>21. (A) A change to subheading 2824.10 from any other heading; or</p> <p>(B) A change to subheading 2824.10 from subheading 2824.90, whether or not there is also a change from any other heading, provided there is a regional value content of not less than:</p> <p>(1) 60 percent where the transaction value method is used, or</p> <p>(2) 50 percent where the net cost method is used.</p> <p>21A. (A) A change to subheading 2824.90 from any other heading;</p> <p>(B) A change to red lead or orange lead of subheading 2824.90 from any other good of subheading 2824.90 or subheading 2824.10, whether or not there is also a change from any other heading, provided there is a regional value content of not less than:</p> <p>(1) 60 percent where the transaction value method is used, or</p> <p>(2) 50 percent where the net cost method is used; or</p> <p>(C) A change to any other good of subheading 2824.90 from red lead or orange lead of subheading 2824.90 or subheading 2824.10, whether or not there is also a change from any other heading, provided there is a regional value content of not less than:</p> <p>(1) 60 percent where the transaction value method is used, or</p> <p>(2) 50 percent where the net cost method is used.</p>		

CHAPTER 28

TABLE 3.11—Continued

HTS no.	Existing rule	Proposed rule	Probable effect advice
	<p>22. A change to subheadings 2825.10 through 2825.90 from any other subheading, including another subheading within that group.</p> <p>22A. A change to subheading 2826.12 from any other subheading.</p> <p>22B. (A) A change to fluorides of ammonium or of sodium of subheading 2826.19 from any other good of subheading 2826.19 or any other subheading; or</p> <p>(B) A change to any other good of subheading 2826.19 from fluorides of ammonium or of sodium of subheading 2826.19 or any other subheading.</p> <p>22C. A change to subheading 2826.30 from any other subheading.</p> <p>22D. (A) A change to fluorosilicates of sodium or of potassium of subheading 2826.90 from any other good of subheading 2826.90 or any other subheading; or</p> <p>(B) A change to any other good of subheading 2826.90 from fluorosilicates of sodium or of potassium of subheading 2826.90 or any other subheading.</p> <p>22E. A change to subheadings 2827.10 through 2827.35 from any other subheading, including another subheading within that group.</p> <p>22F. (A) A change to barium, iron, cobalt or zinc chlorides of subheading 2827.39 from other chlorides of subheading 2827.39 or any other subheading; or</p>		

CHAPTER 28
TABLE 3.11—Continued

HTS no.	Existing rule	Proposed rule	Probable effect advice
	<p>(B) A change to other chlorides of subheading 2827.39 from barium, iron, cobalt or zinc chloride of subheading 2827.39 or any other subheading.</p> <p>22G. A change to subheadings 2827.41 through 2827.60 from any other subheading, including another subheading within that group.</p> <p>22H. A change to subheadings 2828.10 through 2828.90 from any other subheading, including another subheading within that group.</p> <p>23. A change to subheading 2829.11 from any other subheading.</p> <p>24. (A) A change to subheadings 2829.19 through 2829.90 from any other chapter, except from chapters 28 through 38; or</p> <p>(B) A change to subheadings 2829.19 through 2829.90 from any other subheading within chapters 28 through 38, 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:</p> <p>(1) 60 percent where the transaction value method is used, or</p> <p>(2) 50 percent where the net cost method is used.</p> <p>25. A change to subheading 2830.10 from any other subheading.</p> <p>25A. (A) A change to zinc or cadmium sulfide of subheading 2830.90 from any other good of subheading 2830.90 or any other subheading; or</p>		

CHAPTER 28
TABLE 3.11—Continued

HTS no.	Existing rule	Proposed rule	Probable effect advice
	<p>(B) A change to any other good of subheading 2830.90 from zinc or cadmium sulfide of subheading 2830.90 or any other subheading.</p> <p>25B. A change to subheadings 2831.10 through 2832.30 from any other subheading, including another subheading within that group.</p> <p>25C. A change to subheadings 2833.11 through 2833.27 from any other subheading, including another subheading within that group.</p> <p>25D. (A) A change to chromium or zinc sulfate of subheading 2833.29 from any other good of subheading 2833.29 or any other subheading; or</p> <p>(B) A change to any other good of subheading 2833.29 from chromium or zinc sulfate of subheading 2833.29 or any other subheading.</p> <p>25E. A change to subheadings 2833.30 through 2833.40 from any other subheading, including another subheading within that group.</p> <p>25F. A change to subheadings 2834.10 through 2834.21 from any other subheading, including another subheading within that group.</p> <p>25G. (A) A change to bismuth nitrates of subheading 2834.29 from other nitrates of subheading 2834.29 or from any other subheading; or</p> <p>(B) A change to other nitrates of subheading 2834.29 from bismuth nitrates of subheading 2834.29 or from any other subheading.</p>		

CHAPTER 28
TABLE 3.11—Continued

HTS no.	Existing rule	Proposed rule	Probable effect advice
	<p>25H. A change to subheadings 2835.10 through 2835.26 from any other subheading, including another subheading within that group.</p> <p>25I. A change to trisodium phosphates of subheading 2835.29 from any other good of subheading 2835.29 or any other subheading.</p> <p>25J. A change to any other good of subheading 2835.29 from trisodium phosphate of subheading 2835.29 or any other subheading.</p> <p>25K. A change to subheadings 2835.31 through 2835.39 from any other subheading, including another subheading within that group.</p> <p>[26. Rule deleted.]</p> <p>27. (A) A change to subheadings 2836.20 through 2836.30 from any subheading outside that group; or</p> <p>(B) A change to subheadings 2836.20 through 2836.30 from any other subheading within that group, 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:</p> <p>(1) 60 percent where the transaction value method is used, or</p> <p>(2) 50 percent where the net cost method is used.</p> <p>28. A change to subheadings 2836.40 through 2836.92 from any other subheading, including another subheading within that group.</p>		

CHAPTER 28
TABLE 3.11—Continued

HTS no.	Existing rule	Proposed rule	Probable effect advice
	<p>28A. (A) A change to ammonium or lead carbonates of subheading 2836.99 from any other good of subheading 2836.99 or any other subheading; or</p> <p>(B) A change to any other good of subheading 2836.99 from ammonium or lead carbonates of subheading 2836.99 or any other subheading.</p> <p>29. A change to subheadings 2837.11 through 2837.20 from any other subheading, including another subheading within that group.</p> <p>30. A change to subheadings 2839.11 through 2839.19 from any other subheading, including another subheading within that group.</p> <p>31. (A) A change to potassium silicates of subheading 2839.90 from any other good of subheading 2839.90 or any other subheading; or</p> <p>(B) A change to any other good of subheading 2839.90 from potassium silicates of subheading 2839.90 or any other subheading.</p> <p>32. A change to subheadings 2840.11 through 2840.30 from any other subheading, including another subheading within that group.</p> <p>33. A change to subheading 2841.30 from any other subheading.</p> <p>34. (A) A change to chromates of zinc or lead of subheading 2841.50 from any other good of subheading 2841.50 or any other subheading;</p>		

CHAPTER 28

TABLE 3.11—Continued

HTS no.	Existing rule	Proposed rule	Probable effect advice
	<p>(B) A change to potassium dichromate of subheading 2841.50 from any other good of subheading 2841.50 or any other subheading; or</p> <p>(C) A change to any other good of subheading 2841.50 from potassium dichromate or chromates of zinc or lead of subheading 2841.50 or any other subheading.</p> <p>35. A change to subheadings 2841.61 through 2841.80 from any other subheading, including another subheading within that group.</p> <p>36. (A) A change to aluminates of subheading 2841.90 from any other good of subheading 2841.90 or any other subheading; or</p> <p>(B) A change to any other good of subheading 2841.90 from aluminates of subheading 2841.90 or any other subheading.</p> <p>37. (A) A change to double or complex silicates, including chemically defined aluminosilicates, of subheading 2842.10 from non-chemically defined aluminosilicates of subheading 2842.10 or from any other subheading;</p> <p>(B) A change to non-chemically defined aluminosilicates of subheading 2842.10 from any other chapter, except from chapters 28 through 38; or</p>		

CHAPTER 28
TABLE 3.11—Continued

HTS no.	Existing rule	Proposed rule	Probable effect advice
	<p>(C) A change to non-chemically defined aluminosilicates of subheading 2842.10 from double or complex silicates, including chemically defined aluminosilicates, of subheading 2842.10 or from any other subheading within chapters 28 through 38, whether or not there is also a change from any other chapter, provided there is a regional value content of not less than:</p> <p>(1) 60 percent where the transaction value method is used, or</p> <p>(2) 50 percent where the net cost method is used.</p> <p>38. (A) A change to fulminates, cyanates or thiocyanates of subheading 2842.90 from any other good of subheading 2842.90 or any other subheading; or</p> <p>(B) A change to any other good of subheading 2842.90 from fulminates, cyanates or thiocyanates of subheading 2842.90 or any other subheading.</p> <p>39. A change to subheadings 2843.10 through 2850.00 from any other subheading, including another subheading within that group.</p>		

TABLE 3.11: Modification and effect

Modification: The 2007 WCO change to the Harmonized System (HS) deleted a number of subheadings within 2816.10 through 2850.00 due to the low volume of trade. Updates to the NAFTA rules of origin ensured that prior origin treatment could continue; however, the changes resulted in complex NAFTA rules of origin for many of the subheadings within this group. The proposed rule streamlines these complex rules.

The current NAFTA rule includes regional value content requirements that apply to many subheadings within headings/subheadings 2816.10 through 2850.00 when non-originating inputs classified within the same heading or subheading as the finished good are used. In a few cases, such as chlorates, borates, and iodates of subheadings 2829.19 through 2829.90, the regional value requirement applies when non-originating inputs of chapter 28 through 38 are used. Other goods of subheadings 2816.10 through 2850.00 are covered by heading- or subheading-level tariff shifts or, in some cases, transformation within a subheading.

The proposed modification is liberalizing because it would allow any subheading-level tariff change to confer origin. It would also allow production of goods from non-originating inputs within a subheading to confer origin.

TABLE 3.11: Modification and effect—*Continued*

Effect: The proposed modification would likely have a negligible effect on U.S. imports under NAFTA and on total U.S. imports. NTR duties for the subheadings covered by the proposed rule range from free to 5.5 percent ad valorem. The majority of U.S. imports from Canada and Mexico covered by the rule entered free of duty under either NTR rates or NAFTA in 2012, resulting in an effective tariff of less than 0.5 percent ad valorem.

The proposed modification would likely have a negligible effect on U.S. exports under NAFTA and on total U.S. exports. The majority of subheadings covered by the rule are free of duty on an MFN basis for Canada and Mexico. If MFN rates of duty are applied to U.S. exports to the NAFTA partners, the estimated effective tariff on all U.S. exports to NAFTA partners of goods covered by this rule was 1.2 percent ad valorem in 2012.¹

The effect on U.S. production would likely be negligible because the net effect on total U.S. trade is expected to be negligible.

¹ Commission estimate based on Canadian and Mexican import data obtained from Global Trade Atlas.

CHAPTER 28

TABLE 3.12 Mercury compounds and certain other inorganic compounds

HTS no.	Existing rule	Proposed rule	Probable effect advice
2852–2853	<p>40. (A) A change to mercury oxide or hydroxide of heading 2852 from any other good of heading 2852 or any other heading, except from subheading 2825.90;</p> <p>(B) A change to mercury fluoride of heading 2852 from any other good of heading 2852 or any other heading, except from subheading 2826.19;</p> <p>(C) A change to mercury fluorosilicates of heading 2852 from any other good of heading 2852 or any other heading, except from subheading 2826.90;</p> <p>(D) A change to mercury chloride of heading 2852 from barium chloride of subheading 2827.39, any other good of heading 2852 or any other heading, except from any other good of subheading 2827.39;</p> <p>(E) A change to mercury oxychloride of heading 2852 from any other good of heading 2852 or any other heading, except from subheading 2827.49;</p> <p>(F) A change to mercury bromide or mercury oxybromide of heading 2852 from any other good of heading 2852 or any other heading, except from subheading 2827.59;</p> <p>(G) A change to mercury iodide or mercury iodide oxide of heading 2852 from any other good of heading 2852 or any other heading, except from subheading 2827.60;</p>	A change to a good of any of heading 28.52 through 28.53 from any other good within that heading or any other heading, including another heading within that group.	<p>U.S. trade under NAFTA: Imports: Negligible Exports: Negligible</p> <p>U.S. total trade: Imports: Negligible Exports: Negligible</p> <p>U.S. production: Negligible</p>

CHAPTER 28
TABLE 3.12—Continued

HTS no.	Existing rule	Proposed rule	Probable effect advice
	<p>(H) A change to mercury chlorite, mercury hypochlorite or mercury hypobromite of heading 2852 from any other good of heading 2852 or any other heading, except from subheading 2828.90;</p> <p>(I) A change to mercurous chlorate of heading 2852 from any other chapter, except from chapters 29 through 38;</p> <p>(J) A change to mercurous chlorate of heading 2852 from any other good of heading 2852 or any other heading within chapters 28 through 38, whether or not there is also a change from any other chapter, except from subheading 2829.19, provided there is a regional value content of not less than:</p> <p>(1) 60 percent when the transaction value method is used; or</p> <p>(2) 50 percent when the net cost method is used;</p> <p>(K) A change to mercury perchlorate, mercury bromate, mercury perbromates, mercury iodate or mercury periodate of heading 2852 from any other chapter, except from chapters 29 through 38;</p> <p>(L) A change to mercury perchlorate, mercury bromate, mercury perbromates, mercury iodate or mercury periodate of heading 2852 from any other good of heading 2852 or any other heading within chapters 28 through 38, whether or not there is also a change from any other chapter, except from subheading 2829.90, provided there is a regional value content of not less than:</p>		

CHAPTER 28
TABLE 3.12—Continued

HTS no.	Existing rule	Proposed rule	Probable effect advice
	<p>(1) 60 percent when the transaction value method is used; or</p> <p>(2) 50 percent when the net cost method is used;</p> <p>(M) A change to mercury sulfide or mercury polysulfide of heading 2852 from any other good of heading 2852 or any other heading, except from subheading 2830.90;</p> <p>(N) A change to mercury sulfite of heading 2852 from any other good of heading 2852 or any other heading, except from subheading 2832.20;</p> <p>(O) A change to mercury sulfate of heading 2852 from any other good of heading 2852 or any other heading, except from subheading 2833.29;</p> <p>(P) A change to mercurous nitrite of heading 2852 from any other good of heading 2852 or any other heading, except from subheading 2834.10;</p> <p>(Q) A change to mercury nitrate of heading 2852 from bismuth nitrates of subheading 2834.29, any other good of heading 2852 or any other heading, except from any other good of subheading 2834.29;</p> <p>(R) A change to phosphates of mercury of heading 2852 from any other good of heading 2852 or any other heading, except from subheading 2835.29;</p> <p>(S) A change to polyphosphates of mercury of heading 2852 from any other good of heading 2852 or any other heading, except from subheading 2835.39;</p>		

CHAPTER 28
TABLE 3.12—Continued

HTS no.	Existing rule	Proposed rule	Probable effect advice
	<p>(T) A change to mercury carbonate of heading 2852 from any other good of heading 2852 or any other heading, except from subheading 2836.99;</p> <p>(U) A change to mercury oxycyanide or mercury cyanide of heading 2852 from any other good of heading 2852 or any other subheading, except from subheading 2837.19;</p> <p>(V) A change to complex cyanides of mercury of heading 2852 from any other good of heading 2852 or any other heading, except from subheading 2837.20;</p> <p>(W) A change to mercuric fulminate, mercury thiocyanate or mercury cyanate of heading 2852 from any other good of heading 2852 or any other heading, except from subheading 2842.90;</p> <p>(X) A change to mercury chromate or mercury dichromate of heading 2852 from potassium dichromate of subheading 2841.50, any other good of heading 2852 or any other heading, except from any other good of subheading 2841.50;</p> <p>(Y) A change to double or complex salts of mercury of heading 2852 from nonchemically defined aluminosilicates of subheading 2842.10, any other good of heading 2852 or any other heading, except from any other good of subheading 2842.10;</p> <p>(Z) A change to other salts of mercury of heading 2852 from any other good of heading 2852 or any other heading, except from subheading 2842.90;</p>		

CHAPTER 28
TABLE 3.12—Continued

HTS no.	Existing rule	Proposed rule	Probable effect advice
	<p>(AA) A change to precious metal compounds containing mercury of heading 2852 from any other good of heading 2852 or any other heading, except from subheading 2843.90;</p> <p>(BB) A change to ammonium mercuric chloride (ammonium chloromercurate), mercury hydrides, mercury azides or mercury nitride of heading 2852 from any other good of heading 2852 or any other heading, except from subheading 2850.00;</p> <p>(CC) A change to aminomercuric chloride or other inorganic compounds of mercury of heading 2852 from any other chapter, except from chapters 29 through 38;</p> <p>(DD) A change to aminomercuric chloride or other inorganic compounds of mercury of heading 2852 from any other good of heading 2852 or any other heading within chapters 28 through 38, whether or not there is also a change from any other chapter, except from subheading 2853.00, provided there is a regional value content of not less than:</p> <p>(1) 60 percent where the transaction value method is used, or</p> <p>(2) 50 percent where the net cost method is used;</p> <p>(EE) A change to mercury phenate or mercury phenol and its salts of heading 2852 from any other good of heading 2852 or any other heading, except from subheading 2907.11;</p>		

CHAPTER 28
TABLE 3.12—Continued

HTS no.	Existing rule	Proposed rule	Probable effect advice
	<p>(FF) A change to mercuric sodium p-phenolsulfonate or mercury derivatives containing only sulfo groups, their salts and esters of heading 2852 from any other good of heading 2852 or any other heading, except from heading 2907 or subheading 2908.99;</p> <p>(GG) A change to mercuric sodium p-phenolsulfonate or mercury derivatives containing only sulfo groups, their salts and esters of heading 2852 from heading 2907, whether or not there is also a change from any other good of heading 2852 or any other heading, except from subheading 2908.99, provided there is a regional value content of not less than:</p> <p>(1) 60 percent where the transaction value method is used, or</p> <p>(2) 50 percent where the net cost method is used;</p> <p>(HH) A change to hydroxymercuri-o-nitrophenol, sodium salt or 5-methyl-2-nitro-7-oxa-8-mercurabicyclo[4.2.0]octa-1,3,5-triene or halogenated, nitrated or nitrosated derivatives of phenols or phenol-alcohols of mercury of heading 2852 from any other good of heading 2852 or any other heading, except from heading 2907 or subheading 2908.99;</p>		

CHAPTER 28
TABLE 3.12—Continued

HTS no.	Existing rule	Proposed rule	Probable effect advice
	<p>(II) A change to hydroxymercuri-o-nitrophenol, sodium salt or 5-methyl-2-nitro-7-oxa-8-mercurabicyclo[4.2.0]octa-1,3,5-triene or halogenated, nitrated or nitrosated derivatives of phenols or phenol-alcohols of mercury of heading 2852 from heading 2907, whether or not there is also a change from any other good of heading 2852 or any other heading, except from subheading 2908.99, provided there is a regional value content of not less than:</p> <p>(1) 60 percent where the transaction value method is used, or</p> <p>(2) 50 percent where the net cost method is used;</p> <p>(JJ) A change to mercury pentanedione or other acyclic ketones without other oxygen function of heading 2852 from any other good of heading 2852 or any other heading, except from subheading 2914.19;</p> <p>(KK) A change to mercury acetates of heading 2852 from any other good of heading 2852 or any other heading, except from subheading 2915.21 or 2915.29;</p> <p>(LL) A change to mercury acetates of heading 2852 from subheading 2915.21, whether or not there is also a change from any other good of heading 2852 or any other heading, except from subheading 2915.29, provided there is a regional value content of not less than:</p> <p>(1) 60 percent where the transaction value method is used, or</p> <p>(2) 50 percent where the net cost method is used;</p>		

CHAPTER 28
TABLE 3.12—Continued

HTS no.	Existing rule	Proposed rule	Probable effect advice
	<p>(MM) A change to mercury oleate of heading 2852 from any other good of heading 2852 or any other heading, except from subheading 2915.90;</p> <p>(NN) A change to octadecenoic acid mercury salt or oleic, linoleic, or linolenic acids of mercury, their salts or esters of heading 2852 from any other good of heading 2852 or any other heading, except from subheading 2916.15;</p> <p>(OO) A change to mercuric lactate of heading 2852 from any other good of heading 2852 or any other heading, except from subheading 2918.11;</p> <p>(PP) A change to mercuric salicylate of heading 2852 from any other good of heading 2852 or any other heading, except from subheading 2918.21;</p> <p>(QQ) A change to mercuric succinimide, carboximide function compounds of mercury or imine function compounds of mercury of heading 2852 from any other good of heading 2852 or any other heading, except from subheadings 2925.12 through 2925.19;</p> <p>(RR) A change to thioerfonate sodium of heading 2852 from any other good of heading 2852 or any other heading, except from subheading 2930.90;</p> <p>(SS) A change to organo-inorganic-mercury compounds of heading 2852 from any other good of heading 2852 or any other heading, except from heading 2931;</p>		

CHAPTER 28
TABLE 3.12—Continued

HTS no.	Existing rule	Proposed rule	Probable effect advice
	<p>(TT) A change to 2-7-dibromo-4-hydroxymercurifluorescein, disodium salt or other heterocyclic compounds with oxygen hetero-atom(s) of heading 2852 from any other heading, except from heading 2932;</p> <p>(UU) A change to 2-7-dibromo-4-hydroxymercurifluorescein, disodium salt or other heterocyclic compounds with oxygen hetero-atom(s) of heading 2852 from subheadings 2932.11 through 2932.94, whether or not there is also a change from any other heading, provided there is a regional value content of not less than:</p> <p>(1) 60 percent where the transaction value method is used, or</p> <p>(2) 50 percent where the net cost method is used;</p> <p>(VV) A change to nucleic acids and their salts of mercury of heading 2852 from any other good of heading 2852 or any other heading, except from heterocyclic compounds of mercury of heading 2852 or subheadings 2934.91 through 2934.99;</p> <p>(WW) A change to nucleic acids of mercury of heading 2852 from any other good of heading 2852 or other heterocyclic compounds of subheadings 2934.91 through 2934.99;</p> <p>(XX) A change to colloidal mercury of heading 2852 from any other good of heading 2852 or any other heading, except from heading 3003 or subheading 3006.92; or</p>		

CHAPTER 28
TABLE 3.12—Continued

HTS no.	Existing rule	Proposed rule	Probable effect advice
	<p>(YY) A change to colloidal mercury of heading 2852 from heading 3003, whether or not there is also a change from any other good of heading 2852 or any other heading, except from subheading 3006.92, provided there is a regional value content of not less than:</p> <p>(1) 60 percent where the transaction value method is used, or</p> <p>(2) 50 percent where the net cost method is used.</p> <p>41. (A) A change to heading 2853 from any other chapter, except from chapters 29 through 38; or</p> <p>(B) A change to heading 2853 from any other subheading within chapters 28 through 38, whether or not there is also a change from any other chapter, provided there is a regional value content of not less than:</p> <p>(1) 60 percent where the transaction value method is used, or</p> <p>(2) 50 percent where the net cost method is used.</p>		

TABLE 3.12: Modification and effect

Modification: The 2007 WCO changes to the HS created heading 2852 to classify under one heading all organic and inorganic compounds containing mercury, which are hazardous substances covered by the Rotterdam Convention. Mercury compounds that were previously classified under various subheadings of chapters 28, 29, 32, 35, 37, and 38 are now classified under heading 2852. The NAFTA rules of origin were updated to ensure that all prior origin treatment would continue, and as a result, the current rules are a complicated mix of regional value content requirements and tariff change requirements with various excluded chapters, headings, or subheadings. The proposed rule is intended to streamline these complicated and lengthy rules of origin.

For heading 2853, covering miscellaneous inorganic compounds, liquid and compressed air, and certain amalgams, the current rule includes a regional value content requirement when non-originating inputs from chapters 28 through 38 are used, but otherwise allows any chapter-level tariff shift other than from chapters 28 through 38 to confer origin.

The proposed modification is liberalizing because it would allow the production of goods from non-originating inputs classified in any other subheading to confer origin, and it removes all regional value content requirements.

TABLE 3.12: Modification and effect—*continued*

Effect: The proposed modification would likely have a negligible effect on U.S. imports under NAFTA and on total U.S. imports. In 2012, the majority of U.S. imports from Canada and Mexico covered by the rule entered free of duty under either NTR rates or NAFTA preferences, resulting in an effective tariff of less than 0.5 percent ad valorem.

The proposed modification would likely have a negligible effect on U.S. exports under NAFTA and on total U.S. exports. The majority of subheadings covered by the proposed rule are free of duty on an MFN basis for Canada and Mexico. Canada has one tariff item covered by the rule with an MFN rate of duty of 6.5 percent ad valorem, and the remaining tariff items are free of duty on an MFN basis. Mexico has two tariff items covered by the rule that have an MFN rate of duty of 6 percent ad valorem, and the remaining items are free of duty on an MFN basis. For Canadian imports from the United States in 2012, the effective tariff on the covered products was less than 0.5 percent ad valorem.¹ If MFN rates of duty are applied to U.S. exports to Mexico, the estimated effective tariff on all U.S exports to Mexico of goods covered by this rule was also less than 0.5 percent.²

The effect on U.S. production would likely be negligible because the net effect on total U.S. trade is expected to be negligible.

¹ Commission estimate based on Canadian import data from Statistics Canada, International Trade Division.

² Commission estimate based on Mexican import data obtained from Global Trade Atlas.

TABLES FOR HTS CHAPTER 29

TABLE 3.13 Chapter notes

HTS no.	Existing rule	Proposed rule	Probable effect advice
<p>Chapter 29 Organic chemicals</p>	<p>There are no chapter notes.</p>	<p>Note 1: Notes 3 through 4 of this Chapter confer origin to a good of any heading or subheading in this Chapter, except as otherwise specified in those notes.</p> <p>Note 2: Notwithstanding Note 1, a good is an originating good if it meets the applicable change in tariff classification specified in the rules of origin of this Chapter.</p> <p>Note 3: Chemical Reaction A good of this Chapter that results from a chemical reaction in the territory of one or more of the Parties shall be treated as an originating good.</p> <p>For purposes of this section, a "chemical reaction" is a process (including a biochemical process) that results in a molecule with a new structure by breaking intramolecular bonds and by forming new intramolecular bonds, or by altering the spatial arrangement of atoms in a molecule. The following are not considered to be chemical reactions for the purposes of determining whether a good is originating: (a) dissolution in water or in another solvent; (b) the elimination of solvents, including solvent water; or (c) the addition or elimination of water of crystallization.</p>	<p>U.S. trade under NAFTA: Imports: Negligible Exports: Negligible</p> <p>U.S. total trade: Imports: Negligible Exports: Negligible</p> <p>U.S. production: Negligible</p>

CHAPTER 29
TABLE 3.13—Continued

HTS no.	Existing rule	Proposed rule	Probable effect advice
		<p>Note 4: Purification A good of this Chapter that is subject to purification shall be treated as an originating good provided that the purification occurs in the territory of one or more of the Parties and results in the elimination of not less than 80 percent of the impurities.</p> <p>Note 5: Separation Prohibition A good that undergoes a change from one classification to another in the territory of one or more of the Parties as a result of the separation of one or more materials from a man-made mixture shall not be treated as an originating good unless the isolated material underwent a chemical reaction in the territory or one or more of the Parties.</p>	

TABLE 3.13: Modification and effect

Modification: There are currently no chapter notes for chapter 29, so compliance with existing product-specific rules is the only way that products containing non-originating inputs can qualify for NAFTA benefits. The proposed notes would add two methods to confer origin (through a chemical reaction or purification) and would provide that one process (separation alone) cannot confer origin. The proposed modification is liberalizing because it would allow any one of the new process criteria to be used to determine origin as an alternative to the existing rules for the individual subheadings. In the tariff nomenclature, it is possible for several chemical reactions to be accomplished for particular types of compounds without a subheading-level change. The proposed rule would recognize situations where other origin criteria are not met.

For example, the proposed chemical reaction rule would allow origin to be conferred upon *p*-toluidine-*m*-sulfonic acid (tariff item 2921.43.90) made using a qualifying chemical reaction from *p*-toluidine (tariff item 2921.43.40). The current NAFTA rules require a subheading-level change (with a regional value content requirement for certain subheading-level changes), so the derivative, if produced from non-originating *p*-toluidine, would not qualify as originating because they are both classified in subheading 2921.43 and/or, as appropriate, may not meet the regional value content requirement.¹

Effect: The proposed modification would likely have a negligible effect on U.S. imports of these products under NAFTA and on total U.S. imports. About 40 percent of total U.S. imports under chapter 29 from Canada and Mexico entered free of duty under NAFTA in 2012, with the majority of the NAFTA imports (almost 85 percent) entering from Canada. The effective tariff on total U.S. imports from Canada and Mexico for chapter 29 was less than 0.5 percent ad valorem in 2012. Imports from NAFTA partners represent only about 3 percent of total U.S. imports under this chapter.

The proposed modification would likely have a negligible effect on U.S. exports under NAFTA and on total U.S. exports of goods classified in Chapter 29. Canada has an MFN rate of duty of free for most products covered by chapter 29; a few tariff items have MFN rates of duty ranging from 2 percent to 3 percent ad valorem. Canada

¹ Example provided by industry representative, telephone interview by USITC staff, April 23, 2013.

TABLE 3.13: Modification and effect—*Continued*

accounted for roughly one-third of the total value of U.S. exports of the subject products to NAFTA partners in 2012. U.S. exports of these products to Mexico were double the value of those to Canada, reaching almost \$7 billion in 2012. Although most U.S. exports to Mexico entered under tariff items that were MFN free of duty, a number of tariff items have duty rates ranging from 5 percent to 15 percent ad valorem. On an overall basis, however, the effective tariff on all U.S. exports to NAFTA partners of the goods covered by this modification was less than 1 percent ad valorem in 2012.

The effect on U.S. production would likely be negligible because the net effect on total U.S. trade is expected to be negligible.

Although the effect on overall U.S. production would likely be negligible, the proposed modification could have a greater effect on individual firms. One firm supports the proposed modification because it would reduce the administrative burden when performing its NAFTA analysis.² Another firm states that the chemical reaction rule would allow benzoyl peroxide made from non-originating benzoyl chloride to qualify for the NAFTA preferential rate, which would have “serious, negative impacts” on its company and its operations.³ The proposed modification to the product-specific rule for subheading 2916.32 (see table 3.41) would also allow benzoyl peroxide to be made using non-originating benzoyl chloride and qualify for the preferential rate.

² Eastman Chemical Company, written submissions to the USITC, June 4, 2013. See appendix D.

³ Arkema, Inc., provided two written submissions. The first submission on July 22, 2013, asked that the proposed modification to the product-specific rule for subheading 2916.32 (involving benzoyl peroxide and benzoyl chloride) not be adopted or implemented. The second submission on September 20, 2013, stated that the proposed chemical reaction rule for chapter 29 would also allow non-originating benzoyl chloride to be made into originating benzoyl peroxide. They asked that “the proposed changes regarding benzoyl peroxide and benzoyl chloride be phased in over a period of at least five years” to allow them sufficient time “to plan for the new competitive landscape.” Arkema, Inc., written submissions to the USITC, July 22, 2013, and September 20, 2013. See appendix D.

CHAPTER 29

TABLE 3.14 Acyclic hydrocarbons and cyclic hydrocarbons

HTS no.	Existing rule	Proposed rule	Probable effect advice
2901.10– 2902.90	<p>1. A change to subheadings 2901.10 through 2901.29 from any other subheading, including another subheading within that group.</p> <p>2. A change to subheadings 2902.11 through 2902.44 from any other subheading, including another subheading within that group.</p> <p>3. (A) A change to subheading 2902.50 from any other subheading, except from subheading 2902.60; or</p> <p>(B) A change to subheading 2902.50 from subheading 2902.60, whether or not there is also a change from any other subheading, provided there is a regional value content of not less than:</p> <p>(1) 60 percent where the transaction value method is used, or</p> <p>(2) 50 percent where the net cost method is used.</p> <p>4. A change to subheadings 2902.60 through 2902.90 from any other subheading, including another subheading within that group.</p>	A change to subheading 2901.10 through 2902.90 from any other subheading, including another subheading within that group.	<p>U.S. trade under NAFTA: Imports: None Exports: None</p> <p>U.S. total trade: Imports: None Exports: None</p> <p>U.S. production: None</p>

TABLE 3.14: Modification and effect

Modification: The proposed rule covers certain hydrocarbons (compounds containing only carbon and hydrogen, of particular chemical structures), many of which are described in separate international subheadings and either occur in nature or are components of petroleum oils or similar substances. The current NAFTA rule generally allows a compound of one subheading to be turned into a compound of another subheading, or to be made from inputs from other subheadings. Styrene (subheading 2902.50) made from non-originating ethylbenzene (subheading 2902.60) must meet a regional value content requirement. If the final product does not meet the regional value content requirement, the ethylbenzene must be made in North America.

The proposed modification is liberalizing because it removes the product exclusion and the regional value content requirement for styrene made from non-originating ethylbenzene. The proposed modification does not substantively change the rule of origin for acyclic hydrocarbons (heading 2901) and cyclic hydrocarbons other than styrene (subheadings 2902.11 through 2902.44 and 2902.60 through 2902.90).

TABLE 3.14: Modification and effect—*Continued*

Effect: U.S. imports of these goods are already free of duty for all NTR countries; therefore, there would be no effect on U.S. imports under NAFTA or on total U.S. imports. The MFN rate of duty imposed on these goods by Canada and Mexico is also free; therefore, there would be no effect on U.S. exports under NAFTA or total U.S. exports. As a result, U.S. production of these acyclic and cyclic hydrocarbons (headings 2901 and 2902) would not be affected by the proposed rule change.¹

¹ Styrene (subheading 2902.50) is the only product affected by the proposed modification, and it is free of duty on an NTR/MFN basis in all three NAFTA countries.

CHAPTER 29

TABLE 3.15 Certain saturated chlorinated derivatives of acyclic hydrocarbons

HTS no.	Existing rule	Proposed rule	Probable effect advice
2903.11– 2903.15	<p>5. (A) A change to subheadings 2903.11 through 2903.15 from any other subheading, including another subheading within that group, except from headings 2901 through 2902; or</p> <p>(B) A change to subheadings 2903.11 through 2903.15 from headings 2901 through 2902, whether or not there is also a change from any other subheading, including another subheading within subheadings 2903.11 through 2903.15, provided there is a regional value content of not less than:</p> <p>(1) 60 percent where the transaction value method is used, or</p> <p>(2) 50 percent where the net cost method is used.</p>	A change to subheading 2903.11 through 2903.15 from any other subheading, including another subheading within that group.	<p>U.S. trade under NAFTA: Imports: Negligible Exports: None</p> <p>U.S. total trade: Imports: Negligible Exports: None</p> <p>U.S. production: Negligible</p>

TABLE 3.15: Modification and effect

Modification: The proposed rule covers chloromethane (methyl chloride); dichloromethane (methylene chloride); trichloromethane (chloroform); tetrachloromethane (carbon tetrachloride); chloroethane (ethyl chloride); and 1,2-dichloroethane (ethylene dichloride).

The current NAFTA rules allows a good of subheadings 2903.11 through 2903.15 made from non-originating acyclic and cyclic hydrocarbons (headings 2901 and 2902) to receive the preferential rate of duty provided that it meets the regional value content requirement, absent which the inputs of headings 2901 and 2902 must be made in North America. Non-originating inputs classified in other subheadings may also be used.

The proposed modification is liberalizing because it removes the product exclusion and the regional value content requirement for saturated chlorinated derivatives of hydrocarbons of subheadings 2903.11 through 2903.15 that are made using non-originating hydrocarbons of headings 2901 and 2902.

Effect: The proposed modification would likely have a negligible effect on U.S. imports under NAFTA and on total U.S. imports. All U.S. imports of these goods from Canada and Mexico entered free of duty under NAFTA in 2012. The NTR duty rates on goods in subheadings 2903.11 through 2903.15 range from 2.3 to 5.5 percent ad valorem. U.S. imports from Canada or Mexico represented less than 1 percent of total U.S. imports of these goods in 2012.

The MFN rate of duty imposed on these goods by Canada and Mexico is free; therefore, there would be no effect on U.S. exports under NAFTA or on total U.S. exports from the proposed modification.

The effect on U.S. production would likely be negligible because the net effect on total U.S. trade is expected to be negligible.

CHAPTER 29

TABLE 3.16 Certain other saturated chlorinated derivatives of acyclic hydrocarbons

HTS no.	Existing rule	Proposed rule	Probable effect advice
2903.19	<p>5A. (A) A change to 1,2-dichloropropane (propylene dichloride) or dichlorobutanes of subheading 2903.19 from other saturated chlorinated derivatives of acyclic hydrocarbons of subheading 2903.19 or any other subheading, except from heading 2901 through 2902;</p> <p>(B) A change to 1,2-dichloropropane (propylene dichloride) or dichlorobutanes of subheading 2903.19 from heading 2901 through 2902, whether or not there is also a change from other saturated chlorinated derivatives of acyclic hydrocarbons of subheading 2903.19 or any other subheading, provided there is a regional value content of not less than:</p> <p>(1) 60 percent where the transaction value method is used, or</p> <p>(2) 50 percent where the net cost method is used;</p> <p>(C) A change to other saturated chlorinated derivatives of acyclic hydrocarbons of subheading 2903.19 from 1,2-dichloropropane (propylene dichloride) or dichlorobutanes of subheading 2903.19 or from any other subheading, except from headings 2901 through 2902; or</p> <p>(D) A change to other saturated chlorinated derivatives of acyclic hydrocarbons of subheading 2903.19 from headings 2901 through 2902, whether or not there is also a change from 1,2-dichloropropane (propylene dichloride) or dichlorobutanes of subheading 2903.19 or from any other subheading, provided there is a regional value content of not less than:</p>	<p>A change to 1,2-dichloropropane (propylene dichloride) or dichlorobutanes of subheading 2903.19 from other saturated chlorinated derivatives of acyclic hydrocarbons within that subheading or any other subheading;</p> <p>A change to other saturated chlorinated derivatives of acyclic hydrocarbons of subheading 2903.19 from 1,2-dichloropropane (propylene dichloride) or dichlorobutanes within that subheading or any other subheading; or</p> <p>A change to any other good of subheading 2903.19 from any other subheading.</p>	<p>U.S. trade under NAFTA: Imports: Significant increase Exports: None</p> <p>U.S. total trade: Imports: Negligible Exports: None</p> <p>U.S. production: Negligible</p>

CHAPTER 29

TABLE 3.16—Continued

HTS no.	Existing rule	Proposed rule	Probable effect advice
	(1) 60 percent where the transaction value method is used, or (2) 50 percent where the net cost method is used.		

TABLE 3.16: Modification and effect

Modification: The proposed rule covers products such as 1,2-dichloropropane (propylene dichloride); dichlorobutanes; hexachloroethane; tetrachloroethane; *sec*-butyl chloride; and methylchloroform (1,1,1-trichloroethane). The first of these products was reclassified into subheading 2903.19 in 2002, when the WCO deleted subheading 2903.16 from the HS. The NAFTA rules in effect before 2002 were updated in order to maintain previously recognized tariff shifts as conferring origin.

The current NAFTA rule allows 1,2-dichloropropane (propylene dichloride) or dichlorobutanes (subheading 2903.19) made from non-originating acyclic and cyclic hydrocarbons (headings 2901 and 2902) to receive the preferential rate of duty provided that the final product meets the regional value content requirement, as shown in part (B) of the current rule. When the regional value content requirement is not met, the inputs of headings 2901 and 2902 must be made in North America.

The current NAFTA rule also allows other saturated chlorinated derivatives of acyclic hydrocarbons (subheading 2903.19) made from non-originating acyclic and cyclic hydrocarbons (headings 2901 and 2902) to receive the preferential rate of duty provided that the final product meets the regional value content requirement, as shown in part (D) of the current rule. When the regional value content requirement is not met, the inputs of headings 2901 and 2902 must be made in North America.

The proposed modification is liberalizing because it removes the product exclusion and the regional value content requirement for goods of subheading 2903.19 that are made using non-originating acyclic and cyclic hydrocarbons (headings 2901 and 2902).

The third part of the proposed rule would be unnecessary because the first two parts of the proposed rule cover all products of subheading 2903.19.

Effect: The proposed modification would likely result in a significant increase in imports from NAFTA partners, albeit from a small base. The value of U.S. imports from NAFTA partners was less than \$150,000 in 2012. The NTR duty rates on goods in subheading 2903.19 range from free to 5.5 percent ad valorem. The effective tariff on U.S. imports from NAFTA partners was 3.6 percent ad valorem in 2012. The proposed modification would likely have a negligible effect on total U.S. imports. U.S. imports from Canada and Mexico represented less than 1 percent of total U.S. imports of these goods in 2012.

The MFN rate of duty imposed on these goods by Canada and Mexico is free; therefore, there would be no effect on U.S. exports under NAFTA or on total U.S. exports from the proposed modification.

The effect on U.S. production would likely be negligible because the net effect on total U.S. trade is expected to be negligible. In addition, the level of U.S. imports from NAFTA partners is small compared with U.S. production.

CHAPTER 29

TABLE 3.17 Unsaturated chlorinated derivatives of acyclic hydrocarbons and fluorinated, brominated or iodinated derivatives of acyclic hydrocarbons

HTS no.	Existing rule	Proposed rule	Probable effect advice
2903.21– 2903.69	<p>5B. (A) A change to subheadings 2903.21 through 2903.29 from any other subheading, including another subheading within that group, except from headings 2901 through 2902; or</p> <p>(B) A change to subheadings 2903.21 through 2903.29 from headings 2901 through 2902, whether or not there is also a change from any other subheading, including another subheading within subheadings 2903.21 through 2903.29, provided there is a regional value content of not less than:</p> <p>(1) 60 percent where the transaction value method is used, or</p> <p>(2) 50 percent where the net cost method is used.</p> <p>5C. (A) A change to subheadings 2903.31 through 2903.39 from any subheading outside that group, except from headings 2901 through 2902; or</p> <p>(B) A change to subheadings 2903.31 through 2903.39 from headings 2901 through 2902, 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:</p> <p>(1) 60 percent where the transaction value method is used, or</p> <p>(2) 50 percent where the net cost method is used.</p>	<p>A change to subheading 2903.21 through 2903.69 from any other subheading, including another subheading within that group.</p>	<p>U.S. trade under NAFTA: Imports: Negligible Exports: None</p> <p>U.S. total trade: Imports: Negligible Exports: None</p> <p>U.S. production: Negligible</p>

CHAPTER 29
TABLE 3.17—Continued

HTS no.	Existing rule	Proposed rule	Probable effect advice
	<p>6. (A) A change to subheadings 2903.41 through 2903.51 from any other subheading, including another subheading within that group, except from headings 2901 through 2902; or</p> <p>(B) A change to subheadings 2903.41 through 2903.51 from headings 2901 through 2902, whether or not there is also a change from any other subheading, including another subheading within subheadings 2903.41 through 2903.51, provided there is a regional value content of not less than:</p> <p>(1) 60 percent where the transaction value method is used, or</p> <p>(2) 50 percent where the net cost method is used.</p> <p>6A. (A) A change to subheadings 2903.52 through 2903.59 from any subheading outside that group, except from headings 2901 through 2902; or</p> <p>(B) A change to subheadings 2903.52 through 2903.59 from headings 2901 through 2902, 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:</p> <p>(1) 60 percent where the transaction value method is used, or</p> <p>(2) 50 percent where the net cost method is used.</p> <p>6B. (A) A change to subheadings 2903.61 through 2903.69 from any other subheading, including another subheading within that group, except from headings 2901 through 2902; or</p>		

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TABLE 3.17—Continued

HTS no.	Existing rule	Proposed rule	Probable effect advice
	<p>(B) A change to subheadings 2903.61 through 2903.69 from headings 2901 through 2902, whether or not there is also a change from any other subheading, including another subheading within subheadings 2903.61 through 2903.69, provided there is a regional value content of not less than:</p> <p>(1) 60 percent where the transaction value method is used, or</p> <p>(2) 50 percent where the net cost method is used.</p>		

TABLE 3.17: Modification and effect

Modification: The compounds of these subheadings have been affected by two rounds of changes to the HS by the WCO. The first changes, the 2007 deletion of subheading 2903.52 and transfer of its products to subheading 2903.59, had no substantive effect on the NAFTA rules of origin. The second changes, effective in 2012, resulted in the deletion of subheadings 2903.41 through 2903.69 and the creation of new subheadings 2903.71 through 2903.99. The new subheadings' aggregate product coverage appears to be identical to that of the prior subheadings, and no goods appear to have been reclassified into or out of the affected provisions by the WCO. None of the NAFTA rules in general note 12 have been updated to reflect the 2012 HS modifications. For purposes of this table, the proposed rule is being reviewed as if it had been updated to reflect the 2012 HS modifications so that the phrase "subheading 2903.21 through 2903.69" is being read as "subheading 2903.21 through 2903.99." In that way, the implications of the rule modification for the covered products would be fully considered, without regard to the change in numbering for the subheadings concerned.

The proposed rule covers chemicals such as vinyl chloride (an input for polyvinyl chloride (PVC) plastics), trichloroethylene, tetrachloroethylene (dry cleaning agent), ethylene dibromide, vinyl bromide, methyl bromide, and fluorinated hydrocarbons including 1,1,1,2-tetrafluoroethane (HFC-134a, a refrigerant).

The current rule allows unsaturated chlorinated derivatives of acyclic hydrocarbons (subheadings 2903.21 through 2903.29) made from non-originating acyclic and cyclic hydrocarbons (headings 2901 and 2902) to receive the preferential rate of duty provided that the final product meets the regional value content requirement, as shown in part 5B.(B) of the current rule. When the regional value content requirement is not met, the inputs of headings 2901 and 2902 must be made in North America.

The current rule also allows fluorinated, brominated or iodinated derivatives of acyclic hydrocarbons (subheadings 2903.31 through 2903.39) made from non-originating acyclic and cyclic hydrocarbons (headings 2901 and 2902) to receive the preferential rate of duty provided that the final product meets the regional value content requirement, as shown in part 5C.(B) of the current rule. When the regional value content requirement is not met, the inputs of headings 2901 and 2902 must be made in North America.

The current rule allows halogenated derivatives of either acyclic hydrocarbons or 1,2,3,4,5,6-hexachlorocyclohexane (subheadings 2903.41 (2903.71) through 2903.51 (2903.81)) made from non-originating acyclic and cyclic hydrocarbons (headings 2901 and 2902) to receive the preferential rate of duty provided that the final product meets the regional value content requirement, as shown in part 6.(B) of the current rule. When the regional value content requirement is not met, the inputs of headings 2901 and 2902 must be made in North America.

TABLE 3.17: Modification and effect—*Continued*

The current rule allows halogenated derivatives of cyclanic, cyclenic or cycloterpenic hydrocarbons (subheadings 2903.52 (2903.82) through 2903.59 (2903.89)) made from non-originating acyclic and cyclic hydrocarbons (headings 2901 and 2902) to receive the preferential rate of duty provided that the final product meets the regional value content requirement, as shown in part 6A.(B) of the current rule. When the regional value content requirement is not met, the inputs of headings 2901 and 2902 must be made in North America.

The current rule allows halogenated derivatives of aromatic hydrocarbons (subheadings 2903.61 (2903.91) through 2903.69 (2903.99)) made from non-originating acyclic and cyclic hydrocarbons (headings 2901 and 2902) to receive the preferential rate of duty provided that the final product meets the regional value content requirement, as shown in part 6B.(B) of the current rule. When the regional value content requirement is not met, the inputs of headings 2901 and 2902 must be made in North America.

The proposed modification is liberalizing because it would remove the product exclusion and the regional value content requirement for goods of subheadings 2903.21 through 2903.69 (2903.99) that are made using non-originating acyclic and cyclic hydrocarbons (headings 2901 and 2902).

Effect: The proposed modification would likely have a negligible effect on U.S. imports under NAFTA and on total U.S. imports. In 2012, 80 percent of U.S. imports from Canada and Mexico qualified for the NAFTA preferential rates of duty. The effective tariff on U.S. imports from NAFTA partners was 0.8 percent ad valorem in 2012. The NTR rates of duty on goods in subheadings 2903.21 through 2903.99 range from free to 5.5 percent ad valorem. The proposed modification would likely have a negligible effect on total U.S. imports because imports from NAFTA, Canada and Mexico accounted for 8 percent of total U.S. imports in 2012.

The MFN rate of duty imposed on these goods by Canada and Mexico is free; therefore, there would be no effect on U.S. exports under NAFTA or total U.S. exports from the proposed modification.

The effect on U.S. production would likely be negligible because the net effect on total U.S. trade is expected to be negligible.

CHAPTER 29

TABLE 3.18 Sulfonated, nitrated or nitrosated derivatives of hydrocarbons

HTS no.	Existing rule	Proposed rule	Probable effect advice
2904.10– 2904.90	<p>7. (A) A change to subheadings 2904.10 through 2904.90 from any other subheading, including another subheading within that group, except from headings 2901 through 2903; or</p> <p>(B) A change to subheadings 2904.10 through 2904.90 from headings 2901 through 2903, whether or not there is also a change from any other subheading, including another subheading within subheadings 2904.10 through 2904.90, provided there is a regional value content of not less than:</p> <p>(1) 60 percent where the transaction value method is used, or</p> <p>(2) 50 percent where the net cost method is used.</p>	A change to subheading 2904.10 through 2904.90 from any other subheading, including another subheading within that group.	<p>U.S. trade under NAFTA: Imports: Negligible Exports: Negligible</p> <p>U.S. total trade: Imports: Negligible Exports: Negligible</p> <p>U.S. production: Negligible</p>

TABLE 3.18: Modification and effect

Modification: The proposed rule covers all products of heading 2904, which are chemical intermediates such as trinitrotoluene, o-nitrochlorobenzene, p-nitrochlorobenzene, and benzenesulfonyl chloride. These goods are used as inputs for a variety of products, including explosives, rubber products, liquid crystals, or dyes.

The current rule allows a good of subheadings 2904.10 through 2904.90 made from non-originating acyclic hydrocarbons, cyclic hydrocarbons, or halogenated derivatives of hydrocarbons (headings 2901, 2902, or 2903) to receive the preferential rate of duty provided that the final product meets the regional value content requirement, as shown in part (B) of the current rule. When the regional value content requirement is not met, the inputs from headings 2901 through 2903 must be made in North America. The existing rules also allow the use of non-originating inputs or materials from other subheadings, including those within heading 2904, but not headings 2901 through 2903 (unless the regional value content requirement is met, as noted above).

The proposed modification is liberalizing because it removes the product exclusion and the regional value content requirement for goods of subheading 2904.10 through 2904.90 that are made using non-originating acyclic hydrocarbons, cyclic hydrocarbons, or halogenated derivatives of hydrocarbons (headings 2901, 2902, or 2903).

Effect: The proposed modification would likely have a negligible effect on U.S. imports under NAFTA and on total U.S. imports. Most U.S. imports of the subject products from Canada and Mexico currently enter free of duty under NAFTA. The effective tariff on U.S. imports of all products covered by the rule was less than 0.5 percent ad valorem in 2012. The NTR duty rates for most of the goods in heading 2904 are 5.5 percent ad valorem, except for tariff item 2904.20.20, which is NTR free, and 2904.10.50, which has an NTR rate of duty of 4.2 percent ad valorem. U.S. imports from Canada or Mexico represented only 4 percent of total U.S. imports of these goods in 2012.

TABLE 3.18: Modification and effect—*Continued*

The proposed modification would likely have a negligible effect on U.S. exports under NAFTA and on total U.S. exports. The rate of duty imposed on these goods by Canada is free on an MFN basis. Most of the goods are also MFN free in Mexico; the one exception has a rate of 6 percent ad valorem. Less than 1 percent of U.S. exports to NAFTA partners were subject to a non-zero rate of duty. U.S. exports to NAFTA partners represented 21 percent of U.S. exports of these goods in 2012.

The effect on U.S. production would likely be negligible because the net effect on total U.S. trade is expected to be negligible.

CHAPTER 29

TABLE 3.19 Certain saturated monohydric alcohols

HTS no.	Existing rule	Proposed rule	Probable effect advice
2905.11– 2905.17	8. A change to subheadings 2905.11 through 2905.17 from any other subheading, including another subheading within that group.	A change to subheading 2905.11 through 2905.17 from any other subheading, including another subheading within that group.	U.S. trade under NAFTA: Imports: None Exports: None U.S. total trade: Imports: None Exports: None U.S. production: None

TABLE 3.19: Modification and effect

Modification: The proposed rule covers methanol; isomers of propyl, butyl, and octyl alcohols; lauryl alcohol; cetyl alcohol; and stearyl alcohol.

The proposed modification would make no substantive change to the current NAFTA rule of origin.

Effect: The proposed modification would have no effect on U.S. trade under NAFTA, on total U.S. trade, or on U.S. production because the proposed rule is substantively the same as the current NAFTA rule.

CHAPTER 29

TABLE 3.20 Pentanol and other saturated monohydric alcohols

HTS no.	Existing rule	Proposed rule	Probable effect advice
2905.19	<p>8A. (A) A change to pentanol (amyl alcohol) or isomers thereof of subheading 2905.19 from any other good of subheading 2905.19 or any other subheading; or</p> <p>(B) A change to any other good of subheading 2905.19 from pentanol (amyl alcohol) or isomers thereof of subheading 2905.19 or any other subheading.</p>	<p>A change to pentanol (amyl alcohol) or isomers thereof of subheading 2905.19 from any other good within that subheading or any other subheading; or</p> <p>A change to any other good of subheading 2905.19 from pentanol (amyl alcohol) or isomers thereof within that subheading or any other subheading.</p>	<p>U.S. trade under NAFTA: Imports: None Exports: None</p> <p>U.S. total trade: Imports: None Exports: None</p> <p>U.S. production: None</p>

TABLE 3.20: Modification and effect

Modification: The proposed rule would make no substantive change to the current NAFTA rule of origin.

Effect: The proposed modification would have no effect on U.S. trade under NAFTA, on total U.S. trade, or on U.S. production because the proposed rule is substantively the same as the current NAFTA rule.

CHAPTER 29

TABLE 3.21 Unsaturated monohydric alcohols; diols; and other polyhydric alcohols

HTS no.	Existing rule	Proposed rule	Probable effect advice
2905.22– 2905.59	8B. A change to subheadings 2905.22 through 2905.49 from any other subheading, including another subheading within that group. [TCRs 9 and 10 deleted.] 11. A change to subheadings 2905.51 through 2905.59 from any other subheading outside that group.	A change to subheading 2905.22 through 2905.59 from any other subheading, including another subheading within that group.	U.S. trade under NAFTA: Imports: Negligible Exports: None U.S. total trade: Imports: Negligible Exports: None U.S. production: Negligible

TABLE 3.21: Modification and effect

Modification: The proposed rule covers products with a broad range of applications, such as sweeteners (mannitol, sorbitol, and xylitol); antifreeze ingredients (ethylene glycol, propylene glycol, and glycerol); sedatives (ethchlorvynol); and flame retardants (dibromoneopentylglycol).

The proposed rule would make no substantive change to the current NAFTA rule of origin for subheadings 2905.22 through 2905.49.

Under the current NAFTA rule, halogenated, sulfonated, nitrated, or nitrosated derivatives of acyclic alcohols (subheadings 2905.51 through 2905.59), such as ethchlorvynol and dibromoneopentylglycol, that are made from non-originating goods classified within those subheadings cannot receive the preferential rate of duty.

The proposed modification is liberalizing because it removes the product exclusion for halogenated, sulfonated, nitrated or nitrosated derivatives of acyclic alcohols (subheadings 2905.51 through 2905.59) made from non-originating goods within that group and allows any subheading-level tariff change to confer origin.

Effect: The proposed modification would likely have a negligible effect on U.S. imports under NAFTA and on total U.S. imports. As noted above, the proposed modification would only substantively change the rules for subheadings 2905.51 through 2905.59. There were no dutiable U.S. imports from NAFTA partners for those subheadings in 2012. The dominant U.S. import covered by the proposed rule is ethylene glycol (subheading 2905.31), which represented 99 percent of U.S. imports from NAFTA partners and 72 percent of total U.S. imports in 2012. The proposed modification does not substantively change the rule of origin for ethylene glycol.

The proposed modification would have no effect on U.S. exports to NAFTA and on total U.S. exports because the only subheadings substantively changed by the proposed modification (2905.51 through 2905.59) are free of duty on an MFN basis in Canada and Mexico.

The effect on U.S. production is likely to be negligible because the net effect on total U.S. trade is expected to be negligible.

CHAPTER 29

TABLE 3.22 Menthol; cyclohexanol, methylcyclohexanols, and dimethylcyclohexanols; and sterols and inositols

HTS no.	Existing rule	Proposed rule	Probable effect advice
2906.11– 2906.13	12. A change to subheadings 2906.11 through 2906.13 from any other subheading, including another subheading within that group.	A change to subheading 2906.11 through 2906.13 from any other subheading, including another subheading within that group.	U.S. trade under NAFTA: Imports: None Exports: None U.S. total trade: Imports: None Exports: None U.S. production: None

TABLE 3.22: Modification and effect

Modification: The proposed rule would make no substantive change to the current NAFTA rule of origin.

Effect: The proposed modification would have no effect on U.S. trade under NAFTA, on total U.S. trade, or on U.S. production because the proposed rule is substantively the same as the current NAFTA rule.

CHAPTER 29

TABLE 3.23 Terpineols and other cyclanic, cyclenic, or cycloterpenic alcohols

HTS no.	Existing rule	Proposed rule	Probable effect advice
2906.19	<p>12A. (A) A change to terpineols of subheading 2906.19 from any other good of subheading 2906.19 or any other subheading; or</p> <p>(B) A change to any other good of subheading 2906.19 from terpineols of subheading 2906.19 or any other subheading.</p>	<p>A change to terpineols of subheading 2906.19 from any other good within that subheading or any other subheading; or</p> <p>A change to any other good of subheading 2906.19 from terpineols within that subheading or any other subheading.</p>	<p>U.S. trade under NAFTA: Imports: None Exports: None</p> <p>U.S. total trade: Imports: None Exports: None</p> <p>U.S. production: None</p>

TABLE 3.23: Modification and effect

Modification: The proposed rule would make no substantive change to the current NAFTA rule of origin.

Effect: The proposed modification would have no effect on U.S. trade under NAFTA, on total U.S. trade, or on U.S. production because the proposed rule is substantively the same as the current NAFTA rule.

CHAPTER 29**TABLE 3.24** Benzyl alcohol and other aromatic alcohols and their halogenated, sulfonated, nitrated or nitrosated derivatives

HTS no.	Existing rule	Proposed rule	Probable effect advice
2906.21– 2906.29	12B. A change to subheadings 2906.21 through 2906.29 from any other subheading, including another subheading within that group.	A change to subheading 2906.21 through 2906.29 from any other subheading, including another subheading within that group.	U.S. trade under NAFTA: Imports: None Exports: None U.S. total trade: Imports: None Exports: None U.S. production: None

TABLE 3.24: Modification and effect

Modification: The proposed rule would make no substantive change to the current NAFTA rule of origin.

Effect: The proposed modification would have no effect on U.S. trade under NAFTA, on total U.S. trade, or on U.S. production because the proposed rule is substantively the same as the current NAFTA rule.

CHAPTER 29

TABLE 3.25 Certain monophenols, including phenol (hydroxybenzene) and its salts; cresols and their salts; octylphenol and nonylphenol and their isomers, and salts thereof; and naphthols and their salts

HTS no.	Existing rule	Proposed rule	Probable effect advice
2907.11– 2907.15	12C. A change to subheadings 2907.11 through 2907.15 from any other subheading, including another subheading within that group.	A change to subheading 2907.11 through 2907.15 from any other subheading, including another subheading within that group.	U.S. trade under NAFTA: Imports: None Exports: None U.S. total trade: Imports: None Exports: None U.S. production: None

TABLE 3.25: Modification and effect

Modification: The proposed rule would make no substantive change to the current NAFTA rule of origin.

Effect: The proposed modification would have no effect on U.S. trade under NAFTA, on total U.S. trade, or on U.S. production because the proposed rule is substantively the same as the current NAFTA rule.

CHAPTER 29

TABLE 3.26 Certain monophenols including xylenols and their salts

HTS no.	Existing rule	Proposed rule	Probable effect advice
2907.19	<p>12D. (A) A change to xylenols or their salts of subheading 2907.19 from any other good of subheading 2907.19 or any other subheading; or</p> <p>(B) A change to any other good of subheading 2907.19 from xylenols or their salts of subheading 2907.19 or any other subheading.</p>	<p>A change to xylenols or their salts of subheading 2907.19 from any other good within that subheading or any other subheading; or</p> <p>A change to any other good of subheading 2907.19 from xylenols or their salts within that subheading or any other subheading.</p>	<p>U.S. trade under NAFTA: Imports: None Exports: None</p> <p>U.S. total trade: Imports: None Exports: None</p> <p>U.S. production: None</p>

TABLE 3.26: Modification and effect

Modification: The proposed rule would make no substantive change to the current NAFTA rule of origin.

Effect: The proposed modification would have no effect on U.S. trade under NAFTA, on total U.S. trade, or on U.S. production because the proposed rule is substantively the same as the current NAFTA rule.

CHAPTER 29

TABLE 3.27 Resorcinol and its salts; hydroquinone (quinol) and its salts; and 4,4'-isopropylidenediphenol (bisphenol a, diphenylolpropane) and its salts

HTS no.	Existing rule	Proposed rule	Probable effect advice
2907.21– 2907.23	12E. A change to subheadings 2907.21 through 2907.23 from any other subheading, including another subheading within that group.	A change to subheading 2907.21 through 2907.23 from any other subheading, including another subheading within that group.	U.S. trade under NAFTA: Imports: None Exports: None U.S. total trade: Imports: None Exports: None U.S. production: None

TABLE 3.27: Modification and effect

Modification: The proposed rule would make no substantive change to the current NAFTA rule of origin.

Effect: The proposed modification would have no effect on U.S. trade under NAFTA, on total U.S. trade, or on U.S. production because the proposed rule is substantively the same as the current NAFTA rule.

CHAPTER 29

TABLE 3.28 Polyphenols and phenol-alcohols except for resorcinol, hydroquinone, and 4,4'-isopropylidenediphenol

HTS no.	Existing rule	Proposed rule	Probable effect advice
2907.29	<p>12F. (A) A change to phenol-alcohols of subheading 2907.29 from polyphenols of subheading 2907.29 or from any other subheading; or</p> <p>12F. (B) A change to polyphenols of subheading 2907.29 from phenol-alcohols of subheading 2907.29 or from any other subheading.</p>	<p>A change to phenol-alcohols of subheading 2907.29 from polyphenols within that subheading or any other subheading;</p> <p>A change to polyphenols of subheading 2907.29 from phenol-alcohols within that subheading or any other subheading; or</p> <p>A change to any other good of subheading 2907.29 from phenol-alcohols or polyphenols within that subheading or any other subheading.</p>	<p>U.S. trade under NAFTA: Imports: None Exports: None</p> <p>U.S. total trade: Imports: None Exports: None</p> <p>U.S. production: None</p>

TABLE 3.28: Modification and effect

Modification: The proposed rule covers two groups of chemicals, polyphenols and phenol-alcohols, except those covered by subheadings 2907.21 through 2907.23. The current NAFTA rule allows polyphenols of this subheading made from non-originating phenol-alcohols, also of this subheading, or from inputs classified in any other subheading, to receive the preferential rate of duty. Polyphenols can also be made from phenol-alcohols of subheading 2907.29 or from inputs classified in other subheadings. The proposed modification would keep the current rules unchanged for transformations between these two groups of chemicals but also add a third rule that would confer origin on any other good of this subheading made from non-originating phenol-alcohols or polyphenols or from inputs classified in other subheadings as well. However, because all goods provided for in subheading 2907.29 are either polyphenols or phenol-alcohols, the third rule would appear not to make any substantive change to the existing rule.

Effect: The proposed modification would have no effect on U.S. trade under NAFTA, on total U.S. trade, or on U.S. production because the proposed rule is substantively the same as the current NAFTA rule.

CHAPTER 29

TABLE 3.29 Derivatives of phenols or phenol-alcohols and certain oxygen-containing compounds

HTS no.	Existing rule	Proposed rule	Probable effect advice
2908.11– 2911.00	<p>13. (A) A change to subheadings 2908.11 through 2908.19 from any other heading, except from heading 2907; or</p> <p>(B) A change to subheadings 2908.11 through 2908.19 from heading 2907 or any subheading outside that group within heading 2908, whether or not there is also a change from any other heading, provided there is a regional value content of not less than:</p> <p>(1) 60 percent where the transaction value method is used, or</p> <p>(2) 50 percent where the net cost method is used.</p> <p>13A. (A) A change to subheading 2908.91 from any other heading, except from heading 2907; or</p> <p>(B) A change to subheading 2908.91 from derivatives of phenols or phenol-alcohols containing only sulfo groups, their salts or esters of subheading 2908.99, subheadings 2908.11 through 2908.19 or heading 2907, whether or not there is also a change from any other heading, provided there is a regional value content of not less than:</p> <p>(1) 60 percent where the transaction value method is used, or</p> <p>(2) 50 percent where the net cost method is used.</p> <p>13B. (A) A change to subheading 2908.99 from any other heading, except from heading 2907;</p>	<p>A change to subheading 2908.11 through 2911.00 from any other subheading, including another subheading within that group.</p>	<p>U.S. trade under NAFTA: Imports: Negligible Exports: Negligible</p> <p>U.S. total trade: Imports: Negligible Exports: Negligible</p> <p>U.S. production: Negligible</p>

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TABLE 3.29—Continued

HTS no.	Existing rule	Proposed rule	Probable effect advice
	<p>(B) A change to derivatives of phenols or phenol-alcohols containing only sulfo groups, their salts or esters of subheading 2908.99, subheadings 2908.11 through 2908.91 or heading 2907, whether or not there is also a change from any other heading, provided there is a regional value content of not less than:</p> <p>(1) 60 percent where the transaction value methods is used, or</p> <p>(2) 50 percent where the net cost methods is used is used; or</p> <p>(C) A change to any other good of subheading 2908.99 from derivatives of phenols or phenol-alcohols containing only sulfo groups, their salts or esters of subheading 2908.99, subheadings 2908.11 through 2908.91 or heading 2907, whether or not there is also a change from any other heading, provided there is a regional value content of not less than:</p> <p>(1) 60 percent where the transaction value method is used, or</p> <p>(2) 50 percent where the net cost method is used.</p> <p>14. (A) A change to subheadings 2909.11 through 2909.20 from any other heading; or</p> <p>(B) A change to subheadings 2909.11 through 2909.20 from any other subheading within heading 2909, 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:</p>		

CHAPTER 29
TABLE 3.29—Continued

HTS no.	Existing rule	Proposed rule	Probable effect advice
	<p>(1) 60 percent where the transaction value method is used, or</p> <p>(2) 50 percent where the net cost method is used.</p> <p>15. A change to subheading 2909.30 from any other subheading.</p> <p>16. (A) A change to subheadings 2909.41 through 2909.43 from any other heading; or</p> <p>(B) A change to subheadings 2909.41 through 2909.43 from any other subheading within heading 2909, 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:</p> <p>(1) 60 percent where the transaction value method is used, or</p> <p>(2) 50 percent where the net cost method is used.</p> <p>16A. (A) A change to monomethyl ethers of ethylene glycol or of diethylene glycol of subheading 2909.44 from any other heading;</p> <p>(B) A change to monomethyl ethers of ethylene glycol or of diethylene glycol of subheading 2909.44 from any other good of subheading 2909.44 or any other subheading within heading 2909, whether or not there is also a change from any other heading, provided there is a regional value content of not less than:</p> <p>(1) 60 percent where the transaction value method is used, or</p>		

CHAPTER 29
TABLE 3.29—Continued

HTS no.	Existing rule	Proposed rule	Probable effect advice
	<p>(2) 50 percent where the net cost method is used;</p> <p>(C) A change to any other good of subheading 2909.44 from any other heading; or</p> <p>(D) A change to any other good of subheading 2909.44 from monomethyl ethers of ethylene glycol or of diethylene glycol of subheading 2909.44 or any other subheading within heading 2909, whether or not there is also a change from any other heading, provided there is a regional value content of not less than:</p> <p>(1) 60 percent where the transaction value method is used, or</p> <p>(2) 50 percent where the net cost method is used.</p> <p>16B. (A) A change to subheadings 2909.49 through 2909.60 from any other heading; or</p> <p>(B) A change to subheadings 2909.49 through 2909.60 from any other subheading within heading 2909, 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:</p> <p>(1) 60 percent where the transaction value method is used, or</p> <p>(2) 50 percent where the net cost method is used.</p> <p>17. A change to subheadings 2910.10 through 2910.30 from any other subheading, including another subheading within that group.</p>		

CHAPTER 29

TABLE 3.29—Continued

HTS no.	Existing rule	Proposed rule	Probable effect advice
	17A. A change to subheadings 2910.40 through 2910.90 from any subheading outside that group. 17B. A change to heading 2911 from any other heading.		

TABLE 3.29: Modification and effect

Modification: The proposed rule covers derivatives of phenols or phenol-alcohols, ethers, epoxides, and acetals. Halogenated, sulfonated, nitrated, or nitrosated derivatives of phenols or phenol-alcohols are typically made from phenols and phenol-alcohols classified in heading 2907. The current NAFTA rule allows the halogenated, sulfonated, nitrated, or nitrosated derivatives (heading 2908) made from non-originating phenols and phenol-alcohols (heading 2907) to receive the preferential rate of duty provided that they meet the regional value content requirement. If the final product does not meet the regional value content requirement, the phenols and phenol-alcohols must be made in North America. Non-originating inputs classified in headings other than 2907 can also be used to make goods of heading 2908.

Similar regional value content requirements apply to many subheadings of heading 2909, limiting the use of inputs classified within heading 2909, which covers ethers, ether-alcohols, ether-phenols, ether-alcohol-phenols, alcohol peroxides, ether peroxides, ketone peroxides, and their derivatives. Other goods of headings 2909 through 2911 are covered by heading- or subheading-level tariff shifts.

The proposed rule is liberalizing because it removes the regional value content requirements, and it would allow any subheading change to confer origin. These changes would allow a firm making a good of a particular subheading to use non-originating inputs classified in any other subheadings and receive the preferential rate of duty.

Effect: The proposed modification would likely have a negligible effect on U.S. imports under NAFTA and on total U.S. imports. Although NTR rates of duty specific to the HTS subheadings covered by this rule range from free to 5.5 percent ad valorem, in 2012, the effective tariff was less than 0.5 percent ad valorem; almost 100 percent of U.S. imports from NAFTA partners entered the United States free of duty. The value of U.S. imports from Canada and Mexico accounted for about 20 percent of total U.S. imports of these products.

The proposed modification would likely have a negligible effect on U.S. exports under NAFTA and on total U.S. exports. The Canadian MFN rate of duty on these goods is free. Although Mexican MFN rates of duty range from 0–7 percent, about 98 percent of U.S. exports to Mexico of these goods entered under 8-digit tariff items that are MFN free of duty.¹ U.S. exports of these products to Mexico accounted for about 95 percent of total U.S. exports to NAFTA partners.

The effect on U.S. production would likely be negligible because the net effect on total U.S. trade is expected to be negligible.

¹ Commission estimate based on Mexican import data obtained from Global Trade Atlas.

CHAPTER 29

TABLE 3.30 Methanal (formaldehyde) and ethanal (acetaldehyde)

HTS no.	Existing rule	Proposed rule	Probable effect advice
2912.11– 2912.12	<p>18. A change to subheading 2912.11 from any other subheading.</p> <p>19. (A) A change to subheading 2912.12 from any other subheading, except from subheading 2901.21; or</p> <p>(B) A change to subheading 2912.12 from subheading 2901.21, whether or not there is also a change from any other subheading, provided there is a regional value content of not less than:</p> <p>(1) 60 percent where the transaction value method is used, or</p> <p>(2) 50 percent where the net cost method is used.</p>	A change to subheading 2912.11 through 2912.12 from any other subheading, including another subheading within that group.	<p>U.S. trade under NAFTA: Imports: Negligible Exports: None</p> <p>U.S. total trade: Imports: Negligible Exports: None</p> <p>U.S. production: Negligible</p>

TABLE 3.30: Modification and effect

Modification: The proposed modification does not substantively change the rule of origin for methanal (HTS 2912.11).

Ethanal, also known as acetaldehyde, is often made using ethylene as an input. The current NAFTA rule allows ethanal (HTS 2912.12) made from non-originating ethylene (HTS 2901.21) to receive the preferential rate of duty provided that it meets the regional value content requirement. If the final product does not meet the regional value content requirement, the ethylene must be made in North America. The proposed rule is liberalizing because it removes the regional value content requirement.

Effect: The proposed modification would likely have a negligible effect on U.S. imports under NAFTA and on total U.S. imports of these products. The proposed modification would only substantively change the rule of origin for subheading 2912.12. There were no U.S. imports from NAFTA partners for this subheading in 2012. The NTR rate of duty for subheading 2912.12 is 5.5 percent ad valorem.

The proposed modification would likely have no effect on U.S. exports under NAFTA and on total U.S. exports. The proposed modification would only substantively change the rule of origin for subheading 2912.12, which has an MFN rate of duty of free in both Canada and Mexico.

The effect on U.S. production will likely be negligible because the net effect on total U.S. trade is expected to be negligible.

CHAPTER 29

TABLE 3.31 Acyclic aldehydes without other oxygen function, except for methanal (formaldehyde) or ethanal (acetaldehyde)

HTS no.	Existing rule	Proposed rule	Probable effect advice
2912.19	<p>20. (A) A change to butanal (butyraldehyde, normal isomer) of subheading 2912.19 from any other good of subheading 2912.19 or any other subheading; or</p> <p>(B) A change to any other good of subheading 2912.19 from butanal (butyraldehyde, normal isomer) of subheading 2912.19 or any other subheading.</p>	<p>A change to butanal (butyraldehyde, normal isomer) of subheading 2912.19 from any other good within that subheading or any other subheading; or</p> <p>A change to any other good of subheading 2912.19 from butanal (butyraldehyde, normal isomer) within that subheading or any other subheading.</p>	<p>U.S. trade under NAFTA: Imports: None Exports: None</p> <p>U.S. total trade: Imports: None Exports: None</p> <p>U.S. production: None</p>

TABLE 3.31: Modification and effect

Modification: The proposed rule would make no substantive changes to the current NAFTA rule of origin.

Effect: The proposed modification would have no effect on U.S. trade under NAFTA, on total U.S. trade, or on U.S. production because the proposed rule is substantively the same as the current NAFTA rule.

CHAPTER 29

TABLE 3.32 Cyclic aldehydes without other oxygen function; aldehyde alcohols, aldehyde-ethers, aldehyde-phenols and aldehydes with other oxygen function; cyclic polymers of aldehydes; and paraformaldehyde

HTS no.	Existing rule	Proposed rule	Probable effect advice
2912.21–2912.60	<p>20A. A change to subheadings 2912.21 through 2912.50 from any other subheading, including another subheading within that group.</p> <p>21. (A) A change to subheading 2912.60 from any other subheading, except from subheading 2912.11; or</p> <p>(B) A change to subheading 2912.60 from subheading 2912.11, whether or not there is also a change from any other subheading, provided there is a regional value content of not less than:</p> <p>(1) 60 percent where the transaction value method is used, or</p> <p>(2) 50 percent where the net cost method is used.</p>	A change to subheading 2912.21 through 2912.60 from any other subheading, including another subheading within that group.	<p>U.S. trade under NAFTA: Imports: Negligible Exports: None</p> <p>U.S. total trade: Imports: Negligible Exports: None</p> <p>U.S. production: Negligible</p>

TABLE 3.32: Modification and effect

Modification: The proposed modification does not substantively change the rule of origin for goods of subheadings 2912.21 through 2912.50.

Paraformaldehyde is a solid product made by polymerizing methanal (formaldehyde). The current NAFTA rule allows paraformaldehyde (HTS 2912.60) made from non-originating methanal (HTS 2912.11) to receive the preferential rate of duty provided that the paraformaldehyde meets the regional value content requirement. If the final product does not meet the regional value content requirement, the methanal must be made in North America. The proposed rule is liberalizing because it removes the regional value content requirement.

Effect: The proposed modification would likely have a negligible effect on U.S. imports under NAFTA and on total U.S. imports. The proposed modification would only substantively change the rule of origin for subheading 2912.60. There were no U.S. imports from NAFTA partners for this subheading in 2012. The NTR rate of duty for subheading 2912.60 is 5.1 percent ad valorem.

The proposed modification would have no effect on U.S. exports to NAFTA partners and on total U.S. exports of these products because the covered products are free of duty on an MFN basis in Canada and Mexico.

The effect on U.S. production would likely be negligible because the net effect on total U.S. trade is expected to be negligible.

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TABLE 3.33 Derivatives of products of heading 2912, ketone-function compounds, and quinone-function compounds

HTS no.	Existing rule	Proposed rule	Probable effect advice
2913.00–2914.70	<p>22. (A) A change to heading 2913 from any other heading, except from heading 2912; or</p> <p>(B) A change to heading 2913 from heading 2912, whether or not there is also a change from any other heading, provided there is a regional value content of not less than:</p> <p>(1) 60 percent where the transaction value method is used, or</p> <p>(2) 50 percent where the net cost method is used.</p> <p>23. A change to subheadings 2914.11 through 2914.70 from any other subheading, including another subheading within that group.</p>	A change to subheading 2913.00 through 2914.70 from any other subheading, including another subheading within that group.	<p>U.S. trade under NAFTA: Imports: Negligible Exports: None</p> <p>U.S. total trade: Imports: Negligible Exports: None</p> <p>U.S. production: Negligible</p>

TABLE 3.33: Modification and effect

Modification: The current NAFTA rule allows halogenated, sulfonated, nitrated, or nitrosated derivatives of heading 2913 made from non-originating aldehyde-function compounds of heading 2912 to receive the preferential rate of duty provided the final product meets the regional value content requirement. If the final product does not meet the regional value content requirement, the inputs of heading 2912 must be made in North America. The proposed rule is liberalizing because it removes the regional value content requirement. Changing the heading-level tariff shift required by existing rule 22(A) to a subheading-level tariff shift would have no substantive effect, because heading 2913 has no subordinate subheadings.

The proposed modification does not substantively change the rule of origin for goods of subheadings 2914.11 (acetone) through 2914.70 (halogenated, sulfonated, nitrated or nitrosated derivatives of ketones and quinones).

Effect: The proposed modification would likely have a negligible effect on U.S. imports under NAFTA and on total U.S. imports. The proposed modification would substantively change the rules only for subheading 2913.00. In 2012, the effective tariff on U.S. imports from NAFTA partners was less than 0.5 percent ad valorem based on estimated duties collected for U.S. imports from NAFTA partners under subheading 2913.00 and U.S. imports from NAFTA partners of all products covered by the proposed rule (subheadings 2913.00 through 2914.70). However, there could be a substantial increase in U.S. imports from NAFTA partners of goods classified in subheading 2913.00, albeit from a small base. U.S. imports from NAFTA partners under subheading 2913.00 totaled \$8,550 in 2012. NTR rates of duty for tariff items under subheading 2913.00 range from free to 5.5 percent ad valorem, and in 2012, all U.S. imports from NAFTA partners under this subheading were dutiable at the 5.5 percent ad valorem rate.

The proposed modification would likely have a negligible effect on total U.S. imports of goods classified in subheading 2913.00 and on all goods covered by the rule (subheadings 2913.00 through 2914.70). U.S. imports from NAFTA partners under subheading 2913.00 accounted for less than 1 percent of both total U.S. imports under subheading 2913.00 and total U.S. imports of all goods covered by the rule.

TABLE 3.33: Modification and effect—*Continued*

The proposed modification would have no effect on U.S. exports to NAFTA and on total U.S. exports. The only subheading substantively changed by the proposed modification (2913.00) is free of duty on an MFN basis in both Canada and Mexico.¹

The effect on U.S. production would likely be negligible because the net effect on total U.S. trade is expected to be negligible.

¹ For proposed rule as a whole (subheadings 2913.00 through 2914.70), Canada's MFN rates of duty are free and Mexico's MFN rates of duty range from free to 7 percent ad valorem.

CHAPTER 29

TABLE 3.34 Formic acid, its salts and esters; acetic acid; and acetic anhydride

HTS no.	Existing rule	Proposed rule	Probable effect advice
2915.11–2915.24	<p>24. A change to subheading 2915.11 from any other subheading.</p> <p>25. (A) A change to subheading 2915.12 from any other subheading, except from subheading 2915.11; or</p> <p>(B) A change to subheading 2915.12 from subheading 2915.11, whether or not there is also a change from any other subheading, provided there is a regional value content of not less than:</p> <p>(1) 60 percent where the transaction value method is used, or</p> <p>(2) 50 percent where the net cost method is used.</p> <p>26. A change to subheading 2915.13 from any other subheading.</p> <p>27. (A) A change to subheading 2915.21 from any other subheading, except from subheading 2912.12; or</p> <p>(B) A change to subheading 2915.21 from subheading 2912.12, whether or not there is also a change from any other subheading, provided there is a regional value content of not less than:</p> <p>(1) 60 percent where the transaction value method is used, or</p> <p>(2) 50 percent where the net cost method is used.</p> <p>28. (A) A change to subheading 2915.24 from any other subheading, except from subheading 2915.21; or</p> <p>(B) A change to subheading 2915.24 from subheading 2915.21, whether or not there is also a change from any other subheading, provided there is a</p>	<p>A change to subheading 2915.11 through 2915.24 from any other subheading, including another subheading within that group.</p>	<p>U.S. trade under NAFTA: Imports: Negligible Exports: Negligible</p> <p>U.S. total trade: Imports: Negligible Exports: Negligible</p> <p>U.S. production: Negligible</p>

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TABLE 3.34—Continued

HTS no.	Existing rule	Proposed rule	Probable effect advice
	regional value content of not less than: (1) 60 percent where the transaction value method is used, or (2) 50 percent where the net cost method is used.		

TABLE 3.34: Modification and effect

Modification: The proposed rule covers formic acid, its salts and esters; acetic acid; and acetic anhydride.

Salts of formic acid are typically made using formic acid as an input. The current NAFTA rule allows salts of formic acid (HTS 2915.12) made from non-originating formic acid (HTS 2915.11) to receive the preferential rate of duty provided that they meet the regional value content rule. If the final product does not meet the regional value content requirement, the acid must be made in North America.

Acetic acid can be made using acetaldehyde, although newer processes that do not use acetaldehyde are more common in North America. The current NAFTA rule allows acetic acid (HTS 2915.21) made from non-originating acetaldehyde (HTS 2912.12) to receive the preferential rate of duty provided that the acid meets the regional value content rule. If the final product does not meet the regional value content requirement, the acetaldehyde must be made in North America.

Acetic anhydride is sometimes made using acetic acid as an input. The current NAFTA rules allow acetic anhydride (HTS 2915.24) made from non-originating acetic acid (HTS 2915.21) to receive the preferential rate of duty provided that the anhydride meets the regional value content rule. If the final product does not meet the regional value content requirement, the acid must be made in North America.

The proposed rule is liberalizing because it removes the product exclusions and the regional value content requirement in all of the instances above.

Effect: The proposed modification would likely have a negligible effect on U.S. imports under NAFTA partners and on total U.S. imports. Tariffs for these products are low (5.5 percent ad valorem or less), and dutiable imports from NAFTA partners account for a small share of imports (15 percent of NAFTA imports and 5 percent of total U.S. imports in 2012). The effective tariff on U.S. imports from NAFTA partners was 0.5 percent ad valorem in 2012.

The proposed modification would likely have a negligible effect on U.S. exports under NAFTA and on total U.S. exports. All tariff items are free of duty on an MFN basis in Canada and Mexico, with the exception of one Mexican tariff item (acetic anhydride) with an MFN rate of duty of 10 percent ad valorem. However, in 2012, 99 percent of U.S. exports to Canada and Mexico entered under 8-digit tariff items that were free of duty on an MFN basis.¹

The effect on U.S. production would likely be negligible because the net effect on total U.S. trade is expected to be negligible.

¹ Commission estimate based on Canadian and Mexican import data obtained from Global Trade Atlas.

CHAPTER 29

TABLE 3.35 Salts of acetic acid

HTS no.	Existing rule	Proposed rule	Probable effect advice
2915.29	<p>28A. (A) A change to sodium acetate of subheading 2915.29 from any other good of subheading 2915.29 or any other subheading, except from subheading 2915.21;</p> <p>(B) A change to sodium acetate of subheading 2915.29 from subheading 2915.21, whether or not there is also a change from any other good of subheading 2915.29 or any other subheading, provided there is a regional value content of not less than:</p> <p>(1) 60 percent where the transaction value method is used, or</p> <p>(2) 50 percent where the net cost method is used.</p> <p>(C) A change to cobalt acetates of subheading 2915.29 from any other good of subheading 2915.29 or any other subheading, except from subheading 2915.21;</p> <p>(D) A change to cobalt acetates of subheading 2915.29 from subheading 2915.21, whether or not there is also a change from any other good of subheading 2915.29 or any other subheading, provided there is a regional value content of not less than:</p> <p>(1) 60 percent where the transaction value method is used, or</p> <p>(2) 50 percent where the net cost method is used.</p> <p>(E) A change to any other good of subheading 2915.29 from sodium acetate of subheading 2915.29, cobalt acetates of subheading 2915.29 or any other subheading, except from subheading 2915.21; or</p>	<p>A change to sodium acetate of subheading 2915.29 from any other good within that subheading or any other subheading;</p> <p>A change to cobalt acetates of subheading 2915.29 from any other good within that subheading or any other subheading; or</p> <p>A change to any other good of subheading 2915.29 from sodium acetate or cobalt acetates within that subheading or any other subheading.</p>	<p>U.S. trade under NAFTA: Imports: Negligible Exports: None</p> <p>U.S. total trade: Imports: Negligible Exports: None</p> <p>U.S. production: Negligible</p>

CHAPTER 29
TABLE 3.35—Continued

HTS no.	Existing rule	Proposed rule	Probable effect advice
	<p>(F) A change to any other good of subheading 2915.29 from subheading 2915.21, whether or not there is also a change from sodium acetate or cobalt acetates of subheading 2915.29 or any other subheading, provided there is a regional value content of not less than:</p> <p>(1) 60 percent where the transaction value method is used, or</p> <p>(2) 50 percent where the net cost method is used.</p>		

TABLE 3.35: Modification and effect

Modification: The current NAFTA rule requires salts of acetic acid (HTS 2915.29) made from non-originating acetic acid or certain salts of acetic acid to meet a regional value content rule to receive the preferential tariff rates under NAFTA. If the final product does not meet the regional value content requirement, the acetic acid or other inputs used to make the imported salts must be made in North America. The proposed rule is liberalizing because it removes both the product exclusion and the regional value content requirement.

Effect: The proposed modification would likely have a negligible effect on U.S. imports under NAFTA and on U.S. total imports. Tariffs for these products are low (4.2 percent ad valorem or less), and dutiable imports from NAFTA partners account for a small share of imports (2 percent of all imports of the subject products from NAFTA partners in 2012), resulting in an effective tariff of less than 0.5 percent ad valorem.

The proposed modification would likely have no effect on U.S. exports under NAFTA or on total U.S. exports because U.S. exports to Canada and Mexico are free of duty on an MFN basis.

The effect on U.S. production would likely be negligible because the net effect on total U.S. trade is expected to be negligible.

CHAPTER 29

TABLE 3.36 Ethyl acetate, vinyl acetate, *n*-butyl acetate, and dinoseb (ISO) acetate

HTS no.	Existing rule	Proposed rule	Probable effect advice
2915.31– 2915.36	<p>28B. (A) A change to subheading 2915.31 from any other subheading, except from subheading 2915.21; or</p> <p>(B) A change to subheading 2915.31 from subheading 2915.21, whether or not there is also a change from any other subheading, provided there is a regional value content of not less than:</p> <p>(1) 60 percent where the transaction value method is used, or</p> <p>(2) 50 percent where the net cost method is used.</p> <p>29. A change to subheading 2915.32 from any other subheading.</p> <p>30. (A) A change to subheading 2915.33 from any other subheading, except from subheading 2915.21; or</p> <p>(B) A change to subheading 2915.33 from subheading 2915.21, whether or not there is also a change from any other subheading, provided there is a regional value content of not less than:</p> <p>(1) 60 percent where the transaction value method is used, or</p> <p>(2) 50 percent where the net cost method is used.</p> <p>31. (A) A change to subheading 2915.36 from isobutyl acetate or 2-ethoxyethyl acetate of subheading 2915.39 or any other subheading, except from subheading 2915.21 or any other good of subheading 2915.39; or</p>	<p>A change to subheading 2915.31 through 2915.36 from any other subheading, including another subheading within that group.</p>	<p>U.S. trade under NAFTA: Imports: Negligible Exports: Negligible</p> <p>U.S. total trade: Imports: Negligible Exports: Negligible</p> <p>U.S. production: Negligible</p>

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TABLE 3.36—Continued

HTS no.	Existing rule	Proposed rule	Probable effect advice
	<p>(B) A change to subheading 2915.36 from subheading 2915.21, whether or not there is also a change from isobutyl acetate or 2-ethoxyethyl acetate of subheading 2915.39 or any other subheading, except from any other good of subheading 2915.39, provided there is a regional value content of not less than:</p> <p>(1) 60 percent where the transaction value method is used, or</p> <p>(2) 50 percent where the net cost method is used</p>		

TABLE 3.36: Modification and effect

Modification: The proposed rule covers four esters of acetic acid: ethyl acetate, vinyl acetate, *n*-butyl acetate, and dinoseb (ISO) acetate. These chemicals are typically made using acetic acid as an input. The proposed modification does not substantively change the rule of origin for vinyl acetate (subheading 2915.32).

The current rule requires ethyl acetate (subheading 2915.31) and *n*-butyl acetate (subheading 2915.33) made from non-originating acetic acid (subheading 2915.21) to meet a regional value content rule. If the final product does not meet the regional value content requirement, the acetic acid must be made in North America. Likewise, the current rule requires dinoseb (ISO) acetate (subheading 2915.26) made using non-originating acetic acid or non-originating goods of subheading 2915.29, other than isobutyl acetate or 2-ethoxyethyl acetate, to meet a regional value content rule. If the regional value content requirement is not met, the acetic acid or other inputs classified in subheading 2915.29 used to make dinoseb (ISO) acetate must be made in North America.

The proposed modification is liberalizing because it removes both the product exclusion and the regional value content requirement for these goods.

Effect: The proposed modification would likely have a negligible effect on U.S. imports under NAFTA and on U.S. total imports. Although NTR rates of duty range from 3.7 to 5.5 percent ad valorem, in 2012 all U.S. imports from NAFTA partners qualified for the NAFTA preferential rate under the current rules of origin.¹

The proposed modification would likely have a negligible effect on U.S. exports under NAFTA and on total U.S. exports. Most U.S. exports to NAFTA partners currently qualify for the NAFTA preferential rate of duty or are free of duty on an

¹ Subheading 2915.32 is not substantively changed by the proposed modification. There were no imports from NAFTA partners for this subheading in 2012.

TABLE 3.36: Modification and effect—*Continued*

MFN basis.² Mexico has two tariff items covered by the rule with MFN rates of duty of 10 percent;³ the remaining tariff items for Mexico and all of the tariff items covered by the rule for Canada are free of duty on an MFN basis. In 2012, the effective tariff was less than 0.5 percent ad valorem for all U.S. exports to NAFTA partners.⁴

The effect on U.S. production would likely be negligible because the net effect on total U.S. trade is expected to be negligible.

² Canadian import data from Statistics Canada, International Trade Division, and Mexican import data from Mexican International Trade Integral Information System (SIICEX).

