U.S. and that the components lost their separate identities in becoming an integral part of a desktop computer. CBP noted that the finished article, a desktop computer, was visibly different from any of the individual foreign components, acquiring a new use, processing and displaying information. Accordingly, CBP held that the individual components underwent a substantial transformation as a result of the operations performed in the U.S. See also HQ 559336 dated March 13, 1996, in which CBP also determined that foreign components, such as a clamshell base, LCD video display, hard disk drive, floppy disk drive, AC power adapter were substantially transformed by the processing and assembly operations performed in the United States; and HQ 560633, dated November 17, 1997.

In this case, in addition to the components and parts being assembled in Canada, the GTX Mobile hand computers are programmed in Canada by the installation of Canadian software onto the devices. In Data General v. United States, 4 Ct. Int’l Trade 182 (1982), the Court of International Trade found that for purposes of determining eligibility under item 807.00, Tariff Schedules of the United States (the predecessor provision to subheading 9802.00.80, Harmonized Tariff Schedule of the United States), the programming of a foreign Programmable Read-Only Memory ("PROM") chip, substantially transformed the PROM into a U.S. article. The court noted that it was undisputed that programming altered the character of a PROM, effecting a physical change. The essence of the article, its interconnections or stored memory, was not changed by programming. The court concluded that altering the non-functioning circuitry comprising a PROM through technological expertise in order to produce a functioning read-only memory device possessing a desired distinctive circuit pattern constituted "substantial transformation." After the Data General decision, in a number of previous rulings, CBP has considered whether the programming devices and electronic equipment constitutes a substantial transformation of such devices.

In HQ 735027, dated September 7, 1993, CBP considered a “MemoPlug,” used to protect software from piracy. It was assembled in Israel from Taiwanese parts (such as various connectors and an Electronically Erasable Programmable Read Only Memory, or “EEPROM”) and Israeli parts (such as an internal circuit board). After assembly, the EEPROM was programmed in the U.S. with special software. Such processing in the United States accounted for approximately 50 percent of the final selling price of the MemoPlugs. In finding that the foreign-origin components were substantially transformed in the United States, CBP noted that the U.S. processing transformed a blank media, the EEPROM, into a device that performed functions necessary to the prevention of software piracy.

HQ H034843, dated May 5, 2009, concerned encrypted USB flash devices ("UFD”), used to protect data when a UF is lost or stolen. The key hardware component of the UFD was a Japanese origin flash memory chip. Other components were shipped to China where they were assembled. In one scenario, the UFD’s were shipped to Israel where firmware application software developed in Israel was installed and customized into the device. Without application software, the UFD did not exhibit its security features. CBP held that the country origin of the encrypted UFD was Israel.

In this instance, we note that the building of the GTX Mobile requires the assembly of components in Canada, together with an imager of Canadian origin using subassemblies of various origins. Taking into account the Canadian assembly of the imager, the total assembly process requires a number of discrete steps that permit the individual components to function together as a single unit able to gather, process, display and transmit information from field operations to office locations. We, moreover, take note that a complex software program is loaded onto the GTX Mobile which has been designed and written entirely in Canada. This software has been designed so that the customer may centrally manage and troubleshoot remote computer applications, allowing for communication between computers in distant locations. We find the creation and installation of the software to be a crucial element that permits the functioning of the handheld computers. Therefore, we find that the assembly processes that will occur in Canada, coupled with the configuration operations also performed in Canada that require the installation of Canadian-origin software, will substantially transform the components of non-Canadian origin into a product with a new name, character, and use. Accordingly, we find that the country of origin of the GTX Mobile is Canada. Holdings: The non-Canadian component parts and subassemblies are substantially transformed in Canada, the location where the subassemblies and components from various countries are assembled together to make the GTX Mobile, and where the complex software is developed and installed onto the device. Therefore, we find that the country of origin of the GTX Mobile for government procurement purposes is Canada.

Notice of this final determination will be given in the Federal Register, as required by 19 CFR 177.29. Any party-at-interest other than the party which requested this final determination may request, pursuant to 19 CFR 177.31 that CBP reexamine the matter anew and issue a new final determination. Pursuant to 19 CFR 177.30, any party-at-interest may, within 30 days after publication of the Federal Register Notice referenced above, seek judicial review of this final determination before the Court of International Trade.

