are to be disregarded in determining
the regional value content of a good
imported into the United States. Ac-
cordingly, in applying either the build-
down or build-up method for deter-
miming the regional value content of
the good imported into the United
States, the value of such packing ma-
terials and containers for shipment
(whether originating or non-origin-
ing) is disregarded and not included
in AV, adjusted value, VNM, value of
non-originating materials, or VOM,
value of originating materials.

Example. Chilean Producer A produces
good C. Producer A ships good C to the
United States in a shipping container which it pur-
chased from Company B in Chile. The ship-
ning container is originating. The value of
the shipping container determined under sec-
tion §10.455(a)(2) is $3. Good C is subject to a
regional value content requirement. The trans-
action value of good C is $100, which in-
cludes the $3 shipping container. The U.S.
importer decides to use the build-up method,
RVC = (VOM/AV) × 100 (see §10.454(b)), in de-
termining whether good C satisfies the re-
gional value content requirement. In deter-
mining the AV, adjusted value, of good C im-
ported into the U.S., paragraph (b) of this
section requires a $3 deduction for the value
of the shipping container. Therefore, the AV
is $97 ($100–$3). In addition, the value of
the shipping container is disregarded and not in-
cluded in the VOM, value of originating ma-
terials.

§ 10.463 Transit and transshipment.
(a) General. A good will not be consid-
ered an originating good by reason of
having undergone production that oc-
curs entirely in the territory of Chile,
the United States, or both, that would
enable the good to qualify as an origi-
nating good if subsequent to that pro-
duction the good undergoes further
production or any other operation out-
side the territories of Chile and the
United States, other than unloading,
reloading, or any other process nec-
essary to preserve the good in good
condition or to transport the good to
the territory of Chile or the United
States.

(b) Documentary evidence. An im-
porter making a claim that a good is
originating may be required to dem-
strate, to CBP’s satisfaction, that no
further production or subsequent oper-
ation other than permitted under
paragraph (a) of this section, occurred
outside the territories of Chile or the
United States. An importer may dem-
onstrate compliance with this section
by submitting documentary evidence.
Such evidence may include, but is not
limited to, bills of lading, packing
lists, commercial invoices, and cus-
toms entry and exit documents.

ORIGIN VERIFICATIONS AND
DETERMINATIONS

§ 10.470 Verification and justification
of claim for preferential treatment.
(a) Verification. A claim for pre-
ferential tariff treatment made under
§10.410 of this subpart, including any
statements or other information sub-
mitted to CBP in support of the claim,
will be subject to such verification as
the port director deems necessary. In
the event that the port director is pro-
vided with insufficient information to
verify or substantiate the claim, the
port director may deny the claim for
preferential tariff treatment. A verifi-
cation of a claim for preferential
treatment may involve, but is not lim-
lited to, a review of:
(1) All records required to be made,
kept, and made available to CBP by the
importer or any other person under
part 163 of this chapter;
(2) Documentation and other infor-
mation regarding the country of origin
of an article and its constituent ma-
terials, including, but not limited to,
production records, supporting ac-
counting and financial records, infor-
mation relating to the place of produc-
tion, the number and identification of
the types of machinery used in produc-
tion, and the number of workers em-
ployed in production; and
(3) Evidence that documents the use
of U.S. or Chilean materials in the pro-
duction of the article subject to the
verification, such as purchase orders,
invoices, bills of lading and other ship-
ning documents, customs import and
clearance documents, and bills of ma-
terial and inventory records.

(b) Applicable accounting principles.
When conducting a verification of ori-
gin to which Generally Accepted Ac-
counting Principles may be relevant,
CBP will apply and accept the Gen-
erally Accepted Accounting Principles
applicable in the country of production.


§ 10.471 Special rule for verifications in Chile of U.S. imports of textile and apparel products.

(a) Procedures to determine whether a claim of origin is accurate. For the purpose of determining that a claim of origin for a textile or apparel good is accurate, CBP may request that the government of Chile conduct a verification, regardless of whether a claim is made for preferential tariff treatment. While a verification under this paragraph is being conducted, CBP may take appropriate action, as directed by the Committee for the Implementation of Textile Agreements (CITA), which may include suspending the application of preferential tariff treatment to the textile and apparel goods exported or produced by the Chilean entity where the reasonable suspicion of unlawful activity relates to those goods. If CBP is unable to make the determination described in this paragraph within 12 months after a request for a verification, CBP may take appropriate action with respect to the textile and apparel goods exported or produced by the entity subject to the verification, if directed by CITA.

(b) Procedures to determine compliance with applicable customs laws and regulations of the U.S. For purposes of enabling CBP to determine that an exporter or producer is complying with applicable customs laws, regulations, and procedures in cases in which CBP has a reasonable suspicion that a Chilean exporter or producer is engaging in unlawful activity relating to trade in textile and apparel goods, CBP may request that the government of Chile conduct a verification, regardless of whether a claim is made for preferential tariff treatment. A “reasonable suspicion” for the purpose of this paragraph will be based on relevant factual information, including information of the type set forth in Article 5.5 of the US-CFTA, that indicates circumvention of applicable laws, regulations or procedures regarding trade in textile and apparel goods. CBP may undertake or assist in a verification under this paragraph by conducting visits in Chile, along with the competent authorities of Chile, to the premises of an exporter, producer or any other enterprise involved in the movement of textile or apparel goods from Chile to the United States. While a verification under this paragraph is being conducted, CBP may take appropriate action, as directed by CITA, which may include suspending the application of preferential tariff treatment to the textile and apparel goods exported or produced by the Chilean entity where the reasonable suspicion of unlawful activity relates to those goods. If CBP is unable to make the determination described in this paragraph within 12 months after a request for a verification, CBP may take appropriate action with respect to any textile or apparel goods exported or produced by the entity subject to the verification, if directed by CITA.

(c) Assistance by CBP to Chilean authorities. CBP may undertake or assist in a verification under this section by conducting visits in Chile, along with the competent authorities of Chile, to the premises of an exporter, producer or any other enterprise involved in the movement of textile or apparel goods from Chile to the United States.

(d) Treatment of documents and information provided to CBP. Any production, trade and transit documents and other information necessary to conduct a verification under this section, provided to CBP by the government of Chile consistent with the laws, regulations, and procedures of Chile, will be considered confidential as provided for in Article 5.6 of the US-CFTA.

(e) Notification to Chile. Prior to commencing appropriate action under paragraph (a) or (b) of this section, CBP will notify the government of Chile. CBP may continue to take appropriate action under paragraph (a) or (b) of this section until it receives information sufficient to enable it to make the determination described in paragraphs (a) and (b) of this section.

(f) Retention of authority by CBP. If CBP requests a verification before Chile fully implements its obligations under Article 3.21 of the US-CFTA, the