³ One of the Mexican tariff items with a rate of duty of 10 percent ad valorem covers products of subheading 2915.32, which is not substantively changed by the proposed modification.

⁴ Commission estimate based on Canadian import data from Statistics Canada, International Trade Division, and Mexican import data from Mexican International Trade Integral Information System (SIICEX).

CHAPTER 29

TABLE 3.37 Other esters of acetic acid

HTS no.	Existing rule	Proposed rule	Probable effect advice
2915.39	<p>32. (A) A change to 2-ethoxyethyl acetate of subheading 2915.39 from any other good of subheading 2915.39 or any other subheading;</p> <p>(B) A change to isobutyl acetate of subheading 2915.39 from any other good of subheading 2915.39 or any other subheading, except from subheading 2915.21;</p> <p>(C) A change to isobutyl acetate of subheading 2915.39 from subheading 2915.21, whether or not there is also a change from any other good of subheading 2915.39 or any other subheading, provided there is a regional value content of not less than:</p> <p>(1) 60 percent where the transaction value method is used, or</p> <p>(2) 50 percent where the net cost method is used;</p> <p>(D) A change to any other good of subheading 2915.39 from isobutyl acetate or 2-ethoxyethyl acetate of subheading 2915.39 or any other subheading, except from subheading 2915.21 or 2915.36; or</p> <p>(E) A change to any other good of subheading 2915.39 from subheading 2915.21, whether or not there is also a change from isobutyl acetate or 2-ethoxyethyl acetate of subheading 2915.39 or any other subheading, provided there is a regional value content of not less than:</p> <p>(1) 60 percent where the transaction value method is used, or</p> <p>(2) 50 percent where the net cost method is used.</p>	<p>A change to 2-ethoxyethyl acetate of subheading 2915.39 from any other good within that subheading or any other subheading;</p> <p>A change to isobutyl acetate of subheading 2915.39 from any other good within that subheading or any other subheading; or</p> <p>A change to any other good of subheading 2915.39 from isobutyl acetate or 2-ethoxyethyl acetate within that subheading or any other subheading.</p>	<p>U.S. trade under NAFTA: Imports: Negligible Exports: Negligible</p> <p>U.S. total trade: Imports: Negligible Exports: Negligible</p> <p>U.S. production: Negligible</p>

TABLE 3.37: Modification and effect

Modification: The proposed modification does not substantively change the rule of origin for 2-ethoxyethyl acetate (tariff item 2915.39.80). It does, however, change the rule of origin for other goods of subheading 2915.39.

Isobutyl acetate and other acetates included in this subheading are often made using acetic acid as an input. The current NAFTA rule allows a good of subheading 2915.39 made from non-originating acetic acid (subheading 2915.21) to receive the preferential rate of duty provided that it meets the regional value content requirement, as shown in parts (C) and (E) of the current rule. When the regional value content requirement is not met, the acetic acid must be made in North America. 2-Ethoxyethyl acetate is the only good of subheading 2915.39 that is currently allowed to be made from non-originating acetic acid without having to meet this regional value content requirement. The proposed modification is liberalizing because it removes the regional value content requirement for all goods of subheading 2915.39 that are made using non-originating acetic acid.

The proposed modification also streamlines a rule that was made more complex by changes to the HS in 2007. Part D of the current rule does not allow products of subheading 2915.39 other than 2-ethoxyethyl acetate and isobutyl acetate that are made from non-originating dinoseb acetate (subheading 2915.36) to receive the preferential rate of duty. The proposed modification removes this exclusion for goods made using non-originating dinoseb acetate.

Effect: The proposed modification would likely have a negligible effect on U.S. imports under NAFTA and on total U.S. imports. Dutiable imports from NAFTA partners for the affected products account for a small share of imports (2 percent of NAFTA imports and less than 0.5 percent of total U.S. imports in 2012). The effective tariff on U.S. imports of the affected goods from NAFTA partners was less than 0.5 percent ad valorem in 2012.¹

The proposed modification would likely have a negligible effect on U.S. exports under NAFTA and on total U.S. exports. Canada's MFN rates of duty are free; MFN rates for Mexico range from free to 10 percent ad valorem. In 2012, 86 percent of U.S. exports to Canada and Mexico entered under 8-digit tariff items that were free of duty on an MFN basis.² If MFN rates of duty are applied to U.S. exports to NAFTA partners, the estimated effective tariff on U.S. exports to NAFTA partners of goods affected by the proposed modification was 1 percent ad valorem in 2012.³ U.S. exports to Canada and Mexico under tariff items that are not free of duty on an MFN basis make up only 4 percent of total U.S. exports.

The effect on U.S. production is likely to be negligible because the net effect on total U.S. trade is expected to be negligible.

¹ The rule of origin for 2-ethoxyethyl acetate was not substantively changed by the proposed modification. There were no U.S. imports of 2-ethoxyethyl acetate from NAFTA partners in 2012.

² Commission estimate based on U.S. export data from USITC DataWeb/USDOC and Mexican import data from Global Trade Atlas.

³ The rule of origin for 2-ethoxyethyl acetate was not substantively changed by the proposed modification. U.S. exports of 2-ethoxyethyl acetate accounted for less than 0.5 percent of U.S. exports to NAFTA partners in 2012.

CHAPTER 29

TABLE 3.38 Mono-, di- or trichloroacetic acids, their salts and esters; propionic acid, its salts and esters; butanoic acids, pentanoic acids, their salts and esters; and palmitic acid, stearic acid, their salts and esters

HTS no.	Existing rule	Proposed rule	Probable effect advice
2915.40– 2915.70	<p>32A. (A) A change to subheading 2915.40 from any other subheading, except from subheading 2915.21; or</p> <p>(B) A change to subheading 2915.40 from subheading 2915.21, whether or not there is also a change from any other subheading, provided there is a regional value content of not less than:</p> <p>(1) 60 percent where the transaction value method is used, or</p> <p>(2) 50 percent where the net cost method is used.</p> <p>33. A change to subheadings 2915.50 through 2915.70 from any other subheading, including another subheading within that group.</p>	A change to subheading 2915.40 through 2915.70 from any other subheading, including another subheading within that group.	<p>U.S. trade under NAFTA: Imports: Negligible Exports: Negligible</p> <p>U.S. total trade: Imports: Negligible Exports: Negligible</p> <p>U.S. production: Negligible</p>

TABLE 3.38: Modification and effect

Modification: The current NAFTA rule requires mono-, di-, or trichloroacetic acids, their salts and esters (subheading 2915.40) made from non-originating acetic acid to meet the regional value content rule. If the final product does not meet the regional value content requirement, the acetic acid must be made in North America. The proposed rule is liberalizing because it would remove the regional value content requirement for these products when they are made using non-originating acetic acid.

The proposed modification does not substantively change the rule of origin for propionic acid, its salts and esters (subheading 2915.50); butanoic acids, pentanoic acids, their salts and esters (subheading 2915.60); and palmitic acid, stearic acid, their salts and esters (subheading 2915.70).

Effect: The rules for subheadings 2915.50 through 2915.70 remain the same; hence trade in the products covered under these subheadings would not be affected.

The proposed modification would likely have a negligible effect on U.S. imports under NAFTA and on total U.S. imports. In 2012, there were no U.S. imports under subheading 2915.40 from Canada or Mexico. During January through March 2013, only a very small amount of imports entered from Canada under this subheading, and these entered at the NAFTA preferential rate of duty. The NTR duty rates for U.S. imports under tariff items in subheading 2915.40 range from 1.8 to 5.5 percent ad valorem.

TABLE 3.38: Modification and effect—*Continued*

The proposed modification would likely have a negligible effect on U.S. exports under NAFTA and on total U.S. exports. Canada's MFN duty rate for subheading 2915.40 is free, and although Mexico's MFN duty rates within subheading 2915.40 vary from free to 10 percent ad valorem, more than 90 percent of Mexico's imports from the United States in 2012 were under a tariff item that is free of duty on an MFN basis.¹ In 2012, subheading 2915.40 accounted for 0.3 percent of U.S. exports to NAFTA partners for all of the subheadings covered by the proposed modification, resulting in an effective tariff rate of less than 0.5 percent ad valorem.

The effect on U.S. production is likely to be negligible because the effect on total U.S. trade is expected to be negligible.

¹ Commission estimate based on Mexican import data obtained from Global Trade Atlas.

CHAPTER 29

TABLE 3.39 Other saturated acyclic monocarboxylic acids

HTS no.	Existing rule	Proposed rule	Probable effect advice
2915.90	34. (A) A change to subheading 2915.90 from any other subheading; or (B) A change to valproic salts of subheading 2915.90 from valproic acids of subheading 2915.90.	A change to valproic salts of subheading 2915.90 from valproic acids within that subheading or any other subheading; or A change to any other good of subheading 2915.90 from any other subheading.	U.S. trade under NAFTA: Imports: None Exports: None U.S. total trade: Imports: None Exports: None U.S. production: None

TABLE 3.39: Modification and effect

Modification: The proposed rule covers saturated acyclic monocarboxylic acids except for formic acid, its salts and esters; acetic acid, its salts and esters; acetic anhydride; mono-, di-, or trichloroacetic acids, their salts and esters; propionic acid, its salts and esters; butanoic acids, pentanoic acids, their salts and esters; and palmitic acid, stearic acid, their salts and esters.

Valproic salts are typically made using valproic acid as an input; however, some processes might make valproic salts without using valproic acid as an input. The current NAFTA rule allows valproic salts made from non-originating valproic acid to receive the preferential rate of duty, but valproic salts made using other non-originating inputs would not receive the preferential rate of duty. The proposed modification is liberalizing because it would allow valproic salts made from non-originating inputs of any subheading other than 2915.90 to receive the NAFTA preferential rate of duty.

The proposed rule would make no substantive change to the current NAFTA rule of origin for any products of subheading 2915.90 other than valproic salts.

Effect: The proposed modification would likely have no effect on U.S. imports under NAFTA and on total U.S. imports. The only product potentially affected by the proposed modification (valproic salts) can currently be imported free of duty on an NTR basis under the Pharmaceutical Agreement.¹

The proposed modification would likely have no effect on U.S. exports under NAFTA and on total U.S. exports because valproic salts are free of duty on an MFN basis in Canada and Mexico.

There will likely be no effect on U.S. production because there will likely be no effect on total U.S. trade.

¹ Valproic salts are classified in tariff item 2915.90.18, which has a NTR rate of duty of 4.2 percent ad valorem. However, since valproic acid is listed in Table 1 of the Pharmaceutical appendix to the HTS, any salt of valproic acid listed in Table 2 of the Pharmaceutical appendix can be imported free of duty on an NTR basis. For more information on the Pharmaceutical appendix to the HTS, see USITC, *Pharmaceutical Products and Chemical Intermediates, Fourth Review: Advice Concerning the Addition of Certain Products to the Pharmaceutical Appendix to the HTS*, 2010.

CHAPTER 29

TABLE 3.40 Unsaturated acyclic monocarboxylic acids; cyclanic, cyclenic or cycloterpenic monocarboxylic acids; and benzoic acid, its salts and esters

HTS no.	Existing rule	Proposed rule	Probable effect advice
2916.11– 2916.31	35A. A change to subheadings 2916.11 through 2916.39 from any other subheading, including another subheading within that group.	A change to subheading 2916.11 through 2916.31 from any other subheading, including another subheading within that group.	U.S. trade under NAFTA: Imports: None Exports: None U.S. total trade: Imports: None Exports: None U.S. production: None

TABLE 3.40: Modification and effect

Modification: The proposed rule would make no substantive change to the current NAFTA rule of origin.

Effect: The proposed modification would have no effect on U.S. trade under NAFTA, total U.S. trade, or U.S. production because the proposed rule is substantively the same as the current NAFTA rule.

CHAPTER 29

TABLE 3.41 Benzoyl peroxide and benzoyl chloride

HTS no.	Existing rule	Proposed rule	Probable effect advice
2916.32	35A. A change to subheadings 2916.11 through 2916.39 from any other subheading, including another subheading within that group.	<p>A change to benzoyl peroxide of subheading 2916.32 from benzoyl chloride within that subheading or any other subheading;</p> <p>A change to benzoyl chloride of subheading 2916.32 from benzoyl peroxide within that subheading or any other subheading; or</p> <p>A change to any other good of subheading 2916.32 from within that subheading or any other subheading.</p>	<p>U.S. trade under NAFTA: Imports: Substantial increase Exports: None</p> <p>U.S. total trade: Imports: Negligible Exports: None</p> <p>U.S. production: Negligible</p>

TABLE 3.41: Modification and effect

Modification: The proposed rule covers the two products covered by subheading 2916.32, benzoyl peroxide and benzoyl chloride, either of which can be used in producing the other. The current NAFTA rule does not allow benzoyl peroxide made from non-originating benzoyl chloride to be eligible for the NAFTA preferential rates of duty, and vice versa. The proposed modification is liberalizing because it removes the restriction on the conversion between benzoyl peroxide and benzoyl chloride.

Benzoyl peroxide is used as an active ingredient in acne medications, as a bleaching agent for flour and other foodstuffs, and as a free-radical initiator in the production of plastics and rubber. Benzoyl peroxide is typically produced using benzoyl chloride as an input. Although technically feasible and allowed by the proposed rule of origin, there is unlikely to be any commercial production of benzoyl chloride using benzoyl peroxide as an input because benzoyl peroxide is the higher value product.

The third portion of the proposed rule for subheading 2916.32 would be unnecessary because the only two products classified in subheading 2916.32, benzoyl peroxide and benzoyl chloride, are covered by the first two portions of the proposed rule.

Effect: The proposed modification would likely result in a substantial increase in U.S. imports from NAFTA partners, which totaled \$3.5 million in 2012. In 2012, over 99 percent of U.S. imports from NAFTA partners of the covered products were dutiable, and the proposed modification would likely allow these imports to enter under the preferential rate of duty.¹ The NTR rate of duty and the effective tariff on these products was 6.5 percent ad valorem in 2012. All of the imports from NAFTA partners consisted of benzoyl peroxide,² most of which came from Mexico (99 percent in 2012), so any increase in imports as a result of the proposed modification would likely be benzoyl peroxide. As noted above, benzoyl chloride is typically an input in the production of benzoyl peroxide. Both the United States and Mexico import benzoyl chloride for the production of benzoyl peroxide and other chemicals. While the U.S. NTR rate of duty for benzoyl chloride is 6.5 percent ad valorem, benzoyl chloride is free of duty on an MFN basis in Mexico.

The proposed modification would likely have a negligible effect on total U.S. imports of all products covered by the rule, which includes both benzoyl chloride and benzoyl peroxide. Nevertheless, it is likely there could be a substantial increase in total U.S. imports of benzoyl peroxide. The NAFTA partners accounted for 72 percent of total U.S. imports of benzoyl peroxide in 2012 and it is likely there will be a substantial increase in U.S. imports from NAFTA partners, as noted above. However, benzoyl peroxide accounted for only 30 percent of total U.S. imports of products covered under the proposed rule in 2012. The effective tariff on total U.S. imports of all products covered by the rule was 1.3 percent ad valorem in 2012.

The proposed modification would have no effect on U.S. exports under NAFTA and on total U.S. exports because these products are free of duty on an MFN basis in Canada and Mexico.

¹ Industry representative, email message to USITC staff, June 24, 2013.

² Classified in tariff item 2916.32.10.

TABLE 3.41: Modification and effect—*Continued*

The effect on U.S. production of benzoyl peroxide would likely be negligible; there is no U.S. production of benzoyl chloride. U.S. imports of benzoyl peroxide from NAFTA partners and total U.S. imports are small relative to U.S. production. In 2012, U.S. imports of benzoyl peroxide from NAFTA partners were equivalent to only about 8 percent of U.S. production and total U.S. imports of benzoyl peroxide were equivalent to about 12 percent of U.S. production.³ Further, increased U.S. imports from NAFTA partners would likely in part displace imports from non-NAFTA countries rather than U.S. production alone.⁴

Although the effect on overall U.S. production would likely be negligible, there could be an adverse effect on individual firm(s) producing benzoyl peroxide in the United States. Four firms produce benzoyl peroxide in the United States.⁵ One of these firms produces benzoyl peroxide in Mexico as well.⁶ One domestic producer stated that the proposed modification would allow benzoyl peroxide made from non-originating benzoyl chloride to qualify for the NAFTA preferential rate, which would have “serious, negative impacts” on its company and its operations. The firm stated that the proposed chemical reaction rule for chapter 29 (see table 3.13) would also allow benzoyl peroxide to be made using non-originating benzoyl chloride and qualify for the preferential rate.⁷

³ Calculation based on domestic production estimates from an industry representative, email message to USITC staff, September 24, 2013.

⁴ Industry representative, email message to USITC staff, June 24, 2013.

⁵ The domestic producers are Akzo Nobel (plant location: Pasadena, TX), Arkema (Geneseo, NY), Norac Pharma (Azusa, CA), and United Initiators (Elyria, OH, and Helena, AR); IHS Chemical, Directory of Chemical Producers. USITC staff attempted to contact all domestic producers of benzoyl peroxide and received responses from three. One of these firms, Arkema, made two official submissions to the USITC.

⁶ Akzo Nobel produces benzoyl peroxide in Los Reyes, Mexico. Industry representative, email message to USITC staff, September 18, 2013.

⁷ Arkema, Inc., provided two written submissions. The first submission on July 22, 2013, asked that the proposed modification to the product-specific rule for subheading 2916.32 (involving benzoyl peroxide and benzoyl chloride) not be adopted or implemented. The second submission on September 20, 2013, stated that the proposed chemical reaction rules for chapter 29 would also allow non-originating benzoyl chloride to be made into originating benzoyl peroxide. They asked that “the proposed changes regarding benzoyl peroxide and benzoyl chloride be phased in over a period of at least five years” to allow them sufficient time “to plan for the new competitive landscape.” Arkema, Inc., written submissions to the USITC, July 22, 2013, and September 20, 2013. See appendix D.

CHAPTER 29

TABLE 3.42 Phenylacetic acid and certain other aromatic monocarboxylic acids

HTS no.	Existing rule	Proposed rule	Probable effect advice
2916.34– 2916.39	35A. A change to subheadings 2916.11 through 2916.39 from any other subheading, including another subheading within that group.	A change to subheading 2916.34 through 2916.39 from any other subheading, including another subheading within that group.	U.S. trade under NAFTA: Imports: None Exports: None U.S. total trade: Imports: None Exports: None U.S. production: None

TABLE 3.42: Modification and effect

Modification: The proposed rule would make no substantive change to the current NAFTA rule of origin.

Effect: The proposed modification would have no effect on U.S. trade under NAFTA, total U.S. trade, or U.S. production because the proposed rule is substantively the same as the current NAFTA rule.

CHAPTER 29

TABLE 3.43 Acyclic polycarboxylic acids; cyclanic, cyclenic or cycloterpenic polycarboxylic acids; dioctyl, dinonyl, or dodecyl orthophthalates

HTS no.	Existing rule	Proposed rule	Probable effect advice
2917.11– 2917.33	35B. A change to subheadings 2917.11 through 2917.33 from any other subheading, including another subheading within that group.	A change to subheading 2917.11 through 2917.33 from any other subheading, including another subheading within that group.	U.S. trade under NAFTA: Imports: None Exports: None U.S. total trade: Imports: None Exports: None U.S. production: None

TABLE 3.43: Modification and effect

Modification: The proposed rule would make no substantive change to the current NAFTA rule of origin.

Effect: The proposed modification would have no effect on U.S. trade under NAFTA, total U.S. trade, or U.S. production because the proposed rule is substantively the same as the current NAFTA rule.

CHAPTER 29

TABLE 3.44 Other esters of orthophthalic acid

HTS no.	Existing rule	Proposed rule	Probable effect advice
2917.34	<p>35C. (A) A change to dibutyl orthophthalates of subheading 2917.34 from any other good of subheading 2917.34 or any other subheading; or</p> <p>(B) A change to any other good of subheading 2917.34 from dibutyl orthophthalates of subheading 2917.34 or any other subheading;</p>	<p>A change to dibutyl orthophthalates of subheading 2917.34 from any other good within that subheading or any other subheading; or</p> <p>A change to any other good of subheading 2917.34 from dibutyl orthophthalates within that subheading or any other subheading.</p>	<p>U.S. trade under NAFTA: Imports: None Exports: None</p> <p>U.S. total trade: Imports: None Exports: None</p> <p>U.S. production: None</p>

TABLE 3.44: Modification and effect

Modification: The proposed rule covers esters of orthophthalic acid other than dioctyl, dinonyl, and didecyl orthophthalates.

The proposed rule would make no substantive change to the current NAFTA rule of origin.

Effect: The proposed modification would have no effect on U.S. trade under NAFTA, total U.S. trade, or U.S. production because the proposed rule is substantively the same as the current NAFTA rule.

CHAPTER 29

TABLE 3.45 Certain aromatic polycarboxylic acids

HTS no.	Existing rule	Proposed rule	Probable effect advice
2917.35– 2917.39	35D. A change to subheadings 2917.35 through 2917.39 from any other subheading, including another subheading within that group.	A change to subheadings 2917.35 through 2917.39 from any other subheading, including another subheading within that group.	U.S. trade under NAFTA: Imports: None Exports: None U.S. total trade: Imports: None Exports: None U.S. production: None

TABLE 3.45: Modification and effect

Modification: The proposed rule covers phthalic anhydride, terephthalic acid, and certain other aromatic polycarboxylic acids.

The proposed rule would make no substantive change to the current NAFTA rule of origin.

Effect: The proposed modification would have no effect on U.S. trade under NAFTA, total U.S. trade, or U.S. production because the proposed rule is substantively the same as the current NAFTA rule.

CHAPTER 29

TABLE 3.46 Certain carboxylic acids with alcohol function

HTS no.	Existing rule	Proposed rule	Probable effect advice
2918.11– 2918.18	<p>36. A change to subheadings 2918.11 through 2918.16 from any other subheading, including another subheading within that group.</p> <p>36A. A change to subheading 2918.18 from phenylglycolic acid (mandelic acid), its salts or esters of subheading 2918.19, from any other good of subheading 2918.19, or any other subheading.</p>	A change to subheading 2918.11 through 2918.18 from any other subheading, including another subheading within that group.	<p>U.S. trade under NAFTA: Imports: None Exports: None</p> <p>U.S. total trade: Imports: None Exports: None</p> <p>U.S. production: None</p>

TABLE 3.46: Modification and effect

Modification: The proposed rule covers lactic acid, tartaric acid, citric acid, gluconic acid, and the salts and esters of these acids. The proposed rule also covers chlorobenzilate (ISO).

The proposed rule would make no substantive change to the current NAFTA rule of origin.

Effect: The proposed modification would have no effect on U.S. trade under NAFTA, total U.S. trade, or U.S. production because the proposed rule is substantively the same as the current NAFTA rule.

CHAPTER 29

TABLE 3.47 Aromatic carboxylic acids with alcohol function

HTS no.	Existing rule	Proposed rule	Probable effect advice
2918.19	<p>36B. (A) A change to phenylglycolic acid (mandelic acid), its salts or esters of subheading 2918.19 from any other good of subheading 2918.19 or any other subheading; or</p> <p>(B) A change to any other good of subheading 2918.19 from phenylglycolic acid (mandelic acid), its salts or esters of subheading 2918.19 or any other subheading, except from subheading 2918.18.</p>	<p>A change to phenylglycolic acid (mandelic acid), its salts or esters of subheading 2918.19 from any other good within that subheading or any other subheading; or</p> <p>A change to any other good of subheading 2918.19 from phenylglycolic acid (mandelic acid), its salts or esters within that subheading or any other subheading.</p>	<p>U.S. trade under NAFTA: Imports: Negligible Exports: Negligible</p> <p>U.S. total trade: Imports: Negligible Exports: Negligible</p> <p>U.S. production: Negligible</p>

TABLE 3.47: Modification and effect

Modification: The current NAFTA rules reflect the WCO’s creation in 2007 of a separate HS subheading covering chlorobenzilate, formerly provided for in tariff item 2918.19.30. Part (B) of the existing rule excludes the use of non-originating chlorobenzilate (subheading 2918.18) in the production of other goods of subheading 2918.19 because tariff shifts within that subheading were not permitted before the 2007 HS change. No substantive change would be made in part (A) of the existing rule.

The second portion of the proposed rule would appear to be liberalizing because it removes the product exclusion for non-originating chlorobenzilate. However, chlorobenzilate is a pesticide banned in the United States and is unlikely to be used as an input in the production of chemicals in subheading 2918.19.

Effect: The proposed modification would likely have a negligible effect on U.S. imports under NAFTA and on total U.S. imports because it affects only chemicals that are made using chlorobenzilate as an input. Chlorobenzilate is a pesticide and is not typically used as an input in making other chemicals. Additionally, dutiable imports of the goods in this subheading from NAFTA partners account for a very small share (less than 0.5 percent in 2012) of U.S. imports from NAFTA partners and total U.S. imports. NTR rates of duty for U.S. tariff items in this subheading range from free to 6.5 percent ad valorem.

The proposed modification would likely have a negligible effect on U.S. exports under NAFTA and on total U.S. exports. As noted, chlorobenzilate is not typically used as an input in the production of products of subheading 2918.19 in the United States. Additionally, most U.S. exports to Canada and Mexico in 2012 were under tariff items that are free of duty on an MFN basis.

The effect on U.S. production would likely be negligible because the net effect on total U.S. trade is expected to be negligible.

CHAPTER 29

TABLE 3.48 Salicylic acid, its salts and esters; and o-acetylsalicylic acid, its salts and esters

HTS no.	Existing rule	Proposed rule	Probable effect advice
2918.21–2918.23	<p>36C. A change to subheading 2918.21 from any other subheading.</p> <p>37. (A) A change to subheadings 2918.22 through 2918.23 from any other subheading, including another subheading within that group, except from subheading 2918.21; or</p> <p>(B) A change to subheadings 2918.22 through 2918.23 from subheading 2918.21, whether or not there is also a change from any other subheading, including another subheading within that group, provided there is a regional value content of not less than:</p> <p>(1) 60 percent where the transaction value method is used, or</p> <p>(2) 50 percent where the net cost method is used.</p>	A change to subheading 2918.21 through 2918.23 from any other subheading, including another subheading within that group.	<p>U.S. trade under NAFTA: Imports: Significant increase Exports: None</p> <p>U.S. total trade: Imports: Negligible Exports: None</p> <p>U.S. production: Negligible</p>

TABLE 3.48: Modification and effect

Modification: o-Acetylsalicylic acid, better known as aspirin, and other esters of salicylic acid are generally made using salicylic acid as an input.

The current NAFTA rule allows salicylic acid (subheading 2918.21) to be made from non-originating compounds classified in other tariff subheadings. The proposed rule does not substantively change the rule of origin for salicylic acid (subheading 2918.21).

The current rule allows o-acetylsalicylic acid (subheading 2918.22) and other esters of salicylic acid (subheading 2918.23) to be made from non-originating salicylic acid (subheading 2918.21), provided the final product meets the regional value content rule. If the regional content requirement is not met, the salicylic acid must be made in North America. Non-originating inputs from other tariff subheadings may also be used to make the products of subheadings 2918.22 through 2918.23. The proposed modification is liberalizing because it removes the product exclusion and the regional value content requirement. The proposed rule allows any subheading-level tariff change to confer origin.

Effect: The proposed modification would likely result in a significant increase in U.S. imports from NAFTA partners, which totaled \$13.5 million in 2012. Dutiable imports accounted for 27 percent of U.S. imports of goods under these subheadings from NAFTA partners in 2012.¹ The effective tariff on U.S. imports from NAFTA partners was 1.8 percent ad valorem in 2012. The vast majority of dutiable imports under these subheadings from NAFTA partners in 2012 were odoriferous or flavoring compounds of tariff item 2918.23.20, which has an NTR rate of duty of 6.5 percent ad valorem. Dutiable imports under this tariff item were all from Mexico in 2012.

The proposed modification would likely have a negligible effect on total U.S. imports. Dutiable imports from NAFTA partners accounted for only 5 percent of total U.S. imports of products covered by the modification in 2012.

¹ Subheading 2918.21 is not substantively changed by the proposed modification. There were no dutiable U.S. imports under this subheading from NAFTA partners in 2012.

TABLE 3.48: Modification and effect—*Continued*

The proposed modification would have no effect on U.S. exports because *o*-acetylsalicylic acid (subheading 2918.22) and other esters of salicylic acid (subheading 2918.23) are free of duty on an MFN basis in Canada and Mexico.

The proposed modification would likely have a negligible effect on U.S. production because the net effect on total U.S. trade is expected to be negligible. Also, U.S. imports of these goods from NAFTA partners are small compared to U.S. production.

CHAPTER 29

TABLE 3.49 Certain carboxylic acids with phenol function and carboxylic acids with aldehyde or ketone function

HTS no.	Existing rule	Proposed rule	Probable effect advice
2918.29– 2918.30	38. (A) A change to subheadings 2918.29 through 2918.30 from any other subheading, including another subheading within that group; or (B) A change to parabens of subheading 2918.29 from p-hydroxybenzoic acid of subheading 2918.29.	A change to parabens of subheading 2918.29 from p-hydroxybenzoic acid within that subheading or any other subheading; or A change to any other good of subheadings 2918.29 through 2918.30 from any other subheading, including another subheading within that group.	U.S. trade under NAFTA: Imports: Negligible Exports: Negligible U.S. total trade: Imports: Negligible Exports: Negligible U.S. production: Negligible

TABLE 3.49: Modification and effect

Modification: The proposed rule covers carboxylic acids with phenol function, other than salicylic acid, o-acetylsalicylic acid, and their salts and esters; and carboxylic acids with aldehyde or ketone function.

The current NAFTA rule only allows parabens made using *p*-hydroxybenzoic acid as an input to qualify for NAFTA preferential rates of duty. Parabens are typically made by reacting *p*-hydroxybenzoic acid with inputs from outside of subheading 2918.29. For example, butyl parabens can be produced by reacting *p*-hydroxybenzoic acid with butanol of subheading 2905.13. The proposed rule is liberalizing because it would allow parabens made using non-originating inputs of any subheading other than 2918.29, as well as *p*-hydroxybenzoic acid of subheading 2918.29, to receive the NAFTA preferential rate of duty.

The proposed rule would make no substantive change to the current NAFTA rule of origin for any products of subheadings 2918.29 through 2918.30 other than parabens of tariff item 2918.29.75.

Effect: The proposed modification would likely have a negligible effect on U.S. imports under NAFTA and on total U.S. imports. Dutiable imports under tariff item 2918.29.75, which covers parabens, account for a small share of U.S. imports of all products covered by the rule from NAFTA partners (18 percent in 2012). The NTR rate of duty for tariff item 2918.29.75 is 6.5 percent ad valorem. Dutiable imports from NAFTA partners under tariff item 2918.29.75 accounted for less than 0.5 percent of total U.S. imports of products covered by the proposed rule in 2012.

The proposed modification would likely have a negligible effect on U.S. exports under NAFTA and on total U.S. exports. More than 99 percent of U.S. exports of the subject products to Canada and Mexico entered under 8-digit tariff items that were free of duty on an MFN basis in 2012. All Canadian and most Mexican tariff items in these subheadings are already free of duty on an MFN basis. Mexico has two tariff items within subheadings 2918.29 through 2918.30 with rates of duty of 5 percent ad valorem. U.S. exports under these two Mexican tariff lines accounted for less than 0.5 percent of U.S. exports to NAFTA partners and total U.S. exports in 2012.

The proposed modification would likely have a negligible effect on U.S. production because the net effect on total U.S. trade is expected to be negligible.

CHAPTER 29

TABLE 3.50 Certain carboxylic acids with additional oxygen function

HTS no.	Existing rule	Proposed rule	Probable effect advice
2918.91– 2918.99	<p>39. (A) A change to subheadings 2918.91 through 2918.99 from any subheading outside that group, except from subheadings 2908.11, 2908.19 or 2915.40; or</p> <p>(B) A change to subheadings 2918.91 through 2918.99 from subheadings 2908.11, 2908.19 or 2915.40, 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:</p> <p>(1) 60 percent where the transaction value method is used, or</p> <p>(2) 50 percent where the net cost method is used.</p>	A change to subheading 2918.91 through 2918.99 from any other subheading, including another subheading within that group.	<p>U.S. trade under NAFTA: Imports: Negligible Exports: Negligible</p> <p>U.S. total trade: Imports: Negligible Exports: Negligible</p> <p>U.S. production: Negligible</p>

TABLE 3.50: Modification and effect

Modification: The proposed rule covers carboxylic acids with additional oxygen function, but without alcohol, phenol, aldehyde, or ketone function.

The current NAFTA rule requires 2,4,5-T (ISO), its salts and esters (subheading 2918.91), and goods of subheading 2918.99 made from non-originating halogenated derivatives of phenols and phenol-alcohols (subheadings 2908.11 and 2908.19) or non-originating mono-, di- or trichloroacetic acids (subheading 2915.40) to meet a regional value content requirement. If the final product does not meet the regional value content requirement, the specified inputs must be made in North America. Additionally, the current NAFTA rule does not allow a change between subheadings 2918.91 and 2918.99 to confer origin.

The proposed rule is liberalizing because it removes both the product exclusion and the regional value content requirement.

Effect: The proposed modification would likely have a negligible effect on U.S. imports under NAFTA and on total U.S. imports. Dutiable imports of the covered products account for a very small share (less than 1 percent in 2012) of imports from NAFTA partners and total U.S. imports for subheadings 2918.91 and 2918.99. The NTR rates of duty for the subheadings covered by the proposed modification range from free to 6.5 percent ad valorem.

The proposed modification would likely have a negligible effect on U.S. exports under NAFTA and on total U.S. exports. These products are free of duty on an MFN basis in Canada; MFN rates for Mexico range from free to 10 percent ad valorem. More than 87 percent of exports of the covered products to Canada and Mexico entered under 8-digit tariff items that were free of duty on an MFN basis in 2012.¹

The proposed modification would likely have a negligible effect on U.S. production because the net effect on total U.S. trade is expected to be negligible.

¹ Commission estimate based on U.S. export data from USITC DataWeb/USDOC and Mexican import data from Global Trade Atlas.

CHAPTER 29

TABLE 3.51 Phosphoric esters and esters of other inorganic acids of nonmetals

HTS no.	Existing rule	Proposed rule	Probable effect advice
2919.10–2920.90	40. A change to heading 2919 from any other heading. 41. A change to subheadings 2920.11 through 2920.19 from any subheading outside that group. 41A. A change to subheading 2920.90 from any other subheading.	A change to subheading 2919.10 through 2920.90 from any other subheading, including another subheading within that group.	U.S. trade under NAFTA: Imports: Negligible Exports: Negligible U.S. total trade: Imports: Negligible Exports: Negligible U.S. production: Negligible

TABLE 3.51: Modification and effect

Modification: The WCO’s 2007 changes to the HS restructured headings 2919 and 2920 to make it easier to monitor international trade in tris(2,3-dibromopropyl)phosphate (subheading 2919.10) and parathion and parathion-methyl (subheading 2920.11), which are hazardous chemicals covered by the Rotterdam Convention. The current NAFTA rules resulted from the update of the 2002 NAFTA rules to ensure that all prior origin treatment would continue. Under the current NAFTA rules, goods of subheading 2919.90 made using non-originating tris(2,3-dibromopropyl)phosphate of subheading 2919.10 would not qualify for the NAFTA preferential rate of duty; likewise, tris(2,3-dibromopropyl)phosphate made from non-originating inputs of subheading 2919.90 would not qualify for the preferential rate. Under the current rule, goods of subheading 2920.19 made using non-originating parathion or parathion-methyl of subheading 2920.10 would not qualify for the NAFTA preferential rate of duty, and parathion or parathion-methyl of subheading 2920.10 made using non-originating inputs of subheading 2920.19 would not qualify for the preferential rate.

The proposed modification is liberalizing because it allows any subheading-level tariff change to confer origin. However, the modifications involve hazardous chemicals that are banned for certain applications in the United States and are unlikely to be used as inputs in the production of other products, so the modification will likely have no practical effect.

The proposed modification would make no substantive change for subheading 2920.90.

Effect: The proposed modification would likely have a negligible effect on U.S. imports under NAFTA and on total U.S. imports. It affects chemicals that are banned or restricted for use in the United States and that are unlikely to be used as inputs in making other chemicals. Additionally, dutiable imports from NAFTA partners under the subheadings substantially changed by the proposed modification (2919.10 through 2920.19) accounted for 2 percent of U.S. imports from NAFTA partners and less than 0.5 percent of total U.S. imports of products covered by the proposed rule in 2012. The effective tariff on U.S. imports from NAFTA partners for the subheadings substantively changed by the proposed modification was less than 0.5 percent ad valorem in 2012. NTR rates of duty for U.S. tariff items in these subheadings range from free to 6.5 percent ad valorem.

The proposed modification would likely have a negligible effect on U.S. exports under NAFTA partners and on total U.S. exports. Tris(2,3-dibromopropyl)phosphate (subheading 2919.10), parathion, and parathion-methyl (subheading 2920.11) are not typically used as inputs in the production of goods of subheading 2919.10 through 2920.90 in the United States. Additionally, in 2012, 96 percent of U.S. exports to Canada and Mexico under the subheadings that would be substantively changed by the proposed modification were under tariff items that are free of duty on an MFN basis in those countries, resulting in an effective tariff of less than 0.5 percent ad valorem.¹

The effect on U.S. production would likely be negligible because the net effect on total trade is expected to be negligible.

¹ Commission estimate based on U.S. export data from USITC DataWeb/USDOC and Canadian and Mexican import data obtained from Global Trade Atlas.

CHAPTER 29

TABLE 3.52 Methylamine, di- or trimethylamine and their salts

HTS no.	Existing rule	Proposed rule	Probable effect advice
2921.11	<p>42. (A) A change to subheading 2921.11 from any other heading, except from headings 2901, 2902, 2904, 2916, 2917 or 2926; or</p> <p>(B) A change to subheading 2921.11 from any other subheading within heading 2921, or headings 2901, 2902, 2904, 2916, 2917 or 2926, whether or not there is also a change from any other heading, provided there is a regional value content of not less than:</p> <p>(1) 60 percent where the transaction value method is used, or</p> <p>(2) 50 percent where the net cost method is used.</p>	A change to subheading 2921.11 from any other subheading.	<p>U.S. trade under NAFTA: Imports: Negligible Exports: Negligible</p> <p>U.S. total trade: Imports: Negligible Exports: Negligible</p> <p>U.S. production: Negligible</p>

TABLE 3.52: Modification and effect

Modification: The current NAFTA rules allow methylamine, di- or trimethylamine and their salts (subheading 2921.11) made using non-originating inputs of headings 2901, 2902, 2904, 2916, 2917, 2921, or 2926 to receive the NAFTA preferential rate of duty provided that the final product meets the regional value content requirement. If the final product does not meet the regional value content rule, inputs of these headings must be made in North America.

The proposed modification is in principle liberalizing because it removes the product exclusions and the regional value content requirement. However, it is unlikely that the modification will have any practical significance because methanol and ammonia, the inputs most commonly used in making methylamine, di- or trimethylamine and their salts, are not classified in headings 2901, 2902, 2904, 2916, 2917, or 2926, or other subheadings of heading 2921.

Effect: The proposed modification would likely have a negligible effect on U.S. imports under NAFTA and on total U.S. imports. The proposed change does not affect the inputs typically used to make products of subheading 2921.11. Additionally, dutiable imports from NAFTA for subheading 2921.11 accounted for only 2 percent of all imports from NAFTA partners in 2012. The NTR rate of duty for products of this subheading is 3.7 percent ad valorem.

The proposed modification would likely have a negligible effect on U.S. exports under NAFTA and on total U.S. exports. For Canada, the products of subheading 2921.11 are free of duty on an MFN basis, so the modification would have no effect on U.S. exports to Canada. U.S. exports to Mexico accounted for one-half of U.S. exports to NAFTA partners and about 20 percent of total U.S. exports in 2012. Even though most U.S. exports to Mexico under this provision are subject to an MFN rate of duty of 10 percent ad valorem, the proposed modification is unlikely to have a significant effect on U.S. exports to Mexico because the proposed change does not affect the inputs typically used to make products of subheading 2921.11.

The effect on U.S. production would likely be negligible because the net effect on total trade is expected to be negligible.

CHAPTER 29

TABLE 3.53 Mono-, di- and triethylamines and other acyclic monoamines

HTS no.	Existing rule	Proposed rule	Probable effect advice
2921.19	<p>43. (A) A change to diethylamine or its salts of subheading 2921.19 from any other heading, except from headings 2901, 2902, 2904, 2916, 2917 or 2926;</p> <p>(B) A change to diethylamine or its salts of subheading 2921.19 from any other good of subheading 2921.19 or any other subheading within heading 2921, or headings 2901, 2902, 2904, 2916, 2917 or 2926, whether or not there is also a change from any other heading, provided there is a regional value content of not less than:</p> <p>(1) 60 percent where the transaction value method is used, or</p> <p>(2) 50 percent where the net cost method is used; or</p> <p>(C) A change to any other good of subheading 2921.19 from diethylamine or its salts of subheading 2921.19 or any other subheading.</p>	<p>A change to a good of subheading 2921.19 from diethylamine or its salts within that subheading or any other subheading; or</p> <p>A change to diethylamine or its salts of subheading 2921.19 from any other subheading.</p>	<p>U.S. trade under NAFTA: Imports: Negligible Exports: None</p> <p>U.S. total trade: Imports: Negligible Exports: None</p> <p>U.S. production: Negligible</p>

TABLE 3.53: Modification and effect

Modification: The current NAFTA rule treats diethylamine and its salts differently than the other acyclic monoamines of subheading 2921.19. This compound and its salts were added to this subheading in 2007, when subheading 2921.12 was deleted from the HS, and the current rule reflects the updating of existing NAFTA rules to maintain possible tariff shifts that were previously allowed. For diethylamine or its salts (tariff item 2921.19.11) made using non-originating inputs of headings 2901, 2902, 2904, 2916, 2917, 2921, or 2926, the final product must meet a regional value content requirement to receive the NAFTA preferential rate of duty; otherwise, the inputs of these headings must be made in North America. For other acyclic monoamines of subheading 2921.19, any subheading-level tariff change or a change from diethylamine or its salts within subheading 2921.19 confers origin.

The proposed modification is in principle liberalizing because it would remove the product exclusions and the regional value content requirement for diethylamine and its salts. However, it is unlikely that the modification will have any practical significance because ethanol and ammonia, the inputs most commonly used in making diethylamine and its salts, are not classified in headings 2901, 2902, 2904, 2916, 2917, 2921, or 2926.

The proposed modification does not substantively change the rule of origin for goods of subheading 2921.19 other than diethylamine and its salts.

TABLE 3.53: Modification and effect—*Continued*

Effect: The proposed modification would likely have a negligible effect on U.S. imports under NAFTA and on total U.S. imports. The modification does not affect the inputs typically used in the production of diethylamine and its salts. Additionally, dutiable imports for tariff line 2921.19.11, which covers diethylamine and its salts among other products, accounted for less than 1 percent of U.S. imports under subheading 2921.19 from NAFTA partners in 2012. The effective tariff on U.S. imports of the subject goods from NAFTA was less than 0.5 percent ad valorem in 2012.¹ The NTR rate of duty for tariff item 2921.19.11 is 3.7 percent ad valorem.

The proposed modification would have no effect on U.S. exports to NAFTA partners or total U.S. exports. U.S. exports of diethylamine and its salts are free of duty on an MFN basis in both Canada and Mexico.

The effect on U.S. production would likely be negligible because the net effect on total trade is expected to be negligible.

¹ Commission estimate based on estimated duties collected on U.S. imports from NAFTA partners under tariff item 2921.19.11 as a share of U.S. imports from NAFTA partners of all products covered by the rule (subheading 2921.19).

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TABLE 3.54 Acyclic polyamines; cyclanic, cyclenic or cycloterpenic mono- or polyamines; and aromatic mono- or polyamines

HTS no.	Existing rule	Proposed rule	Probable effect advice
2921.21–2921.59	<p>44. (A) A change to subheadings 2921.21 through 2921.29 from any other heading, except from headings 2901, 2902, 2904, 2916, 2917 or 2926; or</p> <p>(B) A change to subheadings 2921.21 through 2921.29 from any other subheading within heading 2921, including another subheading within that group, or headings 2901, 2902, 2904, 2916, 2917 or 2926, whether or not there is also a change from any other heading, provided there is a regional value content of not less than:</p> <p>(1) 60 percent where the transaction value method is used, or</p> <p>(2) 50 percent where the net cost method is used.</p> <p>[TCR 44A deleted]</p> <p>45. A change to subheading 2921.30 from any other subheading.</p> <p>46. (A) A change to subheadings 2921.41 through 2921.45 from any other heading, except from headings 2901, 2902, 2904, 2916, 2917 or 2926; or</p> <p>(B) A change to subheadings 2921.41 through 2921.45 from any other subheading within heading 2921, including another subheading within that group, or headings 2901, 2902, 2904, 2916, 2917 or 2926, whether or not there is also a change from any other heading, provided there is a regional value content of not less than:</p> <p>(1) 60 percent where the transaction value method is used, or</p>	<p>A change to subheading 2921.21 through 2921.59 from any other subheading, including another subheading within that group.</p>	<p>U.S. trade under NAFTA: Imports: Negligible Exports: Negligible</p> <p>U.S. total trade: Imports: Negligible Exports: Negligible</p> <p>U.S. production: Negligible</p>

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TABLE 3.54—Continued

HTS No.	Existing rule	Proposed rule	Probable effect advice
	<p>(2) 50 percent where the net cost method is used.</p> <p>46A. (A) A change to subheadings 2921.46 through 2921.49 from any other heading, except from headings 2901, 2902, 2904, 2916, 2917 or 2926; or</p> <p>(B) A change to subheadings 2921.46 through 2921.49 from any subheading outside that group within heading 2921 or headings 2901, 2902, 2904, 2916, 2917 or 2926, whether or not there is also a change from any other heading, provided there is a regional value content of not less than:</p> <p>(1) 60 percent where the transaction value method is used, or</p> <p>(2) 50 percent where the net cost method is used.</p> <p>46B. (A) A change to subheadings 2921.51 through 2921.59 from any other heading, except from headings 2901, 2902, 2904, 2916, 2917 or 2926; or</p> <p>(B) A change to subheadings 2921.51 through 2921.59 from any other subheading within heading 2921, including another subheading within that group, or headings 2901, 2902, 2904, 2916, 2917 or 2926, whether or not there is also a change from any other heading, provided there is a regional value content of not less than:</p> <p>(1) 60 percent where the transaction value method is used, or</p> <p>(2) 50 percent where the net cost method is used.</p>		

TABLE 3.54: Modification and effect—*Continued*

Modification: The current NAFTA rule allows amine-function compounds of subheadings 2921.21 through 2921.29 and 2921.41 through 2921.59 made using non-originating inputs of headings 2901, 2902, 2904, 2916, 2917, or 2926, or other subheadings of heading 2921, to receive the preferential rate of duty provided that the final product meets the regional value content requirement. If the final product does not meet the regional value content requirement, NAFTA status can only be claimed if non-originating inputs are classified outside the excluded headings.

The proposed modification is liberalizing because it removes the product exclusions and the regional value content requirement. It allows any subheading-level tariff change to confer origin.

The proposed modification does not substantively change the rule of origin for subheading 2921.30.

Effect: The proposed modification would likely have a negligible effect on U.S. imports under NAFTA and on total U.S. imports. Dutiable imports account for a small share of imports from NAFTA partners (6 percent in 2012) for the covered products, resulting in an effective tariff of less than 0.5 percent ad valorem.¹ NTR rates of duty for U.S. tariff lines covering these products range from free to 6.5 percent ad valorem. Dutiable imports from NAFTA partners accounted for less than 0.5 percent of total U.S. imports for subheadings 2921.21 through 2921.59 in 2012.

The proposed modification would likely have a negligible effect on U.S. exports under NAFTA and on total U.S. exports. In 2012, 98 percent of U.S. exports of the covered goods to Canada and Mexico were under tariff items that are free of duty on an MFN basis, resulting in an estimated effective tariff of less than 0.5 percent.² Canada's MFN rates of duty are free; Mexico's MFN rates of duty range from free to 7 percent ad valorem.

The effect on U.S. production would likely be negligible because the net effect on total trade is expected to be negligible.

¹ Subheading 2921.30 is not substantively changed by the proposed modification. Dutiable U.S. imports under this subheading from NAFTA partners accounted for less than 1 percent of dutiable U.S. imports from NAFTA partners of all goods covered by the proposed rule in 2012.

² Commission estimate based on U.S. export data from USITC DataWeb/USDOC and Mexican import data from Global Trade Atlas.

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TABLE 3.55 Certain oxygen-function amino-compounds

HTS no.	Existing rule	Proposed rule	Probable effect advice
2922.11– 2922.21	<p>47. (A) A change to subheadings 2922.11 through 2922.13 from any other heading, except from headings 2905 through 2921; or</p> <p>(B) A change to subheadings 2922.11 through 2922.13 from any other subheading within heading 2922, including another subheading within that group, or headings 2905 through 2921, whether or not there is also a change from any other heading, provided there is a regional value content of not less than:</p> <p>(1) 60 percent where the transaction value method is used, or</p> <p>(2) 50 percent where the net cost method is used.</p> <p>47A. (A) A change to subheadings 2922.14 through 2922.19 from any other heading, except from headings 2905 through 2921; or</p> <p>(B) A change to subheadings 2922.14 through 2922.19 from any subheading outside that group within heading 2922 or headings 2905 through 2921, whether or not there is also a change from any other heading, provided there is a regional value content of not less than:</p> <p>(1) 60 percent where the transaction value method is used, or</p> <p>(2) 50 percent where the net cost method is used.</p> <p>47B. (A) A change to subheading 2922.21 from any other heading, except from headings 2905 through 2921; or</p>	<p>A change to subheading 2922.11 through 2922.21 from any other subheading, including another subheading within that group.</p>	<p>U.S. trade under NAFTA: Imports: Negligible Exports: Significant increase¹</p> <p>U.S. total trade: Imports: Negligible Exports: Negligible</p> <p>U.S. production: Negligible</p>

¹ Results for this proposed modification are likely overstated because the analysis was based on the assumption that all U.S. exports to Mexico paid the MFN rate of duty. The effect on U.S. exports to NAFTA partners will be reduced to the extent that U.S. exports to Mexico currently receive the NAFTA preferential rate of duty.

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TABLE 3.55—Continued

HTS No.	Existing rule	Proposed rule	Probable effect advice
	<p>(B) A change to subheading 2922.21 from any other subheading within heading 2922, including another subheading within that group, or headings 2905 through 2921, whether or not there is also a change from any other heading, provided there is a regional value content of not less than:</p> <p>(1) 60 percent where the transaction value method is used, or</p> <p>(2) 50 percent where the net cost method is used.</p>		

TABLE 3.55: Modification and effect

Modification: The current rule covers a variety of oxygen-function amino-compounds, including monoethanolamine, diethanolamine, and triethanolamine and their salts.

The current NAFTA rule has several limitations on what non-originating inputs may be used. For subheadings 2922.11 through 2922.21, any input classified in headings 2905 through 2921 needs to be made in North America unless the final good meets the regional value content requirement. For example, the current NAFTA rule allows ethanolamines (subheadings 2922.11, 2922.12, and 2922.13) made from non-originating ethylene oxide (subheading 2910.10) to receive the preferential rate of duty provided that the ethanolamines meet the regional value content requirement. If the final product does not meet the regional value content requirement, the ethylene oxide must be made in North America.

The proposed modification is liberalizing because it removes the product exclusions and regional value content requirement. It allows any subheading-level tariff change to confer origin.

Effect: The proposed modification would likely have a negligible effect on U.S. imports under NAFTA and on total U.S. imports. In 2012, 88 percent of U.S. imports of the subject products from NAFTA partners were from Mexico. The majority of these products from NAFTA partners—about 95 percent—entered free of duty, including all of the product imported from Mexico, resulting in an effective tariff of less than 0.5 percent ad valorem.

The proposed modification could potentially result in a significant increase in U.S. exports to NAFTA partners, which totaled \$95.3 million in 2012. Canada’s MFN duty rates for subheadings covered by the proposed rule are free. U.S. exports of these products to Canada accounted for about 62 percent of total U.S. exports to NAFTA partners of the subject products. In 2012, about one-half of U.S. exports of these products to Mexico were under tariff lines that were free of duty on an MFN basis; the remaining exports were under tariff lines that had an MFN rate of duty of 5 or 10 percent ad valorem. If MFN rates of duty are applied to U.S. exports to the NAFTA partners, the estimated effective tariff on all U.S. exports to NAFTA partners of goods covered by this rule was 2.1 percent in 2012.²

² Commission estimate based on U.S. export data from USITC DataWeb/USDOC and Mexican import data from Global Trade Atlas.

TABLE 3.55: Modification and effect—*Continued*

The proposed modification would likely have a negligible effect on total U.S. exports. U.S. exports to NAFTA partners represented about 18 percent of total U.S. exports of these products in 2012. The effective tariff on total U.S. exports of products covered by the rule was less than 0.5 percent ad valorem in 2012.³

The effect on U.S. production would likely be negligible because the net effect on total U.S. trade is expected to be negligible. Also, any expected change in U.S. exports of these products to NAFTA partners is likely small compared with U.S. production.

³ Calculated based on actual duties paid on U.S. exports to Canada and assuming the MFN rates apply to U.S. exports to Mexico of products covered by the proposed modification divided by total U.S. exports of all products covered by the proposed modification. Commission estimate based on Mexican import data from Global Trade Atlas, and U.S. export data from USITC DataWeb/USDOC.

CHAPTER 29

TABLE 3.56 Certain amino-naphthols and other amino-phenols

HTS no.	Existing rule	Proposed rule	Probable effect advice
2922.29	<p>47C. (A) A change to anisidines, dianisidines, phenetidines or their salts of subheading 2922.29 from any other heading, except from headings 2905 through 2921; or</p> <p>(B) A change to anisidines, dianisidines, phenetidines or their salts of subheading 2922.29 from any other good of subheading 2922.29, any other subheading within heading 2922 or headings 2905 through 2921, whether or not there is also a change from any other heading, provided there is a regional value content of not less than:</p> <p>(1) 60 percent where the transaction value method is used, or</p> <p>(2) 50 percent where the net cost method is used.</p> <p>(C) A change to any other good of subheading 2922.29 from any other heading, except from headings 2905 through 2921; or</p> <p>(D) A change to any other good of subheading 2922.29 from anisidines, dianisidines, phenetidines or their salts of subheading 2922.29, any other subheading within heading 2922 or headings 2905 through 2921, whether or not there is also a change from any other heading, provided there is a regional value content of not less than:</p> <p>(1) 60 percent where the transaction value method is used, or</p> <p>(2) 50 percent where the net cost method is used.</p>	<p>A change to subheading 2922.29 from any other subheading;</p> <p>A change to anisidines, dianisidines, phenetidines or their salts of subheading 2922.29 from any other good within that subheading, whether or not there is also a change from any other subheading, provided there is a regional value content of not less than:</p> <p>(a) 60 percent where the transaction value method is used, or</p> <p>(b) 50 percent where the net cost method is used; or</p> <p>A change to any other good of subheading 2922.29 from anisidines, dianisidines, phenetidines or their salts within that subheading, whether or not there is also a change from any other subheading, provided there is a regional value content of not less than:</p> <p>(a) 60 percent where the transaction value method is used, or</p> <p>(b) 50 percent where the net cost method is used.</p>	<p>U.S. trade under NAFTA: Imports: Negligible Exports: None</p> <p>U.S. total trade: Imports: Negligible Exports: None</p> <p>U.S. production: Negligible</p>

TABLE 3.56: Modification and effect—*Continued*

Modification: In 2007, the WCO deleted HS subheading 2922.22 covering anisidines, dianisidines, phenetidines, and their salts. These compounds were reclassified into the residual subheading 2922.29 (new tariff item 2922.29.03). The rules of origin in effect before this change allowed subheading-level changes for compounds of subheadings 2922.21 through 2922.29, provided that regional value content requirements were met, as well as the use of inputs from other headings, but separate rules were required for these reclassified compounds as a result of the subheading deletion.

This subheading covers non-enumerated amino-naphthols and amino-phenols, and their ethers and esters. The current NAFTA rule, which covers non-enumerated amino-naphthols and amino-phenols, and their ethers and esters, limits the use of non-originating inputs classified within headings 2905 through 2921 in making goods of subheading 2922.29 unless regional value requirements are met. For example, *o*-aminophenol of subheading 2922.29 can be synthesized from *o*-nitrophenol. The current NAFTA rule allows *o*-aminophenol made from non-originating *o*-nitrophenol (subheading 2908.99) to receive the preferential rate of duty provided that it meets the regional value content requirement. If the final product does not meet the regional value content requirement, the *o*-nitrophenol must be made in North America.

The proposed modification is liberalizing because it removes the product exclusions and regional value content requirement for non-originating inputs of headings 2905 through 2921. It allows any subheading-level change to confer origin. The regional value content requirement for making anisidines, dianisidines, phenetidines, or their salts of subheading 2922.29 from any other good within that subheading, and vice versa, is not substantively changed by the proposed modification.

Effect: The proposed modification would likely have a negligible effect on U.S. imports under NAFTA and on total U.S. imports. The NTR rates for the U.S. imports covered by this rule range from free to 6.5 percent ad valorem. In 2012, however, all U.S. imports of these goods from Canada and Mexico entered free of duty either under the NTR rate or the NAFTA preferential rate. U.S. imports from NAFTA partners accounted for less than 0.5 percent of total U.S. imports of these products in 2012.

The proposed modification would have no effect on U.S. exports under NAFTA and total U.S. exports. These products are free of duty on an MFN basis in Canada and Mexico.

The effect on U.S. production would likely be negligible because the net effect on total trade is expected to be negligible.

CHAPTER 29

TABLE 3.57 Amino-aldehydes, amino-ketones, and amino-quinones; amino-acids; and amino-alcohol-phenols, amino-acid-phenols, and other amino-compounds with oxygen function, and their salts

HTS no.	Existing rule	Proposed rule	Probable effect advice
2922.31– 2922.50	<p>47D. (A) A change to subheadings 2922.31 through 2922.39 from any other heading, except from headings 2905 through 2921; or</p> <p>(B) A change to subheadings 2922.31 through 2922.39 from any subheading outside that group within heading 2922 or headings 2905 through 2921, whether or not there is also a change from any other heading, provided there is a regional value content of not less than:</p> <p>(1) 60 percent where the transaction value method is used, or</p> <p>(2) 50 percent where the net cost method is used.</p> <p>47E. (A) A change to subheadings 2922.41 through 2922.43 from any other heading, except from headings 2905 through 2921; or</p> <p>(B) A change to subheadings 2922.41 through 2922.43 from any other subheading within heading 2922, including another subheading within that group, or headings 2905 through 2921, whether or not there is also a change from any other heading, provided there is a regional value content of not less than:</p> <p>(1) 60 percent where the transaction value method is used, or</p> <p>(2) 50 percent where the net cost method is used.</p> <p>47F. (A) A change to subheadings 2922.44 through 2922.49 from any other heading, except from headings 2905 through 2921; or</p>	<p>A change to subheading 2922.31 through 2922.50 from any other subheading, including another subheading within that group.</p>	<p>U.S. trade under NAFTA: Imports: Negligible Exports: Negligible</p> <p>U.S. total trade: Imports: Negligible Exports: Negligible</p> <p>U.S. production: Negligible</p>

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TABLE 3.57—Continued

HTS no.	Existing rule	Proposed rule	Probable effect advice
	<p>(B) A change to subheadings 2922.44 through 2922.49 from any subheading outside that group within heading 2922 or headings 2905 through 2921, whether or not there is also a change from any other heading, provided there is a regional value content of not less than:</p> <p>(1) 60 percent where the transaction value method is used, or</p> <p>(2) 50 percent where the net cost method is used.</p> <p>47G. (A) A change to subheading 2922.50 from any other heading, except from headings 2905 through 2921; or</p> <p>(B) A change to subheading 2922.50 from any other subheading within heading 2922 or headings 2905 through 2921, whether or not there is also a change from any other heading, provided there is a regional value content of not less than:</p> <p>(1) 60 percent where the transaction value method is used, or</p> <p>(2) 50 percent where the net cost method is used.</p>		

TABLE 3.57: Modification and effect—*Continued*

Modification: The current rule covers a wide variety of products and their salts, including amfepramone (INN), methadone (INN), and normethadone (INN).

The current NAFTA rules include regional value content requirements that limit the use of non-originating inputs classified within headings 2905 through 2921 in making goods of subheadings 2922.31 through 2922.50. For example, amfepramone can be manufactured using diethylamine. The current NAFTA rules allow amfepramone (subheading 2922.31) made from non-originating diethylamine (subheading 2921.19) to receive the preferential rate of duty provided that the final product meets the regional value content requirement. If the final product does not meet the regional value content requirement, the diethylamine must be made in North America.

The proposed modification is liberalizing because it removes the product exclusions and regional value content requirement for non-originating inputs of headings 2905 through 2921. The proposed modification allows any subheading-level change to confer origin.

Effect: The proposed modification would likely have a negligible effect on U.S. imports under NAFTA and on total U.S. imports. In 2012, 94 percent of these U.S. imports from Canada and Mexico entered free of duty, resulting in an effective tariff of less than 0.5 percent ad valorem. U.S. imports from NAFTA partners accounted for less than 0.5 percent of total U.S. imports of these products.

The proposed modification would likely have a negligible effect on U.S. exports of these products under NAFTA partners and on total U.S. exports. Canada's MFN rates of duty for these products are free. In 2012, Mexico accounted for about 30 percent of U.S. exports of the subject products to NAFTA partners; Mexico's MFN rates of duty ranged from 5 to 10 percent ad valorem. If MFN rates of duty are applied to these U.S. exports to the NAFTA partners, the effective tariff on all U.S. exports to NAFTA partners was less than 1 percent ad valorem in 2012.¹ U.S. exports of these products to its NAFTA partners accounted for 13 percent of total U.S. exports.

The effect on U.S. production would likely be negligible because the net effect on total trade is expected to be negligible.

¹ Commission estimate based on U.S. export data from USITC DataWeb/USDOC and Mexican import data from Global Trade Atlas.

CHAPTER 29**TABLE 3.58** Quaternary ammonium salts and hydroxides; lecithins, and other phosphoaminolipids

HTS no.	Existing rule	Proposed rule	Probable effect advice
2923.10– 2923.90	48. A change to subheadings 2923.10 through 2923.90 from any other subheading, including another subheading within that group.	A change to subheading 2923.10 through 2923.90 from any other subheading, including another subheading within that group.	U.S. trade under NAFTA: Imports: None Exports: None U.S. total trade: Imports: None Exports: None U.S. production: None

TABLE 3.58: Modification and effect

Modification: The proposed rule would make no substantive changes to the current NAFTA rule.

Effect: The proposed modification would have no effect on U.S. trade under NAFTA, on total U.S. trade, or on U.S. production because the proposed rule is substantively the same as the current NAFTA rule.

CHAPTER 29

TABLE 3.59 Acyclic amides and certain cyclic amides

HTS no.	Existing rule	Proposed rule	Probable effect advice
2924.11– 2924.21	<p>49. A change to subheadings 2924.11 through 2924.19 from any subheading outside that group.</p> <p>50. (A) A change to subheading 2924.21 from any other subheading, except from subheading 2917.20; or</p> <p>(B) A change to subheading 2924.21 from subheading 2917.20, whether or not there is also a change from any other subheading, provided there is a regional value content of not less than:</p> <p>(1) 60 percent where the transaction value method is used, or</p> <p>(2) 50 percent where the net cost method is used.</p>	A change to subheading 2924.11 through 2924.21 from any other subheading, including another subheading within that group.	<p>U.S. trade under NAFTA: Imports: Significant increase Exports: Negligible</p> <p>U.S. total trade: Imports: Negligible Exports: Negligible</p> <p>U.S. production: Negligible</p>

TABLE 3.59: Modification and effect

Modification: The current NAFTA rule covers acyclic and cyclic amides (e.g., ureines), and their derivatives and salts.

A common method for making cyclic amides of these subheadings is the reaction of cyclic carboxylic acids of subheading 2917.20 with ammonia or other amines. The current NAFTA rule allows a cyclic amide (subheading 2924.21) made from a non-originating cyclic carboxylic acid (subheading 2917.20) to receive the preferential rate of duty provided that the final product meets the regional value content requirement. If the final product does not meet the regional value content requirement, the cyclic carboxylic acid of subheading 2917.20 must be made in North America.

Additionally, the current NAFTA rule does not allow a change between subheadings within the group 2924.11 through 2924.19 to confer origin.

The proposed modification is liberalizing because it removes the regional value content requirement for products of subheading 2924.21 made using non-originating goods of subheading 2917.20 and allows any subheading-level change to confer origin.

Effect: The proposed modification would likely result in a significant increase in U.S. imports from NAFTA partners, which totaled \$3.1 million in 2012. The NTR duty rates on goods covered by this rule range from free to 6.5 percent ad valorem. The effective tariff on U.S. imports of these goods from NAFTA partners was 1.6 percent ad valorem in 2012. The proposed modification would likely have a negligible effect on total U.S. imports. U.S. imports from NAFTA partners accounted for only 1 percent of total U.S. imports of these products in 2012.

The proposed modification would likely have a negligible effect on U.S. exports under NAFTA and on total U.S. exports. Canada's MFN rates of duty for these products are free. Mexico's MFN rates of duty for the covered products range from free to 10 percent ad valorem. If MFN rates of duty are applied, the effective tariff on all U.S. exports to NAFTA partners of goods covered by this rule was 1.4 percent ad valorem in 2012.¹ U.S. exports to NAFTA partners accounted for 17 percent of total U.S. exports of these goods in 2012.

¹ Commission estimate based on U.S. export data from USITC DataWeb/USDOC and Mexican import data from Global Trade Atlas.

TABLE 3.59: Modification and effect—*Continued*

The effect on U.S. production would likely be negligible because the net effect on total trade is expected to be negligible. Also, U.S. imports from NAFTA partners were less than 1 percent of estimated U.S. production in 2012.

CHAPTER 29

TABLE 3.60 2-Acetamidobenzoic acid (*N*-acetylanthranilic acid) and its salts

HTS no.	Existing rule	Proposed rule	Probable effect advice
2924.23	<p>51. (A) A change to subheading 2924.23 from any other subheading, except from subheadings 2917.20 or 2924.24 through 2924.29;</p> <p>(B) A change to 2-acetamidobenzoic acid (<i>N</i>-acetylanthranilic acid) of subheading 2924.23 from its salts of subheading 2924.23 or subheadings 2917.20 or 2924.24 through 2924.29, whether or not there is also a change from any other subheading, provided there is a regional value content of not less than:</p> <p>(1) 60 percent where the transaction value method is used, or</p> <p>(2) 50 percent where the net cost method is used; or</p> <p>(C) A change to salts of subheading 2924.23 from 2-acetamidobenzoic acid (<i>N</i>-acetylanthranilic acid) of subheading 2924.23 or subheadings 2917.20 or 2924.24 through 2924.29, whether or not there is also a change from any other subheading, provided there is a regional value content of not less than:</p> <p>(1) 60 percent where the transaction value method is used, or</p> <p>(2) 50 percent where the net cost method is used.</p>	<p>A change to subheading 2924.23 from any other subheading;</p> <p>A change to 2-acetamidobenzoic acid (<i>N</i>-acetylanthranilic acid) of subheading 2924.23 from its salts within that subheading, whether or not there is also a change from any other subheading, provided there is a regional value content of not less than:</p> <p>(a) 60 percent where the transaction value method is used, or</p> <p>(b) 50 percent where the net cost method is used; or</p> <p>A change to salts of subheading 2924.23 from 2-acetamidobenzoic acid (<i>N</i>-acetylanthranilic acid) within that subheading, whether or not there is also a change from any other subheading, provided there is a regional value content of not less than:</p> <p>(a) 60 percent where the transaction value method is used, or</p> <p>(b) 50 percent where the net cost method is used.</p>	<p>U.S. trade under NAFTA: Imports: Negligible Exports: None</p> <p>U.S. total trade: Imports: Negligible Exports: None</p> <p>U.S. production: Negligible</p>

TABLE 3.60: Modification and effect

Modification: The current NAFTA rule provides for a subheading-level tariff change for non-originating inputs but excludes subheadings that cover many key inputs. In the alternative, the rule allows 2-acetamidobenzoic acid to be made from non-originating inputs of subheadings 2917.20 or 2924.24 through 2924.29 or for non-originating salts of 2-acetamidobenzoic acid (subheading 2924.23) to receive the preferential rate of duty provided that the acid meets the regional value content requirement. The current NAFTA rule also allows salts of 2-acetamidobenzoic acid made from non-originating inputs of subheadings 2917.20 or 2924.24 through 2924.29 or for non-originating 2-acetamidobenzoic acid (subheading 2924.23) to receive the preferential rate of duty provided that the final product meets the regional value content requirement. If the regional value content requirement is not met, inputs of the excluded subheadings must be made in North America.

The proposed modification is liberalizing because it removes the exclusions and regional value content requirement for subheadings 2917.20 and 2924.24 through 2924.29. Any subheading-level tariff change would confer origin. However, 2-acetamidobenzoic acid or salts of 2-acetamidobenzoic acid made from non-originating inputs of subheading 2924.23 would still need to meet the regional value content requirement to receive the preferential rate of duty.

Effect: The proposed modification would likely have a negligible effect on U.S. imports under NAFTA and on total U.S. imports. Canada was the only NAFTA source of these products in 2012, and all imports from Canada qualified for the NAFTA preferential rate that year. There were no U.S. imports of these goods from Canada 2008–11 or from Mexico during 2008–12. The value of all U.S. imports of these products declined substantially during 2008–11, from \$159,121 to \$3,375. Although imports from Canada accounted for 100 percent of total U.S. imports of these products in 2012, given both the recent decline in the value and the fact that all of these U.S. imports from Canada currently enter free of duty under NAFTA, the proposed modification would likely have a negligible effect on total U.S. imports.

The proposed modification would have no effect on U.S. exports to NAFTA partners or on total U.S. exports. The MFN rate of duty is free for Canada and Mexico.

The effect on U.S. production would likely be negligible because the net effect on total trade is expected to be negligible.

CHAPTER 29

TABLE 3.61 Ethinamate (INN) and certain other cyclic amides

HTS no.	Existing rule	Proposed rule	Probable effect advice
2924.24– 2924.29	<p>51A. (A) A change to subheadings 2924.24 through 2924.29 from any subheading outside that group, except from subheadings 2917.20 or 2924.23; or</p> <p>(B) A change to subheadings 2924.24 through 2924.29 from subheading 2917.20 or from 2-acetamidobenzoic acid (<i>N</i>-acetylanthranilic acid) of subheading 2924.23, 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:</p> <p>(1) 60 percent where the transaction value method is used, or</p> <p>(2) 50 percent where the net cost method is used.</p>	A change to subheading 2924.24 through 2924.29 from any other subheading, including another subheading within that group.	<p>U.S. trade under NAFTA: Imports: Negligible Exports: Negligible</p> <p>U.S. total trade: Imports: Negligible Exports: Negligible</p> <p>U.S. production: Negligible</p>

TABLE 3.61: Modification and effect

Modification: The current NAFTA rule covers cyclic amides other than ureines, their derivatives and salts, and 2-acetamidobenzoic acid and its salts.

Common methods for making cyclic amides of these subheadings use cyclic carboxylic acids of subheading 2917.20 as inputs. The current NAFTA rule allows cyclic amides (subheadings 2924.24 through 2924.29) made from non-originating cyclic carboxylic acids (subheading 2917.20) to receive the preferential rate of duty provided that they meet the regional value content requirement. If the final product does not meet the regional value content requirement, the cyclic carboxylic acids must be made in North America.

A similar regional value content requirement applies to cyclic amides of subheadings 2924.24 through 2924.29 made from non-originating 2-acetamidobenzoic acid (*N*-acetylanthranilic acid) of subheading 2924.23.

The proposed modification is liberalizing because it removes the product exclusions and the regional value content requirement in both of the instances. Any subheading-level tariff shift would confer origin.

Effect: The proposed modification would likely have a negligible effect on U.S. imports under NAFTA and on total U.S. imports. The effective tariff on total U.S. imports of these goods from NAFTA partners was less than 1 percent ad valorem in 2012. U.S. imports from NAFTA partners accounted for only 1 percent of total U.S. imports of these products in 2012.

The proposed modification would likely have a negligible effect on U.S. exports under NAFTA and on total U.S. exports of these products. Canada’s MFN rates of duty for these products are free. Mexico’s tariff items under these subheadings are free of duty on an MFN basis except for one item, which has a rate of duty of 5 percent ad

TABLE 3.61: Modification and effect—*Continued*

valorem. However, there were no U.S. exports to Mexico under this tariff item during 2008–12. If MFN rates of duty are applied to U.S. exports to the NAFTA partners, the effective tariff on all U.S exports to NAFTA partners of goods covered by this rule is zero.¹ U.S. exports to NAFTA partners accounted for 8 percent of total U.S. exports of the covered products in 2012.

The effect on U.S. production would likely be negligible because the net effect on total trade is expected to be negligible.

¹ Commission estimate based on U.S. export data from USITC DataWeb/USDOC and Mexican import data from Global Trade Atlas.

CHAPTER 29

TABLE 3.62 Carboxyimide-function compounds (including saccharin and its salts) and imine-function compounds; nitrile-function compounds; diazo-, azo- or azoxy-compounds; organic derivatives of hydrazine or of hydroxylamine; and compounds with other nitrogen function

HTS no.	Existing rule	Proposed rule	Probable effect advice
2925.11–2929.90	<p>52. A change to subheading 2925.11 from any other subheading.</p> <p>52A. A change to subheadings 2925.12 through 2925.19 from any subheading outside that group.</p> <p>52B. A change to subheadings 2925.21 through 2925.29 from any subheading outside that group.</p> <p>52C. A change to subheadings 2926.10 through 2926.20 from any other subheading, including another subheading within that group.</p> <p>52D. A change to subheadings 2926.30 through 2926.90 from any subheading outside that group.</p> <p>52E. A change to headings 2927 through 2928 from any other heading, including another heading within that group.</p> <p>53. (A) A change to subheadings 2929.10 through 2929.90 from any other subheading, including another subheading within that group, except from heading 2921; or</p> <p>(B) A change to subheadings 2929.10 through 2929.90 from heading 2921, whether or not there is also a change from any other subheading, including another subheading within that group, provided there is a regional value content of not less than:</p> <p>(1) 60 percent where the transaction value method is used, or</p> <p>(2) 50 percent where the net cost method is used.</p>	<p>A change to subheading 2925.11 through 2929.90 from any other subheading, including another subheading within that group.</p>	<p>U.S. trade under NAFTA: Imports: Negligible Exports: Negligible</p> <p>U.S. total trade: Imports: Negligible Exports: Negligible</p> <p>U.S. production: Negligible</p>

TABLE 3.62: Modification and effect—*Continued*

Modification: The proposed modification does not substantively change the rule of origin for saccharin and its salts (subheading 2925.11), acrylonitrile (subheading 2926.10), 1-cyanoguanidine (dicyandiamide) (subheading 2926.20), diazo-, azo- or azoxy-compounds (heading 2927), or organic derivatives of hydrazine or of hydroxylamine (heading 2928). There are no international subheadings under heading 2927 or 2928.

The current NAFTA rule does not allow tariff changes between subheadings 2925.12 and 2925.19 or between subheadings 2925.21 and 2925.29 to confer origin.

The current NAFTA rule includes a regional value content requirement for goods of subheadings 2929.10 through 2929.90 that applies when non-originating inputs from heading 2921 are used in producing the finished good. Toluenediisocyanate (also called TDI), one of the many products covered under these rules, can be used as an example of how the proposed changes could affect the chemicals in this grouping. Toluenediamines can be used as inputs to the production of TDI. The current NAFTA rules allow TDI (subheading 2929.10) made from non-originating toluenediamines (subheading 2921.51) to receive the preferential rate of duty provided that the TDI meets the regional value content requirement. If the final product does not meet the regional value content requirement, the toluenediamines must be made in North America.

The proposed modification is liberalizing because it removes the product exclusions and the regional value content requirement for products of subheadings 2929.10 through 2929.90. The proposed rule allows any subheading-level tariff change to confer origin, including changes between subheadings 2925.12 and 2925.19 and between subheadings 2925.21 and 2925.29

Effect: The proposed modification would likely have a negligible effect on U.S. imports under NAFTA and on total U.S. imports. The effective tariff on U.S. imports of the subject products from NAFTA partners was less than 0.5 percent ad valorem in 2012. U.S. imports of these products from NAFTA partners accounted for only 1 percent of total U.S. imports in 2012.

The proposed modification would likely have a negligible effect on U.S. exports under NAFTA and on total U.S. exports. Canada's MFN rates of duty for these products are free. Mexico's MFN rates of duty range from free to 7 percent ad valorem. If MFN rates of duty are applied to U.S. exports to the NAFTA partners, the effective tariff on all U.S. exports to NAFTA partners of goods covered by this rule was 0.6 percent ad valorem in 2012.¹ U.S. exports to NAFTA partners accounted for 12 percent of total U.S. exports of the products covered in 2012.

The effect on U.S. production would likely be negligible because the net effect on total trade is expected to be negligible.

¹ Commission estimate based on U.S. export data from USITC DataWeb/USDOC and Mexican import data from Global Trade Atlas.

CHAPTER 29

TABLE 3.63 Certain organo-sulfur compounds

HTS no.	Existing rule	Proposed rule	Probable effect advice
2930.20– 2930.50	54. A change to subheadings 2930.20 through 2930.40 from any other subheading, including another subheading within that group. 54A. A change to subheading 2930.50 from any other subheading, except from subheading 2930.90.	A change to subheading 2930.20 through 2930.50 from any other subheading, including another subheading within that group.	U.S. trade under NAFTA: Imports: None Exports: None U.S. total trade: Imports: None Exports: None U.S. production: None

TABLE 3.63: Modification and effect

Modification: The proposed rule covers the following organo-sulfur compounds: thiocarbamates and dithiocarbamates (subheading 2930.20); thiuram mono-, di- or tetrasulfides (subheading 2930.30); methionine (subheading 2930.40); and captafol and methamidophos (subheading 2930.50). The latter two products are pesticides and must be registered with the U.S. Environmental Protection Agency (EPA) to be sold in the United States.¹

Under the current NAFTA rule, if captafol or methamidophos (subheading 2930.50) is made using a good of subheading 2930.90, that good of subheading 2930.90 must be made in North America for the captafol or methamidophos to receive the preferential rate of duty.

The proposed rule is liberalizing because it would eliminate this restriction on the production of captafol or methamidophos from goods of subheading 2930.90. The proposed modification does not substantively change the rule of origin for goods of subheadings 2930.20 through 2930.40.

Effect: The proposed modification would have no effect on U.S. imports under NAFTA or on total U.S. imports. Captafol has been banned in the U.S. market since 2006. Most, if not all, U.S. product registrations for methamidophos were cancelled as of 2009, and U.S. sales of remaining stocks of the product were banned after December 31, 2010. The United States last imported the subject products in 2009.

The proposed modification would have no effect on U.S. exports under NAFTA or on total U.S. exports. Goods of subheading 2930.50 are free of duty on an MFN basis in both Canada and Mexico. Methamidophos is banned in Canada but reportedly is still in use in Mexico.

The proposed modification would have no effect on U.S. production because there would be no effect on U.S. trade.

¹ EPA, “Pesticide Registration Manual: Chapter 1 - Overview of Requirements for Pesticide Registration and Registrant Obligations,” <http://www.epa.gov/pesticides/bluebook/chapter1.html#types> (accessed May 28, 2013).

CHAPTER 29

TABLE 3.64 Other organo-sulfur compounds

HTS no.	Existing rule	Proposed rule	Probable effect advice
2930.90	<p>54B. (A) A change to dithiocarbonates (xanthates) of subheading 2930.90 from any other good of subheading 2930.90 or any other subheading; or</p> <p>(B) A change to any other good of subheading 2930.90 from dithiocarbonates (xanthates) of subheading 2930.90 or any other subheading, except from subheading 2930.50.</p>	<p>A change to dithiocarbonates (xanthates) of subheading 2930.90 from any other good within that subheading or any other subheading; or</p> <p>A change to any other good of subheading 2930.90 from dithiocarbonates (xanthates) within that subheading or any other subheading.</p>	<p>U.S. trade under NAFTA: Imports: Negligible Exports: Negligible</p> <p>U.S. total trade: Imports: Negligible Exports: Negligible</p> <p>U.S. production: Negligible</p>

TABLE 3.64: Modification and effect

Modification: In the WCO's changes to the HS that became effective in 2007, dithiocarbonates (xanthates) were reclassified from subheading 2930.10, which was deleted, into subheading 2930.90. The existing NAFTA rule was updated to continue to recognize all previous tariff changes as conferring origin. The current NAFTA rule allows dithiocarbonates made using non-originating inputs from subheading 2930.90 or from any other subheading to receive the preferential rate of duty. The current NAFTA rule does not allow goods of subheading 2930.90, other than dithiocarbonates, that are made using non-originating inputs of subheading 2930.50 to receive the preferential rate of duty.

The proposed modification is in principle liberalizing because it removes the restriction related to non-originating captafol (ISO) and methamidophos (ISO) (subheading 2930.50). In practice, however, it is unlikely that these two products, which are pesticides covered by the Rotterdam Convention, would be used as inputs to any of the products in subheading 2930.90. Captafol has been banned in the U.S. market since 2006. Most, if not all, U.S. product registrations for methamidophos were cancelled as of 2009; U.S. sales of remaining stocks of the product were banned after December 31, 2010.

Effect: The proposed modification would likely have a negligible effect on U.S. imports under NAFTA and total U.S. imports. Most of the imports of the covered products from Canada and Mexico already enter free of duty under NAFTA. The effective tariff on these goods was less than 1 percent ad valorem in 2012. U.S. imports from NAFTA partners accounted for 2 percent of total U.S. imports of these products in 2012.

The proposed modification would likely have a negligible effect on U.S. exports under NAFTA and on total U.S. exports. Canada's MFN rate of duty for these products is free. Mexico's MFN rates of duty range from free to 5 percent ad valorem. If MFN rates of duty are applied to U.S. exports to the NAFTA partners, the effective tariff on all U.S. exports to NAFTA partners of goods covered by this rule was less than 0.5 percent ad valorem in 2012.¹ U.S. exports to NAFTA partners accounted for 14 percent of total U.S. exports of the covered products in 2012.

The effect on U.S. production would likely be negligible because the net effect on total trade is expected to be negligible.

¹ Commission estimate based on U.S. export data from USITC DataWeb/USDOC and Mexican import data from Global Trade Atlas.

CHAPTER 29

TABLE 3.65 Other organo-inorganic compounds; heterocyclic compounds with oxygen hetero-atom(s) only; and heterocyclic compounds with nitrogen hetero-atom(s) only

HTS no.	Existing rule	Proposed rule	Probable effect advice
2931.00–2933.99	<p>55. A change to heading 2931 from any other heading.</p> <p>56. (A) A change to subheadings 2932.11 through 2932.94 from any other heading; or</p> <p>(B) A change to subheadings 2932.11 through 2932.94 from any other subheading within heading 2932, 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:</p> <p>(1) 60 percent where the transaction value method is used, or</p> <p>(2) 50 percent where the net cost method is used.</p> <p>56A. (A) A change to subheadings 2932.95 through 2932.99 from any other heading; or</p> <p>(B) A change to subheadings 2932.95 through 2932.99 from any subheading outside that group within heading 2932, whether or not there is also a change from any other heading, provided there is a regional value content of not less than:</p> <p>(1) 60 percent where the transaction value method is used, or</p> <p>(2) 50 percent where the net cost method is used.</p>	<p>A change to subheading 2931.00 through 2933.99 from any other subheading, including another subheading within that group.</p>	<p>U.S. trade under NAFTA: Imports: Negligible Exports: Negligible</p> <p>U.S. total trade: Imports: Negligible Exports: Negligible</p> <p>U.S. production: Negligible</p>

CHAPTER 29
TABLE 3.65—Continued

HTS no.	Existing rule	Proposed rule	Probable effect advice
	<p>57. (A) A change to subheadings 2933.11 through 2933.32 from any other heading; or</p> <p>(B) A change to subheadings 2933.11 through 2933.32 from any other subheading within heading 2933, 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:</p> <p>(1) 60 percent where the transaction value method is used, or</p> <p>(2) 50 percent where the net cost method is used.</p> <p>57A. (A) A change to subheadings 2933.33 through 2933.39 from any other heading; or</p> <p>(B) A change to subheadings 2933.33 through 2933.39 from any subheading outside that group within heading 2933, whether or not there is also a change from any other heading, provided there is a regional value content of not less than:</p> <p>(1) 60 percent where the transaction value method is used, or</p> <p>(2) 50 percent where the net cost method is used.</p>		

CHAPTER 29
TABLE 3.65—Continued

HTS no.	Existing rule	Proposed rule	Probable effect advice
	<p>57B. (A) A change to subheadings 2933.41 through 2933.49 from any other heading; or</p> <p>(B) A change to subheadings 2933.41 through 2933.49 from any subheading outside that group within heading 2933, whether or not there is also a change from any other heading, provided there is a regional value content of not less than:</p> <p>(1) 60 percent where the transaction value method is used, or</p> <p>(2) 50 percent where the net cost method is used.</p> <p>57C. (A) A change to subheadings 2933.52 through 2933.54 from any other heading; or</p> <p>(B) A change to subheadings 2933.52 through 2933.54 from any subheading outside that group within heading 2933, whether or not there is also a change from any other heading, provided there is a regional value content of not less than:</p> <p>(1) 60 percent where the transaction value method is used, or</p> <p>(2) 50 percent where the net cost method is used.</p>		

CHAPTER 29
TABLE 3.65—Continued

HTS no.	Existing rule	Proposed rule	Probable effect advice
	<p>57D. (A) A change to subheadings 2933.55 through 2933.59 from any other heading; or</p> <p>(B) A change to subheadings 2933.55 through 2933.59 from any subheading outside that group within heading 2933, whether or not there is also a change from any other heading, provided there is a regional value content of not less than:</p> <p>(1) 60 percent where the transaction value method is used, or</p> <p>(2) 50 percent where the net cost method is used.</p> <p>57E. (A) A change to subheadings 2933.61 through 2933.69 from any other heading; or</p> <p>(B) A change to subheadings 2933.61 through 2933.69 from any other subheading within heading 2933, 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:</p> <p>(1) 60 percent where the transaction value method is used, or</p> <p>(2) 50 percent where the net cost method is used.</p> <p>58. (A) A change to subheading 2933.71 from any other chapter, except from chapter 28 through 38; or</p>		

CHAPTER 29
TABLE 3.65—Continued

HTS no.	Existing rule	Proposed rule	Probable effect advice
	<p>(B) A change to subheading 2933.71 from any other subheading within chapter 28 through 38, whether or not there is also a change from any other chapter, provided there is a regional value content of not less than:</p> <p>(1) 60 percent where the transaction value method is used, or</p> <p>(2) 50 percent where the net cost method is used.</p> <p>59. (A) A change to subheadings 2933.72 through 2933.79 from any other heading; or</p> <p>(B) A change to subheadings 2933.72 through 2933.79 from any subheading outside that group within heading 2933, whether or not there is also a change from any other heading, provided there is a regional value content of not less than:</p> <p>(1) 60 percent where the transaction value method is used, or</p> <p>(2) 50 percent where the net cost method is used.</p> <p>59A. (A) A change to subheadings 2933.91 through 2933.99 from any other heading; or</p>		

CHAPTER 29
TABLE 3.65—Continued

HTS no.	Existing rule	Proposed rule	Probable effect advice
	<p>(B) A change to subheadings 2933.91 through 2933.99 from any subheading outside that group within heading 2933, whether or not there is also a change from any other heading, provided there is a regional value content of not less than:</p> <p>(1) 60 percent where the transaction value method is used, or</p> <p>(2) 50 percent where the net cost method is used.</p>		

TABLE 3.65: Modification and effect

Modification: The proposed rule covers a diverse set of products, including isosafrole, safrole, and piperonal (also known as heliotropin). The headings also cover tetramethyl lead, organo-arsenic compounds, various acids and their derivatives, melamine, and many other products.

The current NAFTA rule imposes regional value content requirements for most subheadings within subheadings 2932.11 through 2933.99.¹ These requirements apply to the use of non-originating inputs classified in various other subheadings, headings, or chapters in the production of the finished goods. Non-originating inputs to goods of heading 2931 must undergo a heading-level tariff shift with no regional value content requirement.

The proposed modification is liberalizing because it removes the regional value content requirements and allows any subheading-level tariff change to confer origin.

Effect: The proposed modification would likely have a negligible effect on U.S. imports under NAFTA and on total U.S. imports. Most U.S. imports of the subject products already enter free of duty under NAFTA. In 2012, U.S. imports from Canada and Mexico under NTR rates of duty accounted for only about 13 percent of total U.S. imports from NAFTA partners and less than 1 percent of total U.S. imports of the covered products. The effective tariff on U.S. imports of these products from Canada and Mexico was about 0.5 percent ad valorem in 2012.

The proposed modification would likely have a negligible effect on U.S. exports to NAFTA partners and on total U.S. exports. Canada's MFN duty rate for covered subheadings is free. Mexico's MFN duty rates for these subheadings vary from free to 7 percent ad valorem. If MFN rates of duty are applied to U.S. exports to the NAFTA partners, the effective tariff on all U.S. exports to NAFTA partners of goods covered by this rule was less than 0.5 percent ad valorem in 2012.² U.S. exports of these products to NAFTA partners accounted for 6 percent of total U.S. exports in 2012.

The effect on U.S. production would likely be negligible because the net effect on total trade is expected to be negligible.

¹ In 2012, the WCO made changes to HS heading 2931 by subdividing it into three new subheadings 2931.10, 2931.20, and 2931.90, and merging subheadings 2932.21 and 2932.29 into new subheading 2932.20. The NAFTA rules in general note 12 have not been updated to reflect the 2012 HS modifications. Nevertheless, the aggregate product coverage appears to be identical.

² Commission estimate based on U.S. export data from USITC DataWeb/USDOC and Mexican import data from Global Trade Atlas.

CHAPTER 29**TABLE 3.66** Certain nucleic acids and heterocyclic compounds

HTS no.	Existing rule	Proposed rule	Probable effect advice
2934.10– 2934.30	60. A change to subheadings 2934.10 through 2934.30 from any other subheading, including another subheading within that group.	A change to subheading 2934.10 through 2934.30 from any other subheading, including another subheading within that group.	U.S. trade under NAFTA: Imports: None Exports: None U.S. total trade: Imports: None Exports: None U.S. production: None

TABLE 3.66: Modification and effect

Modification: The proposed rule would make no substantive change to the current NAFTA rule of origin.

Effect: The proposed modification would have no effect on U.S. trade under NAFTA, on total U.S. trade, or on U.S. production because the proposed rule is substantively the same as the current NAFTA rule.

CHAPTER 29

TABLE 3.67 Other nucleic acids and their salts; other heterocyclic compounds

HTS no.	Existing rule	Proposed rule	Probable effect advice
2934.91– 2934.99	60A. (A) A change to subheadings 2934.91 through 2934.99 from any subheading outside that group; or (B) A change to nucleic acids of subheadings 2934.91 through 2934.99 from other heterocyclic compounds of subheading 2934.91 through 2934.99.	A change to nucleic acids of any subheading 2934.91 through 2934.99 from other heterocyclic compounds within that subheading or any other subheading, including another subheading within that group; or A change to any other good of subheading 2934.91 through 2934.99 from any other subheading, including another subheading within that group.	U.S. trade under NAFTA: Imports: Negligible Exports: Negligible U.S. total trade: Imports: Negligible Exports: Negligible U.S. production: Negligible

TABLE 3.67: Modification and effect

Modification: The proposed rule covers nucleic acids and other heterocyclic compounds except for compounds containing an unfused thiazole ring, a benzothiazole ring-system, or a phenothiazole ring-system.