Sincerely,
Elif Eroglu, Executive Director, Office of Regulations and Rulings, Office of International Trade.

DEPARTMENT OF HOMELAND SECURITY

Customs and Border Protection

Notice of Issuance of Final Determination Concerning Certain Upright and Recumbent Exercise Bikes


ACTION: Notice of final determination.

SUMMARY: This document provides notice that U.S. Customs and Border Protection (“CBP”) has issued a final determination concerning the country of origin of certain upright and recumbent exercise bikes. Based upon the facts presented, CBP has concluded in the final determination that the U.S. is the country of origin of the upright and recumbent exercise bikes for purposes of U.S. government procurement.

DATES: The final determination was issued on June 2, 2010. A copy of the final determination is attached. Any party-at-interest, as defined in 19 CFR 177.22(d), may seek judicial review of this final determination on or before July 9, 2010.

FOR FURTHER INFORMATION CONTACT: Elif Eroglu, Valuation and Special Programs Branch: (202) 325-0277.

SUPPLEMENTARY INFORMATION: Notice is hereby given that on June 2, 2010,
pursuant to subpart B of part 177, Customs Regulations (19 CFR part 177, subpart B), CBP issued a final determination concerning the country of origin of the upright and recumbent exercise bikes which may be offered to the U.S. Government under an undesignated government procurement contract. This final determination, in HQ H095239, was issued at the request of Brunswick Corporation under procedures set forth at 19 CFR part 177, subpart B, which implements Title III of the Trade Agreements Act of 1979, as amended (19 U.S.C. 2511–18). In the final determination, CBP has concluded that, based upon the facts presented, the upright and recumbent exercise bikes, assembled in the U.S. from parts made in Mexico, China, Taiwan, Germany, Indonesia, Korea and the U.S., are substantially transformed in the U.S., such that the U.S. is the country of origin of the finished article for purposes of U.S. government procurement.

Section 177.29, Customs Regulations (19 CFR 177.29), provides that notice of final determinations shall be published in the Federal Register within 60 days of the date the final determination is issued. Section 177.30, CBP Regulations (19 CRF 177.30), provides that any party-at-interest, as defined in 19 CFR 177.22(d), may seek judicial review of a final determination within 30 days of publication of such determination in the Federal Register.

Dated: June 2, 2010.

Sandra L. Bell,
Executive Director, Regulations and Rulings, Office of International Trade.

Attachment

H095239
June 2, 2010
OT:RR:CTF:VS H095239 EE
CATEGORY: Marking
Ms. Shannon Fura
Mr. Jeremy Page
Page & Fura, P.C., 3 South Dearborn, Suite 2100, Chicago, IL 60603

Dear Ms. Fura and Mr. Page: This is in response to your correspondence of September 1, 2009, resubmitted January 19, 2010, forwarded to us by the National Import Specialist ("NIS") Division, in which you requested a final determination on behalf of Brunswick Corporation ("Brunswick"), pursuant to subpart B of part 177, Customs and Border Protection ("CBP") Regulations (19 C.F.R. § 177.21 et seq.). Under the pertinent regulations, which implement Title III of the Trade Agreements Act of 1979, as amended (19 U.S.C. § 2511 et seq.), CBP issues country of origin advisory rulings and final determinations as to whether an article is or would be a product of a designated country or instrumentality for the purpose of granting waivers of certain “Buy American” restrictions in U.S. law or practice for products offered for sale to the U.S. Government.

This final determination concerns the country of origin of certain upright and recumbent exercise bikes. We note that Brunswick is a party-at-interest within the meaning of 19 C.F.R. § 177.22(d)(1) and is entitled to request this final determination.

