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Rules of Origin for Textile and Apparel Products; Final Rule

DEPARTMENT OF THE TREASURY

Customs Service

19 CFR Parts 10, 12, 102 and 178

[T.D. 95–69]

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Rules of Origin for Textile and Apparel Products

AGENCY: U.S. Customs Service, Department of the Treasury.

ACTION: Final rule.

SUMMARY: This document sets forth final amendments to the Customs Regulations to implement the provisions of section 334 of the Uruguay Round Agreements Act (''the Act'') regarding the country of origin of textile and apparel products. Except for the purpose of identifying products of Israel, the regulations will govern the determination of the country of origin of imported textile and apparel products for purposes of laws enforced by the Customs Service. The regulations also implement the provisions of section 334 of the Act regarding the treatment of components that are cut to shape in the United States from foreign fabric, exported for assembly, and returned to the United States. This document also sets forth regulations implementing previously-enacted provisions regarding the treatment of articles assembled or produced in a Caribbean Basin Initiative beneficiary country wholly from U.S.-produced components, materials or ingredients.

EFFECTIVE DATE: Final rule effective October 5, 1995.

FOR FURTHER INFORMATION CONTACT: Phil Robins, Office of Regulations and Rulings (202–482–7029).

SUPPLEMENTARY INFORMATION:

Background

On December 8, 1994, President Clinton signed into law the Uruguay Round Agreements Act (''the Act''), Public Law 103–465, 108 Stat. 4809. Subtitle D of Title III of the Act deals with textiles and includes section 334 (codified at 19 U.S.C. 3592) which concerns rules of origin for textile and apparel products.

Paragraph (a) of section 334 provides that the Secretary of the Treasury shall prescribe rules implementing the principles contained in paragraph (b) for determining the origin of ''textiles and apparel products''.

Paragraph (b) of section 334 incorporates the following provisions: (1) for purposes of the customs laws and the administration of quantitative restrictions and except as otherwise provided for by statute, general rules for determining when a ''textile or apparel product'' originates in a country, territory, or insular possession, and is the growth, product, or manufacture of that country, territory, or insular possession; (2) special origin rules for goods classifiable under certain specified tariff headings and subheadings; (3) a ''multicountry rule'' for determining origin when the origin of a good cannot be determined under the preceding provisions of paragraph (b); (4) special rules governing the treatment of components that are cut to shape in the United States from foreign fabric, exported for assembly, and returned to the United States; and (5) an exception to the application of section 334 that specifically provides for the continued application of the administrative practices that were applied immediately before the enactment of the Act to determine the origin of textile and apparel products from Israel, unless such practices are modified by the mutual consent of the United States and Israel.

Paragraph (c) of section 334 provides that section 334 shall apply to goods entered, or withdrawn from warehouse, for consumption on or after July 1, 1996. Paragraph (c) further provides that section 334 shall not apply to goods entered or withdrawn from warehouse on or before January 1, 1998, that are covered by contracts of sale which were entered into, with all material terms fixed, before July 20, 1994, and which are filed, with an accompanying certification, with the Commissioner of Customs within 60 days after the date of the enactment of the Act. On January 27, 1995, Customs published in the **Federal Register** (60 FR 5457) a notice setting forth the procedures for filing such contracts and certifications.

On May 23, 1995, Customs published in the **Federal Register** (60 FR 27378) a notice of proposed rulemaking setting forth proposed amendments to the Customs Regulations to implement the rules of origin principles of section 334(b) of the Act. In that document Customs proposed to implement those provisions of section 334(b) of the Act that have broad application under the terms of the statute by amending Part 102 of the Customs Regulations (19 CFR Part 102) and by amending other regulatory provisions as necessary to conform to those Part 102 changes. With regard to the remaining provisions of section 334(b) (that is, the special rules governing the treatment of components that are cut to shape in the United States from foreign fabric, exported for assembly, and returned to the United States), Customs proposed to implement those provisions through amendments to Part 10 of the Customs Regulations (19 CFR Part 10). In addition, Customs proposed to make a number of amendments to existing regulatory provisions to ensure that those existing provisions will be consistent with the new regulatory proposals implementing section 334(b) of the Act. Finally, Customs included in the proposed Part 10 amendments a text to implement U.S. Note 2(b), Subchapter II, Chapter 98, Harmonized Tariff Schedule of the United States (HTSUS), which had not been previously treated in the regulations and which is similar in operation and effect to the cut-to-shape components provision of section 334(b)(4)(B) of the Act.

The May 23, 1995, notice of proposed rulemaking invited the public to submit comments on the proposed regulatory amendments for consideration by Customs before adoption of the proposals as a final rule. The public comment period closed on June 22, 1995.

Discussion of Comments

A total of 43 commenters responded to the solicitation of public comments in the May 23, 1995, notice of proposed rulemaking. The comments submitted, and the Customs responses thereto, are set forth below.

Effective date

Comment: Five commenters were concerned about the effective date of § 334 and the regulations implementing that statute. They stated that sometimes it is not possible to know the exact date goods will arrive in the United States. As a result, goods will be arriving after July 1, 1996, with the wrong visa. In order to avoid this problem, four commenters requested that Customs establish a grace period delaying the application of § 334 for such goods. One commenter suggested that the new regulations should only be applicable to goods shipped after July 1, 1996.

Customs Response: The effective date of § 334 is expressly set out in that statute. Section 334(c) provides that the provisions of § 334 ''shall apply to goods entered, or withdrawn for warehouse, for consumption on or after July 1, 1996.'' Section 334(c) contains an exception to that effective date only for goods contracted for prior to July 20, 1994, if a copy of the contract containing all material terms of sale was filed with Customs within 60 days after enactment of § 334 and the goods are entered, or withdrawn from warehouse, for consumption on or before January 1, 1998.

While Customs recognizes the potential problem faced by importers receiving land or sea shipments, the statute is clear as regards the effective date of its provisions, and Customs has no authority to deviate from the express terms of the statute. As regards the suggestion for a grace period to allow the entry of goods imported with incorrect visas, that issue falls within the jurisdiction of, and thus should be more properly addressed to, the Committee for the Implementation of Textile Agreements (CITA).

Scope of ''textile or apparel product''

Comment: Several commenters stated that the Customs decision to utilize the Agreement on Textiles and Clothing of the Agreement Establishing the World Trade Organization (the WTO Agreement) to determine the scope of section 334 of the Act constitutes an unauthorized broadening of that legislation. These commenters believe there is nothing to indicate that Congress meant to enlarge the scope of textiles and apparel products. The commenters noted the present position of Customs that the textile and apparel rules of origin contained in § 12.130 of the Customs Regulations (19 CFR 12.130) cover all goods classifiable in Section XI (Chapters 50 though 63), HTSUS, and any headings or subheadings outside Section XI for which a textile and apparel category number has been designated. On the other hand, these commenters noted that the Agreement on Textiles and Clothing of the WTO Agreement lists several HTSUS headings and subheadings outside Section XI which do not have a textile and apparel category number designation and which have not traditionally been considered within the class of goods known as textiles and apparel.

Customs response: Customs disagrees with the position advocated by these commenters. As noted in our discussion of this point in the May 23, 1995, notice of proposed rulemaking, the United States is a signatory to both the WTO Agreement and the Agreement on Textiles and Clothing annexed thereto. The latter agreement specifically defines the scope of ''textiles and clothing'' by a listing of headings and subheadings in the international Harmonized System. Customs also pointed out in the May 23, 1995, notice that three provisions of the Act outside section 334 specifically refer to the Agreement on Textiles and Clothing of the WTO Agreement. One of those provisions is section 332 which amended section 204 of the Agricultural Act of 1956 (7 U.S.C. 1854) to specifically cite the Agreement on Textiles and Clothing of the WTO Agreement as a multilateral agreement concluded under the authority of section 204. Section 204, as amended, refers to world trade in ''the articles with respect to which the agreement [that is, any multilateral agreement concluded under the authority of section 204] was concluded'' and authorizes the President to issue regulations governing the entry or withdrawal from warehouse of ''the same articles'' which are products of countries not parties to the agreement or countries to which the United States does not apply the agreement. Thus, the product coverage of section 204 and of the regulations issued thereunder is a function of the agreements concluded under section 204, including the Agreement on Textiles and Clothing of the WTO Agreement. Since section 12.130 of the Customs Regulations was promulgated under the authority of section 204, the product coverage of § 12.130 must be the same as that of section 204.

Customs believes that it would be inappropriate to conclude that Congress, in drafting section 334 of the Act, was unmindful of the adoption of the Agreement on Textiles and Clothing of the WTO Agreement and the changes to section 204 made by section 332 of the Act, with the result that the regulations mandated by section 334 of the Act could be promulgated without regard to the product coverage of the Agreement on Textiles and Clothing of the WTO Agreement. In light of the context in which section 334 of the Act was enacted, Customs believes it is more proper to conclude that Congress intended that the regulations implementing section 334 of the Act include the products covered by the Agreement on Textiles and Clothing of the WTO Agreement for the specific and limited purpose of section 334 of the Act, that is, the determination of the country of origin of textile and apparel products, while recognizing that such products would also be covered by any regulations governing entry or withdrawal from warehouse that may be separately issued under the authority of section 204. Therefore, Customs does not believe that the scope of the regulations implementing section 334 of the Act should be controlled by the traditional scope of § 12.130 of the Customs Regulations. On the contrary, it seems clear that the product coverage of § 12.130 has been effectively expanded by the adoption of the Agreement on Textiles and Clothing of the WTO Agreement and by the amendment of section 204 effected by section 332 of the Act. Accordingly, Customs believes that the May 23, 1995, notice of proposed rulemaking reflects the correct position on this issue.

Section 102.21(b)(3)—Definition of ''knit to shape''

Comment: Section 334(b)(2)(B) of the Act provides that, notwithstanding the assembly rule contained in section 334(b)(1)(D), ''a textile or apparel product which is knit to shape shall be considered to originate in, and be the growth, product, or manufacture of, the country, territory, or possession in which it is knit.'' A number of comments were submitted regarding the proposed definition of ''knit to shape'' in § 102.21(b)(3). That definition would require a good to have its entire exterior surface area, except for trimming around the neck and on the front opening, to be comprised of fabrics that have been knit or crocheted directly to the shape used in the good.

Two commenters suggested that Customs should maintain its present position, that is, that a good is knit to shape if any single major part has been knit to shape.

One commenter suggested that the term ''components'' be substituted for the term ''fabrics''.

Two commenters thought that the proposed definition was too rigid in that the incorporation into a garment of added components such as trim or pockets would disqualify a good from being considered ''knit to shape''. These commenters suggested that the definition be amended by adding the words ''or in principal part'' so that the definition would read ''. . . with an exterior surface area wholly or in principal part comprised of one or more fabrics knitted or crocheted directly to the shape used in the good . . .''

Three commenters noted that socks, pantyhose, tights, and other hosiery articles are knit to shape and their country of origin should be determined by where they were knit with no account taken of minor operations such as closing toes. One commenter specifically referred to gussets and top elastics in pantyhose, saying that the addition of those components should not change the country of origin from the country of knitting. One commenter wanted to ensure that tube-type T-shirts (T-shirts without side seams) were not considered to be knit to shape.

Customs response: Customs cannot agree to the suggestion to maintain the present position, because that position does not accurately reflect the language of section 334(b)(2)(B) of the Act. Customs does not believe that it was the intent of Congress, in providing a

special rule for knit to shape products, that a good should qualify as being knit to shape where that good contains only one panel knit or crocheted to shape.

Customs agrees that the word ''fabrics'' may be confusing and thus should not be used in the definition. However, Customs believes that ''parts'' would be preferable to ''components''.