The current NAFTA rule does not allow a shift from subheading 2934.91 to 2934.99, or vice versa, to confer origin, except when heterocyclic compounds of subheadings 2934.91 through 2934.99 are converted to nucleic acids of that same subheading group.

The proposed modification is liberalizing in two ways: (1) it would allow any subheading-level tariff shift, including between subheadings 2934.91 and 2934.99, to confer origin, and (2) it would expand the scope of heterocyclic compounds that can be used in making nucleic acids from just those of subheadings 2934.91 through 2934.99 to heterocyclic compounds within the same subheading as the nucleic acid or in any other subheading. Changing the order of these rules would also clarify that the second rule listed in the “proposed rule” column is a residual rule, given that the NAFTA tariff shift rules are to be applied in order to each imported good.

Effect: The proposed modification would likely have a negligible effect on U.S. imports under NAFTA and on total U.S. imports. The NTR rates of duty specific to the subheadings covered by this rule range from free to 6.5 percent ad valorem. In 2012, the effective tariff on U.S. imports from NAFTA partners was less than 0.5 percent ad valorem; about 92 percent of these U.S. imports from NAFTA partners entered the United States free of duty. The value of U.S. imports from Canada and Mexico accounted for less than 0.5 percent of total U.S. imports of these products in 2012.

The proposed modification would likely have a negligible effect on U.S. exports under NAFTA and on total U.S. exports. Canada’s MFN rates of duty on these goods are free. For Mexico, most of the 8-digit tariff items covered by the proposed rule are MFN free. In 2012, U.S. exports to Mexico accounted for almost 80 percent of total U.S. exports of these goods to NAFTA partners; all of these U.S. exports to Mexico were under tariff items that are free of duty on an MFN basis.¹ U.S. exports of these goods to NAFTA partners accounted for 9 percent of total U.S. exports.

The effect on U.S. production would likely be negligible because the net effect on total trade is expected to be negligible.

¹ Commission estimate based on Mexican import data obtained from Global Trade Atlas.

CHAPTER 29**TABLE 3.68** Sulfonamides

HTS no.	Existing rule	Proposed rule	Probable effect advice
2935.00	61. A change to heading 2935 from any other heading.	A change to subheading 2935.00 from any other subheading.	U.S. trade under NAFTA: Imports: None Exports: None U.S. total trade: Imports: None Exports: None U.S. production: None

TABLE 3.64: Modification and effect

Modification: The proposed rule would make no substantive changes to the current NAFTA rule of origin. There are no international subheadings under 2935.

Effect: The proposed modification would have no effect on U.S. trade under NAFTA, on total U.S. trade, or on U.S. production because the proposed rule is substantively the same as the current NAFTA rule.

CHAPTER 29

TABLE 3.69 Hormones, prostaglandins, thromboxanes and leukotrienes; glycosides and vegetable alkaloids; and other organic compounds

HTS no.	Existing rule	Proposed rule	Probable effect advice
2937.11–2942.00	<p>63. (A) A change to subheadings 2937.11 through 2937.90 from any other chapter, except from chapters 28 through 38; or</p> <p>(B) A change to subheadings 2937.11 through 2937.90 from any other subheading within chapters 28 through 38, 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:</p> <p>(1) 60 percent where the transaction value method is used, or</p> <p>(2) 50 percent where the net cost method is used.</p> <p>64. (A) A change to subheadings 2938.10 through 2938.90 from any other heading, except from heading 2940; or</p> <p>(B) A change to subheadings 2938.10 through 2938.90 from any other subheading within that group or heading 2940, whether or not there is also a change from any other heading, provided there is a regional value content of not less than:</p> <p>(1) 60 percent where the transaction value method is used, or</p> <p>(2) 50 percent where the net cost method is used.</p>	<p>A change to subheading 2937.11 through 2942.00 from any other subheading, including another subheading within that group.</p>	<p>U.S. trade under NAFTA: Imports: Negligible Exports: Negligible</p> <p>U.S. total trade: Imports: Negligible Exports: Negligible</p> <p>U.S. production: Negligible</p>

CHAPTER 29
TABLE 3.69—Continued

HTS no.	Existing rule	Proposed rule	Probable effect advice
	<p>65. (A) A change to concentrates of poppy straw of subheading 2939.11 from any other subheading, except from chapter 13; or</p> <p>(B) A change to any other good of subheading 2939.11 from concentrates of poppy straw of subheading 2939.11 or any other subheading, except from subheading 2939.19.</p> <p>65A. A change to subheading 2939.19 from concentrates of poppy straw of subheading 2939.11 or any other subheading, except from any other good of subheading 2939.11.</p> <p>65B. (A) A change to quinine or its salts of subheading 2939.20 from any other good of subheading 2939.20 or any other subheading; or</p> <p>(B) A change to any other good of subheading 2939.20 from quinine or its salts of subheading 2939.20 or any other subheading.</p> <p>65C. A change to subheadings 2939.30 through 2939.42 from any other subheading, including another subheading within that group.</p> <p>65D. A change to subheadings 2939.43 through 2939.49 from any subheading outside that group.</p> <p>65E. A change to subheadings 2939.51 through 2939.59 from any subheading outside that group.</p> <p>65F. A change to subheadings 2939.61 through 2939.69 from any other subheading, including another subheading within that group.</p>		

CHAPTER 29
TABLE 3.69—Continued

HTS no.	Existing rule	Proposed rule	Probable effect advice
	<p>65G. (A) A change to subheadings 2939.91 through 2939.99 from any subheading outside that group;</p> <p>(B) A change to nicotine or its salts of subheading 2939.99 from any other good of subheading 2939.99; or</p> <p>(C) A change to any other good of subheading 2939.99 from nicotine or its salts of subheading 2939.99.</p> <p>66. (A) A change to heading 2940 from any other heading, except from heading 2938; or</p> <p>(B) A change to heading 2940 from heading 2938, whether or not there is also a change from any other heading, provided there is a regional value content of not less than:</p> <p>(1) 60 percent where the transaction value method is used, or</p> <p>(2) 50 percent where the net cost method is used</p> <p>67. (A) A change to subheadings 2941.10 through 2941.90 from any other chapter, except from chapter 28 through 38; or</p> <p>(B) A change to subheadings 2941.10 through 2941.90 from any other subheading within chapter 28 through 38, 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:</p>		

CHAPTER 29
TABLE 3.69—Continued

HTS no.	Existing rule	Proposed rule	Probable effect advice
	<p>(1) 60 percent where the transaction value method is used, or</p> <p>(2) 50 percent where the net cost method is used.</p> <p>68. (A) A change to heading 2942 from any other chapter, except from chapter 28 through 38; or</p> <p>(B) A change to heading 2942 from any other heading within chapter 28 through 38, whether or not there is also a change from any other chapter, provided there is a regional value content of not less than:</p> <p>(1) 60 percent where the transaction value method is used, or</p> <p>(2) 50 percent where the net cost method is used.</p>		

TABLE 3.69: Modification and effect

Modification: The proposed rule covers a diverse set of bulk chemicals, including hormones, alkaloids, and other organic chemicals, including epinephrine (also known as adrenaline). Also covered are chemically pure sugars (heading 2940) and antibiotics (heading 2941), both in bulk form. Many changes to the product scope of these headings have occurred in recent years. Examples include the 2002 HS changes that restructured headings 2937 and 2939 and revised the description for heading 2940. In the 2007 HS changes, subheadings 2939.21 and 2939.29 were deleted and replaced by subheading 2939.20. In the 2012 HS changes, subheadings 2937.31 through 2937.40 were deleted and their products were reclassified into subheading 2937.90. In addition, new subheading 2939.44 was inserted to provide separately for norephedrine and its salts. The 2002 and 2007 HS changes have been reflected in updates to previous NAFTA rules, but NAFTA rules of origin have not yet been updated to reflect the 2012 changes. The proposed rule will simplify the existing rules, and in most but not all cases, liberalize them.

The current NAFTA rule includes regional value content requirements for many subheadings within 2937.11 through 2942.00 that apply to the use of non-originating inputs classified in other subheadings, headings, or chapters in the production of the finished goods. Other goods of subheadings 2937.11 through 2942.00 are covered by subheading- or chapter-level tariff changes, with no regional value content requirements. For example, products of heading 2939 must comply with tariff change criteria only.

The proposed modification is liberalizing in most cases because it would allow any subheading-level tariff change for all of these chemicals and remove the regional value content requirements.

TABLE 3.69: Modification and effect—*Continued*

There are a few cases where the proposed rule is seemingly more restrictive. The current rules allow non-originating concentrates of poppy straw (subheading 2939.11), quinine or its salts (subheading 2932.20), and nicotine or its salts (subheading 2939.99) to be potentially used as inputs in the production of other goods of their respective headings. Alternatively, non-originating goods of 2932.20 and 2939.99 can be used to produce quinine and its salts and nicotine and its salts, respectively. However, the proposed modifications would no longer allow the use of products within subheadings 2939.11, 2932.20, and 2939.99 to confer origin if used as inputs for other products in the same subheading.

Effect: The proposed modification would likely have a negligible effect on U.S. imports under NAFTA and on total U.S. imports. U.S. imports of most of these goods are already free of duty for all NTR countries. For the tariff items that are not free of duty on an NTR basis, the NTR rates range from 1.5 to 6.5 percent ad valorem. The effective tariff on U.S. imports of these goods from Canada and Mexico was less than 0.5 percent ad valorem in 2012. Although there might be a slightly restrictive effect from the new rules for some of the products (as noted above), it is likely that restrictive effect will be offset by the liberalizing effect for other products covered by the new rule.

The proposed modification would likely have a negligible effect on U.S. exports under NAFTA and on total U.S. exports. Canada's MFN rates for all of the tariff items covered by this rule are free. Mexico's MFN rates range from free to 15 percent ad valorem. In 2012, 98 percent of U.S. exports of these goods to Mexico entered under tariff items that are free of duty on an MFN basis.¹ The effective tariff on U.S. exports of these products to NAFTA partners in 2012 was less than 1 percent ad valorem.² Any restrictive effect on U.S. exports (as suggested in the modifications section above) would likely be offset by the liberalizing effect of the proposed modification.

The effect on U.S. production would likely be negligible because the net effect on total trade is expected to be negligible.

¹ Mexican import data obtained from Global Trade Atlas.

² Commission estimate based on U.S. export data from USITC DataWeb/USDOC and Mexican import data from Global Trade Atlas.

TABLES FOR HTS CHAPTER 30

TABLE 3.70 Extracts of glands or other organs

HTS no.	Existing rule	Proposed rule	Probable effect advice
3001.20	<p>1. (A) A change to subheading 3001.20 from any other heading, except from subheading 3006.92; or</p> <p>(B) A change to subheading 3001.20 from any other subheading within heading 3001, whether or not there is also a change from any other heading, except from subheading 3006.92, provided there is a regional value content of not less than:</p> <p>(1) 60 percent where the transaction value method is used, or</p> <p>(2) 50 percent where the net cost method is used.</p>	A change to subheading 3001.20 from any other subheading.	<p>U.S. trade under NAFTA: Imports: None Exports: Negligible</p> <p>U.S. total trade: Imports: None Exports: Negligible</p> <p>U.S. production: Negligible</p>

TABLE 3.70: Modification and effect

Modification: The current NAFTA rule allows a good of subheading 3001.20 made from non-originating inputs classified in any other subheading, except for subheadings 3001.90 (the only other international subheading in heading 3001) and 3006.92, to receive the NAFTA preferential rate of duty. The current rule allows a good of subheading 3001.20 made using a non-originating input of subheading 3001.90 to receive the preferential rate of duty if the final good meets a regional value content requirement. If the regional value content requirement is not met, inputs of subheading 3001.90 must be made in North America. The current rule does not allow the use of non-originating waste pharmaceuticals (subheading 3006.92), so waste pharmaceuticals used to make a good of subheading 3001.20 must be made in North America for the good to receive the preferential rate.

The proposed modification is liberalizing because it would remove the regional value content requirement and allow any subheading-level tariff change to confer origin. The proposed rule would remove the exclusion for inputs of subheading 3006.92 (waste pharmaceuticals). However, it is unlikely that such waste products would be converted to products of subheading 3001.20.

Effect: U.S. imports of these goods are already free of duty for all NTR countries; therefore, there would be no effect on U.S. imports under NAFTA or on total U.S. imports.

The proposed modification would likely have a negligible effect on U.S. exports under NAFTA and on total U.S. exports. Canada's MFN rates of duty for these goods are free. Mexico's MFN rates of duty for these goods range from free to 5 percent ad valorem. If MFN rates of duty are applied to U.S. exports to Mexico, the effective tariff on all U.S. exports to NAFTA partners of goods covered by this rule was less than 1.5 percent ad valorem in 2012.¹ U.S. exports to NAFTA partners accounted for only 3 percent of total U.S. exports under subheading 3001.20.

The effect on U.S. production would likely be negligible because the net effect on total trade is expected to be negligible.

¹ Commission estimate based on U.S. export data from USITC DataWeb/USDOC and Mexican import data from Global Trade Atlas.

CHAPTER 30

TABLE 3.71 Human blood, blood products, and vaccines and other products

HTS no.	Existing rule	Proposed rule	Probable effect advice
3002.10– 3002.90	3. A change to subheadings 3002.10 through 3002.90 from any other subheading, including another subheading within that group, except from subheading 3006.92.	A change to subheading 3002.10 through 3002.90 from any other subheading, including another subheading within that group.	U.S. trade under NAFTA: Imports: None Exports: Negligible U.S. total trade: Imports: None Exports: Negligible U.S. production: Negligible

TABLE 3.71: Modification and effect

Modification: The proposed rule covers human blood; animal blood prepared for therapeutic, prophylactic, or diagnostic uses; antisera, other blood fractions, and immunological products; and vaccines, toxins, cultures of microorganisms (excluding yeasts), and similar products.

The current NAFTA rule does not allow a good of subheadings 3002.10 through 3002.90 made from non-originating waste pharmaceuticals (subheading 3006.92) to receive the preferential rate of duty. The proposed modification is liberalizing because it would allow any subheading-level tariff change to confer origin. The proposed rule would remove the exclusion for non-originating waste pharmaceuticals of subheading 3006.92. However, it is unlikely that such waste products would be converted to products of subheadings 3002.10 through 3002.90 (with the possible exception of refurbished diagnostic kits).

Effect: U.S. imports of these goods are already free of duty for all NTR countries; therefore, there would be no effect on U.S. imports under NAFTA or on total U.S. imports.

The proposed modification would likely have a negligible effect on U.S. exports of these goods under NAFTA and on total U.S. exports. Canada’s MFN rates of duty of the goods are free. Mexico’s MFN rates of duty of these goods range from free to 15 percent ad valorem. If MFN rates of duty are applied to U.S. exports to Mexico, the effective tariff on all U.S exports to NAFTA partners of goods covered by this rule was 1.2 percent ad valorem in 2012.¹ U.S. exports to NAFTA partners accounted for 13 percent of total U.S. exports of these goods in 2012. Additionally, the proposed modification is unlikely to have more than a negligible effect because, as noted above, it is unlikely that waste pharmaceuticals would be converted to goods of subheadings 3002.10 through 3002.90 (with the possible exception of refurbished diagnostic kits).

The effect on U.S. production would likely be negligible because the net effect on total trade is expected to be negligible.

¹ Commission estimate based on U.S. export data from USITC DataWeb/USDOC and Mexican import data from Global Trade Atlas.

CHAPTER 30

TABLE 3.72 Sutures and other materials for medical diagnosis and treatment

HTS no.	Existing rule	Proposed rule	Probable effect advice
3006.10– 3006.50	<p>11. (A) A change to subheading 3006.10 from any other heading; or</p> <p>(B) A change to subheading 3006.10 from any other subheading within heading 3006, except from subheading 3006.92, whether or not there is also a change from any other heading, provided there is a regional value content of not less than:</p> <p>(1) 60 percent where the transaction value method is used, or</p> <p>(2) 50 percent where the net cost method is used.</p> <p>12. A change to subheading 3006.20 from any other subheading, except from subheading 3006.92.</p> <p>13. (A) A change to subheadings 3006.30 through 3006.60 from any other heading; or</p> <p>(B) A change to subheadings 3006.30 through 3006.60 from any other subheading within heading 3006, including another subheading within that group, except from subheading 3006.92, whether or not there is also a change from any other heading, provided there is a regional value content of not less than:</p> <p>(1) 60 percent where the transaction value method is used, or</p> <p>(2) 50 percent where the net cost method is used.</p>	<p>A change to subheading 3006.10 through 3006.50 from any other subheading, including another subheading within that group.</p>	<p>U.S. trade under NAFTA: Imports: None Exports: Negligible</p> <p>U.S. total trade: Imports: None Exports: Negligible</p> <p>U.S. production: Negligible</p>

TABLE 3.72: Modification and effect

Modification: The proposed rule covers sterile sutures and similar materials, blood-grouping reagents, opacifying preparations for x-ray examinations, dental cements, bone reconstruction cements, and first-aid kits.

The current NAFTA rule allows goods of subheadings 3006.10 through 3006.50 made using non-originating inputs from any other heading to receive the preferential rate of duty. For subheading 3006.20, non-originating inputs can be from any other subheading except 3006.92. The current rule allows a good of subheadings 3006.10 or 3006.30 through 3006.50 made using a non-originating input of any other subheading in heading 3006, except 3006.92, to receive the preferential rate of duty if the regional value content requirement is met. If the regional value content requirement is not met, the inputs of heading 3006 must be made in North America. The current rules do not allow a subheading-level shift from waste pharmaceuticals of subheading 3006.92 to confer origin for any subheading 3006.10 through 3006.50, so that such waste pharmaceuticals cannot originate outside North America.

The proposed modification is liberalizing because it would allow any subheading-level tariff change to confer origin and remove the regional value content requirements. The proposed rule would remove the exclusion for non-originating inputs from subheading 3006.92 (waste pharmaceuticals). However, it would be unlikely that such waste products would be converted to products of subheading 3006.10 through 3006.50 (with the possible exception of refurbished diagnostic kits).

Effect: U.S. imports of these goods are already free of duty for all NTR countries; therefore, there would be no effect on U.S. imports under NAFTA or on total U.S. imports.

The proposed modification would likely have a negligible effect on U.S. exports under NAFTA and on total U.S. exports. Canada's MFN rates of duty for these goods are free. Mexico's MFN rates of duty for these goods range from free to 15 percent ad valorem. Using the actual duties paid on U.S. exports to Mexico, the effective tariff on U.S. exports of these products to NAFTA partners was 1 percent ad valorem in 2012.¹ U.S. exports of these goods to NAFTA partners accounted for 11 percent of total U.S. exports in 2012.

The effect on U.S. production would likely be negligible because the net effect on total trade is expected to be negligible.

¹ Commission estimate based on U.S. export data from USITC DataWeb/USDOC and Mexican import data from Mexican International Trade Integral Information System (SIICEX).

CHAPTER 30

TABLE 3.73 Chemical contraceptive preparations

HTS no.	Existing rule	Proposed rule	Probable effect advice
3006.60	<p>13. (A) A change to subheadings 3006.30 through 3006.60 from any other heading; or</p> <p>(B) A change to subheadings 3006.30 through 3006.60 from any other subheading within heading 3006, including another subheading within that group, except from subheading 3006.92, whether or not there is also a change from any other heading, provided there is a regional value content of not less than:</p> <p>(1) 60 percent where the transaction value method is used, or</p> <p>(2) 50 percent where the net cost method is used.</p>	<p>A change to subheading 3006.60 from any other heading; or</p> <p>A change to subheading 3006.60 from any other subheading within heading 30.06, except from subheading 3006.92, whether or not there is also a change from any other heading, provided there is a regional value content of not less than:</p> <p>(a) 60 percent where the transaction value is used, or</p> <p>(b) 50 percent where the net cost method is used.</p>	<p>U.S. trade under NAFTA: Imports: None Exports: None</p> <p>U.S. total trade: Imports: None Exports: None</p> <p>U.S. production: None</p>

TABLE 3.73: Modification and effect

Modification: The proposed rules would make no substantive changes to the current NAFTA rules.

Effect: The proposed modification would have no effect on U.S. trade under NAFTA, on total U.S. trade, or on U.S. production because the proposed rules are substantively the same as the current NAFTA rules.

CHAPTER 30

TABLE 3.74 Waste pharmaceuticals

HTS no.	Existing rule	Proposed rule	Probable effect advice
3006.92	A change to subheading 3006.92 from any other chapter.	A change to subheading 3006.92 from any other subheading.	U.S. trade under NAFTA: Imports: None Exports: Substantial increase ¹ U.S. total trade: Imports: None Exports: Negligible U.S. production: Negligible

TABLE 3.74: Modification and effect

Modification: Waste pharmaceuticals are pharmaceutical products that, according to note 4(k) to chapter 30, “are unfit for their original intended purpose, for example, because of expiry of shelf life.” Because pharmaceuticals products are usually classified in other subheadings within chapter 30, the current NAFTA rule requires waste pharmaceuticals to be wholly originating in North America or to be made from originating inputs classified in other chapters to receive the preferential rate of duty.

The proposed modification is liberalizing because it allows any subheading-level tariff change to confer origin.

Effect: U.S. imports of these goods are already free of duty for all NTR countries; therefore, there would be no effect on U.S. imports under NAFTA or on total U.S. imports.

The proposed modification could potentially result in a substantial increase in U.S. exports to NAFTA partners, albeit from a small base. U.S. exports of waste pharmaceuticals to NAFTA partners totaled only \$20,000 in 2012 versus about \$312,000 in 2008; the values and shares of such U.S. exports to NAFTA partners fluctuated considerably in the intervening years. Although these goods are MFN free of duty in Canada, Mexico imposes a 15 percent ad valorem MFN rate of duty. If MFN rates are applied to U.S. exports of these goods to NAFTA partners, the effective tariff on U.S. exports to NAFTA partners was 12 percent ad valorem in 2012.² Elimination of Mexico’s high duty could cause diversion of U.S. exports of these waste products to Mexico from non-NAFTA partners or domestic consumption.

The proposed modification would likely have a negligible effect on total U.S. exports. U.S. exports of waste pharmaceuticals to NAFTA partners accounted for less than 1 percent of total U.S. exports in 2012.

The effect on U.S. production would likely be negligible because the net effect on total trade is expected to be negligible. Additionally, U.S. production of waste pharmaceuticals is a by-product of other production and is not likely to be sensitive to tariff changes.

¹ Results for this proposed modification are likely overstated because the analysis was based on the assumption that all U.S. exports to Mexico paid the MFN rate of duty. The effect on U.S. exports to NAFTA partners will be reduced to the extent that U.S. exports to Mexico currently receive the NAFTA preferential rate of duty.

² Commission estimate based on U.S. export data from USITC DataWeb/USDOC and Mexican import data from Global Trade Atlas.

TABLE FOR HTS CHAPTER 31

TABLE 3.75 Nitrogenous, phosphatic, and potassic fertilizers and mixtures thereof

HTS no.	Existing rule	Proposed rule	Probable effect advice
3102.10– 3105.90	<p>2. A change to subheadings 3102.10 through 3102.80 from any other subheading, including another subheading within that group.</p> <p>3. (A) A change to calcium cyanamide of subheading 3102.90 from any other good of subheading 3102.90 or any other subheading; or</p> <p>(B) A change to any other good of subheading 3102.90 from calcium cyanamide of subheading 3102.90 or any other subheading.</p> <p>4. A change to subheading 3103.10 from any other subheading.</p> <p>5. (A) A change to basic slag of subheading 3103.90 from any other good of subheading 3103.90 or any other subheading; or</p> <p>(B) A change to any other good of subheading 3103.90 from basic slag of subheading 3103.90 or any other subheading.</p> <p>6. A change to subheadings 3104.20 through 3104.30 from any other subheading, including another subheading within that group.</p> <p>7. (A) A change to carnallite, sylvite or other crude natural potassium salts of subheading 3104.90 from any other good of subheading 3104.90 or any other subheading; or</p> <p>(B) A change to any other good of subheading 3104.90 from carnallite, sylvite or other crude natural potassium salts of subheading 3104.90 or any other subheading.</p> <p>8. A change to subheadings 3105.10 through 3105.90 from any other subheading, including another subheading within that group.</p>	<p>A change to a good of any of subheading 3102.10 through 3105.90 from any other good within that subheading or any other subheading, including another subheading within that group.</p>	<p>U.S. trade under NAFTA: Imports: None Exports: None</p> <p>U.S. total trade: Imports: None Exports: None</p> <p>U.S. production: None</p>

TABLE 3.75: Modification and effect

Modification: The proposed rule covers a range of types of mineral or chemical fertilizers, some of which were affected by 2007 modifications in the HS. Subheadings 3102.70 (calcium cyanamide), 3103.20 (basic slag), and 3104.10 (carnallite, sylvite, and other crude natural potassium salts) were deleted due to low volumes of trade, resulting in the reclassification of affected goods into other subheadings. The resulting updating of the 2002 NAFTA rules to ensure that prior origin treatment could continue made the NAFTA rules of origin complex for many of the subheadings within 3102.10 through 3105.90. The proposed rule would streamline these rules.

The current NAFTA rule allows the major nitrogenous fertilizer materials (subheadings 3102.10 through 3102.80) made from a non-originating material from a different subheading, including another type of nitrogenous fertilizer, to receive the preferential rate of duty. The same origin principle similarly applies to the major phosphatic fertilizer materials (subheadings 3105.10 through 3105.90), allowing mixtures of covered fertilizers to be originating. The current NAFTA rule allows carnallite, sylvite, or other crude natural potassium salts of subheading 3104.90 to receive the preferential rate of duty if they are made using non-originating inputs of subheading 3104.90 or of any other subheading. Similarly, other goods of subheading 3104.90 can receive the preferential rate if they are made using non-originating carnallite, sylvite, or other crude natural potassium salts of subheading 3104.90 or non-originating inputs of any other subheading.

The proposed rule is liberalizing because it would confer origin on any covered good made from non-originating inputs from within the same subheading or any other subheading.

Effect: U.S. Imports of these goods are already free of duty for all NTR countries; therefore, there would be no effect on U.S. imports under NAFTA or on total U.S. imports. The MFN rate of duty imposed on these goods by Canada and Mexico is also free; therefore, there would be no effect on U.S. exports under NAFTA or total U.S. exports. As a result, U.S. production of these fertilizer products would not be affected by the proposed rule change.

TABLES FOR HTS CHAPTER 32

TABLE 3.76 Tanning or dyeing extracts; dyes, pigments, paints, varnishes, putty and mastics

HTS no.	Existing rule	Proposed rule	Probable effect advice
Chapter 32 chapter notes	There are no chapter notes.	<p><i>Note 3 of this Chapter confers origin to a good of any heading or subheading of this Chapter, except as otherwise specified in that note.</i></p> <p><i>Notwithstanding Note 1, a good is an originating good if it meets the applicable change of tariff classification and, if applicable, satisfies the applicable value content requirement specified in the rules of origin of this Chapter.</i></p> <p>Chemical Reaction <i>A good of this Chapter that results from a chemical reaction in the territory of one or more of the Parties shall be treated as an originating good. For purposes of this Note, a “chemical reaction” is a process (including a biochemical process) which results in a molecule with a new structure by breaking intramolecular bonds and by forming new intramolecular bonds, or by altering the spatial arrangement of atoms in a molecule. The following are not considered to be chemical reactions for purposes of this definition:</i> <i>(a) dissolving in water or other solvents;</i> <i>(b) the elimination of solvents including solvent water; or</i> <i>(c) the addition or elimination of water of crystallization.</i></p>	<p>U.S. trade under NAFTA: Imports: Negligible Exports: Negligible</p> <p>U.S. total trade: Imports: Negligible Exports: Negligible</p> <p>U.S. production: Negligible</p>

TABLE 3.76: Modification and effect

Modification: There are currently no chapter notes for chapter 32. The current rules for goods classified in chapter 32 confer origin on individual products and groups of products based on tariff shifts or tariff shifts combined with a regional value requirement. Proposed Note 2 would continue to allow origin to be conferred based on these individual rules contained in the chapter. Notes 1 and 3 would allow a covered chemical reaction occurring within one of the NAFTA partners to confer origin to a good as an alternative to the existing rules for the individual subheadings.

The proposed modification is liberalizing to the extent that products within the chapter could be created through a chemical reaction. The notes allow any products that undergo specified chemical reactions to be treated as originating goods, without regard to whether any product or its inputs changes tariff classification as a result of the processing.

TABLE 3.76: Modification and effect—*Continued*

Effect: The proposed modification would likely have a negligible effect on U.S. imports from NAFTA partners and on total U.S. imports. In 2012, only 5 percent of U.S. imports from Canada and Mexico under chapter 32 were dutiable, and dutiable imports from NAFTA partners accounted for only 1 percent of total U.S. imports in chapter 32. The effective tariff on U.S. imports from NAFTA partners for chapter 32 was less than 0.5 percent ad valorem in 2012. NTR rates of duty for products classified in chapter 32 range from free to 6.5 percent ad valorem.

The proposed modification would likely have a negligible effect on U.S. exports to NAFTA partners and on total U.S. exports. Canada's MFN rates of duty for chapter 32 range from free to 6.5 percent ad valorem. Mexico's MFN rates of duty range from free to 13 percent ad valorem. Based on actual duties collected for Canada and estimated duties collected for Mexico, the effective tariff on all U.S. exports to NAFTA partners of goods covered by this rule was 1.0 percent ad valorem in 2012.¹ U.S. exports to NAFTA partners accounted for 39 percent of total U.S. exports of these products in 2012.

The effect on U.S. production would likely be negligible because the net effect on total trade is expected to be negligible.

¹ Commission estimate based on Mexico's dutiable imports under heading 3206 from the United States and total U.S. Mexican imports from the United States for headings 3201–3205 and 3207–3215. The effective tariff will be lower to the extent that Mexican imports under headings 3201–3205 and 3207–3215 currently qualify for the NAFTA preferential rate of duty. Commission estimate based on U.S. export data from USITC DataWeb/USDOC, Canadian import data from Statistics Canada, International Trade Division, and Mexican import data from Mexican International Trade Integral Information System (SIICEX) and Global Trade Atlas.

CHAPTER 32

TABLE 3.77 Tanning substances and coloring matter of vegetable or animal origin

HTS no.	Existing rule	Proposed rule	Probable effect advice
3201.10– 3203.00	<p>1. A change to subheadings 3201.10 through 3202.90 from any other heading, including another subheading within that group.</p> <p>2. A change to heading 3203 from any other heading.</p>	A change to subheading 3201.10 through 3203.00 from any other subheading, including another subheading within that group.	<p>U.S. trade under NAFTA: Imports: None Exports: None</p> <p>U.S. total trade: Imports: None Exports: None</p> <p>U.S. production: None</p>

TABLE 3.77: Modification and effect

Modification: The proposed rule would make no substantive change to the current NAFTA rules. There are no international subheadings under heading 3203.

Effect: The proposed modification would have no effect on U.S. trade under NAFTA, on total U.S. trade, or on U.S. production because the proposed rule is substantively the same as the current NAFTA rules.

CHAPTER 32

TABLE 3.78 Synthetic organic dyes and pigments, and preparations based thereon

HTS no.	Existing rule	Proposed rule	Probable effect advice
3204.11– 3204.17	<p>3. A change to subheadings 3204.11 through 3204.16 from any other subheading, including another subheading within that group.</p> <p>4. (A) For any color, as defined under the Color Index, identified in the following list of colors, a change to subheading 3204.17 from any other subheading:</p> <p>Pigment yellow: 1, 3, 16, 55, 61, 62, 65, 73, 74, 75, 81, 97, 120, 151, 152, 154, 156, and 175;</p> <p>Pigment orange: 4, 5, 13, 34, 36, 60, and 62;</p> <p>Pigment red: 2, 3, 5, 12, 13, 14, 17, 18, 19, 22, 23, 24, 31, 32, 48, 49, 52, 53, 57, 63, 112, 119, 133, 146, 170, 171, 175, 176, 183, 185, 187, 188, 208, and 210; or</p> <p>(B) For any color, as defined under the Color Index, not identified in the list of colors:</p> <p>(1) a change to subheading 3204.17 from any other subheading, except from within chapter 29; or</p> <p>(2) a change to subheading 3204.17 from any subheading within chapter 29, whether or not there is also a change from any other subheading, provided there is a regional value content of not less than:</p> <p>(I) 60 percent where the transaction value method is used, or</p> <p>(II) 50 percent where the net cost method is used.</p>	<p>A change to subheadings 3204.11 through 3204.17 from any other subheading, including another subheading within that group.</p>	<p>U.S. trade under NAFTA: Imports: Negligible Exports: Negligible</p> <p>U.S. total trade: Imports: Negligible Exports: Negligible</p> <p>U.S. production: Negligible</p>

TABLE 3.78: Modification and effect—*Continued*

Modification: The proposed modification does not substantively change the rule of origin for goods of subheadings 3204.11 through 3204.16.

The current NAFTA rule includes a regional value content requirement that applies to many, but not all, pigments and preparations based thereon (subheading 3204.17), when using non-originating inputs classified within chapter 29. Goods of this subheading may also be produced from non-originating inputs from chapters other than chapter 29. The goods of subheading 3204.17 that are excluded from this regional value content requirement are listed in subdivision (A). For these enumerated goods, the current NAFTA rule allows any subheading-level tariff change to confer origin.

The proposed modification is liberalizing because it would allow any subheading-level tariff change to confer origin for all goods of subheading 3204.17 and remove the regional value content requirements.

Effect: The proposed modification would likely have a negligible effect on U.S. imports under NAFTA and on total U.S. imports. The proposed modification would substantively change the rules only for subheading 3204.17. In 2012, the effective tariff on U.S. imports from NAFTA partners was 1.3 percent ad valorem based on estimated duties collected for U.S. imports from NAFTA partners under subheading 3204.17 and U.S. imports from NAFTA partners of all products covered by the proposed rule (subheadings 3204.11–3204.17). However, there could be a significant increase in U.S. imports from NAFTA partners of goods classified in subheading 3204.17. U.S. imports from NAFTA partners under this subheading accounted for 74 percent of total U.S. imports of all products covered by proposed modification (subheadings 3204.11 through 3204.17). NTR rates of duty for tariff items under subheading 3204.17 range from free to 6.5 percent ad valorem and in 2012, one-third of U.S. imports under this subheading were dutiable.

The proposed modification would likely have a negligible effect on total U.S. imports of goods classified in subheading 3204.17 and on all goods covered by the rule (subheadings 3204.11–3204.17). U.S. imports from NAFTA partners accounted for 9 percent of both total U.S. imports under subheading 3204.17 and total U.S. imports of all goods covered by the rule.

The proposed modification would likely result in a negligible effect on U.S. exports to NAFTA partners. The MFN rates of duty for goods covered by subheading 3204.17 range from free to 2 percent ad valorem in Canada and free to 9 percent ad valorem in Mexico. Based on the actual value of duties collected on U.S. exports to Canada under subheading 3204.17 and assuming that MFN rates applied to all U.S. exports to Mexico under the same subheading, the effective tariff on U.S. exports to NAFTA partners of goods covered by the rule was 1 percent ad valorem in 2012.¹ U.S. exports of all goods covered by the rule to NAFTA countries accounted for 30 percent of all U.S. exports of the subject products.

The effect on U.S. production would likely be negligible because the net effect on total U.S. trade is expected to be negligible. In addition, all U.S. trade of the subject products with NAFTA partners in 2012 was equivalent to only about 2 percent of domestic production of the products.

¹ The effect on total exports under subheading 3204.17 would also likely be negligible. Based on the actual value of duties collected on U.S. exports to Canada under subheading 3204.17 and assuming that MFN rates applied to all U.S. exports to Mexico under the same subheading, the effective tariff on U.S. exports to NAFTA partners under subheading 3204.17 was 1.3 percent ad valorem in 2012.

CHAPTER 32

TABLE 3.79 Solvent dyes and preparations based thereon

HTS no.	Existing rule	Proposed rule	Probable effect advice
3204.19	<p>5. (A) A change to subheading 3204.19 from any other heading; or</p> <p>(B) A change to subheading 3204.19 from any other subheading within heading 3204, whether or not there is also a change from any other heading, provided there is a regional value content of not less than:</p> <p>(1) 60 percent where the transaction value method is used, or</p> <p>(2) 50 percent where the net cost method is used.</p>	<p>A change to subheading 3204.19 from any other heading; or</p> <p>A change to subheading 3204.19 from any other subheading within heading 32.04, whether or not there is also a change from any other heading, provided there is a regional value content of not less than:</p> <p>(a) 60 percent where the transaction value method is used, or</p> <p>(b) 50 percent where the net cost method is used.</p>	<p>U.S. trade under NAFTA: Imports: None Exports: None</p> <p>U.S. total trade: Imports: None Exports: None</p> <p>U.S. production: None</p>

TABLE 3.79: Modification and effect

Modification: The proposed rule would make no substantive changes to the current NAFTA rules.

Effect: The proposed modification would have no effect on U.S. trade under NAFTA, on total U.S. trade, or on U.S. production because the proposed rules are substantively the same as the current NAFTA rules.

CHAPTER 32

TABLE 3.80 Fluorescent brightening agents and luminophores

HTS no.	Existing rule	Proposed rule	Probable effect advice
3204.20–3204.90	<p>6. (A) A change to subheadings 3204.20 through 3204.90 from any other chapter, except from chapter 28 through 38; or</p> <p>(B) A change to subheadings 3204.20 through 3204.90 from any other subheading within chapter 28 through 38, 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:</p> <p>(1) 60 percent where the transaction value method is used, or</p> <p>(2) 50 percent where the net cost method is used.</p>	A change to subheading 3204.20 through 3204.90 from any other subheading, including another subheading within that group.	<p>U.S. trade under NAFTA: Imports: Substantial increase Exports: Negligible</p> <p>U.S. total trade: Imports: Negligible Exports: Negligible</p> <p>U.S. production: Negligible</p>

TABLE 3.80: Modification and effect

Modification: The proposed rule covers synthetic organic products that can be used as fluorescent brightening agents, which absorb ultraviolet rays and give off visible blue radiations and thereby make white articles appear more intensely white. It also covers products used as luminophores, to produce a luminescent effect under the action of light rays, and other miscellaneous products of heading 3204.

The current NAFTA rule allows fluorescent brightening agents and luminophores made from non-originating inputs classified in chapters 28 through 38 to receive the preferential rate of duty provided that the final good meets the regional value content requirement. If the regional value content requirement is not met, the inputs from chapters 28 through 38 must be made in North America. Non-originating inputs from chapters other than 28 through 38 can be used without the final good needing to meet a regional value requirement.

The proposed modification is liberalizing because it would allow any subheading-level tariff change to confer origin and remove the regional value content requirement.

Effect: The proposed modification would likely result in a substantial increase in U.S. imports from NAFTA partners, which totaled \$2.6 million in 2012. NTR rates of duty for products covered by the proposed rule range from free to 6.5 percent ad valorem. The effective tariff on U.S. imports from NAFTA partners was 6 percent ad valorem in 2012.

The proposed modification would likely have a negligible effect on total U.S. imports. U.S. imports from NAFTA partners accounted for a small share (3 percent) of total U.S. imports covered by the proposed rule in 2012, and some of the increase from NAFTA partners will likely displace imports from non-NAFTA countries. The effective tariff for total U.S. imports was less than 0.5 percent ad valorem in 2012.

TABLE 3.80: Modification and effect—*Continued*

The proposed modification would likely have a negligible effect on U.S. exports under NAFTA and on total U.S. exports. The MFN rates of duty for these goods to Canada are free, and for Mexico they range from free to 9 percent ad valorem. If MFN rates of duty are applied to U.S. exports of goods covered by this rule to the NAFTA partners, the effective tariff on all such exports would be about 0.6 percent ad valorem.¹ U.S. exports to NAFTA partners accounted for 29 percent of all U.S. exports of the subject products in 2012.

The effect on U.S. production would likely be negligible because the net effect on total trade is expected to be negligible. In addition, total U.S. imports of the subject products from NAFTA partners in 2012 were equivalent to less than 0.5 percent of U.S. production of the products.

¹ Commission estimate based on U.S. export data from USITC DataWeb/USDOC and Mexican import data from Global Trade Atlas.

CHAPTER 32

TABLE 3.81 Color lakes

HTS no.	Existing rule	Proposed rule	Probable effect advice
3205	7. A change to heading 3205 from any other heading.	A change to heading 32.05 from any other heading.	U.S. trade under NAFTA: Imports: None Exports: None U.S. total trade: Imports: None Exports: None U.S. production: None

TABLE 3.81: Modification and effect

Modification: The proposed rule would make no substantive changes to the current NAFTA rule.

Effect: The proposed modification would have no effect on U.S. trade under NAFTA, on total U.S. trade, or on U.S. production because the proposed rule is substantively the same as the current NAFTA rule.

CHAPTER 32

TABLE 3.82 Certain coloring matter and preparations based thereon

HTS no.	Existing rule	Proposed rule	Probable effect advice
3206.11–3206.42	<p>8. (A) A change to subheadings 3206.11 through 3206.42 from any other chapter, except from chapters 28 through 31 or 33 through 38; or</p> <p>(B) A change to subheadings 3206.11 through 3206.42 from any other subheading within chapters 28 through 38, 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:</p> <p>(1) 60 percent where the transaction value method is used, or</p> <p>(2) 50 percent where the net cost method is used.</p>	<p>A change to subheading 3206.11 through 3206.42 from any other heading; or</p> <p>A change to subheading 3206.11 through 3206.42 from any other subheading within heading 32.06, whether or not there is also a change from any other heading, provided there is a regional value content of not less than:</p> <p>(a) 60 percent where the transaction value method is used, or</p> <p>(b) 50 percent where the net cost method is used.</p>	<p>U.S. trade under NAFTA: Imports: Negligible Exports: Negligible</p> <p>U.S. total trade: Imports: Negligible Exports: Negligible</p> <p>U.S. production: Negligible</p>

TABLE 3.82: Modification and effect

Modification: The proposed rule covers coloring matter and preparations based on titanium dioxide, chromium compounds, ultramarine, and zinc sulfide. The current NAFTA rule allows goods of these subheadings to be made from non-originating inputs from any other chapter, except from chapters 28 through 31 or 33 through 38, to receive the preferential rate of duty. The current rule also allows for changes to subheadings 3206.11 through 3206.42 from any other subheading of chapters 28 through 38 provided a regional value content requirement is met. If the final good does not meet the regional value content requirement, the inputs of chapters 28 through 38 must be made in North America.

The proposed modification is liberalizing because it would allow any heading-level tariff change to confer origin and remove the regional value content requirement when non-originating inputs of chapters 28 through 38, except those of heading 3206, are used to make the final good. The rule would remain the same for the use of non-originating inputs from any other subheading within heading 3206, and the final good would still have to meet the regional value content requirement to receive the preferential rate of duty.

Effect: The proposed modification would likely have a negligible effect on U.S. imports under NAFTA and on total U.S. imports. Most U.S. imports of these goods from Canada and Mexico already enter free of duty under NAFTA. The effective tariff on U.S. imports of the goods from NAFTA partners was less than 0.5 percent ad valorem in 2012. U.S. imports from NAFTA partners accounted for 49 percent of total U.S. imports of the subject products in 2012.

The proposed modifications would likely have a negligible effect on U.S. exports under NAFTA and on total U.S. exports. Using the actual duties paid on U.S. exports to Canada and estimated duties on U.S. exports to Mexico, the effective tariff on U.S. exports of these goods to NAFTA partners in 2012 was less than 0.5 percent ad valorem.¹ About 99 percent of U.S. exports to NAFTA partners that are covered by the proposed rule are titanium dioxide pigments. Canada has two tariff items covering titanium dioxide pigments with MFN rates of duty of free and

¹ Commission estimate based on Canadian import data from Statistics Canada, International Trade Division, and Mexican import data from the Mexican International Trade Integral Information System (SIICEX).

TABLE 3.82: Modification and effect—*Continued*

6 percent ad valorem; in 2012, over 75 percent of U.S. exports to Canada were under the tariff item that is free of duty.² Mexico's MFN rate is 9 percent on titanium dioxide pigments; however, 99 percent of Mexican imports entered free under NAFTA in 2012. The effects of the proposed modifications could be further reduced by the opening of a 200,000 metric ton-per-year production facility in Mexico in 2014, which would likely reduce U.S. exports of titanium dioxide pigments to Mexico.

The effect on U.S. production would likely be negligible because the net effect on total trade is expected to be negligible. All U.S. exports of the subject products to NAFTA partners in 2012 amounted to about 8 percent of U.S. production.

² Commission estimate based on Canadian import data from Global Trade Atlas.

CHAPTER 32

TABLE 3.83 Inorganic products of a kind used as luminophores

HTS no.	Existing rule	Proposed rule	Probable effect advice
3206.50	<p>8B. (A) A change to subheading 3206.50 from any other chapter, except from chapters 28 through 31 or 33 through 38; or</p> <p>(B) A change to subheading 3206.50 from any other subheading within chapters 28 through 38, whether or not there is also a change from any other chapter, provided there is a regional value content of not less than:</p> <p>(1) 60 percent where the transaction value method is used, or</p> <p>(2) 50 percent where the net cost method is used.</p>	<p>A change to subheading 3206.50 from any other heading; or</p> <p>A change to subheading 3206.50 from any other subheading within heading 32.06, whether or not there is also a change from any other heading, provided there is a regional value content of not less than:</p> <p>(a) 60 percent where the transaction value method is used, or</p> <p>(b) 50 percent where the net cost method is used</p>	<p>U.S. trade under NAFTA: Imports: Substantial increase Exports: Negligible</p> <p>U.S. total trade: Imports: Negligible Exports: Negligible</p> <p>U.S. production: Negligible</p>

TABLE 3.83: Modification and effect

Modification: The proposed rule covers products which, under the action of visible or invisible radiations (such as those from the sun or from X-rays), produce luminescent effects. Some of the products are metal salts, while others are mixtures of various materials, including radioactive substances, and none of these products is required to be a chemically defined compound. The current NAFTA rule allows goods of these subheadings to be made from non-originating inputs from any other chapter, except from chapters 28 through 31 or 33 through 38, and receive the preferential rate of duty. The current rule also allows for changes to subheading 3206.50 from any other subheading of chapters 28 through 38, provided a regional value content requirement is met. If the final good does not meet the regional value content requirement, the inputs of chapters 28 through 38 must be made in North America for the final good to receive the preferential rate of duty.

The proposed modification is liberalizing because it would allow any heading-level tariff change to confer origin and would remove the regional value content requirement when non-originating inputs of chapters 28 through 38, except those of heading 3206, are used to make the final good. The rule would remain the same for the use of non-originating inputs from any other subheading within heading 3206, and the final good would still have to meet the regional value content requirement to receive the preferential rate of duty.

Effect: The proposed modification could result in a substantial increase in U.S. imports from NAFTA partners, albeit from a small base. U.S. imports from NAFTA partners totaled only \$70,219 in 2012. The effective tariff on U.S. imports of these goods from NAFTA partners was 6.3 percent ad valorem. The NTR rate of duty for U.S. imports of products under this subheading is 6.5 percent ad valorem. The proposed modification would likely have a negligible effect on total U.S. imports. U.S. imports of these goods from NAFTA partners account for a small share of total U.S. imports of these goods (less than 0.5 percent in 2012). The effective tariff on total U.S. imports was less than 0.5 percent ad valorem in 2012.

The proposed modification would likely have a negligible effect on U.S. exports under NAFTA and on total U.S. exports. Canada's MFN rate of duty is free for the covered products. In Mexico, one tariff item has a duty rate of 5 percent ad valorem and accounts for most of U.S. exports of these goods to Mexico; the remaining two Mexican tariff items are free of duty on an MFN basis. Based on estimated duties collected for Mexico, the estimated effective tariff on U.S. exports of the subject products to NAFTA partners was less than 0.5 percent in 2012.¹ U.S. exports to NAFTA partners accounted for 12 percent of total U.S. exports of the subject products.

¹ Commission estimate based on U.S. export data from USITC DataWeb/USDOC and Mexican import data from the Mexican International Trade Integral Information System (SIICEX).

TABLE 3.83: Modification and effect—*Continued*

The effect on U.S. production would likely be negligible because the net effect on total trade is expected to be negligible. Also, U.S. imports of the subject products from NAFTA partners in 2012 amounted to less than 1 percent of U.S. production.

TABLE FOR HTS CHAPTER 33

TABLE 3.84 Beauty or make-up preparations and preparations for use on the hair

HTS no.	Existing rule	Proposed rule	Probable effect advice
3304.10–3305.90	<p>9. (A) A change to subheadings 3304.10 through 3305.90 from any heading outside that group, except from headings 3306 through 3307; or</p> <p>(B) A change to subheadings 3304.10 through 3305.90 from any other subheading within that group or headings 3306 through 3307, whether or not there is also a change from any heading outside that group, provided there is a regional value content of not less than:</p> <p>(1) 60 percent where the transaction value method is used, or</p> <p>(2) 50 percent where the net cost method is used.</p>	A change to subheading 3304.10 through 3305.90 from any other subheading, including another subheading within that group.	<p>U.S. trade under NAFTA: Imports: None Exports: Significant increase¹</p> <p>U.S. total trade: Imports: None Exports: Negligible</p> <p>U.S. production: Negligible</p>

TABLE 3.84: Modification and effect

Modification: The current NAFTA rule allows beauty or make-up preparations (heading 3304) or preparations for use on the hair (heading 3305) to receive the preferential rate of duty if they are made from non-originating inputs from any other heading, except for headings 3304 through 3307. The current rule also allows the goods of headings 3304 and 3305 to receive the preferential rate of duty if they are made using non-originating inputs of any other subheading within headings 3304 through 3307, provided the regional value content requirement is met. If the final good does not meet the regional value content requirement, the inputs of headings 3304 through 3307 must be made in North America for the good to receive the preferential rate of duty.

The proposed modification is liberalizing because it would allow any subheading-level tariff change to confer origin and remove the regional value content requirement.

Effect: U.S. imports of these goods are already free of duty for all NTR countries; therefore, there would be no effect on U.S. imports under NAFTA or on total U.S. imports.

The proposed modification could potentially result in a significant increase in U.S. exports to NAFTA partners, which totaled \$1.4 billion in 2012. Mexico has nine tariff items covered by the rule with MFN rates of duty of 10 percent ad valorem, and has one with a rate of duty of 15 percent ad valorem. Canada has eight tariff items covered by the rule with MFN rates of duty of 6.5 percent ad valorem, and one that is free of duty. Using the actual duties paid on U.S. exports to Canada and assuming the MFN rates apply to U.S. exports to Mexico, the estimated effective tariff on U.S. exports of these goods to NAFTA partners was 2.2 percent ad valorem in 2012.²

¹ Results for this proposed modification are likely overstated because the analysis was based on the assumption that all U.S. exports to Mexico paid the MFN rate of duty. The effect on U.S. exports to NAFTA partners will be reduced to the extent that U.S. exports to Mexico currently receive the NAFTA preferential rate of duty.

² Commission estimate based on Canadian import data from Statistics Canada, International Trade Division, and Mexican import data from Global Trade Atlas.

TABLE 3.84: Modification and effect—*Continued*

The proposed modification would likely have a negligible effect on total U.S. exports. U.S. exports to NAFTA partners accounted for 30 percent of total U.S. exports in 2012, resulting in an estimated effective tariff on total U.S. exports of 0.6 percent ad valorem.³

The effect on U.S. production would likely be negligible because the net effect on total trade is expected to be negligible. Additionally, total U.S. exports of the subject products to NAFTA partners in 2012 amounted to only about 3 percent of the value of domestic production.

³ Commission estimate based on U.S. export data from USITC DataWeb/USDOC; Canadian import data from Statistics Canada, International Trade Division; and Mexican import data from Mexican International Trade Integral Information System (SHICEX).

TABLES FOR HTS CHAPTER 34

TABLE 3.85 Organic surface active agents and lubricating preparations

HTS no.	Existing rule	Proposed rule	Probable effect advice
3402.11–3403.99	<p>2. (A) A change to subheadings 3402.11 through 3402.12 from any other heading, except to linear alkylbenzene sulfonic acid or linear alkylbenzene sulfonates of subheading 3402.11 from linear alkylbenzene of heading 3817; or</p> <p>(B) A change to subheadings 3402.11 through 3402.12 from any other subheading, including another subheading within heading 3402, whether or not there is also a change from any other heading, provided there is a regional value content of not less than:</p> <p>(1) 65 percent where the transaction value method is used, or</p> <p>(2) 50 percent where the net cost method is used.</p> <p>3. A change to subheading 3402.13 from any other subheading.</p> <p>4. (A) A change to subheading 3402.19 from any other heading; or</p> <p>(B) A change to subheading 3402.19 from any other subheading within heading 3402, whether or not there is also a change from any other heading, provided there is a regional value content of not less than:</p> <p>(1) 65 percent where the transaction value method is used, or</p> <p>(2) 50 percent where the net cost method is used.</p> <p>5. (A) A change to subheadings 3402.20 through 3402.90 from any subheading outside that group, except from subheading 3401.30; or</p>	<p>A change to subheading 3402.11 through 3403.99 from any other subheading, including another subheading within that group; or</p> <p>No required change in tariff classification to any of subheading 3402.11 through 3403.99, provided there is a regional value content of not less than:</p> <p>(a) 60 percent where the transaction value method is used, or</p> <p>(b) 50 percent where the net cost method is used.</p>	<p>U.S. trade under NAFTA: Imports: Negligible Exports: Negligible</p> <p>U.S. total trade: Imports: Negligible Exports: Negligible</p> <p>U.S. production: Negligible</p>

CHAPTER 34
TABLE 3.85—Continued

HTS no.	Existing rule	Proposed rule	Probable effect advice
	<p>(B) A change to subheadings 3402.20 through 3402.90 from any other subheading within that group or from subheading 3401.30, 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:</p> <p>(1) 65 percent where the transaction value method is used, or</p> <p>(2) 50 percent where the net cost method is used.</p> <p>6. A change to subheadings 3403.11 through 3403.99 from any other subheading, including another subheading within that group.</p>		

TABLE 3.85: Modification and effect

Modification: The proposed modification covers surface-active agents and preparations, such as laundry detergent and other cleaning preparations, whether or not put up for retail sale, and lubricating preparations. Inputs used to make these products are typically classified in chapters 28 through 38.

The current NAFTA rule of origin includes regional value content requirements when certain organic surface-active agents, other than soaps (heading 3402) and lubricating preparations (heading 3403) are made using non-originating inputs of other subheadings within the same heading as the final product. Alternative rules allow finished goods to use non-originating inputs from other headings. Other subheadings within 3402.11 through 3403.99 are covered by subheading-level tariff changes without regional value content requirements. Finally, linear alkylbenzene sulfonic acid or linear alkylbenzene sulfonates (tariff item 3402.11.20) cannot receive the preferential rate of duty if they are made using non-originating linear alkylbenzene of heading 3817.

The proposed modification is liberalizing because it would remove the product exclusions and regional value content requirements for heading- or subheading-level tariff changes. The proposed modification would also allow products made from non-originating inputs classified in the same subheading to receive the preferential rate of duty provided that the final product meets a regional value content requirement.

Effect: The proposed modification would likely have a negligible effect on U.S. imports under NAFTA and on total U.S. imports. Dutiable imports accounted for 1 percent of total imports of these goods from NAFTA partners in 2012. The effective tariff on U.S. imports of the covered products from NAFTA partners was less than 0.5 percent ad valorem in 2012. U.S. NTR rates of duty on these goods range from free to 6.5 percent ad valorem.

TABLE 3.85: Modification and effect—*Continued*

The proposed modification would likely have a negligible effect on U.S. exports under NAFTA and on U.S. total exports. MFN rates of duty on these goods for Canada range from free to 6.5 percent ad valorem; MFN rates of duty for Mexico range from free to 13 percent ad valorem. Based on actual duties collected for Canada and estimated duties collected for Mexico, the effective tariff on U.S. exports of these goods to NAFTA partners was 0.6 percent ad valorem in 2012.¹ U.S. exports to NAFTA partners accounted for 41 percent of total U.S. exports of the covered products in 2012.

The effect on U.S. production would likely be negligible because the net effect on total U.S. trade is expected to be negligible.

¹ Commission estimate based on Canadian import data from Statistics Canada, International Trade Division and Mexican import data from Mexican International Trade Integral Information System (SIICEX).

CHAPTER 34

TABLE 3.86 Artificial and prepared waxes of poly(oxyethylene)

HTS no.	Existing rule	Proposed rule	Probable effect advice
3404.20	7. A change to subheading 3404.20 from any other subheading.	A change to subheading 3404.20 from any other subheading; or No required change in tariff classification to subheading 3404.20, 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.	U.S. trade under NAFTA: Imports: None Exports: Negligible U.S. total trade: Imports: None Exports: Negligible U.S. production: Negligible

TABLE 3.86: Modification and effect

Modification: According to the HS Explanatory Notes, the products of heading 3404 are a range of substances that are not separate chemically defined compounds but which do meet a range of criteria such as shine, consistency, and viscosity. They may be chemically produced organic products or products obtained by mixing two or more different animal waxes or having a basis of one or more waxes while containing fats, resins, mineral substances, or other materials. Unmixed animal or vegetable waxes (heading 1521) or mixed or unmixed mineral waxes (heading 2712) are not included. The subheading 3404.20 covers waxes predominantly of poly(oxyethylene). The current NAFTA rule allows any subheading-level tariff change to confer origin, so non-originating inputs classified in subheading 3404.90 or outside heading 3404 can be used in production.

The proposed modification is liberalizing because it would allow artificial and prepared waxes of poly(oxyethylene) (subheading 3404.20) made from non-originating inputs classified in the same subheading (3404.20) to receive the preferential rate of duty, provided that the final product meets a regional value content requirement.

Effect: The proposed modification would have no effect on U.S. imports from NAFTA partners or on total U.S. imports because the covered products are free of duty on an NTR basis.

The proposed modification would likely have a negligible effect on U.S. exports under NAFTA and on total U.S. exports. Canada has one tariff item covered by the rule with an MFN rate of duty of 6.5 percent ad valorem and one tariff item that is free of duty. For Mexico, these products are covered by one tariff line, which has an MFN rate of duty of 10 percent ad valorem. Based on actual duties collected for Canada and estimated duties collected for Mexico, the effective tariff on U.S. exports of these goods to NAFTA partners was less than 0.5 percent ad valorem in 2012.¹ U.S. exports to NAFTA partners accounted for 8 percent of total U.S. exports of the covered products in 2012.

The effect on U.S. production would likely be negligible because the net effect on total U.S. trade is expected to be negligible.

¹ Commission estimate based on Canadian import data from Statistics Canada, International Trade Division and Mexican import data from Mexican International Trade Integral Information System (SIICEX).

CHAPTER 34

TABLE 3.87 Other artificial and prepared waxes

HTS no.	Existing rule	Proposed rule	Probable effect advice
3404.90	<p>7A. (A) A change to artificial waxes or prepared waxes of chemically modified lignite of subheading 3404.90 from any other good of subheading 3404.90 or any other subheading; or</p> <p>(B) A change to any other good of subheading 3404.90 from artificial waxes or prepared waxes of chemically modified lignite of subheading 3404.90 or any other subheading.</p>	A change to a good of subheading 3404.90 from any other good within that subheading or any other subheading.	<p>U.S. trade under NAFTA: Imports: None Exports: Negligible</p> <p>U.S. total trade: Imports: None Exports: Negligible</p> <p>U.S. production: Negligible</p>

TABLE 3.87: Modification and effect

Modification: Prior to 2007, waxes of chemically modified lignite were provided for in subheading 3404.10, but that subheading was deleted and this product was reclassified into subheading 3404.90 (specifically into tariff item 3404.90.51). The NAFTA rules of origin were modified to allow previously recognized tariff changes to continue to confer origin. The current NAFTA rule allows any subheading-level tariff change to confer origin. Additionally, a change to waxes of chemically modified lignite from any non-originating other good of subheading 3404.90 or a change to any other good of subheading 3404.90 from non-originating waxes of chemically modified lignite would confer origin.

The proposed rule is liberalizing because it would allow all products of subheading 3404.90 made from non-originating inputs classified in the same subheading to receive the preferential rate of duty.

Effect: The proposed modification would have no effect on U.S. imports under NAFTA or on total U.S. imports because the covered products are free of duty on an NTR basis.

The proposed modification would likely have a negligible effect on U.S. exports under NAFTA and on total U.S. exports. MFN rates of duty on these products for Canada range from free to 6.5 percent ad valorem; MFN rates of duty for Mexico range from free to 9 percent ad valorem. Based on actual duties collected for Canada and estimated duties collected for Mexico, the effective tariff rate for U.S. exports of these goods to NAFTA partners was less than 0.5 percent ad valorem in 2012.¹ U.S. exports to NAFTA partners accounted for 24 percent of total U.S. exports of the covered products in 2012.

The effect on U.S. production would likely be negligible because the net effect on total U.S. trade is expected to be negligible.

¹ Commission estimate based on Canadian import data from Statistics Canada, International Trade Division and Mexican import data from Mexican International Trade Integral Information System (SIICEX).

TABLE FOR HTS CHAPTER 35

TABLE 3.88 Prepared glues and other prepared adhesives

HTS no.	Existing rule	Proposed rule	Probable effect advice
3506.10– 3506.99	<p>6. (A) A change to subheadings 3506.10 through 3506.99 from any other heading; or</p> <p>(B) A change to subheadings 3506.10 through 3506.99 from any other subheading within heading 3506, whether or not there is also a change from any other heading, provided there is a regional value content of not less than:</p> <p>(1) 65 percent where the transaction value method is used, or</p> <p>(2) 50 percent where the net cost method is used.</p>	<p>A change to subheading 3506.10 through 3506.99 from any other subheading, including another subheading within that group; or</p> <p>No required change in tariff classification to subheading 3506.10 through 3506.99, provided there is a regional value content of not less than:</p> <p>(a) 60 percent where the transaction value method is used, or</p> <p>(b) 50 percent where the net cost method is used.</p>	<p>U.S. trade under NAFTA: Imports: Negligible Exports: Negligible</p> <p>U.S. total trade: Imports: Negligible Exports: Negligible</p> <p>U.S. production: Negligible</p>

TABLE 3.88: Modification and effect

Modification: The current NAFTA rule allows a heading-level tariff change to confer origin. Additionally, the current rule allows any good of subheadings 3506.10 through 3506.99 made from a non-originating good of any other subheading within 3506 to receive the preferential rate of duty, provided the regional value content requirement is met.

The proposed rule is liberalizing because it would allow any subheading-level tariff shift to confer origin. The proposed modification also removes any requirement for a tariff shift, provided that the regional value content requirement is met. In addition, the regional value content requirement where the transaction value method is used is reduced from 65 percent to 60 percent.

Effect: The proposed modification would likely have a negligible effect on U.S. imports under NAFTA and on total U.S. imports. Most imports of the subject products from NAFTA partners already enter free of duty. The United States imported about \$575 million worth of the covered products from Canada and Mexico in 2012. The effective tariff on U.S. imports of all goods covered by the proposed rule from NAFTA partners was less than 0.5 percent ad valorem in 2012.

The proposed modification would likely have a negligible effect on U.S. exports under NAFTA and on total U.S. exports. Mexico has 10 tariff items covered by the rule with MFN rates of duty ranging from 9 to 13 percent ad valorem. Canada has 3 tariff items covered by the rule with MFN rates of duty of 6.5 percent ad valorem, and 1 tariff item that is free of duty. Based on actual duties collected for Canada and estimated duties collected for Mexico, the effective tariff on U.S. exports of these goods to NAFTA partners was 1 percent ad valorem in 2012.¹ U.S. exports to NAFTA partners accounted for 45 percent of total U.S. exports of the covered products in 2012.

The effect on U.S. production would likely be negligible because the net effect on total U.S. trade is expected to be negligible. U.S. exports of the covered products to NAFTA partners in 2012 amounted to only about 5 percent of domestic production of the subject goods.

¹ Commission estimate based on Canadian import data from Statistics Canada, International Trade Division and Mexican import data from the Mexican International Trade Integral Information System (SIICEX).

TABLES FOR HTS CHAPTER 37

TABLE 3.89 Unexposed photographic plates and film

HTS no.	Existing rule	Proposed rule	Probable effect advice
3701–3702	1. A change to headings 3701 through 3703 from any other chapter.	A change to heading 37.01 through 37.02 from any heading outside that group.	U.S. trade under NAFTA: Imports: Negligible Exports: Negligible U.S. total trade: Imports: Negligible Exports: Negligible U.S. production: Negligible

TABLE 3.89: Modification and effect

Modification: To confer origin, the current rule requires that non-originating inputs to unexposed photographic plates and unexposed film—such as gelatin (heading 3503), silver (heading 2843.21 or 7106), or unsensitized plastic film (heading 3920)—come from a chapter other than chapter 37. The proposed modification is liberalizing because it would allow the use of inputs to photographic film from any heading other than heading 3701 or 3702.

Effect: The proposed modification would likely have a negligible effect on U.S. imports under NAFTA and on total U.S. imports. Imports from NAFTA countries accounted for only 11 percent of total U.S. imports of the goods under these subheadings, and 66 percent of such imports entered free of duty in 2012. The United States imported goods from Mexico and Canada under three subheadings with NTR tariffs. In 2012, the effective tariff on all U.S. imports from NAFTA partners of goods covered by this rule was less than 0.5 percent ad valorem.

The proposed modification would likely have a negligible effect on U.S. exports under NAFTA and on total U.S. exports. Mexico has 5 tariff items with MFN rates of duty of 10 percent ad valorem, and 17 tariff items with an MFN rate of duty of 5 percent ad valorem, with the remaining tariff items being free of duty. Canada has 20 tariff items with an MFN rate of duty of 6.5 percent ad valorem; the remaining tariff items are free of duty on an MFN basis. Canadian trade data indicate that most U.S. exports of the subject goods to Canada in 2012 either qualified as originating under NAFTA or were free of duty on an MFN basis. Using the actual duties paid on U.S. exports to Canada and assuming the MFN rates apply to U.S. exports to Mexico, the effective tariff on U.S. exports to NAFTA partners was less than 0.5 percent ad valorem in 2012.¹

The effect on U.S. production would likely be negligible because the net effect on total U.S. trade is expected to be negligible.

¹ Commission estimate based on Canadian import data from Statistics Canada, International Trade Division, and Mexican import data from Global Trade Atlas.

CHAPTER 37

TABLE 3.90 Sensitized but unexposed photographic paper, paperboard and textiles; exposed but not developed photographic plates, film, paper, paperboard, and textiles; exposed photographic plates, film, and motion-picture film

HTS no.	Existing rule	Proposed rule	Probable effect advice
3703–3706	<p>1. A change to headings 3701 through 3703 from any other chapter.</p> <p>2. A change to heading 3704 from any other heading.</p> <p>3. A change to headings 3705 through 3706 from any heading outside that group.</p>	A change to heading 37.03 through 37.06 from any other heading, including another heading within that group.	<p>U.S. trade under NAFTA: Imports: Negligible Exports: Negligible</p> <p>U.S. total trade: Imports: Negligible Exports: Negligible</p> <p>U.S. production: Negligible</p>

TABLE 3.90: Modification and effect

Modification: To confer origin, the current rule covering heading 3703 requires that inputs to photographic paper, paperboard, and textiles (principally paper classified under numerous headings in chapter 48) come from a chapter other than chapter 37. The proposed modification is liberalizing to the extent that chemical preparations of heading 3707 are used as inputs for sensitized paper of heading 3703.

The current rule for goods of heading 3704—exposed but not developed film—allows inputs to come from any heading other than heading 3704. Under this rule, for example, non-originating unexposed film of heading 3702 could be exposed in a NAFTA partner—a heading-level change that could confer origin. The proposed rule would make no substantive change to the current rule of origin for heading 3704.

The current rule for headings 3705 through 3706 requires non-originating inputs to be classified in other headings. That is, a change from heading 3705 (photographic plates and film, exposed and developed, other than motion-picture film) to heading 3706 (motion-picture film), or vice versa, would not confer NAFTA origin. The proposed rule for headings 3705 through 3706 is liberalizing in principle because it would allow a change from heading 3705 to 3706, or vice versa, to confer origin. However, it is unlikely that the modification will have any practical significance, because it is generally not technologically feasible to convert goods between headings 3705 and 3706.

Effect: The proposed modification would likely have a negligible effect on U.S. imports under NAFTA and on total U.S. imports. As noted above, the effect of the rule modification will be limited to U.S. exports under heading 3703. However, U.S. imports from NAFTA partners under heading 3703 accounted for only 2 percent of U.S. imports from NAFTA partners of all products covered by rule (headings 3703–3706). The effective tariff on U.S. imports from NAFTA partners under heading 3703 was less than 0.5 percent ad valorem in 2012. Most U.S. imports under heading 3703 (98 percent) already entered under NAFTA preferences in 2012.

The proposed modification would likely have a negligible effect on U.S. exports under NAFTA and on total U.S. exports. Canada’s MFN rates of duty on goods that could be affected by the proposed modification (heading 3703) range from free to 6.5 percent ad valorem, while Mexico’s MFN rates of duty range from free to 10 percent ad valorem. Using the actual duties paid on U.S. exports to Canada and assuming the MFN rates apply to U.S. exports to Mexico, the estimated effective tariff on U.S. exports to NAFTA partners for heading 3703 was less than 0.5 percent ad valorem in 2012.¹ For all products covered by the proposed modification, U.S. exports to NAFTA partners accounted for 12 percent of total U.S. exports in 2012.

The effect on U.S. production would likely be negligible because the net effect on total U.S. trade is expected to be negligible.

¹ Commission estimate based on Canadian import data from Statistics Canada, International Trade Division, and Mexican import data from Global Trade Atlas.

CHAPTER 37

TABLE 3.91 Chemical preparations for photographic uses

HTS no.	Existing rule	Proposed rule	Probable effect advice
3707.10– 3707.90	<p>4. (A) A change to subheadings 3707.10 through 3707.90 from any other chapter; or</p> <p>(B) A change to subheadings 3707.10 through 3707.90 from any other subheading within chapter 37, 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:</p> <p>(1) 65 percent where the transaction value method is used, or</p> <p>(2) 50 percent where the net cost method is used.</p>	A change to subheading 3707.10 through 3707.90 from any other subheading, including another subheading within that group.	<p>U.S. trade under NAFTA: Imports: Negligible Exports: Negligible</p> <p>U.S. total trade: Imports: Negligible Exports: Negligible</p> <p>U.S. production: Negligible</p>

TABLE 3.91: Modification and effect

Modification: The current NAFTA rule allows chemical preparations for photographic uses (subheadings 3707.10 through 3707.90) made from non-originating inputs of any other chapter to receive the preferential rate of duty. The current rule also allows chemical preparations for photographic uses made from non-originating inputs of any other subheading within chapter 37 to receive the preferential rate of duty, provided that the preparations meet the regional value content requirement.

The proposed modification is liberalizing because it would remove the regional value content requirement.

Effect: The proposed modification would likely have a negligible effect on U.S. imports under NAFTA and on total U.S. imports. Most imports of the subject products from NAFTA partners already enter the United States free of duty. The effective tariff on U.S. imports from NAFTA partners of the products covered by the proposed rule was less than 0.5 percent ad valorem in 2012.

The proposed modification would likely have a negligible effect on U.S. exports under NAFTA and on total U.S. exports. Mexican products covered by the rule are free of duty on an MFN basis, and Mexico receives more than 75 percent of U.S. exports of the products affected by the proposed modification. Canada has two tariff items covered by the rule with MFN rates of duty of 6.5 percent ad valorem, and one with an MFN rate of duty of free. Using the actual duties paid on U.S. exports to Canada, and given that U.S. exports of these goods to Mexico are free on an MFN basis, the effective tariff on U.S. exports to NAFTA partners in 2012 was less than 0.5 percent ad valorem. U.S. exports to NAFTA countries accounted for about 18 percent of total U.S. exports of the subject products in 2012.

The effect on U.S. production would likely be negligible because the net effect on total U.S. trade is expected to be negligible.

TABLES FOR HTS CHAPTER 38

TABLE 3.92 Chapter notes

HTS no.	Existing rule	Proposed rule	Probable effect advice
<p>Chapter 38 Miscellaneous chemical products</p>	<p>There are no chapter notes.</p>	<p>Note 1: <i>Note 3 of this Chapter confers origin to a good of any heading or subheading of this Chapter.</i></p> <p>Note 2: <i>Notwithstanding Note 1, a good is an originating good if it meets the applicable change of tariff classification and, if applicable, satisfies the applicable value content requirement specified in the rules of origin of this Chapter.</i></p> <p>Note 3: Chemical Reaction <i>A good of this Chapter that results from a chemical reaction in the territory of one or more of the Parties shall be treated as an originating good.</i></p> <p><i>For purposes of this Note, a “chemical reaction” is a process (including a biochemical process) which results in a molecule with a new structure by breaking intramolecular bonds and by forming new intramolecular bonds, or by altering the spatial arrangement of atoms in a molecule.</i></p> <p><i>The following are not considered to be chemical reactions for purposes of this definition:</i></p> <ul style="list-style-type: none"> <i>(a) dissolving in water or other solvents;</i> <i>(b) the elimination of solvents including solvent water; or</i> <i>(c) the addition or elimination of water of crystallization.</i> 	<p>U.S. trade under NAFTA: Imports: Negligible Exports: Negligible</p> <p>U.S. total trade: Imports: Negligible Exports: Negligible</p> <p>U.S. production: Negligible</p>

TABLE 3.92: Modification and effect

Modification: There are currently no chapter notes for chapter 38. The current rules for goods in chapter 38 confer origin on individual and groups of products based on tariff shift changes or tariff shift changes combined with a regional value requirement. Proposed note 2 would continue to allow origin to be conferred based on these individual rules contained in the chapter.

Proposed notes 1 and 3 would allow a chemical reaction occurring within one of the NAFTA partners to confer origin to a good as an alternative to the existing rules for the individual subheadings. The addition of the chemical reaction rule would be liberalizing to the extent that products within the chapter could be created through a chemical reaction. However, this chapter, unlike many of the chemical chapters, mainly covers mixtures and other products that are not created through a chemical reaction.

Effect: The addition of the proposed chapter notes would likely have a negligible effect on U.S. imports under NAFTA and on total U.S. imports. Most of the products in this chapter are mixtures, and the chemical reaction rule would likely apply to only a few products and tariff items. NTR rates of duty on goods covered by this chapter range from free to 6.5 percent ad valorem. About 60 percent of U.S. imports from Canada and Mexico under chapter 38 entered free of duty under NAFTA in 2012. The effective tariff for U.S. imports from Canada and Mexico for chapter 38 was less than 0.5 percent ad valorem in 2012. U.S. imports from NAFTA partners represented about 70 percent of total U.S. imports under this chapter.

The proposed modification would likely have a negligible effect on U.S. exports under NAFTA and on total U.S. exports. MFN rates of duty on the covered goods in Canada and Mexico range from free to 15.5 percent ad valorem. Using the actual duties paid on U.S. exports to Canada and assuming the MFN rates apply to U.S. exports to Mexico, the effective tariff for U.S. exports of these products to NAFTA partners in 2012 was 2.4 percent ad valorem.¹ However, as noted above, the proposed modification would likely apply to only a few products and tariff items within chapter 38, so the effect on U.S. exports for the chapter as whole would likely be negligible. U.S. exports to NAFTA partners accounted for 25 percent of total U.S. exports of such products in 2012.

The proposed chapter notes would likely have a negligible effect on U.S. production because the net effect on total U.S. trade is expected to be negligible.

¹ Commission estimate based on Canadian import data from Statistics Canada, International Trade Division, and Mexican import data from Global Trade Atlas.

CHAPTER 38

TABLE 3.93 Certain chemical mixtures including mixed alkylbenzenes, compounds doped for use in electronics, and hydraulic brake fluids

HTS no.	Existing rule	Proposed rule	Probable effect advice
3817–3819	19. A change to headings 3817 through 3819 from any other heading, including another heading within that group.	A change to heading 38.17 through 38.19 from any other heading, including another heading within that group.	U.S. trade under NAFTA: Imports: None Exports: None U.S. total trade: Imports: None Exports: None U.S. production: None

TABLE 3.93: Modification and effect

Modification: The proposed rule covers mixed alkylbenzenes and mixed alkylnaphthalenes, other than those of heading 2707 or 2902; chemical elements and compounds doped for use in electronics; and hydraulic brake fluids and other prepared liquids for hydraulic transmission.

The proposed rule would make no substantive changes to the current NAFTA rule.

Effect: The proposed modification would have no effect on U.S. trade under NAFTA, on total U.S. trade, or on U.S. production because the proposed rule is substantively the same as the current NAFTA rule.

CHAPTER 38

TABLE 3.94 Prepared binders for foundry molds or cores; chemical products and preparations of the chemical or allied industries (including those consisting of mixtures of natural products), not elsewhere specified or included

HTS no.	Existing rule	Proposed rule	Probable effect advice
3824.10–3824.83	<p>27. A change to subheading 3824.10 from any other subheading.</p> <p>28. (A) A change to subheading 3824.30 from any other subheading, except from heading 2849; or</p> <p>(B) A change to subheading 3824.30 from heading 2849, whether or not there is also a change from any other subheading, provided there is a regional value content of not less than:</p> <p>(1) 60 percent where the transaction value method is used, or</p> <p>(2) 50 percent where the net cost method is used.</p> <p>29. A change to subheadings 3824.40 through 3824.60 from any other subheading, including another subheading within that group.</p> <p>30. (A) A change to subheading 3824.71 from any other chapter, except from chapters 28 through 37;</p> <p>(B) A change to mixtures containing acyclic hydrocarbons perhalogenated only with fluorine and chlorine of subheading 3824.71 from any other good of subheading 3824.71 or any other subheading within chapters 28 through 38, whether or not there is also a change from any other chapter, provided there is a regional value content of not less than:</p> <p>(1) 60 percent where the transaction value method is used, or</p> <p>(2) 50 percent where the net cost method is used; or</p>	<p>A change to subheading 3824.10 through 3824.83 from any other subheading, including another subheading within that group; or</p> <p>No required change in tariff classification to any of subheading 3824.10 through 3824.83, provided there is a regional value content of not less than:</p> <p>(a) 60 percent where the transaction value method is used, or</p> <p>(b) 50 percent where the net cost method is used.</p>	<p>U.S. trade under NAFTA: Imports: Negligible Exports: Negligible</p> <p>U.S. total trade: Imports: Negligible Exports: Negligible</p> <p>U.S. production: Negligible</p>

CHAPTER 38
TABLE 3.94—Continued

HTS no.	Existing rule	Proposed rule	Probable effect advice
	<p>(C) A change to any other good of subheading 3824.71 from mixtures containing acyclic hydrocarbons perhalogenated only with fluorine and chlorine of subheading 3824.71 or any other subheading within chapters 28 through 38, whether or not there is also a change from any other chapter, provided there is a regional value content of not less than:</p> <p>(1) 60 percent where the transaction value method is used, or</p> <p>(2) 50 percent where the net cost method is used.</p> <p>30A. (A) A change to subheading 3824.72 from any other chapter, except from chapters 28 through 37;</p> <p>(B) A change to mixtures containing perhalogenated derivatives of acyclic hydrocarbons containing two or more different halogens of subheading 3824.72 from any other good of subheading 3824.72 or any other subheading within chapters 28 through 38, except from mixtures containing perhalogenated derivatives of acyclic hydrocarbons containing two or more different halogens of subheadings 3824.73, 3824.77 or 3824.79, whether or not there is also a change from any other chapter, provided there is a regional value content of not less than:</p> <p>(1) 60 percent where the transaction value method is used, or</p> <p>(2) 50 percent where the net cost method is used; or</p>		

CHAPTER 38
TABLE 3.94—Continued

HTS no.	Existing rule	Proposed rule	Probable effect advice
	<p>(C) A change to any other good of subheading 3824.72 from mixtures containing perhalogenated derivatives of acyclic hydrocarbons containing two or more different halogens of subheading 3824.72 or any other subheading within chapters 28 through 38, whether or not there is also a change from any other chapter, provided there is a regional value content of not less than:</p> <p>(1) 60 percent where the transaction value method is used, or</p> <p>(2) 50 percent where the net cost method is used.</p> <p>30B. (A) A change to subheading 3824.73 from any other chapter, except from chapters 28 through 37;</p> <p>(B) A change to mixtures containing perhalogenated derivatives of acyclic hydrocarbons containing two or more different halogens of subheading 3824.73 from any other good of subheading 3824.73 or any other subheading within chapters 28 through 38, except from mixtures containing perhalogenated derivatives of acyclic hydrocarbons containing two or more different halogens of subheadings 3824.72, 3824.77 or 3824.79, whether or not there is also a change from any other chapter, provided there is a regional value content of not less than:</p> <p>(1) 60 percent where the transaction value method is used, or</p> <p>2) 50 percent where the net cost method is used; or</p>		

CHAPTER 38
TABLE 3.94—Continued

HTS no.	Existing rule	Proposed rule	Probable effect advice
	<p>(C) A change to any other good of subheading 3824.73 from mixtures containing perhalogenated derivatives of acyclic hydrocarbons containing two or more different halogens of subheading 3824.73 or any other subheading within chapters 28 through 38, whether or not there is also a change from any other chapter, provided there is a regional value content of not less than:</p> <p>(1) 60 percent where the transaction value method is used, or</p> <p>(2) 50 percent where the net cost method is used.</p> <p>30C. (A) A change to subheading 3824.74 from any other chapter, except from chapters 28 through 37; or</p> <p>(B) A change to subheading 3824.74 from any other subheading within chapters 28 through 38, whether or not there is also a change from any other chapter, provided there is a regional value content of not less than:</p> <p>(1) 60 percent where the transaction value method is used, or</p> <p>(2) 50 percent where the net cost method is used.</p> <p>30D. (A) A change to subheadings 3824.75 through 3824.76 from any other chapter, except from chapters 28 through 37; or</p>		

CHAPTER 38
TABLE 3.94—Continued

HTS no.	Existing rule	Proposed rule	Probable effect advice
	<p>(B) A change to subheadings 3824.75 through 3824.76 from any other subheading within chapters 28 through 38 outside that group, except from subheading 3824.78, whether or not there is also a change from any other chapter, provided there is a regional value content of not less than:</p> <p>1) 60 percent where the transaction value method is used, or</p> <p>(2) 50 percent where the net cost method is used.</p> <p>30E. (A) A change to subheading 3824.77 from any other chapter, except from chapters 28 through 37;</p> <p>(B) A change to mixtures containing perhalogenated derivatives of acyclic hydrocarbons containing two or more different halogens of subheading 3824.77 from any other good of subheading 3824.77 or any other subheading within chapters 28 through 38, except from mixtures containing perhalogenated derivatives of acyclic hydrocarbons containing two or more different halogens of subheadings 3824.72, 3824.73 or 3824.79, whether or not there is also a change from any other chapter, provided there is a regional value content of not less than:</p> <p>(1) 60 percent where the transaction value method is used, or</p> <p>(2) 50 percent where the net cost method is used; or</p>		

CHAPTER 38
TABLE 3.94—Continued

HTS no.	Existing rule	Proposed rule	Probable effect advice
	<p>(C) A change to any other good of subheading 3824.77 from mixtures containing perhalogenated derivatives of acyclic hydrocarbons containing two or more different halogens of subheading 3824.77 or any other subheading within chapters 28 through 38, whether or not there is also a change from any other chapter, provided there is a regional value content of not less than:</p> <p>(1) 60 percent where the transaction value method is used, or</p> <p>(2) 50 percent where the net cost method is used.</p> <p>30F. (A) A change to subheading 3824.78 from any other chapter, except from chapters 28 through 37; or</p> <p>(B) A change to subheading 3824.78 from any other subheading within chapters 28 through 38, except from subheadings 3824.75 through 3824.76, whether or not there is also a change from any other chapter, provided there is a regional value content of not less than:</p> <p>(1) 60 percent where the transaction value method is used, or</p> <p>(2) 50 percent where the net cost method is used.</p> <p>30G. (A) A change to subheading 3824.79 from any other chapter, except from chapters 28 through 37;</p>		

CHAPTER 38
TABLE 3.94—Continued

HTS no.	Existing rule	Proposed rule	Probable effect advice
	<p>(B) A change to mixtures containing perhalogenated derivatives of acyclic hydrocarbons containing two or more different halogens of subheading 3824.79 from any other good of subheading 3824.79 or any other subheading within chapters 28 through 38, except from mixtures containing perhalogenated derivatives of acyclic hydrocarbons containing two or more different halogens of subheadings 3824.72, 3824.73 or 3824.77, whether or not there is also a change from any other chapter, provided there is a regional value content of not less than:</p> <p>(1) 60 percent where the transaction value method is used, or</p> <p>(2) 50 percent where the net cost method is used; or</p> <p>(C) A change to any other good of subheading 3824.79 from mixtures containing perhalogenated derivatives of acyclic hydrocarbons containing two or more different halogens of subheading 3824.79 or any other subheading within chapters 28 through 38, whether or not there is also a change from any other chapter, provided there is a regional value content of not less than:</p> <p>(1) 60 percent where the transaction value method is used, or</p> <p>(2) 50 percent where the net cost method is used.</p>		

CHAPTER 38
TABLE 3.94—Continued

HTS no.	Existing rule	Proposed rule	Probable effect advice
	<p>30H. (A) A change to subheadings 3824.81 through 3824.83 from any other chapter, except from chapters 28 through 37; or</p> <p>(B) A change to subheadings 3824.81 through 3824.83 from any other subheading within chapters 28 through 38 outside that group, except from subheading 3824.90, whether or not there is also a change from any other chapter, provided there is a regional value content of not less than:</p> <p>(1) 60 percent where the transaction value method is used, or</p> <p>(2) 50 percent where the net cost method is used</p>		

TABLE 3.94: Modification and effect

Modification: The proposed rule covers a wide variety of products, including mixtures of tungsten carbide with products such as vanadium carbide, chromium carbide, tantalum carbide, or titanium carbide.

The WCO significantly restructured HS heading 3824 in 2007, as subheading 3824.20 was deleted and many new subheadings were created. The prior rules of origin were restructured as a result. The current NAFTA rules generally allow a good to qualify for NAFTA preferences if they are made from non-originating inputs classified in other chapters or, in some cases, from non-originating inputs classified in other subheadings, provided the finished goods meet the regional value content requirements.

The proposed modification is liberalizing because it would allow any subheading-level tariff change to confer origin, or alternatively, it would allow a good of subheading 3824.10 through 3824.83 made using non-originating goods of the same subheading to receive the preferential rate of duty provided that the final good meets the regional value content requirement.

Effect: The proposed modification would likely have a negligible effect on U.S. imports under NAFTA and on total U.S. imports. In 2012, 98 percent of U.S. imports of the subject products from NAFTA partners entered free of duty under NAFTA or were already free on an MFN basis. As a result, the effective tariff on U.S. imports from NAFTA partners was less than 0.5 percent ad valorem in 2012. U.S. imports from NAFTA partners represent 34 percent of total U.S. imports in 2012.

TABLE 3.94: Modification and effect—*Continued*

The proposed modification would likely have a negligible effect on U.S. exports under NAFTA and on total U.S. exports of these products. Canada's MFN rates of duty for the products covered by this rule are free. For Mexico, these products are covered by several tariff lines, most of which have an MFN rate of free, with a few rates as high as 10 percent ad valorem. Mexico accounted for about one-half of total U.S. exports of these products to NAFTA partners in 2012. If MFN rates of duty are applied to U.S. exports to the NAFTA partners, the effective tariff on all U.S. exports to NAFTA partners of goods covered by this rule was about 0.5 percent ad valorem in 2012.¹

The effect on U.S. production would likely be negligible because the net effect on total U.S. trade is expected to be negligible.

¹ Commission estimate based on U.S. export data from USITC DataWeb/USDOC and Mexican import data from Global Trade Atlas.

CHAPTER 38

TABLE 3.95 Chemical products and preparations of the chemical or allied industries (including those consisting of mixtures of natural products), not elsewhere specified or included

HTS no.	Existing rule	Proposed rule	Probable effect advice
3824.90	<p>30I. (A) A change to naphthenic acids, their water-insoluble salts or their esters of subheading 3824.90 from any other good of subheading 3824.90 or any other subheading;</p> <p>(B) A change to any other good of subheading 3824.90 from any other chapter, except from chapters 28 through 37; or</p> <p>(C) A change to any other good of subheading 3824.90 from naphthenic acids, their water-insoluble salts or their esters of subheading 3824.90, or any other subheading within chapters 28 through 38, except from subheadings 3824.71 through 3824.83, whether or not there is also a change from any other chapter, provided there is a regional value content of not less than:</p> <p>(1) 60 percent where the transaction value method is used, or</p> <p>(2) 50 percent where the net cost method is used.</p>	<p>A change to naphthenic acids, their water-insoluble salts, or their esters of subheading 3824.90 from any other good within that subheading or any other subheading;</p> <p>A change to any other good of subheading 3824.90 from any other subheading; or</p> <p>No required change in tariff classification to any other good of subheading 3824.90, provided there is a regional value content of not less than:</p> <p>(a) 60 percent where the transaction value method is used, or</p> <p>(b) 50 percent where the net cost method is used.</p>	<p>U.S. trade under NAFTA: Imports: Negligible Exports: Significant increase</p> <p>U.S. total trade: Imports: Negligible Exports: Negligible</p> <p>U.S. production: Negligible</p>

¹ Results for this proposed modification are likely overstated because the analysis was based on the assumption that all U.S. exports to Mexico paid the MFN rate of duty. The effect on U.S. exports to NAFTA partners will be reduced to the extent that U.S. exports to Mexico currently receive the NAFTA preferential rate of duty.

TABLE 3.95: Modification and effect

Modification: The proposed modification does not substantively change the rule of origin for naphthenic acids, their water-insoluble salts, or their esters of subheading 3824.90. These products were reclassified into subheading 3824.90 in 2007 when subheading 3824.20 was deleted from the HS.

For goods of subheading 3824.90 other than naphthenic acids, their water-insoluble salts, or their esters, the current NAFTA rule of origin allows such goods to be produced from non-originating materials from other chapters, other than chapters 28 through 37. When non-originating inputs of most subheadings of chapters 28 through 38 are used in producing the finished goods, a regional value content requirement applies. The current NAFTA rule does not allow a tariff change from subheadings 3824.71 through 3824.83 to goods of subheading 3824.90 other than naphthenic acids, their water-insoluble salts or their esters to confer origin. Many products in these excluded subheadings were classified in subheading 3824.90 prior to 2007, and the rules of origin in effect then did not allow tariff shifts between goods of subheading 3824.90.

A wide variety of products are covered by the proposed rule, including mixtures of two or more inorganic compounds. Such mixtures can be used as an example of how the proposed rule changes will affect other chemicals in this product grouping. Mixtures of two or more inorganic compounds are generally made using products from chapter 28. The current NAFTA rule allows these mixtures (subheading 3824.90) made from non-originating inorganic compounds (chapter 28) to receive the preferential rate of duty provided that the final good meets the regional value content requirement. When the regional value content rule is not met, the inputs of chapter 28 must be made in North America.

The proposed modification is liberalizing because it would allow any subheading-level tariff change to confer origin, and it removes the regional value content requirement for subheading-level changes for inputs from excluded chapters. Additionally, the proposed rule would allow goods of subheading 3824.90 other than naphthenic acids, their water-insoluble salts, or their esters made using non-originating inputs of the same subheading to receive the NAFTA preferential rate of duty provided that the final goods meet the regional value content requirement.

Effect: The proposed modification would have a negligible effect on U.S. imports under NAFTA and total U.S. imports. The effective tariff on U.S. imports of these goods from NAFTA partners was less than 0.5 percent ad valorem in 2012.² U.S. imports of these goods from NAFTA partners accounted for 19 percent of total U.S. imports in 2012.