FACTS:
You describe the pertinent facts as follows. The items at issue consist of upright and recumbent exercise bikes produced in the U.S. from U.S. and foreign components by Brunswick’s Life Fitness Division. You advise that both versions of the bikes are produced in the U.S. from a range of components and subassemblies. The majority of the components which comprise the bikes and the various subassemblies are stated to be of U.S. origin, with a lesser number sourced from Mexico, China, Taiwan, Germany, Indonesia, and Korea. All of the subassemblies are produced in the U.S. with the exception of the standard console assembly, which is produced in Indonesia. The various subassemblies are ultimately assembled into the final frame assembly to produce the final product. You state that the final assembly, which takes place in the U.S., is the most-complex step in the manufacturing process, requiring the incorporation of all of the other assemblies in a precise order to ensure the proper operation of the finished bike. The upright and recumbent exercise bikes will be tested and packaged in the U.S.

You submitted the list of components for the upright and recumbent exercise bikes and the origin of each component. You also submitted illustrations of the upright and recumbent exercise bikes and the step-by-step assembly process in the U.S.

A. Upright Exercise Bike

The upright exercise bike is produced from a number of distinct subassemblies which, with the exception of the console assembly, are assembled in the U.S. The primary subassemblies include the wheel assembly; the leg leveler and nut assembly; the seat assembly; the shive/chuch bearing subassembly; the intermediate pulley/shaft; the drive pulley/crank hub; the idler-arm assembly; the alternator-pulley assembly; the rear resistor/bracket assembly; the roller take-up/bracket assembly; the roller/bracket assembly; the shroud with decal assembly; the crank-pulley assembly; the alternator-pulley assembly; the seat assembly; the shroud; and the console assembly. The shive/chuch bearing subassembly is produced concurrently and then joined together during the final bike frame assembly process.

The assembly of the upright exercise bike is comprised of approximately 352 individual operational steps and more than 175 components. The production of the subassemblies takes approximately 90 minutes, which includes 30 minutes for the final assembly.

The upright exercise bike assembly process of the principal subassemblies involves:

1. Pressing flange bearing into wheel using arbor press (wheel assembly)
2. Securing insert to wheel and bearing assembly with a screw (wheel assembly)
3. Attaching decal seat post and seat with fasteners. Attaching seat post guide, spring support brackets, guide base with fasteners and pressing on seat post bumper (seat assembly)
4. Pressing shivee and clutch bearing using mandrel; (shivee/clutch bearing subassembly)
5. Installing magnet and standoff assembly to crankshaft assembly with a screw; (intermediate pulley/shaft)
6. Securing crank hub to pulley with bolts; (drive pulley/crank hub)
7. Securing pulley to idler arm bracket with nut; (idler-arm assembly)
8. Securing pulley to altarator with nut and washer; (alternator-pulley assembly)
9. Assembling resistor, resistor brackets, resistor rod and covering the assembly with cardboard insulator; (rear resistor/bracket/cable assembly)
10. Installing wire harness to the resistor terminals with bolts and nuts; (rear resistor/bracket/cable assembly)
11. Seating stand-offs to PCB bracket with mallet; (PCB/battery assembly)
12. Securing PCB board to seating stand-offs with screws; (PCB/battery assembly)
13. Securing battery to PCB bracket with screws; (PCB/battery assembly)
14. Securing reed switch to reed switch bracket with screws; (reed switch/bracket subassembly)
15. Decal application on shrouds; (shroud with decal assembly)
16. Assembling of handlebar with electrode (heartbeat measurement) cable assembly, poly sleeves, and caution labeling and attaching handlebar end caps with mallet. (handlebar assembly)

B. Recumbent Exercise Bike

Similar to the upright exercise bike, the recumbent exercise bike is produced from a number of distinct subassemblies which, with the exception of the console assembly, are assembled in the U.S. The subassemblies include but are not limited to the resistor-mounting bracket assembly; the power-PCB bracket assembly; the shroud with decal assembly (left & right); the leg leveler assembly; the wheel assembly; the intermediate-pulley assembly; the idler-bracket/pulley assembly; the shive/chuch bearing subassembly; the shroud; and the console assembly. The shive/chuch bearing subassembly is produced concurrently and then joined together during the final bike frame assembly process.