Customs agrees that the proposed definition of ''knit to shape'' is too tightly drawn and thus unnecessarily restricts application of section 334(b)(2)(B) of the Act. However, Customs believes that the suggested additional language is imprecise and overly broad and thus would create uncertainty in the application of the definition.

Customs agrees that socks, pantyhose, tights, and other knitted hosiery goods should be covered by the definition of ''knit to shape'' without regard to minor finishing operations such as closing toes or adding gussets or top elastics. Whether a good such as a T-shirt is knit to shape depends on that particular good; however, Customs would not normally consider the knitting of a tube with no definitive contours to constitute the creation of a knit-to-shape good within the meaning of these origin rules.

In order to address the points made in the above comments on which Customs is in substantial agreement, the definition of ''knit to shape'' in § 102.21(b)(3) has been modified as set forth below to cover a good of which ''50 percent or more'' of the exterior surface area is formed by ''major parts'' knitted or crocheted directly to the shape as used in the good. The modified definition specifically excludes from consideration certain exterior features (that is, patch pockets, appliques, or the like) but includes ''sewing'' as one of the specified permisible minor operations. In addition, a new paragraph (b)(4) has been included in § 102.21 as set forth below to define ''major parts''; this definition is essentially the same as the definition of ''major parts'' set forth in Note (1)b in the Section XI rules under § 102.20 of the Customs Regulations (19 CFR 102.20). Under these definitions, there should be no uncertainty concerning the treatment of hosiery and similar goods that include features such as gussets and top elastics or that have been subjected to a toe closing operation.

Section 102.21(c)(2)—Goods Consisting of Materials That Meet the § 102.21(e) Tariff Shift and Other Requirements

Comment: Under proposed § 102.21(c)(2), where a good is not wholly the product of a single country, territory, or insular possession, the country of origin of the good is the single country, territory, or insular possession in which ''each foreign material'' in the good underwent an applicable change in tariff classification, and/or met any other requirement, specified in § 102.21(e). One commenter noted that this is inconsistent with the §§ 102.21 (b)(3) and (b)(5) definitions of ''knit to shape'' and ''wholly assembled'', which do not require that all of the materials in the good be knit to shape or wholly assembled in a single country, territory, or insular possession. This commenter suggested that only the portion of the good which imparts the essential character to that good should be required to comply with the applicable § 102.21(e) requirements.

Customs response: Customs does not agree. This comment appears to reflect a misunderstanding of the operation of the general rule in paragraph (c)(2) and the tariff shift and other requirements under paragraph (e). In this regard Customs notes that the definitions of ''knit to shape'' (as modified as discussed above) and ''wholly assembled'' make allowances (or exceptions) for some materials so that the presence of such materials will not affect the status of the good as ''knit to shape'' or ''wholly assembled''. Those exceptions are solely for the purpose of applying any § 102.21 general rule, tariff shift rule or other requirement in which the defined terms are used; they do not affect the question of whether a requisite tariff shift rule under paragraph (e) has been met. In other words, if a good in fact consists of ''knit to shape'' or ''wholly assembled'' components and those components meet the requisite tariff shift rule, any foreign materials (as defined in § 102.1(e)) incorporated in the good at issue that are excepted from the definitions in question would also undergo the requisite tariff shift.

Section 102.21(d)—Treatment of Sets

Comment: One commenter stated that since it is necessary to determine the origin of each textile and apparel component in a set, there is little point in referring to the origin of the entire set in § 102.21(d).

Customs response: Customs believes the wording of § 102.21(d) is correct. Section 102.21(d) covers situations in which two or more of the components in the set were produced in different countries. If all the components in a set are produced in a single country, there would be no need for separate determination of the origin of any textile or apparel components of the set.

Assembly

Comment: With regard to the definition of ''wholly assembled'' in § 102.21(b)(5), one commenter argued that Customs should be more specific concerning which subassemblies will not preclude a good from being ''wholly assembled''. This commenter suggested that this could be done by including in the regulation a specific listing of the assemblies that will qualify a good to be ''wholly assembled'', in the same manner as the Government of Hong Kong has done. In the alternative, this commenter suggested that the joining of all components of a good in one country would always be at least as important as the joining of components into a subassembly and, therefore, under the second multicountry rule (§ 102.21(c)(5), the last place where important processing occurs) the country of origin would be the place where the components of the good are assembled.

Customs response: Customs does not believe that it would be appropriate to have a rigid set of rules in the context mentioned by this commenter. In the opinion of Customs it would be preferable to address these interpretive issues on a case-by-case basis through the Customs ruling program whereby prospective importers may obtain appropriate advance guidance according to their particular needs. This will result in the eventual development of a body of decisions for the general guidance of importers based on consideration of a multitude of factors that cannot be anticipated at the present time. As regards the alternative suggestion of this commenter, Customs agrees with this interpretation and notes that the comment does not appear to warrant a change to the regulatory texts.

Fabric

Comment: Six commenters expressed the view that substantial finishing of greige fabric (*e.g.* dyeing and/or printing combined with other finishing processes) results in a new article of commerce and, therefore, the country of origin of such fabric should be the country in which those processes were performed. One commenter made essentially the same argument for yarns.

Customs response: Sections 334(b)(1)(B) and 334(b)(1)(C) of the Act set forth specific rules for determining the country of origin of yarns and fabric. Section 334(b)(1)(B) states that the country of origin of staple yarns is the country where the yarns were spun and that the country of origin of filament yarns is the country where the filaments were extruded. Section 334(b)(1)(C)

states that the country of origin of a fabric is the country in which the constituent fibers, filaments, or yarns were transformed (that is, into a fabric) by a fabric-making process. The language of §§ 334(b)(1)(B) and 334(b)(1)(C) is clear and unambiguous. Accordingly, it would be inappropriate for Customs to prescribe rules that would lead to results inconsistent with that statutory language.

Subheadings 5810.91–5810.99—Embroidery

Comment: Three commenters took issue with the proposed tariff shift rule for subheadings 5810.91 through 5810.99. They stated that it is unreasonable for the United States to consider the country of origin of embroidery in the piece or in strips to be the country where the base fabric was formed. These commenters argued that the embroidering of fabrics is a highly complex operation that requires a great deal of skill and expense. They also pointed out that the HTSUS refers to embroidery as ''embroidery'' or as ''Embroidery in the piece, [or] in strips,'' not as ''fabric''.

Customs response: Section 334(b)(1)(C) of the Act provides that the country of origin of a fabric is the country where the fabric was created by a fabric-making process. It is the view of Customs that embroidery, whether in the piece or in strips, is fabric. It is commonly known in the United States as embroidered fabric. If Customs were to agree that embroidery cannot be considered to be a fabric because the relevant tariff provisions do not specifically refer to embroidery as fabric, Customs would have to take the same position in regard to other fabrics which are not specifically referred to as such, *i.e.* netting, lace, gauze, felt, nonwovens, terry toweling, labels in the piece, belting, and hosepiping, all of which are imported as fabrics.

Customs also notes that the industry definition of piece goods supports the conclusion that embroidery in the piece is fabric. *Fairchild's Dictionary of Textiles,* 1970, defines ''Piece Goods'' as ''a general term for fabrics woven in lengths to be sold by the yard in retail stores. May also mean all goods which are not cut'' (at page 435). *The Modern Textile and Apparel Dictionary,* 4th Edition, 1973, defines ''Piece Goods'' as ''Cloth sold by the yard or some definite cut length'' (at page 422). Both dictionaries define ''Piece'' as standard lengths of woven fabric or cloth.

Although the commenters would have Customs distinguish embroidery in strips from other forms of embroidery, Customs believes that embroideries on base fabrics in strips are just as much fabrics as those strips without embroidery. Customs perceives no distinction between embroidering wide lengths of fabric and embroidering fabric strips. In either case, the process starts with fabric and ends with embroidered fabric.

The terms of § 334(b)(1)(C) of the Act are clear and Customs has no choice but to adhere to the express wording of that provision—the country of origin of embroidered fabric classifiable in subheadings 5810.91 through 5810.99 is the country in which the base fabric was formed by a fabric-making process.

However, in reviewing this area, Customs has determined that the proposed tariff shift rule for subheadings 5810.91 through 5810.99 does not accurately effectuate § 334(b)(1)(C) of the Act. In this regard Customs notes that under the proposed rule the country of origin of the embroidered fabric would not always be the country where the base fabric was formed. This is because the proposed rule refers to ''A change to subheading 5810.91 through 5810.99 * * *'', and where fabric is embroidered in a second country there has been no change to embroidered fabric in the country where the fabric was formed. Accordingly, the proposed tariff shift rule for subheadings 5810.91 through 5810.99 has been divided into three rules as set forth below with the first rule intended to address this problem (with regard to the other two rules, see the discussion below regarding embroidered badges, emblems, and similar articles).

Subheading 5810.10—Embroidery Without Visible Ground

Comment: A commenter complained that the country of origin of embroidery without a visible ground, classifiable in subheading 5810.10, should be the country where the embroidery was applied to the base fabric. The tariff shift rule proposed for subheading 5810.10 provided for a change to that subheading from any other heading.

Customs response: Customs agrees that the rule for subheading 5810.10 does not accomplish what was intended. The proposed tariff shift rule in question reflected the application of § 334(b)(3)(A) of the Act, the first multicountry rule. Customs believes that embroidery without a visible ground is a fabric that is not made by a fabric-making process because it comes into commercial existence after a base fabric is embroidered and the base fabric is removed. In the opinion of Customs, the most important manufacturing process in the production of embroidery without a visible ground is the application of the embroidery and not the removal of the ground. Accordingly, Customs intentionally required a shift from another heading so that the production prior to the removal of the base fabric would confer origin, because a change within the heading would allow the removal of the base fabric to confer origin. However, the proposed rule was inadvertently drafted to refer to a change ''to subheading 5810.10''. Thus, if fabric from country A were embroidered in country B and the ground fabric removed in country C, the tariff shift rule would not be satisfied and one would be required to go to the next applicable general rule to determine origin. In this circumstance, country B would properly be determined to be the country of origin by application of § 102.21(c)(4). However, Customs believes that for purposes of transparency, it is desirable, to the greatest extent possible, for a country of origin to be determinable by application of the rules referred to in § 102.21(c)(2) and contained in § 102.21(e) rather than by application of the multicountry rules of §§ 102.21(c)(4) and (5). Accordingly, the rule specified for subheading 5810.10 has been modified as set forth below to reflect these considerations.

Embroidered Badges, Emblems, and Similar Articles

Comment: One commenter expressed the view that embroidered badges or emblems are not fabrics and should not be treated as such.

Customs response: Customs agrees that badges, emblems, and similar embroidered articles are not imported in the form of fabric. However, the country of origin of badges, emblems, and similar embroidered articles is not necessarily where those goods were embroidered. Pursuant to § 334(b)(1)(D) of the Act, the country of origin of badges, emblems, and the like, which consist of two or more layers of fabric assembled together by gluing, sewing, or other means, is the country where the good was wholly assembled. A new second rule has been included in the rules for subheadings 5810.91 through 5810.99 as set forth below to reflect the application of § 334(b)(1)(D).

However, badges, emblems, and similar embroidered articles which are processed in more than one country and which do not have multiple components present certain other problems. Customs believes that there is a difference between emblems created by embroidery and printed emblems on which embroidery may be present merely to enhance the printed design.

Where embroidery forms the entire design and, therefore, creates the emblem, the determination of the country of origin of the emblem is governed by the first multicountry rule (§ 334(b)(3) of the Act and § 102.21(c)(4) of the regulations). With reference to the requirements of § 334(b)(3) and § 102.21(c)(4), the embroidery is the most important manufacturing process in the production of the good and, as a result, the country of origin of that good is the country, territory, or insular possession where the embroidery was created. However, where embroidery does not create the motif, but is present merely to enhance a printed design on the emblem, Customs does not believe that application of the embroidery should confer origin.