The proposed modification could potentially result in a significant increase in U.S. exports of these products to NAFTA partners, which totaled \$1.2 billion in 2012. Canada's MFN rates of duty for the tariff lines under this 6-digit subheading are free. For Mexico, these products are covered by several tariff lines, which have MFN rates of duty ranging from free to 9 percent ad valorem, with most of the rates at 5 or 6 percent ad valorem. Mexico accounts for about 46 percent of total U.S. exports of these products to its NAFTA partners. As noted above, the proposed modification does not substantively change the rule of origin for naphthenic acids, their water-insoluble salts, or their esters. If MFN rates of duty are applied to U.S. exports to Mexico of the products covered by the rule, except naphthenic acids, their water-insoluble salts, or their esters, the estimated effective tariff on all U.S. exports to the NAFTA partners was 2.8 percent ad valorem in 2012.³

The proposed modification would likely result in a negligible increase in total U.S. exports. The effective tariff on total U.S. exports of products affected by the rule was less than 1 percent ad valorem in 2012.⁴ U.S. exports to NAFTA partners accounted for 30 percent of total U.S. exports of the products covered in 2012.

The effect on U.S. production would likely be negligible because the net effect on total U.S. trade is expected to be negligible. Also, any expected change in U.S. exports of these goods to NAFTA partners is likely small compared with U.S. production.

² There were no U.S. imports from NAFTA partners of naphthenic acids, their water-insoluble salts, or their esters in 2012. As noted in the modification section, the proposed modification would not substantively change the current rule for these products.

³ Commission estimate based on U.S. export data from USITC DataWeb/USDOC and Mexican import data from Global Trade Atlas.

⁴ Calculated based on estimated duties collected on U.S. exports to NAFTA partners of products substantively affected by the proposed modification divided by total U.S. exports of all products covered by the proposed modification.

TABLES FOR HTS CHAPTER 39
SECTION VII, CHAPTERS 39 and 40
TABLE 3.96 Section notes

HTS no.	Existing rule	Proposed rule	Probable effect advice
<p>Section VII, chapters 39 and 40: Plastics and articles thereof; rubber and articles thereof</p>	<p>There are no section notes for HS section VII.</p>	<p>Note 1: <i>Note 3 of this Section confers origin to a good of heading 39.01 through 39.13, subheading 4001.10 or heading 40.02 or 40.05.</i></p> <p>Note 2: <i>Notwithstanding Note 1, a good is an originating good if it meets the applicable change of tariff classification and, if applicable, satisfies the applicable percentage by weight or value content requirement specified in the rules of origin of this Chapter.</i></p> <p>Note 3: Chemical Reaction <i>A good of heading 39.01 through 39.13, subheading 4001.10 or heading 40.02 or 40.05 that is a product of a chemical reaction shall be treated as an originating good if the chemical reaction resulted in the chemical modification of the monomer units in the polymer components (or rubber polymer components, as the case may be) of the good and occurred in the territory of one or more of the Parties.</i></p> <p><i>For purposes of this Note, a “chemical reaction” is a process (including a biochemical process) which results in a molecule with a new structure by breaking intramolecular bonds and by forming new intramolecular bonds.</i></p> <p><i>The following are not considered to be chemical reactions for purposes of this definition:</i></p> <ul style="list-style-type: none"> <i>(a) dissolving in water or other solvents;</i> <i>(b) the elimination of solvents including solvent water; or</i> <i>(c) the addition or elimination of water of crystallization.</i> 	<p>U.S. trade under NAFTA: Imports: Negligible Exports: Negligible</p> <p>U.S. total trade: Imports: Negligible Exports: Negligible</p> <p>U.S. production: Negligible</p>

TABLE 3.96: Modification and effect

Modification: Section VII of the HS (Plastics and Articles Thereof; Rubber and Articles Thereof) includes chapters 39 and 40 which, in turn, cover various polymers, plastics resins and forms, and articles thereof and natural and synthetic rubber, its formed intermediates (such as rubber sheets), and articles thereof, respectively.

No “chemical reaction” rule currently applies to any headings in these chapters, and there are currently no section notes (rules) for HTS section VII. Goods in chapters 39 and 40 are now treated as originating goods if they comply with rules applicable to the tariff provision in which they are classified. Proposed Note 2 would continue to allow origin to be conferred based on these individual product specific rules.

Notes 1 and 3 would allow a defined chemical reaction occurring within one or more of the NAFTA partners to confer origin to goods in particular headings in these chapters only—namely, headings 3901–3913, subheading 4001.10, heading 4002, and heading 4005. This standard would serve as an alternative to the existing rules for the individual headings. The addition of the chemical reaction rule would be liberalizing to the extent that products within the chapters could be created through a specified chemical reaction. For example, under the proposed chemical reaction rule, polyethylene (subheadings 3901.10 and 3901.20) could be made through a chemical reaction turning ethylene (subheading 2901.21) into a polymer, without showing that a heading level change plus regional value content requirements had been met. Goods classified in other headings in these two chapters would still be considered originating only if they comply with the rules applicable to their tariff provision.

Effect: The addition of the proposed section notes would likely have a negligible effect on U.S. imports of these products under NAFTA and on total U.S. imports. In 2012, 90 percent of U.S. imports under chapters 39 and 40 from Canada and Mexico entered free under NAFTA. As noted above, the section notes apply to only selected headings and subheadings in chapters 39 and 40 (headings 3901–3913, subheading 4001.10, heading 4002, and heading 4005). The effective tariff on U.S. imports of the subject products from Canada and Mexico in 2012 was less than 0.5 percent ad valorem.

The addition of the proposed section notes would also likely have a negligible effect on U.S. exports under NAFTA and on total U.S. trade. As noted above, the section notes apply to only selected headings and subheadings in chapters 39 and 40 (headings 3901–3913, subheading 4001.10, heading 4002, and heading 4005). Canada’s MFN duties ranged from free to 3 percent ad valorem for these products, and Mexico’s MFN rates ranged from free to 10 percent ad valorem. Based on the actual value of duties collected on U.S. exports of the affected products to Canada, and assuming that MFN rates applied to all U.S. exports of the affected products to Mexico, the effective tariff on U.S. exports to NAFTA partners was 1 percent ad valorem in 2012. U.S. exports under chapters 39 and 40 to NAFTA partners accounted for about 45 percent of total U.S. exports of such products in 2012.

The addition of the proposed section notes would likely have a negligible effect on U.S. production because the net effect on total U.S. trade is expected to be negligible.

CHAPTER 39

TABLE 3.97 Polymers in primary forms; plastic resins; silicones; cellulose

HTS no.	Existing rule	Proposed rule	Probable effect advice
3901–3914	<p>1. A change to headings 3901 through 3920 from any other heading, including another heading within that group, provided there is a regional value content of not less than:</p> <p>(A) 60 percent where the transaction value method is used, or</p> <p>(B) 50 percent where the net cost method is used.</p>	A change to heading 39.01 through 39.14 from any other heading, including another heading within that group.	<p>U.S. trade under NAFTA: Imports: Negligible Exports: Significant increase¹</p> <p>U.S. total trade: Imports: Negligible Exports: Negligible</p> <p>U.S. production: Negligible</p>

TABLE 3.97: Modification and effect

Modification: The proposed rule covers a wide variety of plastic resins, including polyethylene, polypropylene, polystyrene, poly(vinyl chloride), polyesters, and other synthetic and natural polymers. The headings also include polymers, silicones, and cellulose in primary forms.

The current NAFTA rule allows a good of a heading within 3901 through 3914 made from a non-originating good of a different heading, including another heading within that group, to receive the preferential rate of duty provided that it meets the regional value content requirement. Under such a rule, goods in two different headings within the covered group (3901 through 3914) could be combined to produce another good of these headings.

The proposed modification is liberalizing because it would remove the regional value content requirement and would allow any heading-level change to confer origin.

Effect: The proposed modification would likely have a negligible effect on U.S. imports under NAFTA and on total U.S. imports. The effective tariff on U.S. imports of these goods from NAFTA partners was less than 0.5 percent ad valorem in 2012. U.S. imports from NAFTA partners accounted for 43 percent of total U.S. imports of these goods in 2012. NTR rates of duty on goods within these headings range from free to 6.5 percent ad valorem.

The proposed modification could potentially result in a significant increase in U.S. exports to NAFTA partners, which totaled \$12.7 billion in 2012. MFN rates of duty in Canada range from free to 3 percent ad valorem. MFN rates of duty in Mexico range from free to 10 percent ad valorem. Using the actual duties paid on U.S. exports to Canada and assuming the MFN rates apply to U.S. exports to Mexico, the estimated effective tariff on U.S. exports to NAFTA partners was 2.5 percent ad valorem in 2012.²

¹ Results for this proposed modification are likely overstated because the analysis was based on the assumption that all U.S. exports to Mexico paid the MFN rate of duty. The effect on U.S. exports to NAFTA partners will be reduced to the extent that U.S. exports to Mexico currently receive the NAFTA preferential rate of duty.

² Commission estimate based on Canadian import data from Statistics Canada, International Trade Division, and Mexican import data from Global Trade Atlas.

TABLE 3.97: Modification and effect—*Continued*

The proposed modification would likely have a negligible effect on total U.S. exports. U.S. exports to NAFTA partners accounted for 39 percent of total U.S. exports of the covered products in 2012, resulting in an estimated effective tariff on total U.S. exports of 0.9 percent ad valorem.³

The effect on U.S. production would likely be negligible because the net effect on total U.S. trade is expected to be negligible. Also, any expected change in U.S. exports to NAFTA partners is likely small compared with U.S. production.

³ Commission estimate based on U.S. export data from USITC DataWeb/USDOC; Canadian import data from Statistics Canada, International Trade Division; and Mexican import data from Global Trade Atlas.

CHAPTER 39

TABLE 3.98 Waste plastics and certain plastic products

HTS no.	Existing rule	Proposed rule	Probable effect advice
3915–3919	<p>1. A change to headings 3901 through 3920 from any other heading, including another heading within that group, provided there is a regional value content of not less than:</p> <p>(A) 60 percent where the transaction value method is used, or</p> <p>(B) 50 percent where the net cost method is used.</p>	<p>A change to heading 39.15 through 39.19 from any other heading, including another heading within that group, provided there is a regional value content of not less than:</p> <p>(a) 60 percent where the transaction value method is used, or</p> <p>(b) 50 percent where the net cost method is used.</p>	<p>U.S. trade under NAFTA: Imports: None Exports: None</p> <p>U.S. total trade: Imports: None Exports: None</p> <p>U.S. production: None</p>

TABLE 3.98: Modification and effect

Modification: The proposed rule covers the following articles of plastics: waste and scrap; monofilament, rods, sticks, and profile shapes; tubes, pipes, hoses, and fittings; floor coverings; wall or ceiling coverings; and self-adhesive plates, sheets, film, foil, tape, strip, and other flat shapes.

The proposed rule would make no substantive changes to the current NAFTA rule.

Effect: The proposed modification would have no effect on U.S. trade under NAFTA, on total U.S. trade, or on U.S. production because the proposed rule is substantively the same as the current NAFTA rule.

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TABLE 3.99 Other plates, sheets, film, foil, and strip of polymers of ethylene and of polymers of propylene

HTS no.	Existing rule	Proposed rule	Probable effect advice
3920.10– 3920.20	1. A change to headings 3901 through 3920 from any other heading, including another heading within 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.	A change to subheading 3920.10 through 3920.20 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.	U.S. trade under NAFTA: Imports: None Exports: None U.S. total trade: Imports: None Exports: None U.S. production: None

TABLE 3.99 Modification and effect

Modification: The proposed rule would make no substantive changes to the current NAFTA rule.

Effect: The proposed modification would have no effect on U.S. trade under NAFTA, on total U.S. trade, or on U.S. production because the proposed rule is substantively the same as the current NAFTA rule.

CHAPTER 39

TABLE 3.100 Other plates, sheets, film, foil and strip of polymers of styrene, of polymers of vinyl chloride, and of acrylic polymers

HTS no.	Existing rule	Proposed rule	Probable effect advice
3920.30– 3920.51	<p>1. A change to headings 3901 through 3920 from any other heading, including another heading within that group, provided there is a regional value content of not less than:</p> <p>(A) 60 percent where the transaction value method is used, or</p> <p>(B) 50 percent where the net cost method is used.</p>	A change to subheading 3920.30 through 3920.51 from any other heading.	<p>U.S. trade under NAFTA: Imports: Negligible Exports: None</p> <p>U.S. total trade: Imports: Negligible Exports: None</p> <p>U.S. production: Negligible</p>

TABLE 3.100: Modification and effect

Modification: The current NAFTA rule allows certain plates, sheets, film, foil, and strips of polystyrene, poly(vinyl chloride), or acrylic polymers (subheadings 3920.30 through 3920.51) made from a non-originating good of any other heading to receive the preferential rate of duty provided that it meets the regional value content requirement.

The proposed modification is liberalizing because it would remove the regional value content requirement.

Effect: The proposed modification would likely have a negligible effect on U.S. imports from NAFTA partners and total U.S. imports. In 2012, dutiable imports accounted for only 1 percent of imports from NAFTA partners in 2012, and the effective tariff on U.S. imports of these goods from NAFTA partners was less than 0.5 percent ad valorem. U.S. NTR rates of duty range from 3.1 to 6.5 percent ad valorem.

The proposed modification would have no effect on U.S. exports under NAFTA or on total U.S. exports because U.S. exports of these goods to Canada and Mexico are free of duty on an MFN basis.

The effect on U.S. production would likely be negligible because the effect on total U.S. trade is expected to be negligible. Eastman Chemical Company, a domestic producer of specialty chemicals, expressed support for the proposed modifications, particularly those that eliminate regional value content requirements for subheadings 3919.90 through 3921.90.¹

¹ Eastman Chemical Company, written submission to the USITC, June 4, 2013, 1. See appendix D.

CHAPTER 39

TABLE 3.101 Other plates, sheets, film, foil and strip, of plastics

HTS no.	Existing rule	Proposed rule	Probable effect advice
3920.59– 3920.99	1. A change to headings 3901 through 3920 from any other heading, including another heading within 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.	A change to subheading 3920.59 through 3920.99 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.	U.S. trade under NAFTA: Imports: None Exports: None U.S. total trade: Imports: None Exports: None U.S. production: None

TABLE 3.101: Modification and effect

Modification: The proposed rule would make no substantive changes to the current NAFTA rule.

Effect: The proposed modification would have no effect on U.S. trade under NAFTA, on total U.S. trade, or on U.S. production because the proposed rule is substantively the same as the current NAFTA rule.

CHAPTER 39

TABLE 3.102 Cellular plates, sheets, film, foil and strip, of polymers of styrene or vinyl chloride

HTS no.	Existing rule	Proposed rule	Probable effect advice
3921.11– 3921.12	<p>2. A change to subheadings 3921.11 through 3921.13 from any other heading, provided there is a regional value content of not less than:</p> <p>(A) 60 percent where the transaction value method is used, or</p> <p>(B) 50 percent where the net cost method is used.</p>	A change to subheading 3921.11 through 3921.12 from any other heading.	<p>U.S. trade under NAFTA: Imports: Negligible Exports: Negligible</p> <p>U.S. total trade: Imports: Negligible Exports: Negligible</p> <p>U.S. production: Negligible</p>

TABLE 3.102: Modification and effect

Modification: The proposed rule covers cellular plates, sheets, and other products formed from polymers of either styrene or vinyl chloride. The current NAFTA rule allows such products (subheading 3921.11 through 3921.12) made from non-originating resins (polymers of styrene, heading 3903, or vinyl chloride, subheadings 3904.10 through 3904.22) to receive the preferential rate of duty provided that they meet the regional value content requirement. When the regional value content requirement is not met, the resin must be made in North America.

The proposed modification is liberalizing because it would remove the regional value content requirement.

Effect: The proposed modification would likely have a negligible effect on U.S. imports under NAFTA and on total U.S. imports. The NTR rates of duty specific to the subheadings covered by this rule range from 4.2 to 6.5 percent ad valorem. In 2012, the effective tariff was less than 0.5 percent ad valorem; about 98 percent of U.S. imports of these goods from NAFTA partners entered the United States free of duty. The value of U.S. imports from Canada and Mexico accounted for about 21 percent of total U.S. imports of these products.

The proposed modification would likely have a negligible effect on U.S. exports under NAFTA and on total U.S. exports of such products. U.S. exports of these products to NAFTA partners were divided roughly evenly between Canada and Mexico. The Canadian MFN rates of duty on these goods range from 1 to 2 percent ad valorem. Although the Mexican MFN rates of duty ranged from free to 10 percent ad valorem, about 85 percent of these U.S. exports to Mexico entered under tariff items that were free of duty on an MFN basis in 2012.¹ U.S. exports to NAFTA partners accounted for about 80 percent of total U.S. exports for the subject products.

The effect on U.S. production would likely be negligible because the net effect on total U.S. trade is expected to be negligible. Eastman Chemical Company, a domestic producer of specialty chemicals, expressed support for the proposed modifications, particularly those that eliminate regional value content requirements for subheadings 3919.90 through 3921.90.²

¹ Commission estimate based on Mexican import data obtained from Global Trade Atlas.

² Eastman Chemical Company, written submission to the USITC, June 4, 2013, 1. See appendix D.

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TABLE 3.103 Cellular plates, sheets, film, foil and strip, of polyurethane

HTS no.	Existing rule	Proposed rule	Probable effect advice
3921.13	2. A change to subheadings 3921.11 through 3921.13 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.	A change to subheading 3921.13 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.	U.S. trade under NAFTA: Imports: None Exports: None U.S. total trade: Imports: None Exports: None U.S. production: None

TABLE 3.103: Modification and effect

Modification: The proposed rule would make no substantive changes to the current NAFTA rule.

Effect: The proposed modification would have no effect on U.S. trade under NAFTA, on total U.S. trade, or on U.S. production because the proposed rule is substantively the same as the current NAFTA rule.

TABLES FOR HTS CHAPTER 40

TABLE 3.104 Natural and synthetic rubber in primary forms or in plates, sheets, or strip

HTS no.	Existing rule	Proposed rule	Probable effect advice
4001.10– 4002.99	<p>1. (A) A change to headings 4001 through 4006 from any other chapter; or</p> <p>(B) A change to headings 4001 through 4006 from any other heading within chapter 40, including another heading 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:</p> <p>(1) 60 percent where the transaction value method is used, or</p> <p>(2) 50 percent where the net cost method is used.</p>	A change to subheading 4001.10 through 4002.99 from any other subheading, including another subheading within that group.	<p>U.S. trade under NAFTA: Imports: None Exports: Negligible</p> <p>U.S. total trade: Imports: None Exports: Negligible</p> <p>U.S. production: Negligible</p>

TABLE 3.104: Modification and effect

Modification: The current NAFTA rules allow natural and synthetic rubber in primary forms or in plates, sheets, or strip (subheadings 4001.10 through 4002.99) made from non-originating goods from any other chapter to receive the preferential rate of duty. For example, synthetic rubber sheets could be made from non-originating chemicals from other chapters. Natural and synthetic rubber in primary forms made using non-originating goods of any other heading within chapter 40 can receive the preferential rate of duty, provided that the regional value content requirement is met.

The proposed modification is liberalizing because it allows any subheading-level tariff change to confer origin and removes the regional value content requirement.

Effect: U.S. imports of these goods are already free of duty for all NTR countries; therefore, there would be no effect on U.S. imports under NAFTA or on total U.S. imports.

The proposed modifications would likely have a negligible effect on U.S. exports under NAFTA and on total U.S. exports. The MFN rate of duty imposed on these goods by Canada is free. The Mexican MFN rates of duty on these goods range from free to 10 percent ad valorem. In 2012, 87 percent of U.S. exports of the subject goods to Canada and Mexico were imported under tariff items that are free of duty on an MFN basis.¹ If MFN rates of duty are applied to U.S. exports to NAFTA partners, the effective tariff on all U.S. exports to NAFTA partners of goods covered by this rules was 1.1 percent ad valorem in 2012.²

The effect on U.S. production would likely be negligible because the net effect on total U.S. trade is expected to be negligible.

¹ Commission estimate based on U.S. export data from USITC DataWeb/USDOC and Mexican import data from Global Trade Atlas.

² Ibid.

CHAPTER 40

TABLE 3.105 Reclaimed rubber and waste, parings, and scrap of rubber

HTS no.	Existing rule	Proposed rule	Probable effect advice
4003–4004	<p>1. (A) A change to headings 4001 through 4006 from any other chapter; or</p> <p>(B) A change to headings 4001 through 4006 from any other heading within chapter 40, including another heading 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:</p> <p>(1) 60 percent where the transaction value method is used, or</p> <p>(2) 50 percent where the net cost method is used.</p>	A change to heading 40.03 through 40.04 from any other heading, including another heading within that group.	<p>U.S. trade under NAFTA: Imports: None Exports: Negligible</p> <p>U.S. total trade: Imports: None Exports: Negligible</p> <p>U.S. production: Negligible</p>

TABLE 3.105: Modification and effect

Modification: The current NAFTA rules allow reclaimed rubber (heading 4003) and waste rubber (heading 4004) made from non-originating goods from any other chapter to receive the preferential rate of duty. Reclaimed rubber and waste rubber made using non-originating goods of any other heading in chapter 40 can receive the preferential rate of duty, provided that the regional value content requirement is met.

The proposed modification is liberalizing because it allows any heading-level tariff change to confer origin and it removes the regional value content requirement. There are no international subheadings under headings 4003 and 4004.

Effect: The proposed modification would have no effect on U.S. imports from NAFTA partners or total U.S. imports because these goods are already free of duty for all NTR countries.

The proposed modification would likely have a negligible effect on U.S. exports under NAFTA and on total U.S. exports. Canada’s MFN rates of duty are free for all goods covered by the proposed rule. Mexico’s MFN rates of duty range from free to 10 percent ad valorem. Using estimated duties paid on U.S. exports of the covered goods to Mexico and total U.S. exports of these goods to NAFTA partners, the effective tariff on U.S. exports of the goods to NAFTA partners in 2012 was less than 0.5 percent ad valorem.¹ U.S. exports to NAFTA partners accounted for 29 percent of total U.S. exports of the covered products in 2012.

The effect on U.S. production would likely be negligible because the net effect on total U.S. trade is expected to be negligible.

¹ Commission estimate based on U.S. export data from USITC DataWeb/USDOC and Mexican import data from Global Trade Atlas.

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TABLE 3.106 Compounded rubber and other forms and articles of unvulcanized rubber

HTS no.	Existing rule	Proposed rule	Probable effect advice
4005–4006	<p>1. (A) A change to headings 4001 through 4006 from any other chapter; or</p> <p>(B) A change to headings 4001 through 4006 from any other heading within chapter 40, including another heading 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:</p> <p>(1) 60 percent where the transaction value method is used, or</p> <p>(2) 50 percent where the net cost method is used.</p>	<p>A change to heading 40.05 through 40.06 from any other heading, including another heading within that group, except from heading 40.01; or</p> <p>A change to heading 40.05 through 40.06 from heading 40.01, whether or not there is also a change from any other heading, including another heading within that group, provided there is a regional value content of not less than:</p> <p>(a) 35 percent where the transaction value method is used, or</p> <p>(b) 25 percent where the net cost method is used.</p>	<p>U.S. trade under NAFTA: Imports: Negligible Exports: Negligible</p> <p>U.S. total trade: Imports: Negligible Exports: Negligible</p> <p>U.S. production: Negligible</p>

TABLE 3.106: Modification and effect

Modification: The current NAFTA rules allow compounded rubber (heading 4005) and unvulcanized rubber in other forms (heading 4006) made from non-originating goods from any other chapter to receive the preferential rate of duty. Compounded rubber and unvulcanized rubber in other forms made using non-originating inputs from any other heading in chapter 40 can also receive the preferential rate of duty, provided that the regional value content requirement is met.

The proposed modification is liberalizing because it allows changes from any other headings except 4001 (natural rubber in primary forms) to confer origin and reduces the regional value content requirements, which apply only when non-originating inputs of heading 4001 are used.

Effect: The proposed modification would likely have a negligible effect on U.S. imports under NAFTA and on total U.S. imports. In 2012, dutiable imports on the subject goods from NAFTA partners accounted for less than 1 percent of U.S. imports of the covered products from NAFTA partners in 2012. The effective tariff was less than 0.5 percent ad valorem in 2012.

The proposed rule modification would likely have a negligible effect on U.S. exports to NAFTA and on total U.S. exports. Canada's MFN rates of duty are free for all subject goods, while Mexico's MFN rates of duty range from free to 15 percent ad valorem. In 2012, more than 99 percent of U.S. exports of these goods to NAFTA partners were under tariff items that are free of duty on an MFN basis.¹

The effect on U.S. production would likely be negligible because the net effect on total U.S. trade is expected to be negligible.

¹ Commission estimate based on U.S. export data from USITC DataWeb/USDOC and Mexican import data from Global Trade Atlas.

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TABLE 3.107 Retreaded tires

HTS no.	Existing rule	Proposed rule	Probable effect advice
4012.11– 4012.19	6. A change to subheadings 4012.11 through 4012.19 from any subheading outside that group, except from tariff items 4012.20.15 or 4012.20.60.	A change to subheading 4012.11 through 4012.19 from any subheading outside that group.	U.S. trade under NAFTA: Imports: Negligible Exports: Negligible U.S. total trade: Imports: Negligible Exports: Negligible U.S. production: Negligible

TABLE 3.107: Modification and effect

Modification: The current NAFTA rule allows retreaded tires (subheadings 4012.11 through 4012.19) to receive the preferential rate of duty if they are made from a non-originating good of any subheading outside that group, excluding tariff items 4012.20.15 (used pneumatic tires of a kind used on agricultural equipment, including tractors, for on-highway transport of passengers or goods) or 4012.20.60 (used pneumatic tires for use on commercial vehicles, including tractors, for on-highway transport). The used tires of tariff items 4012.20.15 and 4012.20.60 are typically used to prepare base tire casings to which new tread is applied during the tire retreading or remanufacturing process. Under the current rule, these used tires must originate in North America for the retreaded tires to receive the preferential rate of duty.

The proposed modification is liberalizing because it removes the exclusion for non-originating used tires (tariff item 4012.20.15 or 4012.20.60), allowing a shift from any subheading outside 4012.11 through 4012.19 to confer origin. Under the proposed rule, retreaded tires made from non-originating used tires of tariff item 4012.20.15 or 4012.20.60 could receive the preferential rate of duty (assuming that all other non-originating inputs are also classified outside subheadings 4012.11 through 4012.19).

Effect: The proposed modification is likely to have a negligible effect on U.S. imports under NAFTA and on total U.S. imports. The U.S. NTR rates of duty for the subheadings 4012.11 through 4012.19 range from free to 4 percent ad valorem. In 2012, dutiable imports from NAFTA partners accounted for only 3 percent of U.S. imports of the subject products from NAFTA partners, and the effective tariff was less than 0.5 percent ad valorem.

The proposed modification would likely have a negligible effect on U.S. exports under NAFTA and on total U.S. exports. Canada's MFN rates of duty are free for all goods covered by the proposed modification, while Mexico's rate of duty is 15 percent ad valorem on all such goods. Using estimated duties paid on U.S. exports of these goods to Mexico and total U.S. exports to NAFTA partners, the effective tariff on U.S. exports of these goods to the NAFTA partners in 2012 was 0.9 percent ad valorem.¹ U.S. exports to NAFTA partners accounted for 33 percent of total U.S. exports of the covered products in 2012.

The effect on U.S. production would likely be negligible because the effect on total U.S. trade is expected to be negligible. Total U.S. exports account for only 1 percent of U.S. production of these goods.² Additionally, the fact that a tight supply of tire casings is required to meet retreaded tire demand in the United States is generally trade limiting.

¹ Commission estimate based on U.S. export data from USITC DataWeb/USDOC and Mexican import data from Global Trade Atlas.

² In 2011, domestic shipments of retreaded tires in the United States were valued at \$1.2 billion, while shipments of retreaded tire exports were valued at \$17 million. U.S. DOC, Bureau of the Census, *Annual Survey of Manufactures*, 2011.

CHAPTER 40

TABLE 3.108 Used pneumatic tires, and other types of used or retreaded tires, solid or cushion; tire treads and tire flaps, of rubber

HTS no.	Existing rule	Proposed rule	Probable effect advice
4012.20– 4012.90	7. A change to subheadings 4012.20 through 4012.90 from any other heading, except from headings 4009 through 4017.	A change to subheading 4012.20 through 4012.90 from any other heading.	U.S. trade under NAFTA: Imports: Negligible Exports: Negligible U.S. total trade: Imports: Negligible Exports: Negligible U.S. production: Negligible

TABLE 3.108: Modification and effect

Modification: The current NAFTA rule allows used tires and other goods of subheadings 4012.20 through 4012.90 made from a non-originating good of any other heading, except from headings 4009 through 4017, to receive the preferential rate of duty. Headings 4009 through 4017 cover, in addition to used tires, rubber items such as tubes, pipes, and hoses; conveyor and transmission belts; new tires; rubber gloves; and hard rubber. Inputs in headings 4009–4017 must originate in North America in order for used tires of heading 4012 to qualify for NAFTA preferences. For example, non-originating new tires of heading 4011 cannot later be shipped to another NAFTA partner as originating goods under the current rule (unless such new tires are wholly made in the NAFTA region).

The proposed modification is liberalizing because it removes the product exclusions, allowing any heading-level shift to confer origin. Under the proposed modification, a non-originating new tire of heading 4011 may be turned into a used tire and considered originating for the purposes of receiving duty-free treatment under NAFTA. It is unlikely, however, that the other products, such as tire treads and tire flaps, would use inputs currently excluded under the existing rule (rubber tubes, pipes and hose, transmission belts, new tires, rubber gloves, and hard rubber).

Effect: The proposed modification is likely to have a negligible effect on U.S. imports from NAFTA and total U.S. imports. The products that would likely be most affected by the proposed modification, used pneumatic tires, are already free of duty on an NTR basis. Additionally, dutiable imports from NAFTA partners for subheadings 4012.20 through 4012.90 accounted for less than 0.5 percent of U.S. imports of the subject products from NAFTA partners in 2012.

The proposed modification would likely have a negligible effect on U.S. exports under NAFTA and on total U.S. exports. Mexico has a specific MFN duty on used tires of \$2/tire for tariff item 4012.20.01; the ad valorem equivalent of this specific duty was 14.2 percent in 2012.¹ Other used tires exported to Mexico face a rate of duty of 15 percent ad valorem. MFN rates of duty for Canada range from free to 6.5 percent ad valorem. Based on actual duties collected for Canada and estimated duties collected for Mexico, the effective tariff on U.S. exports of the subject products to NAFTA partners was 0.6 percent ad valorem in 2012.² U.S. exports to NAFTA partners accounted for 69 percent of total U.S. exports of the subject goods in 2012.

The effect on U.S. production would likely be negligible because the net effect on total U.S. trade is expected to be negligible. Additionally, the production of used tires is a by-product of other production and is not likely to be sensitive to tariff changes.

¹ Commission estimate based on Mexican import data obtained from Global Trade Atlas.

² Commission estimate based on Canadian import data from Statistics Canada, International Trade Division and Mexican import data from Mexican International Trade Integral Information System (SIICEX).

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TABLE 3.109 Inner tubes for rubber tires; hygienic or pharmaceutical articles of rubber; and articles of apparel and clothing accessories of rubber

HTS no.	Existing rule	Proposed rule	Probable effect advice
4013–4015	8. A change to headings 4013 through 4015 from any other heading, except from headings 4009 through 4017.	A change to heading 40.13 through 40.15 from any other heading, including another heading within that group.	U.S. trade under NAFTA: Imports: Negligible Exports: Significant increase U.S. total trade: Imports: Negligible Exports: Negligible U.S. production: Negligible

TABLE 3.109: Modification and effect

Modification: The current NAFTA rule allows rubber inner tubes, rubber hygienic or pharmaceutical goods, and rubber apparel (headings 4013 through 4015) made from a non-originating good of any other heading, except from headings 4009 through 4017, to receive the preferential rate of duty. Headings 4009 through 4012, 4016, and 4017 cover made-up rubber articles, such as tubes, pipes, and hoses; conveyor and transmission belts; and new and used tires, as well as hard rubber and articles thereof, among others.

The proposed modification is liberalizing because it removes the exclusion of headings 4009 through 4017, allowing any heading-level tariff change to confer origin.

Effect: The proposed modification would likely have a negligible effect on U.S. imports under NAFTA and on total U.S. imports. In 2012, dutiable imports from NAFTA partners for goods of tariff headings 4013 through 4015 accounted for only 1 percent of U.S. imports from NAFTA partners. The effective tariff on U.S. imports from NAFTA partners was less than 0.5 percent ad valorem in 2012.

The proposed modification could result in a significant increase in U.S. exports to NAFTA partners, which totaled \$54.5 million in 2012. Canada’s MFN rates of duty on these goods range from free to 15.5 percent ad valorem, while Mexico’s MFN rates of duty range from free to 15 percent ad valorem. Based on actual duties collected for Canada and estimated duties collected for Mexico, the estimated effective tariff on U.S. exports of the subject products to NAFTA was 3.0 percent ad valorem in 2012.¹

The proposed modification would likely have a negligible effect on total U.S. exports. U.S. exports to NAFTA partners accounted for only 17 percent of total U.S. exports of the covered products in 2012, resulting in an estimated effective tariff on total U.S. exports of 0.5 percent ad valorem.²

The effect on U.S. production would likely be negligible because the net effect on total U.S. trade is expected to be negligible. Also, any expected change in U.S. exports to NAFTA partners is likely small compared with U.S. production.

¹ Commission estimate based on Canadian import data from Statistics Canada, International Trade Division, and Mexican import data from Mexican International Trade Integral Information System (SIICEX).

² Commission estimate based on U.S. export data from USITC DataWeb/USDOC; Canadian import data from Statistics Canada, International Trade Division; and Mexican import data from Mexican International Trade Integral Information System (SIICEX).

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TABLE 3.110 Miscellaneous articles of vulcanized rubber

HTS no.	Existing rule	Proposed rule ¹	Probable effect advice
4016.10– 4016.95	<p>9. A change to subheadings 4016.10 through 4016.92 from any other heading, except from headings 4009 through 4017.</p> <p>10. A change to tariff item 4016.93.10 from any other heading, except from tariff items 4008.19.20, 4008.19.60 or 4008.29.20.</p> <p>11. A change to subheading 4016.93 from any other heading, except from headings 4009 through 4017.</p> <p>12. A change to subheadings 4016.94 through 4016.95 from any other heading, except from headings 4009 through 4017.</p>	A change to subheading 4016.10 through 4016.95 from any other heading.	<p>U.S. trade under NAFTA: Imports: Negligible Exports: Negligible</p> <p>U.S. total trade: Imports: Negligible Exports: Negligible</p> <p>U.S. production: Negligible</p>

TABLE 3.110: Modification and effect

Modification: The proposed rule covers miscellaneous articles of vulcanized rubber, including cellular rubber; floor coverings and mats; erasers; gaskets, washers, seals, and O-rings; boat or dock fenders, and similar items.

The current NAFTA rules allow most goods classified in subheadings 4016.10 through 4016.95 to receive the preferential rate of duty if they are made from a non-originating good of any other heading, except for goods classified in headings 4009 through 4017 (made-up articles of rubber and hard rubber and articles thereof). The current rule for tariff item 4016.93.10 (gaskets, washers, and other seals used in automotive goods) allows non-originating inputs from any other heading, except for rubber profile shapes of tariff items 4008.19.20, 4008.19.60 or 4008.29.20.

The proposed modification is liberalizing because it removes all product exclusions and allows any heading-level tariff change to confer origin.

Effect: The proposed modification would likely have a negligible effect on U.S. imports under NAFTA partners and on total U.S. imports. Dutiable imports from NAFTA partners for goods of tariff subheadings 4016.10 through 4016.95 accounted for only 4 percent of U.S. imports of the covered products from NAFTA partners in 2012. The effective tariff on imports of products covered by the rule from NAFTA partners was less than 0.5 percent ad valorem in 2012.

The proposed modification would likely have a negligible effect on U.S. exports under NAFTA and on total U.S. exports. Eleven of Mexico’s 17 subject tariff items are free of duty on an MFN basis; the 11 tariff items with MFN duties accounted for only 7 percent of total U.S. export shipments to Mexico in 2012. Thirteen of Canada’s 19 applicable tariff lines are subject to duties on an MFN basis, most at a rate of duty of 6.5 percent ad valorem. Based on the actual value of duties collected on U.S. exports to Canada and assuming that the MFN rates apply to all U.S. exports to Mexico, the effective tariff on U.S. exports of these goods to NAFTA partners was less than 0.5 percent ad valorem in 2012.²

The effect on U.S. production would likely be negligible because the net effect on total U.S. trade is expected to be negligible.

¹ Goods within this heading/subheading that are for use in motor vehicles of Chapter 87 may be subject to the net cost method of determining regional value content that is specific to certain automotive goods, as described in Article 403 of the NAFTA and HTS general note 12(d).

² Commission estimate based on Canadian import data from Statistics Canada, International Trade Division.

CHAPTER 40

TABLE 3.111 Vibration control goods of a kind used in vehicles

HTS no.	Existing rule	Proposed rule ¹	Probable effect advice
4016.99.aa [4016.99.30, 4016.99.55]	13. A change to tariff items 4016.99.30 or 4016.99.55 from any other subheading, provided that there is a regional value content of not less than 50 percent under the net cost method.	A change to tariff item 4016.99.aa [4016.99.30, 4016.99.55] from any other heading; or A change to tariff item 4016.99.aa [4016.99.30, 4016.99.55] from any other subheading, provided there is a regional value content of not less than 50 percent under the net cost method.	U.S. trade under NAFTA: Imports: Negligible Exports: Negligible U.S. total trade: Imports: Negligible Exports: Negligible U.S. production: Negligible

TABLE 3.111: Modification and effect:

Modification: The current NAFTA rule allows a motor vehicle vibration control good of vulcanized rubber classified in tariff items 4016.99.30 (of natural rubber) or 4016.99.55 (of rubber other than natural rubber) made from a non-originating good of any other subheading to receive the preferential rate of duty, provided that it meets the regional value content rule. This rule is specific to vibration control goods of a kind used in the vehicles of headings 8701 through 8705.

The proposed modification is liberalizing because it removes the regional value content requirement for goods made from non-originating inputs classified in another heading (other than heading 4016). The proposed rule would make no substantive change for goods made with non-originating inputs classified in heading 4016.

Effect: The proposed modification is likely to have a negligible effect on U.S. imports from NAFTA partners and on total U.S. imports because dutiable imports from NAFTA partners for tariff items 4016.99.30 and 4016.99.55 account for only a small share of U.S. imports of the covered products from NAFTA partners (10 percent in 2012). The effective tariff on imports of these goods from NAFTA partners was less than 0.5 percent ad valorem in 2012.

The proposed modifications would likely have a negligible effect on U.S. exports under NAFTA and on total U.S. exports. The MFN duty for the subject products in Mexico is free, and in Canada it is 6.5 percent ad valorem. In 2012, 61 percent of U.S. exports of the subject products to Canada were free of duty under NAFTA, effectively reducing the effective tariff on U.S. exports to NAFTA partners to less than 0.5 percent ad valorem.²

The effect on U.S. production would likely be negligible because the net effect on total U.S. trade is expected to be negligible.

Note: Tariff item 4016.99.aa represents an 8-digit tariff item that is not harmonized at the international level. The applicable 8-digit codes are as follows: Canada, 4016.99.30; Mexico, 4016.99.10; and the United States, 4016.99.30 and 4016.99.55.

¹ Goods within this heading/subheading that are for use in motor vehicles of chapter 87 may be subject to the net cost method of determining regional value content that is specific to certain automotive goods, as described in Article 403 of the NAFTA and HTS general note 12(d).

² Commission estimate based on U.S. export data from USITC DataWeb/USDOC and Canadian import data from Statistics Canada, International Trade Division.

CHAPTER 40

TABLE 3.112 Miscellaneous articles of vulcanized rubber

HTS no.	Existing rule	Proposed rule ¹	Probable effect advice
4016.99	14. A change to subheading 4016.99 from any other heading, except from headings 4009 through 4017.	A change to subheading 4016.99 from any other heading.	U.S. trade under NAFTA: Imports: Negligible Exports: Negligible U.S. total trade: Imports: Negligible Exports: Negligible U.S. production: Negligible

TABLE 3.112: Modification and effect

Modification: The proposed rule covers miscellaneous made-up articles of vulcanized rubber, including containers, household items, hardware, pet toys, and mechanical articles for motor vehicles.

The current NAFTA rule allows a miscellaneous rubber article of subheading 4016.99 made from a non-originating input from any other heading, except headings 4009 through 4017, to receive the preferential rate of duty. Headings 4009 through 4017 cover articles made of rubber, including tubes, pipes, and hoses; conveyor and transmission belts; new and used tires; rubber gloves; hard rubber and articles thereof; and other articles.

Vibration control goods used in vehicles (tariff items 4016.99.30 and 4016.99.55) within this subheading are covered by a separate proposed rule (see table 3.111).

The proposed modification is liberalizing because it removes the product exclusions, allowing any heading-level shift to confer origin.

Effect: The proposed modification is likely to have a negligible effect on U.S. imports from NAFTA partners and on total U.S. imports because dutiable imports from NAFTA partners for goods of tariff subheading 4016.99 account for only a small share of U.S. imports from NAFTA partners (10 percent in 2012) and total U.S. imports (2 percent in 2012). The effective tariff on U.S. imports of the subject products from NAFTA partners was less than 0.5 percent ad valorem in 2012.

The proposed modification would likely have a negligible effect on U.S. exports under NAFTA and on total U.S. exports. Only 2 of Mexico's 12 tariff items for these products are dutiable on an MFN basis. While 4 of Canada's 6 tariff lines carry MFN rates of duty of 6.5 percent ad valorem, in 2012, 69 percent of U.S. exports to Canada entered free of duty under NAFTA.² Based on actual duties collected for Canada and estimated duties collected for Mexico, the effective tariff on U.S. exports of the subject products to NAFTA was 0.7 percent ad valorem in 2012.³

The effect on U.S. production would likely be negligible because the net effect on total U.S. trade is expected to be negligible.

¹ Goods within this heading/subheading that are for use in motor vehicles of Chapter 87 may be subject to the net cost method of determining regional value content that is specific to certain automotive goods, as described in Article 403 of the NAFTA and HTS general note 12(d).

² Commission estimate based on Mexican import data obtained from Global Trade Atlas.

³ Commission estimate based on Canadian import data from Statistics Canada, International Trade Division and Mexican import data from Mexican International Trade Integral Information System (SIICEX).

CHAPTER 40

TABLE 3.113 Hard rubber and articles of hard rubber

HTS no.	Existing rule	Proposed rule	Probable effect advice
4017	15. A change to heading 4017 from any other heading, except from headings 4009 through 4016.	A change to heading 40.17 from any other heading.	U.S. trade under NAFTA: Imports: Negligible Exports: Negligible U.S. total trade: Imports: Negligible Exports: Negligible U.S. production: Negligible

TABLE 3.113: Modification and effect

Modification: The current NAFTA rule allows hard rubber and articles of hard rubber (heading 4017) made from a non-originating good of any other heading, except from headings 4009 through 4016, to receive the preferential rate of duty. Headings 4009 through 4016 cover articles made of rubber other than hard rubber, including tubes, pipes, and hoses; conveyor and transmission belts; new and used tires; rubber gloves; and other articles.

The proposed modification is liberalizing because it removes the product exclusions, allowing any heading-level tariff shift to confer origin. However, while in some cases it might be possible to make an article of hard rubber from rubber articles of the excluded headings (4009 through 4016), inputs for making hard rubber typically fall outside those headings.

Effect: The proposed modification would likely have a negligible effect on U.S. imports from NAFTA and total U.S. imports. In 2012, only 3 percent of U.S. imports of the subject products from NAFTA partners were dutiable in 2012. The NTR duty rates under heading 4017 range from free to 3.7 percent ad valorem.

The proposed modification is likely to have a negligible effect on U.S. exports under NAFTA and on total U.S. exports. In Canada, these products are covered by two tariff lines, with MFN duty rates of free and 6.5 percent ad valorem respectively. In Mexico, one tariff item has a MFN rate of duty of 5 percent ad valorem while the other tariff items are free of duty. Based on actual duties collected on Canadian imports of the subject goods, and if MFN rates of duty are applied to U.S. exports of subject products to Mexico, the effective tariff on U.S. exports to NAFTA partners was less than 0.5 percent ad valorem in 2012.¹ U.S. exports to NAFTA partners accounted for 70 percent of total U.S. exports of hard rubber goods in 2012.

The effect on U.S. production would likely be negligible because the net effect on total trade is expected to be negligible.

¹ Commission estimate based on Canadian import data from Statistics Canada, International Trade Division, and Mexican import data from Global Trade Atlas.

TABLES FOR HTS CHAPTER 45

TABLE 3.114 Natural or waste cork, raw or simply prepared, crushed, granulated or ground cork

HTS no.	Existing rule	Proposed rule	Probable effect advice
4501– 4502	Chapter 45. A change to headings 4501 through 4504 from any other heading, including another heading within that group.	A change to heading 45.01 through 45.02 from any other heading, including another heading within that group.	U.S. trade under NAFTA: Imports: None Exports: None U.S. total trade: Imports: None Exports: None U.S. production: None

TABLE 3.114: Modification and effect

Modification: The proposed rule would make no substantive change to the current NAFTA rule.

Effect: The proposed modification would have no effect on U.S. trade under NAFTA, on total U.S. trade, or on U.S. production because the proposed rule is substantively the same as the current NAFTA rule.

CHAPTER 45

TABLE 3.115 Corks and stoppers

HTS no.	Existing rule	Proposed rule	Probable effect advice
4503.10	Chapter 45. A change to headings 4501 through 4504 from any other heading, including another heading within that group.	A change to a good of subheading 4503.10 from any other good within that subheading or any other subheading.	U.S. trade under NAFTA: Imports: None Exports: None U.S. total trade: Imports: None Exports: None U.S. production: None

TABLE 3.115: Modification and effect

Modification: The current NAFTA rule requires that one form of cork product be changed to another form of cork product (i.e., a change in heading) in the United States, Canada, or Mexico in order to be considered originating and thus qualify for NAFTA preferences. The proposed modification is liberalizing because it would allow corks and stoppers made of natural cork (classified in 4503.10) to be resized or otherwise modified from articles in any other subheading in the chapter.

Effect: U.S. imports of these goods are already free of duty for all NTR countries; therefore, there would be no effect on U.S. imports under NAFTA or on total U.S. imports. The MFN rate of duty imposed on these goods by Canada and Mexico is also free; therefore, there would be no effect on U.S. exports under NAFTA or total U.S. exports. As a result, U.S. production would not be affected by the proposed rule change.

CHAPTER 45**TABLE 3.116** Articles of natural cork, other than corks and stoppers

HTS no.	Existing rule	Proposed rule	Probable effect advice
4503.90	Chapter 45. A change to headings 4501 through 4504 from any other heading, including another heading within that group.	A change to subheading 4503.90 from any other heading.	U.S. trade under NAFTA: Imports: None Exports: None U.S. total trade: Imports: None Exports: None U.S. production: None

TABLE 3.116: Modification and effect

Modification: The proposed rule would make no substantive change to the current NAFTA rule.

Effect: The proposed modification would have no effect on U.S. trade under NAFTA, on total U.S. trade, or on U.S. production because the proposed rule is substantively the same as the current NAFTA rule.

CHAPTER 45**TABLE 3.117** Natural or waste cork, raw or simply prepared

HTS no.	Existing rule	Proposed rule	Probable effect advice
4504	Chapter 45. A change to headings 4501 through 4504 from any other heading, including another heading within that group.	A change to heading 45.04 from any other heading.	U.S. trade under NAFTA: Imports: None Exports: None U.S. total trade: Imports: None Exports: None U.S. production: None

TABLE 3.117: Modification and effect

Modification: The proposed rule would make no substantive change to the current NAFTA rule.

Effect: The proposed modification would have no effect on U.S. trade under NAFTA, on total U.S. trade, or on U.S. production because the proposed rule is substantively the same as the current NAFTA rule.

TABLES FOR HTS CHAPTER 70

TABLE 3.118 Certain cast glass and rolled glass; certain drawn and blown glass; certain float glass and surface ground or polished glass; safety glass; and multiple-walled insulating units of glass

HTS no.	Existing rule	Proposed rule	Probable effect advice
7003– 7008	2. A change to headings 7003 through 7009 from any heading outside that group.	A change to heading 70.03 through 70.08 from any heading outside that group, except from heading 70.09.	U.S. trade under NAFTA: Imports: None Exports: None U.S. total trade: Imports: None Exports: None U.S. production: None

TABLE 3.118: Modification and effect

Modification: The proposed rule would make no substantive change to the current NAFTA rules.

Effect: The proposed modification would have no effect on U.S. trade under NAFTA, on total U.S. trade, or on U.S. production because the proposed rule is substantively the same as the current NAFTA rule.

CHAPTER 70

TABLE 3.119 Rear-view glass mirrors and unframed glass mirrors

HTS no.	Existing rule	Proposed rule	Probable effect advice
7009.10– 7009.91	2. A change to headings 7003 through 7009 from any heading outside that group.	A change to subheading 7009.10 through 7009.91 from any other heading, except from heading 70.03 through 70.08.	U.S. trade under NAFTA: Imports: None Exports: None U.S. total trade: Imports: None Exports: None U.S. production: None

TABLE 3.119: Modification and effect

Modification: The proposed rule would make no substantive changes to the current rule for rear-view mirrors (subheading 7009.10) or unframed mirrors (subheading 7009.91).

Effect: The proposed modification would have no effect on U.S. trade under NAFTA, on total U.S. trade, or on U.S. production because the proposed rule is substantively the same as the current NAFTA rule.

CHAPTER 70

TABLE 3.120 Framed glass mirrors

HTS no.	Existing rule	Proposed rule	Probable effect advice
7009.92	2. A change to headings 7003 through 7009 from any other heading outside that group.	A change to subheading 7009.92 from any other subheading	U.S. trade under NAFTA: Imports: Negligible Exports: Negligible U.S. total trade: Imports: Negligible Exports: Negligible U.S. production: Negligible

TABLE 3.120: Modification and effect

Modification: The current rule for framed mirrors of subheading 7009.92 provides that non-originating inputs can be classified in any heading other than those for the basic forms of glass of headings 7003 through 7009. Under this rule, a non-originating frame, such as a wooden frame of heading 4414, can be used to make a framed mirror, but the glass used must be made in North America.

The proposed modification is liberalizing because it would allow the production of framed mirrors of subheading 7009.92 from non-originating inputs from any other subheading, including basic forms of glass and unframed glass mirrors classified in subheading 7009.91, to confer NAFTA origin.

Effect: The proposed rule change would likely have a negligible effect on U.S. imports of framed mirrors under NAFTA and on total U.S. imports. In 2012, 3 percent of U.S. imports of the subject products from NAFTA partners were dutiable, resulting in an effective tariff of less than 0.5 percent ad valorem.

The proposed modification would likely have a negligible effect on U.S. exports of framed mirrors under NAFTA and on total U.S. exports. The Canadian MFN rate of duty on these goods is free. U.S. exports of framed glass mirrors to Canada accounted for 95 percent of U.S. exports to NAFTA partners in 2012. Even though the Mexican MFN rate of duty on framed glass mirrors is 15 percent ad valorem, it accounts for only 5 percent of U.S. exports to NAFTA partners in 2012.

The effect on U.S. production would likely be negligible because the net effect on total U.S. trade is expected to be negligible.

CHAPTER 70

TABLE 3.121 Certain glass articles

HTS no.	Existing rule	Proposed rule	Probable effect advice
7010–7020	3. A change to heading 7010 through 7020 from any other heading, except from headings 7007 through 7020.	A change to heading 70.10 through 70.20 from any heading outside that group, except from heading 70.07 through 70.09.	U.S. trade under NAFTA: Imports: None Exports: None U.S. total trade: Imports: None Exports: None U.S. production: None

TABLE 3.121: Modification and effect

Modification: The proposed rule covers a wide variety of finished glass articles, such as bottles (heading 7010), tableware (heading 7013), and glass fibers or fiberglass (heading 7019). The proposed modification would make no substantive change to the current NAFTA rule.

Effect: The proposed modification would have no effect on U.S. trade under NAFTA, on total U.S. trade, or on U.S. production because the proposed rule is substantively the same as the current NAFTA rule.

TABLES FOR HTS CHAPTER 74

TABLE 3.122 Copper waste and scrap

HTS no.	Existing rule	Proposed rule	Probable effect advice
7404	3. No required change in tariff classification to heading 7404, provided the waste and scrap are wholly obtained or produced entirely in the territory of one or more of the NAFTA parties.	A change to a good of heading 74.04 from any other good within that heading or any other heading.	U.S. trade under NAFTA: Imports: None Exports: None U.S. total trade: Imports: None Exports: None U.S. production: None

TABLE 3.122: Modification and effect

Modification: Under the current rule, collecting or producing copper waste and scrap of heading 7404 within the NAFTA partner countries confers NAFTA origin. However, such waste and scrap shipments may include material from other countries, and one type of copper waste and scrap cannot be converted readily into another type within that heading. The proposed modification is in part liberalizing, in that non-originating material classifiable in heading 7404 may now qualify for NAFTA preferences, but also restricting, in that it now requires a change to a good of heading 7404.

Effect: U.S. imports of these goods are already free of duty for all NTR countries; therefore, there would be no effect on U.S. imports under NAFTA or on total U.S. imports. The MFN rate of duty imposed on these goods by Canada and Mexico is also free; therefore, there would be no effect on U.S. exports under NAFTA or total U.S. exports. As a result, there would be no effect on U.S. production of copper waste and scrap.

CHAPTER 74

TABLE 3.123 Other articles of copper, not elsewhere specified

HTS no.	Existing rule	Proposed rule	Probable effect advice
7419.99	<p>16. (A) A change to cloth (including endless bands), grill, netting or expanded metal of subheading 7419.99 from any other good of subheading 7419.99 or any other heading;</p> <p>(B) A change to springs of subheading 7419.99 from any other good of subheading 7419.99 or any other heading;</p> <p>(C) A change to non-electric cooking or heating apparatus of a kind used for domestic purposes and parts thereof of subheading 7419.99 from any other good of subheading 7419.99 or any other heading; or</p> <p>(D) A change to any other good of subheading 7419.99 from cloth (including endless bands), grill, netting, expanded metal, springs or non-electric cooking or heating apparatus of a kind used for domestic purposes and parts thereof of subheading 7419.99 or any other heading.</p>	A change to a good of subheading 7419.99 from any other good within that subheading or any other heading.	<p>U.S. trade under NAFTA: Imports: Negligible Exports: Significant increase</p> <p>U.S. total trade: Imports: Negligible Exports: Negligible</p> <p>U.S. production: Negligible</p>

TABLE 3.123: Modification and effect

Modification: Under subdivisions (A) through (C) of the current rule of origin, copper cloth (including endless bands), grill, netting, or expanded metal; copper springs; and copper non-electric cooking or heating apparatus of a kind used for domestic purposes, and parts thereof, can be made of non-originating articles from within subheading 7419.99 or from inputs from any other heading. The proposed modification does not substantively change the rules of origin for subdivisions (A) through (C).

Subdivision (D) of the current rule covers other articles of copper within subheading 7419.99, including copper containers of a kind normally carried on the person, in the pocket, or in the handbag; copper items coated or plated with precious metal; brass plumbing goods not elsewhere specified; and many other goods. The current rule allows these items to be produced from non-originating articles in other headings and non-originating copper products named in subdivision (A) through (C). The proposed modification is liberalizing for the products of subdivision (D) because it would allow these copper articles to be made from any non-originating article within subheading 7419.99, including those articles outside of subdivisions (A) through (C), or any other heading. For example, under the proposed modification, a copper terminal for electrical cables classified in subheading 7419.99 could now use non-originating copper components classified in subheading 7419.99 and receive the NAFTA preferences.

TABLE 3.123: Modification and effect—*Continued*

Effect: The proposed modification would likely have a negligible effect on U.S. imports under NAFTA and U.S. total imports. Almost all these products (nearly 100 percent in 2012) already enter free of duty under NAFTA or at an NTR rate of free. Most of the goods that could be affected by the proposed modification are already free of duty on an NTR basis. In 2012, the effective tariff on U.S. imports of the subject products from NAFTA partners was less than 0.5 percent ad valorem.

The proposed modification could result in a significant increase in U.S. exports to NAFTA partners, which totaled \$126.4 million in 2012. Most U.S. exports to Canada of products covered by the rule (97 percent in 2012) are classified in tariff items that have MFN rates of duty of 3 or 9.5 percent ad valorem in Canada. Similarly, more than one-third of U.S. exports to Mexico of the subject products (36 percent in 2012) were in tariff items that have an MFN rate of duty of 15 percent ad valorem in Mexico. Most U.S. exports to these countries are “other articles of copper,” for which the proposed modification is liberalizing. Using the actual duties paid on U.S. exports to Canada and estimated duties on U.S. exports to Mexico, the effective tariff on U.S. exports of these goods to NAFTA partners in 2012 was estimated at 1.8 percent ad valorem.¹

The proposed modification would likely have a negligible effect on total U.S. exports. Based on 2012 U.S. export data, the effective tariff on total U.S. exports would be only 1.2 percent.² U.S. exports to NAFTA partners accounted for 68 percent of total U.S. exports of the subject products in 2012.

The proposed modification would likely result in a negligible effect on U.S. production because the net effect on total U.S. trade is expected to be negligible and the size of U.S. production is relatively large compared with any potential changes in total U.S. trade.

¹ Commission estimate based on Canadian import data from Statistics Canada, International Trade Division and Mexican import data from Mexican International Trade Integral Information System (SIICEX).

² Calculated based on estimated duties collected on U.S. exports to NAFTA partners of products substantively affected by the proposed modification divided by total U.S. exports of all products covered by the proposed modification. Commission estimate based on Canadian import data from Statistics Canada, International Trade Division, Mexican import data from Global Trade Atlas, and U.S. export data from USITC DataWeb/USDOC.

TABLES FOR HTS CHAPTER 75

TABLE 3.124 Nickel mattes, nickel oxide sinters, and other intermediate nickel products; unwrought nickel; nickel waste and scrap; and nickel powders and flakes

HTS no.	Existing rule	Proposed rule	Probable effect advice
7501– 7504	1. A change to headings 7501 through 7504 from any other chapter.	A change to heading 75.01 through 75.04 from any other heading, including another heading within that group.	U.S. trade under NAFTA: Imports: None Exports: None U.S. total trade: Imports: None Exports: None U.S. production: None

TABLE 3.124: Modification and effect

Modification: The current rule provides that certain intermediate nickel products (heading 7501), unwrought nickel (heading 7502), nickel waste and scrap (heading 7503), and nickel powder and flakes (heading 7504) can be made from non-originating inputs classified in other chapters. Chapter 75 covers all forms of nickel and nickel articles, but ores containing nickel are classified in heading 2604 and can be used as inputs under the current rule.

The proposed modification is liberalizing because it would allow a heading-level tariff change to confer origin. Thus, any form of nickel or nickel article that is processed in a way that would cause a change of heading could be eligible for NAFTA benefits. For example, nickel powder made using non-originating unwrought nickel could receive the preferential rate of duty.

Effect: U.S. imports of these goods are already free of duty for all NTR countries; therefore, there would be no effect on U.S. imports under NAFTA or on total U.S. imports. The MFN rate of duty imposed on these goods by Canada and Mexico is also free; therefore, there would be no effect on U.S. exports under NAFTA or total U.S. exports. As a result, there would be no effect on U.S. production of the covered products.

CHAPTER 75**TABLE 3.125** Nickel bars, rods, and profiles

HTS no.	Existing rule	Proposed rule	Probable effect advice
7505.11– 7505.12	2. A change to heading 7505 from any other heading.	A change to subheading 7505.11 through 7505.12 from any other heading.	U.S. trade under NAFTA: Imports: None Exports: None U.S. total trade: Imports: None Exports: None U.S. production: None

TABLE 3.125: Modification and effect

Modification: The proposed rule would make no substantive change to the current NAFTA rule.

Effect: The proposed modification would have no effect on U.S. trade under NAFTA, on total U.S. trade, or on U.S. production because the proposed rule is substantively the same as the current NAFTA rule.

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TABLE 3.126 Nickel wire

HTS no.	Existing rule	Proposed rule	Probable effect advice
7505.21– 7505.22	2. A change to heading 7505 from any other heading.	A change to subheading 7505.21 through 7505.22 from any other heading; or A change to subheading 7505.21 through 7505.22 from subheading 7505.11 through 7505.12, whether or not there is also a change from any other heading, provided that, if bar or rod is used, the cross-sectional area of the bar or rod is reduced by at least 50 percent.	U.S. trade under NAFTA: Imports: Negligible Exports: None U.S. total trade: Imports: Negligible Exports: None U.S. production: Negligible

TABLE 3.126: Modification and effect

Modification: Under the current rule, a heading-level change is required for any non-originating inputs used to make nickel wire (subheadings 7505.21 and 7505.22) in order for the product to qualify for the NAFTA preferential rate. As a result, nickel wire may not be made with non-originating bars, rods, or profiles classified in heading 7505.

The proposed modification is liberalizing because it would confer NAFTA origin on nickel wire produced from such non-originating inputs. To qualify as originating, however, there must be a reduction in cross-sectional area of at least 50 percent if bar or rod is used.

Effect: The proposed modification is likely to have a negligible effect on U.S. imports from NAFTA partners and on total U.S. imports of these articles. The effective tariff for U.S. imports of products covered by the proposed rule from the NAFTA partners was less than 0.5 percent ad valorem in 2012, as 96 percent of these imports entered free of duty under NAFTA. In addition, these articles (nickel wire) are not normally produced from nickel bar or rod in the manner described in the proposed modification.

The proposed modification would have no effect on U.S. exports to NAFTA partners and total U.S. exports because the MFN rate of duty imposed on these goods by Canada and Mexico is free.

The effect on U.S. production would likely be negligible because the net effect on total U.S. trade is expected to be negligible.

CHAPTER 75

TABLE 3.127 Nickel tubes, pipes, and tube or pipe fittings; nickel cloth, grill, and netting; and other articles of nickel

HTS no.	Existing rule	Proposed rule	Probable effect advice
7507.11– 7508.90	6. A change to headings 7507 through 7508 from any heading outside that group.	A change to subheading 7507.11 through 7508.90 from any other subheading, including another subheading within that group.	U.S. trade under NAFTA: Imports: Negligible Exports: Negligible U.S. total trade: Imports: Negligible Exports: Negligible U.S. production: Negligible

TABLE 3.127: Modification and effect

Modification: The current rule provides that nickel tubes, pipes, or fittings (heading 7507) and other nickel articles (heading 7508) can receive the NAFTA preferential rate if made from non-originating inputs classified outside those headings. For example, under the current rule, an originating pipe combined with non-originating fittings cannot receive the preferential rate of duty.

The proposed rule is liberalizing because it allows any subheading-level tariff change to confer origin. For example, a NAFTA-originating nickel tube combined with non-originating nickel flanges, collars or rings could receive the preferential rate.

Effect: The proposed modification would likely have a negligible effect on U.S. imports under NAFTA and total U.S. imports. The effective tariff for U.S. imports from NAFTA partners was less than 0.5 percent in 2012, as most of these imports entered free of duty under NAFTA. In addition, nickel pipe and tube is produced from flat-rolled nickel or nickel bar, not from articles within this group; other articles within the group, such as pipe fittings, grill, cloth, and netting, are also not produced from other articles within the group.

The proposed modification would likely have a negligible effect on U.S. exports under NAFTA and on total U.S. exports. All of the products covered by the proposed rule are free of duty on an MFN basis in Mexico, which accounted for 54 percent of U.S. exports of the subject products to NAFTA partners in 2012. Most of the products are also free of duty on an MFN basis in Canada, with the exception of nickel fasteners and some other nickel articles (Canadian tariff items 7508.90.90), which have an MFN rate of duty of 3 percent ad valorem. Such fasteners are typically produced from nickel bar stock, not from nickel pipe, pipe fittings, or other articles within this group. Using the figures for actual duties on exports to Canada and for total U.S. exports to NAFTA partners, the effective tariff for U.S. exports to NAFTA partners was less than 0.5 percent ad valorem in 2012.

The effect on U.S. production would likely be negligible because the net effect on total U.S. trade is expected to be negligible.

TABLE FOR HTS CHAPTER 78

TABLE 3.128 Bars, rods, profiles, and wire; tubes, pipes, and fittings thereof; and other articles, not elsewhere specified, all of lead

HTS no.	Existing rule	Proposed rule	Probable effect advice
7806	<p>4(A). A change to bars, rods, profiles or wire of heading 7806 from any other good of heading 7806 or any other heading;</p> <p>(B). A change to wire of heading 7806 from bars, rods or profiles of heading 7806, whether or not there is also a change from any other heading, provided that, if bar or rod is used, the cross-sectional area of the bar or rod is reduced by at least 50 percent;</p> <p>(C). A change to tubes, pipes or tube or pipe fittings of heading 7806 from any other good of heading 7806 or any other heading; or</p> <p>(D). A change to any other good of heading 7806 from bars, rods, profiles, wire, tubes, pipes or tube or pipe fittings of heading 7806 or any other heading.</p>	A change to a good of heading 78.06 from any other good within that heading or any other heading.	<p>U.S. trade under NAFTA: Imports: Negligible Exports: None</p> <p>U.S. total trade: Imports: Negligible Exports: None</p> <p>U.S. production: Negligible</p>

TABLE 3.128: Modification and effect

Modification: In 2007, the WCO deleted HS headings 7803 and 7805. These headings covered the goods now classified in the HTS in tariff items 7806.00.03 and 7806.00.05. The rules of origin were updated to allow previously recognized tariff changes to continue to confer origin.

Under subdivision (A) of the current rule, lead bars, rods, profiles, or wire can be made from non-originating articles from within heading 7806 or from inputs from other tariff headings. Subdivision (B) of the current rule provides that lead wire of heading 7806 can be made from non-originating lead bars or rods of heading 7806 if it meets certain processing requirements. To qualify, there must be a reduction in cross-sectional area of at least 50 percent if bar or rod is used. Subdivision (C) of the rule permits the production of pipes, fittings, and similar articles from inputs from other headings or from any article within heading 7806. Subdivision (D) allows any other article of lead classified in heading 7806 (effectively goods of HTS tariff item 7806.00.80) to be made from non-originating articles in other headings, but not from the lead products named in subdivisions (A) through (C). This group of non-enumerated articles encompasses lead nails, drapery weights, wall anchors, x-ray shields, and many other goods.

The proposed modification is liberalizing because it would eliminate the minimum processing requirements for wire produced from either bar or rod in existing subdivision (B). It would also allow the other non-enumerated lead articles classified in subdivision (D) to be made from any lead articles within the heading.

Effect: The proposed modification would likely have a negligible effect on U.S. imports under NAFTA and total U.S. imports. Virtually all imports of the products covered by the proposed rule from Mexico and Canada entered free of duty under NAFTA, resulting in an effective tariff of less than 0.5 percent ad valorem in 2012.

TABLE 3.128: Modification and effect—*Continued*

The proposed modification would have no effect on U.S. exports under NAFTA and U.S. total exports because all products under heading 7806 are free of duty on an MFN basis in Canada and Mexico.

The effect on U.S. production would likely be negligible because the net effect on total U.S. trade is expected to be negligible.

TABLE FOR HTS CHAPTER 79

TABLE 3.129 Articles for household, table, or kitchen use; toilet and sanitary wares; tubes, pipes, and fittings thereof; and other articles, not elsewhere specified, all of zinc

HTS no.	Existing rule	Proposed rule	Probable effect advice
7907	6(A). A change to tubes, pipes or tube or pipe fittings of heading 7907 from any other good of heading 7907 or any other heading; or (B). A change to any other good of heading 7907 from tubes, pipes or tube or pipe fittings of heading 7907 or any other heading.	A change to a good of heading 79.07 from any other good within that heading or any other heading.	U.S. trade under NAFTA: Imports: Negligible Exports: Negligible U.S. total trade: Imports: Negligible Exports: Negligible U.S. production: Negligible

TABLE 3.129: Modification and effect

Modification: In 2007 changes to the HS, the WCO deleted heading 7906, which covered zinc tubes, pipes, and tube or pipe fittings, and transferred the products to heading 7907 (tariff item 7907.00.20). The rules of origin were updated to allow previously recognized tariff changes to continue to confer origin. The current rule allows tubes, pipes, and tube or pipe fittings of zinc (heading 7907) made from any other non-originating good from heading 7907 or from any other heading to qualify for NAFTA preferences. The current rule also allows any other good of heading 7907 made from non-originating tubes, pipes and tube or pipe fittings of heading 7907 or any other heading to qualify for these preferences.

The proposed modification is liberalizing for articles of heading 7907 because it would allow any good classified in heading 7907 to be made from other goods of that heading, not just tubes, pipes, and tube or pipe fittings of zinc.

Effect: The proposed modification would likely have a negligible effect on U.S. imports under NAFTA and on total U.S. imports. Virtually all trade in these goods (99 percent) entered the United States free of duty under NAFTA in 2012, resulting in an effective tariff of less than 0.5 percent ad valorem.

The proposed modification would likely have a negligible effect on U.S. exports under NAFTA and on total U.S. exports. U.S. exports of these products enter Mexico at the MFN rate of free under heading 7907, but most (85 percent in 2012) U.S. exports entering Canada are potentially subject to the MFN rate of 3 percent ad valorem under heading 7907. If MFN rates of duty are applied to all U.S. exports of goods covered by this rule to the NAFTA partners, the effective tariff was less than 0.5 percent ad valorem in 2012.

The effect on U.S. production would likely be negligible because the net effect on total U.S. trade is expected to be negligible.

TABLE FOR HTS CHAPTER 80

TABLE 3.130 Articles of tin not elsewhere specified

HTS no.	Existing rule	Proposed rule	Probable effect advice
8007	<p>3. (A) A change to plates, sheets or strip, of a thickness exceeding 0.2 mm, of heading 8007 from any other good of heading 8007 or any other heading;</p> <p>(B) A change to foil, of a thickness not exceeding 0.2 mm, powders or flakes of heading 8007 from any other good of heading 8007 or any other heading;</p> <p>(C) A change to tubes, pipes or tube or pipe fittings of heading 8007 from any other good of heading 8007 or any other heading;</p> <p>(D) A change to any other good of heading 8007 from plates, sheets or strip, of a thickness exceeding 0.2 mm, foil, of a thickness not exceeding 0.2mm, powders, flakes, tubes, pipes or tube or pipe fittings of heading 8007 or any other heading.</p>	A change to a good of heading 80.07 from any other good within that heading or any other heading.	<p>U.S. trade under NAFTA: Imports: None Exports: None</p> <p>U.S. total trade: Imports: None Exports: None</p> <p>U.S. production: None</p>

TABLE 3.130: Modification and effect

Modification: The proposed modification simplifies the current rule language, but it would make no substantive change to the current NAFTA rule.

Effect: The proposed modification would have no effect on U.S. trade under NAFTA, on total U.S. trade, or on U.S. production because the proposed rule is substantively the same as the current NAFTA rules.

TABLES FOR HTS CHAPTER 81

TABLE 3.131 Articles of tungsten, except unwrought tungsten, wire, waste, and scrap

HTS no.	Existing rule	Proposed rule	Probable effect advice
8101.99	<p>1A. (A) A change to bars or rods, other than those obtained simply by sintering, profiles, plates, sheets, strip or foil of subheading 8101.99 from any other good of subheading 8101.99 or any other subheading; or</p> <p>(B) A change to any other good of subheading 8101.99 from bars or rods, other than those obtained simply by sintering, profiles, plates, sheets, strip or foil of subheading 8101.99 or any other subheading.</p>	A change to a good of subheading 8101.99 from any other good within that subheading or any other subheading.	<p>U.S. trade under NAFTA: Imports: None Exports: None</p> <p>U.S. total trade: Imports: None Exports: None</p> <p>U.S. production: None</p>

TABLE 3.131: Modification and effect

Modification: The proposed modification simplifies the current rule language, which became more complex as a result of WCO changes to the HS in 2007, but would make no substantive changes to the current NAFTA rule.

Effect: The proposed modification would have no effect on U.S. trade under NAFTA, on total U.S. trade, or on U.S. production because the proposed rule is substantively the same as the current NAFTA rules.

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TABLE 3.132 Unwrought and other gallium, hafnium, indium, niobium, rhenium, germanium, and vanadium

HTS no.	Existing rule	Proposed rule	Probable effect advice
8112.92–8112.99	<p>4. (A) A change to germanium of subheading 8112.92 from any other good of subheading 8112.92 or any other subheading;</p> <p>(B) A change to vanadium of subheading 8112.92 from any other good of subheading 8112.92 or any other subheading;</p> <p>(C) A change to any other good of subheading 8112.92 from germanium or vanadium of subheading 8112.92 or any other subheading.</p> <p>5. (A) A change to germanium of subheading 8112.99 from any other good of subheading 8112.99 or any other subheading;</p> <p>(B) A change to vanadium of subheading 8112.99 from any other good of subheading 8112.99 or any other subheading;</p> <p>(C) A change to any other good of subheading 8112.99 from germanium or vanadium of subheading 8112.99 or any other subheading.</p>	<p>A change to a good of any of subheading 8112.92 through 8112.99 from any other good within that subheading or any other subheading, including another subheading within that group.</p>	<p>U.S. trade under NAFTA: Imports: None Exports: None</p> <p>U.S. total trade: Imports: None Exports: None</p> <p>U.S. production: None</p>

TABLE 3.132: Modification and effect

Modification: The proposed rule would make no substantive change to the current NAFTA rules. The proposed rule streamlines the language and consolidates rules for two subheadings.

Effect: The proposed modification would have no effect on U.S. trade under NAFTA, on total U.S. trade, or on U.S. production because the proposed rule is substantively the same as the current NAFTA rules.

TABLES FOR HTS CHAPTER 84

TABLE 3.133 Steam turbines and other vapor turbines for marine propulsion

HTS no.	Existing rule	Proposed rule	Probable effect advice
8406.10	11. A change to subheadings 8406.10 through 8406.82 from any subheading outside that group, except from tariff items 8406.90.20, 8406.90.40, 8406.90.50 or 8406.90.70.	A change to subheading 8406.10 from any other subheading.	U.S. trade under NAFTA: Imports: Negligible Exports: Negligible U.S. total trade: Imports: Negligible Exports: Negligible U.S. production: Negligible

TABLE 3.133: Modification and effect

Modification: The current NAFTA rule specifies that steam and other vapor turbines for marine propulsion in subheading 8406.10 that use non-originating parts of tariff items 8406.90.20, 8406.90.40, 8406.90.50, or 8406.90.70 (blades and finished rotors) do not qualify for the NAFTA preferential rate of duty. The proposed modification is liberalizing because it removes the product exclusions. In addition, it allows any subheading-level tariff change, including a change from subheadings 8406.81 and 8406.82 (steam and other vapor turbines not for marine propulsion), to subheading 8406.10 (those for marine propulsion), which is not currently allowed.

Effect: The proposed modification would likely have a negligible effect on U.S. imports under NAFTA and on total U.S. imports. The effective tariff on imports of these goods from Canada and Mexico was zero in 2012, as all U.S. imports from NAFTA partners entered under a tariff item that is free of duty on an NTR basis. The U.S. NTR rate of duty for steam turbines for marine propulsion is 6.7 percent ad valorem, while the NTR rate for other vapor turbines is free. U.S. imports of turbines from Canada and Mexico in subheading 8406.10 accounted for less than 1 percent of total U.S. imports in 2012.

The proposed modification would likely have a negligible effect on U.S. exports under NAFTA and on U.S. total exports. All of the tariff items covered by the rule for Canada are free of duty on an MFN basis. Mexico has one tariff item covered by the rule with an MFN rate of duty of 15 percent ad valorem; the remaining tariff items have an MFN rate of free. In 2012, there were no U.S. exports to Mexico under the dutiable tariff item.

The effect on U.S. production would likely be negligible because the net effect on total U.S. trade is expected to be negligible. Siemens Energy, a domestic producer of gas and steam turbines, expressed support for the proposed modifications for headings 8406 and 8411, stating that it believes the proposed modifications would contribute to the sustainability of its manufacturing facility in North Carolina.¹

¹ Siemens Energy, written submission to the USITC, June 3, 2013, 1. See appendix D.

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TABLE 3.134 Steam turbines and other vapor turbines other than for marine propulsion

HTS no.	Existing rule	Proposed rule	Probable effect advice
8406.81– 8406.82	11. A change to subheadings 8406.10 through 8406.82 from any subheading outside that group, except from tariff items 8406.90.20, 8406.90.40, 8406.90.50 or 8406.90.70.	A change to subheading 8406.81 through 8406.82 from any subheading outside that group.	U.S. trade under NAFTA: Imports: Negligible Exports: Negligible U.S. total trade: Imports: Negligible Exports: Negligible U.S. production: Negligible

TABLE 3.134: Modification and effect

Modification: The current NAFTA rule specifies that goods in subheadings 8406.81 and 8406.82 (steam and other vapor turbines) that use non-originating parts of tariff items 8406.90.20, 8406.90.40, 8406.90.50, or 8406.90.70 (blades and finished rotors) do not qualify for the NAFTA preferential rate of duty. The proposed modification is liberalizing because it removes the product exclusion. In addition, it allows a change from any subheading outside the group, including subheading 8406.10 (steam and other vapor turbines for marine propulsion) to subheading 8406.81 or 8406.82 (those not for marine propulsion), which is not currently allowed.

Effect: The proposed modification would likely have a negligible effect on U.S. imports under NAFTA and on total U.S. imports. The effective tariff on U.S. imports of the subject goods from Canada and Mexico in 2012 was zero, as all U.S. imports of these goods from the NAFTA partners entered under a tariff item that is free of duty on an NTR basis. The U.S. NTR rate of duty for imports of steam turbines is 6.7 percent ad valorem, while imports of other vapor turbines enter free of duty. U.S. imports under NAFTA accounted for less than 0.1 percent of total U.S. imports of these products in 2012.

The proposed modification would likely have a negligible effect on U.S. exports under NAFTA and on total U.S. exports. Mexico has one tariff item covered by the rule with an MFN rate of duty of 15 percent ad valorem; the remaining tariff items for Mexico, and all of the tariff items covered by the rule for Canada, are free of duty on an MFN basis. An estimated 97 percent of U.S. exports of these goods to NAFTA partners entered under tariff items that are free of duty. If MFN rates of duty are applied to such U.S. exports to the NAFTA partners, the estimated effective tariff on U.S. exports to NAFTA partners of goods covered by this rule was less than 0.5 percent ad valorem in 2012.¹

The effect on U.S. production would likely be negligible because the net effect on total U.S. trade is expected to be negligible. Siemens Energy, a domestic producer of gas and steam turbines, expressed support for the proposed modifications for headings 8406 and 8411, stating that it believes the proposed modifications would contribute to the sustainability of its manufacturing facility in North Carolina.²

¹ Commission estimate based on U.S. export data from USITC DataWeb/USDOC and Mexican import data from Global Trade Atlas.

² Siemens Energy, written submission to the USITC, June 3, 2013, 1. See appendix D.

CHAPTER 84

TABLE 3.135 Rotors, finished for final assembly, for steam or other vapor turbines

HTS no.	Existing rule	Proposed rule	Probable effect advice
8406.90.aa [8406.90.20, 8406.90.50]	12. A change to tariff items 8406.90.20 or 8406.90.50 from tariff items 8406.90.30 or 8406.90.60, or any other heading.	A change to tariff item 8406.90.aa [8406.90.20 or 8406.90.50] from tariff item 8406.90.cc [8406.90.30 or 8406.90.60] or any other heading; or A change to tariff item 8406.90.aa [8406.90.20 or 8406.90.50] from any other good within subheading 8406.90, whether or not there is also a change from tariff item 8406.90.cc [8406.90.30 or 8406.90.60] or 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.	U.S. trade under NAFTA: Imports: Negligible Exports: None U.S. total trade: Imports: Negligible Exports: None U.S. production: Negligible

TABLE 3.135: Modification and effect

Modification: Current NAFTA rules specify that steam and other vapor turbine rotors finished for final assembly (tariff items 8406.90.20 or 8406.90.50) qualify as originating if made from non-originating inputs of tariff items 8406.90.30 or 8406.90.60 (rotors, not further advanced than cleaned or machined for removal of fins, gates, sprues, and risers, or to permit location in finishing machinery) or non-originating inputs from any heading other than 8406.90.

The proposed modification is liberalizing because it adds an alternative rule that would allow non-originating inputs from subheading 8406.90 to be used, provided that the finished rotors meet the regional value content requirement. For example, a steam turbine rotor finished for final assembly (tariff items 8406.90.20) would qualify as originating if it used a rotor from tariff item 8406.90.45 (rotors or spindles and rotor or spindle assemblies), provided that it meets the regional value content requirement.

Effect: The proposed modification would likely have a negligible effect on U.S. imports under NAFTA and on total U.S. imports. The effective tariff on U.S. imports of these goods from Canada and Mexico was zero in 2012. All U.S. imports of the goods from NAFTA partners were either free of duty on an NTR basis or qualified for NAFTA preferential duty treatment under the current rules of origin. U.S. NTR rates of duty are 6.7 percent ad valorem for steam turbine rotors and parts (tariff item 8406.90.20) and free for other vapor turbine rotors and parts (tariff item 8406.90.50). U.S. imports from NAFTA partners accounted for nearly 26 percent of total U.S. imports of these products.

The proposed modification would likely have no effect on U.S. exports under NAFTA and on total U.S. exports. The MFN rate of duty imposed on these goods by Canada and Mexico is free; therefore, there would be no effect on U.S. exports under NAFTA or on total U.S. exports.

The effect on U.S. production would likely be negligible because the net effect on total U.S. trade is expected to be none or negligible. Siemens Energy, a domestic producer of gas and steam turbines, expressed support for the proposed modifications for headings 8406 and 8411, stating that it believes the proposed modifications would contribute to the sustainability of its manufacturing facility in North Carolina.¹

¹ Siemens Energy, written submission to the USITC, June 3, 2013, 1. See appendix D.

TABLE 3.135: Modification and effect—*Continued*

Note: Tariff items 8406.90.aa and 8406.90.bb represent 8-digit tariff items that are not harmonized at the international level. The applicable 8-digit codes are as follows: Canada, 8406.90.22, 8406.90.33, 8406.90.34; Mexico, 8406.90.01; and the United States, 8406.90.20 and 8406.90.50.

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TABLE 3.136 Blades, rotating or stationary, for steam or other vapor turbines

HTS no.	Existing rule	Proposed rule	Probable effect advice
8406.90.bb [8406.90.40, 8406.90.70]	13. A change to tariff items 8406.90.40 or 8406.90.70 from any other tariff item.	A change to tariff item 8406.90.bb [8406.90.40 or 8406.90.70] from any other tariff item; or No required change in tariff classification to tariff item 8406.90.bb [8406.90.40 or 8406.90.70], 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.	U.S. trade under NAFTA: Imports: Negligible Exports: None U.S. total trade: Imports: Negligible Exports: None U.S. production: Negligible

TABLE 3.136: Modification and effect

Modification: The current NAFTA rule specifies that blades for steam and other vapor turbine rotors (tariff items 8406.90.40 or 8406.90.70) qualify as originating if the non-originating inputs are from any other tariff item. The proposed modification is liberalizing because of the addition of an alternative rule that would confer origin on non-originating blades (e.g., unfinished) classified in the same tariff item provided the final product meets the regional value content requirement.

Effect: The proposed modification would have a negligible effect on U.S. imports from NAFTA partners and on total U.S. imports. Although the effective tariff on U.S. imports of the subject goods from Canada and Mexico was 3.8 percent ad valorem in 2012, it is unlikely that U.S. imports would increase significantly. Most of the value added in blades typically occurs in the original country of manufacture and, therefore, products are unlikely to meet the regional value content requirements in the proposed rule.¹

The proposed modification would likely have no effect on U.S. exports under NAFTA and on total U.S. exports. The MFN rate of duty imposed on these goods by Canada and Mexico is free; therefore, there would be no effect on U.S. exports under NAFTA or on total U.S. exports.

The effect on U.S. production would likely be negligible because the net effect on total U.S. trade is expected to be none or negligible. Siemens Energy, a domestic producer of gas and steam turbines, expressed support for the proposed modifications for headings 8406 and 8411, stating that it believes the proposed modifications would contribute to the sustainability of its manufacturing facility in North Carolina.²

Note: Tariff item 8406.90.bb represents 8-digit tariff items that are not harmonized at the international level. The applicable 8-digit codes are as follows: Canada, 8406.90.23, 8406.90.36, 8406.90.37; Mexico, 8406.90.02; and the United States, 8406.90.40 and 8406.90.70.

¹ Industry representative, e-mail message to USITC staff, June 21, 2013.

² Siemens Energy, written submission to the USITC, June 3, 2013, 1. See appendix D.

CHAPTER 84

TABLE 3.137 Spark-ignition reciprocating or rotary internal combustion piston engines for aircraft, marine propulsion, and motor vehicles

HTS no.	Existing rule	Proposed rule	Probable effect advice
8407.10– 8407.34	15. A change to headings 8407 through 8408 from any other heading, including another heading within 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.	A change to subheading 8407.10 through 8407.34 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.	U.S. trade under NAFTA: Imports: None Exports: None U.S. total trade: Imports: None Exports: None U.S. production: None

TABLE 3.137: Modification and effect

Modification: The proposed rule would make no substantive change to the current NAFTA rule.

Effect: The proposed modification would have no effect on U.S. trade under NAFTA, on total U.S. trade, or on U.S. production because the proposed rule is substantively the same as the current NAFTA rule.

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TABLE 3.138 Spark-ignition reciprocating or rotary internal combustion piston engines, other than those for use in aircraft, marine propulsion, and motor vehicles

HTS no.	Existing rule	Proposed rule	Probable effect advice
8407.90	<p>15. A change to headings 8407 through 8408 from any other heading, including another heading within that group, provided there is a regional value content of not less than:</p> <p>(A) 60 percent where the transaction value method is used, or</p> <p>(B) 50 percent where the net cost method is used.</p>	A change to subheading 8407.90 from any other subheading.	<p>U.S. trade under NAFTA: Imports: None Exports: None</p> <p>U.S. total trade: Imports: None Exports: None</p> <p>U.S. production: None</p>

TABLE 3.138: Modification and effect

Modification: The current rule allows certain spark-ignition reciprocating or rotary internal combustion piston engines (subheading 8407.90) made from non-originating inputs from any other heading, including another heading within the group (headings 8407 and 8408), to receive the preferential rate of duty provided that the final good meets the regional value content requirement. If the final product does not meet the regional value requirement, the inputs of headings 8407 and 8408, or inputs from any other heading, must be made in North America. The proposed rule is liberalizing because it eliminates the regional value content requirement for these engines and allows any subheading-level tariff change to confer origin.

For example, the proposed rule would allow a change to engines of subheading 8407.90 from other spark-ignition or rotary internal combustion engines classified in other subheadings of heading 8407. This liberalization would permit such engines to be converted or adapted for use in agricultural and horticultural equipment, or converted for use with natural or liquefied petroleum gas or other fuels or applications. Moreover, by eliminating the regional value content requirement, a higher level of non-originating components could be used in the manufacture of these engines and still meet origin requirements, because parts for such engines are classified outside of subheading 8407.90 and would meet the tariff shift requirement.

Effect: U.S. imports of these goods are already free of duty for all NTR countries; therefore, there would be no effect on U.S. imports under NAFTA or on total U.S. imports. The MFN rate of duty imposed on these goods by Canada and Mexico is also free; therefore, there would be no effect on U.S. exports under NAFTA or total U.S. exports. As a result, U.S. production of these engines and motors would not be affected by the proposed rule change.

CHAPTER 84

TABLE 3.139 Diesel engines for marine propulsion

HTS no.	Existing rule	Proposed rule	Probable effect advice
8408.10	<p>15. A change to headings 8407 through 8408 from any other heading, including another heading within that group, provided there is a regional value content of not less than:</p> <p>(A) 60 percent where the transaction value method is used, or</p> <p>(B) 50 percent where the net cost method is used.</p>	A change to subheading 8408.10 from any other subheading.	<p>U.S. trade under NAFTA: Imports: Significant increase Exports: Negligible</p> <p>U.S. total trade: Imports: Negligible Exports: Negligible</p> <p>U.S. production: Negligible</p>

TABLE 3.139: Modification and effect

Modification: The current rule specifies that diesel-powered marine engines (subheading 8408.10) qualify as originating if made from non-originating inputs of any other heading, including another heading within the group (i.e., heading 8407), provided that the final product meets the regional value content requirement. The proposed modification is liberalizing because it eliminates the regional value content requirement for these engines, thereby allowing greater use of non-originating inputs, or conversion from diesel engines classified in any other subheadings within heading 8408.

Effect: The proposed modification would likely result in a significant increase in U.S. imports from NAFTA partners, which totaled \$16.2 million in 2012. The U.S. NTR rate of duty for these goods is 2.5 percent ad valorem, and the effective tariff was 1.9 percent ad valorem in 2012. In 2012, roughly 75 percent of U.S. imports from NAFTA partners were dutiable, with Mexico the source of nearly 99 percent of NAFTA imports of these engines.

The proposed modification would likely have a negligible effect on total U.S. imports. U.S. imports of marine diesel engines from NAFTA partners accounted for less than 12 percent of total U.S. imports of these engines in 2012, resulting in an effective tariff of less than 0.5 percent ad valorem for total U.S. imports.

The proposed modification would likely have a negligible effect on U.S. exports of marine diesel engines under NAFTA and on total U.S. exports. U.S. exports of these engines to NAFTA partners accounted for less than 4 percent of total U.S. exports of these products. Nearly 90 percent of U.S. exports of these engines to Canada and Mexico enter under tariff items that are free of duty on an MFN basis. Canada's MFN rate for these goods is free. Mexico applies a 5 percent ad valorem MFN duty on imports of marine diesel engines less than 600 horsepower, while imports of all other marine diesel engines enter Mexico free of duty under MFN rates. If MFN rates of duty are applied to all U.S. exports of these goods to the NAFTA partners, the estimated effective tariff on U.S. exports to NAFTA partners in 2012 was 0.6 percent ad valorem.¹

The proposed modification would likely result in a negligible effect on U.S. production because the net effect on total U.S. trade is expected to be negligible and the size of U.S. production is believed to be relatively large compared with any potential changes in U.S. trade.

¹ Commission estimate based on U.S. export data from USITC DataWeb/USDOC and Mexican import data from Global Trade Atlas.

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TABLE 3.140 Diesel engines for use in motor vehicles

HTS no.	Existing rule	Proposed rule	Probable effect advice
8408.20	<p>15. A change to headings 8407 through 8408 from any other heading, including another heading within that group, provided there is a regional value content of not less than:</p> <p>(A) 60 percent where the transaction value method is used, or</p> <p>(B) 50 percent where the net cost method is used.</p>	<p>A change to subheading 8408.20 from any other heading, provided there is a regional value content of not less than:</p> <p>(a) 60 percent where the transaction value method is used, or</p> <p>(b) 50 percent where the net cost method is used.</p>	<p>U.S. trade under NAFTA: Imports: None Exports: None</p> <p>U.S. total trade: Imports: None Exports: None</p> <p>U.S. production: None</p>

TABLE 3.140: Modification and effect

Modification: The proposed rule would make no substantive change to the current NAFTA rule.

Effect: The proposed modification would have no effect on U.S. trade under NAFTA, on total U.S. trade, or on U.S. production because the proposed rule is substantively the same as the current NAFTA rule.