The assembly of the recumbent exercise bike is comprised of approximately 468 individual operational steps and more than 270 components. The production of the recumbent exercise bike takes approximately 105 minutes, which includes 14 minutes for the final assembly.
The recumbent exercise bike assembly process of the principal subassemblies involves:

1. Securing resistor assembly into bracket with nut; (resistor-mounting bracket assembly)
2. Securing stand-offs to PCB bracket with mallet; (power-PCB bracket assembly)
3. Securing the PCB board to stand-offs with screws bracket; (power-PCB bracket assembly)
4. Decal application on shrouds; (shroud assembly)
5. Assembling nuts to leg levelers; (leg leveler assembly)
6. Inserting seat to wheel and bearing assembly with screw; (wheel assembly)
7. Securing magnet and standoff assembly to crankshaft assembly with screw; (intermediate-pulley assembly)
8. Securing pulley to idler arm bracket with nut; (idler-bracket pulley assembly)
9. Pressing shieve and clutch bearing using mandrel; (pulley-clutch assembly)
10. Securing crank hub to pulley with bolts; (crank-pulley assembly)
11. Securing pulley to alternator with nut and washer; (alternator-pulley assembly)
12. Assembling handlebars with seat weldment, cable assembly, cable sleeve, bottom seat pad, roller take-up assemblies and rollers using screws, washers and nuts; (seat assembly)
13. Assembling locking block with housing-insert assembly, compression spring, retainer bearing into housing, with packed housing. Further assembling and locking in place with groove pin (using arbor press), anti-rattle washer, knob/bracket assembly and handle using screws; (lock assembly)
14. Pressing take-up roller shaft through take-up roller plate with arbor press; (roller take-up assembly)
15. Assembling preLOAD rollers to roller-place assemblies and assembling e-rings to assemblies; (roller take-up assembly)
16. Assembling seat extrusion with threaded rivets and cable clamp. Attaching locking rack with fasteners, stop bracket and bumper strip with screws; (seat extrusion assembly)
17. Securing battery to bracket with screws; (battery mounting-bracket assembly)
18. Assembling decal to endcap; (extrusion endcap assembly)
19. Securing reed switch to reed switch bracket with screws. (reed-switch mounting bracket assembly)

ISSUE:

What is the country of origin of the upright and recumbent exercise bikes for the purpose of U.S. government procurement?

LAW AND ANALYSIS:

Pursuant to subpart B of part 177, 19 C.F.R. § 177.21 et seq., which implements Title III of the Trade Agreements Act of 1979, as amended (19 U.S.C. § 2511 et seq.), CBP issues country of origin advisory rulings and final determinations as to whether an article is or would be a product of a designated country or instrumentality for the purposes of granting waivers of certain “Buy American” restrictions in U.S. law or practice for products offered for sale to the U.S. Government.


“An article is a product of a country or instrumentality only if (i) it is wholly the growth, product, or manufacture of that country or instrumentality, or (ii) in the case of an article made in whole or in part of materials from another country or instrumentality, it has been substantially transformed into a new and different article of commerce with a name, character, or use distinct from that of the article or articles from which it was so transformed.”

See also, 19 C.F.R. § 177.22(a).

In rendering advisory rulings and final determinations for purposes of U.S. government procurement, CBP applies the provisions of subpart B of part 177 consistent with the Federal Acquisition Regulations. See 19 C.F.R. § 177.21. In this regard, CBP recognizes that the Federal Acquisition Regulations restrict the U.S. Government’s purchase of products to U.S.-made or designated country end products for acquisitions subject to the TAA. See 48 C.F.R.§ 25.403(c)(1). The Federal Acquisition Regulations define “U.S.-made end product” as “* * * an article that is mined, produced, or manufactured in the United States or that is substantially transformed in the United States into a new and different article of commerce with a name, character, or use distinct from that of the article or articles from which it was so transformed.”

48 C.F.R. § 25.003.

In determining whether the combining of parts or materials constitutes a substantial transformation, the determinative issue is the extent of operations performed and whether the parts lose their identity and become an integral part of the new article. Belcrest Linens v. United States, 573 F. Supp. 1149 (Cl. Tr. 1983), aff’d, 741 F.2d 1368 (Fed. Cir. 1984). Assembly operations that are minimal or simple, as opposed to complex or meaningful, will generally not result in a substantial transformation. Factors which may be relevant in the evaluation may include the nature of the operation (including the number of components assembled), the number of different operations involved, and whether a significant period of time, skill, detail, and quality control are necessary for the assembly operation. See C.S.D. 80–111, C.S.D. 85–25, C.S.D. 89–110, C.S.D. 89–118, C.S.D. 90–51, and C.S.D. 90–97. If the manufacturing or combining process is a minor one which leaves the identity of the article intact, a substantial transformation has not occurred. Uniroyal, Inc. v. United States, 3 CIT 220, 542 F. Supp. 1026 (1982), aff’d 702 F.2d 1022 (Fed. Cir. 1983).