Customs has not been able to draft a tariff shift rule that adequately distinguishes between the two types of badges, emblems, and similar embroidered articles mentioned above. Accordingly, it was decided to make the tariff shift rule applicable to such goods (the proposed rule for subheadings 5810.91 through 5810.99, which is set forth below in modified form as the third rule for those subheadings) difficult to satisfy, that is, by requiring all manufacturing, from the forming of the fabric forward, to be done in a single country, territory, or insular possession. Thus, if an emblem, badge, etc., is produced in country A from fabric formed in country B, the tariff shift rule will not be satisfied and, in the hierarchy of rules, the next applicable rule is the first multicountry rule, § 102.21(c)(4), which provides that the country of origin will be the country, territory, or insular possession where the most important manufacturing process occurred. While Customs believes it is preferable in principle to employ the objective, specific tariff shift or related rules under §§ 102.21(c) (2) and (e), in some instances, as here, Customs has been unable to avoid a certain degree of subjectivity in the application of the appropriate rule of origin.

Application of § 334(b)(2)(A)—Special Rules for Specified Headings and Subheadings

Comment: Section 334(b)(2)(A) of the Act provides that the origin of goods classifiable under certain specified tariff provisions ''shall be determined under subparagraph (A), (B), or (C) of paragraph (1), as appropriate''. The May 23, 1995, notice of proposed rulemaking stated that since all of the headings and subheadings specified in § 334(b)(2)(A) cover goods that have been advanced beyond yarn or fabric form, the origin of those goods should be determined by the yarns (in the case of heading 5609) or the fabrics which comprise the good. Three commenters concurred with that position, stating that the majority of time, labor, and cost is in the greige fabric. One commenter specifically stated that § 334(b)(2)(A) is clear that the origin of the goods classifiable under the listed headings and subheadings is determined by the origin of the fabric from which the goods are constructed. However, six commenters objected to taking a restrictive interpretation of the words ''as appropriate'' and one, without mentioning the interpretation of those words, stated that the origin of goods of subheading 9404.90 should be determined by where they are assembled.

One commenter noted that the proposed tariff shift rule for subheading 9404.90, which covers comforters, quilts, etc., would result in the goods having their country of origin in the country where those goods are assembled. The commenter stated that this would be contrary to the terms of § 334(b)(2)(A) under which, notwithstanding the general assembly rule in § 334(b)(1)(D), the country of origin of goods classifiable under any of the headings or subheadings listed in that section will be the country that produced the yarns or fabrics, as appropriate, from which those goods are made.

Customs response: After reviewing all of the comments and the commenters' suggestions as to how the words ''as appropriate'' should be interpreted, Customs adheres to the position set forth in the May 23, 1995, notice. No commenter in opposition to the position proposed by Customs offered an acceptable legal alternative to that position. While several of the commenters cited judicial case law concerning the interpretation of statutes, all of their citations and quotations involved statutory language that was not the same as, or similar to, the language of § 334(b)(2)(A). Moreover, none of the interpretations suggested by those commenters adequately addressed the fact that all of the headings and subheadings listed in § 334(b)(2)(A) provide for goods made from materials and that, therefore, the most reasonable interpretation of that section is that it is *appropriate* to determine the origin of those goods according to § 334(b)(1)(B), the rule for yarns, or § 334(b)(1)(C), the rule for fabrics.

The comment regarding the tariff shift rule for subheading 9404.90 prompted Customs to review the proposed tariff shift rules for all of the headings and subheadings listed in § 334(b)(2)(A). That review disclosed that Customs erred in the proposal for subheading 9404.90 and in the proposed rules for the other 15 listed headings or subheadings because, in each instance, the proposed rule both referred to a change to the named heading or subheading and included a proviso regarding the process by which the change must result. For example, if a fabric is woven in one country and wholly assembled in a second country into a good subject to § 334(b)(2)(A), the required tariff shift change does not occur in the country in which the fabric was formed (in other words, the change does not result from a fabric-making process as prescribed in the applicable proposed rule). As a result and as the above commenter noted, the terms of the tariff shift rule would not be met and the next relevant general rule, § 102.21(c)(3)(ii), would cause the country of origin of that good to be the country of assembly. Therefore, each of the rules for the headings and subheadings listed in § 334(b)(2)(A) has been modified as set forth below to provide that the country of origin of a good classifiable under those headings or subheadings is either the country of origin of the yarns (in the case of heading 5609) or of the fabric (for the rest of the listed headings or subheadings) from which those goods are made.

In addition, since the clear intent of § 334(b)(2)(A) is to eliminate assembly from conferring origin in the case of goods classifiable under any of the provisions listed in that section, § 102.21(c)(3)(ii) has been modified as set forth below to preclude assembly from automatically conferring origin on those goods when the § 102.21(c)(2) tariff shift or other requirements are not met (*e.g.* when a good is made from fabrics originating in different countries).

Multicountry rules

Comment: Eight commenters stated, in one fashion or another, that the proposed multicountry rules (§§ 102.21(c) (4) and (5)) should be made clearer, either by adding definitions or by adding examples.

Customs response: Given the wide variety of textile and apparel products and the multiplicity of manufacturing processes involving those products, Customs is adverse to defining the terms ''most important assembly or manufacturing process'' and ''important assembly or manufacturing process'' which form the basis of the multicountry rules. Customs recognizes that the concern underlying the submitted comments revolves around

the meaning of the word ''important'', and, in fact, during the development of the proposed regulatory texts Customs decided to eschew use of definitions calling for comparisons of such criteria as time involved in processing, labor and other costs of processing, complexity, and value added. Customs views the word ''important'' as referring to the relative significance of the manufacturing or assembly processes involved in the production of a good; thus, the word ''important,'' has the same connotation as the word ''meaningful''. Accordingly, in determining relative importance, a manufacturing operation in a low wage country is no less important to the production of a good than that same manufacturing operation in a high wage country, nor is a manufacturing operation done by an expensive machine more important than that same manufacturing operation done by hand.

There is only one example, discussed elsewhere in this document, on which Customs has reached a definitive conclusion regarding relative importance of manufacturing processes: forming a fabric is a more important process than cutting that fabric. Decisions on all other comparisons must be made on a case-by-case basis according to the specific facts presented. Customs recognizes that this may appear to leave importers with a degree of uncertainty. However, Customs believes that a large proportion of multicountry processing is unnecessary from a manufacturing standpoint and thus is done more for quota-engineering purposes, that is, for the primary purpose of avoiding quantitative restraints imposed by international agreements. Moreover, if a manufacturer or importer has any doubts about which country, territory, or insular possession is the country of origin of its goods, that party may obtain appropriate advance guidance under the Customs ruling program.

Cutting and Products of Insular Possessions

Comment: The May 23, 1995, notice of proposed rulemaking stated that Customs believes cutting was not intended to play any role in determining the country of origin of textile and apparel products. That statement raised the question, both within Customs and among members of the importing public, of whether Customs would continue the current tariff treatment of garments that are cut and assembled in insular possessions.

General Note 3(a)(iv), HTSUS, provides that goods of insular possessions are excepted from duty if, among other requirements, they are ''manufactured or produced in any such possession from materials the growth, product, or manufacture'' of that insular possession. Customs has ruled that this portion of General Note 3(a)(iv) may be satisfied by *two* significant manufacturing or processing operations. Under existing rulings, the cutting of fabric into garment parts and the assembly of those parts into garments are normally considered by Customs to constitute the required two significant manufacturing or processing operations that would qualify the garments for duty-free treatment.

One commenter wanted Customs to retain cutting as a process that confers origin. Nine commenters were concerned that the language in the May 23, 1995, notice of proposed rulemaking meant that garments cut and assembled in insular possessions would no longer be eligible for duty-free entry. Two commenters argued that cutting is equal to, or more important than, forming fabric while three commenters stated that cutting fabric is a very small part of producing a garment. One commenter referred specifically to the importance, for origin purposes, of the high degree of precision and expense involved in cutting components for men's tailored clothing. Many of the commenters pointed out that there is no evidence to indicate that Congress intended to change the tariff status of apparel goods cut and assembled in insular possessions. Other commenters noted that General Note 3(a)(iv) was intended by Congress to benefit insular possessions and should, therefore, be liberally construed. A number of commenters were concerned that Customs would never consider cutting when determining the origin of textiles and apparel products and expressed their disagreement with that position. Several commenters noted that there is nothing in § 334 of the Act that requires Customs to ignore entirely the role cutting plays in the manufacture of textile and apparel articles. Some commenters also pointed out that General Note 3(a)(iv) concerns preferential duty status of goods rather than the determination of their origin.

Customs response: Customs concurs with most of the commenters on this issue that, since § 334 deals with the country of origin of textile and apparel products and not with value requirements for purposes of duty preferences, § 334 will not affect either foreign material value determinations required under General Note 3(a)(iv) or value-added requirements contained in other statutory provisions. Accordingly, Customs intends to continue its current tariff treatment of garments which are cut and assembled in insular possessions.

Nevertheless, Customs believes that the position that cutting is not an origin-conferring process is correct for *country of origin* determinations. While cutting is a process which may be considered to be an important manufacturing process, as between the production of fabric and the cutting of that fabric to shape, fabric production is considered to be the more important process. The intent of Congress to not allow cutting of fabric to confer origin is demonstrated by the adoption of § 334(b)(4) of the Act which continues the present tariff treatment of components cut to shape in the United States from imported fabric and sent abroad for assembly: if Congress had intended the cutting of components from fabric to confer origin, there would have been no need for § 334(b)(4). Thus, when applying the first multicountry rule (§ 102.21(c)(4), which provides that the most important assembly or manufacturing process will determine the country of origin), the country which produced the fabric will be determined to be the country of origin of unassembled components merely cut from fabric in another country.

Components Cut in the United States

Comment: Three commenters wrote in support of the continuation of the treatment accorded goods by subheading 9802.00.80, HTSUS.

Customs response: These comments reflect some apparent confusion regarding the overall effect of § 334 of the Act in this area.

Under the present rules of origin, cutting apparel components from fabric (regardless of the country of origin of that fabric) will usually result in the cut components being considered a product of the country where the cutting is performed. Thus, when foreign fabric is imported into the United States and cut into apparel components, the United States is the country of origin of those components. Accordingly, if apparel components cut from foreign fabric in the United States are exported for assembly and the assembled goods are then imported into the United States, pursuant to subheading 9802.00.80, HTSUS, duty may be assessed on the full value of the imported goods less the cost or value of the components cut in the United States.

As previously noted, Congress adopted § 334(b)(4) because §§ 334(b) (1) and (2) of the Act in effect eliminate cutting as a process conferring origin for most purposes. Under § 334(b)(4), where goods are assembled abroad from components cut in the United States

from foreign fabric (even though under the § 334 rules the cut components are not products of the United States and the assembling country is the country of origin), the assembled goods, when imported into the United States, will continue to receive the same duty treatment presently accorded to such goods under subheading 9802.00.80, HTSUS. Thus, because § 334(b)(4) serves to preserve a tariff treatment that otherwise would no longer be available under the § 334 origin rules, this statutory provision in effect addresses the concern of these commenters.

World Trade Organization and NAFTA Obligations

Comment: Twelve commenters believed that the proposed rules are in violation of the Uruguay Round Agreement and the obligations the United States agreed to when it became a member of the World Trade Organization (WTO). While some commenters questioned why the United States is making significant changes in its textile origin rules at the same time that the WTO is embarking on a project involving the development of international uniform rules of origin, two other commenters expressed the view that the proposed rules will simplify the WTO work on harmonized rules of origin. Several commenters stated that the new origin rules will change the applicable textile restraint categories for many products, creating problems in the administration of international textile agreements.