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TABLE 3.141 Miscellaneous diesel engines (other than those for use in marine propulsion and motor vehicles)

HTS no.	Existing rule	Proposed rule ¹	Probable effect advice
8408.90	<p>15. A change to headings 8407 through 8408 from any other heading, including another heading within that group, provided there is a regional value content of not less than:</p> <p>(A) 60 percent where the transaction value method is used, or</p> <p>(B) 50 percent where the net cost method is used.</p>	A change to subheading 8408.90 from any other subheading.	<p>U.S. trade under NAFTA: Imports: None Exports: Negligible</p> <p>U.S. total trade: Imports: None Exports: Negligible</p> <p>U.S. production: Negligible</p>

TABLE 3.141: Modification and effect

Modification: The current rule specifies that miscellaneous diesel engines (subheading 8408.90) qualify as originating if made from non-originating inputs of any other heading, including another heading within the group (i.e., heading 8407), provided that the final product meets the regional value content requirement. The proposed modification is liberalizing because it eliminates the regional value content requirement for these miscellaneous engines and it allows a subheading-level tariff shift to confer origin. For example, the proposed rule would allow conversion from diesel engines classified in any other subheadings within heading 8408.

Effect: U.S. imports of these goods are already free of duty for all NTR countries, so the proposed rule modification would have no effect on U.S. imports under NAFTA or on total U.S. imports.

The proposed modification would likely have a negligible effect on U.S. exports under NAFTA and on total U.S. exports. More than 90 percent of U.S. exports of the subject goods enter NAFTA markets under tariff items that are free of duty on an MFN basis. If the MFN rates of duty apply to all U.S. exports of these products to NAFTA partners, the effective tariff on U.S. exports to NAFTA partners of goods covered by this rule in 2012 was less than 1 percent ad valorem.² Canada accounted for 84 percent of U.S. exports of these goods to NAFTA countries in 2012, and U.S. exports of these goods enter Canada free of duty under MFN rates. All but one of Mexico's MFN rates of duty on imports of miscellaneous diesel engines are free; the exception is a 5 percent ad valorem duty on imports of engines with 960 horsepower or less.

The effect on U.S. production would likely be negligible because the net effect on total U.S. trade is expected to be none or negligible.

¹ Goods within this heading/subheading that are for use in motor vehicles of chapter 87 may be subject to the net cost method of determining regional value content that is specific to certain automotive goods, as described in Article 403 of the NAFTA and HTS general note 12(d).

² Commission estimate based on U.S. export data from USITC DataWeb/USDOC and Mexican import data from Global Trade Atlas.

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TABLE 3.142 Turbojets, turbopropellers, or other gas turbines

HTS no.	Existing rule	Proposed rule	Probable effect advice
8411.11–8411.82	<p>21. (A) A change to subheadings 8411.11 through 8411.82 from any other heading; or</p> <p>(B) A change to subheadings 8411.11 through 8411.82 from subheadings 8411.91 through 8411.99, whether or not there is also a change from any other heading, provided there is a regional value content of not less than:</p> <p>(1) 60 percent where the transaction value method is used, or</p> <p>(2) 50 percent where the net cost method is used.</p>	A change to subheading 8411.11 through 8411.82 from any subheading outside that group.	<p>U.S. trade under NAFTA: Imports: Negligible Exports: Negligible</p> <p>U.S. total trade: Imports: Negligible Exports: Negligible</p> <p>U.S. production: Negligible</p>

TABLE 3.142: Modification and effect

Modification: The current rule allows goods classified under subheadings 8411.11 through 8411.82 (turbojets, turbopropellers, or other gas turbines) made from non-originating inputs classified under any heading other than 8411 to receive preferential duty treatment. The current rule also allows these goods to receive preferential duty treatment if made from non-originating inputs classified under subheadings 8411.91 (parts of turbojets or turbopropellers) or 8411.99 (parts of other gas turbines), provided the imported goods meet the regional value content requirement.

The proposed modification is liberalizing because it would eliminate the regional value content requirement and allow a subheading-level tariff shift to confer origin. Thus, non-originating inputs classified under subheadings 8411.91 (parts of turbojets or turbopropellers) or 8411.99 (parts of gas turbines, e.g., castings, forgings, rotors, spindles, and rotor or spindle assemblies) could be used in producing originating gas turbines.

Effect: The proposed modification would likely have a negligible effect on U.S. imports under NAFTA and on total U.S. imports. Most U.S. tariff items for these goods are free of duty on an NTR basis; a 2.5 percent ad valorem NTR rate applies to certain gas turbines other than for aircraft (HTS tariff items 8411.81.80 and 8411.82.80). The effective tariff on U.S. imports of these goods from Canada and Mexico was less than 1 percent ad valorem in 2012.

The proposed modification would likely have a negligible effect on U.S. exports under NAFTA and on total U.S. exports. If the MFN rates of duty apply to all U.S. exports of these products to NAFTA partners, the effective tariff on U.S. exports to NAFTA partners of goods covered by this rule in 2012 was less than 0.5 percent ad valorem.¹ Canada’s MFN duty rates for tariff items within subheadings 8411.11–8411.82 are free, with the exception of one subheading with a tariff rate of 3.5 percent ad valorem, which accounted for only 6 percent of Canada’s imports from the United States in 2012.² Mexico’s MFN rates of duty for subheadings 8411.11-8411.82 are free. In 2012, U.S. exports to Canada accounted for 4 percent of total U.S. exports under the subheadings covered by the rule, and those to Mexico accounted for 8 percent.

The effect on U.S. production would likely be negligible because the net effect on total U.S. trade is expected to be negligible.

¹ Commission estimate based on Canadian and Mexican import data obtained from Global Trade Atlas.

² Commission estimate based on Canadian import data obtained from Global Trade Atlas.

TABLE 3.142: Modification and effect—*Continued*

Siemens Energy, a domestic producer of gas and steam turbines, estimates that the proposed modification will allow for its exports of U.S. manufactured gas turbines to qualify for NAFTA tariff preferences because it would then be able to use non-originating parts classified under 8411.99. The company estimates that its customers would likely save between \$13 to \$27 million in tariff and administrative costs on both gas and steam turbines exported to Canada and Mexico over the next five years.³

³ Siemens Energy, Inc., written submission to the USITC, June 4, 2013, 3–8; see also proposed rule modifications for articles classed under heading 8406.

CHAPTER 84**TABLE 3.143** Parts of turbojets and turbopropellers

HTS no.	Existing rule	Proposed rule	Probable effect advice
8411.91	22. A change to subheadings 8411.91 through 8411.99 from any other heading.	A change to subheading 8411.91 from any other heading.	U.S. trade under NAFTA: Imports: None Exports: None U.S. total trade: Imports: None Exports: None U.S. production: None

TABLE 3.143: Modification and effect

Modification: The proposed rule would make no substantive change to the current NAFTA rule.

Effect: The proposed modification would have no effect on U.S. trade under NAFTA, on total U.S. trade, or on U.S. production because the proposed rule is substantively the same as the current NAFTA rule.

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TABLE 3.144 Parts of other gas turbines

HTS no.	Existing rule	Proposed rule	Probable effect advice
8411.99	22. A change to subheadings 8411.91 through 8411.99 from any other heading.	<p>A change to subheading 8411.99 from any other heading; or</p> <p>No required change in tariff classification to subheading 8411.99, provided there is a regional value content of not less than:</p> <p>(a) 60 percent where the transaction value method is used, or</p> <p>(b) 50 percent where the net cost method is used.</p>	<p>U.S. trade under NAFTA: Imports: Negligible Exports: None</p> <p>U.S. total trade: Imports: Negligible Exports: None</p> <p>U.S. production: Negligible</p>

TABLE 3.144: Modification and effect

Modification: Under the current NAFTA rule, parts of other gas turbines classified under subheading 8411.99 that are made using non-originating products of the same heading (8411) cannot qualify for the NAFTA preferential rate of duty. The proposed modification is liberalizing because it adds a regional value content option that would allow a product classified under subheading 8411.99 to be made using any non-originating inputs, including those of the same subheading (8411.99), as long as the final part meets the regional value content requirement.

Effect: The proposed modification would likely have a negligible effect on U.S. imports under NAFTA and on total U.S. imports. The effective tariff on U.S. imports from the NAFTA countries for subheading 8411.99 was less than 0.5 percent ad valorem in 2012. U.S. imports from Canada accounted for 6 percent of total U.S. imports under subheading 8411.99 and those from Mexico for 20 percent. In addition, a gas turbine producer stated that the potential beneficial effect of the proposed rule modification is limited because of a lack of parts producers located within NAFTA partner countries with the scale economies and the operational efficiency to manufacture gas turbine parts requiring high-precision engineering and fabrication.¹

The proposed rule modification would have no effect on U.S. exports under NAFTA and on total U.S. exports. The MFN rate of duty for subheading 8411.99 for Canada and Mexico is free.

The effect on U.S. production would likely be negligible because the net effect on total U.S. trade is expected to be none or negligible.

¹ Siemens Energy, Inc., written submission to the USITC, June 4, 2013, 5.

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TABLE 3.145 Other engines and motors, including but not limited to reaction, hydraulic, and pneumatic engines and motors

HTS no.	Existing rule	Proposed rule	Probable effect advice
8412.10–8412.80	<p>23.(A) A change to subheadings 8412.10 through 8412.80 from any other heading; or</p> <p>(B) A change to subheadings 8412.10 through 8412.80 from subheading 8412.90, whether or not there is also a change from any other heading, provided there is a regional value content of not less than:</p> <p>(1) 60 percent where the transaction value method is used, or</p> <p>(2) 50 percent where the net cost method is used.</p>	A change to subheading 8412.10 through 8412.80 from any other subheading, including another subheading within that group.	<p>U.S. trade under NAFTA: Imports: None Exports: None</p> <p>U.S. total trade: Imports: None Exports: None</p> <p>U.S. production: None</p>

TABLE 3.145: Modification and effect

Modification: Under the current rule, reaction, pneumatic, hydraulic, and other miscellaneous engines and motors (subheadings 8412.10 through 8412.80) can be made from non-originating inputs classified in a heading other than heading 8412 and still be considered originating. Alternatively, if non-originating parts of engines and motors (subheading 8412.90) are used, the final product must meet the regional value content requirement.

The proposed rule is liberalizing because it removes the regional value content requirement and it would allow any subheading-level tariff shift to confer origin. Thus, it would allow other engines and motors of subheadings 8412.10 through 8412.80 to be made from non-originating parts, such as hubs, nose cones, and rotors for wind turbines, certain fittings, and certain cables (classified within heading 8412) and parts of these engines (subheading 8412.90), as well as conversions of engines and motors within the subheading group.

Effect: U.S. imports of these goods are already free of duty for all NTR countries; therefore, there would be no effect on U.S. imports under NAFTA or on total U.S. imports. The MFN rate of duty imposed on these goods by Canada and Mexico is also free; therefore, there would be no effect on U.S. exports under NAFTA or total U.S. exports. As a result, U.S. production of these engines and motors would not be affected by the proposed rule change.

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TABLE 3.146 Mechanical appliances for projecting, dispersing, or spraying liquids or powders

HTS no.	Existing rule	Proposed rule	Probable effect advice
8424.10–8424.89	<p>65. (A) A change to subheadings 8424.10 through 8424.89 from any other heading; or</p> <p>(B) A change to subheadings 8424.10 through 8424.89 from subheading 8424.90, whether or not there is also a change from any other heading, provided there is a regional value content of not less than:</p> <p>(1) 60 percent where the transaction value method is used, or</p> <p>(2) 50 percent where the net cost method is used.</p>	(A) A change to subheading 8424.10 through 8424.89 from any other subheading, including another subheading within that group.	<p>U.S. trade under NAFTA: Imports: Negligible Exports: Negligible</p> <p>U.S. total trade: Imports: Negligible Exports: Negligible</p> <p>U.S. production: Negligible</p>

TABLE 3.146: Modification and effect

Modification: The current NAFTA rule of origin for mechanical appliances for projecting, dispersing, or spraying liquids or powers (subheadings 8424.10–8424.89) requires that any non-originating inputs used in production be classified in another heading. Alternatively, if non-originating inputs classified in heading 8424 are used, the final product must meet the regional value content requirement to qualify for NAFTA preferences.

The proposed modification is liberalizing because it eliminates the regional value content requirement and it would allow any subheading-level tariff change to confer origin. This means that if an appliance within one subheading can be converted to or combined with an appliance of another subheading, the appliance that is created would have NAFTA origin status if it still falls into subheadings 8424.10–8424.89.

Effect: The proposed modification would likely have a negligible effect on U.S. imports of these mechanical appliances under NAFTA and on total U.S. imports. The effective tariff on U.S. imports of these appliances from Canada and Mexico was less than 0.5 percent ad valorem in 2012. U.S. imports from NAFTA partners represented 27 percent of total U.S. imports under subheadings 8424.10–8424.89 in 2012.

The proposed rule would likely have a negligible effect on U.S. exports under NAFTA and on total U.S. exports. More than 90 percent of U.S. exports of these goods to Canada and Mexico enter under tariff items with an MFN rate of free. Assuming MFN rates of duty apply to all U.S. exports of goods covered by the proposed rule to NAFTA partners, the effective tariff was less than 1 percent ad valorem in 2012.¹

The effect on U.S. production would likely be negligible because the net effect on total U.S. trade is expected to be negligible.

¹ Commission estimate based on U.S. export data from USITC DataWeb/USDOC and Canadian and Mexican import data obtained from Global Trade Atlas.

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TABLE 3.147 Self-propelled non-electric work trucks

HTS no.	Existing rule	Proposed rule	Probable effect advice
8427.20	<p>70. (A) A change to tariff item 8427.20.40 from any other heading, except from heading 8407 or 8408 or subheading 8431.20 or 8483.40; or</p> <p>(B) A change to tariff item 8427.20.40 from heading 8407 or 8408 or subheading 8431.20 or 8483.40, whether or not there is also a change from any other heading, provided there is a regional value content of not less than:</p> <p>(1) 60 percent where the transaction value method is used, or</p> <p>(2) 50 percent where the net cost method is used.</p> <p>71. (A) A change to subheading 8427.20 from any other heading, except from subheading 8431.20; or</p> <p>(B) A change to subheading 8427.20 from subheading 8431.20, whether or not there is also a change from any other heading, provided there is a regional value content of not less than:</p> <p>(1) 60 percent where the transaction value method is used, or</p> <p>(2) 50 percent where the net cost method is used.</p>	A change to subheading 8427.20 from any other subheading.	<p>U.S. trade under NAFTA: Imports: None Exports: Negligible</p> <p>U.S. total trade: Imports: None Exports: Negligible</p> <p>U.S. production: Negligible</p>

TABLE 3.147: Modification and effect

Modification: Under the current rule, non-electric rider-type counterbalanced fork-lift trucks (tariff item 8427.20.40) can be made from non-originating inputs from any other heading, except those classified in heading 8407 or 8408 (each of which covers types of engines) or subheadings 8431.20 or 8433.40 (covering principal parts of such trucks), and still qualify for the NAFTA preferential rate of duty. If non-originating inputs from those two headings or two subheadings are used, the trucks must meet the regional value requirement. Other trucks of subheading 8427.20 (other self-propelled trucks not powered by an electric motor) can incorporate non-originating inputs from any other heading, but not from subheading 8431.20; again, trucks incorporating such non-originating principal parts must meet regional value requirement.

The proposed modification is liberalizing because it eliminates the regional value content requirement and it would allow all trucks of subheading 8472.20 to be made from non-originating inputs of any subheading (other than that covering the finished good). Accordingly, these finished goods could be manufactured with major components—internal combustion piston engines (covered under headings 8407 and 8408), other principal parts of self-propelled

TABLE 3.147: Modification and effect—*Continued*

work trucks (subheading 8431.20), and gears (subheading 8483.40)—that are imported from outside the NAFTA region and qualify for NAFTA origin without meeting a regional value content requirement.

Effect: The proposed modification would have no effect on U.S. imports under NAFTA and on total U.S. imports of non-electric self-propelled work trucks because the U.S. NTR rate of duty for these products is free.

The proposed modification would likely have a negligible effect on U.S. exports under NAFTA and on total U.S. exports. Canada and Mexico are the two leading U.S. export markets for self-propelled non-electric work trucks, together accounting for just over half the value of total U.S. exports (57 percent or \$1.1 billion) in 2012. Mexico has two tariff items covered by the rule with MFN rates of duty of 15 percent ad valorem, and one tariff item with an MFN rate of duty of 5 percent ad valorem; the remaining tariff items for Mexico and all of the tariff items covered by the rule for Canada are free of duty on an MFN basis. In 2012, U.S. exports to Mexico under the three dutiable tariff items accounted for 26 percent of U.S. exports to NAFTA partners of products covered by the proposed rule. If MFN rates of duty are applied to U.S. exports to NAFTA partners of goods covered by the rule, the effective tariff on U.S. exports to NAFTA partners in 2012 was 1.1 percent ad valorem.¹

The effect on U.S. production would likely be negligible because the net effect on total U.S. trade is expected to be none or negligible.

Although the proposed modification does not directly pertain to engines under headings 8407 and 8408 or to principal parts under subheading 8431.20, U.S. manufacturers of these goods may be adversely affected by the proposed rule change, which would allow these major components to be imported from outside the NAFTA region and assembled into a work truck of subheading 8427.20 that would then qualify for the NAFTA preferential rate of duty. Unlike this proposed rule for finished work trucks of subheading 8427.20, the proposed rules for major input components of headings 8407 and 8408 (engines) and subheading 8431.20 (principal parts) would require regional value content to qualify for NAFTA origin. U.S. manufacturers of principal parts classified under subheading 8483.40 would likely not be affected by this proposed rule for finished work trucks. Both the proposed rule for principal parts of subheading 8483.40 and this proposed rule for finished work trucks allow a change from any other subheading and eliminate the regional value content requirement to qualify for NAFTA origin.

¹ Commission estimate based on U.S. export data from USITC DataWeb/USDOC and Mexican import data from Mexican International Trade Integral Information System (SIICEX).

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TABLE 3.148 Heavy-duty lifting, self-propelled earth movers, and rock drilling equipment

HTS no.	Existing rule	Proposed rule	Probable effect advice
8428.10–8430.69	<p>73. (A) A change to headings 8428 through 8430 from any heading outside that group, except from heading 8431; or</p> <p>(B) A change to headings 8428 through 8430 from heading 8431, whether or not there is also a change from any heading outside that group, provided there is a regional value content of not less than:</p> <p>(1) 60 percent where the transaction value method is used, or</p> <p>(2) 50 percent where the net cost method is used.</p>	A change to subheadings 8428.10 through 8430.69 from any other subheading, including another subheading within that group.	<p>U.S. trade under NAFTA: Imports: None Exports: Negligible</p> <p>U.S. total trade: Imports: None Exports: Negligible</p> <p>U.S. production: Negligible</p>

TABLE 3.148: Modification and effect

Modification: Under the current rule, heavy-duty lifting or loading machinery (heading 8428), self-propelled earth movers (heading 8429), and rock drilling or other heavy machinery (heading 8430) can be made from non-originating inputs from any heading other than heading 8431, which covers principal parts of such machinery, and still receive the NAFTA preferential rate of duty. If such parts are used in producing the machinery, the machinery must meet the regional value content requirement.

The proposed modification is liberalizing because it removes the regional value content requirement and would allow all such machinery to be made from non-originating inputs of any subheading (other than that covering the finished good), including parts covered under heading 8431 that are principally used for this finished product group. This change would also allow one type of machine to be made into another type of machine within subheadings 8428.10-8430.69.

Effect: The proposed modification would have no effect on U.S. imports under NAFTA and on total U.S. imports of the covered products because the U.S. NTR rates of duty are free.

The proposed modification would likely have a negligible effect on U.S. exports under NAFTA and on total U.S. exports. Mexico has 27 tariff items covered by the rule with MFN rates of duty ranging from 5 to 15 percent ad valorem; the remaining tariff items for Mexico and all of the tariff items covered by the rule for Canada are free of duty on an MFN basis. In 2012, U.S. exports to Mexico under the 27 dutiable tariff items accounted for just 3.4 percent of U.S. exports to NAFTA partners of products covered by the proposed rule. If MFN rates of duty are applied to all U.S. exports of goods covered by this rule to the NAFTA partners, the the effective tariff was 0.5 percent ad valorem in 2012.¹

The effect on U.S. production would likely be negligible because the net effect on total U.S. trade is expected to be none or negligible.

¹ Commission estimate based on U.S. export data from USITC DataWeb/USDOC and Mexican import data from Global Trade Atlas.

CHAPTER 84

TABLE 3.149 Parts suitable for use principally with heavy-duty lifting, self-propelled earth movers, and rock drilling equipment

HTS no.	Existing rule	Proposed rule	Probable effect advice
8431.10–8431.49	<p>74. (A) A change to subheading 8431.10 from any other heading; or</p> <p>(B) No required change in tariff classification to subheading 8431.10, provided there is a regional value content of not less than:</p> <p>(1) 60 percent where the transaction value method is used, or</p> <p>(2) 50 percent where the net cost method is used.</p> <p>75. A change to subheading 8431.20 from any other heading.</p> <p>76. (A) A change to subheading 8431.31 from any other heading; or</p> <p>(B) No required change in tariff classification to subheading 8431.31, provided there is a regional value content of not less than:</p> <p>(1) 60 percent where the transaction value method is used, or</p> <p>(2) 50 percent where the net cost method is used.</p> <p>77. (A) A change to subheading 8431.39 from any other heading; or</p> <p>(B) No required change in tariff classification to subheading 8431.39, provided there is a regional value content of not less than:</p> <p>(1) 60 percent where the transaction value method is used, or</p> <p>(2) 50 percent where the net cost method is used.</p>	<p>A change to subheading 8431.10 through 8431.49 from any other heading; or</p> <p>No required change in tariff classification to any of subheading 8431.10 through 8431.49, provided there is a regional value content of not less than:</p> <p>(a) 60 percent where the transaction value method is used, or</p> <p>(b) 50 percent where the net cost method is used.</p>	<p>U.S. trade under NAFTA: Imports: None Exports: None</p> <p>U.S. total trade: Imports: None Exports: None</p> <p>U.S. production: None</p>

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TABLE 3.149—Continued

HTS no.	Existing rule	Proposed rule	Probable effect advice
8431.10– 8431.49	<p>78. A change to subheadings 8431.41 through 8431.42 from any other heading.</p> <p>79. (A) A change to subheading 8431.43 from any other heading; or</p> <p>(B) No required change in tariff classification to subheading 8431.43, provided there is a regional value content of not less than:</p> <p>(1) 60 percent where the transaction value method is used, or</p> <p>(2) 50 percent where the net cost method is used.</p> <p>80. (A) A change to subheading 8431.49 from any other heading; or</p> <p>(B) No required change in tariff classification to subheading 8431.49, provided there is a regional value content of not less than:</p> <p>(1) 60 percent where the transaction value method is used, or</p> <p>(2) 50 percent where the net cost method is used.</p>		

TABLE 3.149: Modification and effect

Modification: The current NAFTA rules of origin allow the use of non-originating inputs classified in other headings to make principal parts of heavy-duty lifting, self-propelled earth movers, and rock drilling equipment (subheadings 8431.20, 8431.41, and 8431.42). The proposed modification is liberalizing because it would remove the requirement for a change in tariff classification, provided the final good meets the regional value content requirement.

The proposed modification would make no substantive change to the current NAFTA rule for other principal parts of machinery covered under subheadings 8431.10, 8431.31, 8439.39, 8431.43, and 8431.49.

Effect: U.S. imports of these goods are already free of duty for all NTR countries; therefore, there would be no effect on U.S. imports under NAFTA or on total U.S. imports. The MFN rate of duty imposed on these goods by Canada and Mexico is also free; therefore, there would be no effect on U.S. exports under NAFTA or total U.S. exports. As a result, U.S. production of these parts would not be affected by the proposed rule change.

CHAPTER 84

TABLE 3.150 Agricultural, horticultural, or forestry machinery for soil preparation or cultivation and lawn or sports ground rollers

HTS no.	Existing rule	Proposed rule	Probable effect advice
8432.10–8432.80	<p>81. (A) A change to subheadings 8432.10 through 8432.80 from any other heading; or</p> <p>(B) A change to subheadings 8432.10 through 8432.80 from subheading 8432.90, whether or not there is also a change from any other heading, provided there is a regional value content of not less than:</p> <p>(1) 60 percent where the transaction value method is used, or</p> <p>(2) 50 percent where the net cost method is used.</p>	A change to subheading 8432.10 through 8432.80 from any other subheading, including another subheading within that group.	<p>U.S. trade under NAFTA: Imports: None Exports: None</p> <p>U.S. total trade: Imports: None Exports: None</p> <p>U.S. production: None</p>

TABLE 3.150: Modification and effect

Modification: The current rule imposes limitations on the types of non-originating inputs that may be used in making agricultural, horticultural, or forestry machinery of subheadings 8432.10–8432.80 for the final good to qualify for NAFTA preferences. Non-originating inputs classified in headings other than 8432 may be used, but if the covered machinery is made from any non-originating input classified in subheading 8432.90 (parts of the agricultural, horticultural, or forestry machinery), the final product is subject to a regional value content requirement.

The proposed modification is liberalizing because it removes the regional value content requirement and allows soil preparation machinery and other machinery of these subheadings to be made from non-originating inputs from any subheading (other than that covering the finished good). It would also allow one type of machine to be made into another type of machine within subheadings 8432.10–8432.80.

Effect: U.S. imports of these goods are already free of duty for all NTR countries; therefore, there would be no effect on U.S. imports under NAFTA or on total U.S. imports. The MFN rate of duty imposed on these goods by Canada and Mexico is also free; therefore, there would be no effect on U.S. exports under NAFTA or on total U.S. exports. As a result, U.S. production of this machinery would not be affected by the proposed rule change.

CHAPTER 84

TABLE 3.151 Harvesting or threshing machinery

HTS no.	Existing rule	Proposed rule	Probable effect advice
8433.11–8433.60	<p>83. (A) A change to subheadings 8433.11 through 8433.60 from any other heading; or</p> <p>(B) A change to subheadings 8433.11 through 8433.60 from subheading 8433.90, whether or not there is also a change from any other heading, provided there is a regional value content of not less than:</p> <p>(1) 60 percent where the transaction value method is used, or</p> <p>(2) 50 percent where the net cost method is used.</p>	A change to subheading 8433.11 through 8433.60 from any other subheading, including another subheading within that group.	<p>U.S. trade under NAFTA: Imports: None Exports: Negligible</p> <p>U.S. total trade: Imports: None Exports: Negligible</p> <p>U.S. production: Negligible</p>

TABLE 3.151: Modification and effect

Modification: The current rule imposes limitations on the types of non-originating inputs that may be used in making harvesting or threshing machinery of subheadings 8433.11–8433.60 for the final good to qualify for NAFTA preferences. Non-originating inputs classified in headings other than 8433 may be used, but if the covered machinery is made from any non-originating input classified in subheading 8433.90 (parts of harvesting or threshing machinery), the final product is subject to a regional value content requirement.

The proposed modification is liberalizing because it removes the regional value content requirement and allows harvesting and threshing machinery to be made from non-originating inputs from any subheading (other than that covering the finished good). It would also allow one type of machine to be made into another type of machine within subheadings 8433.11–8433.60.

Effect: The proposed modification would have no effect on U.S. imports under NAFTA and on total U.S. imports of harvesting or threshing machinery because the U.S. NTR rates of duty are free.

The proposed modification would likely result in a negligible increase in U.S. exports under NAFTA and on total U.S. exports. Although Mexico has two tariff items covered by the rule with MFN rates of duty of 15 percent ad valorem, the remaining tariff items for Mexico and all of the tariff items covered by the rule for Canada are free of duty on an MFN basis. In 2012, U.S. exports to Mexico under the two dutiable tariff items accounted for 1 percent of U.S. exports to NAFTA partners of products covered by the proposed rule. If MFN rates of duty are applied to U.S. exports of goods covered by this rule to the NAFTA partners, the effective tariff was less than 0.5 percent ad valorem in 2012.¹

The effect on U.S. production would likely be negligible because the net effect on total U.S. trade is expected to be none or negligible.

¹ Commission estimate based on U.S. export data from USITC DataWeb/USDOC and Mexican import data from Global Trade Atlas.

CHAPTER 84

TABLE 3.152 Presses, crushers, or similar machinery, used in the manufacture of wine, cider, fruit juices, or similar beverages

HTS no.	Existing rule	Proposed rule	Probable effect advice
8435.10	<p>87. (A) A change to subheading 8435.10 from any other heading; or</p> <p>(B) A change to subheading 8435.10 from subheading 8435.90, whether or not there is also a change from any other heading, provided there is a regional value content of not less than:</p> <p>(1) 60 percent where the transaction value method is used, or</p> <p>(2) 50 percent where the net cost method is used.</p>	A change to a good of subheading 8435.10 from any other good within that subheading or any other subheading.	<p>U.S. trade under NAFTA: Imports: None Exports: None</p> <p>U.S. total trade: Imports: None Exports: None</p> <p>U.S. production: None</p>

TABLE 3.152: Modification and effect

Modification: Under the current NAFTA rule, non-originating inputs to presses, crushers, or similar machinery used in the manufacture of certain beverages must be classified under subheadings outside of heading 8435 for the final product to receive the NAFTA preferential rate of duty. Alternatively, presses and crushers classified under subheading 8435.10 made from non-originating inputs classified under subheading 8435.90 can receive the preferential rate of duty provided the finished machinery meets the regional value content requirement. The proposed modification is liberalizing because it eliminates the regional value content requirement for presses, crushers, or similar machinery made of non-originating parts classified under subheading 8435.90 (e.g., fabricated stainless steel hoppers for grapes, augers, and fabricated metal bases) and allows inputs or conversion of goods from within the subheading as well as from any other subheading.

Effect: U.S. imports of these goods are already free of duty for all NTR countries; therefore, there would be no effect on U.S. imports under NAFTA or on total U.S. imports. The MFN rate of duty imposed on these goods by Canada and Mexico is also free; therefore, there would be no effect on U.S. exports under NAFTA or on total U.S. exports. As a result, U.S. production of these presses, crushers, or similar machinery would not be affected by the proposed rule change.

CHAPTER 84

TABLE 3.153 Other agricultural, horticultural, forestry, poultry-keeping and beekeeping machinery

HTS no.	Existing rule	Proposed rule	Probable effect advice
8436.10–8436.80	<p>89.(A) A change to subheadings 8436.10 through 8436.80 from any other heading; or</p> <p>(B) A change to subheadings 8436.10 through 8436.80 from subheadings 8436.91 through 8436.99, whether or not there is also a change from any other heading, provided there is a regional value content of not less than:</p> <p>(1) 60 percent where the transaction value method is used, or</p> <p>(2) 50 percent where the net cost method is used.</p>	A change to subheading 8436.10 through 8436.80 from any other subheading, including another subheading within that group.	<p>U.S. trade under NAFTA: Imports: None Exports: None</p> <p>U.S. total trade: Imports: None Exports: None</p> <p>U.S. production: None</p>

TABLE 3.153: Modification and effect

Modification: Under the current rule, other agricultural, horticultural, forestry, poultry-keeping, and beekeeping machinery (subheadings 8436.10–8436.80) can be made from non-originating inputs from any heading other than heading 8436, which covers principal parts of such machinery, and still qualify to receive the NAFTA preferential rate of duty. If such parts are used in producing the machinery, the machinery must meet the regional value content requirement.

The proposed modification is liberalizing because it removes the regional value content requirement and would allow all such machinery to be made from non-originating inputs of any subheading (other than that covering the finished good), including parts covered under heading 8436 that are principally used for this finished product group. This change would also allow one type of machine to be made into another type of machine within subheadings 8436.10–8436.80.

Effect: U.S. imports of these goods are already free of duty for all NTR countries; therefore, there would be no effect on U.S. imports under NAFTA or on total U.S. imports. The MFN rate of duty imposed on these goods by Canada and Mexico is also free; therefore, there would be no effect on U.S. exports under NAFTA or on total U.S. exports. As a result, U.S. production of this machinery would not be affected by the proposed rule change.

CHAPTER 84

TABLE 3.154 Printing machinery used for printing by means of plates, cylinders, and other printing components of heading 8442

HTS no.	Existing rule	Proposed rule	Probable effect advice
8443.11–8443.19	<p>103. (A) A change to subheadings 8443.11 through 8443.19 from any other heading; or</p> <p>(B) A change to subheadings 8443.11 through 8443.19 from subheading 8443.91, whether or not there is also a change from any other heading, provided there is a regional value content of not less than:</p> <p>(1) 60 percent where the transaction value method is used, or</p> <p>(2) 50 percent where the net cost method is used.</p>	<p>A change to subheading 8443.11 through 8443.19 from any other heading; or</p> <p>A change to subheading 8443.11 through 8443.19 from any other subheading within that group or subheading 8443.91, whether or not there is also a change from any other heading, provided there is a regional value content of not less than:</p> <p>(a) 60 percent where the transaction value method is used; or</p> <p>(b) 50 percent where the net cost method is used.</p>	<p>U.S. trade under NAFTA: Imports: None Exports: Negligible</p> <p>U.S. total trade: Imports: None Exports: Negligible</p> <p>U.S. production: Negligible</p>

TABLE 3.154: Modification and effect

Modification: Under the current rule, printing machinery composed of plates, cylinders, and other printing components (subheadings 8443.11–8443.19) can be made from non-originating inputs or goods classified in a heading other than heading 8443 and still qualify to receive the NAFTA preferential rate of duty. Alternatively, when printing machinery parts (subheading 8443.91) are used as inputs, the finished printing machinery must meet the regional value content requirement. The proposed modification is liberalizing because it would allow the use of non-originating inputs from subheadings within the group (other than that covering the finished good) and allow equipment conversions for goods classified within subheadings 8443.11–8443.19 when a subheading-level change occurs and the finished good meets the regional value content requirement.

Effect: The proposed modification would have no effect on U.S. imports under NAFTA or on total U.S. imports because the U.S. NTR rates of duty for the various printing machinery classified in subheadings 8443.11 through 8443.19 are free.

The proposed modification would likely have a negligible effect on U.S. exports under NAFTA and on total U.S. exports. In 2012, more than 99 percent of U.S. exports of these products to NAFTA partners entered under tariff items that were free of duty on an MFN basis. U.S. exports of these goods to Canada, where MFN duty rates for the goods are free, accounted for 46 percent of U.S. exports to NAFTA partners in 2012. MFN rates for these goods in Mexico are also free, except for those under subheading 8443.13 (other offset printing machinery), which are subject to a duty of 5 percent ad valorem.

The effect on U.S. production would likely be negligible because the net effect on total U.S. trade is expected to be none or negligible.

CHAPTER 84

TABLE 3.155 Other printers, copying machines, and facsimile machines, whether or not combined

HTS no.	Existing rule	Proposed rule	Probable effect advice
8443.31– 8443.39	<p>104. (A) A change to machines, which perform the function of facsimile transmission/reception, of subheading 8443.31 from any other good of subheading 8443.31 or any other subheading, except from parts of facsimile machines specified in chapter rule 4 to chapter 84;</p> <p>(B) A change to other machines, which perform the function of printing by means of laser technology and produce more than 20 pages per minute, of subheading 8443.31 from any other good of subheading 8443.31 or any other subheading, except from parts of printers of subheading 8443.31 specified in chapter rule 3 to chapter 84, printed circuit assemblies (PCAs) of subheading 8443.99 or subheading 8471.49;</p> <p>(C) A change to other machines, which perform the function of printing by means of laser technology, of subheading 8443.31 from any other good of subheading 8443.31 or any other subheading, except from PCAs of subheading 8443.99 or subheading 8471.49;</p> <p>(D) A change to other machines, which perform the function of printing by means of light bar type electronic technology, of subheading 8443.31 from any other good of subheading 8443.31 or any other subheading, except from parts of printers of subheading 8443.31 specified in chapter rule 3 to chapter 84, PCAs of subheading 8443.99 or subheading 8471.49;</p>	A change to a good of any of subheading 8443.31 through 8443.39 from any other good within that subheading or any other subheading, including another subheading within that group.	<p>U.S. trade under NAFTA: Imports: None Exports: Negligible</p> <p>U.S. total trade: Imports: None Exports: Negligible</p> <p>U.S. production: Negligible</p>

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TABLE 3.155—Continued

HTS no.	Existing rule	Proposed rule	Probable effect advice
	<p>(E) A change to other machines, which perform the function of printing by means of ink-jet technology, of subheading 8443.31 from any other good of subheading 8443.31 or any other subheading, except from parts of printers of subheading 8443.31 specified in chapter rule 3 to chapter 84 or subheading 8471.49;</p> <p>(F) A change to other machines, which perform the function of printing by means of thermal transfer technology, of subheading 8443.31 from any other good of subheading 8443.31 or any other subheading, except from parts of printers of subheading 8443.31 specified in chapter rule 3 to chapter 84 or subheading 8471.49;</p> <p>(G) A change to other machines, which perform the function of printing by means of ionographic technology, of subheading 8443.31 from any other good of subheading 8443.31 or any other subheading, except from parts of printers of subheading 8443.31 specified in chapter rule 3 to chapter 84 or subheading 8471.49; or</p> <p>(H) A change to any other good of subheading 8443.31 from machines which perform the function of facsimile transmission/reception of subheading 8443.31 or any other subheading, except from subheadings 8471.49 or 8471.60.</p> <p>105. (A) A change to facsimile machines of subheading 8443.32 from any other good of subheading 8443.32 or any other subheading, except from parts of facsimile machines specified in chapter rule 4 to chapter 84;</p>		

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TABLE 3.155—Continued

HTS no.	Existing rule	Proposed rule	Probable effect advice
	<p>(B) A change to laser printers capable of producing more than 20 pages per minute of subheading 8443.32 from any other good of subheading 8443.32 or any other subheading, except from parts of printers of subheading 8443.32 specified in chapter rule 3 to chapter 84, printed circuit assemblies (PCAs) of subheading 8443.99 or subheading 8471.49;</p> <p>(C) A change to other laser printers of subheading 8443.32 from any other good of subheading 8443.32 or any other subheading, except from PCAs of subheading 8443.99 or subheading 8471.49;</p> <p>(D) A change to light bar type electronic printers of subheading 8443.32 from any other good of subheading 8443.32 or any other subheading, except from parts of printers of subheading 8443.32 specified in chapter rule 3 of chapter 84, PCAs of subheading 8443.99 or subheading 8471.49;</p> <p>(E) A change to ink-jet printers of subheading 8443.32 from any other good of subheading 8443.32 or any other subheading, except from parts of printers of subheading 8443.32 specified in chapter rule 3 to chapter 84 or subheading 8471.49;</p> <p>(F) A change to thermal transfer printers of subheading 8443.32 from any other good of subheading 8443.32 or any other subheading, except from parts of printers of subheading 8443.32 specified in chapter rule 3 to chapter 84 or subheading 8471.49;</p>		

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TABLE 3.155—Continued

HTS no.	Existing rule	Proposed rule	Probable effect advice
	<p>(G) A change to ionographic printers of subheading 8443.32 from any other good of subheading 8443.32 or any other subheading, except from parts of printers of subheading 8443.32 specified in chapter rule 3 to chapter 84 or subheading 8471.49;</p> <p>(H) A change to teleprinters of subheading 8443.32 from any other good of subheading 8443.32 or any other subheading, provided that, with respect to PCAs or parts incorporating PCAs of subheading 8443.99:</p> <p>(1) except as provided in subparagraph (b), for each multiple of nine PCAs, or any portion thereof, that is contained in the good, only one PCA may be a non-originating PCA, and</p> <p>(2) if the good contains less than three PCAs, all of the PCAs must be originating PCAs; or</p> <p>(I) A change to any other good of subheading 8443.32 from machines which perform the function of facsimile transmission/reception of subheading 8443.32, teleprinters of subheading 8443.32 or any other subheading, except from subheadings 8471.49 or 8471.60.</p> <p>105A. (A) A change to direct process electrostatic photocopying apparatus of subheading 8443.39 from any other good of subheading 8443.39 or any other subheading;</p> <p>(B) A change to indirect process electrostatic photocopying apparatus of subheading 8443.39 from any other good of subheading 8443.39 or any other subheading, except from</p>		

CHAPTER 84
TABLE 3.155—Continued

HTS no.	Existing rule	Proposed rule	Probable effect advice
	<p>parts of indirect electrostatic photocopying apparatus specified in chapter rule 5 to chapter 84;</p> <p>(C) A change to photocopying apparatus incorporating an optical system of subheading 8443.39 from any other good of subheading 8443.39 or any other subheading;</p> <p>(D) A change to contact type photocopying apparatus of subheading 8443.39 from any other good of subheading 8443.39 or any other subheading;</p> <p>(E) A change to thermo-copying apparatus of subheading 8443.39 from any other good of subheading 8443.39 or any other subheading;</p> <p>(F) A change to stand-alone digital copiers of subheading 8443.39 from any other heading, except from heading 8473; or</p> <p>(G) A change to stand-alone digital copiers of subheading 8443.39 from heading 8473, whether or not there is also a change from any other heading, provided there is a regional value content of not less than:</p> <p>(1) 60 percent where the transaction value method is used, or</p> <p>(2) 50 percent where the net cost method is used.</p>		

TABLE 3.155: Modification and effect

Modification: The proposed rule for headings 8443.31 through 8443.39 covers other printers, copying machines, and facsimile (fax) machines, whether or not combined. The complexity of the current rules result from the updating of NAFTA rules in effect before 2007, when heading 8443 was restructured and substantial changes occurred in the classification of printing machinery in the international nomenclature. These goods are currently covered by a number of rules that specify origin requirements for specific goods. Existing rules 104 (A) through (H) cover goods classified under subheading 8443.31, which are machines that perform two or more of the printing, copying, or facsimile transmission functions and are capable of connecting to an automatic data processing machine or a network. Existing rules 105 (A) through (I) cover other printers, copying machines, or facsimile machines capable of connecting to an automatic data processing machine or to a network (subheading 8443.32). Existing rules 105A (A) through (G) cover

TABLE 3.155: Modification and effect—*Continued*

goods classified under subheading 8443.39, described as printers, copying machines, or facsimile machines other than those capable of connecting to an automatic data processing machine or to a network.

Existing rules 104 (A) through (H), 105 (A) through (G) and (I), and 105A (B) allow production inputs to include any other good from within the same subheading or any other subheading to confer origin, except certain parts as specified in each rule. Under these rules, the following parts must be produced in North America to confer origin: parts for goods of subheading 8443.31 or 8443.32 specified in chapter rule 3 to chapter 84; parts for facsimile machines specified in chapter rule 4 to chapter 84; parts of indirect electrostatic photocopying apparatus specified in chapter rule 5 to chapter 84; printed circuit assemblies (PCAs) of subheadings 8443.99 and 8471.49; and automatic data processing input/output units of subheading 8471.60. The proposed modification would combine all of the existing rules into one rule and would liberalize origin criteria for rules 104 (A) through (H), 105 (A) through (G) and (I), and 105A (B) by dropping the exception for the specified parts.

Existing rule 105 (H) for teleprinters allows a limited number of PCA inputs of subheading 8443.99 to confer origin. The proposed modification is liberalizing because it would drop the restriction on the number of non-originating PCA inputs of subheading 8443.99 allowed in the manufacture of teleprinters.

Finally, existing rule 105A (F) and (G) for stand-alone digital copiers requires production inputs to be classified under a different heading, except parts and accessories of heading 8473, which may be non-originating provided a regional value content requirement for the stand-alone digital copier is met. The proposed modification is liberalizing because it would allow manufacturing inputs classified under the same subheading or any other subheading, including the parts and accessories of heading 8473, to confer origin, and drop the regional value content requirement applied when using parts and accessories of heading 8473. The proposed modification would not change existing rule 105A for (A) direct-process electrostatic photocopying apparatus, (C) photocopying apparatus, (D) contact-type photocopying apparatus, or (E) thermocopying apparatus, because the existing and proposed rule language is the same for each of these goods.

Effect: The proposed modification would have no effect on U.S imports under NAFTA or on total U.S. imports because the U.S. NTR rates of duty are free for the various printers, copying machines, and facsimile machines (whether or not combined) classified in subheadings 8443.31 through 8443.39.

The proposed modification would likely have a negligible effect on U.S. exports under NAFTA and on total U.S. exports. More than 99 percent of U.S. exports of these goods to NAFTA countries entered under tariff items that were free of duty on an MFN basis. MFN duty rates in Canada for these goods are free, and MFN rates for these goods in Mexico range from free to 15 percent ad valorem.

The effect on U.S. production would likely be negligible because the net effect on total U.S. trade is expected to be none or negligible.

CHAPTER 84

TABLE 3.156 Parts and accessories of printing machinery used for printing by means of plates, cylinders, and other printing components of heading 8442

HTS no.	Existing rule	Proposed rule	Probable effect advice
8443.91	<p>105B. (A) A change to accessories for uses ancillary to printing of subheading 8443.91 from subheading 8443.99 or any other heading; or</p> <p>(B) A change to accessories for uses ancillary to printing of subheading 8443.91 from parts of subheading 8443.91, whether or not there is also a change from subheading 8443.99 or any other heading, provided there is a regional value content of not less than:</p> <p>(1) 60 percent where the transaction value method is used, or</p> <p>(2) 50 percent where the net cost method is used; or</p> <p>(C) A change to parts of subheading 8443.91 from subheading 8443.99 or any other heading.</p>	<p>A change to subheading 8443.91 from any other subheading; or</p> <p>A change to a good of subheading 8443.91 from any other good within that subheading, whether or not there is also a change from any other subheading, provided there is a regional value content of not less than:</p> <p>(a) 60 percent where the transaction value method is used; or</p> <p>(b) 50 percent where the net cost method is used.</p>	<p>U.S. trade under NAFTA: Imports: None Exports: None</p> <p>U.S. total trade: Imports: None Exports: None</p> <p>U.S. production: None</p>

TABLE 3.156: Modification and effect

Modification: Before 2007, the goods now classified in subheading 8443.91 were provided for in subheadings 8443.60 (machines for uses ancillary to printing) and 8443.90 (parts). The rules of origin were updated to reflect WCO changes to the HS in 2007 and to ensure that tariff changes available under the old subheadings were still recognized. Under the current rule, subdivisions (A) and (C) require non-originating inputs for parts or accessories used to produce printing machinery (using plates, cylinders and other printing components (heading 8442)) to be classified under subheading 8443.99 or any other heading for the printing machinery to receive the NAFTA preferential rate of duty. Alternatively, subdivision (B) allows non-originating inputs for ancillary accessories to printing to be considered originating if they are parts from the same subheading and a regional value content requirement is met; this option is not extended to other goods of subheading 8443.91. All of the goods covered by the subheading could use either rule, depending on the situation. The proposed modification is liberalizing because it would allow the use of non-originating inputs from any other subheading, and it would retain the option to allow the use of non-originating inputs from within the same subheading for all goods of subheading 8443.91, provided the final product meets the regional value content requirement.

Effect: U.S. imports of these goods are already free of duty for all NTR countries; therefore, there would be no effect on U.S. imports under NAFTA or on total U.S. imports. The MFN rate of duty imposed on these goods by Canada and Mexico is also free; therefore, there would be no effect on U.S. exports under NAFTA or on total U.S. exports. As a result, U.S. production of these goods would not be affected by the proposed rule change.

CHAPTER 84

TABLE 3.157 Parts and accessories of other printers, copying machines, and facsimile machines, whether or not combined

HTS no.	Existing rule	Proposed rule	Probable effect advice
8443.99	<p>105C. (A) A change to accessories for uses ancillary to printing of subheading 8443.99 from any other heading; or</p> <p>(B) A change to accessories for uses ancillary to printing of subheading 8443.99 from parts of subheading 8443.99, whether or not there is also a change from any other heading, provided there is a regional value content of not less than:</p> <p>(1) 60 percent where the transaction value method is used, or</p> <p>(2) 50 percent where the net cost method is used;</p> <p>(C) A change to printed circuit assemblies (PCAs) of subheading 8443.99 from any other good of subheading 8443.99 or any other subheading;</p> <p>(D) A change to parts or accessories, including face plates and lock latches, of PCAs of subheading 8443.99 from any other good of subheading 8443.99 or any other subheading;</p> <p>(E) A change to other parts for goods of subheading 8443.31 or 8443.32 specified in chapter rule 3 to chapter 84 of subheading 8443.99 from any other good of subheading 8443.99 or any other subheading;</p> <p>(F) A change to parts or accessories of subheading 8443.99 for goods, other than facsimile machines, of subheadings 8443.31 through 8443.32, from any other good of subheading 8443.99 or any other heading;</p>	<p>A change to a good of subheading 8443.99 from any other good within that subheading or any other subheading.</p>	<p>U.S. trade under NAFTA: Imports: None Exports: None</p> <p>U.S. total trade: Imports: None Exports: None</p> <p>U.S. production: None</p>

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TABLE 3.157—Continued

HTS no.	Existing rule	Proposed rule	Probable effect advice
	<p>(G) No required change in tariff classification to other parts or accessories of subheading 8443.99 for machines, which perform the function of printing, of subheading 8443.31 or printers of subheading 8443.32, provided there is a regional value content of not less than:</p> <p>(1) 60 percent where the transaction value method is used; or</p> <p>(2) 50 percent where the net cost method is used;</p> <p>(H) A change to parts for facsimile machines specified in chapter rule 4 to chapter 84 of subheading 8443.99 from any other good of subheading 8443.99 or any other subheading;</p> <p>(I) A change to parts incorporating PCAs for teleprinters of subheading 8443.99 from any other good of subheading 8443.99 or any other subheading, provided that, with respect to PCAs or parts incorporating PCAs of subheading 8443.99:</p> <p>(1) except as provided in subparagraph (b), for each multiple of nine PCAs, or any portion thereof, that is contained in the good, only one PCA may be a non-originating PCA, and</p> <p>(2) if the good contains less than three PCAs, all of the PCAs must be originating PCAs;</p> <p>(J) A change to automatic document feeders, paper feeders or sorters for photocopying apparatus incorporating an optical system, contact type photocopying apparatus or thermo-copying apparatus of subheading 8443.99 from any other good of subheading 8443.99, except from parts other than those</p>		

CHAPTER 84
TABLE 3.157—Continued

HTS no.	Existing rule	Proposed rule	Probable effect advice
	<p>specified in chapter rule 5 to chapter 84;</p> <p>(K) A change to parts of photocopying apparatus specified in chapter rule 5 to chapter 84 of subheading 8443.99 from any other good of subheading 8443.99 or any other heading, provided that at least one of the components of such assembly named in chapter rule 5 to chapter 84 is originating;</p> <p>(L) A change to other parts and accessories for photocopying apparatus incorporating an optical system, contact type photocopying apparatus or thermo-copying apparatus of subheading 8443.99 from any other subheading;</p> <p>(M) A change to other parts for facsimile machines or teleprinters of subheading 8443.99 from any other heading; or</p> <p>(N) No required change in tariff classification to other parts for facsimile machines or teleprinters of subheading 8443.99, provided there is a regional value content of not less than:</p> <p>(1) 60 percent where the transaction value method is used, or</p> <p>(2) 50 percent where the net cost method is used.</p>		

TABLE 3.157: Modification and effect

Modification: In 2007, the WCO restructured HS heading 8443, and many goods were reclassified into the heading from other headings and chapters. Before 2007 the products of current subheading 8443.99 were classified in numerous other subheadings, including subheadings 8473.30, 8473.90, 8517.90, 9009.91, 9009.92, and many more. As a result, the rules of origin were updated to permit the tariff changes previously recognized under former tariff provisions. Existing rule subdivisions (A) through (N) for parts and accessories of other printers, copying machines, and facsimile machines, whether or not combined, of subheading 8443.99 specify origin criteria for their particular corresponding good(s). Parts incorporating printed circuit assemblies (PCAs) present additional complexity in the existing rules. Most of them require non-originating inputs to be classified in a different heading or subheading, and/or to meet certain other conditions, such as regional value content requirements, for the product to be considered originating.

TABLE 3.157: Modification and effect—*Continued*

Existing rule subdivisions (A) and (M) allow non-originating inputs from any other heading to be used. Subdivisions (B), (F), (I), (J), and (K) allow non-originating inputs to be from any other good of subheading 8443.99 but include conditional provisions to confer origin, including a regional value content requirement, limits on the number of such inputs, and/or specific exceptions to such inputs. Subdivision (L) requires specified non-originating inputs to be classified in a different subheading to confer NAFTA origin. The proposed modification is liberalizing for the products covered by these rule subdivisions because it would allow these goods to be made with non-originating inputs from any subheading, it would allow a change to a good within subheading 8443.99, and it would also eliminate the conditional provisions.

Subdivisions (G) and (N) allow non-originating inputs from within the same subheading, but the final product must meet a regional value content requirement. For these two subdivisions, the proposed modification may or may not be liberalizing, depending on the manufacturing operation, because the modification would require a change from within the subheading or from any other subheading but would drop the regional value content requirement.

The proposed modification would make no substantive change to the origin standards in existing subdivisions (C) for PCAs; (D) for parts or accessories, including face plates and lock latches of PCAs; (E) for parts for goods of subheading 8443.31 or 8443.32 specified in chapter rule 3 to chapter 84; and (H) for parts for facsimile machines specified in chapter rule 4 to chapter 84.

Effect: U.S. imports of these goods are already free of duty for all NTR countries; therefore, there would be no effect on U.S. imports under NAFTA or on total U.S. imports. The MFN rate of duty imposed on these goods by Canada and Mexico is also free; therefore, there would be no effect on U.S. exports under NAFTA or on total U.S. exports. As a result, U.S. production of these goods would not be affected by the proposed rule change.

CHAPTER 84

TABLE 3.158 Hydraulic presses

HTS no.	Existing rule	Proposed rule	Probable effect advice
8462.91	<p>175. A change to tariff item 8462.91.40 from any other heading, except from more than one of the following:</p> <p>(A) subheadings 8413.50 through 8413.60,</p> <p>(B) tariff items 8466.94.20, 8466.94.55 or 8466.94.65,</p> <p>(C) tariff item 8483.50.60,</p> <p>(D) subheadings 8501.32 or 8501.52,</p> <p>(E) subheading 8537.10.</p> <p>176. A change to subheading 8462.91 from any other heading, except from tariff items 8466.94.20, 8466.94.55, 8466.94.65 or 8483.50.60.</p>	A change to subheading 8462.91 from any other heading.	<p>U.S. trade under NAFTA: Imports: Negligible Exports: Negligible</p> <p>U.S. total trade: Imports: Negligible Exports: Negligible</p> <p>U.S. production: Negligible</p>

TABLE 3.158: Modification and effect

Modification: The current NAFTA rule allows numerically controlled (NC) hydraulic presses classified under tariff item 8462.91.40 to be considered originating when they are made from non-originating parts from other headings, with the exception of parts of subheadings 8413.50-8413.60, 8501.32, 8501.52, and 8537.10, and tariff items 8466.94.20, 8466.94.55, 8466.94.65; and 8483.50.60, all of which must be made in North America. For all other hydraulic presses classified under subheading 8462.91, the use of non-originating parts classified in any other heading is allowed, except for those classified in certain tariff items of heading 8466 (e.g., rough cast-iron castings, and fabrications for the base, frame, and chambers) and bearings classified under tariff item 8483.50.60.

The proposed modification is liberalizing because it would allow the use of previously excluded parts, accessories, and bearings to confer origin; the currently excluded subheadings and tariff items cover the major essential parts used in these presses.

Effect: The proposed modification would likely have a negligible effect on U.S. imports under NAFTA and on total U.S. imports. The effective tariff on U.S. imports of these goods from NAFTA partners for subheading 8462.91 was less than 0.5 percent ad valorem in 2012. In that year, U.S. imports of these good from NAFTA partners accounted for almost 7 percent of total U.S. imports under subheading 8462.91, and those from Canada accounted for virtually all such imports. Approximately 97 percent of such imports from Canada were entered under NAFTA preferential duty rates.

The proposed modification would likely have a negligible effect on U.S. exports under NAFTA and on total U.S. exports. Canada's MFN duty rates for tariff items within subheading 8462.91 are free. Mexico's MFN duty rates within subheading 8462.91 are free with the exception of one tariff item with a rate of 15 percent ad valorem, which accounted for 41 percent of Mexico's imports from the United States in 2012. Using estimated duties paid on U.S. exports of the subject goods to Mexico and total U.S. exports of these goods to NAFTA partners, the effective tariff on U.S. exports of these products to NAFTA partners was 1.4 percent ad valorem in 2012.¹

The effect on U.S. production is negligible because the net effect on U.S. trade is expected to be negligible.

¹ Commission estimate based on U.S. export data from USITC DataWeb/USDOC and Mexican import data from Mexican International Trade Integral Information System (SIICEX).

CHAPTER 84

TABLE 3.159 Portable automatic data processing machines that weigh not more than 10 kg and consist of at least a central processing unit, a keyboard, and a display (e.g., laptops, notebook computers, and personal digital assistants)

HTS no.	Existing rule	Proposed rule	Probable effect advice
8471.30	<p>190. (A) A change to analogue or hybrid automatic data processing machines of subheading 8471.30 from any other heading, except from heading 8473;</p> <p>(B) A change to analogue or hybrid automatic data processing machines of subheading 8471.30 from heading 8473, whether or not there is also a change from any other heading, provided there is a regional value content of not less than:</p> <p>(1) 60 percent where the transaction value method is used, or</p> <p>(2) 50 percent where the net cost method is used; or</p> <p>(C) A change to any other good of subheading 8471.30 from analogue or hybrid automatic data processing machines of subheading 8471.30 or any other subheading, except from subheadings 8471.41 through 8471.50.</p>	<p>A change to a good of subheading 8471.30 from any other good within that subheading or any other subheading, except from subheading 8471.41 through 8471.50.</p>	<p>U.S. trade under NAFTA: Imports: None Exports: None</p> <p>U.S. total trade: Imports: None Exports: None</p> <p>U.S. production: None</p>

TABLE 3.159: Modification and effect

Modification: In 2007, the WCO modified the HS by deleting subheading 8471.10, which covered analogue or hybrid automatic data processing (ADP) machines, and by reclassifying such goods into subheading 8471.30. The rules of origin were modified after this change to permit previously recognized tariff changes to continue to confer origin. The current rule for ADP machines (subheading 8471.30) impose limitations on the use of non-originating parts (heading 8473) in the manufacture of these machines. Specifically, ADP machines made with parts of heading 8473 must meet a regional value requirement in order to qualify for NAFTA preferences. The current rule also permits a change from analogue or hybrid ADP machines of subheading 8471.30 or from goods of any other subheading, with certain exceptions, to other goods of subheading 8471.30.

The proposed modification is liberalizing because it eliminates the regional value content requirement for the use of non-originating parts classified in heading 8473 in analogue or hybrid ADP machines. It also allows the use of non-originating inputs from all subheadings to manufacture analogue or hybrid ADP machines of subheading 8471.30, as well as all other machines of that subheading. The proposed modification would continue to exclude non-originating inputs from other ADP machines (subheadings 8471.41 and 8471.49) and processing units other than those of subheading 8471.41 or 8471.49 (subheading 8471.50). In addition, the proposed modification would allow possible machinery conversions involving the creation of any good within subheading 8471.30 from any other good within subheading 8471.30, including analogue or hybrid ADP machines made from any other good within the same subheading.

TABLE 3.159: Modification and effect—*Continued*

Effect: U.S. imports of these goods are already free of duty for all NTR countries; therefore, there would be no effect on U.S. imports under NAFTA or on total U.S. imports. The MFN rate of duty imposed on these goods by Canada and Mexico is also free; therefore, there would be no effect on U.S. exports under NAFTA or on total U.S. exports. As a result, U.S. production of these goods would not be affected by the proposed rule change.

CHAPTER 84

TABLE 3.160 Other automatic data processing machines that comprise at least a central processing unit and an input and output unit within the same housing

HTS no.	Existing rule	Proposed rule	Probable effect advice
8471.41	<p>191. (A) A change to analogue or hybrid automatic data processing machines of subheading 8471.41 from any other heading, except from heading 8473;</p> <p>(B) A change to analogue or hybrid automatic data processing machines of subheading 8471.41 from heading 8473, whether or not there is also a change from any other heading, provided there is a regional value content of not less than:</p> <p>(1) 60 percent where the transaction value method is used, or</p> <p>(2) 50 percent where the net cost method is used; or</p> <p>(C) A change to any other good of subheading 8471.41 from analogue or hybrid automatic data processing machines of subheading 8471.41 or any other subheading, except from subheading 8471.30, 8471.49 or 8471.50.</p>	<p>A change to a good of subheading 8471.41 from any other good within that subheading or any other subheading, except from subheading 8471.30 or 8471.49 through 8471.50.</p>	<p>U.S. trade under NAFTA: Imports: None Exports: None</p> <p>U.S. total trade: Imports: None Exports: None</p> <p>U.S. production: None</p>

TABLE 3.160: Modification and effect

Modification: In 2007, the WCO modified the HS by deleting subheading 8471.10, which covered analogue or hybrid automatic data processing (ADP) machines, and by reclassifying some goods of this subheading into subheading 8471.41. The rules of origin were modified after this change so as to permit previously recognized tariff changes to continue to confer origin. The current rule for ADP machines of subheading 8471.41 impose limitations on the use of non-originating parts (heading 8473) in the manufacture of these machines, so that such parts either cannot be used (and must therefore originate in North America) or can be used only if a regional value content requirement is met for the finished ADP machines. The current rule also permits a change from analogue or hybrid ADP machines to other goods of subheading 8471.41, with certain exceptions. The exceptions largely mirror exclusions not allowed under the pre-2007 rules or tariff changes that were not allowed, and are part of an overall structure of rules that prevent one type of ADP machine from being converted to another in very simple ways, such as by combining component machines to make a system or disassembling a system into such components.

The proposed modification is liberalizing because it would allow the use of non-originating parts classified in heading 8473 with no limitations by eliminating the regional value content requirement in the manufacture of analogue or hybrid ADP machines, as well as the other machines of subheading 8471.41. It would allow non-originating material

TABLE 3.160: Modification and effect—*Continued*

inputs from all subheadings to be used in the manufacture of analogue or hybrid ADP machines of subheading 8471.41,¹ as well as all other machines of that subheading, with the exception of inputs from portable ADP machines (subheading 8471.30), other ADP machines in the form of systems (subheading 8471.49), and certain processing units classified in subheading 8471.50. Finally, the new rule would allow possible machinery conversions to any good within subheading 8471.41 from any other good within subheading 8471.41, including analogue or hybrid ADP machines from any other good within the same subheading.²

Effect: U.S. imports of these goods are already free of duty for all NTR countries; therefore, there would be no effect on U.S. imports under NAFTA or on total U.S. imports. The MFN rate of duty imposed on these goods by Canada and Mexico is also free; therefore, there would be no effect on U.S. exports under NAFTA or on total U.S. exports. As a result, U.S. production of these goods would not be affected by the proposed rule change.

¹ An analogue computer processes data by a continuous physical variable, such as electric current, compared with a digital computer, which processes data by discrete, localized physical signals such as the presence or absence of an electric current. A hybrid computer is the combination of an analogue and digital computer. *Webster's New World Dictionary*. Third College Edition, Editors in Chief Victoria Neufeldt and David B. Guralnik, New York, NY: Simon & Schuster, Inc., 1988, 48 and 385 and *Access Science*. "Analog Computer," McGraw Hill Education, 2, <http://www.accessscience.com> (accessed May 8, 2013).

² Although the proposed rule allows changes of goods from any other good within subheading 8471.41, there are no tariff item breakouts for goods classified under subheading 8471.41 but there are statistical suffix breakouts.

CHAPTER 84

TABLE 3.161 Machines and mechanical appliances having individual functions not elsewhere specified in chapter 84

HTS no.	Existing rule	Proposed rule	Probable effect advice
8479.10–8479.82	<p>229. (A) A change to subheadings 8479.10 through 8479.82 from any other heading; or</p> <p>(B) A change to subheadings 8479.10 through 8479.82 from subheading 8479.90, whether or not there is also a change from any other heading, provided there is a regional value content of not less than:</p> <p>(1) 60 percent where the transaction value method is used, or</p> <p>(2) 50 percent where the net cost method is used.</p>	A change to subheading 8479.10 through 8479.82 from any other subheading, including another subheading within that group.	<p>U.S. trade under NAFTA: Imports: Negligible Exports: Negligible</p> <p>U.S. total trade: Imports: Negligible Exports: Negligible</p> <p>U.S. production: Negligible</p>

TABLE 3.161: Modification and effect

Modification: The current rule for machines and mechanical appliances having individual functions not elsewhere specified in chapter 84 requires that all non-originating inputs used for the manufacture of these goods be classified under a different heading for the machine or appliance to receive the NAFTA preferential rate of duty. Alternatively, non-originating parts classified under subheading 8479.90 may be used, provided the finished good satisfies the regional value content requirement.

The proposed modification is liberalizing because it allows the use of non-originating inputs from all subheadings (other than that covering the finished good), and it eliminates the regional value content requirement for these machines and appliances when made from non-originating inputs classified in subheading 8479.90.

Effect: The proposed modification would likely have a negligible effect on U.S. imports under NAFTA and on total U.S. imports. In 2012, 99 percent of U.S. imports of the subject goods from Canada and Mexico entered free of duty. The United States has two tariff items—industrial robots not elsewhere specified (subheading 8479.50) and evaporative air coolers (subheading 8479.60)—covered by the rule with NTR rates of 2.5 and 2.8 percent ad valorem, respectively; the remaining tariff items are free of duty on an NTR basis. The effective tariff on U.S. imports from Canada and Mexico of goods covered by the proposed rule was less than 0.5 percent ad valorem in 2012.

The proposed modification would likely have a negligible effect on U.S. exports under NAFTA and on total U.S. exports. Mexico has 11 tariff items covered by the rule with MFN rates of duty of 5 or 15 percent ad valorem; the remaining tariff items for Mexico, and all of the tariff items covered by the rule for Canada, are free of duty on an MFN basis. In 2012, U.S. exports to Mexico under the 11 dutiable tariff items accounted for less than 10 percent of U.S. exports to NAFTA partners of goods covered by the proposed rule. If MFN rates of duty are applied to U.S. exports to NAFTA partners, the effective tariff on U.S. exports to NAFTA partners of goods covered by this rule was 1.3 percent in 2012.¹ Canada and Mexico together account for 30 percent of U.S. total exports in 2012.

The effect on U.S. production would likely be negligible because the net effect on total U.S. trade is expected to be negligible.

¹ Commission estimate based on U.S. export data from USITC DataWeb/USDOC and Mexican import data from Global Trade Atlas.

CHAPTER 84

TABLE 3.162 Trash compactors and other machines and mechanical appliances having individual functions not elsewhere specified in chapter 84

HTS no.	Existing rule	Proposed rule	Probable effect advice
8479.89	<p>231. A change to tariff item 8479.89.55 from any other tariff item, except from tariff item 8479.90.45, 8479.90.55, 8479.90.65 or 8479.90.75, or combinations thereof.</p> <p>232. (A) A change to subheading 8479.89 from any other heading; or</p> <p>(B) A change to subheading 8479.89 from subheading 8479.90, whether or not there is also a change from any other heading, provided there is a regional value content of not less than:</p> <p>(1) 60 percent where the transaction value method is used, or</p> <p>(2) 50 percent where the net cost method is used.</p>	<p>A change to trash compactors of subheading 8479.89 from any other good within that subheading or any other subheading; or</p> <p>A change to any other good of subheading 8479.89 from any other subheading.</p>	<p>U.S. trade under NAFTA: Imports: Negligible Exports: Negligible</p> <p>U.S. total trade: Imports: Negligible Exports: Negligible</p> <p>U.S. production: Negligible</p>

TABLE 3.162: Modification and effect

Modification: The current rule allows trash compactors (tariff item 8479.89.55) to be made from non-originating inputs from any other tariff item, except for parts for trash compactors (tariff items 8479.90.45, 8479.90.55, 8479.90.65, and 8479.90.75), which must be made in North America in order for the trash compactor to receive the NAFTA preferential rate of duty. The proposed modification is liberalizing because it would allow non-originating inputs from any other tariff item to be used, including the parts for trash compactors.

The current rule also allows other electromechanical appliances with self-contained electric motors (other than trash compactors), carpet sweepers, and other machines and mechanical appliances to be made from non-originating inputs classified in a different heading. Alternatively, non-originating parts of subheading 8479.90 may be used, provided the finished good meets the regional value content requirement.

The proposed modification is liberalizing because it would allow non-originating inputs from all subheadings (other than that covering the finished good) to be used in the manufacture of these products, and it would eliminate the regional value content requirement.

Effect: The proposed modification would have a negligible effect on U.S. imports under NAFTA and on U.S. total imports. The United States has three tariff items—trash compactors (tariff item 8479.89.55) and two basket categories (tariff items 8479.89.65 and 8479.89.98)—covered by the rule with NTR rates of 2.8 or 2.5 percent ad valorem; the remaining tariff items are free of duty on an NTR basis. In 2012, 85 percent of U.S. imports of goods covered by the proposed rule from Canada and Mexico entered free of duty. The effective tariff on imports from Canada and Mexico of these goods was less than 0.5 percent ad valorem in 2012.

The proposed modification would likely have a negligible effect on U.S. exports under NAFTA and on total U.S. exports. Mexico has 15 tariff items covered by the rule with MFN rates of duty of 5 or 15 percent ad valorem, and Canada has five tariff items covered by the rule with MFN rates of 7.5 percent ad valorem; the remaining tariff items for Mexico and Canada are free of duty on an MFN basis. In 2012, U.S. exports to Canada and Mexico under the dutiable tariff items accounted for 7 percent of U.S. exports to NAFTA partners of goods covered by the proposed

TABLE 3.162: Modification and effect—*Continued*

rule. If MFN rates of duty are applied to U.S. exports to NAFTA partners, the effective tariff on U.S. exports to NAFTA partners of goods covered by this rule was 0.7 percent ad valorem in 2012.¹

The effect on U.S. production would likely be negligible because the net effect on total U.S. trade is expected to be negligible.

¹ Commission estimate based on Canadian and Mexican import data obtained from Global Trade Atlas.

CHAPTER 84

TABLE 3.163 Pressure-reducing valves, valves for pneumatic or other transmissions, and check (return) valves

HTS no.	Existing rule	Proposed rule ¹	Probable effect advice
8481.10– 8481.30	<p>239. (A) A change to subheadings 8481.10 through 8481.80 from any other heading; or</p> <p>(B) A change to subheadings 8481.10 through 8481.80 from subheading 8481.90, whether or not there is also a change from any other heading, provided there is a regional value content of not less than:</p> <p>(1) 60 percent where the transaction value method is used, or</p> <p>(2) 50 percent where the net cost method is used.</p>	<p>A change to subheading 8481.10 through 8481.30 from any other heading; or</p> <p>A change to subheading 8481.10 through 8481.30 from subheading 8481.90, whether or not there is also a change from any other heading, provided there is a regional value content of not less than:</p> <p>(a) 60 percent where the transaction value method is used, or</p> <p>(b) 50 percent where the net cost method is used.</p>	<p>U.S. trade under NAFTA: Imports: None Exports: None</p> <p>U.S. total trade: Imports: None Exports: None</p> <p>U.S. production: None</p>

TABLE 3.163: Modification and effect

Modification: The proposed rules would make no substantive change to the current NAFTA rules for these subheadings.

Effect: The proposed modification would have no effect on U.S. trade under NAFTA, on total U.S. trade, or on U.S. production because the proposed rules are substantively the same as the current NAFTA rules.

¹ If the good provided for in subheading 8481.20 or 8481.30 is for use in a motor vehicle of Chapter 87, the provisions of Article 403 may apply.

CHAPTER 84

TABLE 3.164 Taps, cocks, valves, and similar appliances (not including parts)

HTS no.	Existing rule	Proposed rule ¹	Probable effect advice
8481.40– 8481.80	<p>239. (A) A change to subheadings 8481.10 through 8481.80 from any other heading; or</p> <p>(B) A change to subheadings 8481.10 through 8481.80 from subheading 8481.90, whether or not there is also a change from any other heading, provided there is a regional value content of not less than:</p> <p>(1) 60 percent where the transaction value method is used, or</p> <p>(2) 50 percent where the net cost method is used.</p>	<p>A change to subheading 8481.40 through 8481.80 from any other heading; or</p> <p>A change to subheading 8481.40 through 8481.80 from subheading 8481.90, whether or not there is also a change from any other heading, provided there is a regional value content of not less than:</p> <p>(a) 45 percent where the transaction value method is used, or</p> <p>(b) 35 percent where the net cost method is used.</p>	<p>U.S. trade under NAFTA: Imports: Negligible Exports: Negligible</p> <p>U.S. total trade: Imports: Negligible Exports: Negligible</p> <p>U.S. production: Negligible</p>

TABLE 3.164: Modification and effect

Modification: The current NAFTA rule allows taps, cocks, valves, and similar appliances of subheadings 8481.40–8481.80 to be made from non-originating inputs from headings other than heading 8481, or from non-originating parts of subheading 8481.90, provided that the final product meets the regional value content requirement.

The proposed modification is liberalizing because it lowers the regional value content requirement for taps, cocks, valves, and similar appliances made from non-originating inputs classified in subheading 8481.90.

Effect: The proposed modification would likely have a negligible effect on U.S. imports under NAFTA and on total U.S. imports, as the effective tariff on U.S. imports of these goods from NAFTA partners was 0.6 percent ad valorem in 2012.

The proposed modification would likely have a negligible effect on U.S. exports under NAFTA and on total U.S. exports. All of the tariff items covered by this rule for Canada are free of duty, while Mexico has seven tariff items covered by this rule with MFN rates ranging from 5 to 15 percent ad valorem. Using the estimated duties paid on U.S. exports to Mexico and total U.S. exports to NAFTA partners, the effective tariff on U.S. exports to NAFTA partners in 2012 was 0.9 percent ad valorem.²

The effect on U.S. production would likely be negligible because the net effect on total U.S. trade is expected to be negligible.

¹ If the good provided for in subheading 8481.80 is for use in a motor vehicle of chapter 87, the provisions of Article 403 may apply.

² Commission estimate based on U.S. export data from USITC DataWeb/USDOC and Mexican import data from Mexican International Trade Integral Information System (SIICEX).

CHAPTER 84

TABLE 3.165 Gears and gearing; ball or roller screws; gear boxes and other speed changers; flywheels and pulleys; clutches and shaft couplings; toothed wheels, chain sprockets and other transmission elements presented separately; and other parts

HTS no.	Existing rule	Proposed rule ¹	Probable effect advice
8483.40–8483.90	<p>246. (A) A change to subheadings 8483.40 through 8483.60 from any subheading outside that group, except from subheadings 8482.10 through 8482.80, tariff items 8482.99.05, 8482.99.15 or 8482.99.25, or subheading 8483.90; or</p> <p>(B) A change to subheadings 8483.40 through 8483.60 from subheadings 8482.10 through 8482.80, tariff items 8482.99.05, 8482.99.15 or 8482.99.25, or subheading 8483.90, 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:</p> <p>(1) 60 percent where the transaction value method is used, or</p> <p>(2) 50 percent where the net cost method is used.</p> <p>247. A change to subheading 8483.90 from any other heading.</p>	A change to subheading 8483.40 through 8483.90 from any other subheading, including another subheading within that group.	<p>U.S. trade under NAFTA: Imports: Negligible Exports: Negligible</p> <p>U.S. total trade: Imports: Negligible Exports: Negligible</p> <p>U.S. production: Negligible</p>

TABLE 3.165: Modification and effect

Modification: Under the current rule, the transmission and gear products classified in subheadings 8483.40 through 8483.60 cannot receive the preferential rate of duty if they incorporate non-originating bearings of subheadings 8482.10 through 8482.80 or parts of bearings of tariff items 8482.99.05, 8482.99.15 or 8482.99.25, or parts of transmission and gear products of subheading 8483.90, unless the final good meets the regional value content requirement. For parts of subheading 8483.90, the rule requires any non-originating inputs to these products to be classified in any heading other than heading 8483.

The proposed modification is liberalizing because it would allow these transmission and gear products to be made from non-originating inputs from any subheading (other than that covering the finished good) and eliminate the regional value content requirement. It would also allow the conversion from a transmission or gearing product within another subheading.

¹ Goods within this heading/subheading that are for use in motor vehicles of Chapter 87 may be subject to the net cost method of determining regional value content that is specific to certain automotive goods, as described in Article 403 of the NAFTA and HTS general note 12(d).

TABLE 3.165: Modification and effect—*Continued*

Effect: The proposed modification would likely have a negligible effect on U.S. imports under NAFTA and on total U.S. imports. The effective tariff on U.S. imports from NAFTA partners was 0.7 percent ad valorem in 2012. The U.S. NTR rates of duty range from free to 5.7 percent ad valorem. Tariff item 8483.40.70 has a compound rate of 25 cents per unit plus 3.9 percent ad valorem.

The proposed modification would likely have a negligible effect on U.S. exports under NAFTA and on total U.S. exports. The MFN rate of duty imposed on these goods by Canada is free and Mexico's rate of duty is free for all covered products excepted for two of the three tariff items in subheading 8483.60, which have rates of 10 percent and 15 percent ad valorem. More than 95 percent of U.S. exports to NAFTA partners enter under tariff items that are free of duty on an MFN basis. The effective tariff on all U.S exports to NAFTA partners of goods covered by this rule was less than 0.5 percent ad valorem in 2012.²

The effect on U.S. production would likely be negligible because the net effect on total U.S. trade is expected to be negligible.

² Commission estimate based on U.S. export data from USITC DataWeb/USDOC and Mexican import data from Global Trade Atlas.

CHAPTER 84

TABLE 3.166 Machines and apparatus, and their parts and accessories, used for the manufacture of semiconductor wafers, semiconductor devices, electronic integrated circuits, or flat panel displays

HTS no.	Existing rule	Proposed rule	Probable effect advice
8486.10– 8486.90	See appendix G.	A change to a good of any subheading 8486.10 through 8486.90 from any other good within that subheading or any other subheading, including another subheading within that group.	U.S. trade under NAFTA: Imports: None Exports: None U.S. total trade: Imports: None Exports: None U.S. production: None

TABLE 3.166: Modification and effect

Modification: Goods within this range of subheadings are covered by the WTO’s Information Technology Agreement (ITA), Attachment A, Section 2, for semiconductor manufacturing and testing equipment and parts thereof. The WCO revised the HS in 2007 and created a new heading 8486, which includes all machines and apparatus, and their parts and accessories, for the manufacture of semiconductor boules or wafers, semiconductor devices, electronic integrated circuits, or flat panel displays. The creation of this separate heading pulled in goods from many other headings of the tariff schedule and necessitated the creation of complex rules that recognized all previously available tariff shifts as conferring origin.

The current rules for subheadings 8486.10 through 8486.90 use 118 subrules to specify every type of machine and/or apparatus that the HS revision reclassified under heading 8486 from other headings. For instance, centrifuges for semiconductor manufacture are classified under heading 8486; all other centrifuges are classified under heading 8421. As a result, the current rules for subheadings 8486.10 through 8486.90 do not allow a tariff shift from heading 8421 to confer origin, though all other heading shifts do confer origin. This exclusion ensures that centrifuges from 8421 would not gain origin simply through re-classification under 8486. The current rules apply this same method to many of the 8486 subheadings. The current rules frequently couple the exclusions with regional value content requirements to gain originating status.

The proposed modification for subheadings 8486.10 through 8486.90 would greatly simplify the rules by eliminating all the specifications and exceptions to allow a generic subheading-level tariff shift to confer origin. The proposed modification also would eliminate regional value content requirements. Thus, the proposed modification is liberalizing because it would allow the use of non-originating inputs from within a subheading, any other subheading within that group, and all other subheadings.

Effect: U.S. imports of these goods are already free of duty for all NTR countries; therefore, there would be no effect on U.S. imports under NAFTA or on total U.S. imports. The MFN rate of duty imposed on these goods by Canada and Mexico is also free; therefore, there would be no effect on U.S. exports under NAFTA or on total U.S. exports. As a result, U.S. production of this machinery would not be affected by the proposed rule change.

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TABLE 3.167 Electromechanical domestic appliances with self-contained electric motor (other than food grinders, processors, or mixers, or fruit or vegetable juice extractors)

HTS no.	Existing rule	Proposed rule	Probable effect advice
8509.80	<p>18. (A) A change to floor polishers or kitchen waste disposers of subheading 8509.80 from any other good of subheading 8509.80 or any other subheading, except from heading 8501 or housings of subheading 8509.90;</p> <p>(B) A change to floor polishers or kitchen waste disposers of subheading 8509.80 from heading 8501 or housings of subheading 8509.90, whether or not there is also a change from any other good of subheading 8509.80 or any other subheading, provided there is a regional value content of not less than:</p> <p>(1) 60 percent where the transaction value method is used, or</p> <p>(2) 50 percent where the net cost method is used; or</p> <p>(C) A change to any other good of subheading 8509.80 from floor polishers or kitchen waste disposers of subheading 8509.80 or any other subheading.</p>	(A) A change to a good of subheading 8509.80 from any other good within that subheading or any other subheading.	<p>U.S. trade under NAFTA: Imports: Negligible Exports: Negligible</p> <p>U.S. total trade: Imports: Negligible Exports: Negligible</p> <p>U.S. production: Negligible</p>

TABLE 3.167: Modification and effect

Modification: The WCO restructured heading 8509 in 2007, when certain low-trade subheadings were combined into the residual subheading 8509.80 resulting in the complexity of the current NAFTA rule for that subheading. This rule allows floor polishers (U.S. tariff item 8509.80.10) and kitchen waste disposers (U.S. tariff item 8509.80.20) made from non-originating electric motors and generators (heading 8501) and housings (subheading 8509.90, covering principal parts of goods of this heading) to receive the preferential rate of duty provided they meet the regional value content requirement. If the finished product does not meet the regional value content requirement, the electric motors and generators and housings must be made in North America. Non-originating inputs from other headings may be used in producing these goods. The current rule allows for other appliances, not including floor polishers or kitchen waste disposals, such as can openers, electric toothbrushes, and humidifiers (U.S. tariff item 8509.80.50), to be made from non-originating inputs of any other subheading or from floor polishers (U.S. tariff item 8509.80.10) or kitchen waste disposers (U.S. tariff item 8509.80.20). The principal inputs for these appliances would likely come from subheading 8509.80 or from another heading, as it is unlikely that floor polishers or kitchen waste disposers would be converted into other appliances.

The proposed modification is liberalizing because it would remove all product-specific references and the regional value content requirement, and it would allow changes to any article within the subheading from any other article, regardless of classification.

TABLE 3.167: Modification and effect —*Continued*

Effect: The proposed modification would likely have a negligible effect on U.S. imports under NAFTA and on total U.S. imports. The NTR rates of duty on U.S. imports of the subject products range from free to 4.2 percent ad valorem. In 2012, the effective tariff on U.S. imports from NAFTA partners under this rule was less than 0.5 percent ad valorem.

The proposed modification would likely have a negligible effect on U.S. exports under NAFTA and on total U.S. exports. Approximately 97 percent of U.S. exports to Canada and Mexico classified in subheading 8509.80 enter under tariff items with an MFN rate of free. If MFN rates of duty are applied to U.S. exports of goods covered by this rule to the NAFTA partners, the effective tariff on all U.S exports to NAFTA partners of these goods was less than 0.5 percent ad valorem in 2012.¹

The effect on U.S. production would likely be negligible because the net effect on total U.S. trade is expected to be negligible.

¹ Commission estimate based on U.S. export data from USITC DataWeb/USDOC and Canadian and Mexican import data obtained from Global Trade Atlas.

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TABLE 3.168 Electrical ignition and starting equipment

HTS no.	Existing rule	Proposed rule ¹	Probable effect advice
8511.10–8511.80	<p>22. (A) A change to subheadings 8511.10 through 8511.80 from any other heading; or</p> <p>(B) A change to subheadings 8511.10 through 8511.80 from subheading 8511.90, whether or not there is also a change from any other heading, provided there is a regional value content of not less than:</p> <p>(1) 60 percent where the transaction value method is used, or</p> <p>(2) 50 percent where the net cost method is used.</p>	A change to subheading 8511.10 through 8511.80 from any other subheading, including another subheading within that group.	<p>U.S. trade under NAFTA: Imports: Negligible Exports: Negligible</p> <p>U.S. total trade: Imports: Negligible Exports: Negligible</p> <p>U.S. production: Negligible</p>

TABLE 3.168: Modification and effects

Modification: The current rule allows electrical ignition and starting equipment (subheadings 8511.10–8511.80) to be made from non-originating inputs from any heading other than heading 8511 to qualify for NAFTA preferential treatment. Alternatively, non-originating parts classified in subheading 8511.90 (parts, such as starter cables and rotors) may be used provided that the finished good meets the regional value content requirement.

The proposed modification is liberalizing because it would allow any subheading-level tariff shift to confer origin, and it would eliminate the regional value content requirement.

Effect: The proposed modification would likely have a negligible effect on U.S. imports under NAFTA and on total imports. The NTR rates of duty for U.S. imports of the subject products range from free to 2.5 percent ad valorem. In 2012, the effective tariff was less than 0.5 percent ad valorem for U.S. imports of the subject goods from Canada and Mexico. Mexico accounted for 97 percent of U.S. NAFTA imports of these goods in 2012. U.S. imports from NAFTA partners represented nearly 41 percent of total U.S. imports of the goods in 2012.

The proposed modification would likely have a negligible effect on U.S. exports under NAFTA and on total U.S. exports. U.S. exports of electrical ignition and starting equipment were evenly split between NAFTA partners Canada and Mexico, and accounted for 68 percent of total U.S. exports of these goods in 2012. If MFN rates of duty are applied to U.S. exports to the NAFTA partners, the effective tariff on all U.S. exports to NAFTA partners of goods covered by this rule was less than 0.5 percent ad valorem in 2012.² Canada imposes no duty on these goods from MFN countries. All but one of Mexico’s tariff items are also free of duty for MFN countries. Imports of certain types of spark plugs (Mexican tariff item 8511.10.03) are assessed a 5 percent ad valorem MFN rate of duty, and U.S. exports to Mexico of these goods represented less than 1 percent of U.S. exports of this equipment.

The effect on U.S. production would likely be negligible because the net effect on total U.S. trade is expected to be negligible.

¹ Goods within this heading/subheading that are for use in motor vehicles of chapter 87 may be subject to the net cost method of determining regional value content that is specific to certain automotive goods, as described in Article 403 of the NAFTA and HTS general note 12(d).

² Commission estimate based on U.S. export data from USITC DataWeb/USDOC and Mexican import data from Global Trade Atlas.

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TABLE 3.169 Industrial or laboratory electric furnaces and ovens (not including parts)

HTS no.	Existing rule	Proposed rule	Probable effect advice
8514.10–8514.30	<p>28. (A) A change to subheadings 8514.10 through 8514.40 from any other heading; or</p> <p>(B) A change to subheadings 8514.10 through 8514.40 from subheading 8514.90, whether or not there is also a change from any other heading, provided there is a regional value content of not less than:</p> <p>(1) 60 percent where the transaction value method is used, or</p> <p>(2) 50 percent where the net cost method is used.</p>	A change to subheading 8514.10 through 8514.30 from any other subheading, including another subheading within that group.	<p>U.S. trade under NAFTA: Imports: Negligible Exports: Negligible</p> <p>U.S. total trade: Imports: Negligible Exports: Negligible</p> <p>U.S. production: Negligible</p>

TABLE 3.169: Modification and effect

Modification: The proposed rule covers resistance-heated furnaces and ovens (subheading 8514.10); those functioning by induction or dielectric loss, such as microwaves (subheading 8514.20); and other furnaces and ovens, such as metal casting furnaces (subheading 8514.30). The current NAFTA rule allows covered goods to retain their originating status even when they use non-originating materials or components from other headings, or when they use non-originating principal parts of subheading 8514.90 provided the regional value content requirement is met for the finished goods. Among the principal parts classified in HTS subheading 8514.90 are crucibles, heating elements, housings, and other parts of furnaces and ovens, whereas parts of general use are provided for in other headings. For example, electric heating resistors fall in heading 8516 or 8545, according to the HS Explanatory Notes.

The proposed modification is liberalizing because it would remove the regional value content requirement and it would allow the use of non-originating inputs from other subheadings within the group covered by the rule (subheadings 8514.10 through 8514.30), as well as parts classified in subheading 8514.90. The proposed modification would allow the assembly of principal parts into complete furnaces or ovens or the conversion of one furnace or oven to another, to the extent that such conversion is possible.

Effect: The proposed modification would likely have a negligible effect on U.S. imports under NAFTA and on total U.S. imports. The NTR duty rate on the goods covered by the proposed modification range from free to 4 percent ad valorem. The effective tariff on U.S. imports of the subject goods from NAFTA partners under this rule was less than 0.5 percent ad valorem in 2012.

The proposed modification would likely have a negligible effect on U.S. exports under NAFTA and on total U.S. exports. All of the tariff items covered by this rule for Canada are free of duty, but Mexico has six tariff items covered by this rule with MFN rates ranging from 10 to 15 percent ad valorem. Using the estimated duties paid on U.S. exports of these goods to Mexico and total U.S. exports of these goods to NAFTA partners, the effective tariff on U.S. exports of the good to NAFTA partners in 2012 was 0.9 percent ad valorem.¹

The effect on U.S. production would likely be negligible because the net effect on total U.S. trade is expected to be negligible.

¹ Commission estimate based on U.S. export data from USITC DataWeb/USDOC and Mexican import data from Mexican International Trade Integral Information System (SIICEX).

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TABLE 3.170 Industrial or laboratory electric furnaces and ovens (not including parts)

HTS no.	Existing rule	Proposed rule	Probable effect advice
8514.40	<p>28. (A) A change to subheadings 8514.10 through 8514.40 from any other heading; or</p> <p>(B) A change to subheadings 8514.10 through 8514.40 from subheading 8514.90, whether or not there is also a change from any other heading, provided there is a regional value content of not less than:</p> <p>(1) 60 percent where the transaction value method is used, or</p> <p>(2) 50 percent where the net cost method is used.</p>	<p>A change to subheading 8514.40 from any other heading; or</p> <p>A change to subheading 8514.40 from subheading 8514.90, whether or not there is also a change from any other heading, provided there is a regional value content of not less than:</p> <p>(a) 60 percent where the transaction value method is used, or</p> <p>(b) 50 percent where the net cost method is used.</p>	<p>U.S. trade under NAFTA: Imports: None Exports: None</p> <p>U.S. total trade: Imports: None Exports: None</p> <p>U.S. production: None</p>

TABLE 3.170: Modification and effect

Modification: The proposed rules would make no substantive changes to the current NAFTA rules.

Effect: The proposed modifications would have no effect on U.S. trade under NAFTA, on total U.S. trade, or on U.S. production because the proposed rules are substantively the same as the current NAFTA rules.

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TABLE 3.171 Telephones for cellular or other wireless networks, other telephone sets, and base stations

HTS no.	Existing rule	Proposed rule	Probable effect advice
8517.12– 8517.61	<p>51. A change to subheading 8517.12 from any other subheading, except from subheadings 8517.61 or 8517.62.</p> <p>52. A change to subheading 8517.18 from any other subheading, except from subheading 8517.69.</p> <p>53. A change to subheading 8517.61 from any other subheading, except from subheading 8517.12 or 8517.62.</p>	A change to subheading 8517.12 through 8517.61 from any other subheading, including another subheading within that group.	<p>U.S. trade under NAFTA: Imports: None Exports: Negligible</p> <p>U.S. total trade: Imports: None Exports: Negligible</p> <p>U.S. production: Negligible</p>

TABLE 3.171: Modification and effect

Modification: The proposed rule covers cellphones, other telephones, and base stations, sometimes shipped in combination with each other and with other wireless network equipment as a set or system. Due to rapidly changing technology, classifications of such combinations would be determined case by case.

The current rule for wireless phones (subheading 8517.12) requires that base stations (subheading 8517.61) and network equipment such as routers, switches, and modems (subheading 8517.62) be made in North America in order for the product to qualify for preferences under NAFTA. Similarly, the current rule for videophones and certain other telephones and telephone sets (subheading 8517.18) requires that inputs classified in subheading 8517.69 (other apparatus for transmission or reception) be made in North America in order to claim originating status. The current rule for base stations (subheading 8517.61) requires that cell phones or other wireless telephones (subheading 8517.12) and network equipment such as routers, switches, or modems (subheading 8517.62) be made in North America in order for base stations to receive NAFTA preferences.