In order to determine whether a substantial transformation occurs when components of various origins are assembled into completed products, CBP considers the totality of the circumstances and makes such determinations on a case-by-case basis. The country of origin of the item’s components, extent of the processing that occurs within a country, and whether such processing renders a product with a new name, character, and use are primary considerations in such cases. Additionally, factors such as the resources expended on product design and development, extent and nature of post-assembly inspection and testing procedures, and the degree of skill required during the actual manufacturing process may be relevant when determining whether a substantial transformation has occurred. No one factor is determinative.

In a number of rulings (e.g., Headquarters Ruling Letter (“HQ”) 735608, dated April 27, 1995 and HQ 559089 dated August 24, 1995), CBP has stated “in U.S. and foreign these inquiries are highly fact and product specific; generalizations are troublesome and potentially misleading.”

In HQ 735368, dated June 30, 1994, CBP held that the country of origin of a certain finished bike assembled in Taiwan with components made in several countries was Taiwan. CBP stated that because the bicycle was assembled in Taiwan and one of the bicycle’s most significant components, the frame, was made in Taiwan, the country of origin of the bicycle was Taiwan. Although the other components came from several different countries, when they were assembled together in Taiwan, they each lost their separate identity and became an integral part of a new article of commerce, a bicycle.

In the instant case, the assembly of the upright exercise bike is comprised of approximately 352 discrete steps and over 175 U.S. and foreign components. The assembly of the recumbent exercise bike is comprised of approximately 466 discrete steps and over 270 U.S. and foreign components. With the exception of the standard console subassembly, all of the subassemblies are produced in the U.S. from U.S. and foreign components. The subassemblies are then assembled into the final frame assembly. We find that under the described assembly process, the foreign components lose their individual identities and become an integral part of the articles, the upright and recumbent exercise bikes, possessing a new name, character and use. The assembly process results in such a complex and meaningful transformation of the parts into an article which would not be part of the processes required to manufacture the upright and recumbent exercise bikes are substantially transformed as a result of the assembly operations performed in the U.S. and that the country of origin of the bikes for government procurement purposes is the U.S.

HOLDING:

The components that are used to manufacture the upright and recumbent exercise bikes are substantially transformed as a result of the assembly operations performed in the U.S. Therefore, the country of origin of the upright and recumbent exercise bikes for government procurement purposes is the U.S.

Notice of this final determination will be given in the Federal Register, as required by
30-Day Notice of Submission to the Office of Management and Budget (OMB): Opportunity for Public Comment

AGENCY: Department of the Interior, National Park Service.

ACTION: Notice and request for comments.

SUMMARY: Under provisions of the Paperwork Reduction Act of 1995 and 5 CFR Part 1320, Reporting and Recordkeeping Requirements, the National Park Service (NPS) invites public comments on a proposed new collection of information (OMB #1024–XXXX).

DATES: Public comments on this Information Collection Request (ICR) will be accepted on or before July 9, 2010.

ADDRESSES: You may submit comments directly to the Desk Officer for the Department of the Interior (OMB #1024–XXXX), Office of Information and Regulatory Affairs, OMB, by fax at 202/395–5806, or by electronic mail at OIRAocket@OMB.EOP.GOV. Please also send a copy of your comments to Eppley Institute for Parks and Public Land, Indiana University Research Park, RE ASIS, 501 Morton Street, Suite 101, Bloomington, Indiana 47404; or via fax to 812/855–5600; or via e-mail to eppley@indiana.edu.