A number of commenters referred to the obligations the United States incurred under the North American Free Trade Agreement (NAFTA). Two commenters made the general statement that § 334(b)(2)(A) of the Act was contrary to the NAFTA, and a third commenter made the same statement but with specific reference to Article 309(1) of the NAFTA. Four commenters noted that the proposed rules conflicted with the NAFTA marking rules, and one of these commenters argued that Canada has a reasonable expectation that established marking rules will continue in effect. Another commenter observed that the proposed rules will cause some goods now subject to Tariff Preference Levels (TPLs) under the NAFTA to no longer be considered products of a NAFTA party, with the result that those goods will not be allowed entry into the United States under a TPL.

One commenter stated that if the country in which down comforters are assembled is not the country of origin of those goods, in order to avoid an unfair advantage for Canadian and Mexican comforter manufacturers, Customs should clearly state that the NAFTA preference rules do not govern goods processed in a NAFTA country that fall within the scope of § 334 of the Act.

Another commenter thought that the wording of proposed § 102.21 is ambiguous concerning the application of § 102.19 (the ''NAFTA preference override'' provision) to ''originating goods'' under the NAFTA.

Customs response: In discussing § 334, both the President's Statement of Administrative Action and the relevant Senate report stated that § 334 would more accurately reflect where the most significant production activity occurs, would help combat transshipment and other circumvention of textile and apparel quotas, would bring the U.S. rules of origin in line with rules employed by other major textile and apparel importing countries and by U.S. trading partners, and would advance the goal of harmonizing international rules of origin set out in the WTO Agreement on Rules of Origin. It was also noted that, pursuant to Article 4 of the Agreement on Textiles and Clothing which provides for consultations in the case of a disruption of trade or an adverse affect on market access, the Administration will undertake consultations ''where appropriate''.

It is not the function of Customs to determine whether the enactment of § 334 constitutes a breach of either the WTO Agreement or the NAFTA. Both agreements have specified procedures for signatory parties to follow if it is believed that another signatory has violated its commitments. Accordingly, the question of whether there has been a violation of a provision of the WTO Agreement on Rules of Origin or of the NAFTA is a matter to be decided within the framework of those agreements.

With regard to the comment on down comforters, Customs is unable to accede to this commenter's request. Section 334(b)(1) of the Act opens with the words ''[e]xcept as otherwise provided for by statute,'' and Customs followed this statutory language by including in the first sentence of proposed § 102.21(a) the words ''except as otherwise provided for by statute''; thus, origin rules contained in other statutes will take precedence over the origin rules in § 334 and in § 102.21 of the regulations. The NAFTA rules of origin for duty preference purposes are set forth in 19 U.S.C. 3332 and in General Note 12, HTSUS. Accordingly, if, as in the case of down comforters, the NAFTA origin rule for duty preference purposes is less restrictive than the corresponding rule contained in § 334 of the Act and in § 102.21 of the regulations, then the NAFTA origin rule will control for NAFTA duty preference purposes.

As regards the alleged ambiguity between § 102.19 and § 102.21, Customs does not believe that any change to the proposed regulatory texts is appropriate in this regard. Section 102.19 was originally adopted in a strictly NAFTA context in order to clarify the relationship between the Part 102 NAFTA marking rules and the separate rules of origin that apply under the NAFTA for duty preference purposes. Proposed § 102.21(c) included § 102.19 among the existing Part 102 provisions that may apply for purposes of the § 102.21(c) general rules because a failure to mention § 102.19 in this context might incorrectly give the impression, contrary to the express terms of § 334 as discussed in the preceding comment response, that the rules of origin applicable to ''originating goods'' under the NAFTA do not take precedence over the § 102.21 provisions.

Miscellaneous Goods

Comment: One commenter stated that the manufacture of goods classifiable in headings 5604–5609, 5808–5809, 5901–5903, 5905–5908 and 5910 and in subheading 5911.90 requires special equipment and knowledge and, therefore, the tariff shift rule for those provisions should prescribe a change from any other heading.

Customs response: The proposed tariff shift rules for each of the mentioned headings and subheading were carefully drafted to reflect the express requirements of § 334(b) of the Act. Most of those headings mentioned by the commenter provide specifically for yarns, cordage, braids, or fabrics, and § 334(b) is very specific regarding the rules for determining the origin of those goods. In some instances, the proposed tariff shift rule was drafted to reflect that assembly (under § 334(b)(1)(D) of the Act) confers origin. In a very few instances (*e.g.* fishing nets of heading 5608), the tariff shift rule was drafted to reflect the application of the first multicountry rule (§ 334(b)(3)(A) of the Act and § 102.21(c)(4) of the regulations). To do as this commenter suggested would cause the application of the tariff shift rules to result, for some goods, in determinations of origin not consistent with the requirements of § 334(b).

Miscellaneous Issues

Comment: Five commenters referred to the substantial transformation concept, noting variously that there is no definition of ''substantial transformation'' in the proposed regulatory texts, that the proposed texts

do not comply with accepted principles of what constitutes a substantial transformation, or that the United States should retain substantial transformation as the basis for determining the origin of imported goods. One commenter also noted that there is no value-added criterion. In addition, while two commenters noted that the rules in § 334 of the Act are more similar to the rules followed by the rest of the industrialized nations than are the present rules applied by Customs, another commenter noted that § 334(b)(2)(A) of the Act (the special rule of origin listing 16 provisions which are not subject to the assembly rule) is not consistent with rules applied by Canada. One commenter pointed out that § 334 conflicts with past practices and rulings of Customs. Finally, one commenter expressed concern that the rules of origin contained in § 334 are inconsistent with the Federal Trade Commission Regulation in 16 CFR 303.33(a)(3) which requires that each textile product made in the United States in whole or part of imported materials contain a label disclosing those facts.

Customs response: Section 334 is a Congressionally enacted statute and, as such, it prevails over all prior U.S. regulations, rulings, and judicial decisions that are inconsistent with its terms, and it applies without regard to the laws of other countries. It provides an objective set of rules to be applied without reference to the substantial transformation concept, which is the present basis applied generally by the courts and by Customs for determining the origin of merchandise processed in more than one country. While § 334 may represent the view of Congress concerning how it believes the substantial transformation principle should be applied, when the origin provisions of § 334 take effect on July 1, 1996, they will effectively remove from consideration the question of whether or not a processing or manufacturing operation constitutes a substantial transformation for most Customs and related purposes. With regard to the cited Federal Trade Commission regulations, Customs would also note that those regulations are promulgated under separate statutory authority applicable to that agency and, therefore, the issue of the alleged inconsistency is not a matter that can be unilaterally addressed by Customs in the regulations implementing § 334.

Other Changes to the Regulatory Texts

In addition to the changes to the proposed regulatory texts discussed above in connection with the public comments, Customs has determined that a number of other changes should be made to the proposed texts based on further internal review. These changes are discussed below.

Section 10.26(c)(3)

In proposed new § 10.26, paragraph (a) implemented the provisions of U.S. Note 2(b), Subchapter II, Chapter 98, HTSUS, paragraph (b) implemented the provisions of § 334(b)(4)(B) of the Act, and paragraph (c) set forth definitions or rules for purposes of the section as a whole. In paragraph (c)(3) which set forth a rule regarding entry into the commerce of a non-beneficiary country, reference was made to a ''component'' (which is the term used in § 334(b)(4)(B) of the Act) but references to a ''material'' and an ''ingredient'' (which are terms used in U.S. Note 2(b), Subchapter II, Chapter 98, HTSUS) were inadvertently omitted. The text of § 10.26(c)(3) as set forth below has been modified to correct this oversight.

Section 102.21(b)(2)—Definition of ''fabric-making process''

In reviewing proposed § 102.21(b)(2), Customs discovered that fabric strips were inadvertently omitted from the list of materials which may comprise a fabric. It has been the experience of Customs that a fabric may be formed (usually woven) with narrow fabric strips. While fabric strips are not a material specifically mentioned in § 334(b)(1)(C) of the Act, Customs is of the view that the formation of a fabric from fabric strips is a fabric-making process and should be treated as such in the regulations, in particular for purposes of applying those § 102.21(e) tariff shift or other requirements that specifically refer to a ''fabric-making process''. Customs also notes that the first multicountry rule (§ 334(b)(3)(A) of the Act and § 102.21(c)(4) of the regulations) would yield the same result because, in the case of a fabric, the most important manufacturing process is the actual forming of the fabric. Accordingly, § 102.21(b)(2) as set forth below has been modified to reflect that a fabric-making process may include a manufacturing operation which begins with fabric strips.

Subheading 5808.10

Customs inadvertently omitted the word ''other'' before the word ''heading'' in the first proposed tariff shift rule for subheading 5808.10. In order to eliminate any possible confusion and conform the wording to that used in other tariff shift rules, the first tariff shift for subheading 5808.10 as set forth below has been modified accordingly.

Heading 5904

Since lamination of preexisting components is considered to be an assembly, the proposed tariff shift rule for heading 5904 provided a meaningful rule for goods that have been manufactured by a lamination process. However, that tariff shift rule did not provide for goods of heading 5904 that have been produced by means of a coating process. In view of the various manufacturing processes used in the production of such coated goods and the differences in materials that may be used, Customs does not believe that it is feasible to craft a tariff shift rule for those goods. Consequently, the country of origin of goods of heading 5904 produced by means of a coating process must be determined by application of the multicountry rules in §§ 102.21(c)(4) and (5). Accordingly, the proposed tariff shift rule for heading 5904 has been replaced by two rules as set forth below to reflect these considerations, the first rule covering goods that are wholly assembled by means of a laminating process and the second rule covering all other goods.

Subheadings 5911.10–5911.40

On further review of the proposed tariff shift rule for subheadings 5911.10 through 5911.40, Customs found that no provision was made for application of the assembly rule (§ 334(b)(1)(D) of the Act) to goods classifiable in subheadings 5911.31 through 5911.32 fitted with linking devices. Customs notes in this regard that the combining of linking devices with textile fabrics or felts may constitute an assembly, in which case § 334(b)(1)(D) would apply to determine the country of origin. Accordingly, the proposed tariff shift rule for subheadings 5911.10 through 5911.40 has been modified as set forth below (1) by setting forth a rule separately both for subheading 5911.10 through 5911.20 and for subheading 5911.40 and with no change in substance and (2) by including two separate rules for subheadings 5911.31 through 5911.32, the first of which follows the originally proposed rule and the second of which is intended to cover goods incorporating such linking devices.

Subheading 5911.90

On further review of the three tariff shift rules proposed for subheading 5911.90, Customs has determined that the first and third rules overlap in terms of goods covered. The first rule is for ''goods of yarn, rope, cord, braid'' and thus includes made up articles which,

using normal classification principles, would be considered to be ''of'' the named materials. The third rule specifically covers goods which are made up articles. To eliminate this overlap, the third tariff shift rule for subheading 5911.90 has been modified as set forth below by the addition of an exception clause for goods subject to the first tariff shift rule.

Headings 6501 and 6503

Headings 6501 and 6503 cover goods of felt. When the proposed tariff shift rules for these headings were drafted, Customs inadvertently included, in the exception clause in the second tariff shift rule for each heading, a reference to heading 5603 which covers nonwovens; the reference should have been to heading 5602 which provides for felts. Accordingly, the second tariff shift rule for each of these headings has been modified as set forth below to correct this error.