The proposed modification is liberalizing because it would allow inputs (or elements of a system) that previously had to be made in North America to be non-originating and still qualify for NAFTA preferences.

Effect: U.S. imports of these goods are already free of duty for all NTR countries; therefore, there would be no effect on U.S. imports under NAFTA or on total U.S. imports.

The proposed modification would likely have a negligible effect on U.S. exports under NAFTA and on total U.S. exports. The MFN rate of duty imposed on these goods by Canada is free. The MFN rate of duty in Mexico is free for subheadings 8517.12 and 8517.61, which constitute the bulk of trade in this group. Mexico imposes a duty of 15 percent ad valorem on two of three tariff lines within subheading 8517.18 (other telephone sets); however, U.S. exports to Mexico under these lines represented less than 2 percent of U.S. exports to NAFTA of products within the group affected by the proposed rule.¹

The effect on U.S. production would likely be negligible because the net effect on total U.S. trade is expected to be none or negligible.

¹ Commission estimate based on U.S. export data from USITC DataWeb/USDOC and Mexican import data from Global Trade Atlas

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TABLE 3.172 Apparatus for transmission or reception of voice, images, or other data, including apparatus for communication in a wired or wireless network (such as a local or wide area network) and parts

HTS no.	Existing rule	Proposed rule	Probable effect advice
8517.62–8517.70	<p>54. (A) A change to apparatus for carrier-current line systems or for digital line systems of subheading 8517.62 from any other good of subheading 8517.62 or any other subheading, except from subheading 8517.61;</p> <p>(B) A change to control or adapter units of subheading 8517.62 from any other good of subheading 8517.62 or any other subheading, except from subheading 8471.49;</p> <p>(C) A change to any other good of subheading 8517.62 from any other good of subheading 8517.62 or any other subheading, except from subheading 8471.49.</p> <p>55. A change to subheading 8517.69 from any other good of subheading 8517.69 or any other subheading, except from subheadings 8517.18 or 8517.62.</p> <p>56. (A) A change to subheading 8517.70 from any other subheading; or</p> <p>(B) No required change in tariff classification to subheading 8517.70, provided there is a regional value content of not less than:</p> <p>(1) 60 percent where the transaction value method is used, or</p> <p>(2) 50 percent where the net cost method is used.</p>	<p>A change to a good of any of subheading 8517.62 through 8517.70 from any other good within that subheading or any other subheading, including another subheading within that group.</p>	<p>U.S. trade under NAFTA: Imports: None Exports: Negligible</p> <p>U.S. total trade: Imports: None Exports: Negligible</p> <p>U.S. production: Negligible</p>

TABLE 3.172: Modification and effects—*Continued*

Modification: The proposed rule covers various wired and wireless communications network equipment and their parts, which may be shipped in combination with other products such as phones, base stations, or computers, as a set or system. Due to rapidly changing technology, classification of such combinations would be determined case by case.

The current rule for carrier-line or digital-line systems (subheading 8517.62) requires that base stations (subheading 8517.61) be made in North America for the product to qualify for NAFTA duty preferences. The current rule for control or adapter units and all other goods classified within subheading 8517.62 (except carrier-line and digital-line systems) requires that automatic data processing machines in the form of systems (subheading 8471.49) be made in North America. In addition, the current rule for other apparatus for transmission or reception of voice, images, or other data (subheading 8517.69) requires that non-wireless telephone sets (subheading 8517.18) or machines for reception, conversion, and transmission or regeneration of voice, images, or other data (subheading 8517.62) used as inputs be made in North America to confer origin. The proposed modification is liberalizing for these products because it would allow inputs that previously had to be made in North America to be non-originating and still qualify for NAFTA preferences.

The current rule for subheading 8517.70 (i.e., parts of telephone sets and apparatus for transmission or reception of voice, images, or other data) requires that inputs come from any other subheading to confer origin. Alternatively, a non-originating input may come from within subheading 8517.70, as long as it meets the regional value content requirement. The proposed modification eliminates both of these restrictions.

The proposed modification is also liberalizing because it would allow any non-originating inputs of any subheading to be used in the manufacture of these transmission or reception apparatus, including non-originating inputs that are different goods classified within the same subheading.

Effect: U.S. imports of these goods are already free of duty for all NTR countries; therefore, there would be no effect on U.S. imports under NAFTA or on total U.S. imports.

The proposed modification would likely have a negligible effect on U.S. exports under NAFTA and on total U.S. exports. The Canadian and Mexican MFN rate of duty is free for subheadings 8517.62 and 8517.70, which account for 96 percent of U.S. exports to these countries. The duties imposed by Canada and Mexico on the products classified within subheading 8517.69 range from free to 15 percent ad valorem; the value of U.S. exports to Canada and Mexico entered under this subheading in 2012 accounted for less than 1 percent of total U.S. exports to NAFTA partners of the products affected by the proposed rule.¹

The effect on U.S. production would likely be negligible because the net effect on total U.S. trade is expected to be none or negligible.

¹ Commission estimate based on U.S. export data from USITC DataWeb/USDOC and Canadian and Mexican import data obtained from Global Trade Atlas.

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TABLE 3.173 Microphones and their stands; loudspeakers; and headphones and earphones

HTS no.	Existing rule	Proposed rule	Probable effect advice
8518.10– 8518.30	<p>65. (A) A change to subheadings 8518.10 through 8518.29 from any other heading; or</p> <p>(B) A change to any of subheadings 8518.10 through 8518.29 from within that subheading or any other subheading within heading 8518, whether or not there is also a change from any other heading, provided there is a regional value content of not less than:</p> <p>(1) 30 percent where the transaction value method is used, or</p> <p>(2) 25 percent where the net cost method is used.</p> <p>[TCRs 66 and 67 deleted.]</p> <p>68. A change to tariff item 8518.30.10 from any other tariff item.</p> <p>69. (A) A change to subheading 8518.30 from any other heading; or</p> <p>(B) A change to subheading 8518.30 from subheadings 8518.10, 8518.29 or 8518.90, whether or not there is also a change from any other heading, provided there is a regional value content of not less than:</p> <p>(1) 60 percent where the transaction value method is used, or</p> <p>(2) 50 percent where the net cost method is used.</p>	<p>A change to a good of any of subheading 8518.10 through 8518.30 from any other good within that subheading or any other subheading, including another subheading within that group.</p>	<p>U.S. trade under NAFTA: Imports: Negligible Exports: Significant increase¹</p> <p>U.S. total trade: Imports: Negligible Exports: Negligible</p> <p>U.S. production: Negligible</p>

¹ Results for this proposed modification are likely overstated because the analysis was based on the assumption that all U.S. exports to Mexico paid the MFN rate of duty. The effect on U.S. exports to NAFTA partners will be reduced to the extent that U.S. exports to Mexico currently receive the NAFTA preferential rate of duty.

TABLE 3.173: Modification and effect—*Continued*

Modification: The current rule for goods of subheadings 8518.10 (microphones and their stands), 8518.21 (single loudspeakers), 8518.22 (multiple loudspeakers), and 8518.29 (other loudspeakers) allows these goods to be made from non-originating inputs from outside heading 8518 and be eligible for NAFTA preferential treatment. Alternatively, non-originating inputs from subheadings within heading 8518 (including subheadings 8518.10, 8518.21, 8518.22, and 8518.29) can be used, provided the final good meets the regional value content requirement. The proposed rule is liberalizing because it would require only that goods undergo a change from one good or article of commerce to another, regardless of heading or subheading.

The current rule for tariff item 8518.30.10 (handsets for line telephones) allows these goods to be made from non-originating inputs from any other tariff item. The proposed modification is liberalizing because it would allow inputs of any other good from any subheading. To the extent that different kinds of line telephone handsets within tariff item 8518.30.10 are considered different goods or articles of commerce, the proposed modification would liberalize origin.

The current rule for subheading 8518.30 (headphones and earphones) allows these goods to be made from non-originating inputs from any other heading other than heading 8518. Alternatively, non-originating inputs from subheadings 8518.10 (microphones and their stands), 8518.29 (other loudspeakers), or 8518.90 (parts) can be used provided the final good meets the regional value content requirement. The proposed modification is liberalizing because it would eliminate the regional value content requirement and confer origin if the non-originating input is a different good, even for those goods within this same subheading.

Effect: The proposed modification would likely have a negligible effect on U.S. imports under NAFTA and on total U.S. imports. The effective tariff on U.S. imports of the products in this group from Canada and Mexico was 0.8 percent in 2012. The NTR tariff rates for U.S. imports under tariff items in this group range from free to 4.9 percent ad valorem.

The proposed modification could potentially result in a significant increase in U.S. exports to NAFTA partners, which totaled \$236.7 million in 2012. Mexico has five tariff items covered by the rule with MFN rates of duty of 15 percent ad valorem. Canada has four tariff items covered by the rule with MFN rates of duty of 6.5 percent ad valorem and one tariff item with an MFN rate of duty of 4.5 percent ad valorem. Imports of microphones and their stands (subheading 8518.10) enter free of duty for both countries. Using the actual duties paid on U.S. exports to Canada and assuming the MFN rates apply to U.S. exports to Mexico, the effective tariff on U.S. exports to NAFTA partners of the covered goods in 2012 was 1.5 percent ad valorem.²

The proposed modification would likely result in a negligible effect on total U.S. exports. The share of U.S. exports of these goods to NAFTA partners accounted for only 15 percent of total U.S. exports in 2012. Using the actual duties paid on U.S. exports to Canada and assuming the MFN rates apply to U.S. exports to Mexico, the effective tariff on total U.S. exports of products covered by the rule was less than 0.5 percent ad valorem in 2012.³

The effect on U.S. production would likely be negligible because the net effect on total U.S. trade is expected to be negligible. DEI Holdings, Inc., a domestic producer of consumer electronics, expressed support for the proposed modification for headings 8518.10–8518.30, stating that “it would allow [DEI Holdings] to expand audio speaker production in North America and more fully capitalize on the benefits of the North American Free Trade Agreement.”⁴

Note: Tariff item 8518.30.10, listed in the current rule, is the U.S. 8-digit tariff item that is not harmonized at the international level. The corresponding 8-digit tariff item for Canada is 8518.30.10, and for Mexico it is 8518.30.03.

² Commission estimate based on Canadian import data from Statistics Canada, International Trade Division, and Mexican import data from Global Trade Atlas.

³ Calculated based on actual duties paid on U.S. exports to Canada and assuming the MFN rates apply to U.S. exports to Mexico of products covered by the proposed modification divided by total U.S. exports of all products covered by the proposed modification. Commission estimate based on Canadian import data from Statistics Canada, International Trade Division, Mexican import data from Global Trade Atlas, and U.S. export data from USITC DataWeb/USDOC.

⁴ DEI Holdings, Inc., written submission to the USITC, May 31, 2013, 1. See appendix D.

CHAPTER 85

TABLE 3.174 Sound recording and reproducing apparatus (jukeboxes, record players, CD recorders and players, tape recorders and players, telephone answering devices, etc.)

HTS no.	Existing rule	Proposed rule	Probable effect advice
8519.20–8519.89	72. A change to subheadings 8519.20 through 8519.89 from any other subheading, including another subheading within that group, except from printed circuit assemblies (PCAs) of subheading 8522.90.	A change to a good of any of subheading 8519.20 through 8519.89 from any other good within that subheading or any other subheading, including another subheading within that group.	U.S. trade under NAFTA: Imports: Negligible Exports: Significant increase U.S. total trade: Imports: Negligible Exports: Negligible U.S. production: Negligible

TABLE 3.174: Modification and effect

Modification: The current rule reflects the complexity that resulted from WCO changes to the 2007 HS for various sound recording and reproducing apparatus. The current rule requires that non-originating inputs to any sound recording or reproducing apparatus in subheadings 8519.20 through 8519.89 must come from another subheading in order to qualify for preferential treatment under NAFTA. Any non-originating printed circuit assemblies (PCAs) of subheading 8522.90 must be made in North America. The proposed modification is liberalizing because it eliminates the requirement that PCAs incorporated into these goods be made in North America, and it allows a good of any of these subheadings to contain inputs from the same subheading.

Effect: The proposed modification would likely have a negligible effect on U.S. imports under NAFTA and on total U.S. imports. The effective tariff on U.S. imports of these products from NAFTA partners was less than 0.5 percent ad valorem in 2012. U.S. imports from NAFTA countries accounted for only 4 percent of total U.S. imports of the goods under these subheadings.

The proposed modification could potentially result in a significant increase in U.S. exports to NAFTA partners, which totaled \$59.3 million in 2012. Mexico has MFN rates of duty ranging from free to 15 percent ad valorem. Canada’s MFN rates of duty range from free to 5 percent ad valorem. The majority (69 percent) of U.S. exports went to Mexico in 2012. Using the actual duties paid on U.S. exports to Canada and assuming the MFN rates apply to U.S. exports to Mexico, the effective tariff on U.S. exports of the subject goods to NAFTA partners in 2012 was 2 percent ad valorem.²

The proposed modification would likely have a negligible effect on total U.S. exports. The share of U.S. exports to NAFTA partners accounted for a relatively small share of total U.S. exports (2 percent) of these goods in 2012. U.S. exports are likely used equipment, since there is little to no U.S. production of these goods.

The effect on U.S. production would likely be negligible because the net effect on total U.S. trade is expected to be negligible. In addition, as noted above, it is likely the exports are used equipment as there is little or no production of these goods.

¹ Results for this proposed modification are likely overstated because the analysis was based on the assumption that all U.S. exports to Mexico paid the MFN rate of duty. The effect on U.S. exports to NAFTA partners will be reduced to the extent that U.S. exports to Mexico currently receive the NAFTA preferential rate of duty.

² Commission estimate based on Canadian import data from Statistics Canada, International Trade Division, and Mexican import data from Global Trade Atlas.

CHAPTER 85

TABLE 3.175 Blank and prerecorded media (e.g., tapes, CDs, DVDs, videocassettes, audiocassettes), and smartcards

HTS no.	Existing rule	Proposed rule	Probable effect advice
8523.21–8523.51	<p>76. (A) A change to prepared unrecorded cards incorporating a magnetic stripe of subheading 8523.21 from any other good of subheading 8523.21 or any other subheading; or</p> <p>(B) A change to recorded cards incorporating a magnetic stripe of subheading 8523.21 from any other good of subheading 8523.21 or any other subheading.</p> <p>76A. (A) A change to prepared unrecorded magnetic tapes or discs of subheading 8523.29 from any other good of subheading 8523.29 or any other subheading; or</p> <p>(B) A change to recorded magnetic tapes or discs of subheading 8523.29 from any other good of subheading 8523.29 or any other subheading.</p> <p>76B. (A) A change to prepared unrecorded optical media of subheading 8523.40 from any other good of subheading 8523.40 or any other subheading; or</p> <p>(B) A change to recorded optical media of subheading 8523.40 from any other good of subheading 8523.40 or any other subheading.</p> <p>76C. (A) A change to prepared unrecorded semiconductor media of subheading 8523.51 from any other good of subheading 8523.51 or any other subheading; or</p> <p>(B) A change to recorded semiconductor media of subheading 8523.51 from any other good of subheading 8523.51 or any other subheading.</p>	<p>A change to a good of any of subheading 8523.21 through 8523.51 from any other good within that subheading or any other subheading, including another subheading within that group.</p>	<p>U.S. trade under NAFTA: Imports: None Exports: None</p> <p>U.S. total trade: Imports: None Exports: None</p> <p>U.S. production: None</p>

TABLE 3.175: Modification and effect—*Continued*

Modification: The proposed modification would make no substantive change to the current NAFTA rules. The proposed modification streamlines the language and consolidates rules for four subheadings.

Effect: The proposed modification would have no effect on U.S. trade under NAFTA, on total U.S. trade, or on U.S. production because the proposed rule is substantively the same as the current NAFTA rule.

CHAPTER 85

TABLE 3.176 Other blank or prerecorded media, including records

HTS no.	Existing rule	Proposed rule	Probable effect advice
8523.59–8523.80	<p>76E. (A) A change to prepared unrecorded semiconductor media of subheading 8523.59 from any other good of subheading 8523.59 or any other subheading; or</p> <p>(B) A change to recorded semiconductor media of subheading 8523.59 from any other good of subheading 8523.59 or any other subheading.</p> <p>76F. (A) A change to prepared unrecorded media of subheading 8523.80 from any other good of subheading 8523.80 or any other subheading; or</p> <p>(B) A change to recorded media of subheading 8523.80 from any other good of subheading 8523.80 or any other subheading.</p>	<p>A change to a good of any of subheading 8523.59 through 8523.80 from any other good within that subheading or any other subheading, including another subheading within that group.</p>	<p>U.S. trade under NAFTA: Imports: None Exports: None</p> <p>U.S. total trade: Imports: None Exports: None</p> <p>U.S. production: None</p>

TABLE 3.176: Modification and effect

Modification: The proposed modification would make no substantive change to the current NAFTA rules. The proposed modification streamlines the language and consolidates rules for two subheadings.

Effect: The proposed modification would have no effect on U.S. trade under NAFTA, on total U.S. trade, or on U.S. production because the proposed rule is substantively the same as the current NAFTA rule.

CHAPTER 85

TABLE 3.177 Computer monitors with cathode-ray tubes

HTS no.	Existing rule	Proposed rule	Probable effect advice
8528.41	<p>84. (A) A change to color cathode-ray tube monitors of subheading 8528.41 from any other subheading, except from subheadings 8471.49 or 8540.40 or front panel assemblies of subheading 8540.91; or</p> <p>(B) A change to any other monitors of subheading 8528.41 from any other subheading, except from subheading 8471.49.</p>	A change to subheading 8528.41 from any other subheading, except from subheading 8471.49.	<p>U.S. trade under NAFTA: Imports: None Exports: None</p> <p>U.S. total trade: Imports: None Exports: None</p> <p>U.S. production: None</p>

TABLE 3.177: Modification and effect

Modification: The current rule allows computer monitors with cathode-ray tubes to qualify for NAFTA preferences when they are made from non-originating inputs from most other subheadings, except for monitors merely separated from automatic data processing systems (subheading 8471.49), cathode-ray tubes (CRTs) (subheading 8540.40), and front panel assemblies for CRTs (subheading 8540.91), which must be made in North America.

The proposed modification is liberalizing because it would allow the use of non-originating CRTs of subheading 8540.40 and front panel assemblies for CRTs of subheading 8540.91 in the production of computer monitors with CRTs. The proposed modification would continue to exclude monitors merely separated from automatic data processing systems.

Effect: U.S. imports of these goods are already free of duty for all NTR countries; therefore, there would be no effect on U.S. imports under NAFTA or on total U.S. imports. The MFN rate of duty imposed on these goods by Canada and Mexico is also free; therefore, there would be no effect on U.S. exports under NAFTA or total U.S. exports. As a result, U.S. production of these computer monitors would not be affected by the proposed rule change.

CHAPTER 85

TABLE 3.178 Burglar or fire alarms

HTS no.	Existing rule	Proposed rule	Probable effect advice
8531.10	104. A change to subheadings 8531.10 through 8531.20 from any other subheading, including another subheading within that group.	A change to subheading 8531.10 from any other subheading.	U.S. trade under NAFTA: Imports: None Exports: None U.S. total trade: Imports: None Exports: None U.S. production: None

TABLE 3.178: Modification and effect

Modification: The proposed rule would make no substantive change to the current NAFTA rule.

Effect: The proposed modification would have no effect on U.S. trade under NAFTA, on total U.S. trade, or on U.S. production because the proposed rule is substantively the same as the current NAFTA rule.

CHAPTER 85

TABLE 3.179 Indicator panels incorporating liquid crystal devices (LCDs) or light-emitting diodes (LEDs)

HTS no.	Existing rule	Proposed rule	Probable effect advice
8531.20	104. A change to subheadings 8531.10 through 8531.20 from any other subheading, including another subheading within that group.	A change to a good of subheading 8531.20 from any other good within that subheading or any other subheading.	U.S. trade under NAFTA: Imports: None Exports: None U.S. total trade: Imports: None Exports: None U.S. production: None

TABLE 3.179: Modification and effect

Modification: The current NAFTA rule allows indicator panels of subheadings 8531.10–8531.20 made from non-originating inputs from any other subheading, including from another subheading within that group (other than that covering the finished good), to receive the NAFTA preferential rate of duty.

The proposed modification is liberalizing because it allows final goods classified under subheading 8531.20 (indicator panels incorporating either LCDs or LEDs) made from non-originating inputs also classified under subheading 8531.20 to qualify for the NAFTA preferential rate of duty. For example, an indicator panel used in an alarm might have an LCD that provides text messages describing certain conditions, and the panel might also incorporate LED lights that indicate whether the alarm is armed or other conditions, both of which are classified in subheading 8531.20.

Effect: U.S. imports of these goods are already free of duty for all NTR countries; therefore, there would be no effect on U.S. imports under NAFTA or on total U.S. imports. The MFN rate of duty imposed on these goods by Canada and Mexico is also free; therefore, there would be no effect on U.S. exports under NAFTA or total U.S. exports. As a result, U.S. production of these indicator panels would not be affected by the proposed rule change.

CHAPTER 85

TABLE 3.180 Parts of burglar or fire alarms, indicator panels incorporating liquid crystal devices (LCDs) or light-emitting diodes (LEDs), or certain other electric sound or visual signaling apparatus

HTS no.	Existing rule	Proposed rule	Probable effect advice
8531.90	<p>108. (A) A change to subheading 8531.90 from any other heading; or</p> <p>(B) No required change in tariff classification to subheading 8531.90, provided there is a regional value content of not less than:</p> <p>(1) 60 percent where the transaction value method is used, or</p> <p>(2) 50 percent where the net cost method is used.</p>	A change to a good of subheading 8531.90 from any other good within that subheading or any other subheading.	<p>U.S. trade under NAFTA: Imports: Negligible Exports: None</p> <p>U.S. total trade: Imports: Negligible Exports: None</p> <p>U.S. production: Negligible</p>

TABLE 3.180: Modification and effect

Modification: Under the current NAFTA rule, parts of burglar and fire alarms, indicator panels, and electric sound or visual signaling apparatus classified under subheading 8531.90 must use inputs classified in headings other than heading 8531 to be eligible for preferential treatment under NAFTA. Alternatively, if the parts classified under subheading 8531.90 are manufactured from other parts that are also classified under subheading 8531.90, the final part product must meet a regional value content requirement.

The proposed modification is liberalizing because it allows non-originating goods classified in subheading 8531.90 to be used as inputs for parts classified in the same subheading or for originating and non-originating parts to be combined into subassemblies, composite goods, or kits. The proposed modification would also allow non-originating goods from any other subheading to be used as inputs in the manufacture of these products. Further, the regional value content requirement is eliminated for parts that are classified under subheading 8531.90.

Effect: The proposed modification would likely have a negligible effect on U.S. imports under NAFTA and on total U.S. imports. The effective tariff on U.S. imports of the subject goods from NAFTA partners for subheading 8531.90 was less than 0.5 percent ad valorem in 2012. Mexico accounted for 79 percent of U.S. imports of these goods from NAFTA partners in 2012, with U.S. imports of these goods from NAFTA partners representing approximately 37 percent of total U.S. imports of the goods.

The MFN rate of duty imposed on these goods by Canada and Mexico is free; therefore, there would be no effect on U.S. exports under NAFTA or on total U.S. exports.

The effect on U.S. production would likely be negligible because the net effect on total U.S. trade is expected to be none or negligible.

CHAPTER 85

TABLE 3.181 Electrical capacitors and parts

HTS no.	Existing rule	Proposed rule	Probable effect advice
8532.10–8532.90	<p>109. (A) A change to subheading 8532.10 from any other heading; or</p> <p>(B) A change to subheading 8532.10 from subheading 8532.90, whether or not there is also a change from any other heading, provided there is a regional value content of not less than:</p> <p>(1) 60 percent where the transaction value method is used, or</p> <p>(2) 50 percent where the net cost method is used.</p> <p>110. A change to subheadings 8532.21 through 8532.30 from any other subheading, including another subheading within that group.</p> <p>111. (A) A change to subheading 8532.90 from any other heading; or</p> <p>(B) No required change in tariff classification to subheading 8532.90, provided there is a regional value content of not less than:</p> <p>(1) 60 percent where the transaction value method is used, or</p> <p>(2) 50 percent where the net cost method is used.</p>	<p>A change to a good of any of subheadings 8532.10 through 8532.90 from any other good within that subheading or any other subheading, including another subheading within that group.</p>	<p>U.S. trade under NAFTA: Imports: None Exports: Negligible</p> <p>U.S. total trade: Imports: None Exports: Negligible</p> <p>U.S. production: Negligible</p>

TABLE 3.181: Modification and effect

Modification: The proposed rule covers fixed and variable capacitors, and parts of capacitors. The current rule for certain fixed capacitors (subheading 8532.10) allows these products to be made from non-originating inputs from outside heading 8532 to qualify for the NAFTA preferential rate of duty. Alternatively, non-originating inputs from subheading 8532.90 (parts of capacitors) can be used provided the final good meets the regional value content requirement. The proposed modification is liberalizing because it would eliminate the regional value content requirement and confer origin if the non-originating input is a different good, even for those goods within this same subheading. For instance, the proposed modification would allow all goods within subheading 8532.10 to receive the NAFTA preferential rate of duty if a non-originating input is a different good from the same subheading as the finished good or a non-originating input from subheading 8532.90 (parts of capacitors).

The current rule for other fixed capacitors (subheadings 8532.21–8532.30) allows these products to be made from non-originating inputs from any other subheading. The proposed modification is liberalizing because it would confer origin if the non-originating input is a different good, even for those goods within this same subheading.

TABLE 3.181: Modification and effect—*Continued*

The current rule for parts of capacitors (subheading 8532.90) allows these products to be made from non-originating inputs from outside heading 8532. Alternatively, non-originating inputs from within the same subheading can be used provided that the final product meets the regional value content requirement. The proposed modification is liberalizing because it would eliminate the regional value content requirement and allow non-originating inputs to come from any subheading. It would also confer origin if the non-originating input is a different good from within the same subheading.

Effect: The U.S. NTR rate of duty is free for these goods, so the proposed modification would have no effect on U.S. imports under NAFTA and on total U.S. imports.

The proposed modification would likely have a negligible effect on U.S. exports under NAFTA and on total U.S. exports. Mexico was the destination of 84 percent of U.S. exports to NAFTA partners of goods classified under these subheadings in 2012. Mexico applies a 5 percent ad valorem duty on imports under Mexican tariff lines 8532.10.01 and 8532.25.02, and U.S. exports under these two tariff lines accounted for 1.5 percent of U.S. exports under heading 8532 to Mexico in 2012. All other tariff lines of heading 8532 enter Mexico free of duty. U.S. exports to Canada enter free of duty under the MFN rate. If MFN rates of duty are applied to U.S. exports of goods covered by this rule to the NAFTA partners, the effective tariff on all U.S. exports of these goods to NAFTA partners was less than 0.5 percent ad valorem in 2012.¹

The effect on U.S. production would likely be negligible because the net effect on total U.S. trade is expected to be none or negligible.

¹ Commission estimate based on U.S. export data from USITC DataWeb/USDOC and Mexican import data from Global Trade Atlas.

CHAPTER 85

TABLE 3.182 Parts of electrical resistors

HTS no.	Existing rule	Proposed rule	Probable effect advice
8533.90	<p>114. (A) A change to subheading 8533.90 from any other heading; or</p> <p>(B) No required change in tariff classification to subheading 8533.90, provided there is a regional value content of not less than:</p> <p>(1) 60 percent where the transaction value method is used, or</p> <p>(2) 50 percent where the net cost method is used.</p>	A change to a good of subheading 8533.90 from any other good within that subheading or any other subheading.	<p>U.S. trade under NAFTA: Imports: None Exports: None</p> <p>U.S. total trade: Imports: None Exports: None</p> <p>U.S. production: None</p>

TABLE 3.182: Modification and effect

Modification: The proposed rule covers parts of electrical resistors (subheading 8533.90), which includes cases, levers, gaskets, or other parts that are dedicated for use with electrical resistors, rheostats, or potentiometers. The current NAFTA rule requires that these products be made from non-originating materials or components from any heading other than heading 8533 to qualify for the NAFTA preferential rate of duty. Alternatively, finished goods made from non-originating inputs from subheading 8533.90 must meet the regional value content requirement.

The proposed modification is liberalizing because it would allow production of parts of electric resistors from one or more other parts of subheading 8533.90 (a change from a good within the same subheading) or from any other subheading without a regional value content requirement.

Effect: U.S. imports of these goods are already free of duty for all NTR countries; therefore, there would be no effect on U.S. imports under NAFTA or on total U.S. imports. The MFN rate of duty imposed on these goods by Canada and Mexico is also free; therefore, there would be no effect on U.S. exports under NAFTA or on total U.S. exports. As a result, U.S. production of these goods would not be affected by the proposed rule change.

CHAPTER 85

TABLE 3.183 Carbon electrodes, carbon brushes, lamp carbons, battery carbons, and other carbon articles used for electrical purposes

HTS no.	Existing rule	Proposed rule	Probable effect advice
8545.11–8545.90	149. A change to headings 8545 through 8547 from any other heading, including another heading within that group.	A change to subheading 8545.11 through 8545.90 from any other subheading, including another subheading within that group.	U.S. trade under NAFTA: Imports: None Exports: None U.S. total trade: Imports: None Exports: None U.S. production: None

TABLE 3.183: Modification and effect

Modification: The current rule for carbon electrodes, carbon brushes, lamp carbons, battery carbons, and other carbon articles used for electrical purposes (subheadings 8545.11–8545.90) requires that non-originating inputs come from any other heading for the finished product to qualify for the NAFTA preferential rate of duty. The proposed modification is liberalizing because it would allow these products to be made from non-originating inputs from any other subheading, including subheadings within heading 8545. For example, the current rule requires that a carbon electrode used in a furnace (subheading 8545.11) must be made using a carbon connecting pin (subheading 8545.90) that is made in North America. Under the proposed modification, a carbon electrode may be made with a non-originating connecting pin and qualify for NAFTA preferences.

Effect: U.S. imports of these goods are already free of duty for all NTR countries; therefore, there would be no effect on U.S. imports under NAFTA or on total U.S. imports. The MFN rate of duty imposed on these goods by Canada and Mexico is also free; therefore, there would be no effect on U.S. exports under NAFTA or on total U.S. exports. As a result, U.S. production of these carbon products would not be affected by the proposed rule change.

CHAPTER 85**TABLE 3.184** Electrical insulators of any material

HTS no.	Existing rule	Proposed rule	Probable effect advice
8546	149. A change to headings 8545 through 8547 from any other heading, including another heading within that group.	A change to heading 85.46 from any other heading.	U.S. trade under NAFTA: Imports: None Exports: None U.S. total trade: Imports: None Exports: None U.S. production: None

TABLE 3.184: Modification and effect

Modification: The proposed rule would make no substantive change to the current NAFTA rule.

Effect: The proposed modification would have no effect on U.S. trade under NAFTA, on total U.S. trade, or on U.S. production because the proposed rule is substantively the same as the current NAFTA rule.

CHAPTER 85

TABLE 3.185 Insulating fittings for electrical machines, appliances, or equipment; electrical conduit tubing and joints therefor, of base metal lined with insulating material

HTS no.	Existing rule	Proposed rule	Probable effect advice
8547.10–8547.90	149. A change to headings 8545 through 8547 from any other heading, including another heading within that group.	A change to subheading 8547.10 through 8547.90 from any other subheading, including another subheading within that group.	U.S. trade under NAFTA: Imports: Negligible Exports: None U.S. total trade: Imports: Negligible Exports: None U.S. production: Negligible

TABLE 3.185: Modification and effect

Modification: The current NAFTA rule requires that non-originating inputs used in the production of insulating fittings and electrical conduit tubing and joints (subheadings 8547.10–8547.90) must come from any heading other than heading 8547 for the finished product to qualify for the NAFTA preferential rate of duty. The proposed modification is liberalizing because it would allow non-originating inputs from any other subheading, including those within heading 8547. However, many of the articles classified in 8547.19 through 8547.90 would not be made from other products classified within that same group of subheadings.

Effect: The proposed modification would likely have a negligible effect on U.S. imports under NAFTA and on total U.S. imports. The U.S. NTR rates of duty are 3 percent ad valorem for insulated fitting of ceramics (subheading 8547.10); free for insulated fittings of plastic (subheading 8547.20); and 4.6 percent ad valorem for other covered products (subheading 8547.90). The effective tariff on U.S. imports of goods covered by this rule from NAFTA partners was less than 0.5 percent ad valorem in 2012. U.S. imports from Canada and Mexico accounted for 23 percent of total U.S. imports of the covered goods in 2012.

The proposed modification would have no effect on U.S. exports under NAFTA and on total U.S. exports. The MFN rate of duty imposed on these goods by Canada and Mexico is free.

The effect on U.S. production would likely be negligible because the net effect on total U.S. trade is expected to be none or negligible.

TABLE FOR HTS CHAPTER 86

TABLE 3.186 Rail locomotives

HTS no.	Existing rule	Proposed rule	Probable effect advice
8601– 8602	1. A change to headings 8601 through 8602 from any other heading.	A change to heading 86.01 through 86.02 from any other heading, including another heading within that group.	U.S. trade under NAFTA: Imports: None Exports: Negligible U.S. total trade: Imports: None Exports: Negligible U.S. production: Negligible

TABLE 3.186: Modification and effect

Modification: The proposed rule covers rail locomotives powered by an external source of electricity or batteries (heading 8601), as well as other locomotives (such as diesel locomotives) and locomotive tenders (vehicles used with steam locomotives to carry water and fuel) (heading 8602). Heading 8607 covers the principal parts of such locomotives and tenders, but other parts and materials are provided for in other chapters.

Under the current rule, non-originating locomotives classified in heading 8601 may not be made into locomotives or locomotive tenders of heading 8602 to qualify for NAFTA preferences, and vice-versa. The proposed modification is liberalizing because it would remove this restriction and allow non-originating locomotives classified in one heading to be made into locomotives classified under the heading.

Effect: The proposed modification would have no effect on U.S. imports under NAFTA and on total U.S. imports because the U.S. NTR rate of duty is free.

The proposed modification would likely have a negligible effect on U.S. exports under NAFTA and on total U.S. exports. No producer currently modifies or has plans to modify locomotives so that they would meet the proposed rule change.¹ The MFN rate of duty in Mexico for goods of headings 8601 and 8602 is free, but the MFN rate of duty in Canada is 9.5 percent ad valorem. However, all U.S. exports under headings 8601 and 8602 entered free of duty under NAFTA in 2012.²

The effect on U.S. production would likely be negligible because the net effect on total U.S. trade is expected to be none or negligible.

¹ Industry representative, telephone interview with USITC staff, May 3, 2013.

² Based on Canadian import data from Statistics Canada, International Trade Division.

TABLES FOR HTS CHAPTER 87

TABLE 3.187 Parts of trailers and semitrailers

HTS no.	Existing rule	Proposed rule	Probable effect advice
8716.90	46. A change to subheading 8716.90 from any other heading.	A change to subheading 8716.90 from any other heading; or No required change in tariff classification to subheading 8716.90, 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.	U.S. trade under NAFTA: Imports: Negligible Exports: Negligible U.S. total trade: Imports: Negligible Exports: Negligible U.S. production: Negligible

TABLE 3.187: Modification and effect

Modification: The current rule allows parts of trailers and semitrailers to qualify for the NAFTA preferential rate of duty when made from non-originating inputs from any heading except inputs classified under heading 8716, which must be made in North America. The proposed modification is liberalizing because it would now allow non-originating parts classified under subheading 8716.90 to be used in the production of a larger part or assembly of parts also classified under subheading 8716.90, provided the final product meets the regional value content requirement.

Effect: The proposed modification would likely have a negligible effect on U.S. imports under NAFTA and on total U.S. imports. The U.S. NTR duty rates for these goods range from free (for parts for wagons) to 5.7 percent ad valorem (for castors). The effective tariff on U.S. imports from NAFTA partners was less than 0.5 percent ad valorem in 2012, as most imports of these goods from Canada and Mexico entered free of duty under NAFTA. Dutiable imports from Canada and Mexico accounted for 4 percent of U.S. imports of parts for trailers and semitrailers from Canada and Mexico in 2012.

The proposed modification would likely have a negligible effect on total U.S. exports under NAFTA and on total U.S. exports. The Mexican MFN rate for trailer shells is 5 percent ad valorem; however, the rate for all other tariff items under subheading 8716.90 is free. All U.S. exports of these goods to Mexico entered under tariff items that were free of duty, while Canada's MFN duty rates range from free to 6.5 percent ad valorem. However, most U.S. exports to Canada entered free of duty under NAFTA, leading to an effective tariff of less than 0.5 percent ad valorem for U.S. exports to NAFTA partners in 2012.¹

The effect on U.S. production would likely be negligible because the net effect on total U.S. trade is expected to be negligible.

¹ Commission estimate based on Canadian import data from Statistics Canada, International Trade Division, and Mexican import data from Global Trade Atlas.

TABLES FOR HTS CHAPTER 90

TABLE 3.188 Frames and mountings for spectacles, goggles, or the like made from plastics or other materials

HTS no.	Existing rule	Proposed rule	Probable effect advice
9003.11– 9003.19	<p>4. (A) A change to subheadings 9003.11 through 9003.19 from any other heading; or</p> <p>(B) A change to subheadings 9003.11 through 9003.19 from subheading 9003.90, whether or not there is also a change from any other heading, provided there is a regional value content of not less than:</p> <p>(1) 60 percent where the transaction value method is used, or</p> <p>(2) 50 percent where the net cost method is used.</p>	<p>A change to subheading 9003.11 through 9003.19 from any other subheading, including another subheading within that group, except from subheading 9003.90; or</p> <p>A change to subheading 9003.11 through 9003.19 from subheading 9003.90 whether or not there is also a change from any other subheading, including another subheading within that group, provided there is a regional value content of not less than:</p> <p>(a) 60 percent where the transaction value method is used, or</p> <p>(b) 50 percent where the net cost method is used.</p>	<p>U.S. trade under NAFTA: Imports: Negligible Exports: Negligible</p> <p>U.S. total trade: Imports: Negligible Exports: Negligible</p> <p>U.S. production: Negligible</p>

TABLE 3.188: Modification and effect

Modification: The current NAFTA rule allows frames and mountings for spectacles, goggles, or the like of plastics and other materials made from non-originating parts of spectacles, goggles and the like (subheading 9003.90) to receive the preferential rate of duty under NAFTA provided they meet the regional value content rule. The current NAFTA rule also allows frames and mountings for spectacles made from non-originating inputs classified outside heading 9003 to receive NAFTA benefits.

The proposed modification is liberalizing because it would allow non-originating frames or mountings of plastics (subheading 9003.11) to be combined with those made of other materials (subheading 9003.19). Similarly, if non-originating parts of subheading 9003.90 are combined with such “combined material” frames or mountings, provided that the regional value content is met, the resulting product would also be an originating good.

Effect: The proposed modification would likely have a negligible effect on U.S. imports under NAFTA and on total U.S. imports. The effective tariff rate for U.S. imports of goods covered by the proposed modification from NAFTA countries was less than 1 percent ad valorem in 2012. U.S. imports from NAFTA partners totaled only \$667,000, less than 1 percent of total U.S. imports in 2012.

The proposed modification would likely have a negligible effect on U.S. exports under NAFTA and on total U.S. exports. Mexico’s MFN rate of duty for these goods is free. U.S. exports to Mexico of these goods represented more than 98 percent of the value of U.S. exports to NAFTA partners in 2012. All but one of the Canadian MFN duty rates for these goods are free; one tariff item is subject to a 2.5 percent ad valorem rate of duty.

The effect on U.S. production would likely be negligible because the net effect on total U.S. trade is expected to be negligible.

CHAPTER 90
TABLE 3.189 Sunglasses

HTS no.	Existing rule	Proposed rule	Probable effect advice
9004.10	<p>6. (A) A change to heading 9004 from any other chapter; or</p> <p>(B) A change to heading 9004 from any other heading within chapter 90, whether or not there is also a change from any other chapter, provided there is a regional value content of not less than:</p> <p>(1) 60 percent where the transaction value method is used, or</p> <p>(2) 50 percent where the net cost method is used.</p>	A change to subheading 9004.10 from any other subheading.	<p>U.S. trade under NAFTA: Imports: Negligible Exports: Significant increase</p> <p>U.S. total trade: Imports: Negligible Exports: Negligible</p> <p>U.S. production: Negligible</p>

TABLE 3.189: Modification and effect

Modification: The current NAFTA rule of origin excludes sunglasses made from non-originating inputs from chapter 90, unless the regional value content requirement is met. The proposed modification is liberalizing in that it would remove the regional value requirement for non-originating inputs classified in chapter 90 and would allow any subheading-level tariff change to confer origin. For example, sunglasses could be made from non-originating lenses of heading 9001.

Effect: The proposed modification would likely have a negligible effect on U.S. imports under NAFTA and on total U.S. imports. The effective tariff for U.S. imports from Canada and Mexico was 1.4 percent ad valorem in 2012. U.S. imports from NAFTA partners represented less than 1 percent of total U.S. imports of sunglasses in 2012.

The proposed modification would likely result in a significant increase in U.S. exports to NAFTA partners, which totaled \$61.2 million in 2012. Mexico's MFN rate of duty for imports of sunglasses is 10 percent ad valorem and Canada imposes a 5 percent ad valorem MFN rate of duty. Nearly two-thirds of U.S. exports to Canada and Mexico paid the MFN rates of duty in 2012. Based on actual duties collected for Canada and estimated duties collected for Mexico, the effective tariff on U.S. exports of the subject products to NAFTA partners was 3.8 percent ad valorem in 2012.¹

The proposed modification would likely have a negligible effect on total U.S. exports. U.S. exports of these goods to NAFTA partners accounted for a small share (25 percent) of total U.S. exports of the goods in 2012. Based on 2012 U.S. export data, the effective tariff for total U.S. exports was less than 1 percent.²

The effect on U.S. production would likely be negligible because the net effect on total U.S. trade is expected to be negligible and the size of U.S. production relatively large compared with any potential changes in total U.S. trade.

¹ Commission estimate based on Canadian import data from Statistics Canada, International Trade Division and Mexican import data from Mexican International Trade Integral Information System (SIICEX).

² Calculated based on estimated duties collected on U.S. exports to NAFTA partners of products covered by the proposed modification divided by total U.S. exports of all products covered by the proposed modification. Commission estimate based on Canadian import data from Statistics Canada, International Trade Division, Mexican import data from Global Trade Atlas, and U.S. export data from USITC DataWeb/USDOC.

CHAPTER 90

TABLE 3.190 Spectacles, goggles, and the like (except sunglasses), corrective, prescription, or other

HTS no.	Existing rule	Proposed rule	Probable effect advice
9004.90	<p>6. (A) A change to heading 9004 from any other chapter; or</p> <p>(B) A change to heading 9004 from any other heading within chapter 90, whether or not there is also a change from any other chapter, provided there is a regional value content of not less than:</p> <p>(1) 60 percent where the transaction value method is used, or</p> <p>(2) 50 percent where the net cost method is used.</p>	<p>A change to subheading 9004.90 from any other chapter; or</p> <p>A change to subheading 9004.90 from any other heading within Chapter 90, whether or not there is also a change from any other chapter, provided there is a regional value content of not less than:</p> <p>(a) 60 percent where the transaction value method is used, or</p> <p>(b) 50 percent where the net cost method is used.</p>	<p>U.S. trade under NAFTA: Imports: None Exports: None</p> <p>U.S. total trade: Imports: None Exports: None</p> <p>U.S. production: None</p>

TABLE 3.190: Modification and effect

Modification: The proposed rule would make no substantive change to the current NAFTA rule; it preserves the chapter exclusion that exists under the current rule.

Effect: The proposed modification would have no effect on U.S. trade under NAFTA, on total U.S. trade, or on U.S. production because the proposed rule is substantively the same as the current NAFTA rule.

CHAPTER 90

TABLE 3.191 Devices for therapeutic and/or testing purposes; parts and accessories thereof

HTS no.	Existing rule	Proposed rule	Probable effect advice
9019.10– 9019.20	47. A change to headings 9019 through 9021 from any heading outside that group.	<p>A change to subheading 9019.10 through 9019.20 from any other subheading, including another subheading within that group; or</p> <p>No required change in tariff classification to any of subheadings 9019.10 through 9019.20, provided there is a regional value content of not less than:</p> <p>(a) 60 percent where the transaction value method is used, or</p> <p>(b) 50 percent where the net cost method is used.</p>	<p>U.S. trade under NAFTA: Imports: None Exports: Negligible</p> <p>U.S. total trade: Imports: None Exports: Negligible</p> <p>U.S. production: Negligible</p>

TABLE 3.191: Modification and effect

Modification: Because the current rule relates to tariff provisions covering both finished goods of the three headings and their principal parts and accessories, it effectively requires production of the parts or accessories and/or assembly of the finished devices to occur within North America for the finished products to qualify for the NAFTA preferential rate of duty. For example, mechano-therapy appliances and similar apparatus of subheading 9019.10 cannot be made from non-originating principal parts classified in the same subheading. Similarly, oxygen therapy apparatus of subheading 9019.20 cannot be made from non-originating principal parts or include non-originating accessories from the same subheading.

The proposed modification is liberalizing because it would allow devices for therapeutic and testing purposes to be made with non-originating inputs classified in any other subheading, including subheadings 9019.10 through 9019.20. Alternatively, the proposed modification would confer origin with no change in classification if the regional value content requirement is met. The latter provision would allow, for example, massage apparatus classified in subheading 9019.10 to use non-originating parts of massage apparatuses classified in the same subheading, provided that the regional value content requirement is met.

Effect: The proposed modification would have no effect on U.S. imports under NAFTA and total U.S. imports because the U.S. NTR rate of duty is free.

The proposed modification would have a negligible effect on U.S. exports under NAFTA and on total U.S. exports. Over 95 percent of U.S. exports of the subject goods to NAFTA partners currently entered under tariff items that are free of duty on an MFN basis.

The effect on U.S. production would likely be negligible because the net effect on total U.S. trade is expected to be none or negligible.

CHAPTER 90

TABLE 3.192 Breathing appliances and masks; parts and accessories thereof

HTS no.	Existing rule	Proposed rule	Probable effect advice
9020	47. A change to headings 9019 through 9021 from any heading outside that group.	A change to heading 90.20 from any other heading.	U.S. trade under NAFTA: Imports: Negligible Exports: Negligible U.S. total trade: Imports: Negligible Exports: Negligible U.S. production: Negligible

TABLE 3.192: Modification and effect

Modification: The proposed rule covers breathing appliances such as gas masks, aqualungs or divers' helmets, anti-radiation protective suits, masks for administering anesthetics or protecting against dust, and similar goods, together with their parts and accessories (heading 9020). The current rule for breathing appliances of heading 9020 requires that in order to claim originating status, they must be produced in North America from originating principal parts and/or that non-originating parts and accessories of such appliances must be classified in headings other than 9019 through 9021. The proposed modification is liberalizing because it allows breathing appliances to be made from non-originating inputs from other headings, including headings 9019 and 9021.

Effect: The proposed modification would likely have a negligible effect on U.S. imports under NAFTA and on total U.S. imports. The NTR rates of duty range from free to 2.5 percent ad valorem and the effective tariff on U.S. imports from NAFTA partners was less than 0.5 percent ad valorem in 2012.

The proposed modification would likely have a negligible effect on U.S. exports under NAFTA and on total U.S. exports. Over 80 percent of U.S. exports of these goods to NAFTA markets are under tariff items that free of duty on an MFN basis. The MFN rate of duty in Canada on these goods is free, whereas Mexico imposes duties ranging from free to 10 percent ad valorem on them. If MFN rates of duty are applied to U.S. exports of goods covered by this rule to the NAFTA partners, the effective tariff was 1 percent ad valorem in 2012.¹ U.S. exports to NAFTA members accounted for 29 percent of total U.S. exports of these goods.

The effect on U.S. production would likely be negligible because the effect on total U.S. trade is expected to be negligible. Additionally, the principal modification of the proposed rule, which allows various massage therapy devices (heading 9019) and orthopedic devices (heading 9021) to be used in the production of breathing appliances (heading 9020), is not likely to be commercially practical.

¹ Commission estimate based on U.S. export data from USITC DataWeb/USDOC and Mexican import data from Global Trade Atlas.

CHAPTER 90

TABLE 3.193 Orthopedic appliances, hearing aids, implantable devices, and similar goods; parts and accessories thereof

HTS no.	Existing rule	Proposed rule	Probable effect advice
9021.10– 9021.90	47. A change to headings 9019 through 9021 from any heading outside that group.	A change to subheading 9021.10 through 9021.90 from any other subheading, including another subheading within that group; or No required change in tariff classification to any of subheading 9021.10 through 9021.90, 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.	U.S. trade under NAFTA: Imports: None Exports: Negligible U.S. total trade: Imports: None Exports: Negligible U.S. production: Negligible

TABLE 3.193: Modification and effect

Modification: The current NAFTA rule for any of the goods covered by heading 9021, such as artificial joints, their parts, and accessories (subheading 9021.31), requires that, the finished goods be produced in North America from originating parts and accessories and that these principal parts or accessories be made in the NAFTA region in order to claim originating status.

The proposed modification is liberalizing because it would allow the goods of subheadings 9021.10 through 9021.90 to be made with non-originating inputs classified in any other subheading, including subheadings 9021.10 through 9021.90. Alternatively, the proposed modification would confer origin with no change in classification provided that the final product meets the regional value content requirement. Under the latter provision, an artificial joint classified in subheading 9021.31 may be made from non-originating parts of artificial joints, provided the regional value content requirement is met.

Effect: The proposed modification would have no effect on U.S. imports under NAFTA or on total U.S. imports because the U.S. NTR rate for the various implantable medical devices classified in subheadings 9021.10 through 9021.90 is free.

The proposed modification would likely have a negligible effect on U.S. exports under NAFTA and on total U.S. exports. U.S. exports to Canada, where the MFN rate of duty for these goods is free, accounted for 80 percent of U.S. exports to NAFTA markets in 2012. MFN rates for these goods in Mexico are low, ranging from free to 5 percent ad valorem. If MFN rates of duty are applied to U.S. exports to the NAFTA partners, the effective tariff on all U.S. exports to NAFTA partners of goods covered by this rule was 1 percent ad valorem in 2012.¹ U.S. exports to NAFTA countries accounted for 10 percent of total U.S. exports of these goods in 2012.

The effect on U.S. production would likely be negligible because the net effect on total U.S. trade is expected to be none or negligible.

¹ Commission estimate based on U.S. export data from USITC DataWeb/USDOC and Mexican import data from Global Trade Atlas.

CHAPTER 90

TABLE 3.194 Radiation therapy devices, including computed tomography (CT) devices and x-ray tubes

HTS no.	Existing rule	Proposed rule	Probable effect advice
9022.12– 9022.30	<p>48. A change to subheadings 9022.12 through 9022.14 from any subheading outside that group, except from tariff item 9022.90.05.</p> <p>49. A change to subheading 9022.19 from any other subheading, except from subheading 9022.30 or tariff item 9022.90.05.</p> <p>50. A change to subheading 9022.21 from any other subheading, except from tariff item 9022.90.15.</p> <p>51. (A) A change to subheadings 9022.29 through 9022.30 from any other heading; or</p> <p>(B) A change to subheadings 9022.29 through 9022.30 from subheading 9022.90, whether or not there is also a change from any other heading, provided there is a regional value content of not less than:</p> <p>(1) 60 percent where the transaction value method is used, or</p> <p>(2) 50 percent where the net cost method is used.</p>	<p>A change to subheading 9022.12 through 9022.30 from any other subheading, including another subheading within that group; or</p> <p>No required change in tariff classification to any of subheading 9022.12 through 9022.30, provided there is a regional value content of not less than:</p> <p>(a) 60 percent where the transaction value method is used, or</p> <p>(b) 50 percent where the net cost method is used.</p>	<p>U.S. trade under NAFTA: Imports: Negligible Exports: None</p> <p>U.S. total trade: Imports: Negligible Exports: None</p> <p>U.S. production: Negligible</p>

TABLE 3.194: Modification and effect

Modification: The proposed rule covers various radiation therapy apparatus, including those that use x-rays or other forms of radiation, computed tomography (CT) devices, and x-ray tubes. Parts and accessories of such apparatus are classified in subheading 9022.90. The current NAFTA rule applies to apparatus based on the use of x-rays (subheadings 9022.12 through 9022.19); apparatus based on the use of other radiations for various medical, dental, or veterinary uses (subheading 9022.21); radiation-based apparatus for non-medical uses (subheading 9022.29), and x-ray tubes (subheading 9022.30). The current rule allows covered goods to retain their originating status even when they use non-originating inputs classified in most other headings, but it requires that the principal parts or accessories (especially the component that generates the particular radiation) that are used to make the finished apparatus be made in the NAFTA region. Alternatively, under the current rule, goods of subheadings 9022.29 or 9022.30 may be made from non-originating parts or accessories classified in subheading 9022.90 provided the regional value content requirement is met.

The proposed modification is liberalizing because it would allow goods of subheadings 9022.12 through 9022.30 to be made with non-originating inputs classified in any other subheading, including subheadings 9022.12 through 9022.30, as well as parts and accessories classified in subheading 9022.90. Alternatively, the proposed modification would confer origin with no change in classification provided the regional value content requirement is met.

TABLE 3.194: Modification and effect—*Continued*

Effect: The proposed modification would likely have a negligible effect on U.S. imports under NAFTA and on total U.S. imports. The U.S. NTR duty rates on these products are low, ranging from free to 1.2 percent ad valorem, and more than 95 percent of U.S. imports of these goods entered under subheadings that were free of duty on an NTR basis in 2012. The effective tariff on U.S. imports of these goods from NAFTA partners was less than 1 percent ad valorem in 2012.

The proposed modification would have no effect on U.S. exports under NAFTA and on total U.S. exports because the MFN duty rates in Canada and Mexico are free for subheadings 9022.12 through 9022.30.

The effect on U.S. production would likely be negligible because the net effect on total U.S. trade is expected to be none or negligible.

CHAPTER 90

TABLE 3.195 Instruments or apparatus for physical or chemical analysis

HTS no.	Existing rule	Proposed rule	Probable effect advice
9027.10–9027.50	<p>61. (A) A change to subheadings 9027.10 through 9027.50 from any other heading; or</p> <p>(B) A change to subheadings 9027.10 through 9027.50 from subheading 9027.90, whether or not there is also a change from any other heading, provided there is a regional value content of not less than:</p> <p>(1) 60 percent where the transaction value method is used, or</p> <p>(2) 50 percent where the net cost method is used.</p>	A change to subheading 9027.10 through 9027.50 from any other subheading, including another subheading within that group.	<p>U.S. trade under NAFTA: Imports: Negligible Exports: None</p> <p>U.S. total trade: Imports: Negligible Exports: None</p> <p>U.S. production: Negligible</p>

TABLE 3.195: Modification and effect

Modification: The current rule requires that in order to claim originating status, the non-originating inputs of physical or chemical analysis instruments or apparatus must be classified under a different heading, thereby excluding the use of non-originating principal parts for these instruments or apparatus, which are classified in subheading 9027.90. Alternatively, non-originating parts and accessories of subheading 9027.90 may be used to produce physical or chemical analysis instruments or apparatus provided that a regional value content requirement for the apparatus is met.

The proposed modification is liberalizing because it removes the regional value content requirement for non-originating parts and accessories classified in subheading 9027.90 and it would allow the use of non-originating inputs classified under any other subheading from that of the finished good, including a subheading within the group. This change means that physical or chemical apparatus made with non-originating parts and accessories classified under subheading 9027.90 would now qualify for NAFTA preferences.

Effect: The proposed modification would likely have a negligible effect on U.S. imports under NAFTA and on total U.S. imports. The effective tariff on U.S. imports from the NAFTA countries for subheadings 9027.10 through 9027.50 in 2012 was less than 0.5 percent ad valorem. In 2012, U.S. imports from Canada accounted for 5 percent of total U.S. imports under subheadings 9027.10 through 9027.50; U.S. imports from Mexico accounted for 2 percent.

The proposed modification would have no effect on U.S. exports under NAFTA and on total U.S. exports. The MFN rates of duty for subheadings 9027.10 through 9027.50 for Canada and Mexico are free.

The effect on U.S. production would likely be negligible because the net effect on total U.S. trade is expected to be negligible.

CHAPTER 90

TABLE 3.196 Other instruments and apparatus for physical or chemical analysis not using optical radiations

HTS no.	Existing rule	Proposed rule	Probable effect advice
9027.80	<p>62. (A) A change to exposure meters of subheading 9027.80 from any other good of subheading 9027.80 or any other heading;</p> <p>(B) A change to exposure meters of subheading 9027.80 from subheading 9027.90, whether or not there is also a change from any other good of subheading 9027.80 or any other heading, provided there is a regional value content of not less than:</p> <p>(1) 60 percent where the transaction value method is used, or</p> <p>(2) 50 percent where the net cost method is used; or</p> <p>(C) A change to any other good of subheading 9027.80 from exposure meters of subheading 9027.80 or any other subheading.</p>	A change to a good of subheading 9027.80 from any other good within that subheading or any other subheading.	<p>U.S. trade under NAFTA: Imports: None Exports: None</p> <p>U.S. total trade: Imports: None Exports: None</p> <p>U.S. production: None</p>

TABLE 3.196: Modification and effect

Modification: The proposed rule covers a range of instruments and apparatus for physical or chemical analysis that are not more specifically enumerated in subheadings 9027.10 through 9027.50. Subdivision (B) of the current rule describes the specific requirements for conferring origin to exposure meters and indicates that they are classified in subheading 9027.80; however, exposure meters are not covered by subheading 9027.80 but are provided for in subheading 9027.50 because they use optical radiations (as stated in in tariff item 9027.50.10). The interpretation of the existing rule by Customs is not known. However, because of the misclassification, this analysis will ignore the treatment of exposure meters and consider only goods known to be classified in subheading 9027.80.

The proposed modification would simplify and liberalize the current rule for goods covered in subheading 9027.80 by allowing any subheading-level tariff change to confer origin with no regional value requirement, and it would eliminate the incorrect references to exposure meters.

Effect: U.S. imports of these goods are already free of duty for all NTR countries; therefore, there would be no effect on U.S. imports under NAFTA or on total U.S. imports. The MFN rate of duty imposed on these goods by Canada and Mexico is also free; therefore, there would be no effect on U.S. exports under NAFTA or total U.S. exports. As a result, U.S. production of these instruments and apparatus would not be affected by the proposed rule change.

CHAPTER 90

TABLE 3.197 Instruments and apparatus for measuring or detecting ionizing radiation

HTS no.	Existing rule	Proposed rule	Probable effect advice
9030.10	<p>69. (A) A change to subheading 9030.10 from any other heading; or</p> <p>(B) A change to subheading 9030.10 from subheading 9030.90, whether or not there is also a change from any other heading, provided there is a regional value content of not less than:</p> <p>(1) 60 percent where the transaction value method is used, or</p> <p>(2) 50 percent where the net cost method is used.</p>	A change to subheading 9030.10 from any other subheading.	<p>U.S. trade under NAFTA: Imports: Negligible Exports: None</p> <p>U.S. total trade: Imports: Negligible Exports: None</p> <p>U.S. production: Negligible</p>

TABLE 3.197: Modification and effect

Modification: The current rule requires that in order to claim originating status, non-originating parts used to make instruments and apparatus for measuring or detecting ionizing radiation must come from another heading. Alternatively, non-originating parts from subheading 9030.90 can be used, provided the finished goods meet the regional value content requirement.

The proposed modification is liberalizing because it removes the regional value content requirement and it would allow any subheading-level tariff change to confer origin.

Effect: The proposed modification would likely have a negligible effect on U.S. imports under NAFTA and on total U.S. imports. In 2012, the effective tariff on U.S. imports from the NAFTA countries for subheading 9030.10 was less than 0.5 percent ad valorem. U.S. imports from Canada accounted for almost 12 percent of total U.S. imports under subheading 9030.10 and those from Mexico for less than 0.5 percent in 2012.

The proposed modification would have no effect on U.S. exports under NAFTA and on total U.S. exports. The MFN rate of duty for subheading 9030.10 for Canada and Mexico is free.

The effect on U.S. production would likely be negligible because the net effect on total U.S. trade is expected to be negligible.

CHAPTER 90

TABLE 3.198 Oscilloscopes and oscillographs

HTS no.	Existing rule	Proposed rule	Probable effect advice
9030.20	<p>70. (A) A change to cathode-ray oscilloscopes or cathode-ray oscillographs of subheading 9030.20 from any other good of subheading 9030.20 or any other subheading, except from printed circuit assemblies (PCAs) of subheading 9030.90;</p> <p>(B) A change to any other good of subheading 9030.20 from any other heading; or</p> <p>(C) A change to any other good of subheading 9030.20 from subheading 9030.90, whether or not there is also a change from any other heading, provided there is a regional value content of not less than:</p> <p>(1) 60 percent where the transaction value method is used, or</p> <p>(2) 50 percent where the net cost method is used.</p>	<p>A change to cathode-ray oscilloscopes or cathode-ray oscillographs of subheading 9030.20 from any other good within that subheading or any other subheading; or</p> <p>A change to any other good of subheading 9030.20 from any other subheading.</p>	<p>U.S. trade under NAFTA: Imports: Negligible Exports: None</p> <p>U.S. total trade: Imports: Negligible Exports: None</p> <p>U.S. production: Negligible</p>

TABLE 3.198: Modification and effect

Modification: Subdivision (A) of the current rule allows cathode-ray oscilloscopes or oscillographs of subheading 9030.20 to claim origin if they include inputs from any other good in subheading 9030.20 or from any other subheading, but not from printed circuit assemblies (PCAs) of subheading 9030.90. This subdivision allows a conversion from liquid crystal displays (LCDs) to cathode-ray tube (CRT) displays to confer origin; however, because the trend is toward LCDs in most goods that formerly used CRTs, this standard has little practical impact, given that few such conversions are likely to occur.

Subdivision (B) of the current rule allows oscilloscopes or oscillographs that use a different display technology to incorporate non-originating inputs from another heading. Subdivision (C) provides that, if parts from subheading 9030.90 are used, the finished good must meet a regional value content requirement.

The proposed modification is liberalizing because it would eliminate the restriction on the use of PCAs of subheading 9030.90 for producing CRT oscilloscopes and oscillographs. The proposed rule would also eliminate the regional value requirement for non-CRT oscilloscopes and oscillographs incorporating any non-originating parts from subheading 9030.90. The proposed rule would continue to allow CRT oscilloscopes and oscillographs to be given origin if they are made from other non-CRT oscilloscopes or oscillographs.

Effect: The proposed modification would likely have a negligible effect on U.S. imports under NAFTA and on total U.S. imports. In 2012, the effective tariff on U.S. imports from the NAFTA countries for subheading 9030.20 was less than 0.8 percent ad valorem. U.S. imports from Canada and Mexico together accounted for less than 0.5 percent of total U.S. imports under subheading 9030.20 in 2012.

The proposed modification would likely have no effect on U.S. exports under NAFTA and on total U.S. exports. The MFN rate of duty for subheading 9030.20 for Canada and Mexico is free.

The effect on U.S. production would likely be negligible because the net effect on total U.S. trade is expected to be negligible.

CHAPTER 90

TABLE 3.199 Multimeters without a recording device

HTS no.	Existing rule	Proposed rule	Probable effect advice
9030.31	71. A change to subheading 9030.31 from any other subheading, except from printed circuit assemblies (PCAs) of subheading 9030.90.	A change to subheading 9030.31 from any other subheading.	U.S. trade under NAFTA: Imports: Negligible Exports: None U.S. total trade: Imports: Negligible Exports: None U.S. production: Negligible

TABLE 3.199: Modification and effect

Modification: The current rule does not allow origin to be conferred on multimeters without a recording device if they use non-originating printed circuit assemblies (PCAs) from subheading 9030.90. It allows other non-originating inputs from any other subheading to be used in producing such multimeters.

The proposed modification is liberalizing because it would eliminate the restriction on the use of PCAs in the production of multimeters without a recording device.

Effect: The proposed modification would likely have a negligible effect on U.S. imports under NAFTA and on total U.S. imports. In 2012, the effective tariff on U.S. imports from the NAFTA countries for subheading 9030.31 was less than 0.5 percent ad valorem. U.S. imports from Canada and Mexico together accounted for less than 0.5 percent of total U.S. imports under subheading 9030.31 in 2012.

The proposed modification would likely have no effect on U.S. exports under NAFTA and on total U.S. exports. The MFN rate of duty for subheading 9030.31 for Canada and Mexico is free.

The effect on U.S. production would likely be negligible because the net effect on total U.S. trade is expected to be negligible.

CHAPTER 90

TABLE 3.200 Other apparatus for measuring or checking voltage, current, resistance, or power

HTS no.	Existing rule	Proposed rule	Probable effect advice
9030.39	<p>71C. (A) A change to subheadings 9030.39 through 9030.89 from any other heading; or</p> <p>(B) A change to subheadings 9030.39 through 9030.89 from subheading 9030.90, whether or not there is also a change from any other heading, provided there is a regional value content of not less than:</p> <p>(1) 60 percent where the transaction value method is used, or</p> <p>(2) 50 percent where the net cost method is used.</p>	A change to subheading 9030.39 from any other subheading.	<p>U.S. trade under NAFTA: Imports: Negligible Exports: None</p> <p>U.S. total trade: Imports: Negligible Exports: None</p> <p>U.S. production: Negligible</p>

TABLE 3.200: Modification and effect

Modification: The proposed rule, which applies only to subheading 9030.39, covers a variety of measuring or checking instruments or apparatus that do not incorporate a recording device. The current rule covers subheadings 9030.39 through 9030.89 and allows goods of such subheadings to claim origin when they incorporate non-originating inputs from another heading. Alternatively, parts or accessories of subheading 9030.90 can be used provided the finished good meets the regional value content requirement.

The proposed modification covering subheading 9030.39 is liberalizing because it would allow any subheading-level tariff change to confer origin instead of requiring a heading change, and would eliminate the regional value content requirement in situations where parts or accessories of subheading 9030.90 are used.

Effect: The proposed modification would likely have a negligible effect on U.S. imports under NAFTA and on total U.S. imports. In 2012, the effective tariff on U.S. imports from the NAFTA countries for subheading 9030.39 was less than 0.5 percent ad valorem. The U.S. NTR rate of duty is 1.7 percent ad valorem.

The proposed modification would likely have no effect on U.S. exports under NAFTA and on total U.S. exports. The MFN rate of duty for subheading 9030.39 for Canada and Mexico is free.

The effect on U.S. production would likely be negligible because the net effect on total U.S. trade is expected to be negligible.

CHAPTER 90

TABLE 3.201 Other instruments and apparatus specially designed for telecommunications, and other instruments and apparatus for measuring or checking semiconductor wafers or devices

HTS no.	Existing rule	Proposed rule	Probable effect advice
9030.40– 9030.82	<p>71C. (A) A change to subheadings 9030.39 through 9030.89 from any other heading; or</p> <p>(B) A change to subheadings 9030.39 through 9030.89 from subheading 9030.90, whether or not there is also a change from any other heading, provided there is a regional value content of not less than:</p> <p>(1) 60 percent where the transaction value method is used, or</p> <p>(2) 50 percent where the net cost method is used</p>	<p>A change to subheading 9030.40 through 9030.82 from any other heading; or</p> <p>A change to subheading 9030.40 through 9030.82 from subheading 9030.90, whether or not there is also a change from any other heading, provided there is a regional value content of not less than:</p> <p>(a) 60 percent where the transaction value method is used, or</p> <p>(b) 50 percent where the net cost method is used.</p>	<p>U.S. trade under NAFTA: Imports: None Exports: None</p> <p>U.S. total trade: Imports: None Exports: None</p> <p>U.S. production: None</p>

TABLE 3.201: Modification and effect

Modification: The proposed rule, which applies to subheadings 9030.40 through 9030.82, covers a variety of instruments and apparatus specially designed for telecommunications. The proposed rule would make no substantive change to the current NAFTA rules for these subheadings.

Effect: The proposed modification would have no effect on U.S. trade under NAFTA, total U.S. trade, or U.S. production because the proposed rule would make no substantive change to the current NAFTA rule.

CHAPTER 90

TABLE 3.202 Other measuring or checking instruments and apparatus

HTS no.	Existing rule	Proposed rule	Probable effect advice
9030.84– 9030.89	<p>71C. (A) A change to subheadings 9030.39 through 9030.89 from any other heading; or</p> <p>(B) A change to subheadings 9030.39 through 9030.89 from subheading 9030.90, whether or not there is also a change from any other heading, provided there is a regional value content of not less than:</p> <p>(1) 60 percent where the transaction value method is used, or</p> <p>(2) 50 percent where the net cost method is used</p>	A change to subheading 9030.84 through 9030.89 from any other subheading, including another subheading within that group.	<p>U.S. trade under NAFTA: Imports: Negligible Exports: None</p> <p>U.S. total trade: Imports: Negligible Exports: None</p> <p>U.S. production: Negligible</p>

TABLE 3.202: Modification and effect

Modification: The proposed rule, which applies to subheadings 9030.84 and 9030.89, covers miscellaneous instruments and apparatus used in scientific research or for industrial purposes, whether or not they incorporate a recording device.

The current rule allows goods of subheadings 9030.39 through 9030.89 to claim origin when they use non-originating inputs of another heading. Alternatively, goods of subheadings 9030.39 through 9030.89 can be made from non-originating principal parts of subheading 9030.90 provided that the finished good meets the regional value content requirement.

The proposed modification is liberalizing because it would allow any subheading-level tariff change to confer origin and would eliminate the regional value content requirement. In addition, a good classified in subheading 9030.84 could be made from or converted to a good of subheading 9030.89, and vice versa, potentially by adding or removing a recording device.

Effect: The proposed modification would likely have a negligible effect on U.S. imports under NAFTA and on total U.S. imports. The effective tariff on U.S. imports from the NAFTA countries for subheadings 9030.84 through 9030.89 was 0.8 percent ad valorem in 2012. The U.S. NTR rate of duty is 1.7 percent ad valorem.

The proposed modification would likely have no effect on U.S. exports under NAFTA and on total U.S. exports. The MFN rates of duty for subheadings 9030.84 through 9030.89 for Canada and Mexico are free.

The effect on U.S. production would likely be negligible because the net effect on total U.S. trade is expected to be negligible.

CHAPTER 90

TABLE 3.203 Machines for balancing mechanical parts; test benches

HTS no.	Existing rule	Proposed rule	Probable effect advice
9031.10– 9031.20	<p>73. (A) A change to subheadings 9031.10 through 9031.20 from any other heading; or</p> <p>(B) A change to subheadings 9031.10 through 9031.20 from subheading 9031.90, whether or not there is also a change from any other heading, provided there is a regional value content of not less than:</p> <p>(1) 60 percent where the transaction value method is used, or</p> <p>(2) 50 percent where the net cost method is used.</p>	A change to subheading 9031.10 through 9031.20 from any other subheading, including another subheading within that group.	<p>U.S. trade under NAFTA: Imports: Negligible Exports: None</p> <p>U.S. total trade: Imports: Negligible Exports: None</p> <p>U.S. production: Negligible</p>

TABLE 3.203: Modification and effect

Modification: The proposed rule covers machines for balancing mechanical parts and test benches. The current rule requires that for the finished product to claim origin, non-originating inputs used in making the goods covered in subheadings 9031.10 and 9031.20 must come from another heading. Alternatively, non-originating parts from subheading 9031.90 can be used provided the resulting finished good meets the regional value content requirement.

The proposed modification is liberalizing because it would replace the requirement for a change of heading with a requirement for a change from any other subheading. It would also eliminate the regional value content requirement. It would allow the machines of subheading 9031.10 to be combined with test benches of subheading 9031.20, or for goods of one of the covered subheadings to be converted to goods of one of the other subheadings in the group (assuming that is possible).

Effect: The proposed modification would likely have a negligible effect on U.S. imports under NAFTA and on total U.S. imports. The effective tariff on U.S. imports from the NAFTA countries for subheadings 9031.10 through 9031.20 was less than 0.5 percent ad valorem in 2012. The U.S. NTR rate of duty is 1.7 percent ad valorem.

The proposed modification would likely have no effect on U.S. exports under NAFTA and on total U.S. exports. The MFN rates of duty for subheadings 9031.10 through 9031.20 for Canada and Mexico are free.

The effect on U.S. production would likely be negligible because the net effect on total U.S. trade is expected to be negligible.

CHAPTER 90

TABLE 3.204 Other optical instruments and appliances

HTS no.	Existing rule	Proposed rule	Probable effect advice
9031.49	<p>75A. (A) A change to subheading 9031.49 from any other heading; or</p> <p>(B) A change to subheading 9031.49 from subheading 9031.90, whether or not there is also a change from any other heading, provided there is a regional value content of not less than:</p> <p>(1) 60 percent where the transaction value method is used, or</p> <p>(2) 50 percent where the net cost method is used.</p>	A change to subheading 9031.49 from any other subheading.	<p>U.S. trade under NAFTA: Imports: Negligible Exports: None</p> <p>U.S. total trade: Imports: Negligible Exports: None</p> <p>U.S. production: Negligible</p>

TABLE 3.204: Modification and effect

Modification: The proposed rule covers a range of optical measuring or checking instruments, other than those for inspecting semiconductor wafers or photomasks.

The current rule allows covered goods to retain their originating status when they are produced using non-originating inputs from any other heading. Alternatively, non-originating parts from subheading 9031.90, along with inputs from other headings, may be used provided the regional value content requirement is met for the finished instruments.

The proposed rule is liberalizing because it would eliminate both the requirement for a change of heading and the regional value content requirement, allowing non-originating principal parts classified in subheading 9031.90 to be used.

Effect: The proposed modification would likely have a negligible effect on U.S. imports under NAFTA and on total U.S. imports. The effective tariff on U.S. imports from the NAFTA countries is less than 0.5 percent ad valorem in 2012. The U.S. NTR rates of duty range from free to 3.5 percent ad valorem.

The proposed modification would likely have no effect on U.S. exports under NAFTA and on total U.S. exports. The MFN rate of duty for subheading 9031.49 for Canada and Mexico is free.

The effect on U.S. production would likely be negligible because the net effect on total U.S. trade is expected to be negligible.

CHAPTER 90

TABLE 3.205 Coordinate-measuring machines

HTS no.	Existing rule	Proposed rule	Probable effect advice
9031.49.aa [9031.49.40]	75. A change to tariff item 9031.49.40 from any other tariff item, except from subheading 8537.10 or tariff item 9031.90.45.	A change to tariff item 9031.49.aa [9031.49.40] from any other tariff item.	U.S. trade under NAFTA: Imports: Negligible Exports: None U.S. total trade: Imports: Negligible Exports: None U.S. production: Negligible

TABLE 3.205: Modification and effect

Modification: The current rule allows coordinate-measuring machines to claim originating status when they are produced using non-originating inputs from any other tariff item, but not when they are produced using boards, panels, and other bases for electrical distribution or control (subheading 8537.10) or bases and frames of coordinate-measuring machines (tariff item 9031.90.45).

The proposed modification is liberalizing because it would eliminate the exclusions in the current rule and allow a change to coordinate-measuring machines from any other tariff item.

Effect: The proposed modification would likely have a negligible effect on U.S. imports under NAFTA and on total U.S. imports. The effective tariff on U.S. imports from the NAFTA countries for tariff line 9031.49.40 was 0.9 percent ad valorem in 2012. The U.S. NTR rate of duty is 3.5 percent ad valorem. In 2012, U.S. imports from Canada and Mexico together accounted for 10 percent of total U.S. imports under tariff line 9031.49.40.

The proposed modification would likely have no effect on U.S. exports under NAFTA and on total U.S. exports. The MFN rate of duty for tariff item 9031.49.aa for Canada and Mexico is free.

The effect on U.S. production would likely be negligible because the net effect on total U.S. trade is expected to be negligible.

Note: Tariff item 9031.49.aa represents an 8-digit tariff item that is not harmonized at the international level. The applicable 8-digit codes are as follows: Canada, 9031.49.10; Mexico, 9031.49.01; and the United States, 9031.49.40.

CHAPTER 90

TABLE 2.206 Parts and accessories of measuring or checking instruments, appliances, and machines

HTS no.	Existing rule	Proposed rule	Probable effect advice
9031.90	77. A change to subheading 9031.90 from any other heading.	A change to a good of 9031.90 from any other good within that subheading or any other subheading.	U.S. trade under NAFTA: Imports: Negligible Exports: None U.S. total trade: Imports: Negligible Exports: None U.S. production: Negligible

TABLE 3.206: Modification and effect

Modification: The current rule requires that for the finished goods to claim origin, non-originating inputs used to produce parts and accessories covered in subheading 9031.90 must be classified in other headings.

The proposed modification is liberalizing because it would allow the parts and accessories of subheading 9031.90 to be made from non-originating inputs or components from another subheading or from within subheading 9031.90 itself. Individual goods classifiable in that subheading could then be joined together to make subassemblies or complete goods classified in this subheading.

Effect: The proposed modification would likely have a negligible effect on U.S. imports under NAFTA and on total U.S. imports. The effective tariff on U.S. imports from the NAFTA countries for subheading 9031.90 was less than 0.5 percent ad valorem in 2012. U.S. NTR rates of duty range from free to 3.5 percent ad valorem.

The proposed modification would likely have no effect on U.S. exports under NAFTA and on total U.S. exports. The MFN rate of duty for subheading 9031.90 for Canada and Mexico is free.

The effect on U.S. production would likely be negligible because the net effect on total U.S. trade is expected to be negligible.

CHAPTER 90

TABLE 3.207 Automatic regulating or controlling instruments and apparatus

HTS no.	Existing rule	Proposed rule	Probable effect advice
9032.20– 9032.81	<p>78A.(A) A change to subheadings 9032.20 through 9032.89 from any other heading; or</p> <p>(B) A change to subheadings 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:</p> <p>(1) 45 percent where the transaction value method is used, or</p> <p>(2) 35 percent where the net cost method is used.</p>	A change to subheading 9032.20 through 9032.81 from any other subheading, including another subheading within that group.	<p>U.S. trade under NAFTA: Imports: Negligible Exports: Negligible</p> <p>U.S. total trade: Imports: Negligible Exports: Negligible</p> <p>U.S. production: Negligible</p>

TABLE 3.207: Modification and effect

Modification: The proposed rule would cover manostats of subheading 9032.20 and hydraulic and pneumatic instruments of subheading 9032.81.

The current rule provides that such instruments and apparatus can claim origin even when made using non-originating inputs from another heading. Alternatively, such goods can incorporate non-originating principal parts and accessories of subheading 9032.90, provided that the finished good meets the regional value content requirement.

The proposed modification is liberalizing because it allows instruments to incorporate non-originating inputs from any other tariff subheading, and it eliminates the regional value content requirement. In addition, the proposed rule would allow an instrument of subheading 9032.81 to be converted to or combined with an instrument of subheading 9032.20, and vice versa, to the extent that operation can occur.

Effect: The proposed modification would likely have a negligible effect on U.S. imports under NAFTA and on total U.S. imports. The effective tariff on U.S. imports from the NAFTA countries for subheadings 9032.20 through 9032.81 was less than 0.5 percent ad valorem in 2012. U.S. NTR rates of duty range from 1.6 percent to 1.7 percent ad valorem.

The proposed modification would likely have a negligible effect on U.S. exports under NAFTA and on total U.S. exports. The MFN rate for Canada is free; however, the MFN rates for Mexico range from free to 15 percent ad valorem. Using estimated duties paid on U.S. exports to Mexico and total U.S. exports to NAFTA partners, the effective tariff on U.S. exports to the NAFTA partners in 2012 was 1.1 percent ad valorem.¹ U.S. exports to NAFTA account for only 17 percent of total U.S. exports in 2012.

The effect on U.S. production would likely be negligible because the net effect on total U.S. trade is expected to be negligible.

¹ Commission estimate based on U.S. export data from USITC DataWeb/USDOC and Mexican import data from Mexican International Trade Integral Information System (SIICEX).

CHAPTER 90

TABLE 3.208 Automatic regulating or controlling instruments and apparatus other than thermostats, manostats, or hydraulic or pneumatic devices

HTS no.	Existing rule	Proposed rule ¹	Probable effect advice
9032.89	<p>78A. (A) A change to subheadings 9032.20 through 9032.89 from any other heading; or</p> <p>(B) A change to subheadings 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:</p> <p>(1) 45 percent where the transaction value method is used, or</p> <p>(2) 35 percent where the net cost method is used.</p>	<p>A change to subheading 9032.89 from any other heading; or</p> <p>A change to subheading 9032.89 from subheading 9032.90, whether or not there is a change from any other heading, provided there is a regional content value of not less than:</p> <p>(a) 45 percent where the transaction value method is used, or</p> <p>(b) 35 percent where the net cost method is used.</p>	<p>U.S. trade under NAFTA: Imports: None Exports: None</p> <p>U.S. total trade: Imports: None Exports: None</p> <p>U.S. production: None</p>

TABLE 3.208: Modification and effect

Modification: The proposed rule covers a variety of automatic regulating or controlling instruments and apparatus (not including thermostats, monostats, or hydraulic or pneumatic devices). The proposed rule would make no substantive change to the current NAFTA rule for subheading 9032.89.

Effect: The proposed modification would have no effect on U.S. trade under NAFTA, total U.S. trade, or U.S. production because the proposed rule would make no substantive change to the current NAFTA rule.

¹ If the good provided for in subheading 9032.89 is for use in a motor vehicle of Chapter 87, the provisions of Article 403 may apply.

TABLE FOR HTS CHAPTER 94

TABLE 3.209 Medical, surgical, dental, or veterinary furniture; barber's chairs and similar chairs; and parts

HTS no.	Existing rule	Proposed rule	Probable effect advice
9402.10– 9402.90	3. A change to heading 9402 from any other chapter.	A change to subheading 9402.10 through 9402.90 from any other subheading, including another subheading within that group.	U.S. trade under NAFTA: Imports: None Exports: Negligible U.S. total trade: Imports: None Exports: Negligible U.S. production: Negligible

TABLE 3.209: Modification and effect

Modification: The current rule allows medical, surgical, dental, or veterinary furniture; barber's chairs and similar chairs; and parts to be made from non-originating inputs from outside chapter 94 without losing the finished goods' eligibility for NAFTA preferential treatment.

The proposed modification would be liberalizing to the extent that furniture of one subheading could be turned into furniture of another subheading, or inputs from other headings of chapter 94 could be used to make goods of this heading. Under the proposed rule, non-originating inputs could come from any other subheading to confer origin. However, parts of this furniture are classified along with their respective end product in subheadings 9402.10 and 9402.90. The proposed rule still requires inputs produced in non-NAFTA countries to come from outside the subheading, meaning in practical terms that few products will likely qualify under the new rule.

Effect: U.S. imports of these goods are already free of duty for all NTR countries; therefore, there would be no effect on U.S. imports under NAFTA or on total U.S. imports.

The proposed modification would likely have a negligible effect on U.S. exports under NAFTA and on total U.S. exports. Although Mexico imposes duties ranging from 10 to 15 percent ad valorem on these products (Canada is free on an MFN basis), it is unlikely that many additional products would qualify under the proposed rules, as discussed above.

The effect on U.S. production would likely be negligible because the net effect on total U.S. trade is expected to be negligible.

TABLE FOR HTS CHAPTER 95

TABLE 3.210 Various toys and games, including wheeled toys, dolls, and puzzles

HTS no.	Existing rule	Proposed rule	Probable effect advice
9503.00– 9505.90	<p>1. (A) A change to subheadings 9503.00 through 9505.90 from any other chapter; or</p> <p>(B) A change to a good of any of subheadings 9503.00 through 9505.90 from within that subheading or any other subheading within 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:</p> <p>(1) 60 percent where the transaction value method is used, or</p> <p>(2) 50 percent where the net cost method is used.</p>	<p>A change to subheading 9503.00 through 9505.90 from any other subheading, including another subheading within that group; or</p> <p>No required change in tariff classification to any of subheading 9503.00 through 9505.90, provided there is a regional value content of not less than:</p> <p>(a) 45 percent where the transaction value method is used, or</p> <p>(b) 35 percent where the net cost method is used.</p>	<p>U.S. trade under NAFTA: Imports: None Exports: Significant increase¹</p> <p>U.S. total trade: Imports: None Exports: Negligible</p> <p>U.S. production: Negligible</p>

TABLE 3.210: Modification and effect

Modification: In 2007, HS headings 9501 and 9502 were deleted and the goods formerly classified in them were transferred to heading 9503. The rules of origin were updated to allow previously recognized tariff changes to continue to confer origin. Under the current NAFTA rule, the use of non-originating inputs classified in chapter 95 in the manufacture of various toys and games, such as wheeled toys, dolls, and puzzles (subheadings 9503.00 through 9505.90) does not confer origin, unless the final good meets the regional value content requirement.

The proposed modification is liberalizing because it would allow the goods of subheading 9503.00 through 9505.90 to be made with non-originating inputs classified in any other subheading, including subheadings 9503.00 through 9505.90, and still claim origin, without meeting the regional value content requirement. Alternatively, the proposed modification would confer origin with no change in classification provided the regional value content requirement is met.

Effect: The proposed modification would have no effect on U.S. imports under NAFTA and on total U.S. imports of various toys and games (subheadings 9503.00 through 9505.90). The NTR rate of duty for these products is free.

The proposed modification could potentially result in a significant increase in U.S. exports to NAFTA partners, which totaled \$985.6 million in 2012. Canada’s and Mexico’s MFN rates of duty for the goods in subheadings 9503.00 through 9505.90 range from free to 15 percent ad valorem. Using the actual duties paid on U.S. exports to Canada and assuming the MFN rates apply to U.S. exports to Mexico, the effective tariff on U.S. exports of the subject goods to NAFTA partners in 2012 was 2.5 percent ad valorem.²

¹ Results for this proposed modification are likely overstated because the analysis was based on the assumption that all U.S. exports to Mexico paid the MFN rate of duty. The effect on U.S. exports to NAFTA partners will be reduced to the extent that U.S. exports to Mexico currently receive the NAFTA preferential rate of duty.

² Commission estimate based on Canadian import data from Statistics Canada, International Trade Division, and Mexican import data from Global Trade Atlas.

TABLE 3.210: Modification and effect—Continued

The proposed modification would likely have a negligible effect on total U.S. exports. The effective tariff on total U.S. exports of products covered by the rule was less than 1 percent ad valorem in 2012.³ U.S. exports to NAFTA partners accounted for 38 percent of total U.S. exports in 2012.

The effect on U.S. production would likely be negligible because the net effect on total U.S. trade is expected to be none or negligible. In addition, the size of U.S. production is relatively large compared with any potential changes in U.S. trade with NAFTA partners.

³ Calculated based on actual duties paid on U.S. exports to Canada and assuming the MFN rates apply to U.S. exports to Mexico of products covered by the proposed modification divided by total U.S. exports of all products covered by the proposed modification. Commission estimate based on Canadian import data from Statistics Canada, International Trade Division, Mexican import data from Global Trade Atlas, and U.S. export data from USITC DataWeb/USDOC.

TABLES FOR HTS CHAPTER 96

TABLE 3.211 Lighters

HTS no.	Existing rule	Proposed rule	Probable effect advice
9613.10– 9613.80	<p>10. (A) A change to subheadings 9613.10 through 9613.80 from any other chapter; or</p> <p>(B) A change to subheadings 9613.10 through 9613.80 from subheading 9613.90, whether or not there is also a change from any other chapter, provided there is a regional value content of not less than:</p> <p>(1) 60 percent where the transaction value method is used, or</p> <p>(2) 50 percent where the net cost method is used.</p>	<p>A change to subheading 9613.10 through 9613.80 from any other chapter; or</p> <p>A change to subheading 9613.10 through 9613.80 from subheading 9613.90, whether or not there is also a change from any other chapter, provided there is a regional value content of not less than:</p> <p>(a) 45 percent where the transaction value method is used, or</p> <p>(b) 35 percent where the net cost method is used.</p>	<p>U.S. trade under NAFTA: Imports: Negligible Exports: Negligible</p> <p>U.S. total trade: Imports: Negligible Exports: Negligible</p> <p>U.S. production: Negligible</p>

TABLE 3.211: Modification and effect

Modification: Under the current rule, lighters (subheadings 9613.10-9613.80) can claim origin if they are made from non-originating inputs from any chapter other than chapter 96. Alternatively, if non-originating inputs from subheading 9613.90 are used in the production of these lighters, whether or not there are non-originating inputs from any other chapter, the final product must meet the regional value content requirement.

The proposed modification is liberalizing because it would lower the regional value content to 45 percent from 60 percent under the current rule where the transaction value method is used, and 35 percent from 50 percent where the net cost method is used.

Effect: The proposed modification would likely have a negligible effect on U.S. imports under NAFTA and on total U.S. imports of subheadings 9613.10 through 9613.80. The effective tariff on U.S. imports from Canada and Mexico was less than 0.5 percent ad valorem in 2012. The U.S. NTR duty rate ranges from 3.6 percent ad valorem for “other lighters of precious metal” to 9 percent ad valorem for pocket lighters that are both refillable and gas-fueled. Dutiable U.S. imports from NAFTA partners accounted for 9 percent of U.S. imports of lighters from NAFTA partners and less than 1 percent of total U.S. imports of lighters.

The proposed modification would likely have a negligible effect on U.S. exports under NAFTA and on total U.S. exports. Mexico, which accounted for only 7 percent of U.S. exports to NAFTA partners, has three tariff items covered by the rule with MFN rates of duty of 15 percent ad valorem. Canada has four tariff items covered by the rule, with MFN rates of duty ranging from 6.5 to 9.5 percent ad valorem. Based on actual duties collected by Canada and estimated duties collected by Mexico, the estimated effective tariff on U.S. exports of the subject products to NAFTA was less than 0.5 percent ad valorem in 2012.¹

The effect on U.S. production would likely be negligible because the net effect on total U.S. trade is expected to be negligible.

¹ Commission estimate based on Canadian import data from Statistics Canada, International Trade Division and Mexican import data from Mexican International Trade Integral Information System (SIICEX).

CHAPTER 96

TABLE 3.212 Smoking pipes (including pipe bowls) and cigar or cigarette holders, and parts thereof

HTS no.	Existing rule	Proposed rule	Probable effect advice
9614	<p>12. (A) A change to roughly shaped blocks of wood or root for the manufacture of pipes of heading 9614 from any other chapter;</p> <p>(B) A change to pipes or pipe bowls of heading 9614 from roughly shaped blocks of wood or root for the manufacture of pipes of heading 9614 or any other heading; or</p> <p>(C) A change to any other good of heading 9614 from any other heading.</p>	A change to a good of heading 96.14 from any other good within that heading or any other heading.	<p>U.S. trade under NAFTA: Imports: Significant increase Exports: Negligible</p> <p>U.S. total trade: Imports: Negligible Exports: Negligible</p> <p>U.S. production: Negligible</p>

TABLE 3.212: Modification and effect

Modification: In 2007 the WCO restructured HS heading 9614 and deleted subheadings, one of which had provided for the goods named in parts (A) and (B) of the existing rule. The rule of origin for the heading was updated to allow previous tariff shifts to continue, resulting in more complex requirements. Under the current rule, if non-originating smoking pipes and bowls, cigarette holders, or parts of such articles that are classified in heading 9614 are used to make another article in heading 9614, that article generally cannot claim origin. Non-originating inputs are required to come from any chapter other than chapter 96 (part A) or from any heading other than heading 9614 (part C) to receive the NAFTA preferential rate of duty. The one exception is found in rule 12(B), which allows a pipe or bowl to be made from non-originating blocks of wood or root that have been roughly shaped.

