

substantial transformation has occurred. No one factor is determinative.

The Court of International Trade has also applied the “essence test” to determine whether the identity of an article is changed through assembly or processing. For example, in *Uniroyal, Inc. v. United States*, 3 CIT 220, 225, 542 F. Supp. 1026, 1030 (1982), *aff’d* 702 F.2d 1022 (Fed. Cir. 1983), the court held that imported shoe uppers added to an outer sole in the United States were the “very essence of the finished shoe” and thus were not substantially transformed into a product of the United States. Similarly, in *National Juice Products Association v. United States*, 10 CIT 48, 61, 628 F. Supp. 978, 991 (1986), the court held that imported orange juice concentrate “imparts the essential character” to the completed orange juice and thus was not substantially transformed into a product of the United States.

In Headquarters Ruling (“HQ”) H270580, dated May 10, 2016, we considered whether a substantial transformation occurred when Johnson, the importer here, assembled “G3 Dip” and “G3 Back Extension” exercise machines in the United States. As in this case, Johnson proposed two different assembly scenarios. Under Scenario One, which applied to both machines, we held that although nearly all the parts were of Chinese origin, the extent of U.S. assembly operations was sufficiently complex and meaningful to result in a substantial transformation. Specifically, the assembly involved U.S. workers welding nine separate subassemblies with 49 seams for the “G3 Dip” and three separate subassemblies with 22 seams for the “G3 Back Extension.” In addition to the welding, U.S. workers also cleaned and degreased parts, ground down and painted the frame, and sprayed the frame with clear coat. The 200 to 500 parts that comprise the final products were then assembled in a process involving fastening hardware; adding rubber grips; capping off tube ends; positioning pulleys; adding weights, cables, or belts; and placing warning placards. We found that a substantial transformation had occurred because the assembly operations caused the individual parts to lose their separate identities and to become integral components of a product with a new name, character, and use.

However, under Scenario Two in HQ H270580, which applied only to the “G3 Dip,” three of the nine subassemblies were imported from China as pre-assembled components. Under *Uniroyal*, 3 CIT 220, these critical components together imparted the “very essence” of the finished product. The processing in the United States thus did not result in a substantial transformation in Scenario Two. See also *National Juice Prods. Ass’n*, 10 CIT 48.

Similarly, in HQ 733188, dated July 5, 1990, we held that no substantial transformation occurred when Venezuelan exercise benches and boards were assembled in the United States. The Venezuelan metal frames as imported were essentially complete, and the U.S. assembly consisted primarily of attaching the cushions and minor parts. Further, no machining was done in the United States and no specialized

training, skill, or equipment was required to assemble the exercise equipment. CBP thus held that no substantial transformation occurred in the United States.

Here, although nearly all the parts will be of Chinese origin, the extent of U.S. or Taiwanese assembly operations is sufficiently complex and meaningful to result in a substantial transformation in both scenarios. Unlike the exercise equipment at issue in HQ 733188, the treadmill parts will not be essentially complete when they are imported into either the United States or Taiwan for assembly. To the contrary, they will require substantial additional work to create a functional treadmill. Most importantly, U.S. or Taiwanese workers will need to weld a total of 27 seams to create the three major subassemblies (the treadmill base, the console frame, and the console mast) that comprise the finished treadmill. The additional assembly steps, which involve approximately 466 individual parts and “connecting, lining up, adjusting and bolting frames, tightening and torquing frame bolts, attaching motors, installing power switches, wiring, pulleys and filters,” are similar in scope and complexity to those that we found sufficient to effect a substantial transformation under Scenario One in HQ H270580. Under these circumstances, the Matrix® T3xe’s country of origin for purposes of government procurement is the United States under Scenario One and Taiwan under Scenario Two.

#### Holding

The finished treadmill’s country of origin for purposes of government procurement is the United States under Scenario One and Taiwan under Scenario Two.

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 of publication of the **Federal Register** Notice referenced above, seek judicial review of this final determination before the Court of International Trade.

Sincerely,

Alice A. Kipel,

*Executive Director, Regulations & Rulings,  
Office of Trade.*

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## DEPARTMENT OF HOMELAND SECURITY

### Federal Emergency Management Agency

[Internal Agency Docket No. FEMA–4285–DR; Docket ID FEMA–2016–0001]

#### North Carolina; Amendment No. 10 to Notice of a Major Disaster Declaration

**AGENCY:** Federal Emergency Management Agency, DHS.

**ACTION:** Notice.

**SUMMARY:** This notice amends the notice of a major disaster declaration for the State of North Carolina (FEMA–4285–DR), dated October 10, 2016, and related determinations.

**DATES:** *Effective Date:* October 31, 2016.

**FOR FURTHER INFORMATION CONTACT:** Dean Webster, Office of Response and Recovery, Federal Emergency Management Agency, 500 C Street SW., Washington, DC 20472, (202) 646–2833.

**SUPPLEMENTARY INFORMATION:** The notice of a major disaster declaration for the State of North Carolina is hereby amended to include the following areas among those areas determined to have been adversely affected by the event declared a major disaster by the President in his declaration of October 10, 2016.

Brunswick County for Individual Assistance (already designated for assistance for debris removal and emergency protective measures [Categories A and B], including direct federal assistance, under the Public Assistance program)

Halifax County for Individual Assistance and assistance for assistance for debris removal and emergency protective measures (Categories A and B), including direct federal assistance, under the Public Assistance program.

The following Catalog of Federal Domestic Assistance Numbers (CFDA) are to be used for reporting and drawing funds: 97.030, Community Disaster Loans; 97.031, Cora Brown Fund; 97.032, Crisis Counseling; 97.033, Disaster Legal Services; 97.034, Disaster Unemployment Assistance (DUA); 97.046, Fire Management Assistance Grant; 97.048, Disaster Housing Assistance to Individuals and Households In Presidentially Declared Disaster Areas; 97.049, Presidentially Declared Disaster Assistance—Disaster Housing Operations for Individuals and Households; 97.050 Presidentially Declared Disaster Assistance to Individuals and Households—Other Needs; 97.036, Disaster Grants—Public Assistance (Presidentially Declared Disasters); 97.039, Hazard Mitigation Grant.

**W. Craig Fugate,**

*Administrator, Federal Emergency Management Agency.*

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