Issuance of Rulings During the Interim Period

Although this final rule action is effective 30 days after its publication in the **Federal Register**, Customs notes that the final regulatory provisions set forth herein that implement the provisions of section 334 of the Act apply to goods entered, or withdrawn from warehouse, for consumption on or after July 1, 1996, in keeping with the effective date set forth in section 334. Customs recognizes that the realities of the textile and apparel trade often require sourcing and production decisions long in advance of the ultimate date of importation of the goods. In order to ensure that prospective importers may have appropriate advance guidance regarding the Customs interpretation of the final regulations set forth in this document, Customs has determined that the Customs ruling program should accommodate ruling requests regarding those regulatory texts during the interim period between the effective date of this final rule action and the applicability date for the regulatory texts rather than only after the section 334(b) provisions take effect. Accordingly, Customs will accept requests for rulings on the regulatory texts set forth herein, submitted in accordance with the provisions of Part 177 of the Customs Regulations (19 CFR Part 177), commencing 30 days after the date of publication of this final rule document in the **Federal Register**.

Conclusion

Accordingly, based on the comments received and the analysis of those comments and based on the additional considerations as discussed above, Customs believes that the proposed regulatory amendments should be adopted as a final rule with certain changes thereto as discussed above and set forth below. As a consequence of the adoption of these substantive regulatory amendments, this document also includes an appropriate update of the list of information collection approvals contained in § 178.2 of the Customs Regulations (19 CFR 178.2).

Executive Order 12866

This document does not meet the criteria for a ''significant regulatory action'' as specified in E.O. 12866.

Regulatory Flexibility Act

Pursuant to the provisions of the Regulatory Flexibility Act (5 U.S.C. 601 *et seq.*), it is certified that the amendments will not have a significant economic impact on a substantial number of small entities. Accordingly, the amendments are not subject to the regulatory analysis or other requirements of 5 U.S.C. 603 and 604.

Paperwork Reduction Act

The collection of information requirements contained in these final regulations have been reviewed and approved by the Office of Management and Budget in accordance with the Paperwork Reduction Act of 1980 (44 U.S.C. 3507) under control number 1515–0207. The estimated average annual burden associated with this collection is 1.5 hours per respondent or recordkeeper. Comments concerning the accuracy of this burden estimate and suggestions for reducing this burden should be directed to the U.S. Customs Service, Paperwork Management Branch, Room 6316, 1301 Constitution Avenue NW., Washington, D.C. 20229, or the Office of Management and Budget, Attention: Desk Officer for the Department of the Treasury, Office of Information and Regulatory Affairs, Washington, D.C. 20503.

Drafting Information

The principal author of this document was Francis W. Foote, Office of Regulations and Rulings, U.S. Customs Service. However, personnel from other offices participated in its development.

List of Subjects

19 CFR Part 10

Customs duties and inspection, Imports, Reporting and recordkeeping requirements.

19 CFR Part 12

Customs duties and inspection, Labeling, Marking, Reporting and recordkeeping requirements, Textiles and textile products.

19 CFR Part 102

Customs duties and inspections, Imports, Reporting and recordkeeping requirements, Rules of origin, Trade agreements.

19 CFR Part 178

Collections of information, Paperwork requirements, Reporting and recordkeeping requirements.

Amendments to the Regulations

Accordingly, for the reasons stated above, Parts 10, 12, 102 and 178, Customs Regulations (19 CFR Parts 10, 12, 102 and 178), are amended as set forth below.

PART 10—ARTICLES CONDITIONALLY FREE, SUBJECT TO A REDUCED RATE, ETC.

1. The general authority citation for Part 10 and the specific authority citations for §§ 10.191–10.198 continue to read, and a specific authority citation for §§ 10.25 and 10.26 is added to read, as follows:

Authority: 19 U.S.C. 66, 1202 (General Note 20, Harmonized Tariff Schedule of the United States), 1321, 1481, 1484, 1498, 1508, 1623, 1624, 3314;

* * * * *

Sections 10.25 and 10.26 also issued under 19 U.S.C. 3592;

* * * * *

Sections 10.191–10.198 also issued under 19 U.S.C. 2701 *et seq.*;

* * * * *

2. Sections 10.25 and 10.26 are added under the heading ''Articles assembled abroad with United States components'' to read as follows:

§ 10.25 Textile components cut to shape in the United States and assembled abroad.

Where a textile component is cut to shape (but not to length, width, or both) in the United States from foreign fabric and exported to another country, territory, or insular possession for assembly into an article that is then returned to the United States and entered, or withdrawn from warehouse, for consumption on or after July 1, 1996, the value of the textile component shall not be included in the dutiable value of the article. For purposes of determining whether a reduction in the dutiable value of an imported article may be allowed under this section:

(a) The terms ''textile component'' and ''fabric'' have reference only to goods covered by the definition of ''textile or apparel product'' set forth in § 102.21(b)(4) of this chapter;

(b) The operations performed abroad on the textile component shall conform to the requirements and examples set forth in § 10.16 insofar as they may be applicable to a textile component; and

(c) The valuation and documentation provisions of §§ 10.17, 10.18, 10.21 and 10.24 shall apply.

§ 10.26 Articles assembled or processed in a beneficiary country in whole of U.S. components or ingredients; articles assembled in a beneficiary country from textile components cut to shape in the United States.

(a) No article (except a textile article, apparel article, or petroleum, or any product derived from petroleum, provided for in heading 2709 or 2710, Harmonized Tariff Schedule of the United States (HTSUS)) shall be treated as a foreign article or as subject to duty:

(1) If the article is assembled or processed in a beneficiary country in whole of fabricated components that are a product of the United States; or

(2) If the article is processed in a beneficiary country in whole of ingredients (other than water) that are a product of the United States; and

(3) Neither the fabricated components, materials or ingredients after their exportation from the United States, nor the article before its importation into the United States, enters into the commerce of any foreign country other than a beneficiary country.

(b) No article (except a textile or apparel product) entered, or withdrawn from warehouse, for consumption on or after July 1, 1996, shall be treated as a foreign article or as subject to duty:

(1) If the article is assembled in a beneficiary country in whole of textile components cut to shape (but not to length, width, or both) in the United States from foreign fabric; or

(2) If the article is assembled in a beneficiary country in whole of both textile components described in paragraph (b)(1) of this section and components that are products of the United States; and

(3) Neither the components after their exportation from the United States, nor the article before its importation into the United States, enters into the commerce of any foreign country other than a beneficiary country.

(c) For purposes of this section:

(1) The terms ''textile article'', ''apparel article'', and ''textile or apparel product'' cover all articles, other than footwear and parts of footwear, that are classifiable in an HTSUS subheading which carries a textile and apparel category number designation;

(2) The term ''beneficiary country'' has the meaning set forth in § 10.191(b)(1); and

(3) A component, material, ingredient, or article shall be deemed to have not entered into the commerce of any foreign country other than a beneficiary country if:

(i) The component, material, or ingredient was shipped directly from the United States to a beneficiary country, or the article was shipped directly to the United States from a beneficiary country, without passing through the territory of any non-beneficiary country; or

(ii) Where the component, material, ingredient, or article passed through the territory of a non-beneficiary country while en route to a beneficiary country or the United States:

(A) The invoices, bills of lading, and other shipping documents pertaining to the component, material, ingredient, or article show a beneficiary country or the United States as the final destination and the component, material, ingredient, or article was neither sold at wholesale or retail nor subjected to any processing or other operation in the non-beneficiary country; or

(B) The component, material, ingredient, or article remained under the control of the customs authority of the non-beneficiary country and was not subjected to operations in that non-beneficiary country other than loading and unloading and activities necessary to preserve the component, material, ingredient, or article in good condition.

3. In § 10.195, paragraphs (d) and (e) are redesignated as paragraphs (e) and (f) respectively and a new paragraph (d) is added to read as follows:

§ 10.195 Country of origin criteria.

* * * * *

(d) *Textile components cut to shape in the U.S.* The percentage referred to in paragraph (c) of this section may be attributed in whole or in part to the cost or value of a textile component that is cut to shape (but not to length, width, or both) in the U.S. (including the Commonwealth of Puerto Rico) from foreign fabric and exported to a beneficiary country for assembly into an article that is then returned to the U.S. and entered, or withdrawn from warehouse, for consumption on or after July 1, 1996. For purposes of this paragraph, the terms ''textile component'' and ''fabric'' have reference only to goods covered by the definition of ''textile or apparel product'' set forth in § 102.21(b)(4) of this chapter.

* * * * *

PART 12—SPECIAL CLASSES OF MERCHANDISE

1. The authority citation for Part 12 continues to read in part as follows:

Authority: 5 U.S.C. 301; 19 U.S.C. 66, 1202 (General Note 20, Harmonized Tariff Schedule of the United States (HTSUS)), 1624;

* * * * *

Sections 12.130 and 12.131 also issued under 7 U.S.C. 1854;

* * * * *

2. In § 12.130:

a. the last sentence of paragraph (b) is amended by adding after ''Mexico'' the words '', and the origin of textile and apparel products covered by § 102.21 of this chapter,'';

b. the last sentence of the introductory text of paragraph (d) is amended by adding after ''Mexico'' the words '', and the origin of textile and apparel products covered by § 102.21 of this chapter,''; and

c. the introductory text of paragraph (e)(1) is amended by adding after ''Mexico'' the words ''and except for textile and apparel products''.

PART 102—RULES OF ORIGIN

1. The authority citation for Part 102 is revised to read as follows:

Authority: 19 U.S.C. 66, 1202 (General Note 20, Harmonized Tariff Schedule of the United States), 1624, 3314, 3592.

2. Section 102.0 is amended by removing the word ''This'' at the beginning of the first sentence and adding, in its place, the words ''Except in the case of goods covered by § 102.21, this'' and by adding a sentence at the end to read as follows:

§ 102.0 Scope.

* * * The rules for determining the country of origin of textile and apparel products set forth in § 102.21 apply for the foregoing purposes and for the other purposes stated in that section.

3. Section 102.11 is amended by adding an introductory paragraph before paragraph (a) to read as follows:

§ 102.11 General rules.

The following rules shall apply for purposes of determining the country of origin of imported goods other than textile and apparel products covered by § 102.21.

* * * * *

4. Section 102.21 is added to read as follows:

§ 102.21 Textile and apparel products.

(a) *Applicability.* Except for purposes of determining whether goods originate in Israel or are the growth, product, or

manufacture of Israel, and except as otherwise provided for by statute, the provisions of this section shall control the determination of the country of origin of imported textile and apparel products for purposes of the Customs laws and the administration of quantitative restrictions. The provisions of this section shall apply to goods entered, or withdrawn from warehouse, for consumption on or after July 1, 1996.

(b) *Definitions.* The following terms shall have the meanings indicated when used in this section:

(1) *Country of origin.* The term country of origin means the country, territory, or insular possession in which a good originates or of which a good is the growth, product, or manufacture.

(2) *Fabric-making process.* A *fabric-making process* is any manufacturing operation that begins with polymers, fibers, filaments (including strips), yarns, twine, cordage, rope, or fabric strips and results in a textile fabric.

(3) *Knit to shape.* The term *knit to shape* applies to any good of which 50 percent or more of the exterior surface area is formed by major parts that have been knitted or crocheted directly to the shape used in the good, with no consideration being given to patch pockets, appliques, or the like. Minor cutting, trimming, or sewing of those major parts will not affect the determination of whether a good is ''knit to shape.''

(4) *Major parts.* The term *major parts* means integral components of a good but does not include collars, cuffs, waistbands, plackets, pockets, linings, paddings, trim, accessories, or similar parts.