The proposed modification is liberalizing because it would allow smoking pipes and bowls, cigar and cigarette holders, and their parts to be made from a non-originating good classified in heading 9614 or any other heading.

Effect: The proposed modification would likely result in a significant increase in U.S. imports under NAFTA, albeit from a small base. The U.S. NTR duty rates for goods under heading 9614 range from free to 7.2 percent ad valorem. In 2012, the effective tariff on U.S. imports of these goods from NAFTA partners was 2.5 percent ad valorem. However, U.S. imports from NAFTA partners of goods under heading 9614 totaled only \$10,340 in 2012.

The proposed modification would likely have a negligible effect on total U.S. imports. U.S. imports from NAFTA partners of goods covered by the proposed modification accounted for less than 0.5 percent of total U.S. imports of such goods in 2012.

The proposed modification would likely have a negligible effect on U.S. exports under NAFTA and on total U.S. exports. Mexico has two tariff items covered by the rule with an MFN rate of 15 percent ad valorem. Canada has three tariff items covered by the rule with MFN rates of duty ranging from free to 7 percent ad valorem. Exports to Canada accounted for 93 percent of U.S. exports under heading 9614 to NAFTA partners in 2012. Using the actual duties paid on U.S. exports to Canada and assuming the MFN rates apply to U.S. exports to Mexico, the effective tariff on U.S. exports to NAFTA partners in 2012 was 1.3 percent ad valorem.¹

The effect on U.S. production would likely be negligible because the net effect on total U.S. trade is expected to be negligible. Also, any expected change in U.S. imports from NAFTA partners is likely small compared with U.S. production.

¹ Commission estimate based on Canadian import data from Statistics Canada, International Trade Division, and Mexican import data from Global Trade Atlas.

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APPENDIX A

Request Letter from USTR with attached Proposed Modifications to the Rules of Origin, and Clarification to the Request Letter

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

MAR 11 2013

DOCKET NUMBER 2944
Office of the Secretary Int'l Trade Commission

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

Dear Chairman Williamson:

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 the fourth in a series of proposed modifications to Annex 401, which are reflected in the attached document.

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 rules of origin as may from time to time be agreed to by the NAFTA countries. One of the requirements set out in section 103 is that the President obtain advice from the United States International Trade Commission ("the 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 economic effect of the modifications reflected in the enclosed proposals on U.S. trade under the NAFTA, on total U.S. trade, and on domestic industries. I request that the Commission provide this advice at the earliest possible date, but not later than eight months from the date of receipt of this letter. The Commission should issue, as soon as possible thereafter, a public version of its report with any business confidential information redacted.

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

Sincerely,


Ambassador Ron Kirk

Enclosure

RECEIVED
MAR 14 2013
OFFICE OF THE SECRETARY U.S. INTL. TRADE COMMISSION

NAFTA RULES OF ORIGIN LIBERALIZATION

Track IV Amendments to Annex 401, Specific Rules of Origin

Chapter 21

Miscellaneous edible preparations

2103.90: Delete the rules of origin applicable to subheading 2103.90 and replace with the following:

2103.90 A change to subheading 2103.90 from any other subheading.

Chapter 27

**Mineral fuels, mineral oils and products of their distillation;
bituminous substances; mineral waxes**

2711.11, 2711.12-2711.14: Delete the rules of origin applicable to subheading 2711.11 and 2711.12-2711.14 and replace with the following:

2711.11 A change to a good of subheading 2711.11 from within that subheading or any other subheading, provided that the non-originating feedstock of subheading 2711.11 constitutes no more than 49 percent by volume of the good.

2711.12-2711.14 A change to a good of subheading 2711.12 through 2711.14 from within that subheading or any other subheading, including another subheading within that group, provided that the non-originating feedstock of subheading 2711.12 through 2711.14 constitutes no more than 49 percent by volume of the good.

2711.21: Delete the rule of origin applicable to subheading 2711.21 and replace with the following:

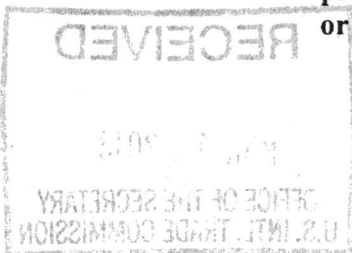
2711.21 A change to subheading 2711.21 from any other subheading.

2713.20: Delete the rule of origin applicable to subheading 2713.20 and replace with the following:

2713.20 A change to a good of subheading 2713.20 from within that subheading or any other subheading, provided that the non-originating feedstock of subheading 2713.20 constitutes no more than 49 percent by volume of the good.

Chapter 28

**Inorganic chemicals; organic or inorganic compounds of
precious metals, of rare-earth metals, of radioactive elements
or of isotopes**



2801.10-2801.30, 28.02-28.03, 2804.10-2804.50, 2804.61-2804.69, 2804.70-2804.90: Delete subheading 2801.10-2801.30, heading 28.02-28.03 and subheading 2804.10-2804.50, 2804.61-2804.69, 2804.70-2804.90 and the rules of origin applicable thereto and replace with the following:

2801.10-2804.90 A change to subheading 2801.10 through 2804.90 from any other subheading, including another subheading within that group.

2805.19: Delete the rules of origin applicable to subheading 2805.19 and replace with the following:

2805.19 A change to a good of subheading 2805.19 from any other good within that subheading or any other subheading.

2806.10, 2806.20, 28.07-28.08, 2809.10-2810.00: Delete subheading 2806.10, 2806.20, heading 28.07-28.08 and subheading 2809.10-2810.00 and the rules of origin applicable thereto and replace with the following:

2806.10 – 2810.00 A change to subheading 2806.10 through 2810.00 from any other subheading, including another subheading within that group.

2811.11-2811.22, 2811.29, 2812.10-2814.20: Delete subheading 2811.11-2811.22, 2811.29 and 2812.10-2814.20 and the rules of origin applicable thereto and replace with the following:

2811.11-2814.20 A change to a good of any of subheading 2811.11 through 2814.20 from any other good within that subheading or any other subheading, including another subheading within that group.

2815.11-2815.12, 2815.20, 2815.30: Delete subheading 2815.11-2815.12, 2815.20 and 2815.30 and the rules of origin applicable thereto and replace with the following:

2815.11-2815.30 A change to subheading 2815.11 through 2815.30 from any other subheading, including another subheading within that group.

2816.10, 2816.40, 2817.00-2818.30, 2819.10, 2819.90, 2820.10, 2820.90, 2821.10-2821.20, 28.22-28.23, 2824.10, 2824.90, 2825.10-2825.90, 2826.12, 2826.19, 2826.30, 2826.90, 2827.10-2827.35, 2827.39, 2827.41-2827.60, 2828.10-2828.90, 2829.11, 2829.19-2829.90, 2830.10, 2830.90, 2831.10-2832.30, 2833.11-2833.27, 2833.29, 2833.30-2833.40, 2834.10-2834.21, 2834.29, 2835.10-2835.26, 2835.29, 2835.31-2835.39, 2836.20-2836.30, 2836.40-2836.92, 2836.99, 2837.11-2837.20, 2839.11-2839.19, 2839.90, 2840.11-2840.30, 2841.30, 2841.50, 2841.61-2841.80, 2841.90, 2842.10, 2842.90, 2843.10-2850.00: Delete subheading 2816.10, 2816.40, 2817.00-2818.30, 2819.10, 2819.90, 2820.10, 2820.90, 2821.10-2821.20, heading 28.22-28.23, subheading 2824.10, 2824.90, 2825.10-2825.90, 2826.12, 2826.19, 2826.30, 2826.90, 2827.10-2827.35, 2827.39, 2827.41-2827.60, 2828.10-2828.90, 2829.11, 2829.19-

2829.90, 2830.10, 2830.90, 2831.10-2832.30, 2833.11-2833.27, 2833.29, 2833.30-2833.40, 2834.10-2834.21, 2834.29, 2835.10-2835.26, 2835.29, 2835.31-2835.39, 2836.20-2836.30, 2836.40-2836.92, 2836.99, 2837.11-2837.20, 2839.11-2839.19, 2839.90, 2840.11-2840.30, 2841.30, 2841.50, 2841.61-2841.80, 2841.90, 2842.10, 2842.90 and 2843.10-2850.00 and the rules of origin applicable thereto and replace with the following:

2816.10-2850.00 A change to a good of any of subheading 2816.10 through 2850.00 from any other good within that subheading or any other subheading, including another subheading within that group.

28.52, 28.53: Delete headings 28.52 and 28.53 and the rules of origin applicable thereto and replace with the following:

28.52-28.53 A change to a good of any of heading 28.52 through 28.53 from any other good within that heading or any other heading, including another heading within that group.

Chapter 29 Organic chemicals

Insert the following Chapter Notes:

Note 1: *Notes 3 through 4 of this Chapter confer origin to a good of any heading or subheading in this Chapter, except as otherwise specified in those notes.*

Note 2: *Notwithstanding Note 1, a good is an originating good if it meets the applicable change in tariff classification specified in the rules of origin of this Chapter.*

Note 3: ***Chemical Reaction***

A good of this Chapter that results from a chemical reaction in the territory of one or more of the Parties shall be treated as an originating good.

For purposes of this section, a "chemical reaction" is a process (including a biochemical process) that results in a molecule with a new structure by breaking intramolecular bonds and by forming new intramolecular bonds, or by altering the spatial arrangement of atoms in a molecule.

The following are not considered to be chemical reactions for the purposes of determining whether a good is originating:

(a) *dissolution in water or in another solvent;*

- (b) *the elimination of solvents, including solvent water; or*
- (c) *the addition or elimination of water of crystallization.*

Note 4: Purification

A good of this Chapter that is subject to purification shall be treated as an originating good provided that the purification occurs in the territory of one or more of the Parties and results in the elimination of not less than 80 percent of the impurities.

Note 5: Separation Prohibition

A good that undergoes a change from one classification to another in the territory of one or more of the Parties as a result of the separation of one or more materials from a man-made mixture shall not be treated as an originating good unless the isolated material underwent a chemical reaction in the territory of one or more of the Parties.

2901.10-2901.29 through 29.35: Delete subheading 2901.10-2901.29, 2902.11-2902.44, 2902.50, 2902.60-2902.90, 2903.11-2903.15, 2903.19, 2903.21-2903.29, 2903.31-2903.39, 2903.41-2903.51, 2903.52-2903.59, 2903.61-2903.69, 2904.10-2904.90, 2905.11-2905.17, 2905.19, 2905.22-2905.49, 2905.51-2905.59, 2906.11-2906.13, 2906.19, 2906.21-2906.29, 2907.11-2907.15, 2907.19, 2907.21-2907.23, 2907.29, 2908.11-2908.19, 2908.91, 2908.99, 2909.11-2909.20, 2909.30, 2909.41-2909.43, 2909.44, 2909.49-2909.60, 2910.10-2910.30, 2910.40-2910.90, heading 29.11, subheading 2912.11, 2912.12, 2912.19, 2912.21-2912.50, 2912.60, heading 29.13, subheading 2914.11-2914.70, 2915.11, 2915.12, 2915.13, 2915.21, 2915.24, 2915.29, 2915.31, 2915.32, 2915.33, 2915.36, 2915.39, 2915.40, 2915.50-2915.70, 2915.90, 2916.11-2916.39, 2917.11-2917.33, 2917.34, 2917.35-2917.39, 2918.11-2918.16, 2918.18, 2918.19, 2918.21, 2918.22-2918.23, 2918.29-2918.30, 2918.91-2918.99, heading 29.19, subheading 2920.11-2920.19, 2920.90, 2921.11, 2921.19, 2921.21-2921.29, 2921.30, 2921.41-2921.45, 2921.46-2921.49, 2921.51-2921.59, 2922.11-2922.13, 2922.14-2922.19, 2922.21, 2922.29, 2922.31-2922.39, 2922.41-2922.43, 2922.44-2922.49, 2922.50, 2923.10-2923.90, 2924.11-2924.19, 2924.21, 2924.23, 2924.24-2924.29, 2925.11, 2925.12-2925.19, 2925.21-2925.29, 2926.10-2926.20, 2926.30-2926.90, heading 29.27-29.28, subheading 2929.10-2929.90, 2930.20-2930.40, 2930.50, 2930.90, heading 29.31, subheading 2932.11-2932.94, 2932.95-2932.99, 2933.11-2933.32, 2933.33-2933.39, 2933.41-2933.49, 2933.52-2933.54, 2933.55-2933.59, 2933.61-2933.69, 2933.71, 2933.72-2933.79, 2933.91-2933.99, 2934.10-2934.30, 2934.91-2934.99 and heading 29.35 and the rules of origin applicable thereto and replace with the following:

2901.10-2902.90 A change to subheading 2901.10 through 2902.90 from any other subheading, including another subheading within that group.

- 2903.11-2903.15 A change to subheading 2903.11 through 2903.15 from any other subheading, including another subheading within that group.
- 2903.19 A change to 1,2-dichloropropane (propylene dichloride) or dichlorobutanes of subheading 2903.19 from other saturated chlorinated derivatives of acyclic hydrocarbons within that subheading or any other subheading;
- A change to other saturated chlorinated derivatives of acyclic hydrocarbons of subheading 2903.19 from 1,2-dichloropropane (propylene dichloride) or dichlorobutanes within that subheading or any other subheading; or
- A change to any other good of subheading 2903.19 from any other subheading.
- 2903.21-2903.69 A change to subheading 2903.21 through 2903.69 from any other subheading, including another subheading within that group.
- 2904.10-2904.90 A change to subheading 2904.10 through 2904.90 from any other subheading, including another subheading within that group.
- 2905.11-2905.17 A change to subheading 2905.11 through 2905.17 from any other subheading, including another subheading within that group.
- 2905.19 A change to pentanol (amyl alcohol) or isomers thereof of subheading 2905.19 from any other good within that subheading or any other subheading; or
- A change to any other good of subheading 2905.19 from pentanol (amyl alcohol) or isomers thereof within that subheading or any other subheading.
- 2905.22-2905.59 A change to subheading 2905.22 through 2905.59 from any other subheading, including another subheading within that group.
- 2906.11-2906.13 A change to subheading 2906.11 through 2906.13 from any other subheading, including another subheading within that group.
- 2906.19 A change to terpineols of subheading 2906.19 from any other good within that subheading or any other subheading; or
- A change to any other good of subheading 2906.19 from terpineols within that subheading or any other subheading.

- 2906.21-2906.29 A change to subheading 2906.21 through 2906.29 from any other subheading, including another subheading within that group.
- 2907.11-2907.15 A change to subheading 2907.11 through 2907.15 from any other subheading, including another subheading within that group.
- 2907.19 A change to xylenols or their salts of subheading 2907.19 from any other good within that subheading or any other subheading; or
A change to any other good of subheading 2907.19 from xylenols or their salts within that subheading or any other subheading.
- 2907.21-2907.23 A change to subheading 2907.21 through 2907.23 from any other subheading, including another subheading within that group.
- 2907.29 A change to phenol-alcohols of subheading 2907.29 from polyphenols within that subheading or any other subheading;
A change to polyphenols of subheading 2907.29 from phenol-alcohols within that subheading or any other subheading; or
A change to any other good of subheading 2907.29 from phenol-alcohols or polyphenols within that subheading or any other subheading.
- 2908.11-2911.00 A change to subheading 2908.11 through 2911.00 from any other subheading, including another subheading within that group.
- 2912.11-2912.12 A change to subheading 2912.11 through 2912.12 from any other subheading, including another subheading within that group.
- 2912.19 A change to butanal (butyraldehyde, normal isomer) of subheading 2912.19 from any other good within that subheading or any other subheading; or
A change to any other good of subheading 2912.19 from butanal (butyraldehyde, normal isomer) within that subheading or any other subheading.
- 2912.21-2912.60 A change to subheading 2912.21 through 2912.60 from any other subheading, including another subheading within that group.
- 2913.00-2914.70 A change to subheading 2913.00 through 2914.70 from any other subheading, including another subheading within that group.

- 2915.11-2915.24 A change to subheading 2915.11 through 2915.24 from any other subheading, including another subheading within that group.
- 2915.29 A change to sodium acetate of subheading 2915.29 from any other good within that subheading or any other subheading;
- A change to cobalt acetates of subheading 2915.29 from any other good within that subheading or any other subheading; or
- A change to any other good of subheading 2915.29 from sodium acetate or cobalt acetates within that subheading or any other subheading.
- 2915.31-2915.36 A change to subheading 2915.31 through 2915.36 from any other subheading, including another subheading within that group.
- 2915.39 A change to 2-ethoxyethyl acetate of subheading 2915.39 from any other good within that subheading or any other subheading;
- A change to isobutyl acetate of subheading 2915.39 from any other good within that subheading or any other subheading; or
- A change to any other good of subheading 2915.39 from isobutyl acetate or 2-ethoxyethyl acetate within that subheading or any other subheading.
- 2915.40-2915.70 A change to subheading 2915.40 through 2915.70 from any other subheading, including another subheading within that group.
- 2915.90 A change to valproic salts of subheading 2915.90 from valproic acids within that subheading or any other subheading; or
- A change to any other good of subheading 2915.90 from any other subheading.
- 2916.11-2916.31 A change to subheading 2916.11 through 2916.31 from any other subheading, including another subheading within that group.
- 2916.32 A change to benzoyl peroxide of subheading 2916.32 from benzoyl chloride within that subheading or any other subheading;
- A change to benzoyl chloride of subheading 2916.32 from benzoyl peroxide within that subheading or any other subheading; or
- A change to any other good of subheading 2916.32 from within that subheading or any other subheading.

- 2916.34-2916.39 A change to subheading 2916.34 through 2916.39 from any other subheading, including another subheading within that group.
- 2917.11-2917.33 A change to subheading 2917.11 through 2917.33 from any other subheading, including another subheading within that group.
- 2917.34 A change to dibutyl orthophthalates of subheading 2917.34 from any other good within that subheading or any other subheading; or
A change to any other good of subheading 2917.34 from dibutyl orthophthalates within that subheading or any other subheading.
- 2917.35-2917.39 A change to subheading 2917.35 through 2917.39 from any other subheading, including another subheading within that group.
- 2918.11-2918.18 A change to subheading 2918.11 through 2918.18 from any other subheading, including another subheading within that group.
- 2918.19 A change to phenylglycolic acid (mandelic acid), its salts or esters of subheading 2918.19 from any other good within that subheading or any other subheading; or
A change to any other good of subheading 2918.19 from phenylglycolic acid (mandelic acid), its salts or esters within that subheading or any other subheading.
- 2918.21-2918.23 A change to subheading 2918.21 through 2918.23 from any other subheading, including another subheading within that group.
- 2918.29-2918.30 A change to parabens of subheading 2918.29 from p-hydroxybenzoic acid within that subheading or any other subheading; or
A change to any other good of subheading 2918.29 through 2918.30 from any other subheading, including another subheading within that group.
- 2918.91-2918.99 A change to subheading 2918.91 through 2918.99 from any other subheading, including another subheading within that group.
- 2919.10-2920.90 A change to subheading 2919.10 through 2920.90 from any other subheading, including another subheading within that group.
- 2921.11 A change to subheading 2921.11 from any other subheading.

- 2921.19 A change to a good of subheading 2921.19 from diethylamine or its salts within that subheading or any other subheading; or
- A change to diethylamine or its salts of subheading 2921.19 from any other subheading.
- 2921.21-2921.59 A change to subheading 2921.21 through 2921.59 from any other subheading, including another subheading within that group.
- 2922.11-2922.21 A change to subheading 2922.11 through 2922.21 from any other subheading, including another subheading within that group.
- 2922.29 A change to subheading 2922.29 from any other subheading;
- A change to anisidines, dianisidines, phenetidines or their salts of subheading 2922.29 from any other good within that subheading, whether or not there is also a change from any other subheading, 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; or
- A change to any other good of subheading 2922.29 from anisidines, dianisidines, phenetidines or their salts within that subheading, whether or not there is also a change from any other subheading, 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.
- 2922.31-2922.50 A change to subheading 2922.31 through 2922.50 from any other subheading, including another subheading within that group.
- 2923.10-2923.90 A change to subheading 2923.10 through 2923.90 from any other subheading, including another subheading within that group.
- 2924.11-2924.21 A change to subheading 2924.11 through 2924.21 from any other subheading, including another subheading within that group.
- 2924.23 A change to subheading 2924.23 from any other subheading;
- A change to 2-acetamidobenzoic acid (N-acetylanthranilic acid) of subheading 2924.23 from its salts within that subheading, whether or not there is also a change from any other subheading, 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; or

A change to salts of subheading 2924.23 from 2-acetamidobenzoic acid (N-acetylanthranilic acid) within that subheading, whether or not there is also a change from any other subheading, 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.

- 2924.24-2924.29 A change to subheading 2924.24 through 2924.29 from any other subheading, including another subheading within that group.
- 2925.11-2929.90 A change to subheading 2925.11 through 2929.90 from any other subheading, including another subheading within that group.
- 2930.20-2930.50 A change to subheading 2930.20 through 2930.50 from any other subheading, including another subheading within that group.
- 2930.90 A change to dithiocarbonates (xanthates) of subheading 2930.90 from any other good within that subheading or any other subheading; or

A change to any other good of subheading 2930.90 from dithiocarbonates (xanthates) within that subheading or any other subheading.
- 2931.00-2933.99 A change to subheading 2931.00 through 2933.99 from any other subheading, including another subheading within that group.
- 2934.10-2934.30 A change to subheading 2934.10 through 2934.30 from any other subheading, including another subheading within that group.
- 2934.91-2934.99 A change to nucleic acids of any of subheading 2934.91 through 2934.99 from other heterocyclic compounds within that subheading or any other subheading, including another subheading within that group; or

A change to any other good of subheading 2934.91 through 2934.99 from any other subheading, including another subheading within that group.
- 2935.00 A change to subheading 2935.00 from any other subheading.

2937.11-2937.90, 2938.10-2938.90, 2939.11, 2939.19, 2939.20, 2939.30-2939.42, 2939.43-2939.49, 2939.51-2939.59, 2939.61-2939.69, 2939.91-2939.99, 29.40, 2941.10-2941.90, 29.42: Delete subheadings 2937.11-2937.90, 2938.10-2938.90, 2939.11, 2939.19, 2939.20, 2939.30-2939.42, 2939.43-2939.49, 2939.51-2939.59, 2939.61-2939.69, 2939.91-2939.99, heading 29.40, subheading 2941.10-2941.90 and heading 29.42 and the rules of origin applicable thereto and replace with the following:

2937.11-2942.00 A change to subheading 2937.11 through 2942.00 from any other subheading, including another subheading within that group.

Chapter 30 Pharmaceutical products

3001.20: Delete the rules of origin applicable to subheading 3001.20 and replace with the following:

3001.20 A change to subheading 3001.20 from any other subheading.

3002.10-3002.90: Delete the rule of origin applicable to subheading 3002.10-3002.90 and replace with the following:

3002.10-3002.90 A change to subheading 3002.10 through 3002.90 from any other subheading, including another subheading within that group.

3006.10, 3006.20, 3006.30-3006.60: Delete subheadings 3006.10, 3006.20 and 3006.30-3006.60 and the rules of origin applicable thereto and replace with the following:

3006.10-3006.50 A change to subheading 3006.10 through 3006.50 from any other subheading, including another subheading within that group.

3006.60 A change to subheading 3006.60 from any other heading; or

A change to subheading 3006.60 from any other subheading within heading 30.06, except from subheading 3006.92, 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 is used, or

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

(Formatting only – no change in intent)

3006.92: Delete the rule of origin applicable to subheading 3006.92 and replace with the following:

3006.92 A change to subheading 3006.92 from any other subheading.

Chapter 31 Fertilizers

3102.10-3102.80, 3102.90, 3103.10, 3103.90, 3104.20-3104.30, 3104.90, 3105.10-3105.90: Delete subheading 3102.10-3102.80, 3102.90, 3103.10, 3103.90, 3104.20-3104.30, 3104.90, 3105.10-3105.90 and the rules of origin applicable thereto and replace with the following:

3102.10-3105.90 A change to a good of any of subheading 3102.10 through 3105.90 from any other good within that subheading or any other subheading, including another subheading within that group.

Chapter 32 Tanning or dyeing extracts; tannins and their derivatives; dyes pigments and other colouring matter; paints and varnishes; putty and other mastics; inks

Insert the following Chapter Notes:

Note 1: *Note 3 of this Chapter confers origin to a good of any heading or subheading of this Chapter, except as otherwise specified in that note.*

Note 2: *Notwithstanding Note 1, a good is an originating good if it meets the applicable change of tariff classification and, if applicable, satisfies the applicable value content requirement specified in the rules of origin of this Chapter.*

Note 3: ***Chemical Reaction***

A good of this Chapter that results from a chemical reaction in the territory of one or more of the Parties shall be treated as an originating good.

For purposes of this Note, a "chemical reaction" is a process (including a biochemical process) which results in a molecule with a new structure by breaking intramolecular bonds and by forming new intramolecular bonds, or by altering the spatial arrangement of atoms in a molecule.

The following are not considered to be chemical reactions for purposes of this definition:

- (a) dissolving in water or other solvents;*
- (b) the elimination of solvents including solvent water; or*
- (c) the addition or elimination of water of crystallization.*

3201.10-3202.90, 32.03, 3204.11-3204.16, 3204.17, 3204.19, 3204.20-3204.90, 32.05, 3206.11-3206.42: Delete subheading 3201.10-3202.90, heading 32.03, subheading

3204.11-3204.16, 3204.17, 3204.19, 3204.20-3204.90, heading 32.05, subheading 3206.11-3206.42 and the rules of origin applicable thereto and replace with the following:

3201.10-3203.00 A change to subheading 3201.10 through 3203.00 from any other subheading, including another subheading within that group.

3204.11-3204.17 A change to subheading 3204.11 through 3204.17 from any other subheading, including another subheading within that group.

3204.19 A change to subheading 3204.19 from any other heading; or
A change to subheading 3204.19 from any other subheading within heading 32.04, 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.

3204.20-3204.90 A change to subheading 3204.20 through 3204.90 from any other subheading, including another subheading within that group.

32.05 A change to heading 32.05 from any other heading.
(Formatting only - no change in intent)

3206.11-3206.42 A change to subheading 3206.11 through 3206.42 from any other heading; or

A change to subheading 3206.11 through 3206.42 from any other subheading within heading 32.06, 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.

3206.50: Delete the rules of origin applicable to subheading 3206.50 and replace with the following

3206.50 A change to subheading 3206.50 from any other heading; or

A change to subheading 3206.50 from any other subheading within heading 32.06, 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 33 **Essentials oils and resinoids; perfumery, cosmetic or toilet preparations**

3304.10-3305.90: Delete the rules of origin applicable to subheading 3304.10-3305.90 and replace with the following:

3304.10-3305.90 A change to subheading 3304.10 through 3305.90 from any other subheading, including another subheading within that group.

Chapter 34 **Soap, organic surface-active agents, washing preparations, lubricating preparations, artificial waxes, prepared waxes, polishing or scouring preparations, candles and similiar articles, modeling pastes, "dental waxes" and dental preparations with a basis of plaster**

3402.11-3402.12, 3402.13, 3402.19, 3402.20-3402.90, 3403.11-3403.99, 3404.20, 3404.90: Delete subheading 3402.11-3402.12, 3402.13, 3402.19, 3402.20-3402.90, 3403.11-3403.99, 3404.20 and 3404.90 and the rules of origin applicable thereto and replace with the following:

3402.11-3403.99 A change to subheading 3402.11 through 3403.99 from any other subheading, including another subheading within that group; or

No required change in tariff classification to any of subheading 3402.11 through 3403.99, 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.

3404.20 A change to subheading 3404.20 from any other subheading; or

No required change in tariff classification to subheading 3404.20, 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.

3404.90 A change to a good of subheading 3404.90 from any other good within that subheading or any other subheading.

Chapter 35 **Albuminoidal substances; modified starches; glues; enzymes**

3506.10-3506.99: Delete the rules of origin applicable to subheading 3506.10-3506.99 and replace with the following:

- 3506.10-3506.99 A change to subheading 3506.10 through 3506.99 from any other subheading, including another subheading within that group; or
- No required change in tariff classification to subheading 3506.10 through 3506.99, 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 37 Photographic or cinematographic goods

37.01-37.03, 37.04, 37.05-37.06, 3707.10-3707.90: Delete heading 37.01-37.03, 37.04, 37.05-37.06 and subheading 3707.10-3707.90 and the rules of origin applicable thereto and replace with the following:

- 37.01-37.02 A change to heading 37.01 through 37.02 from any heading outside that group.
- 37.03- 37.06 A change to heading 37.03 through 37.06 from any other heading, including another heading within that group.
- 3707.10-3707.90 A change to subheading 3707.10 through 3707.90 from any other subheading, including another subheading within that group.

Chapter 38 Miscellaneous chemical products

Insert the following Chapter Notes:

Note 1: *Note 3 of this Chapter confers origin to a good of any heading or subheading of this Chapter.*

Note 2: *Notwithstanding Note 1, a good is an originating good if it meets the applicable change of tariff classification and, if applicable, satisfies the applicable value content requirement specified in the rules of origin of this Chapter.*

Note 3: ***Chemical Reaction***

A good of this Chapter that results from a chemical reaction in the territory of one or more of the Parties shall be treated as an originating good.

For purposes of this Note, a "chemical reaction" is a process (including a biochemical process) which results in a molecule with a new structure by breaking intramolecular bonds and by forming new intramolecular bonds, or by altering the spatial arrangement of atoms in a molecule.

The following are not considered to be chemical reactions for purposes of this definition:

- (a) dissolving in water or other solvents;*
- (b) the elimination of solvents including solvent water; or*
- (c) the addition or elimination of water of crystallization.*

38.17-38.19: Delete the rule of origin applicable to heading 38.17-38.19 and replace with the following:

38.17-38.19 A change to heading 38.17 through 38.19 from any other heading, including another heading within that group.

3824.10, 3824.30, 3824.40-3824.60, 3824.71, 3824.72, 3824.73, 3824.74, 3824.75-3824.76, 3824.77, 3824.78, 3824.79, 3824.81-3824.83, 3824.90: Delete subheading 3824.10, 3824.30, 3824.40-3824.60, 3824.71, 3824.72, 3824.73, 3824.74, 3824.75-3824.76, 3824.77, 3824.78, 3824.79, 3824.81-3824.83 and 3824.90 and the rules of origin applicable thereto and replace with the following:

3824.10-3824.83 A change to subheading 3824.10 through 3824.83 from any other subheading, including another subheading within that group; or

No required change in tariff classification to any of subheading 3824.10 through 3824.83, 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.

3824.90 A change to naphthenic acids, their water-insoluble salts or their esters of subheading 3824.90 from any other good within that subheading or any other subheading;

A change to any other good of subheading 3824.90 from any other subheading; or

No required change in tariff classification to any other good of subheading 3824.90, 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.

**Section VII Plastics and articles thereof; rubber and articles thereof
(Chapter 39-40)**

Insert the following Section Notes:

Note 1: *Note 3 of this Section confers origin to a good of heading 39.01 through 39.13, subheading 4001.10 or heading 40.02 or 40.05.*

Note 2: *Notwithstanding Note 1, a good is an originating good if it meets the applicable change of tariff classification and, if applicable, satisfies the applicable percentage by weight or value content requirement specified in the rules of origin of this Chapter.*

Note 3: ***Chemical Reaction***

A good of heading 39.01 through 39.13, subheading 4001.10 or heading 40.02 or 40.05 that is a product of a chemical reaction shall be treated as an originating good if the chemical reaction resulted in the chemical modification of the monomer units in the polymer components (or rubber polymer components, as the case may be) of the good and occurred in the territory of one or more of the Parties.

For purposes of this Note, a "chemical reaction" is a process (including a biochemical process) which results in a molecule with a new structure by breaking intramolecular bonds and by forming new intramolecular bonds.

The following are not considered to be chemical reactions for purposes of this definition:

- (a) *dissolving in water or other solvents;*
- (b) *the elimination of solvents including solvent water; or*
- (c) *the addition or elimination of water of crystallization.*

Chapter 39 Plastics and articles thereof

39.01-39.20, 3921.11-3921.13: Delete heading 39.01-39.20 and subheading 3921.11-3921.13 and the rules of origin applicable thereto and replace with the following:

39.01-39.14 A change to heading 39.01 through 39.14 from any other heading, including another heading within that group.

39.15-39.19 A change to heading 39.15 through 39.19 from any other heading, including another heading within 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.
- (Formatting only – no change in intent)*

3920.10-3920.20 A change to subheading 3920.10 through 3920.20 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.
- (Formatting only – no change in intent)*

3920.30-3920.51 A change to subheading 3920.30 through 3920.51 from any other heading.

3920.59-3920.99 A change to subheading 3920.59 through 3920.99 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.
- (Formatting only – no change in intent)*

3921.11-3921.12 A change to subheading 3921.11 through 3921.12 from any other heading.

3921.13 A change to subheading 3921.13 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.
- (Formatting only – no change in intent)*

Chapter 40 Rubber and articles thereof

40.01-40.06: Delete headings 40.01-40.06 and the rules of origin applicable thereto and replace with the following:

4001.10-4002.99 A change to subheading 4001.10 through 4002.99 from any other subheading, including another subheading within that group.

40.03-40.04 A change to heading 40.03 through 40.04 from any other heading, including another heading within that group.

40.05-40.06 A change to heading 40.05 through 40.06 from any other heading, including another heading within that group, except from heading 40.01; or

A change to heading 40.05 through 40.06 from heading 40.01, whether or not there is also a change from any other heading, including another heading within that group, provided there is a regional value content of not less than:

- (a) 35 percent where the transaction value method is used, or
- (b) 25 percent where the net cost method is used.

4012.11-4012.19: Delete the rule of origin applicable to subheading 4012.11-4012.19 and replace with the following:

4012.11-4012.19 A change to subheading 4012.11 through 4012.19 from any subheading outside that group.

4012.20-4012.90: Delete the rule of origin applicable to subheading 4012.20-4012.90 and replace with the following:

4012.20-4012.90 A change to subheading 4012.20 through 4012.90 from any other heading.

40.13-40.15, 4016.10-4016.92, 4016.93, 4016.93.aa, 4016.94-4016.95, 4016.99, 4016.99.aa, 40.17: Delete heading 40.13-40.15, subheading 4016.10-4016.92, 4016.93 and footnote applicable thereto, tariff item 4016.93.aa, subheading 4016.94-4016.95, 4016.99 and footnote applicable thereto, tariff item 4016.99.aa and heading 40.17 and the rules of origin applicable thereto and replace with the following:

40.13-40.15 A change to heading 40.13 through 40.15 from any other heading, including another heading within that group.

4016.10-4016.95¹ A change to subheading 4016.10 through 4016.95 from any other heading.

4016.99²

4016.99.aa A change to tariff item 4016.99.aa from any other heading; or

¹ If the good provided for in subheading 4016.93 is for use in a motor vehicle of Chapter 87, the provisions of Article 403 may apply.

² If the good provided for in subheading 4016.99 is for use in a motor vehicle of Chapter 87, the provisions of Article 403 may apply.

A change to tariff item 4016.99.aa from any other subheading, provided there is a regional value content of not less than 50 percent under the net cost method.

4016.99 A change to subheading 4016.99 from any other heading.

40.17 A change to heading 40.17 from any other heading.

Chapter 45 Cork and articles of cork

45.01-45.02, 45.03-45.04: Delete heading 45.01-45.02 and 45.03-45.04 and the rules of origin applicable thereto and replace with the following:

45.01-45.02 A change to heading 45.01 through 45.02 from any other heading, including another heading within that group.

4503.10 A change to a good of subheading 4503.10 from any other good within that subheading or any other subheading.

4503.90 A change to subheading 4503.90 from any other heading.

45.04 A change to heading 45.04 from any other heading.

Chapter 70 Glass and glassware

70.03-70.09: Delete heading 70.03-70.09 and the footnote and rule of origin applicable thereto and replace with the following:

70.03-70.08³ A change to heading 70.03 through 70.08 from any heading outside that group, except from heading 70.09.
(Formatting only – no change in intent)

7009.10-7009.91⁴ A change to subheading 7009.10 through 7009.91 from any other heading, except from heading 70.03 through 70.08.
(Formatting only – no change in intent)

7009.92 A change to subheading 7009.92 from any other subheading.

70.10-70.20: Delete the rule of origin applicable to heading 70.10-70.20 and replace with the following:

³ If the good provided for in subheading 7007.11 or 7007.21 is for use in a motor vehicle of Chapter 87, the provisions of Article 403 may apply.

⁴ If the good provided for in subheading 7009.10 is for use in a motor vehicle of Chapter 87, the provisions of Article 403 may apply.

70.10-70.20 A change to heading 70.10 through 70.20 from any heading outside that group, except from heading 70.07 through 70.09.
(Technical rectification only, no change in intent)

Chapter 74 Copper and articles thereof

74.04: Delete the rule of origin applicable to heading 74.04 and replace with the following:

74.04 A change to a good of heading 74.04 from any other good within that heading or any other heading.

7419.99: Delete the rules of origin applicable to subheading 7419.99 and replace with the following:

7419.99 A change to a good of subheading 7419.99 from any other good within that subheading or any other heading.

Chapter 75 Nickel and articles thereof

75.01-75.04: Delete the rule of origin applicable to heading 75.01-75.04 and replace with the following:

75.01-75.04 A change to heading 75.01 through 75.04 from any other heading, including another heading within that group.

75.05: Delete heading 75.05 and the rule of origin applicable thereto and replace with the following:

7505.11-7505.12 A change to subheading 7505.11 through 7505.12 from any other heading.
(Formatting only -- no change in intent)

7505.21-7505.22 A change to subheading 7505.21 through 7505.22 from any other heading; or

A change to subheading 7505.21 through 7505.22 from subheading 7505.11 through 7505.12, whether or not there is also a change from any other heading, provided that, if bar or rod is used, the cross-sectional area of the bar or rod is reduced by at least 50 percent.

75.07-75.08: Delete headings 75.07-75.08 and the rule of origin applicable thereto and replace with the following:

7507.11-7508.90 A change to subheading 7507.11 through 7508.90 from any other subheading, including another subheading within that group.

Chapter 78 Lead and articles thereof

78.06: Delete the rules of origin applicable to heading 78.06 and replace with the following:

78.06 A change to a good of heading 78.06 from any other good within that heading or any other heading.

Chapter 79 Zinc and articles thereof

79.07: Delete the rules of origin applicable to heading 79.07 and replace with the following:

79.07 A change to a good of heading 79.07 from any other good within that heading or any other heading.

Chapter 80 Tin and articles thereof

80.07: Delete the rules of origin applicable to heading 80.07 and replace with the following:

80.07 A change to a good of heading 80.07 from any other good within that heading or any other heading.

Chapter 81 Other base metals; cermets; articles thereof

8101.99: Delete the rules of origin applicable to subheading 8101.99 and replace with the following:

8101.99 A change to a good of subheading 8101.99 from any other good within that subheading or any other subheading.

8112.92, 8112.99: Delete subheading 8112.92 and 8112.99 and the rules of origin applicable thereto and replace with the following:

8112.92-8112.99 A change to a good of any of subheading 8112.92 through 8112.99 from any other good within that subheading or any other subheading, including another subheading within that group.

Chapter 84 Nuclear reactors, boilers, machinery and mechanical appliances; parts thereof

8406.10-8406.82: Delete subheading 8406.10-8406.82 and the rule of origin applicable

thereto and replace with the following:

8406.10 A change to subheading 8406.10 from any other subheading.

8406.81-8406.82 A change to subheading 8406.81 through 8406.82 from any subheading outside that group.

8406.90.aa: Delete the rule of origin applicable to tariff item 8406.90.aa and replace with the following:

8406.90.aa A change to tariff item 8406.90.aa from tariff item 8406.90.cc or any other heading; or

A change to tariff item 8406.90.aa from any other good within subheading 8406.90, whether or not there is also a change from tariff item 8406.90.cc or 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.

8406.90.bb: Delete the rule of origin applicable to tariff item 8406.90.bb and replace with the following:

8406.90.bb A change to tariff item 8406.90.bb from any other tariff item; or

No required change in tariff classification to tariff item 8406.90.bb, 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.

84.07-84.08: Delete heading 84.07-84.08 and the rule of origin applicable thereto and replace with the following:

8407.10 – 8407.34⁵ A change to subheading 8407.10 through 8407.34 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.

(Formatting only – no change in intent)

8407.90⁶ A change to subheading 8407.90 from any other subheading.

⁵ If the good is for use in a motor vehicle of Chapter 87, the provisions of Article 403 may apply.

⁶ If the good is for use in a motor vehicle of Chapter 87, the provisions of Article 403 may apply.

- 8408.10⁷ A change to subheading 8408.10 from any other subheading.
- 8408.20⁸ A change to subheading 8408.20 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.
- (Formatting only – no change in intent)*
- 8408.90⁹ A change to subheading 8408.90 from any other subheading.
- 8411.11-8411.82:** Delete the rules of origin applicable to subheading 8411.11-8411.82 and replace with the following:
- 8411.11–8411.82 A change to subheading 8411.11 through 8411.82 from any subheading outside that group.
- 8411.91-8411.99:** Delete subheading 8411.91-8411.99 and the rule of origin applicable thereto and replace with the following:
- 8411.91 A change to subheading 8411.91 from any other heading.
(Formatting only – no change in intent)
- 8411.99 A change to subheading 8411.99 from any other heading; or
- No required change in tariff classification to subheading 8411.99, 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.
- 8412.10-8412.80:** Delete the rules of origin applicable to subheading 8412.10-8412.80 and replace with the following:
- 8412.10-8412.80 A change to subheading 8412.10 through 8412.80 from any other subheading, including another subheading within that group.
- 8424.10-8424.89:** Delete the rules of origin applicable to subheading 8424.10-8424.89 and replace with the following:
- 8424.10-8424.89 A change to subheading 8424.10 through 8424.89 from any other subheading, including another subheading within that group.

⁷ If the good is for use in a motor vehicle of Chapter 87, the provisions of Article 403 may apply.

⁸ If the good is for use in a motor vehicle of Chapter 87, the provisions of Article 403 may apply.

⁹ If the good is for use in a motor vehicle of Chapter 87, the provisions of Article 403 may apply.

8427.20.aa, 8427.20: Delete tariff item 8427.20.aa and subheading 8427.20 and the rules of origin applicable thereto and replace with the following:

8427.20 A change to subheading 8427.20 from any other subheading.

84.28-84.30: Delete heading 84.28-84.30 and the rules of origin applicable thereto and replace with the following:

8428.10-8430.69 A change to subheading 8428.10 through 8430.69 from any other subheading, including another subheading within that group.

8431.10, 8431.20, 8431.31, 8431.39, 8431.41-8431.42, 8431.43, 8431.49: Delete subheading 8431.10, 8431.20, 8431.31, 8431.39, 8431.41-8431.42, 8431.43 and 8431.49 and the rules of origin applicable thereto and replace with the following:

8431.10-8431.49 A change to subheading 8431.10 through 8431.49 from any other heading; or

No required change in tariff classification to any of subheading 8431.10 through 8431.49, 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.

8432.10-8432.80: Delete the rules of origin applicable to subheadings 8432.10-8432.80 and replace with the following:

8432.10-8432.80 A change to subheading 8432.10 through 8432.80 from any other subheading, including another subheading within that group.

8433.11-8433.60: Delete the rules of origin applicable to subheading 8433.11-8433.60 and replace with the following:

8433.11-8433.60 A change to subheading 8433.11 through 8433.60 from any other subheading, including another subheading within that group.

8435.10: Delete the rule of origin applicable to subheading 8435.10 and replace with the following:

8435.10 A change to a good of subheading 8435.10 from any other good within that subheading or any other subheading.

8436.10-8436.80: Delete the rules of origin applicable to subheading 8436.10-8436.80 and replace with the following:

8436.10–8436.80 A change to subheading 8436.10 through 8436.80 from any other subheading, including another subheading within that group.

8443.11-8443.19: Delete the rules of origin applicable to subheading 8443.11-8443.19 and replace with the following:

8443.11-8443.19 A change to subheading 8443.11 through 8443.19 from any other heading; or

A change to subheading 8443.11 through 8443.19 from any other subheading within that group or subheading 8443.91, 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.

8443.31, 8443.32, 8443.39: Delete subheading 8443.31, 8443.32 and 8443.39 and the rules of origin applicable thereto and replace with the following:

8443.31-8443.39 A change to a good of any of subheading 8443.31 through 8443.39 from any other good within that subheading or any other subheading, including another subheading within that group.

8443.91: Delete the rules of origin applicable to subheading 8443.91 and replace with the following:

8443.91 A change to subheading 8443.91 from any other subheading; or

A change to a good of subheading 8443.91 from any other good within that subheading, whether or not there is also a change from any other subheading, 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.

8443.99: Delete the rules of origin applicable to subheading 8443.99 and replace with the following:

8443.99 A change to a good of subheading 8443.99 from any other good within that subheading or any other subheading.

8462.91.aa, 8462.91: Delete tariff item 8462.91.aa and subheading 8462.91 and the rules of origin applicable thereto and replace with the following:

8462.91 A change to subheading 8462.91 from any other heading.

8471.30: Delete the rules of origin applicable to subheading 8471.30 and replace with the following:

8471.30 A change to a good of subheading 8471.30 from any other good within that subheading or any other subheading, except from subheading 8471.41 through 8471.50.

8471.41: Delete the rules of origin applicable to subheading 8471.41 and replace with the following:

8471.41 A change to a good of subheading 8471.41 from any other good within that subheading or any other subheading, except from subheading 8471.30 or 8471.49 through 8471.50.

8479.10-8479.82, 8479.89, 8479.89.aa: Delete subheading 8479.10-8479.82, 8479.89 and tariff item 8479.89.aa and the rules of origin applicable thereto and replace with the following:

8479.10-8479.82 A change to subheading 8479.10 through 8479.82 from any other subheading, including another subheading within that group.

8479.89 A change to trash compactors of subheading 8479.89 from any other good within that subheading or any other subheading; or

A change to any other good of subheading 8479.89 from any other subheading.

8481.10-8481.80: Delete subheading 8481.10-8481.80, the footnote and the rules of origin applicable thereto and replace with the following:

8481.10-8481.30¹⁰ A change to subheading 8481.10 through 8481.30 from any other heading; or

A change to subheading 8481.10 through 8481.30 from subheading 8481.90, 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.

(Formatting only – no change in intent)

¹⁰ If the good provided for in subheading 8481.20 or 8481.30 is for use in a motor vehicle of Chapter 87, the provisions of Article 403 may apply.

8481.40-8481.80¹¹ A change to subheading 8481.40 through 8481.80 from any other heading; or

A change to subheading 8481.40 through 8481.80 from subheading 8481.90, whether or not there is also a change from any other heading, provided there is a regional value content of not less than:

- (a) 45 percent where the transaction value method is used, or
- (b) 35 percent where the net cost method is used.

8483.40-8483.60, 8483.90: Delete subheading 8483.40-8483.60 and 8483.90 and the rules of origin applicable thereto and replace with the following:

8483.40 -8483.90¹² A change to subheading 8483.40 through 8483.90 from any other subheading, including another subheading within that group.

8486.10, 8486.20, 8486.30, 8486.40, 8486.90: Delete subheading 8486.10, 8486.20, 8486.30, 8486.40 and 8486.90 and the rules of origin applicable thereto and replace with the following:

8486.10-8486.90 A change to a good of any of subheading 8486.10 through 8486.90 from any other good within that subheading or any other subheading, including another subheading within that group.

Chapter 85 **Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television image and sound recorders and reproducers, and parts and accessories of such articles**

8509.80: Delete the rule of origin applicable to subheading 8509.80 and replace with the following:

8509.80 A change to a good of subheading 8509.80 from any other good within that subheading or any other subheading.

8511.10-8511.80: Delete the rules of origin applicable to subheading 8511.10-8511.80 and replace with the following:

8511.10-8511.80¹³ A change to subheading 8511.10 through 8511.80 from any other subheading, including another subheading within that group.

¹¹ If the good provided for in subheading 8481.80 is for use in a motor vehicle of Chapter 87, the provisions of Article 403 may apply.

¹² If the good provided for in subheading 8483.40 or 8483.50 is for use in a motor vehicle of Chapter 87, the provisions of Article 403 may apply.

¹³ If the good provided for in subheading 8511.30, 8511.40 or 8511.50 is for use in a motor vehicle of Chapter 87, the provisions of Article 403 may apply.

8514.10-8514.40: Delete subheading 8514.10-8514.40 and the rules of origin applicable thereto and replace with the following:

8514.10-8514.30 A change to subheading 8514.10 through 8514.30 from any other subheading, including another subheading within that group.

8514.40 A change to subheading 8514.40 from any other heading; or

A change to subheading 8514.40 from subheading 8514.90, 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.

(Formatting only – no change in intent)

8517.12, 8517.18, 8517.61, 8517.62, 8517.69, 8517.70: Delete subheading 8517.12, 8517.18, 8517.61, 8517.62, 8517.69 and 8517.70 and the rules of origin applicable thereto and replace with the following:

8517.12-8517.61 A change to subheading 8517.12 through 8517.61 from any other subheading, including another subheading within that group.

8517.62-8517.70 A change to a good of any of subheading 8517.62 through 8517.70 from any other good within that subheading or any other subheading, including another subheading within that group.

8518.10-8518.29, 8518.30, 8518.30.aa: Delete subheading 8518.10-8518.29, 8518.30 and tariff item 8518.30.aa and the rules of origin applicable thereto and replace with the following:

8518.10-8518.30 A change to a good of any of subheading 8518.10 through 8518.30 from any other good within that subheading or any other subheading, including another subheading within that group.

8519.20-8519.89: Delete the rule of origin applicable to subheading 8519.20-8519.89 and replace with the following:

8519.20-8519.89 A change to a good of any of subheading 8519.20 through 8519.89 from any other good within that subheading or any other subheading, including another subheading within that group.

8523.21, 8523.29, 8523.40, 8523.51: Delete subheading 8523.21, 8523.29, 8523.40 and 8523.51 and the rules of origin applicable thereto and replace with the following:

8523.21-8523.51 A change to a good of any of subheading 8523.21 through 8523.51 from any other good within that subheading or any other subheading, including another subheading within that group.

8523.59, 8523.80: Delete subheading 8523.59 and 8523.80 and the rules of origin applicable thereto and replace with the following:

8523.59-8523.80 A change to a good of any of subheading 8523.59 through 8523.80 from any other good within that subheading or any other subheading, including another subheading within that group.

8528.41: Delete the rules of origin applicable to subheading 8528.41 and replace with the following:

8528.41 A change to subheading 8528.41 from any other subheading, except from subheading 8471.49.

8531.10-8531.20: Delete subheading 8531.10-8531.20 and the rule of origin applicable thereto and replace with the following:

8531.10 A change to subheading 8531.10 from any other subheading.
(Formatting only – no change in intent)

8531.20 A change to a good of subheading 8531.20 from any other good within that subheading or any other subheading.

8531.90: Delete the rule of origin applicable to subheading 8531.90 and replace with the following:

8531.90 A change to a good of subheading 8531.90 from any other good within that subheading or any other subheading.

8532.10, 8532.21-8532.30, 8532.90: Delete subheading 8532.10, 8532.21-8532.30 and 8532.90 and the rules of origin applicable thereto and replace with the following:

8532.10-8532.90 A change to a good of any of subheading 8532.10 through 8532.90 from any other good within that subheading or any other subheading, including another subheading within that group.

8533.90: Delete the rule of origin applicable to subheading 8533.90 and replace with the following:

8533.90 A change to a good of subheading 8533.90 from any other good within that subheading or any other subheading.

85.45-85.47: Delete heading 85.45-85.47 and the rule of origin applicable thereto and replace with the following:

8545.11–8545.90 A change to subheading 8545.11 through 8545.90 from any other subheading, including another subheading within that group.

85.46 A change to heading 85.46 from any other heading.
(Formatting only – no change in intent)

8547.10–8547.90 A change to subheading 8547.10 through 8547.90 from any other subheading, including another subheading within that group.

Chapter 86 **Railway or tramway locomotives, rolling-stock and parts thereof; railway or tramway track fixtures and fittings and parts thereof; mechanical (including electro-mechanical) traffic signaling equipment of all kinds**

86.01-86.02: Delete the rule of origin applicable to heading 86.01-86.02 and replace with the following:

86.01-86.02 A change to heading 86.01 through 86.02 from any other heading, including another heading within that group.

Chapter 87 **Vehicles other than railway or tramway rolling-stock, and parts and accessories thereof**

8716.90: Delete the rule of origin applicable to subheading 8716.90 and replace with the following:

8716.90 A change to subheading 8716.90 from any other heading; or
No required change in tariff classification to subheading 8716.90, 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 **Optical, photographic, cinematographic, measuring, checking, precision, medical or surgical instruments and apparatus; parts and accessories thereof**

9003.11-9003.19: Delete the rules of origin applicable to subheading 9003.11-9003.19 and replace with the following:

9003.11–9003.19 A change to subheading 9003.11 through 9003.19 from any other subheading, including another subheading within that group,

except from subheading 9003.90; or

A change to subheading 9003.11 through 9003.19 from subheading 9003.90, whether or not there is also a change from any other subheading, including another subheading within 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.

90.04: Delete heading 90.04 and the rules of origin applicable thereto and replace with the following:

9004.10 A change to subheading 9004.10 from any other subheading.

9004.90 A change to subheading 9004.90 from any other chapter; or

A change to subheading 9004.90 from any other heading within Chapter 90, 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.

(Formatting only – no change in intent)

90.19-90.21: Delete heading 90.19-90.21 and the rule of origin applicable thereto and replace with the following:

9019.10-9019.20 A change to subheading 9019.10 through 9019.20 from any other subheading, including another subheading within that group; or

No required change in tariff classification to any of subheading 9019.10 through 9019.20, 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.

90.20 A change to heading 90.20 from any other heading.

9021.10-9021.90 A change to subheading 9021.10 through 9021.90 from any other subheading, including another subheading within that group; or

No required change in tariff classification to any of subheading 9021.10 through 9021.90, 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.

9022.12-9022.14, 9022.19, 9022.21, 9022.29-9022.30: Delete subheading 9022.12-9022.14, 9022.19, 9022.21 and 9022.29-9022.30 and the rules of origin applicable thereto and replace with the following:

9022.12-9022.30 A change to subheading 9022.12 through 9022.30 from any other subheading, including another subheading within that group; or

No required change in tariff classification to any of subheading 9022.12 through 9022.30, 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.

9027.10-9027.50: Delete the rules of origin applicable to subheading 9027.10-9027.50 and replace with the following:

9027.10-9027.50 A change to subheading 9027.10 through 9027.50 from any other subheading, including another subheading within that group.

9027.80: Delete the rules of origin applicable to subheading 9027.80 and replace with the following:

9027.80 A change to a good of subheading 9027.80 from any other good within that subheading or any other subheading.

9030.10: Delete the rules of origin applicable to subheading 9030.10 and replace with the following:

9030.10 A change to subheading 9030.10 from any other subheading.

9030.20: Delete the rules of origin applicable to subheading 9030.20 and replace with the following:

9030.20 A change to cathode-ray oscilloscopes or cathode-ray oscillographs of subheading 9030.20 from any other good within that subheading or any other subheading; or

A change to any other good of subheading 9030.20 from any other subheading.

9030.31: Delete the rule of origin applicable to subheading 9030.31 and replace with the

following:

9030.31 A change to subheading 9030.31 from any other subheading.

9030.39-9030.89: Delete subheading 9030.39-9030.89 and the rules of origin applicable thereto:

9030.39 A change to subheading 9030.39 from any other subheading.

9030.40-9030.82 A change to subheading 9030.40 through 9030.82 from any other heading; or

A change to subheading 9030.40 through 9030.82 from subheading 9030.90, 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.

(Formatting only – no change in intent)

9030.84-9030.89 A change to subheading 9030.84 through 9030.89 from any other subheading, including another subheading within that group.

9031.10-9031.20: Delete the rules of origin applicable to subheading 9031.10-9031.20 and replace with the following:

9031.10-9031.20 A change to subheading 9031.10 through 9031.20 from any other subheading, including another subheading within that group.

9031.49, 9031.49.aa: Delete subheading 9031.49 and tariff item 9031.49.aa and the rules of origin applicable thereto and replace with the following:

9031.49

9031.49.aa A change to tariff item 9031.49.aa from any other tariff item.

9031.49 A change to subheading 9031.49 from any other subheading.

9031.90: Delete the rule of origin applicable to subheading 9031.90 and replace with the following:

9031.90 A change to a good of 9031.90 from any other good within that subheading or any other subheading.

9032.20-9032.89: Delete subheading 9032.20-9032.89 and the rules of origin applicable thereto and replace with the following:

9032.20-9032.81 A change to subheading 9032.20 through 9032.81 from any other subheading, including another subheading within that group.

9032.89¹⁴ A change to subheading 9032.89 from any other heading; or

A change to subheading 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) 45 percent where the transaction value method is used, or
- (b) 35 percent where the net cost method is used.

(Formatting only – no change in intent)

Chapter 94 Furniture; bedding, mattresses, mattress supports, cushions and similar stuffed furnishings; lamps and lighting fittings, not elsewhere specified or included; illuminated signs, illuminated name-plates and the like; prefabricated buildings

94.02: Delete heading 94.02 and the rule of origin applicable thereto and replace with the following:

9402.10-9402.90 A change to subheading 9402.10 through 9402.90 from any other subheading, including another subheading within that group.

Chapter 95 Toys, games and sports requisites; parts and accessories thereof

9503.00-9505.90: Delete the rules of origin applicable to subheading 9503.00-9505.90 and replace with the following:

9503.00-9505.90 A change to subheading 9503.00 through 9505.90 from any other subheading, including another subheading within that group; or

No required change in tariff classification to any of subheading 9503.00 through 9505.90, provided there is a regional value content of not less than:

- (a) 45 percent where the transaction value method is used, or
- (b) 35 percent where the net cost method is used.

Chapter 96 Miscellaneous manufactured articles

¹⁴ If the good provided for in subheading 9032.89 is for use in a motor vehicle of Chapter 87, the provisions of Article 403 may apply.

9613.10-9613.80: Delete the rules of origin applicable to subheading 9613.10-9613.80 and replace with the following:

9613.10-9613.80 A change to subheading 9613.10 through 9613.80 from any other chapter; or

A change to subheading 9613.10 through 9613.80 from subheading 9613.90, whether or not there is also a change from any other chapter, provided there is a regional value content of not less than:

- (a) 45 percent where the transaction value method is used, or
- (b) 35 percent where the net cost method is used.

96.14: Delete the rules of origin applicable to heading 96.14 and replace with the following:

96.14 A change to a good of heading 96.14 from any other good within that heading or any other heading.

Ms. Lyn M. Schlitt
Director, Office of External Relations
U. S. International Trade Commission
500 E. Street, SW
Washington, D.C. 20436

Dear Ms. Schlitt:

Acting United States Trade Representative Demetrios Marantis has directed me to inform the United States International Trade Commission (“the Commission”) of certain clarifications to the list in the document attached to Ambassador Kirk’s letter request of March 11, 2013.

Certain rules of origin in the attachment to Ambassador Kirk’s letter use the codes “.aa,” “.bb” etc., to designate tariff numbers beyond the six-digit level. For those proposed changes that use such designations, the Commission is requested to use the attached correlation table to identify the relevant tariff lines for Canada and Mexico.

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

Sincerely,

John Melle
Assistant U.S. Trade Representative
for the Western Hemisphere

NORTH AMERICAN FREE TRADE AGREEMENT

Impact of 2007 Harmonized System Amendments on Rules of Origin

Technical Rectifications to Tariff Items for NAFTA (Annex 401)

TARIFF ITEM	CANADA	USA	MEXICO	DESCRIPTION
1806.10.aa	1806.10.10	1806.10.43 1806.10.45 1806.10.55 1806.10.65 1806.10.75	1806.10.01	Containing 90 percent or more by weight of sugar
1901.10.aa	1901.10.20	1901.10.05 1901.10.15 1901.10.30 1901.10.35 1901.10.40 1901.10.45	1901.10.01	Containing over 10 percent by weight of milk solids
1901.20.aa	1901.20.11 1901.20.12 1901.20.21 1901.20.22	1901.20.02 1901.20.05 1901.20.15 1901.20.20 1901.20.25 1901.20.30 1901.20.35 1901.20.40	1901.20.01 1901.20.02	Containing over 25 percent by weight of butterfat, not put up for retail sale
1901.90.aa	1901.90.31 1901.90.32 1901.90.33 1901.90.34 1901.90.39 1901.90.51 1901.90.52 1901.90.53 1901.90.54 1901.90.59	1901.90.32 1901.90.33 1901.90.34 1901.90.36 1901.90.38 1901.90.42 1901.90.43	1901.90.03 1901.90.04 1901.90.05	Dairy preparations containing over 10 percent by weight of milk solids
2008.11.aa	2008.11.20	2008.11.22 2008.11.25 2008.11.35	2008.11.01	Peanuts, blanched

TARIFF ITEM	CANADA	USA	MEXICO	DESCRIPTION
2101.11.aa	2101.11.10	2101.11.21	2101.11.01	Instant coffee, not flavoured
2103.20.aa	2103.20.10	2103.20.20	2103.20.01	Ketchup
2106.90.bb	2106.90.91	2106.90.48 2106.90.52	2106.90.06	Concentrated fruit or vegetable juices, fortified with minerals or vitamins: Of any single fruit or vegetable
2106.90.cc	2106.90.92	2106.90.54	2106.90.07	Of mixtures of fruit or vegetable juices
2106.90.dd	2106.90.31 2106.90.32 2106.90.33 2106.90.34 2106.90.35 2106.90.93 2106.90.94 2106.90.95	2106.90.03 2106.90.06 2106.90.09 2106.90.22 2106.90.24 2106.90.26 2106.90.28 2106.90.62 2106.90.64 2106.90.66 2106.90.68 2106.90.72 2106.90.74 2106.90.76 2106.90.78 2106.90.80 2106.90.82	2106.90.08	Containing over 10 percent by weight of milk solids
2106.90.ee	2106.90.96	2106.90.12 2106.90.15 2106.90.18	2106.90.10 2106.90.11	Compound preparations, with an alcoholic strength exceeding 0.5 percent by volume, of a kind used in the manufacture of beverages
2202.90.aa	2202.90.31	2202.90.30 2202.90.35 2202.90.36	2202.90.02	Fruit or vegetable juices, fortified with minerals or vitamins: Of any single fruit or vegetable
2202.90.bb	2202.90.32	2202.90.37	2202.90.03	Of mixtures of fruit or vegetable juices
2202.90.cc	2202.90.41 2202.90.42 2202.90.43 2202.90.49	2202.90.10 2202.90.22 2202.90.24 2202.90.28	2202.90.04	Beverages containing milk

TARIFF ITEM	CANADA	USA	MEXICO	DESCRIPTION
2309.90.aa	2309.90.31 2309.90.32 2309.90.33 2309.90.35 2309.90.36	2309.90.22 2309.90.24 2309.90.28	2309.90.10 2309.90.11	Containing over 10 percent by weight of milk solids
2401.10.aa	2401.10.10	2401.10.21	2401.10.01	Wrapper tobacco
2401.20.aa	2401.20.10	2401.20.14	2401.20.02	Wrapper tobacco
2403.91.aa	2403.91.10	2403.91.20	2403.91.01	Of a kind used as wrapper tobacco
2905.49.aa	2905.49.10	2905.49.20	2905.49.02	Esters of glycerol formed with acids of heading 29.04
4008.19.aa	4008.19.10	4008.19.20 4008.19.60	4008.19.01	Profile shapes
4008.29.aa	4008.29.10	4008.29.20	4008.29.01	Profile shapes
4010.39.aa	4010.39.10	4010.39.10 4020.39.20	4010.39.01	Endless transmission belts (V-belts)
4012.20.aa	4012.20.20	4012.20.15 4012.20.60	4012.20.01	Of a kind used on vehicles, including tractors, for the on-highway transport of passengers or goods, or on vehicles of heading 87.05
4016.93.aa	4016.93.10	4016.93.10	4016.93.01 4016.93.02 4016.93.04	Of a kind for use in automotive goods of Chapter 87
4016.99.aa	4016.99.30	4016.99.30 4016.99.55	4016.99.10	Vibration control goods of a kind used in the vehicles of heading 87.01 through 87.05
4105.10.aa	4105.10.21 4105.10.29	4105.10.10	4105.10.03	Wet blue

TARIFF ITEM	CANADA	USA	MEXICO	DESCRIPTION
4106.21.aa	4106.21.21 4106.21.29	4106.21.10	4106.21.03	Wet blue
4106.31.aa	4106.31.10	4106.31.10	4106.31.01	Wet blue
5402.47.aa	ex. 5402.47.00	5402.43.10	5402.47.01	Wholly of polyester, measuring not less than 75 decitex but not more than 80 decitex, and having 24 filaments per yarn
5402.52.aa	5402.52.10	5402.52.10	5402.52.02	Wholly of polyester, measuring not less than 75 decitex but not more than 80 decitex, and having 24 filaments per yarn
5407.61.aa	5407.61.11 5407.61.19	5407.61.11 5407.61.21 5407.61.91	5407.61.01	Wholly of polyester, of single yarns measuring not less than 75 decitex but not more than 80 decitex, having 24 filaments per yarn and with a twist of 900 or more turns per meter
5408.22.aa	5408.22.11 ex. 5408.22.23 5408.22.29	5408.22.10	5408.22.04	Of cuprammonium rayon
5408.23.aa	5408.23.11 5408.23.19	5408.23.11 5408.23.21	5408.23.05	Of cuprammonium rayon
5408.24.aa	5408.24.12 5408.24.19	5408.24.10	5408.24.01	Of cuprammonium rayon
5903.10.aa	5903.10.21 5903.10.29	5903.10.15 5903.10.18 5903.10.20 5903.10.25	5903.10.01	Of man-made fibers
5903.20.aa	5903.20.21 5903.20.22 5903.20.23 5903.20.29	5903.20.15 5903.20.18 5903.20.20 5903.20.25	5903.20.01	Of man-made fibers

TARIFF ITEM	CANADA	USA	MEXICO	DESCRIPTION
5903.90.aa	5903.90.21 5903.90.29	5903.90.15 5903.90.18 5903.90.20 5903.90.25	5903.90.02	Of man-made fibers
5906.99.aa	5906.99.21 5906.99.22 5906.99.24 5906.99.29	5906.99.20 5906.99.25	5906.99.03	Of man-made fibers
5907.00.aa	5907.00.12 5907.00.17 5907.00.19	5907.00.05 5907.00.15 5907.00.60	5907.00.06	Of man-made fibers
6006.21.aa	6006.21.10	6006.21.10	6006.21.01	Circular knit, wholly of cotton yarns exceeding 100 metric number per single yarn
6006.22.aa	6006.22.10	6006.22.10	6006.22.01	Circular knit, wholly of cotton yarns exceeding 100 metric number per single yarn
6006.23.aa	6006.23.21 6006.23.29	6006.23.10	6006.23.01	Circular knit, wholly of cotton yarns exceeding 100 metric number per single yarn
6006.24.aa	6006.24.10	6006.24.10	6006.24.01	Circular knit, wholly of cotton yarns exceeding 100 metric number per single yarn
6103.39.aa	6103.39.90	6103.39.40 6103.39.80	6103.39.02 6103.39.99	Of other than artificial fibers
6104.39.aa	6104.39.90	6104.39.20	6104.39.02 6104.39.99	Of other than artificial fibers
6104.59.aa	6104.59.90	6104.59.40 6104.59.80	6104.59.02 6104.59.99	Of other than artificial fibers
6203.19.aa	6203.19.90	6203.19.50 6203.19.90	6203.19.02 6203.19.99	Of other than cotton or artificial fibers

TARIFF ITEM	CANADA	USA	MEXICO	DESCRIPTION
6203.39.aa	6203.39.90	6203.39.50 6203.39.90	6203.39.02 6203.39.03 6203.39.99	Of other than artificial fibers
6204.19.aa	6204.19.90	6204.19.40 6204.19.80	6204.19.02 6204.19.03 6204.19.99	Of other than artificial fibers
6204.39.aa	6204.39.90	6204.39.60 6204.39.80	6204.39.02 6204.39.03 6204.39.99	Of other than artificial fibers
6204.59.aa	6204.59.90	6204.59.40	6204.59.02 6204.59.04 6204.59.05 6204.59.99	Of other than artificial fibers
6303.92.aa	6303.92.10	6303.92.10	6303.92.01	Made up from fabrics described in tariff item 5407.61.aa
6701.00.aa	6701.00.10	6701.00.30	6701.00.01	Articles of feathers or down
7011.20.aa	7011.20.10	7011.20.10	7011.20.02 7011.20.03	Cones
7101.10.aa	7101.10.10	7101.10.30	7101.10.01	Graded and temporarily strung for convenience of transport
7101.22.aa	7101.22.10	7101.22.30	7101.22.01	Graded and temporarily strung for convenience of transport
7304.41.aa	7304.41.11 7304.41.19	7304.41.30	7304.41.02	Of an external diameter of less than 19 mm
7321.11.aa	7321.11.10	7321.11.30	7321.11.01 7321.11.02	Stoves or ranges (other than portable)

TARIFF ITEM	CANADA	USA	MEXICO	DESCRIPTION
7321.90.aa	7321.90.21	7321.90.10	7321.90.05	Parts: Of stoves or ranges (other than portable): Cooking chambers, whether or not assembled Top surface panels with or without burners or control Door assemblies, incorporating more than one of the following: inner panel, outer panel, window, insulation
7321.90.bb	7321.90.22	7321.90.20	7321.90.06	
7321.90.cc	7321.90.23	7321.90.40	7321.90.07	
7404.00.aa	7404.00.10 7404.00.20 7404.00.91	7404.00.30	7404.00.02	Spent anodes; waste and scrap with a copper content of less than 94 percent by weight
7407.10.aa	7407.10.11 7407.10.12	7407.10.15	7407.10.02	Hollow profiles
7407.21.aa	7407.21.21 7407.21.22	7407.21.15	7407.21.02	Hollow profiles
7407.29.aa	ex. 7407.29.21 ex. 7407.29.29 7407.29.90	7407.29.16	7407.29.02 7407.29.03	Hollow profiles
7408.11.aa	7408.11.11 7408.11.12	7408.11.60	7408.11.01	With a maximum cross-sectional dimension not exceeding 9.5 mm
7506.10.aa	7506.10.10	7506.10.45	7506.10.01	Foil, not exceeding 0.15 mm in thickness
7506.20.aa	7506.20.10	7506.20.45	7506.20.01	Foil, not exceeding 0.15 mm in thickness
8102.95.aa	8102.95.10	8102.95.30	8102.95.01	Bars and rods

TARIFF ITEM	CANADA	USA	MEXICO	DESCRIPTION
8111.00.aa	8111.00.21 8111.00.22 8111.00.40	8111.00.60	8111.00.01	Manganese powders and articles of manganese
8406.90.aa	8406.90.22 8406.90.33 8406.90.34	8406.90.20 8406.90.50	8406.90.01	Rotors, finished for final assembly
8406.90.bb	8406.90.23 8406.90.36 8406.90.37	8406.90.40 8406.90.70	8406.90.02	Blades, rotating or stationary
8406.90.cc	8406.90.21 8406.90.31 8406.90.32	8406.90.30 8406.90.60	8406.90.03	Rotors, not further advanced than cleaned or machined for removal of fins, gates, sprues, and risers, or to permit location in finishing machinery
8407.34.aa	8407.34.10	8407.34.05 8407.34.14 8407.34.18 8407.34.25	8407.34.02	Engines of a cylinder capacity exceeding 1000 cc but not exceeding 2000 cc
8407.34.bb	8407.34.21 8407.34.29	8407.34.35 8407.34.44 8407.34.48 8407.34.55	8407.34.99	Engines of a cylinder capacity exceeding 2000 cc
8414.59.aa	see 8414.80.aa	8414.59.30	see 8414.80.aa	Turbochargers and superchargers for motor vehicles, where not provided for under subheading 8414.80
8414.80.aa	8414.80.10	8414.80.05	8414.80.14	Turbochargers and superchargers for motor vehicles, where not provided for under subheading 8414.59
8414.90.aa	8414.90.10	8414.90.30	8414.90.04	Stators and rotors of goods of subheading 8414.30

8415.90.aa	8415.90.11 8415.90.21 8415.90.22	8415.90.40	8415.90.01	Chassis, chassis bases and outer cabinets
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TARIFF ITEM	CANADA	USA	MEXICO	DESCRIPTION
8418.99.aa	8418.99.10	8418.99.40	8418.99.04	Door assemblies incorporating more than one of the following: inner panel; outer panel; insulation; hinges; handles
8421.39.aa	8421.39.20	8421.39.40	8421.39.08	Catalytic converters
8421.91.aa	8421.91.10	8421.91.20	8421.91.02	Drying chambers for the goods of subheading 8421.12 and other parts of clothes-dryers incorporating drying chambers
8421.91.bb	8421.91.20	8421.91.40	8421.91.03	Furniture designed to receive the goods of subheading 8421.12
8422.90.aa	8422.90.10	8422.90.02	8422.90.03	Water containment chambers for the goods of subheading 8422.11 and other parts of dishwashing machines of the household type incorporating water containment chambers
8422.90.bb	8422.90.20	8422.90.04	8422.90.04	Door assemblies for the goods of subheading 8422.11
8427.10.aa	8427.10.10	8427.10.40	8427.10.01 8427.10.02	Rider-type, counterbalanced fork-lift trucks
8427.20.aa	8427.20.11 8427.20.19	8427.20.40	8427.20.04 8427.20.05	Rider-type, counterbalanced fork-lift trucks
8450.90.aa	8450.90.10	8450.90.20	8450.90.01	Tubs and tub assemblies
8450.90.bb	8450.90.20	8450.90.40	8450.90.02	Furniture designed to receive the goods of subheading 8450.11 through 8450.20
8451.90.aa	8451.90.10	8451.90.30	8451.90.01	Drying chambers for the goods of subheading 8451.21 or 8451.29 and other parts of drying machines incorporating drying chambers
8451.90.bb	8451.90.20	8451.90.60	8451.90.02	Furniture designed to receive the goods of subheading 8451.21 or 8451.29

TARIFF ITEM	CANADA	USA	MEXICO	DESCRIPTION
8455.90.aa	8455.90.10	8455.90.40	8455.90.01	Castings or weldments, individually weighing less than 90 tons, for the machines of heading 84.55
8459.70.aa	8459.70.10	8459.70.40	8459.70.02	Numerically controlled
8460.40.aa	8460.40.10	8460.40.40	8460.40.02	Numerically controlled
8460.90.aa	8460.90.10	8460.90.40	8460.90.01	Numerically controlled
8461.20.aa	8461.20.10	8461.20.40	8461.20.01	Numerically controlled
8461.30.aa	8461.30.10	8461.30.40	8461.30.01	Numerically controlled
8461.50.aa	8461.50.11 8461.50.19	8461.50.40	8461.50.01	Numerically controlled
8461.90.aa	8461.90.10	8461.90.30	8461.90.02	Numerically controlled
8462.91.aa	8462.91.10	8462.91.40	8462.91.01	Numerically controlled
8462.99.aa	8462.99.11 8462.99.19	8462.99.40	8462.99.01	Numerically controlled
8466.93.aa	8466.93.10	8466.93.15 8466.93.30 8466.93.53	8466.93.04	Bed, base, table, head, tail, saddle, cradle, cross slide, column, arm, saw arm, wheelhead, tailstock, headstock, ram, frame, work-arbor support, and C-frame castings, weldments or fabrications
8466.94.aa	8466.94.10	8466.94.20 8466.94.65	8466.94.01	Bed, base, table, column, cradle, frame, bolster, crown, slide, rod, tailstock and headstock castings, weldments or fabrications

TARIFF ITEM	CANADA	USA	MEXICO	DESCRIPTION
8471.49.aa	8471.49.00	8471.49.00 for all brought in as a system. The individual units are covered by the changes for 8471.60 etc.	See Note 2 to Chapter 84 and Note to 8471.49	Digital processing units other than those of subheadings 8471.41 and 8471.50, whether or not containing in the same housing one or two of the following types of unit: storage units, input units, output units
8471.49.bb				Color cathode-ray tube monitors
8471.49.cc				Printer units:
8471.49.dd				Laser printers capable of producing more than 20 pages per minute
8471.49.ee				Other laser printers
8471.49.ff				Light bar type electronic
8471.49.gg				Ink jet
8471.49.hh				Thermal transfer
8471.49.ii				Ionographic
8471.49.jj				Combined input/output units
8471.49.kk				Display units with monochrome cathode-ray tubes; display units with flat panels exceeding 30.5 cm; other display units excluding display units with color cathode-ray tubes
8471.49.ll				Display units without a cathode-ray tube having a display diagonal not exceeding 30.5 cm
8471.49.mm				Optical scanners and magnetic ink recognition devices
8471.49.nn				Other input or output units
8471.49.oo				Storage units
8471.49.pp				Other control or adapter units
8471.49.qq				Other units suitable for physical incorporation into automatic data processing machines or units thereof
	Separately housed power supplies			

TARIFF ITEM	CANADA	USA	MEXICO	DESCRIPTION
8471.80.aa	8471.80.10	8471.80.10	8471.80.03	Control or adapter units
8471.80.cc	8471.80.91	8471.80.40	8471.80.01	Other units suitable for physical incorporation into automatic data processing machines or units thereof
8473.10.aa	8473.10.00	8473.10.20 8473.10.40	8473.10.01	Parts for word processing machines of heading 84.69
8473.10.bb		8473.10.60	8473.10.99	Parts of other machines of heading 84.69
8473.30.aa	8473.30.20	8473.30.10	8473.30.02	Printed circuit assemblies
8473.30.bb	8473.30.30	8473.30.20	8473.30.03	Parts and accessories, including face plates and lock latches, of printed circuit assemblies
8473.50.aa	8473.50.10	8473.50.30	8473.50.01	Printed circuit assemblies
8473.50.bb	8473.50.20	8473.50.60	8473.50.02	Parts and accessories, including face plates and lock latches, of printed circuit assemblies
8477.90.aa	8477.90.10	8477.90.25	8477.90.01	Base, bed, platen, clamp cylinder, ram and injection castings, weldments, and fabrications
8477.90.bb	8477.90.20	8477.90.45	8477.90.02	Barrel screws
8477.90.cc	8477.90.30	8477.90.65	8477.90.03	Hydraulic assemblies incorporating more than one of the following: manifold, valves, pump, oil cooler
8479.89.aa	8479.89.41 8479.89.49	8479.89.55	8479.89.25	Trash compactors

TARIFF ITEM	CANADA	USA	MEXICO	DESCRIPTION
8479.90.aa	8479.90.11	8479.90.45	8479.90.17	Frame assemblies incorporating more than one of the following: baseplate, side frames, power screws, front plates
8479.90.bb	8479.90.12	8479.90.55	8479.90.15	Ram assemblies incorporating a ram wrapper and/or ram cover
8479.90.cc	8479.90.13	8479.90.65	8479.90.07	Container assemblies incorporating more than one of the following: container bottom, container wrapper, slide track, container front
8479.90.dd	8479.90.14	8479.90.75	8479.90.04	Cabinet or cases
8482.99.aa	8482.99.11 8482.99.19	8482.99.05 8482.99.15 8482.99.25	8482.99.01 8482.99.02 8482.99.03	Inner or outer rings or races
8483.50.aa	8483.50.20	8483.50.60	8483.50.02	Fly wheels
8501.32.aa	8501.32.20	8501.32.45	8501.32.06	Electric motors that provide primary source for electric powered vehicles of subheading 8703.90
8503.00.aa	8503.00.10	8503.00.35 8503.00.45 8503.00.65	8503.00.01 8503.00.03 8503.00.05	Stators and rotors for the goods of heading 85.01.
8504.40.aa	8504.40.30	8504.40.60 8504.40.70	8504.40.10 8504.40.12 8504.40.14	Power supplies for the automatic data processing machines of heading 84.71
8504.40.bb	8504.40.40	8504.40.40	8504.40.13	Speed drive controllers for electric motors

TARIFF ITEM	CANADA	USA	MEXICO	DESCRIPTION
8504.90.aa	8504.90.10	8504.90.65 8504.90.75	8504.90.02 8504.90.07	Printed circuit assemblies for the goods of subheadings 8504.40 and 8504.90
8504.90.bb	8504.90.20	8504.90.40	8504.90.08	Other parts of power supplies for automatic data processing machines of heading 84.71
8507.20.aa	8507.20.10	8507.20.40	8507.20.03	Batteries that provide primary source for electric cars.
8507.30.aa	8507.30.20	8507.30.40	8507.30.01. aa	Batteries that provide primary source for electric cars
8507.40.aa	8507.40.10	8507.40.40	8507.40.01. aa	Batteries that provide primary source for electric cars
8507.80.aa	8507.80.20	8507.80.40	8507.80.01. aa	Batteries that provide primary source for electric cars
8509.90.aa	8509.90.20 8509.90.90	8509.90.25 8509.90.45	8509.90.02	Housings
8516.60.aa	8516.60.20	8516.60.40	8516.60.02 8516.60.03	Ovens, cooking stoves and ranges

TARIFF ITEM	CANADA	USA	MEXICO	DESCRIPTION
8516.90.aa	8516.90.10	8516.90.15	8516.90.05	Housings for the goods of subheading 8516.33
8516.90.bb	8516.90.20	8516.90.25	8516.90.02	Housings and steel bases for the goods of subheading 8516.40
8516.90.cc	8516.90.30	8516.90.35	8516.90.06	Assemblies for the goods of subheading 8516.50, incorporating more than one of the following: cooking chamber; structural supporting chassis; door; outer case
8516.90.dd	8516.90.40	8516.90.45	8516.90.07	Printed circuit assemblies for the goods of subheading 8516.50
8516.90.ee	8516.90.50	8516.90.55	8516.90.08	For the goods of tariff item 8516.60.aa: Cooking chambers whether or not assembled
8516.90.ff	8516.90.60	8516.90.65	8516.90.09	Top surface panels with or without heating elements or controls
8516.90.gg	8516.90.70	8516.90.75	8516.90.10	Door assemblies incorporating more than one of the following: inner panel; outer panel; window; insulation
8516.90.hh	8516.90.81 8516.90.82	8516.90.85	8516.90.01	Housings for toasters
8518.30.aa	8518.30.10	8518.30.10	8518.30.03	Telephone handsets
8522.90.aa	8522.90.10	8522.90.25 8522.90.45 8522.90.65	8522.90.07	Printed circuit assemblies for the apparatus provided for in headings 85.19 and 85.21

TARIFF ITEM	CANADA	USA	MEXICO	DESCRIPTION
8529.90.aa	8529.90.11 8529.90.12 8529.90.19	8529.90.01 8529.90.03 8529.90.06 8529.90.09 8529.90.13 8529.90.16 8529.90.19 8529.90.23	8529.90.06	Printed circuit assemblies for goods classified under heading 85.25 through 85.28
8529.90.bb	8529.90.20	8529.90.26	8529.90.07	Transceiver assemblies for the apparatus of subheading 8526.10, not elsewhere specified
8529.90.cc	8529.90.39	8529.90.29 8529.90.33 8529.90.36 8529.90.39	8529.90.08 8529.90.18	Parts specified in Note 3 to Chapter 85, other than printed circuit assemblies classified under tariff item 8529.90.aa
8529.90.dd	8529.90.31	8529.90.43 8529.90.46 8529.90.49	8529.90.09 8529.90.19	Combinations of parts specified in Note 3 to Chapter 85
8529.90.ee	8529.90.40	8529.90.53	8529.90.10	Flat panel screen assemblies for reception apparatus for television, video monitors or video projectors of heading 85.28
8529.90.ff	8529.90.50	8529.90.63 8529.90.69 8529.90.73 8529.90.75 8529.90.76	8529.90.11	Parts, including face plates and lock latches, of printed circuit assemblies
8529.90.gg	8529.90.61 8529.90.69	8529.90.78 8529.90.81 8529.90.83 8529.90.85 8529.90.86	8529.90.12	Other parts of goods of headings 85.25 and 85.27 (except parts of cellular telephones)
8531.90.aa	8531.90.10	8531.90.15 8531.90.30	8531.90.02	Printed circuit assemblies
8533.40.aa	8533.40.10	8533.40.40	8533.40.05	Metal oxide varistors

TARIFF ITEM	CANADA	USA	MEXICO	DESCRIPTION
8533.90.aa	8533.90.10	8533.90.40	8533.90.02	For the goods of subheading 8533.40, of ceramic or metallic materials, electrically or mechanically reactive to changes in temperature
8535.90.aa	8535.90.30	8535.90.40	8535.90.08 8535.90.20	Motor starters and motor overload protectors
8536.30.aa	8536.30.10 8536.30.20	8536.30.40	8536.30.05	Motor overload protectors
8536.50.aa	8536.50.11 8536.50.12 8536.50.19	8536.50.40	8536.50.13 8536.50.14	Motor starters
8537.10.aa	8537.10.11 8537.10.91	8537.10.30	8537.10.05	Assembled with outer housing or supports, for the goods of heading 84.21, 84.22, 84.50 or 85.16
8537.10.bb	8537.10.21 8537.10.29	8537.10.60	8537.10.06	Motor control centers
8538.90.aa	8538.90.10	8538.90.40	8538.90.04	For the goods of tariff item 8535.90.aa, 8536.30.aa or 8536.50.aa, of ceramic or metallic materials, electrically or mechanically reactive to changes in temperature
8538.90.bb	8538.90.20	8538.90.10 8538.90.30	8538.90.05	Printed circuit assemblies
8538.90.cc	8538.90.31 8538.90.39	8538.90.60	8538.90.01	Moulded parts

TARIFF ITEM	CANADA	USA	MEXICO	DESCRIPTION
8540.11.aa	8540.11.22	8540.11.10	8540.11.03 8540.11.05	Non-high definition, non-projection, having a video display diagonal exceeding 14 inches (35.56 cm)
8540.11.bb	8540.11.21	8540.11.24 8540.11.28	8540.11.04	Non-high definition, non-projection, having a video display diagonal not exceeding 14 inches (35.56 cm)
8540.11.cc	8540.11.12	8540.11.30	8540.11.01 8540.11.05	High definition, having a video display diagonal exceeding 14 inches (35.56 cm)
8540.11.dd	8540.11.11	8540.11.44 8540.11.48	8540.11.02	High definition, having a video display diagonal not exceeding 14 inches (35.56 cm)
8540.12.aa	8540.12.91 8540.12.99	8540.12.10 8540.12.50	8540.12.99	Non-high definition
8540.12.bb	8540.12.11 8540.12.19	8540.12.20 8540.12.70	8540.12.01	High definition
8540.91.aa	8540.91.10	8540.91.15	8540.91.01	Front panel assemblies
8540.99.aa	8540.99.10	8540.99.40	8540.99.03	Electron guns; radio frequency (RF) interaction structures for microwave tubes of subheading 8540.71 through 8540.79
8548.10.aa	8548.10.10	8548.10.05 8548.10.15	8548.10.01	Spent primary cells, spent primary batteries and spent electric accumulators

TARIFF ITEM	CANADA	USA	MEXICO	DESCRIPTION
8607.19.aa	8607.19.11 8607.19.19	8607.19.03	8607.19.01 8607.19.99	Axles
8607.19.bb	8607.19.30	8607.19.06	8607.19.06	Parts of axles
8607.19.cc	8607.19.21 8607.19.29	8607.19.12	8607.19.02 8607.19.03	Wheels, whether or not fitted with axles
8607.19.dd	8607.19.30 8607.19.40	8607.19.15	8607.19.04 8607.19.05 8607.19.06	Parts of wheels
8702.10.aa	8702.10.10	8702.10.30	8702.10.03 8702.10.04	Designed for the transport of 16 or more persons, including the driver
8702.10.bb	8702.10.20	8702.10.60	8702.10.01 8702.10.02	Other
8702.90.aa	8702.90.10	8702.90.30	8702.90.04 8702.90.05	Designed for the transport of 16 or more persons, including the driver
8702.90.bb	8702.90.20	8702.90.60	8702.90.01 8702.90.02 8702.90.03	Other
8706.00.aa	8706.00.20	8706.00.03 8706.00.15	8706.00.01 8706.00.02	Chassis of vehicles of heading 87.03 and subheadings 8704.21 and 8704.31
8706.00.bb	8706.00.10 8706.00.90	8706.00.05 8706.00.25 8706.00.30 8706.00.50	8706.00.99	Chassis for other vehicles
8708.10.aa	8708.10.10	8708.10.30	8708.10.03	Bumpers, but not parts thereof
8708.29.aa	8708.29.11 8708.29.19	8708.29.20	8708.29.20	Body stampings
8708.29.cc	8708.29.20	8708.29.15	8708.29.19	Door assemblies
8708.70.aa	8708.70.11 8708.70.19	8708.70.05 8708.70.25 8708.70.45	8708.70.03 8708.70.04	Road wheels, but not parts or accessories thereof

TARIFF ITEM	CANADA	USA	MEXICO	DESCRIPTION
8708.93.aa	8708.93.11 8708.93.19	8708.93.15 8708.93.60	8708.93.04	Clutches, but not parts thereof
8708.99.aa	8708.99.41 8708.99.49	8708.99.03 8708.99.27 8708.99.55	8708.99.11	Vibration control goods containing rubber
8708.99.bb	8708.99.51 8708.99.59	8708.99.06 8708.99.31 8708.99.58	8708.99.10	Doubled flanged wheel hub units incorporating ball bearings
8708.99.ee	8708.99.14 8708.99.15 8708.99.19	8708.99.15 8708.99.16 8708.99.40 8708.99.41 8708.99.67 8708.99.68	8708.99.99. aa	Other parts for powertrains
8708.99.hh	8708.99.91 8708.99.99	8708.99.23 8708.99.24 8708.99.48 8708.99.49 8708.99.80 8708.99.81	8708.99.01 8708.99.02 8708.99.03 8708.99.04 8708.99.05 8708.99.06 8708.99.07 8708.99.08 8708.99.09 8708.99.12 8708.99.13 8708.99.14 8708.99.99	Other parts and accessories not elsewhere classified under subheading 8708.99
9005.90.aa	9005.90.11 9005.90.91	9005.90.40	9005.90.01	Incorporating goods of heading 90.01 or 90.02
9007.19.aa	9007.19.11 9007.19.19	9007.19.40	9007.19.01	Gyrostabilized
9018.11.aa	9018.11.10	9018.11.30	9018.11.01	Electrocardiographs
9018.11.bb	9018.11.91	9018.11.60	9018.11.02	Printed circuit assemblies

TARIFF ITEM	CANADA	USA	MEXICO	DESCRIPTION
9018.19.aa	9018.19.10	9018.19.55	9018.19.05	Patient monitoring systems
9018.19.bb	9018.19.20	9018.19.75	9018.19.10	Printed circuit assemblies for parameter acquisition modules
9018.90.aa	9018.90.10	9018.90.64	9018.90.18	Defibrillators
9018.90.bb	9018.90.20	9018.90.68	9018.90.24	Printed circuit assemblies for the goods of tariff item 9018.90.aa
9022.90.aa	9022.90.10	9022.90.05	9022.90.01	Radiation generator units
9022.90.bb	9022.90.20	9022.90.15	9022.90.02	Radiation beam delivery units
9027.80.aa	9027.80.20	9027.80.25	9027.80.02	Nuclear magnetic resonance instruments
9027.90.aa	9027.90.20	9027.90.45	9027.90.03	Printed circuit assemblies for the goods of subheading 9027.80
9030.90.aa	9030.90.00	9030.90.25 9030.90.64 9030.90.68	9030.90.02	Printed circuit assemblies
9031.49.aa	9031.49.10	9031.49.40	9031.49.01	Coordinate-measuring machines
9031.90.aa	9031.90.10	9031.90.45	9031.90.02	Bases and frames for the goods of tariff item 9031.49.aa

APPENDIX B
***Federal Register* Notice**

1850–1960 MPS) 121 S. Connor St.,
Sheridan, 13000212

[FR Doc. 2013–07676 Filed 4–2–13; 8:45 am]

BILLING CODE 4312–51–P

INTERNATIONAL TRADE COMMISSION

[Docket No. 2948]

Certain Sleep-Disordered Breathing Treatment Systems and Components Thereof; Notice of Receipt of Complaint; Solicitation of Comments Relating to the Public Interest

AGENCY: U.S. International Trade
Commission.