FOR FURTHER INFORMATION CONTACT: Dr. James Gramann, NPS Social Science Division, 1201 “Eye” St., Washington, DC 20005; or via phone 202–513–7189; or via e-mail James_Gramann@partner.nps.gov. You are entitled to a copy of the entire ICR package free-of-charge. You may access this ICR at http://www.reginfo.gov/public/.

Comments Received on the 60-Day Federal Register Notice: The NPS published a 60-day notice to solicit public comments on an information collection request entitled “Assessing Visitor Attitudes, Experiences, and Expectations Associated with the Management and Use of Oversand Vehicles at Assateague Island National Seashore” in the Federal Register on February 8, 2008 (Vol. 73, No. 34, Page 9354–9355). Publication of the Federal Register notice was supplemented by multiple notifications to stakeholders about the proposed study. The NPS received 43 comments as a result of the 60-day notice and the stakeholder notifications. The comments and responses are summarized below:

(1) A number of comments either supported or opposed the use of oversand vehicles (OSVs) at Assateague Island National Seashore. These comments related to possible management actions NPS might take, but did not relate to the need for the information collection or the burden of the collection.

(2) Three commenters requested a copy of the draft survey. Copies were sent to each of the parties requesting them.

(3) The Defenders of Wildlife and the Center for Biological Diversity sent a joint set of comments. Some of these comments concerned the current management of the OSV zone, while others included specific thoughts on the proposed survey. As a result, the Defenders of Wildlife and the Center for Biological Diversity, along with the Assateague Mobil Sport Fisherman’s Association, were invited to comment on the content and wording of the draft questionnaires. The Defenders of Wildlife and the Center for Biological Diversity declined to provide additional comments. The Assateague Mobil Sport Fishermen Association did provide additional feedback, including recommendations for wording changes in some questions, along with guidance to make sure the information collected was relevant to issues surrounding the OSV zone. There were also concerns that a particular area of the OSV Zone was being targeted in a number of the questions. The surveys were modified as a result of these comments.

SUPPLEMENTARY INFORMATION:

Title: Assessing Visitor Attitudes Experiences and Expectations Associated with the Management and Use of Oversand Vehicles at Assateague Island National Seashore.

Bureau Form Number(s): None.

OMB Number: To be requested.

Expiration Date: To be requested.

Type of Request: New collection.

Description of Need: The proposed study will supply input into identifying and evaluating alternatives for future management of Oversand Vehicle (OSV) use at Assateague Island National Seashore (ASIS), Maryland. The purpose of this research is to provide park managers with information about the characteristics of visitors to the OSV zone and adjacent backcountry areas in the park, attributes of the OSV zone that are important to the quality of visitor experiences, and visitor attitudes regarding OSV management, use, and resource protection practices.

The use of OSVs for access and recreation is a traditional activity that occurred at Assateague prior to the establishment of the National Seashore in 1965. Management of OSVs was formalized with the adoption of special regulations (36 CFR 7.65) in 1974, which established vehicle and equipment requirements, an OSV permit system, general requirements for legal operation, and a maximum limit of 145 vehicles using the Maryland District OSV zone at any time. OSV use was reevaluated in 1982 during the Seashore’s general management planning process. The General Management Plan (GMP) designated a “Traditional Recreation Subzone” in the Maryland District approximately 12 miles long to be managed for multiple uses, including oversized travel by properly equipped and permitted OSVs. The Traditional Recreation Subzone also includes a small area for overnight accommodation of self-contained OSVs and two hike-in backcountry campgrounds. In 2008, the NPS began a revision of the GMP for ASIS. The revised GMP will: (1) Clearly define the desired natural and cultural resource conditions to be achieved and maintained over time; (2) clearly define the necessary conditions for visitors to understand, enjoy, and appreciate the park’s significant resources; (3) identify the kinds and levels of management activities, visitor use, and development that are appropriate for maintaining the desired conditions; and (4) identify indicators and standards for maintaining the desired conditions.

The proposed study will assist in the GMP revision by informing decisions related to the management of OSV use at ASIS. The study has two primary objectives: (1) Develop baseline data on users of the Traditional Recreation Subzone, including types, frequency and patterns of use, and their socioeconomic and demographic characteristics and (2) provide input into potential indicators and standards of quality for maintaining the desired conditions.