(5) *Textile or apparel product.* A *textile or apparel product* is any good classifiable in Chapters 50 through 63, Harmonized Tariff Schedule of the United States (HTSUS), and any good classifiable under one of the following HTSUS headings or subheadings:

3005.90
3921.12.15
3921.13.15
3921.90.2550
4202.12.40–80
4202.22.40–80
4202.32.40–95
4202.92.15–30
4202.92.60–90
6405.20.60
6406.10.77
6406.10.90
6406.99.15
6501
6502
6503
6504
6505.90
6601.10–99
7019.10.15
7019.10.28
7019.20
8708.21
8804
9113.90.40
9404.90.10
9404.90.80–95
9502.91
9612.10.9010

(6) *Wholly assembled.* The term ''wholly assembled'' when used with reference to a good means that all components, of which there must be at least two, preexisted in essentially the same condition as found in the finished good and were combined to form the finished good in a single country, territory, or insular possession. Minor attachments and minor embellishments (for example, appliques, beads, spangles, embroidery, buttons) not appreciably affecting the identity of the good, and minor subassemblies (for example, collars, cuffs, plackets, pockets), will not affect the status of a good as ''wholly assembled'' in a single country, territory, or insular possession.

(c) *General rules.* Subject to paragraph (d) of this section, the country of origin of a textile or apparel product shall be determined by sequential application of paragraphs (c) (1) through (5) of this section and, in each case where appropriate to the specific context, by application of the additional requirements or conditions of §§ 102.12 through 102.19 of this part.

(1) The country of origin of a textile or apparel product is the single country, territory, or insular possession in which the good was wholly obtained or produced.

(2) Where the country of origin of a textile or apparel product cannot be determined under paragraph (c)(1) of this section, the country of origin of the good is the single country, territory, or insular possession in which each foreign material incorporated in that good underwent an applicable change in tariff classification, and/or met any other requirement, specified for the good in paragraph (e) of this section.

(3) Where the country of origin of a textile or apparel product cannot be determined under paragraph (c) (1) or (2) of this section:

(i) If the good was knit to shape, the country of origin of the good is the single country, territory, or insular possession in which the good was knit; or

(ii) Except for goods of heading 5609, 5807, 5811, 6213, 6214, 6301 through 6306, and 6308, and subheadings 6209.20.5040, 6307.10, 6307.90, and 9404.90, if the good was not knit to shape and the good was wholly assembled in a single country, territory, or insular possession, the country of origin of the good is the country, territory, or insular possession in which the good was wholly assembled.

(4) Where the country of origin of a textile or apparel product cannot be determined under paragraph (c) (1), (2) or (3) of this section, the country of origin of the good is the single country, territory, or insular possession in which the most important assembly or manufacturing process occurred.

(5) Where the country of origin of a textile or apparel product cannot be determined under paragraph (c) (1), (2), (3) or (4) of this section, the country of origin of the good is the last country, territory, or insular possession in which an important assembly or manufacturing process occurred.

(d) *Treatment of sets.* Where a good classifiable in the HTSUS as a set includes one or more components that are textile or apparel products and a single country of origin for all of the components of the set cannot be determined under paragraph (c) of this section, the country of origin of each component of the set that is a textile or apparel product shall be determined separately under paragraph (c) of this section.

(e) *Specific rules by tariff classification.* The following rules shall apply for purposes of determining the country of origin of a textile or apparel product under paragraph (c)(2) of this section:

HTSUS	Tariff shift and/or other requirements
3005.90	If the good contains pharmaceutical substances, a change to subheading 3005.90 from any other heading; or If the good does not contain pharmaceutical substances, a change to subheading 3005.90 from any other heading, except from heading 5007, 5111 through 5113, 5208 through 5212, 5309 through 5311, 5407 through 5408, 5512 through 5516, 5601 through 5603, 5801 through 5804, 5806, 5809, 5903, 5906 through 5907, and 6001 through 6002.
3921.12.15	A change to subheading 3921.12.15 from any other heading.
3921.13.15	A change to subheading 3921.13.15 from any other heading.

HTSUS	Tariff shift and/or other requirements
3921.90.2550	A change to subheading 3921.90.2550 from any other heading.
4202.12.40–4202.12.80	A change to subheading 4202.12.40 through 4202.12.80 from any other heading, provided that the change is the result of the good being wholly assembled in a single country, territory, or insular possession.
4202.22.40–4202.22.80	A change to subheading 4202.22.40 through 4202.22.80 from any other heading, provided that the change is the result of the good being wholly assembled in a single country, territory, or insular possession.
4202.32.40–4202.32.95	A change to subheading 4202.32.40 through 4202.32.95 from any other heading, provided that the change is the result of the good being wholly assembled in a single country, territory, or insular possession.
4202.92.15–4202.92.30	A change to subheading 4202.92.15 through 4202.92.30 from any other heading, provided that the change is the result of the good being wholly assembled in a single country, territory, or insular possession.
4202.92.60–4202.92.90	A change to subheading 4202.92.60 through 4202.92.90 from any other heading, provided that the change is the result of the good being wholly assembled in a single country, territory, or insular possession.
5001–5002	A change to heading 5001 through 5002 from any other chapter.
5003	A change to heading 5003 from any other heading, provided that the change is the result of garnetting. If the change to heading 5003 is not the result of garnetting, the country of origin of the good is the country of origin of the good prior to its becoming waste.
5004–5006	(1) If the good is of staple fibers, a change to heading 5004 through 5006 from any heading outside that group, provided that the change is the result of a spinning process. (2) If the good is of filaments, a change to heading 5004 through 5006 from any heading outside that group, provided that the change is the result of an extrusion process.
5007	A change to heading 5007 from any other heading, provided that the change is the result of a fabric-making process.
5101–5103	A change to heading 5101 through 5103 from any other chapter.
5104	A change to heading 5104 from any other heading.
5105	A change to heading 5105 from any other chapter.
5106–5110	A change to heading 5106 through 5110 from any heading outside that group, provided that the change is the result of a spinning process.
5111–5113	A change to heading 5111 through 5113 from any heading outside that group, provided that the change is the result of a fabric-making process.
5201	A change to heading 5201 from any other chapter.
5202	A change to heading 5202 from any other heading, provided that the change is the result of garnetting. If the change to heading 5202 is not the result of garnetting, the country of origin of the good is the country of origin of the good prior to its becoming waste.
5203	A change to heading 5203 from any other chapter.
5204–5207	A change to heading 5204 through 5207 from any heading outside that group, provided that the change is the result of a spinning process.
5208–5212	A change to heading 5208 through 5212 from any heading outside that group provided the change is the result of a fabric-making process.
5301–5305	(1) Except for waste, a change to heading 5301 through 5305 from any other chapter. (2) For waste, a change to heading 5301 through 5305 from any heading outside that group, provided that the change is the result of garnetting. If the change is not the result of garnetting, the country of origin of the good is the country of origin of the good prior to its becoming waste.
5306–5307	A change to heading 5306 through 5307 from any heading outside that group, provided that the change is the result of a spinning process.
5308	(1) Except for paper yarns, a change to heading 5308 from any other heading, provided that the change is the result of a spinning process. (2) For paper yarns, a change to heading 5308 from any other heading, except from heading 4707, 4801 through 4806, 4811, and 4818.
5309–5311	A change to heading 5309 through 5311 from any heading outside that group, provided that the change is the result of a fabric-making process.
5401–5406	A change to heading 5401 through 5406 from any other heading, provided that the change is the result of an extrusion process.
5407–5408	A change to heading 5407 through 5408 from any heading outside that group, provided that the change is the result of a fabric-making process.
5501–5502	A change to heading 5501 through 5502 from any other chapter, provided that the change is the result of an extrusion process.
5503–5504	A change to heading 5503 through 5504 from any other chapter, except from Chapter 54.
5505	A change to heading 5505 from any other heading, provided that the change is the result of garnetting. If the change is not the result of garnetting, the country of origin of the good is the country of origin of the good prior to its becoming waste.
5506–5507	A change to heading 5506 through 5507 from any other chapter, except from Chapter 54.
5508–5511	A change to heading 5508 through 5511 from any heading outside that group, provided that the change is the result of a spinning process.
5512–5516	A change to heading 5512 through 5516 from any heading outside that group, provided that the change is the result of a fabric-making process.
5601	(1) A change to wadding of heading 5601 from any other heading, except from heading 5105, 5203, and 5501 through 5507. (2) A change to flock, textile dust, mill neps, or articles of wadding, of heading 5601 from any other heading or from wadding of heading 5601.
5602–5603	A change to heading 5602 through 5603 from any heading outside that group, provided that the change is the result of a fabric-making process.
5604	(1) If the textile component is of continuous filaments, including strips, a change of those filaments, including strips, to heading 5604 from any other heading, except from heading 5001 through 5007, 5401 through 5408, and 5501 through 5502, and provided that the change is the result of an extrusion process.

HTSUS	Tariff shift and/or other requirements
	(2) If the textile component is of staple fibers, a change of those fibers to heading 5604 from any other heading, except from heading 5004 through 5006, 5106 through 5110, 5204 through 5207, 5306 through 5308, and 5508 through 5511, and provided that the change is the result of a spinning process.
5605–5606	If the good is of continuous filaments, including strips, a change of those filaments, including strips, to heading 5605 through 5606 from any other heading, except from heading 5001 through 5007, 5401 through 5408, and 5501 through 5502, and provided that the change is the result of an extrusion process; or If the good is of staple fibers, a change of those fibers to heading 5605 through 5606 from any other heading, except from heading 5106 through 5110, 5204 through 5207, 5306 through 5308, and 5508 through 5511, and provided that the change is the result of a spinning process.
5607	If the good is of continuous filaments, including strips, a change of those filaments, including strips, to heading 5607 from any other heading, except from heading 5001 through 5007, 5401 through 5406, and 5501 through 5511, and provided that the change is the result of an extrusion process; or If the good is of staple fibers, a change of those fibers to heading 5607 from any other heading, except from heading 5106 through 5110, 5204 through 5207, 5306 through 5308, and 5508 through 5511, and provided that the change is the result of a spinning process.
5608	(1) A change to netting of heading 5608 from any other heading, except from heading 5804, and provided that the change is the result of a fabric-making process. (2) A change to fishing nets or other made up nets of heading 5608: (a) If the good does not contain nontextile attachments, from any other heading, except from heading 5804 and 6002, and provided that the change is the result of a fabric-making process; or (b) If the good contains nontextile attachments, from any heading, including a change from another good of heading 5608, provided that the change is the result of the good being wholly assembled in a single country, territory, or insular possession.
5609	(1) If of continuous filaments, including strips, the country of origin of a good classifiable under heading 5609 is the country, territory, or insular possession in which those filaments, including strips, were extruded. (2) If of staple fibers, the country of origin of a good classifiable under heading 5609 is the country, territory, or insular possession in which those fibers were spun into yarns.
5701–5705	A change to heading 5701 through 5705 from any other chapter.
5801–5803	A change to heading 5801 through 5803 from any other heading, including a heading within that group, except from heading 5007, 5111 through 5113, 5208 through 5212, 5309 through 5311, 5407 through 5408, 5512 through 5516, and 6002, and provided that the change is the result of a fabric-making process.
5804.10	A change to subheading 5804.10 from any other heading, except from heading 5608, and provided that the change is the result of a fabric-making process.
5804.21–5804.30	A change to subheading 5804.21 through 5804.30 from any other heading, provided that the change is the result of a fabric-making process.
5805	A change to heading 5805 from any other heading, except from heading 5007, 5111 through 5113, 5208 through 5212, 5309 through 5311, 5407 through 5408, and 5512 through 5516, and provided that the change is the result of a fabric-making process.
5806	A change to heading 5806 from any other heading, except from heading 5007, 5111 through 5113, 5208 through 5212, 5309 through 5311, 5407 through 5408, 5512 through 5516, and 5801 through 5803, and provided that the change is the result of a fabric-making process.
5807	The country of origin of a good classifiable under heading 5807 is the country, territory, or insular possession in which the fabric comprising the good was formed by a fabric-making process.
5808.10	(1) If the good is of continuous filaments, including strips, a change of those filaments, including strips, to subheading 5808.10 from any other heading, except from heading 5001 through 5007, 5401 through 5406, 5501 through 5502, and 5604 through 5607, and provided that the change is the result of an extrusion process. (2) If the good is of staple fibers, a change of those fibers to heading 5808.10 from any other heading, except from heading 5106 through 5113, 5204 through 5212, 5306 through 5311, 5401 through 5408, 5508 through 5516, and 5604 through 5607, and provided that the change is the result of a spinning process.
5808.90	(1) For ornamental fabric trimmings, a change to subheading 5808.90 from any other chapter, except from heading 5007, 5111 through 5113, 5208 through 5212, 5309 through 5311, 5407 through 5408, and 5512 through 5516, and provided that the change is the result of a fabric-making process. (2) For nonfabric ornamental trimmings: (a) If the trimming is of continuous filaments, including strips, a change to subheading 5808.90 from any other heading, except from heading 5001 through 5007, 5401 through 5408, 5501 through 5502, and 5604 through 5607, and provided that the change is the result of an extrusion process; or (b) If the trimming is of staple fibers, a change to subheading 5808.90 from any other heading, except from heading 5106 through 5113, 5204 through 5212, 5306 through 5311, 5401 through 5408, 5508 through 5516, and 5604 through 5607, and provided that the change is the result of a spinning process. (3) For tassels, pompons and similar articles: (a) If the good has been wholly assembled in a single country, territory, or insular possession, a change to subheading 5808.90 from any other heading; (b) If the good has not been wholly assembled in a single country, territory, or insular possession and the good is of staple fibers, a change to subheading 5808.90 from any other heading, except from heading 5004 through 5006, 5106 through 5110, 5204 through 5207, 5306 through 5308, and 5508 through 5511, and 5604 through 5607, and provided that the change is the result of a spinning process; or (c) If the good has not been wholly assembled in a single country, territory, or insular possession and the good is of filaments, including strips, a change to subheading 5808.90 from any other heading, except from heading 5001 through 5007, 5401 through 5406, and 5501 through 5502, and provided that the change is the result of an extrusion process.
5809	A change to heading 5809 from any other heading, except from heading 5007, 5111 through 5113, 5208 through 5212, 5309 through 5311, 5407 through 5408, 5512 through 5516, 5801 through 5802, 5804, and 5806, and provided that the change is the result of a fabric-making process.