ACTION: Notice.

SUMMARY: Notice is hereby given that the U.S. International Trade Commission has received a complaint entitled *Certain Sleep-Disordered Breathing Treatment Systems and Components Thereof*, DN 2948; the Commission is soliciting comments on any public interest issues raised by the complaint or complainant's filing under section 210.8(b) of the Commission's Rules of Practice and Procedure (19 CFR 210.8(b)).

FOR FURTHER INFORMATION CONTACT: Lisa R. Barton, Acting Secretary to the Commission, U.S. International Trade Commission, 500 E Street, SW., Washington, DC 20436, telephone (202) 205–2000. The public version of the complaint can be accessed on the Commission's Electronic Document Information System (EDIS) at EDIS¹, and will be available for inspection during official business hours (8:45 a.m. to 5:15 p.m.) in the Office of the Secretary, U.S. International Trade Commission, 500 E Street SW., Washington, DC 20436, telephone (202) 205–2000.

General information concerning the Commission may also be obtained by accessing its Internet server at United States International Trade Commission (USITC) at USITC². The public record for this investigation may be viewed on the Commission's Electronic Document Information System (EDIS) at EDIS³. Hearing-impaired persons are advised that information on this matter can be obtained by contacting the Commission's TDD terminal on (202) 205–1810.

¹ Electronic Document Information System (EDIS): <http://edis.usitc.gov>.

² United States International Trade Commission (USITC): <http://edis.usitc.gov>.

³ Electronic Document Information System (EDIS): <http://edis.usitc.gov>.

SUPPLEMENTARY INFORMATION: The Commission has received a complaint and a submission pursuant to section 210.8(b) of the Commission's Rules of Practice and Procedure filed on behalf of ResMed Corp., ResMed Inc. and ResMed Ltd. on March 28, 2013. The complaint alleges violations of section 337 of the Tariff Act of 1930 (19 U.S.C. 1337) in the importation into the United States, the sale for importation, and the sale within the United States after importation of certain sleep-disordered breathing treatment systems and components thereof. The complaint names as respondents Apex Medical Corp. of Taiwan; Apex Medical USA Corp. of CA; and Medical Depot Inc. (d/b/a Drive Medical Design & Manufacturing) of NY.

Proposed respondents, other interested parties, and members of the public are invited to file comments, not to exceed five (5) pages in length, inclusive of attachments, on any public interest issues raised by the complaint or section 210.8(b) filing. Comments should address whether issuance of the relief specifically requested by the complainant in this investigation would affect the public health and welfare in the United States, competitive conditions in the United States economy, the production of like or directly competitive articles in the United States, or United States consumers.

In particular, the Commission is interested in comments that:

- (i) Explain how the articles potentially subject to the requested remedial orders are used in the United States;
- (ii) identify any public health, safety, or welfare concerns in the United States relating to the requested remedial orders;
- (iii) identify like or directly competitive articles that complainant, its licensees, or third parties make in the United States which could replace the subject articles if they were to be excluded;
- (iv) indicate whether complainant, complainant's licensees, and/or third party suppliers have the capacity to replace the volume of articles potentially subject to the requested exclusion order and/or a cease and desist order within a commercially reasonable time; and
- (v) explain how the requested remedial orders would impact United States consumers.

Written submissions must be filed no later than by close of business, eight calendar days after the date of publication of this notice in the **Federal Register**. There will be further

opportunities for comment on the public interest after the issuance of any final initial determination in this investigation.

Persons filing written submissions must file the original document electronically on or before the deadlines stated above and submit 8 true paper copies to the Office of the Secretary by noon the next day pursuant to section 210.4(f) of the Commission's Rules of Practice and Procedure (19 CFR 210.4(f)). Submissions should refer to the docket number ("Docket No. 2948") in a prominent place on the cover page and/or the first page. (See Handbook for Electronic Filing Procedures, *Electronic Filing Procedures*⁴). Persons with questions regarding filing should contact the Secretary (202–205–2000).

Any person desiring to submit a document to the Commission in confidence must request confidential treatment. All such requests should be directed to the Secretary to the Commission and must include a full statement of the reasons why the Commission should grant such treatment. See 19 CFR 201.6. Documents for which confidential treatment by the Commission is properly sought will be treated accordingly. All nonconfidential written submissions will be available for public inspection at the Office of the Secretary and on EDIS⁵.

This action is taken under the authority of section 337 of the Tariff Act of 1930, as amended (19 U.S.C. 1337), and of sections 201.10 and 210.8(c) of the Commission's Rules of Practice and Procedure (19 CFR 201.10, 210.8(c)).

Issued: March 29, 2013.

By order of the Commission.

Lisa R. Barton,

Acting Secretary to the Commission.

[FR Doc. 2013–07699 Filed 4–2–13; 8:45 am]

BILLING CODE 7020–02–P

INTERNATIONAL TRADE COMMISSION

[Investigation No. TA–103–027]

Probable Economic 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
notice of opportunity to provide written
comments.

⁴ Handbook for Electronic Filing Procedures: http://www.usitc.gov/secretary/fed_reg_notices/rules/handbook_on_electronic_filing.pdf.

⁵ Electronic Document Information System (EDIS): <http://edis.usitc.gov>.

SUMMARY: Following receipt of a request dated March 11, 2013 from the U.S. 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. TA-103-027, *Probable Economic Effect of Certain Modifications to the North American Free Trade Agreement Rules of Origin*.

DATES:

June 4, 2013: Deadline for filing written submissions.

November 12, 2013: Transmittal of report to USTR.

ADDRESSES: All Commission offices, including the Commission's hearing rooms, are located in the United States International Trade Commission Building, 500 E Street SW., Washington, DC. All written submissions should be addressed to the Secretary, United States International Trade Commission, 500 E Street SW., Washington, DC 20436. The public record for this investigation may be viewed on the Commission's electronic docket (EDIS) at <http://www.usitc.gov/secretary/edis.htm>.

FOR FURTHER INFORMATION CONTACT:

Project Leader Kimberlie Freund (202-708-5402 or Kimberlie.freund@usitc.gov) or Deputy Project Leader Philip Stone (202-205-3424 or philip.stone@usitc.gov) for information specific to this investigation. For information on the legal aspects of this investigation, contact William Gearhart of the Commission's Office of the General Counsel (202-205-3091 or william.gearhart@usitc.gov). The media should contact Margaret O'Laughlin, Office of External Relations (202-205-1819 or margaret.olaughlin@usitc.gov). Hearing-impaired individuals may obtain information on this matter by contacting the Commission's TDD terminal at 202-205-1810. General information concerning the Commission may also be obtained by accessing its Internet server (<http://www.usitc.gov>). 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.

Background: In his request letter (dated March 11, 2013), the USTR stated that U.S. negotiators have recently reached agreement in principle with representatives of the governments of Canada and Mexico on proposed modifications to Annex 401 of the NAFTA. Chapter 4 and Annexes 401 and 403 of the NAFTA set forth the

rules of origin for applying the tariff provisions of the NAFTA to trade in goods. Section 202(q) of the NAFTA 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 rules of origin 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.

In the request letter, the USTR asked that the Commission provide advice on the probable economic effect of the proposed modifications on U.S. trade under the NAFTA, on total U.S. trade, and on domestic industries. The investigation covers a wide variety of articles, including edible preparations; mineral fuels; chemical products; plastics; rubber articles; cork; glass and glassware; copper, nickel, and other base metals; machinery and parts; rail locomotives; trailers; optical and medical instruments; furniture; toys and games; lighters; and smoking pipes. The USTR attached to the request letter a list of the proposed modifications to the NAFTA Rules of Origin. On March 19, 2013, USTR provided the Commission with an additional document making certain clarifications to the list of modifications in the attachment to the March 11, 2013, letter in the form of a correlation table for certain tariff lines for Canada and Mexico. The request letter, the complete list of proposed modifications, and the clarifying correlation table are available on the Commission's Web site at http://www.usitc.gov/research_and_analysis/What_We_Are_Working_On.htm. As requested, the Commission will provide its advice to USTR by November 12, 2013.

Written Submissions: No public hearing is planned. However, interested parties are invited to file written submissions and other information concerning the matters to be addressed in this investigation. All written submissions should be addressed to the Secretary. To be assured of consideration by the Commission, written submissions relating to the Commission's advice should be submitted at the earliest possible date, and should be received not later than 5:15 p.m. June 4, 2013. All written submissions must conform to the provisions of section 201.8 of the Commission's *Rules of Practice and Procedure* (19 CFR 201.8). Section 201.8 and the Commission's Handbook on Filing Procedures require that interested parties file documents electronically on

or before the filing deadline and submit eight (8) true paper copies by 12:00 p.m. eastern time on the next business day. In the event that confidential treatment of a document is requested, interested parties must file, at the same time as the eight paper copies, at least four (4) additional true paper copies in which the confidential information must be deleted (see the following paragraph for further information regarding confidential business information). Persons with questions regarding electronic filing should contact the Secretary (202-205-2000).

Any submissions that contain confidential business information must also conform to the requirements of section 201.6 of the Commission's *Rules of Practice and Procedure* (19 CFR 201.6). Section 201.6 of the rules requires that the cover of the document and the individual pages be clearly marked as to whether they are the "confidential" or "non-confidential" version, and that the confidential business information is 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 some or all of the confidential business information submitted in the course of this investigation in the report it sends to the USTR and the President. As requested, the Commission will issue a public version of its report, with any confidential business information deleted, shortly after it transmits its report.

Issued: March 28, 2013.

By order of the Commission.

Lisa R. Barton,

Acting Secretary to the Commission.

[FR Doc. 2013-07652 Filed 4-2-13; 8:45 am]

BILLING CODE 7020-02-P

DEPARTMENT OF JUSTICE

[OMB Number 1125-0005]

Agency Information Collection Activities; Proposed Collection; Comments Requested: Notice of Entry of Appearance as Attorney or Representative; Before the Board of Immigration Appeals (Form EOIR-27)

ACTION: 60-Day Notice.

The Department of Justice (DOJ), Executive Office for Immigration Review (EOIR) will be submitting the following information collection request to the Office of Management and Budget (OMB) for review and approval in

APPENDIX C
Organizations Contacted

ORGANIZATIONS CONTACTED

The Commission solicited comments on the proposed rule modifications by issuing a public notice that appeared in the *Federal Register* (appendix B). The organizations listed below were contacted directly for information and views on the proposed rule modifications.

3M Company	Consumer Electronics Association
AA-Gear	Cork Institute of America
Abbott Laboratories	Cork Quality Council
Agilent Technologies	Covidien
Air Products and Chemicals, Inc.	CropLife America
Akzo Nobel	Cummins, Inc.
Albaugh Inc.	Deere & Company
Alcoa, Inc.	Delphi Corporation
Allegheny Technologies, Inc.	Dixie Chemical Company, Inc.
Alstom	Dow Chemical Company
American Association of Exporters and Importers	Dresser-Rand
American Chemistry Council	Drexel Chemical Co.
American Gear Manufacturers Association	DSM North America
American Gear, Inc.	Dynamic Precision Group
American Petroleum Institute	DyStar L.P.
American Precision Gear Co.	E. I. du Pont de Nemours and Company (DuPont)
American Wire Producers Association	Eastman Chemical Co.
Amgen Inc.	Electronic Components Industry Association (ECIA)
Arkema Inc.	Eli Lilly and Company
Ashland Inc.	Elliott Group
Association for Manufacturing Technology	Emerald Performance Materials
Association of Equipment Manufacturers	Evonik Industries AG
Association of Home Appliance Manufacturers	ExxonMobil
BASF Corporation	Fanwood Chemical Inc.
Baxter International Inc.	Fertilizer Institute
Bayer CropScience, LP	Fire Equipment Manufacturers' Association
Bayer HealthCare	Flexographic Technical Association and Converting Technology
Bayer MaterialScience LLC	FMC Corporation
Bozarth Tire Industry Consultants LLC	Gardner Denver, Inc.
Bristol-Myers Squibb Company	General Electric Company
Cardinal Health	Goodyear Tire & Rubber Co.
Celanese Corporation	Gowan Group
Clariant International Ltd.	Griffin Gear
Clorox Services Company	Honeywell International, Inc.
ColorChem International Corp.	Industrial Heating Equipment Association
Computer and Communications Industry Association	International Institute of Synthetic Rubber Producers, Inc.
Consolidated Precision Products Corp.	

Johnson & Johnson
 Kemira Oyj
 LANXESS Corporation
 LG Electronics
 Lonza Inc.
 Mallinckrodt Pharmaceuticals
 Merck & Co., Inc.
 Milliken & Company
 Milwaukee Gear Company
 Monsanto Company
 Nation Ford Chemical Co.
 National Association for Printing Leadership
 National Association for Suppliers of Printing
 and Publishing Machinery
 National Association of Printing Ink
 Manufacturers
 National Instruments Corporation
 National Marine Manufacturers Association
 National Petrochemicals and Refiners
 Association
 Natural Gas Association
 Newspaper Corp.
 Nissan USA
 Norac Pharma
 Novartis Corporation
 Oakley, Inc.
 Oerlikon Fairfield
 Orthopedic Device Forum
 Panasonic Corporation
 PCC Airfoils, a subsidiary of Precision
 Castparts Corp.
 Pfizer Inc.
 Philips Electronics North America Corporation
 Photo Marketing Association
 PPG Industries, Inc.
 Rhodia Inc.
 Robert Bosch LLC
 Rolls Royce Energy Systems, Inc.
 Rubber Manufacturers Association
 Samsung Electronics America, Inc.
 Sanofi US
 Schafer Gear Works
 Semiconductor Equipment Industry
 Association (SEMI)
 Semiconductor Industry Association (SIA)
 Sensient Technologies Corporation
 Sensormatic Retail Solutions, a subsidiary of
 Tyco International
 Siemens Corporation
 SimplexGrinnell, a subsidiary of Tyco
 International
 Society of Chemical Manufacturers and
 Affiliates
 Society of the Plastics Industry
 Software and Information Industry Association
 Solar Turbines, Inc., a subsidiary of
 Caterpillar, Inc.
 Solvay Chemicals Inc.
 Sony Corporation
 Specialty Steel Industry of North America
 Sun Chemical Corporation
 Symrise Inc.
 Syngenta Crop Protection, Inc.
 Takeda Global Research & Development
 Center, Inc.
 Tech America
 Tessenderlo Kerley, Inc.
 Tire Industry Association
 Tire Retread & Repair Information Bureau
 United Color Manufacturing, Inc.
 United Initiators, Inc.
 United Technologies Corp.
 Valent U.S.A. Corporation
 Valve Manufacturers Association of America
 Wacker Chemical Corporation

APPENDIX D

Written Submissions to the Commission



Accepted per
Chairman's Office
JD on
9/23/13

September 20, 2013

Ms. Lisa R. Barton
Acting Secretary to the Commission
U.S. International Trade Commission
500 E Street, SW Room 112A
Washington, DC 20436

Re: Investigation No. TA-103-027, Probable Economic Effect of Certain
Modifications to the North American Free Trade Agreement Rules of Origin

Dear Acting Secretary Barton:

We respectfully seek your acceptance of this supplemental submission of Arkema Inc. concerning the proposed changes to NAFTA Rules of Origin.

This submission supplements our previous filing on July 22, 2013. We believe this submission provides additional information to the International Trade Commission that will be useful in its efforts to evaluate the effects of the proposed changes. Therefore, we respectfully seek your acceptance of these supplemental comments.

If you have any questions after reviewing the attached, please do not hesitate to contact me. Thank you for your consideration.

Respectfully submitted,

David E. Kunz
Assistant General Counsel
Director, Legislative and Regulatory Affairs
Arkema Inc.

1999 K Street, NW, Room 1078, Washington, DC 20006
Phone: (202) 263-3491



September 20, 2013

Ms. Lisa R. Barton
Acting Secretary to the Commission
U.S. International Trade Commission
500 E Street, SW Room 112A
Washington, DC 20436

SUBJECT: Investigation No. TA-103-027, Probable Economic Effect of Certain Modifications to the North American Free Trade Agreement Rules of Origin

Dear Acting Secretary Barton:

We respectfully file the following supplemental comments regarding proposed changes to the North American Free Trade Agreement (NAFTA) Rules of Origin, "NAFTA Rules of Origin Liberalization," Track IV Amendments to Annex 401, Specific Rules of Origin, at Chapter 29. As we noted in earlier comments filed on July 22, 2013, we believe the proposed changes regarding benzoyl peroxide and benzoyl chloride, concerning subheading 2916.32, Harmonized Tariff Schedule of the United States (HTSUS), will have serious, negative impacts on our company and our operations. As you may recall, benzoyl peroxide is made through the further manufacture of its key raw material, benzoyl chloride. Under the new proposal, NAFTA eligibility would be liberalized to occur with "A change to benzoyl peroxide of subheading 2916.32 from benzoyl chloride within that subheading or any other subheading;" thus, specifically permitting the use of non-NAFTA eligible benzoyl chloride, which today is not allowed under NAFTA. In addition, the proposed chemical reaction rule in Chapter 29 would also allow manufacturers to qualify benzoyl peroxide using non-NAFTA benzoyl chloride.

Arkema Inc. is a U.S. corporation based in King of Prussia, Pennsylvania with more than two dozen manufacturing facilities throughout the United States and approximately 2,500 U.S. workers. Our Geneseo, New York facility manufactures benzoyl peroxide -- a major product of this plant. As explained further below, the proposed changes will adversely affect us, both directly and indirectly.

The product benzoyl peroxide is used in a variety of applications, such as a decolorizing agent in foods and as well as in skin (acne) treatments. Benzoyl peroxide also constitutes an important component of further-manufactured products, including plastics, adhesives and composites. Accordingly, the implications of this proposal are far reaching. Because benzoyl peroxide is a major product of our Geneseo, NY plant, the change, as proposed, will directly impact the employees at that location, but appears to also indirectly and negatively affect the entire business unit of which the Geneseo facility is a part, as well as our downstream customers.

Importantly, Arkema has recently made significant investments into this business through the extensive research and development of grades to meet new market demands, as well as through important capital investments, as recently as last year, for a substantial new production unit in Geneseo, NY. We also continue to invest heavily in the regulatory infrastructure to supply the market with regulated benzoyl peroxide products for the food and pharmaceutical industries. We believe the Proposed Rules would negatively affect approximately 80% of our total benzoyl peroxide production, as it will suddenly be eligible for favorable duty-free NAFTA treatment.

Arkema Inc.
900 1st Avenue, King of Prussia, PA 19406
Tel.: (610) 878-6500 - Fax: (610) 205-7575
arkema.com

Additionally, benzoyl peroxide is often sold into industrial markets as an ingredient in the production of plastics, adhesives, etc., together with other products that we also manufacture. For example, in certain cases, benzoyl peroxide is sold with other Arkema-manufactured products in order to complete customer's request for a particular manufactured product. Thus, losing competitiveness with benzoyl peroxide we anticipate will also adversely affect our ability to sell these other products as well. Namely, we anticipate that the proposed changes regarding subheading 2916.32, HTSUS will have an adverse downstream effect on other products that may not be covered, themselves, by this proposed change.

As the International Trade Commission considers and evaluates this proposed liberalization in more detail, we respectfully request that the proposal to eliminate the current 6.5% tariff rate concerning benzoyl chloride and benzoyl peroxide be phased-down during a transitional period to allow Arkema and, specifically our Geneseo, NY facility, to have sufficient time to plan for the new competitive landscape that will result from the proposed changes associated with subheading 2916.32, HTSUS, as stated.

We believe a transitional phase-down approach is fair and equitable, particularly since Arkema has recently made investments in its benzoyl peroxide operations that were made based on the continuation of the current tariff rates for the foreseeable future. Moreover, there is significant precedent for a phased-down approach from other recent free trade agreements. For example, in the U.S.-Korea Free Trade Agreement (KORUS) there are numerous examples of the progressive phase-down of certain duties over a period of five years or more. Specifically, Chapter 2 of the KORUS at Article 2.3 of Section B authorizes the phase-down of certain customs duties via eleven "staging categories" that are then assigned to all Harmonized Tariff Schedule headings as set forth in Annex 2-B of the KORUS.

Particularly relevant to this discussion is the multi-year phase-down schedule for Chapter 29, Organic Chemicals, of the KORUS. Among the specific products and materials that were provided a five-year phase-down of duties under Staging Category D are the following:

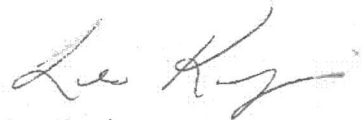
HTS	Description	Base Rate	Staging Category
2909.19.14	Methyl tertiary-butyl ether. (MTBE)	5.5%	D
2909.19.18	Ethers of acyc monohydric alcohols & deriv, nesoi	5.5%	D
2909.19.60	Ethers of polyhydric alcohols and their halogenated, sulfonated, nitrated or nitrosated derivatives, nesoi	5.5%	D
2910.20.00	Methyloxirane (Propylene oxide)	5.5%	D
2910.30.00	1-Chloro-2,3-epoxypropane (Epichlorohydrin)	3.7%	D
2914.11.10	Acetone, derived in whole or in part from cumene	5.5%	D
2914.19.00	Acyclic ketones without other oxygen function, nesoi	4%	G (10 yrs)
2915.32.00	Vinyl acetate	3.8%	D
2915.60.50	Butyric acids, valeric acids, their nonaromatic salts and esters	2.1%	G
2916.12.10	Aromatic esters of acrylic acid	6.5%	D
2916.12.50	Nonaromatic esters of acrylic acid	3.7%	D
2916.13.00	Methacrylic acid and its salts	4.2%	D
2916.14.20	Other esters of methacrylic acid	3.7%	D
2917.12.10	Adipic acid	6.5%	D
2917.12.20	Plasticizers of adipic acid salts and esters	6.5%	D
2917.12.50	Adipic acid salts and esters, nesoi	6.5%	D
2917.32.00	Diocetyl orthophthalates	6.5%	D

2917.34.00	Esters of orthophthalic acid, nesoi	6.5%	D
2917.36.00	Terephthalic acid and its salts	6.5%	G
2921.43.08	4-Chloro-o-toluidine hydrochloride; 5-chloro-o-o-toluidine; 6-chloro-2-toluidinesulfonic acid; 4-chloro-a,a,a-trifluoro-o-toluidine;& other	5.8%	G
2921.43.15	alpha, alpha,alpha-Trifluoro-2,6-dinitro-N,N-dipropyl-p-toluidine (Trifluralin)	6.5%	G
2921.43.19	alpha,alpha,alpha-Trifluoro-o-toluidine; alpha,alpha,alpha-trifluoro-6-chloro-mtoluidine	6.5%	G
2921.43.40	Toluidines and their derivatives; salts thereof; described in additional U.S. note 3 to section VI	6.5%	G
2921.43.90	Other toluidines and their derivatives; and salts thereof, nesoi	6.5%	G
2923.90.00	Quaternary ammonium salts and hydroxides, except choline and its salts	6.2%	D
2924.29.10	Acetanilide; N-acetylsulfanilyl chloride; aspartame; and 2-methoxy-5-acetamino-N,N-bis(2-acetoxyethyl)aniline	6.5%	D
2926.10.00	Acrylonitrile	6.5%	D
2929.10.10	Toluenediisocyanates (unmixed)	6.5%	G
2933.71.00	6-Hexanelactam (epsilon-Caprolactam)	6.5%	D

Thus, based on the fact that we have made recent significant investments in our business and that other, recent free trade agreements have provided for a phased elimination of certain duties and tariffs, we respectfully ask that the proposed changes regarding benzoyl peroxide and benzoyl chloride be phased in over a period of at least five years, consistent with other past precedent, as noted above.

Please do not hesitate to contact us if we can provide any additional information. Thank you for your consideration.

Sincerely,



Leo Kasehagen
Business Director, Organic Peroxides Americas



*Accepted per
Chairman's
Office*

July 22, 2013

Ms. Lisa R. Barton
Acting Secretary to the Commission
U.S. International Trade Commission
500 E Street, SW Room 112A
Washington, DC 20436

Re: Investigation No. TA-103-027, Probable Economic Effect of Certain
Modifications to the North American Free Trade Agreement Rules of Origin

Dear Acting Secretary Barton:

We respectfully seek your acceptance of this submission of Arkema Inc. concerning the proposed changes to NAFTA Rules of Origin.

We understand that the comment period for the changes has expired. However, after discussions with the ITC staff and a detailed review of the specific provisions of the new, proposed Rules of Origin, Arkema believes that the information provided in the attached letter will assist the U.S. International Trade Commission in evaluating the effect of the changes.

If you have any questions after reviewing the attached, please do not hesitate to contact me. Thank you for your consideration.

Respectfully submitted,

David E. Kunz
Assistant General Counsel
Director, Legislative and Regulatory Affairs
Arkema Inc.



July 22, 2013

Ms. Lisa R. Barton
Acting Secretary to the Commission
U.S. International Trade Commission
500 E Street, SW Room 112A
Washington, DC 20436

SUBJECT: Investigation No. TA-103-027, Probable Economic Effect of Certain Modifications to the North American Free Trade Agreement Rules of Origin

Dear Acting Secretary Barton:

We respectfully file the following comments regarding proposed changes to the North American Free Trade Agreement (NAFTA) Rules of Origin. Specifically, we are very concerned of the possible negative impacts that the proposed changes involving benzoyl peroxide and benzoyl chloride may have on our company and its operations.

Arkema Inc. is a chemical manufacturing company that manufactures and produces a variety of different specialty, performance and industrial chemicals and products. At our Geneseo, New York facility, we currently manufacture benzoyl peroxide in various forms for the following uses: production of plastics; production of adhesives and composites; decolorization agent in foods; and skin (acne) treatments. Benzoyl peroxide is a major product of our Geneseo plant and directly or indirectly affects the employees not only at that location, but also potentially the entire business unit of which the Geneseo facility is a part.

In addition, Arkema has made significant investments into this business, including extensive research and development of grades to meet new market demands, as well as investments as recently as last year for a new production unit in Geneseo, underscoring our commitment to production in the U.S. that could now be jeopardized if these proposed changes are enacted. We also continue to invest heavily in the regulatory infrastructure to supply the market with regulated benzoyl peroxide products for the food and pharma industries.

Because approximately 80% of our total benzoyl peroxide production could be affected by this proposed rule change, this change could substantially and negatively affect our production, sales and operations if the current 6.5 percent tariff rate on imported benzoyl peroxide products were eliminated. In particular, we have significant concerns that we would face substantial new competition from Mexico if these proposed changes were made.

Additionally, benzoyl peroxide is often sold into industrial markets (plastics, adhesives, etc.) together with other products that we also manufacture. For example, in certain cases benzoyl peroxide is sold with other Arkema manufactured products in order to complete a particular manufacturing process of a customer. Thus, losing competitiveness with benzoyl peroxide could also potentially affect our ability to sell these other products as well. In effect, the proposed change could have a spillover effect on other products that may not be covered, themselves, by the proposed changes.

Arkema Inc.
900 1st Avenue, King of Prussia, PA 19406
Tel.: (610) 878-6500 - Fax: (610) 205-7575
arkema.com

We respectfully ask that the proposed changes regarding benzoyl peroxide and benzoyl chloride not be adopted or implemented because of the severe and negative consequences such changes could have on our company and our business.

Please do not hesitate to contact us if we can provide any additional information. Thank you for your consideration.

Sincerely,

A handwritten signature in black ink, appearing to read "Leo Kasehagen". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Leo Kasehagen
Business Director, Organic Peroxides Americas



June 4th, 2013

United States International Trade Commission
500 E Street SW
Washington, DC 20436

Re: Proposed Modifications to the NAFTA Rules of Origin – Docket 2948

Dear Sir/Madam:

After reviewing the proposed changes against our product lines, we believe that the modifications to the current NAFTA Rules of Origin proposed by the US Trade Representative will be beneficial for our company.

The changes allow for tariff shifts that will simplify the analysis for many of our products. Currently we spend much time soliciting suppliers for the required details to comply under the existing rules of origin. Under the proposed changes, time spent on such requests will significantly diminish.

There are many times where our suppliers cannot provide the details in time to compliantly claim NAFTA. We know that the goods are eligible, but we do not have the documents to support the claim. In those situations, we pay the duty and then once we have the information, request the benefit under a post entry adjustment. This is not only inefficient, but results in additional charges.

We appreciate you reaching out to us for our comments on this matter.

Thanks and Best Regards,

Annette Smith
The Clorox Company
7200 Johnson Drive, C2-200P
Pleasanton, CA 94588
annette.smith@clorox.com
(925)368-8495 (direct telephone)

May 31, 2013

Secretary
U.S. International Trade Commission
500 E. Street S.W.
Washington D.C. 20436

Via Fed Ex

Re: Modifications to the North American Free Trade Agreement
Investigation No. TA-103-027

Dear Madam Secretary:

On behalf of our client DEI Holdings, Inc., located at One Viper Way in Vista California we are pleased to comment on the proposed modifications to the North American Free Trade Agreement. We are specifically commenting on the proposed changes to Annex 401 of the North American Free Trade Agreement NAFTA Rules of Origin in Chapter 85, Heading 8518.10 through 8518.30.

The following changes are proposed:

8518.10-8518.29, 8518.30, 8518.30aa: Delete subheading 8518.10-8518.29, 8518.30 and tariff item 8518.30aa and the rules of origin applicable thereto and replace with the following:

8518.10-8518.30 A change to a good of any of subheading 8518.10 through 8518.30 from any other good within that subheading or any other subheading, including another subheading within that group.

DEI Holdings, Inc.

Is the parent company of some of the most respected brands in the consumer electronics industry.

DEI Holdings is the largest designer and marketer in North America of premium audio (sold

Suite 1
9355 Airway Road
San Diego, California 92154

tel 619.671.0376
solutions@zissergroup.com
www.zissergroup.com

*International Trade
Consulting and Management*

under the Polk Audio, Definitive Technology and BOOM brand names) and consumer-branded vehicle security and remote start systems (sold under Viper, Clifford, Python, AutoStart and other brand names). The company currently employs over 186 people at its facility in Vista, CA.

Polk Audio

Polk Audio is based in Baltimore, Maryland. The company was founded in 1972. Polk is one of the nation's leading audio speaker brands. The company designs, manufactures and distributes high quality home audio products under the Polk Audio brand name. Polk audio currently employs over 60 people at its facility in Baltimore, MD.

Definitive Technology

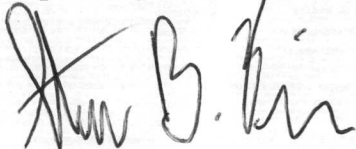
Definitive Technology is based in Owings Mills, Maryland. The company was founded in 1990. Definitive Technology is one of the bestselling brands of audiophile grade loudspeakers in the United States. The company is known for its superior materials, precise workmanship and uncompromising sound quality. Definitive Technology currently employs over 19 people at its facility in Owings Mills, MD.

As one of the nation's leading audio speaker companies, DEI Holdings, Inc., strongly recommends and supports the proposed changes to the NAFTA rules of origin as related to audio speakers. Under the modified NAFTA rules of origin our client will greatly benefit from the opportunity to expand audio speaker production in North America and more fully capitalize on the benefits of the North American Free Trade Agreement. Under the modified NAFTA rules of origin our client can expand production, reduce costs and become more cost competitive. We recommend and encourage the U.S. International Trade Commission to complete its investigation and issue its final report recommending to the President of the United States that he approve and accept the modifications to the NAFTA rules of origin as they relate to audio

speakers under Subheadings 8518.10 to 8518.30. We also encourage and support immediate implementation of the modified NAFTA rules of origin as soon as possible.

We appreciate the opportunity to present these comments and recommendations and we look forward to your favorable report recommending the proposed modifications to the NAFTA rules of origin. Should the Commission require any additional information or have any questions related to these comments please let us know.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Steven B. Zisser". The signature is fluid and cursive, with a large initial "S" and "Z".

Steven B. Zisser
Attorney for DEI Holdings, Inc.

SBZ:ss

Gary Hallen
Senior International Trade Manager
Phone: 423-229-3100
FAX: 423-224-7259

June 4, 2013

Lisa R. Barton
Acting Secretary
United States International Trade Commission
500 E Street S.W.
Washington, DC 20436Re: Investigation No. 103-027: Probable Economic Effect of Certain Modifications to
the North American Free Trade Agreement (NAFTA) Rules of Origin.

Dear Acting Secretary Barton:

Thank you for this opportunity to comment on the probable economic effect of modifications to the NAFTA rules of origin.

Eastman Chemical Company ("Eastman") is a global specialty chemicals company that produces a broad range of products in transportation, building and construction, and consumables, and serves approximately 100 countries around the world. As a global industry leader, Eastman actively engages in international trade and has utilized the tariff preference benefits of NAFTA since its entry into force.

Eastman supports the proposed changes as a step toward further liberalization of the rules of origin for products classified in Sections VI and VII of the Harmonized Tariff Schedule of the United States ("HTSUS"). The negotiated changes included in Ambassador Kirk's letter to the Commission represent a marked improvement from the current NAFTA rules of origin for chemical products, which were overly burdensome and restrictive. For example, Eastman supports the inclusion of the "Chemical Reaction Rule" in Chapter 29, HTSUS, as this greatly reduces Eastman's administrative burden when performing its NAFTA analysis.

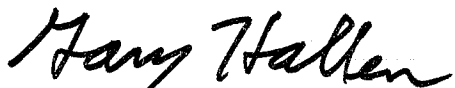
Moreover, Eastman would like to take this opportunity to urge the United States to work with the NAFTA parties to further amend the rules so that they are as similar as possible to the rules under the recent U.S.-Korea Free Trade Agreement for products of Section VI and VII, HTSUS. For example, Eastman would support eliminating the regional value content requirements for products of subheadings 3919.90 through 3921.90, HTSUS, as a means of reducing its administrative burden when analyzing whether these products qualify for NAFTA

Page 2

and to expand the scope of qualifying products. Eastman would also support the inclusion of a Mixtures and Blends rule similar to the one included in the rules of origin for the U.S. Korea Free Trade Agreement for products of Section VI, HTSUS.

Thank you for allowing Eastman to share its concerns regarding the impact of these important rules of origin changes.

Respectfully submitted,

A handwritten signature in cursive script that reads "Gary Hallen".

Gary Hallen
Senior International Trade Manager



Secretary, United States International Trade Commission
500 E Street SW
Washington, DC 20436

RE: Investigation No. TA-103-027 Public Comments regarding proposed modifications to the NAFTA rules of origin

Executive Summary

Siemens Energy strongly supports the proposed changes to the North American Free Trade Agreement for gas and steam turbines, as stipulated in the Federal Register Vol. 78, No. 64 dated April 3, 2013. In particular, changes to Harmonized Tariff Schedule heading 8411, *gas turbine and related parts*, would substantially contribute to the sustainability of Siemens manufacturing facility located in Charlotte, North Carolina. To a lesser extent, changes to 8406, *steam turbines and related parts*, would do the same. Accordingly, this constitutes Siemens Energy written submission in support of the proposed modifications. With the implementation of these changes, US companies such as Siemens will gain an advantage to promote United States' exports to Canada and Mexico thus supporting President Obama's 2010 National Export Initiative.

SIEMENS

About Siemens Energy

Siemens Energy is the world's leading supplier of a complete spectrum of products, services and solutions for power generation in thermal power plants, renewable energy, power transmission in grids, and for the extraction, processing and transport of oil and gas.

Siemens Energy employs approximately 86,000 employees worldwide and in fiscal 2012, our total revenue generated was €27.5 billion (approximately 35.6 billion USD).

Charlotte Manufacturing Facility

During 2011-2012 Siemens took the unique step of closing a foreign factory and relocating the gas turbine production line to its Charlotte, North Carolina facility. This involved disassembling and internationally moving manufacturing equipment, tools and materials to launch operations. Siemens has invested \$350 million at the Charlotte location in the last couple of years, including building the gas turbine manufacturing facility, installing equipment, and hiring and training its workforce. The expansion more than doubled the workforce, from 750 to the current 1,550 employees. In addition to direct employment, it is estimated that supporting businesses have benefited from additional employment opportunities, at a rate of 2:1 (for every Siemens employee, two

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more are employed at businesses that support Siemens or the individual resident).

The Siemens plant is an active corporate citizen, donating funds and volunteer hours to a number of local causes and schools, and serving on important committees and boards, such as E4Carolinas and the Charlotte Chamber of Commerce. It has also invested \$4.3 million in the Energy Production & Infrastructure Center (EPIC) at the University of North Carolina Charlotte (UNCC), which helps to prepare future Energy professionals and Engineers. For its operations, Siemens also has a robust training partnership with Central Piedmont Community College and Apprenticeship2000. Most recently, Siemens was recognized by the North Carolina Community College System (NCCCS) by receiving the Distinguished Partners for Excellence Award, which is awarded to businesses that demonstrate decisive involvement and commitment to professional development of its employees and/or the North Carolina workforce, through partnership with one or more of the colleges in the NCCCS.

NAFTA Rule of Origin for Gas Turbines

While Siemens Energy would benefit by liberalized NAFTA rules of origin for many imported and exported products this submission will primarily focus on the rule for *Gas Turbines, of a power exceeding 5,000 kW*, classifiable under Harmonized Tariff Schedule (HTS) number 8411.82.8000.

The current NAFTA rule of origin for this product is as follows:

SIEMENS

(A) A change to subheadings 8411.11 through 8411.82 from any other heading: or

(B) A change to subheadings 8411.11 through 8411.82 from subheadings 8411.91 through 8411.99, whether or not there is also a change from any other heading, provided there is a regional value content of not less than:

(1) 60 percent where the transaction value method is used, or

(2) 50 percent where the net cost method is used

The parts used in the manufacture of Siemens Energy Gas Turbine units are high precision, expensive and non-NAFTA originating. These include:

1) Rotor Forgings:

- Compressor Rotor Forgings
- Turbine Rotor Forgings
- Seal Rotor Forgings
- Torque Tube Rotor Forging

2) Inlet Casing: Although there are 2 machining level suppliers within NAFTA, all inlet casing castings are sourced from either China or from Germany.

3) Turbine Exhaust

SIEMENS

NAFTA Rule of Origin for Steam Turbines

The current NAFTA rule of origin for Steam Turbines is as follows:

A change to subheadings 8406.10 through 8406.82 from any subheading outside that group, except from tariff items 8406.90.20, 8406.90.40, 8406.90.50 or 8406.90.70.

Similar to the gas turbine, steam turbine components are high precision, expensive and mostly non-NAFTA originating. As they are often imported under the subheading 8406.90, they do not make the required tariff shift to support the NAFTA qualification of the completed steam turbine.

The Siemens Energy Steam Turbine business unit employs approximately 400 people in the United States.

Business Impact

It is extremely difficult to source the components to manufacture Steam and Gas Turbines from within the NAFTA territory due to the high precision engineering and fabrication required. In addition, the subject components are generally less expensive when sourced from foreign suppliers rather than NAFTA territory suppliers due to economies of scale and operational efficiency. Because these parts are classifiable under HTS code number 8406.90 or 8411.99, as applicable, the NAFTA rules of origin cited above for Steam Turbines and rule of origin (A) for Gas Turbines are not met. Moreover due to the high value of these components, NAFTA rule of origin (B) cited above often is

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not met so that the Gas Turbine itself does not qualify for NAFTA when we export to Canada or Mexico. The failure to qualify for NAFTA substantially impacts our ability to sell to customers located in Canada and Mexico, sustain our business, and compete in the global marketplace. The duty rate for import into Canada, for example is 3.5% if the Gas Turbine does not qualify for NAFTA.

The existing rules of origin, in addition to having a detrimental impact on Siemens ability to sell Turbines to customers located in Canada and Mexico places a substantial administrative burden on Siemens Energy trade compliance professionals who are tasked with examining the price, country of origin and classification numbers for each of the thousands of components that are incorporated into a Turbine. It is estimated that it takes approximately 100 hours of administration to properly qualify a finished unit as NAFTA qualifying. The simpler rules of origin would reduce the administration time to one or two hours per unit.

The proposed NAFTA Rule of Origin

The rules under consideration are as follows:

- A. A change to subheading 8411.11 through 8411.82 from any subheading outside that group.
- B. A change to subheading 8406.81 through 8406.82 from any subheading outside that group.

The above proposed rule allows for Gas Turbine parts classified in subheading 8411.99 to qualify for a tariff shift. Since the majority of Gas Turbine components are classifiable under 8411.99, this proposed change would provide a substantial benefit in the Gas Turbine's NAFTA eligibility.

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In essence the proposed rules mean that in order to qualify for NAFTA, the parts and components of the Gas Turbine and Steam Turbine cannot have the same HTS code as Gas Turbine or Steam Turbine itself. Because all components of both Turbines are classifiable outside the proposed range cited above, all of Siemens Gas and Steam Turbines manufactured in Charlotte would, therefore, qualify for NAFTA.

A key offering of Siemens Energy is combined cycle plants. These typically consist of one or two gas turbines and one steam turbine. A combination of gas turbine and water/steam cycle are optimized for high efficiency, producing a greener and more sustainable source of energy

During the next five years, Siemens is projected to sell and export as many as 48 Gas Turbines and 12 Steam Turbines to Canada and Mexico. The potential duty savings to our customers would be approximately \$13M-27M, depending on destination and type of unit. This level of potential cost savings can be the difference in winning or losing an order.

It is often a customer requested condition of sale that the equipment we provide be NAFTA qualified. As a result of these proposed changes, Siemens Energy would be in a better position to compete against foreign competitors and better sustain its manufacturing operation in Charlotte, North Carolina, which is a significant contributor to the North Carolina economy.

SIEMENS

Conclusion

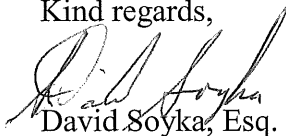
By implementing the proposed changes to the NAFTA rules of origin, Siemens Energy, Inc. will gain a competitive advantage in the global marketplace by being able to qualify its Gas Turbine and Steam Turbine units for NAFTA.

Not only will these proposed changes be beneficial for Siemens Energy, Inc. but also other energy private sector companies will gain an advantage to promote US exports to Canada and Mexico thus supporting President Obama's 2010 National Export Initiative.

Siemens Energy, Inc. has been and remains a pillar in the US economy for creating US jobs and promoting US exports. By reducing trade barriers, companies like Siemens Energy, Inc are able to reduce overhead costs, win more business, and focus on investment for the benefit of the US economy.

Please contact the undersigned if you require any further information from Siemens Energy.

Kind regards,



David Soyka, Esq.

Sr. Manager, Export Control and Customs
Siemens Energy, Inc.
4400 Alafaya Trail
Orlando, FL 32826

(407) 736-5320

May 9, 2013

The Honorable Lisa R. Barton
Acting Secretary
United States International Trade Commission
500 E Street SW
Washington, DC 20436

Regarding Investigation No.103-027- Probable Economic Effect of Certain Modifications to the North American Free Trade Agreement (NAFTA) Rules of Origin.

Dear Acting Secretary Barton,

Thank you for the opportunity to comment on the probable effect to modifications to the NAFTA rules of origin. SOCMA strongly supports the changes that have been negotiated to the NAFTA rules of origin for the chemicals sector. At present, the rules of origin for our sector have proven to be very problematic. This became evident within a few years of NAFTA's passage. We have been advocating for modifications, along the lines of what has been proposed, for many years.

These recently negotiated changes in NAFTA go a long way towards meeting our objectives, that the rules of origin for our sector be harmonized as much as possible for all free trade agreements and eventually across all trade preference programs. This is especially important in this instance since Canada and Mexico have joined the Trans Pacific Partnership (TPP) negotiations. Movement towards harmonization helps members to streamline processes through convergence of paperwork, resulting in cost reduction. It also allows additional clarity in cases where multiple trade agreements exist among TPP member countries and more than one could be invoked.

Please relay our appreciation to those that participated in accomplishing this important objective on our behalf.

Kind regards,



William E. Allmond, IV
Vice President of Government and Public Relations

APPENDIX E

Compilation of Applicable Non-Preference Tariff Rates for the United States, Canada, and Mexico

TABLE E.1 Compilation of applicable non-preference tariff rates for the United States, Canada, and Mexico

Harmonized System code	U.S. NTR rate	Canada MFN rate	Mexico MFN rate
2103.90	Free-11.7%*	8-11%	20
2711.11	Free	Free	Free
2711.12-2711.14	Free	Free-12.5%	Free
2711.21	Free	Free	Free
2713.20	Free	Free	Free
2801.10-2804.90	Free-5.5%	Free	Free-7%
2805.19	Free-5.5%	Free	Free
2806.10-2810.00	Free-4.2%	Free	Free-7%
2811.11-2814.20	Free-4.2%	Free	Free-7%
2815.11-2815.30	Free-3.7%	Free	Free-5%
2816.10-2850.00	Free-5.5%	Free-2%	Free-7%
28.52-28.53	Free-3%	Free-6.5%	Free
29	Free-6.5%	Free-3%	Free-15%
2901.10-2902.90	Free	Free	Free
2903.11-2903.15	2.3-5.5%	Free	Free
2903.19	Free-5.5%	Free	Free
2903.21-2903.69	Free-5.5%	Free	Free
2904.10-2904.90	Free-5.5%	Free	Free-7%
2905.11-2905.17	Free-5.5%	Free-2%	Free
2905.19	3.7-5.5%	Free	Free-7%
2905.22-2905.59	Free-5.5%	Free-3%	Free-15%
2906.11-2906.13	Free-5.5%	Free	Free
2906.19	Free-5.5%	Free	Free
2906.21-2906.29	Free-5.5%	Free	Free-7%
2907.11-2907.15	Free-5.5%	Free-2%	Free
2907.19	Free-5.5%	Free	Free
2907.21-2907.23	5.5%	Free	Free-7%
2907.29	Free-5.5%	Free	Free
2908.11-2911.00	Free-5.5%	Free	Free-7%
2912.11-2912.12	2.8-5.5%	Free	Free-7%
2912.19	3.7-5.5%	Free	Free-7%
2912.21-2912.60	Free-5.5%	Free	Free
2913.00-2914.70	Free-5.5%	Free	Free-7%
2915.11-2915.24	1.8-5.5%	Free	Free-10%
2915.29	Free-4.2%	Free	Free
2915.31-2915.36	3.7-5.5%	Free	Free-10%
2915.39	Free-5.5%	Free	Free-10%
2915.40-2915.70	1.8-5.5%	Free	Free-10%

TABLE E.1—Continued

Harmonized System code	U.S. NTR rate	Canada MFN rate	Mexico MFN rate
2915.90	3.8–5.5%	Free	Free–10%
2916.11–2916.31	Free–6.5%	Free	Free–10%
2916.32	6.5%	Free	Free
2916.34–2916.39	Free–6.5%	Free	Free
2917.11–2917.33	Free–6.5%	Free–3%	Free–10%
2917.34	6.5%	Free	Free–7%
2917.35–2917.39	Free–6.5%	Free	Free–10%
2918.11–2918.18	Free–6.5%	Free	Free–5%
2918.19	Free–6.5%	Free	Free–5%
2918.21–2918.23	6.5%	Free	Free–5%
2918.29–2918.30	Free–6.5%	Free	Free–5%
2918.91–2918.99	Free–6.5%	Free	Free–10%
2919.10–2920.90	Free–6.5%	Free	Free–10%
2921.11	3.7%	Free	Free–10%
2921.19	Free–6.5%	Free	Free–5%
2921.21–2921.59	Free–6.5%	Free	Free–7%
2922.11–2922.21	Free–6.5%	Free	Free–10%
2922.29	Free–6.5%	Free	Free
2922.31–2922.50	Free–6.5%	Free	Free–10%
2923.10–2923.90	Free–6.2%	Free	Free–10%
2924.11–2924.21	Free–6.5%	Free	Free–10%
2924.23	6.5%	Free	Free
2924.24–2924.29	Free–6.5%	Free	Free–5%
2925.11–2929.90	Free–6.5%	Free	Free–10%
2930.20–2930.50	Free–6.5%	Free	Free–5%
2930.90	Free–6.5%	Free	Free–5%
2931.00–2933.99	Free–6.5%	Free	Free–7%
2934.10–2934.30	Free–6.5%	Free	Free–5%
2934.91–2934.99	Free–6.5%	Free	Free–5%
2935.00	Free–6.5%	Free	Free–5%
2937.11–2942.00	Free–6.5%	Free	Free–15%
3001.20	Free	Free	Free–5%
3002.10–3002.90	Free	Free	Free–15%
3006.10–3006.50	Free	Free	Free–15%
3006.60	Free	Free	15%
3006.92	Free	Free	15%
3102.10–3105.90	Free	Free	Free
32	Free–6.5%	Free–6.5%	Free–15%
3201.10–3203.00	Free–6.5%	Free	Free–15%
3204.11–3204.17	Free–6.5%	Free–2%	Free–10%

TABLE E.1—Continued

Harmonized System code	U.S. NTR rate	Canada MFN rate	Mexico MFN rate
3204.19	Free–6.5%	Free	Free–5%
3204.20–3204.90	Free–6.5%	Free	Free–10%
32.05	Free–6.5%	Free	Free–5%
3206.11–3206.42	1.5–6.5%	Free–6%	Free–10%
3206.50	6.5%	Free	Free–5%
3304.10–3305.90	Free	Free–6%	10%–15%
3402.11–3403.99	Free–6.5%	Free–6.5%	Free–15%
3404.20	Free	Free–6.5%	10%
3404.90	Free	Free–6.5%	Free–10%
3506.10–3506.99	2.1–6.5%	Free–6.5%	10%–15%
37.01–37.02	Free–4.9%	Free–6.5%	Free–10%
37.03–37.06	Free–3.7%	Free–6.5%	Free–15%
3707.10–3707.90	Free–6.5%	Free–6.5%	Free
38	Free–6.5%*	Free–15.5%	Free–15%
38.17–38.19	6.5%	Free–6.5%	Free–15%
3824.10–3824.83	Free–6.5%	Free	Free–10%
3824.90	Free–6.5%	Free	Free–10%
39–40	Free–14%	Free–15.5%	Free–15%
39.01–39.14	Free–6.5%	Free–3%	Free–10%
39.15–39.19	Free–6.5%	Free–6.5%	Free–15%
3920.10–3920.20	4.2%	Free	Free
3920.30–3920.51	3.1–6.5%	Free	Free
3920.59–3920.99	Free–6.5%	Free	Free
3921.11–3921.12	4.2–6.5%	Free–2%	Free–10%
3921.13	4.2–6.5%	Free–2%	Free
4001.10–4002.99	Free	Free	Free–10%
40.03–40.04	Free	Free	Free–15%
40.05–40.06	Free–2.9%	Free	Free–15%
4012.11–4012.19	Free–4%	Free	15%
4012.20–4012.90	Free–4.2%	Free–6.5%	Free–15%
40.13–40.15	Free–14%	Free–15.5%	Free–15%
4016.10–4016.95	Free–4.2%	Free–9.5%	Free–15%
4016.99	Free–4.3%	Free–6.5%	Free–10%
4016.99.aa ¹	Free–2.5%	6.5%	Free
40.17	2.7%	Free–6.5%	Free–5%
45.01–45.02	Free	Free	Free
4503.10	Free	Free	Free

¹ The applicable 8-digit codes are as follows: Canada, 4016.99.30; Mexico, 4016.99.10; and the United States, 4016.99.30 and 4016.99.55.

TABLE E.1—Continued

Harmonized System code	U.S. NTR rate	Canada MFN rate	Mexico MFN rate
4503.90	Free–14%	Free	Free
45.04	Free	Free	Free–15%
70.03–70.08	Free–8.8%*	Free	Free–15%
7009.10–7009.91	3.9–7.8%	Free	Free–15%
7009.92	6.5–7.8%	Free	15%
70.10–70.20	Free–38%	Free–6.5%	5%–15%
74.04	Free	Free	Free
7419.99	Free–3%	Free–9.5%	Free–15%
75.01–75.04	Free	Free	Free
7505.11–7505.12	2.5–3%	Free	Free
7505.21–7505.22	2.6–3%	Free	Free
7507.11–7508.90	2–3%	Free–3%	Free
78.06	1.2–3%	Free	Free
79.07	3%	Free–3%	Free
80.07	2.1–3%	Free–3%	Free–15%
8101.99	3.7–6.5%	Free	Free
8112.92–8112.99	Free–4.9%	Free	Free
8406.10	Free–6.7%	Free	Free–15%
8406.81–8406.82	Free–6.7%	Free	Free–15%
8406.90.aa ²	Free–6.7%	Free	Free
8406.90.bb ³	Free–6.7%	Free	Free
8407.10–8407.34	Free–2.5%	Free–6%	Free–5%
8407.90	Free	Free	Free
8408.10	2.5%	Free	Free–5%
8408.20	Free–2.5%	Free	Free
8408.90	Free	Free	Free–5%
8411.11–8411.82	Free–2.5%	Free–3.5%	Free
8411.91	Free	Free	Free
8411.99	Free–2.4%	Free	Free
8412.10–8412.80	Free	Free	Free–15%
8424.10–8424.89	Free–2.9%	Free–6.5%	Free–15%
8427.20	Free	Free	Free–15%
8428.10–8430.69	Free	Free	Free–15%
8431.10–8431.49	Free	Free	Free
8432.10–8432.80	Free	Free	Free
8433.11–8433.60	Free	Free	Free–15%

² The applicable 8-digit codes are as follows: Canada, 8406.90.22, 8406.90.33, 8406.90.34; Mexico, 8406.90.01; and the United States, 8406.90.20 and 8406.90.50.

³ The applicable 8-digit codes are as follows: Canada, 8406.90.23, 8406.90.36, 8406.90.37; Mexico, 8406.90.02; and the United States, 8406.90.40 and 8406.90.70.

TABLE E.1—Continued

Harmonized System code	U.S. NTR rate	Canada MFN rate	Mexico MFN rate
8435.10	Free	Free	Free
8436.10–8436.80	Free	Free	Free
8443.11–8443.19	Free–3.3%	Free	Free–5%
8443.31–8431.39	Free–3.3%	Free	Free–15%
8443.91	Free–2.6%	Free	Free
8443.99	Free	Free	Free
8462.91	4.4%	Free	Free–15%
8471.30	Free	Free	Free
8471.41	Free	Free	Free
8479.10–8479.82	Free–2.8%	Free	Free–15%
8479.89	Free–2.8%	Free–7.5%	Free–15%
8481.10–8481.30	2–5%	Free	Free–5%
8481.40–8481.80	2–5.6%	Free	Free–15%
8483.40–8483.90	3–5.7%	Free	Free–15%
8486.10–8486.90	Free	Free	Free
8509.80	Free–4.2%	Free–8%	Free–15%
8511.10–8511.80	Free–2.5%	Free	Free–15%
8514.10–8514.30	Free–4.2%	Free	Free–15%
8514.40	Free	Free	10–15%
8517.12–8517.61	Free	Free	Free–15%
8517.62–8517.70	Free	Free–6%	Free–15%
8518.10–8518.30	Free–4.9%	Free–6.5%	Free–15%
8519.20–8519.89	Free–3.9%	Free–5%	Free–15%
8523.21–8523.51	Free–2.7%*	Free–8.5%	Free–10%
8523.59–8523.80	Free–1.8%	Free–6%	Free
8528.41	Free	Free	Free
8531.10	1.3%	Free–6.5%	Free–15%
8531.20	Free	Free	Free ⁴
8531.90	Free–1.3%	Free	Free
8532.10–8532.90	Free	Free	Free–5%
8533.90	Free	Free	Free
8545.11–8545.90	Free	Free	Free
85.46	Free–3%	Free	Free–5%
8547.10–8547.90	Free–4.6%	Free	Free
86.01–86.02	Free	9.5%	Free
8716.90	Free–5.7%	Free–6.5%	Free–5%

⁴ The rate of duty shown in the WTO tables is 15 percent, but it was changed to free as of January 24, 2012. <http://www.siiicex-aaarem.org.mx/> (accessed June 3, 2013).

TABLE E.1—Continued

Harmonized System code	U.S. NTR rate	Canada MFN rate	Mexico MFN rate
9003.11–9003.19	Free–2.5%	Free–2.5%	Free
9004.10	2%	5%	10%
9004.90	2.5%	Free–5%	10%
9019.10–9019.20	Free	Free	5–10%
90.20	Free–2.5%	Free	Free–10%
9021.10–9021.90	Free	Free	Free–5%
9022.12–9022.30	Free–1.4%	Free	Free
9027.10–9027.50	Free–3.5%	Free	Free
9027.80	Free	Free	Free
9030.10	1.6%	Free	Free
9030.20	Free–1.7%	Free	Free
9030.31	1.7%	Free	Free
9030.39	1.7%	Free	Free
9030.40–9030.82	Free	Free	Free
9030.84–9030.89	1.7%	Free	Free
9031.10–9031.20	1.7%	Free	Free
9031.49	Free–3.5%	Free	Free
9031.49.aa ⁵	3.5%	Free	Free
9031.90	Free–3.5%	Free	Free
9032.20–9032.81	1.6–1.7%	Free	Free–15%
9032.89	1.1–1.7%	Free	Free–15%
9402.10–9404.90	Free–12.8%	Free–15.5%	10–15%
9503.00–9505.90	Free	Free–8%	Free–15%
9613.10–9613.80	3.6–9%	6.5–9.5%	15%
96.14	Free–7.2%*	Free–7%	Free–15%

Source: For the United States, *Harmonized Tariff Schedule of the United States* (2013); for Canada, *Customs Tariff: Departmental Consolidation 2013*, <http://www.cbsa-asfc.gc.ca/trade-commerce/tariff-tarif/2013/menu-eng.html> (accessed February 12, 2013); and for Mexico, the WTO Integrated Database, (http://www.wto.org/english/tratop_e/schedules_e/goods_schedules_table_e.htm), accessed April 15, 2013, and June 17, 2013.

Note: The tariff rates for individual 8-digit subheadings are available for Canada at <http://www.cbsa-asfc.gc.ca/trade-commerce/tariff-tarif/2013/menu-eng.html>; for Mexico at <http://www.sicex-caoarem.org.mx/>; and for the United States at <http://www.usitc.gov/tata/hts/index.htm>.

* Contains products having specific and/or compound duty rates for which the 2012 calculated AVE is within the range shown.

⁵ The applicable 8-digit codes are as follows: Canada, 9031.49.10; Mexico, 9031.49.01; and the United States, 9031.49.40.

APPENDIX F

**Existing Rule for 8486.10, 8486.20, 8486.30,
8486.40, and 8486.90**

APPENDIX F Existing rule for 8486.10, 8486.20, 8486.30, 8486.40, and 8486.90

249.

(A) A change to centrifuges of subheading 8486.10 from any other good of subheading 8486.10 or any other heading, except from heading 8421;

(B) A change to centrifuges of subheading 8486.10 from subheading 8486.90, whether or not there is also a change from any other good of subheading 8486.10 or any other heading, except from heading 8421, provided there is a regional value content of not less than:

- (1) 60 percent where the transaction value method is used, or
- (2) 50 percent where the net cost method is used;

(C) A change to machine-tools for working any material by removal of material by laser or other light or photon beam process of subheading 8486.10 from any other good of subheading 8486.10 or any other heading, except from heading 8456 or more than one of the following:

- (1) bed, base, table, head, tail, saddle, cradle, cross slide, column, arm, saw arm, wheelhead, tailstock, headstock, ram, frame, work-arbor support and C-frame castings, weldments or fabrications of subheading 8486.90,
- (2) subheading 8537.10,
- (3) subheading 9013.20;

(D) A change to machine-tools for working any material by removal of material by electro-chemical, electron beam, ionic-beam or plasma arc processes of subheading 8486.10 from any other good of subheading 8486.10 or any other heading, except from heading 8456 or more than one of the following:

- (1) bed, base, table, head, tail, saddle, cradle, cross slide, column, arm, saw arm, wheelhead, tailstock, headstock, ram, frame, work-arbor support and C-frame castings, weldments or fabrications of subheading 8486.90,
- (2) subheadings 8413.50 through 8413.60,
- (3) subheading 8501.32 or 8501.52,
- (4) subheading 8537.10;

(E) A change to machine-tools for working stone, ceramics, concrete, asbestos-ceramic or like mineral materials or for cold-working glass of subheading 8486.10 from any other good of subheading 8486.10 or any other heading, except from heading 8464;

(F) A change to machine-tools for working stone, ceramics, concrete, asbestos-ceramic or like mineral materials or for cold-working glass of subheading 8486.10 from subheading 8486.90, whether or not there is also a change from any other good of subheading 8486.10 or any other heading, except from heading 8464, provided there is a regional value content of not less than:

- (1) 60 percent where the transaction value method is used, or
- (2) 50 percent where the net cost method is used;

(G) A change to furnaces and ovens of subheading 8486.10 from any other good of subheading 8486.10 or any other heading, except from heading 8514;

(H) A change to furnaces and ovens of subheading 8486.10 from subheading 8486.90, whether or not there is also a change from any other good of subheading 8486.10 or any other heading, except from heading 8514, provided there is a regional value content of not less than:

- (1) 60 percent where the transaction value method is used, or
- (2) 50 percent where the net cost method is used;

APPENDIX F Exisiting rule for 8486.10, 8486.20, 8486.30, 8486.40, and 8486.90

249.—Continued

(I) A change to other machines and mechanical appliances of subheading 8486.10 from any other good of subheading 8486.10 or any other heading, except from heading 8479;

(J) A change to other machines and mechanical appliances of subheading 8486.10 from subheading 8486.90, whether or not there is also a change from any other good of subheading 8486.10 or any other heading, except from heading 8479, provided there is a regional value content of not less than:

(1) 60 percent where the transaction value method is used, or

(2) 50 percent where the net cost method is used;

(K) A change to sawing machines of subheading 8486.10 from any other good of subheading 8486.10 or any other heading, except from heading 8464;

(L) A change to sawing machines of subheading 8486.10 from subheading 8486.90, whether or not there is also a change from any other good of subheading 8486.10 or any other heading, except from heading 8464, provided there is a regional value content of not less than:

(1) 60 percent where the transaction value method is used, or

(2) 50 percent where the net cost method is used;

(M) A change to other electrical machinery and apparatus having individual functions of subheading 8486.10 from any other good of subheading 8486.10 or any other heading, except from heading 8543;

(N) A change to other electrical machinery and apparatus having individual functions of subheading 8486.10 from subheading 8486.90, whether or not there is also a change from any other good of subheading 8486.10 or any other heading, except from heading 8543, provided there is a regional value content of not less than:

(1) 60 percent where the transaction value method is used, or

(2) 50 percent where the net cost method is used;

(O) A change to microwave amplifiers of subheading 8486.10 from any other good of subheading 8486.10 or any other heading, except from subheading 8504.40, printed circuit assemblies of subheading 8543.90 or any other good of heading 8543;

(P) A change to microwave amplifiers of subheading 8486.10 from subheading 8486.90, 8504.40 or printed circuit assemblies of subheading 8486.90 or 8543.90, whether or not there is also a change from any other good of subheading 8486.10 or any other heading, except from any other good of heading 8543, provided there is a regional value content of not less than:

(1) 60 percent where the transaction value method is used, or

(2) 50 percent where the net cost method is used;

(Q) A change to any other good of subheading 8486.10 from any other good within subheading 8486.10 or any other heading, except from heading 8419;

(R) A change to any other good of subheading 8486.10 from subheading 8486.90, whether or not there is also a change from any other good within subheading 8486.10 or any other heading, except from heading 8419, provided there is a regional value content of not less than:

(1) 60 percent where the transaction value method is used, or

(2) 50 percent where the net cost method is used.

APPENDIX F Exisiting rule for 8486.10, 8486.20, 8486.30, 8486.40, and 8486.90—*Continued*

250.

(A) A change to spin dryers for semiconductor wafer processing of subheading 8486.20 from any other good of subheading 8486.20 or any other heading, except from heading 8421;

(B) A change to spin dryers for semiconductor wafer processing of subheading 8486.20 from subheading 8486.90, whether or not there is also a change from any other good of subheading 8486.20 or any other heading, except from heading 8421, provided there is a regional value content of not less than:

(1) 60 percent where the transaction value method is used, or

(2) 50 percent where the net cost method is used;

(C) A change to mechanical appliances of subheading 8486.20 from any other good of subheading 8486.20 or any other heading, except from heading 8424;

(D) A change to mechanical appliances of subheading 8486.20 from subheading 8486.90, whether or not there is also a change from any other good of subheading 8486.20 or any other heading, except from heading 8424, provided there is a regional value content of not less than:

(1) 60 percent where the transaction value method is used, or

(2) 50 percent where the net cost method is used;

(E) A change to machine-tools for working any material by removal of material by laser or other light or photon beam process of subheading 8486.20 from any other good of subheading 8486.20 or any other heading, except from heading 8456 or more than one of the following:

(1) bed, base, table, head, tail, saddle, cradle, cross slide, column, arm, saw arm, wheelhead, tailstock, headstock, ram, frame, work-arbor support, and C-frame castings, weldments or fabrications of subheading 8486.90,

(2) subheading 8537.10,

(3) subheading 9013.20;

(F) A change to machine-tools for working any material by removal of material by electro-chemical, electron beam, ionic-beam or plasma arc processes for dry-etching patterns on semiconductor materials of subheading 8486.20 from any other good of subheading 8486.20 or any other heading, except from heading 8456 or more than one of the following:

(1) bed, base, table, head, tail, saddle, cradle, cross slide, column, arm, saw arm, wheelhead, tailstock, headstock, ram, frame, work-arbor support and C-frame castings, weldments or fabrications of subheading 8486.90,

(2) subheadings 8413.50 through 8413.60,

(3) subheading 8501.32 or 8501.52,

(4) subheading 8537.10;

(G) A change to numerically controlled machine-tools (including presses) for working metal by bending, folding, straightening or flattening of subheading 8486.20 from any other good of subheading 8486.20 or any other heading, except from heading 8462 or more than one of the following:

(1) subheadings 8413.50 through 8413.60,

(2) flywheels of subheading 8483.50,

(3) bed, base, table, column, cradle, frame, bolster, crown, slide, rod, tailstock and headstock castings, weldments or fabrications of subheading 8486.90,

(4) subheadings 8501.32 or 8501.52,

APPENDIX F Exisiting rule for 8486.10, 8486.20, 8486.30, 8486.40, and 8486.90—*Continued*

250.—Continued

(5) subheading 8537.10;

(H) A change to machine tools (including presses) not numerically controlled for working metal by bending, folding, straightening or flattening of subheading 8486.20 from any other good of subheading 8486.20 or any other heading, except from heading 84.62 or the following:

(1) bed, base, table, column, cradle, frame, bolster, crown, slide, rod, tailstock and headstock castings, weldments or fabrications of subheading 8486.90, or

(2) flywheels of subheading 8483.50;

(I) A change to machine-tools for working stone, ceramics, concrete, asbestos-ceramic or like mineral materials or for cold-working glass of subheading 8486.20 from any other good of subheading 8486.20 or any other heading, except from heading 8464;

(J) A change to machine-tools for working stone, ceramics, concrete, asbestos-ceramic or like mineral materials or for cold-working glass of subheading 8486.20 from subheading 8486.90, whether or not there is also a change from any other good of subheading 8486.20 or any other heading, except from heading 8464, provided there is a regional value content of not less than:

(1) 60 percent where the transaction value method is used, or

(2) 50 percent where the net cost method is used;

(K) A change to other machine-tools (including machines for nailing, stapling, glueing or otherwise assembling) for working hard rubber, hard plastics or similar hard material of subheading 8486.20 from any other good of subheading 8486.20 or any other heading, except from heading 8465 or subheading 8466.91;

(L) A change to other machine-tools (including machines for nailing, stapling, glueing or otherwise assembling) for working hard rubber, hard plastics or similar hard material of subheading 8486.20 from subheading 8466.91 or 8486.90, whether or not there is also a change from any other good of subheading 8486.20 or any other heading, except from heading 8465, provided there is a regional value content of not less than:

(1) 60 percent where the transaction value method is used, or (2) 50 percent where the net cost method is used;

(M) A change to extruders of subheading 8486.20 from any other good of subheading 8486.20 or any other subheading, except from base, bed, platen, clamp cylinder, ram or injection castings, weldments or fabrications of subheading 8477.90 or 8486.90 or more than one of the following:

(1) barrel screws of subheading 8477.90,

(2) subheading 8537.10;

(N) A change to blow molding machines of subheading 8486.20 from any other good of subheading 8486.20 or any other subheading, except from base, bed, platen, clamp cylinder, ram or injection castings, weldments or fabrications of subheading 8477.90 or 8486.90 or more than one of the following:

(1) hydraulic assemblies incorporating more than one of the following: manifold, valves, pump, oil cooler of subheading 8477.90,

(2) subheading 8537.10;

(O) A change to other machinery for working rubber or plastics or for the manufacture of products from these materials of subheading 8486.20 from any other good of subheading 8486.20 or any other heading, except from heading 8477 or blow molding machines of subheading 8486.20; (P) A change to other machinery for working rubber or plastics or for the manufacture of products from these materials of subheading 8486.20 from subheading 8486.90, whether or not there is also a change from any other good of subheading 8486.20 or any other heading, except from heading 8477 or blow molding machines of subheading 8486.20, provided there is a regional value content of not less than:

APPENDIX F Exisiting rule for 8486.10, 8486.20, 8486.30, 8486.40, and 8486.90—*Continued*

250.—Continued

(1) 60 percent where the transaction value method is used, or

(2) 50 percent where the net cost method is used;

(Q) A change to other machines and mechanical appliances of subheading 8486.20 from any other good of subheading 8486.20 or any other heading, except from heading 8479;

(R) A change to other machines and mechanical appliances of subheading 8486.20 from subheading 8486.90, whether or not there is also a change from any other good of subheading 8486.20 or any other heading, except from heading 8479, provided there is a regional value content of not less than:

(1) 60 percent where the transaction value method is used, or

(2) 50 percent where the net cost method is used;

(S) A change to furnaces and ovens of subheading 8486.20 from any other good of subheading 8486.20 or any other heading, except from heading 8514;

(T) A change to furnaces and ovens of subheading 8486.20 from subheading 8486.90, whether or not there is also a change from any other good of subheading 8486.20 or any other heading, except from heading 8514, provided there is a regional value content of not less than:

(1) 60 percent where the transaction value method is used, or

(2) 50 percent where the net cost method is used;

(U) A change to other electric (including electrically heated gas) machines and apparatus of subheading 8486.20 from any other good of subheading 8486.20 or any other heading, except from heading 8515;

(V) A change to other electric (including electrically heated gas) machines and apparatus of subheading 8486.20 from subheading 8486.90, whether or not there is also a change from any other good of subheading 8486.20 or any other heading, except from heading 8515, provided there is a regional value content of not less than:

(1) 60 percent where the transaction value method is used, or

(2) 50 percent where the net cost method is used;

(W) A change to ion implanters for doping semiconductor materials of subheading 8486.20 from any other good of subheading 8486.20 or any other heading, except from other electrical machinery and apparatus having individual functions of subheading 8486.20 or heading 8543;

(X) A change to ion implanters for doping semiconductor materials of subheading 8486.20 from subheading 8486.90, whether or not there is also a change from any other good of subheading 8486.20 or any other heading, except from other electrical machinery and apparatus having individual functions of subheading 8486.20 or heading 8543, provided there is a regional value content of not less than:

(1) 60 percent where the transaction value method is used, or

(2) 50 percent where the net cost method is used;

(Y) A change to other electrical machinery and apparatus having individual functions of subheading 8486.20 from any other good of subheading 8486.20 or any other heading, except from ion implanters for doping semiconductor materials of subheading 8486.20 or heading 8543;

APPENDIX F Exisiting rule for 8486.10, 8486.20, 8486.30, 8486.40, and 8486.90—*Continued*

250.—Continued

(Z) A change to other electrical machinery and apparatus having individual functions of subheading 8486.20 from subheading 8486.90, whether or not there is also a change from any other good of subheading 8486.20 or any other heading, except from ion implanters for doping semiconductor materials of subheading 8486.20 or heading 8543, provided there is a regional value content of not less than:

- (1) 60 percent where the transaction value method is used, or
- (2) 50 percent where the net cost method is used;

(AA) A change to apparatus for the projection or drawing of circuit patterns on sensitized semiconductor materials of subheading 8486.20 from any other good of subheading 8486.20 or any other heading, except from heading 9010;

(BB) A change to apparatus for the projection or drawing of circuit patterns on sensitized semiconductor materials of subheading 8486.20 from subheading 8486.90, whether or not there is also a change from any other good of subheading 8486.20 or any other heading, except from heading 9010, provided there is a regional value content of not less than:

- (1) 60 percent where the transaction value method is used, or
- (2) 50 percent where the net cost method is used;

(CC) A change to any other good of subheading 8486.20 from any other good within subheading 8486.20 or any other heading, except from heading 8419; or

(DD) A change to any other good of subheading 8486.20 from subheading 8486.90, whether or not there is also a change from any other good within subheading 8486.20 or any other heading, except from heading 8419, provided there is a regional value content of not less than:

- (1) 60 percent where the transaction value method is used, or
- (2) 50 percent where the net cost method is used.

251.

(A) A change to machine-tools for working any material by removal of material by electro-chemical, electron beam, ionic-beam, electro-discharge or plasma arc processes of subheading 8486.30 from any other good of subheading 8486.30 or any other heading, except from heading 84.56 or more than one of the following:

- (1) bed, base, table, head, tail, saddle, cradle, cross slide, column, arm, saw arm, wheelhead, tailstock, headstock, ram, frame, work-arbor support and C-frame castings, weldments or fabrications of subheading 8486.90,
- (2) subheadings 8413.50 through 8413.60,
- (3) subheadings 8501.32 or 8501.52,
- (4) subheading 8537.10;

(B) A change to machine-tools for working stone, ceramics, concrete, asbestos-ceramic or like mineral materials or for cold-working glass of subheading 8486.30 from any other good of subheading 8486.30 or any other heading, except from heading 8464 or subheading 8466.91;

(C) A change to machine-tools for working stone, ceramics, concrete, asbestos-ceramic or like mineral materials or for cold-working glass of subheading 8486.30 from subheading 8466.91 or 8486.90, whether or not there is also a change from any other good of subheading 8486.30 or any other heading, except from heading 8464, provided there is a regional value content of not less than:

APPENDIX F Exisiting rule for 8486.10, 8486.20, 8486.30, 8486.40, and 8486.90—*Continued*

251.—Continued

(1) 60 percent where the transaction value method is used, or

(2) 50 percent where the net cost method is used;

(D) A change to mechanical appliances (whether or not hand-operated) other than agricultural or horticultural appliances for projecting, dispersing or spraying liquids or powders of subheading 8486.30 from any other good of subheading 8486.30 or any other heading, except from heading 8424; or

(E) A change to mechanical appliances (whether or not hand-operated) other than agricultural or horticultural appliances for projecting, dispersing or spraying liquids or powders of subheading 8486.30 from subheading 8486.90, whether or not there is also a change from any other good of subheading 8486.30 or any other heading, except from heading 8424, provided there is a regional value content of not less than:

(1) 60 percent where the transaction value method is used, or

(2) 50 percent where the net cost method is used;

(F) A change to centrifuges of subheading 8486.30 from any other good of subheading 8486.30 or any other heading, except from heading 8421;

(G) A change to centrifuges of subheading 8486.30 from subheadings 8421.91 through 8421.99, whether or not there is also a change from any other good of subheading 8486.30 or any other heading, except from subheadings 8421.11 through 8421.39, provided there is a regional value content of not less than:

(1) 60 percent where the transaction value method is used, or

(2) 50 percent where the net cost method is used;

(H) A change to machine tools operated by laser or other light or photon beam processes of subheading 8486.30 from any other good of subheading 8486.30 or any other heading, except from heading 8456 or more than one of the following:

(1) bed, base, table, head, tail, saddle, cradle, cross slide, column, arm, saw arm, wheelhead, tailstock, headstock, ram, frame, work-arbor support and C-frame castings, weldments or fabrications of subheading 8486.90,

(2) subheading 8537.10,

(3) subheading 9013.20;

(I) A change to machine tools operated by ultrasonic processes of subheading 8486.30 from any other good of subheading 8486.30 or any other heading, except from heading 8456 or more than one of the following:

(1) bed, base, table, head, tail, saddle, cradle, cross slide, column, arm, saw arm, wheelhead, tailstock, headstock, ram, frame, work-arbor support and C-frame castings, weldments or fabrications of subheading 8486.90,

(2) subheadings 8413.50 through 8413.60,

(3) subheadings 8501.32 or 8501.52,

(4) subheading 8537.10;

(J) A change to sawing machines of subheading 8486.30 from any other good of subheading 8486.30 or any other heading, except from heading 8464 or subheading 8486.90;

APPENDIX F Exisiting rule for 8486.10, 8486.20, 8486.30, 8486.40, and 8486.90—*Continued*

251.—Continued

(K) A change to sawing machines of subheading 8486.30 from subheading 8486.90, whether or not there is also a change from any other good of subheading 8486.30 or any other heading, except from heading 8464, provided there is a regional value content of not less than:

- (1) 60 percent where the transaction value method is used, or
- (2) 50 percent where the net cost method is used;

(L) A change to industrial robots of subheading 8486.30 from any other good of subheading 8486.30 or any other heading, except from heading 8479;

(M) A change to industrial robots of subheading 8486.30 from subheading 8486.90, whether or not there is also a change from any other good of subheading 8486.30 or any other heading, except from heading 8479, provided there is a regional value content of not less than:

- (1) 60 percent where the transaction value method is used, or
- (2) 50 percent where the net cost method is used;

(N) A change to apparatus or equipment for photographic laboratories, negatoscopes or projection screens of subheading 8486.30 from any other good of subheading 8486.30 or any other heading, except from heading 9010;

(O) A change to apparatus or equipment for photographic laboratories, negatoscopes or projection screens of subheading 8486.30 from subheading 8486.90, whether or not there is also a change from any other good of subheading 8486.30 or any other heading, except from heading 9010, provided there is a regional value content of not less than:

- (1) 60 percent where the transaction value method is used, or
- (2) 50 percent where the net cost method is used;

(P) A change to other electrical machinery and apparatus having individual functions of subheading 8486.30 from any other good of subheading 8486.30 or any other heading, except from heading 8543;

(Q) A change to other electrical machinery and apparatus having individual functions of subheading 8486.30 from subheading 8486.90, whether or not there is also a change from any other good of subheading 8486.30 or any other heading, except from heading 8543, provided there is a regional value content of not less than:

- (1) 60 percent where the transaction value method is used, or
- (2) 50 percent where the net cost method is used;

(R) A change to microwave amplifiers of subheading 8486.30 from any other good of subheading 8486.30 or any other heading, except from subheading 8504.40, printed circuit assemblies (PCAs) of subheading 8543.90 or any other good of heading 8543;

(S) A change to microwave amplifiers of subheading 8486.30 from subheading 8486.90, 8504.40 or PCAs of subheading 8543.90, whether or not there is also a change from any other good of subheading 8486.30 or any other heading, except from any other good of heading 8543, provided there is a regional value content of not less than:

- (1) 60 percent where the transaction value method is used, or
- (2) 50 percent where the net cost method is used;

APPENDIX F Exisiting rule for 8486.10, 8486.20, 8486.30, 8486.40, and 8486.90—*Continued*

251.—Continued

(T) A change to any other good of subheading 8486.30 from any other good within subheading 8486.30 or any other heading, except from heading 8479 or industrial robots of subheading 8486.30; or

(U) A change to any other good of subheading 8486.30 from subheading 8486.90, whether or not there is also a change from any other good within subheading 8486.30 or any other heading, except from heading 8479 or industrial robots of subheading 8486.30, provided there is a regional value content of not less than:

(1) 60 percent where the transaction value method is used, or

(2) 50 percent where the net cost method is used.

252.

(A) A change to vacuum molding machines and other thermoforming machines of subheading 8486.40 from any other good of subheading 8486.40 or any other heading, except from heading 8477 or other molding or otherwise forming machinery for working rubber or plastics of subheading 8486.40;

(B) A change to vacuum molding machines and other thermoforming machines of subheading 8486.40 from subheading 8486.90, whether or not there is also a change from any other good of subheading 8486.40 or any other heading, except from heading 8477 or other molding or otherwise forming machinery for working rubber or plastics of subheading 8486.40, provided there is a regional value content of not less than:

(1) 60 percent where the transaction value method is used, or

(2) 50 percent where the net cost method is used;

(C) A change to injection or compression type moulds for working rubber or plastics of subheading 8486.40 from any other good of heading 8486 or any other heading, except from heading 8480;

(D) A change to other molding or otherwise forming machinery for working rubber or plastics of subheading 8486.40 from any other good of subheading 8486.40 or any other heading, except from vacuum molding machines and other thermoforming machines of subheading 8486.40 or heading 8477;

(E) A change to other molding or otherwise forming machinery for working rubber or plastics of subheading 8486.40 from subheading 8477.90 or 8486.90, whether or not there is also a change from any other good of subheading 8486.40 or any other heading, except from vacuum molding machines and other thermoforming machines of subheading 8486.40 or subheadings 8477.10 through 8477.80, provided there is a regional value content of not less than:

(1) 60 percent where the transaction value method is used, or

(2) 50 percent where the net cost method is used;

(F) A change to machine-tools (including machines for nailing, stapling, glueing or otherwise assembling) for working wood or cork of subheading 8486.40 from any other good of subheading 8486.40 or any other heading, except from heading 8465 or subheading 8466.92;

(G) A change to machine-tools (including machines for nailing, stapling, glueing or otherwise assembling) for working wood or cork of subheading 8486.40 from subheading 8466.92 or 8486.90, whether or not there is also a change from any other good of subheading 8486.40 or any other heading, except from heading 8465, provided there is a regional value content of not less than:

(1) 60 percent where the transaction value method is used, or

(2) 50 percent where the net cost method is used;

APPENDIX F Exisiting rule for 8486.10, 8486.20, 8486.30, 8486.40, and 8486.90—*Continued*

252.—Continued

(H) A change to mechanical machinery for lifting, handling, loading or unloading or continuous-action elevators and conveyors, for goods or materials of subheading 8486.40 from any other good of subheading 8486.40 or any other heading, except from headings 8428 through 8431;

(I) A change to mechanical machinery for lifting, handling, loading or unloading or continuous-action elevators and conveyors, for goods or materials of subheading 8486.40 from heading 8431 or subheading 8486.90, whether or not there is also a change from any other good of subheading 8486.40 or any other heading, except from headings 8428 through 8430, provided there is a regional value content of not less than:

(1) 60 percent where the transaction value method is used, or

(2) 50 percent where the net cost method is used;

(J) A change to electric (including electrically heated gas) brazing or soldering machines and apparatus, other than soldering irons and guns or other electric machines and apparatus for resistance welding of metal, of subheading 8486.40 from any other good of subheading 8486.40 or any other heading, except from heading 8515;

(K) A change to electric (including electrically heated gas) brazing or soldering machines and apparatus, other than soldering irons and guns or other electric machines and apparatus for resistance welding of metal, of subheading 8486.40 from subheadings 8486.90 or 8515.90, whether or not there is also a change from any other good of subheading 8486.40 or any other heading, except from subheadings 8515.11 through 8515.80, provided there is a regional value content of not less than:

(1) 60 percent where the transaction value method is used, or

(2) 50 percent where the net cost method is used;

(L) A change to drawing, marking-out or mathematical calculating instruments of subheading 8486.40 from any other good of subheading 8486.40 or any other heading, except from heading 9017;

(M) A change to drawing, marking-out or mathematical calculating instruments of subheading 8486.40 from subheading 8486.90, whether or not there is also a change from any other good of subheading 8486.40 or any other heading, except from heading 9017, provided there is a regional value content of not less than:

(1) 60 percent where the transaction value method is used, or

(2) 50 percent where the net cost method is used; (N) A change to other machinery for lifting, handling, loading or unloading of subheading 8486.40 from any other good of subheading 8486.40 or any other heading, except from headings 8428 through 8431;

(O) A change to other machinery for lifting, handling, loading or unloading of subheading 8486.40 from heading 8431 or subheading 8486.90, whether or not there is also a change from any other good of subheading 8486.40 or any other heading, except from headings 8428 through 8430, provided there is a regional value content of not less than:

(1) 60 percent where the transaction value method is used, or

(2) 50 percent where the net cost method is used;

(P) A change to machine-tools for working any material by removal of material, by electro-chemical, electron beam, ionic-beam or plasma arc processes of subheading 8486.40 from any other good of subheading 8486.40 or any other heading, except from heading 8456 or more than one of the following:

(1) bed, base, table, head, tail, saddle, cradle, cross slide, column, arm, saw arm, wheelhead, tailstock, headstock, ram, frame, work-arbor support and C-frame castings, weldments or fabrications of subheading 8486.90, (2) subheadings 8413.50 through 8413.60,

APPENDIX F Exisiting rule for 8486.10, 8486.20, 8486.30, 8486.40, and 8486.90—*Continued*

252.—Continued

(3) subheadings 8501.32 or 8501.52,

(4) subheading 8537.10;

(Q) A change to injection molding machines of subheading 8486.40 from any other good of subheading 8486.40 or any other subheading, except from base, bed, platen, clamp cylinder, ram and injection castings, weldments or fabrications of subheading 8486.90 or more than one of the following:

(1) barrel screws of subheading 8486.90,

(2) subheading 8537.10;

(R) A change to optical microscopes of subheading 8486.40 from any other good of subheading 8486.40 or any other heading, except from heading 9011;

(S) A change to optical microscopes of subheading 8486.40 from subheading 8486.90, whether or not there is also a change from any other good of subheading 8486.40 or any other heading, except from heading 9011, provided there is a regional value content of not less than:

(1) 60 percent where the transaction value method is used, or

(2) 50 percent where the net cost method is used;

(T) A change to microscopes, other than optical microscopes, of subheading 8486.40 from any other good of subheading 8486.40 or any other heading, except from heading 9012;

(U) A change to microscopes, other than optical microscopes, of subheading 8486.40 from subheading 8486.90, whether or not there is also a change from any other good of heading 8486.40 or any other heading, except from heading 9012, provided there is a regional value content of not less than:

(1) 60 percent where the transaction value method is used, or (2) 50 percent where the net cost method is used;

(V) A change to other electrical machinery and apparatus having individual functions of subheading 8486.40 from any other good of subheading 8486.40 or any other heading, except from heading 8543;

(W) A change to other electrical machinery and apparatus having individual functions of subheading 8486.40 from subheading 8486.90, whether or not there is also a change from any other good of subheading 8486.40 or any other heading, except from heading 8543, provided there is a regional value content of not less than:

(1) 60 percent where the transaction value method is used, or

(2) 50 percent where the net cost method is used;

(X) A change to microwave amplifiers of subheading 8486.40 from any other good of subheading 8486.40 or any other heading, except from subheading 8504.40, printed circuit assemblies (PCAs) of subheading 8543.90 or any other good of heading 8543;

(Y) A change to microwave amplifiers of subheading 8486.40 from subheading 8486.90, 8504.40 or PCAs of subheading 8543.90, whether or not there is also a change from any other good of subheading 8486.40 or any other heading, except from any other good of heading 8543, provided there is a regional value content of not less than:

(1) 60 percent where the transaction value method is used, or

(2) 50 percent where the net cost method is used;

APPENDIX F Exisiting rule for 8486.10, 8486.20, 8486.30, 8486.40, and 8486.90—*Continued*

252.—Continued

(Z) A change to machines and mechanical appliances having individual functions of subheading 8486.40 from any other good of subheading 8486.40 or any other heading, except from heading 8479;

(AA) A change to machines and mechanical appliances having individual functions of subheading 8486.40 from subheading 8486.90, whether or not there is also a change from any other good of subheading 8486.40 or any other heading, except from heading 8479, provided there is a regional value content of not less than:

(1) 60 percent where the transaction value method is used, or

(2) 50 percent where the net cost method is used;

(BB) A change to any other good of subheading 8486.40 from any other good within subheading 8486.40 or any other heading, except from heading 8515; or

(CC) A change to any other good of subheading 8486.40 from subheading 8486.90, whether or not there is also a change from any other good within subheading 8486.40 or any other heading, except from heading 8515, provided there is a regional value content of not less than:

(1) 60 percent where the transaction value method is used, or

(2) 50 percent where the net cost method is used.

253.

(A) A change to parts of centrifuges of subheading 8486.90 from any other heading, except from heading 8421;

(B) A change to parts of mechanical appliances (whether or not hand-operated) other than agricultural or horticultural appliances for projecting, dispersing or spraying liquids or powders of subheading 8486.90 from any other heading, except from heading 8424;

(C) A change to tool holders and self-opening dieheads, work holders or dividing heads and other special attachments for machine-tools of subheading 8486.90 from any other good of heading 8486 or any other heading, except from heading 8466;

(D) A change to parts of machine-tools of subheading 8486.90 from any other heading, except from heading 8466;

(E) A change to parts of machinery for working rubber or plastics or for the manufacture of products from these materials of subheading 8486.90 from any other heading, except from heading 8477;

(F) A change to parts of lifting, handling, loading or unloading machinery of subheading 8486.90 from any other heading, except from heading 8431;

(G) No required change in tariff classification to parts of lifting, handling, loading or unloading machinery of subheading 8486.90, provided there is a regional value content of not less than:

(1) 60 percent where the transaction value method is used, or

(2) 50 percent where the net cost method is used;

(H) A change to parts of machines and mechanical appliances of subheading 8486.90 from any other heading, except from heading 8479;

(I) A change to parts of industrial or laboratory electric furnaces and ovens of subheading 8486.90 from any other heading, except from heading 8514;

APPENDIX F Exisiting rule for 8486.10, 8486.20, 8486.30, 8486.40, and 8486.90—*Continued*

253.—Continued

(J) No required change in tariff classification to parts of industrial or laboratory electric furnaces and ovens of subheading 8486.90, provided there is a regional value content of not less than:

(1) 60 percent where the transaction value method is used, or

(2) 50 percent where the net cost method is used;

(K) A change to parts of electric (including electrically heated gas) machines and apparatus of subheading 8486.90 from any other heading, except from heading 8515;

(L) A change to parts of ion implanters for doping semiconductor materials or other electrical machinery and parts of apparatus having individual functions of subheading 8486.90 from any other good of subheading 8486.90 or any other heading, except from heading 8543;

(M) No required change in tariff classification to parts of ion implanters for doping semiconductor materials or other electrical machinery and parts of apparatus having individual functions of subheading 8486.90, provided there is a regional value content of not less than:

(1) 60 percent where the transaction value method is used, or

(2) 50 percent where the net cost method is used;

(N) A change to parts and accessories of apparatus and equipment for photographic laboratories, negatoscopes or projection screens of subheading 8486.90 from any other heading, except from heading 9010;

(O) No required change in tariff classification to parts and accessories of apparatus and equipment for photographic laboratories, negatoscopes or projection screens of subheading 8486.90, provided there is a regional value content of not less than:

(1) 60 percent where the transaction value method is used, or

(2) 50 percent where the net cost method is used;

(P) A change to parts of drawing, marking-out or mathematical calculating instruments of subheading 8486.90 from any other heading, except from heading 9017;

(Q) A change to parts of optical microscopes of subheading 8486.90 from any other good of subheading 8486.90 or any other heading, except from heading 9011;

(R) A change to parts of microscopes, other than optical microscopes, of subheading 8486.90 from any other good of subheading 8486.90 or any other heading, except from heading 9012;

(S) A change to other parts of subheading 8486.90 from any other heading, except from heading 8419; or

(T) No required change in tariff classification to other parts of subheading 8486.90, provided there is a regional value content of not less than:

(1) 60 percent where the transaction value method is used, or

(2) 50 percent where the net cost method is used.