HTSUS	Tariff shift and/or other requirements
5810.10	The country of origin of goods of subheading 5810.10 is the single country, territory, or insular possession in which the embroidery was performed.
5810.91–5810.99	(1) For embroidered fabric, the country of origin is the country, territory, or insular possession in which the fabric was produced by a fabric-making process. (2) For embroidered badges, emblems, insignia, and the like, comprised of multiple components, the country of origin is the place of assembly, provided that the change is the result of the good being wholly assembled in a single country, territory, or insular possession. (3) For embroidered badges, emblems, insignia, and the like, not comprised of multiple components, a change to subheading 5810.91 through 5810.99 from any other chapter, except from heading 5007, 5111 through 5113, 5208 through 5212, 5309 through 5311, 5407 through 5408, 5512 through 5516, 5602 through 5603, 5608, 5903, 5907, 6001 through 6002, and provided that the change is the result of a fabric-making process.
5811	The country of origin of a good classifiable under heading 5811 is the country, territory, or insular possession in which the fabric comprising the good was formed by a fabric-making process.
5901–5903	A change to heading 5901 through 5903 from any other heading, including a heading within that group, except from heading 5007, 5111 through 5113, 5208 through 5212, 5309 through 5311, 5407 through 5408, 5512 through 5516, 5803, 5806, 5808, and 6002, and provided that the change is the result of a fabric-making process.
5904	(1) For goods that have been wholly assembled by means of a lamination process, a change to heading 5904 from any other heading, provided that the change is the result of the good being wholly assembled in a single country, territory, or insular possession. (2) For all other goods, the country of origin of the good will be determined by application of § 102.21(c)(4) or, if the country of origin cannot be determined under that section, by application of § 102.21(c)(5).
5905	A change to heading 5905 from any other heading, except from heading 5007, 5111 through 5113, 5208 through 5212, 5309 through 5311, 5407 through 5408, 5512 through 5516, 5603, 5803, 5806, 5808, and 6002, and provided that the change is the result of a fabric-making process.
5906–5907	A change to heading 5906 through 5907 from any other chapter, except from heading 5007, 5111 through 5113, 5208 through 5212, 5309 through 5311, 5407 through 5408, 5512 through 5516, 5803, 5806, 5808, and 6002, and provided that the change is the result of a fabric-making process.
5908	(1) Except for yarns, twine, cord, and braid, a change to heading 5908 from any other heading, except from heading 5007, 5111 through 5113, 5208 through 5212, 5309 through 5311, 5407 through 5408, 5512 through 5516, 5801 through 5802, 5806, 5808, and 6001 through 6002. (2) For yarns, twine, cord, and braid: (a) If the good is of continuous filaments, including strips, a change to heading 5908 from any other heading, except from heading 5001 through 5007, 5401 through 5406, and 5501 through 5502, and provided that the change is the result of an extrusion process; or (b) If the good is of staple fibers, a change to heading 5908 from any other heading, except from heading 5106 through 5110, 5204 through 5207, 5306 through 5308, and 5508 through 5511, and 5605 through 5607, and provided that the change is the result of a spinning process.
5909	A change to heading 5909 from any other chapter, except from heading 5007, 5111 through 5113, 5208 through 5212, 5309 through 5311, 5407 through 5408, 5512 through 5516, 5603, 5801 through 5804, 5806, 5808, and 6001 through 6002, and provided that the good does not contain armor or accessories of nontextile material and provided that the change is the result of a fabric-making process; or A change to textile hosepiping with armor or accessories of nontextile material, of heading 5909, from any heading, including a change from another good of heading 5909, provided that the change is the result of the good being wholly assembled in a single country, territory, or insular possession.
5910	(1) For belts and belting of braid, rope, or cord: (a) If the good is of continuous filaments, including strips, a change of those filaments, including strips, to heading 5910 from any other heading, except from heading 5001 through 5006, 5401 through 5406, and 5501 through 5502, and provided that the change is the result of an extrusion process; or (b) If the good is of staple fibers, a change of those fibers to heading 5910 from any other heading, except from heading 5106 through 5110, 5204 through 5207, 5306 through 5308, and 5508 through 5511, and provided that the change is the result of a spinning process. (2) For fabric belting and belts, not braids and not combined with nontextile components, whether or not reinforced with metal or other material, a change to heading 5910 from any other heading, except from heading 5007, 5111 through 5113, 5208 through 5212, 5309 through 5311, 5407 through 5408, 5512 through 5516, 5602 through 5603, 5801 through 5804, 5806, 5808 through 5809, and 6001 through 6002, and provided the change is the result of a fabric-making process. (3) For fabric belts, including belts of braided materials, combined with nontextile components, whether or not reinforced with metal or other material, a change to heading 5910 from any heading, including a change from another good of heading 5910, provided that the change is the result of the good being wholly assembled in a single country, territory, or insular possession.
5911.10–5911.20	A change to subheading 5911.10 through 5911.20 from any other heading, except from heading 5007, 5111 through 5113, 5208 through 5212, 5309 through 5311, 5407 through 5408, 5512 through 5516, 5602 through 5603, 5801 through 5804, 5806, and 6001 through 6002, and provided that the change is the result of a fabric-making process.
5911.31–5911.32	(1) For goods not combined with nontextile components, a change to subheading 5911.31 through 5911.32 from any other heading, except from heading 5007, 5111 through 5113, 5208 through 5212, 5309 through 5311, 5407 through 5408, 5512 through 5516, 5602 through 5603, 5801 through 5804, 5806, and 6001 through 6002, and provided that the change is the result of a fabric-making process. (2) For goods combined with nontextile components, a change to subheading 5911.31 through 5911.32 from any other heading, provided that the change is the result of the good being wholly assembled in single country, territory, or insular possession.

HTSUS	Tariff shift and/or other requirements
5911.40	A change to subheading 5911.40 from any other heading, except from heading 5007, 5111 through 5113, 5208 through 5212, 5309 through 5311, 5407 through 5408, 5512 through 5516, 5602 through 5603, 5801 through 5804, 5806, and 6001 through 6002, and provided that the change is the result of a fabric-making process.
5911.90	(1) For goods of yarn, rope, cord, or braid: (a) If the good is of continuous filaments, including strips, a change of those filaments, including strips, to subheading 5911.90 from any other heading, except from heading 5001 through 5006, 5401 through 5406, and 5501 through 5502, and provided that the change is the result of an extrusion process; or (b) If the good is of staple fibers, a change of those fibers to subheading 5911.90 from any other heading, except from heading 5106 through 5110, 5204 through 5207, 5306 through 5308, and 5508 through 5511, and provided that the change is the result of a spinning process. (2) If the good is a fabric, a change to subheading 5911.90 from any other heading, except from heading 5007, 5111 through 5113, 5208 through 5212, 5309 through 5311, 5407 through 5408, 5512 through 5516, 5602 through 5603, 5801 through 5804, 5806, 5809, and 6001 through 6002, and provided that the change is the result of a fabric-making process. (3) If the good is a made up article other than a good of yarn, rope, cord, or braid, a change to subheading 5911.90 from any heading, including a change from another good of heading 5911, provided that the change is the result of the good being wholly assembled in a single country, territory, or insular possession.
6001–6002	A change to heading 6001 through 6002 from any heading outside that group, provided that the change is the result of a fabric-making process.
6101–6117	(1) If the good is not knit to shape and consists of two or more component parts, a change to an assembled good of heading 6101 through 6117 from unassembled components, provided that the change is the result of the good being wholly assembled in a single country, territory, or insular possession. (2) If the good is not knit to shape and does not consist of two or more component parts, a change to heading 6101 through 6117 from any heading outside that group, except from heading 5007, 5111 through 5113, 5208 through 5212, 5309 through 5311, 5407 through 5408, 5512 through 5516, 5806, 5809 through 5811, 5903, 5906 through 5907, and 6001 through 6002, and subheading 6307.90, and provided that the change is the result of a fabric-making process. (3) If the good is knit to shape, a change to heading 6101 through 6117 from any heading outside that group, provided that the knit-to-shape components are knit in a single country, territory, or insular possession.
6201–6208	(1) If the good consists of two or more component parts, a change to an assembled good of heading 6201 through 6208 from unassembled components, provided that the change is the result of the good being wholly assembled in a single country, territory, or insular possession. (2) If the good does not consist of two or more component parts, a change to heading 6201 through 6208 from any heading outside that group, except from heading 5007, 5111 through 5113, 5208 through 5212, 5309 through 5311, 5407 through 5408, 5512 through 5516, 5602 through 5603, 5801 through 5806, 5809 through 5811, 5903, 5906 through 5907, and 6217, and subheading 6307.90, and provided that the change is the result of a fabric-making process.
6209.10.0000–6209.20.5035	(1) If the good consists of two or more component parts, a change to an assembled good of subheading 6209.10.0000 through 6209.20.5035 from unassembled components, provided that the change is the result of the good being wholly assembled in a single country, territory, or insular possession. (2) If the good does not consist of two or more component parts, a change to subheading 6209.10.0000 through 6209.20.5035 from any other heading, except from heading 5007, 5111 through 5113, 5208 through 5212, 5309 through 5311, 5407 through 5408, 5512 through 5516, 5602 through 5603, 5801 through 5806, 5809 through 5811, 5903, 5906 through 5907, and 6217, and subheading 6307.90, and provided that the change is the result of a fabric-making process.
6209.20.5040	The country of origin of a good classifiable in subheading 6209.20.5040 is the country, territory, or insular possession in which the fabric comprising the good was formed by a fabric-making process.
6209.20.5045–6209.90.9000	(1) If the good consists of two or more component parts, a change to an assembled good of subheading 6209.20.5045 through 6209.90.9000 from unassembled components, provided that the change is the result of the good being wholly assembled in a single country, territory, or insular possession. (2) If the good does not consist of two or more component parts, a change to subheading 6209.20.5045 through 6209.90.9000 from any other heading, except from heading 5007, 5111 through 5113, 5208 through 5212, 5309 through 5311, 5407 through 5408, 5512 through 5516, 5602 through 5603, 5801 through 5806, 5809 through 5811, 5903, 5906 through 5907, and 6217, and subheading 6307.90, and provided that the change is the result of a fabric-making process.
6210–6212	(1) If the good consists of two or more component parts, a change to an assembled good of heading 6210 through 6212 from unassembled components, provided that the change is the result of the good being wholly assembled in a single country, territory, or insular possession. (2) If the good does not consist of two or more component parts, a change to heading 6210 through 6212 from any heading outside that group, except from heading 5007, 5111 through 5113, 5208 through 5212, 5309 through 5311, 5407 through 5408, 5512 through 5516, 5602 through 5603, 5801 through 5806, 5809 through 5811, 5903, 5906 through 5907, 6001 through 6002, and 6217, and subheading 6307.90, and provided that the change is the result of a fabric-making process.
6213–6214	The country of origin of a good classifiable under heading 6213 through 6214 is the country, territory, or insular possession in which the fabric comprising the good was formed by a fabric-making process.
6215–6217	(1) If the good consists of two or more component parts, a change to an assembled good of heading 6215 through 6217 from unassembled components, provided that the change is the result of the good being wholly assembled in a single country, territory, or insular possession. (2) If the good does not consist of two or more component parts, a change to heading 6215 through 6217 from any heading outside that group, except from heading 5007, 5111 through 5113, 5208 through 5212, 5309 through 5311, 5407 through 5408, 5512 through 5516, 5602 through 5603, 5801 through 5806, 5809 through 5811, 5903, 5906 through 5907, and 6217, and subheading 6307.90, and provided that the change is the result of a fabric-making process.

HTSUS	Tariff shift and/or other requirements
6301–6306	The country of origin of a good classifiable under heading 6301 through 6306 is the country, territory, or insular possession in which the fabric comprising the good was formed by a fabric-making process.
6307.10	The country of origin of a good classifiable under subheading 6307.10 is the country, territory, or insular possession in which the fabric comprising the good was formed by a fabric-making process.
6307.20	A change to subheading 6307.20 from any other heading, provided that the change is the result of the good being wholly assembled in a single country, territory, or insular possession.
6307.90	The country of origin of a good classifiable under subheading 6307.90 is the country, territory, or insular possession in which the fabric comprising the good was formed by a fabric-making process.
6308	The country of origin of a good classifiable under heading 6308 is the country, territory, or insular possession in which the woven fabric component of the good was formed by a fabric-making process.
6309–6310	The country of origin of a good classifiable under heading 6309 through 6310 is the country, territory, or insular possession in which the good was last collected and packaged for shipment.
6405.20.60	A change to subheading 6405.20.60 from any other heading, provided that the change is the result of the good being wholly assembled in a single country, territory, or insular possession.
6406.10.77	(1) If the good consists of two or more components, a change to subheading 6406.10.77 from any other heading, provided that the change is the result of the good being wholly assembled in a single country, territory, or insular possession. (2) If the good does not consist of two or more components, a change to subheading 6406.10.77 from any other heading, except from heading 5007, 5111 through 5113, 5208 through 5212, 5309 through 5311, 5407 through 5408, 5512 through 5516, 5602 through 5603, 5608, 5801 through 5804, 5806, 5808 through 5810, 5903, 5906 through 5907, and 6001 through 6002, and provided that the change is the result of a fabric-making process.
6406.10.90	(1) If the good consists of two or more components, a change to subheading 6406.10.90 from any other heading, provided that the change is the result of the good being wholly assembled in a single country, territory, or insular possession. (2) If the good does not consist of two or more components, a change to subheading 6406.10.90 from any other heading, except from heading 5007, 5111 through 5113, 5208 through 5212, 5309 through 5311, 5407 through 5408, 5512 through 5516, 5602 through 5603, 5608, 5801 through 5804, 5806, 5808 through 5810, 5903, 5906 through 5907, and 6001 through 6002, and provided that the change is the result of a fabric-making process.
6406.99.15	(1) If the good consists of two or more components, a change to subheading 6406.99.15 from any other heading, provided that the change is the result of the good being wholly assembled in a single country, territory, or insular possession. (2) If the good does not consist of two or more components, a change to subheading 6406.99.15 from any other heading, except from heading 5007, 5111 through 5113, 5208 through 5212, 5309 through 5311, 5407 through 5408, 5512 through 5516, 5602 through 5603, 5608, 5801 through 5804, 5806, 5808 through 5810, 5903, 5906 through 5907, and 6001 through 6002, and provided that the change is the result of a fabric-making process.
6501	(1) If the good consists of two or more components, a change to heading 6501 from any other heading, provided that the change is the result of the good being wholly assembled in a single country, territory, or insular possession. (2) If the good does not consist of two or more components, a change to heading 6501 from any other heading, except from heading 5602, and provided that the change is the result of a fabric-making process.
6502	(1) If the good consists of two or more components, a change to heading 6502 from any other heading, provided that the change is the result of the good being wholly assembled in a single country, territory, or insular possession. (2) If the good does not consist of two or more components, a change to heading 6502 from any other heading, except from heading 5007, 5111 through 5113, 5208 through 5212, 5407 through 5408, 5512 through 5516, 5602 through 5603, 5608, 5801 through 5804, 5806, 5808 through 5810, 5903, 5906 through 5907, and 6001 through 6002, and provided that the change is the result of a fabric-making process.
6503	(1) If the good consists of two or more components, a change to heading 6503 from any other heading, provided that the change is the result of the good being wholly assembled in a single country, territory, or insular possession. (2) If the good does not consist of two or more components, a change to heading 6503 from any other heading, except from heading 5602, and provided that the change is the result of a fabric-making process.
6504	(1) If the good consists of two or more components, a change to heading 6504 from any other heading, provided that the change is the result of the good being wholly assembled in a single country, territory, or insular possession. (2) If the good does not consist of two or more components, a change to heading 6504 from any other heading, except from heading 5007, 5111 through 5113, 5208 through 5212, 5407 through 5408, 5512 through 5516, 5602 through 5603, 5608, 5801 through 5804, 5806, 5808 through 5810, 5903, 5906 through 5907, and 6001 through 6002, and provided that the change is the result of a fabric-making process.
6505.90	(1) If the good consists of two or more components, a change to subheading 6505.90 from any other heading, provided that the change is the result of the good being wholly assembled in a single country, territory, or insular possession. (2) If the good does not consist of two or more components, a change to subheading 6505.90 from any other heading, except from heading 5007, 5111 through 5113, 5208 through 5212, 5407 through 5408, 5512 through 5516, 5602 through 5603, 5608, 5801 through 5804, 5806, 5808 through 5811, 5903, 5906 through 5907, and 6001 through 6002, and provided that the change is the result of a fabric-making process.
6601.10–6601.91	A change to subheading 6601.10 through 6601.91 from any other heading, provided that the change is the result of the good being wholly assembled in a single country, territory, or insular possession.
7019.10.15	(1) If the good is of filaments, a change to subheading 7019.10.15 from any other heading, provided that the change is the result of an extrusion process. (2) If the good is of staple fibers, a change to subheading 7019.10.15 from any other subheading, except from subheading 7019.10.30 through 7019.10.90 and 7019.31 through 7019.90, and provided that the change is the result of a spinning process.

HTSUS	Tariff shift and/or other requirements
7019.10.28	(1) If the good is of filaments, a change to subheading 7019.10.28 from any other heading, provided that the change is the result of an extrusion process. (2) If the good is of staple fibers, a change to subheading 7019.10.28 from any other subheading, except from subheading 7019.10.30 through 7019.10.90 and 7019.31 through 7019.90, and provided that the change is the result of a spinning process.
7019.20	A change to subheading 7019.20 from any other heading, provided that the change is the result of a fabric-making process.
8708.21	(1) For seat belts not combined with nontextile components, a change to subheading 8708.21 from any other heading, except from heading 5007, 5111 through 5113, 5208 through 5212, 5309 through 5311, 5407 through 5408, and 5512 through 5516, and provided that the change is the result of a fabric-making process. (2) For seat belts combined with nontextile components, a change to an assembled good of subheading 8708.21 from unassembled components, provided that the change is the result of the good being wholly assembled in a single country, territory, or insular possession.
8804	(1) If the good consists of two or more component parts, a change to an assembled good of heading 8804 from unassembled components, provided that the change is the result of the good being wholly assembled in a single country, territory, or insular possession. (2) If the good does not consist of two or more component parts, a change to heading 8804 from any other heading, except from heading 5007, 5111 through 5113, 5208 through 5212, 5309 through 5311, 5407 through 5408, 5512 through 5516, 5603, 5801 through 5804, 5806, 5809 through 5811, 5903, 5906 through 5907, and 6001 through 6002, and subheading 6307.90, and provided that the change is the result of a fabric-making process.
9113.90.40	(1) If the good consists of two or more component parts, a change to an assembled good of subheading 9113.90.40 from unassembled components, provided that the change is the result of the good being wholly assembled in a single country, territory, or insular possession. (2) If the good does not consist of two or more component parts, a change to subheading 9113.90.40 from any other heading, except from heading 5007, 5111 through 5113, 5208 through 5212, 5309 through 5311, 5407 through 5408, 5512 through 5516, 5603, 5801 through 5802, 5806, 5809, 5903, 5906 through 5907, and 6001 through 6002, and subheading 6307.90, and provided that the change is the result of a fabric-making process.
9404.90	The country of origin of a good classifiable under subheading 9404.90 is the country, territory, or insular possession in which the fabric comprising the good was formed by a fabric-making process.
9502.91	A change to an assembled good of subheading 9502.91 from unassembled components, provided that the change is the result of the good being wholly assembled in a single country, territory, or insular possession.
9612.10.9010	A change to subheading 9612.10.9010 from any other heading, except from heading 5007, 5111 through 5113, 5208 through 5212, 5309 through 5311, 5407 through 5408, 5512 through 5516, 5603, 5806, 5903, 5906 through 5907, and 6002, and provided that the change is the result of a fabric-making process.

PART 178—APPROVAL OF INFORMATION COLLECTION REQUIREMENTS

1. The authority citation for Part 178 continues to read as follows:

Authority: 5 U.S.C. 301; 19 U.S.C. 1624; 44 U.S.C. 3501 *et seq.*

§ 178.2 Listing of OMB control numbers.

2. Section 178.2 is amended by adding to the table a new listing for § 10.25 to read as follows:

19 CFR Section	Description	OMB control No.
	* * * * *	
§ 10.25	Declaration by foreign assembler and endorsement by importer that articles were assembled in whole or in part from textile components cut to shape in the U.S.	1515–0207
	* * * * *	

George J. Weise,

Commissioner of Customs.

Approved: August 16, 1995.

John P. Simpson,

Deputy Assistant Secretary of the Treasury.

[FR Doc. 95–21905 Filed 9–1–95; 8:45 am]

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