DEPARTMENT OF HOMELAND SECURITY

U.S. Customs and Border Protection

Notice of Issuance of Final Determination Concerning Country of Origin of Aluminum Honeycomb Panels


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 aluminum honeycomb panels. CBP has concluded in the final determination that for purposes of U.S. Government procurement, the assembly of the parts of the aluminum panels does not substantially transform the parts into a product that is substantially different from the original country of manufacturing.

DATES: The final determination was issued on February 21, 2018. A copy of the final determination is attached. Any party-at-interest, as defined in 19 C.F.R. § 177.22(d), may seek judicial review of this final determination within April 2, 2018.

FOR FURTHER INFORMATION CONTACT: Joy Marie Virga, Valuation and Special Programs Branch, Regulations and Rulings, Office of Trade (202–325–1511).

SUPPLEMENTARY INFORMATION: Notice is hereby given that on 02/21/18, CBP issued a final determination concerning the aluminum honeycomb panels, which may be offered to the United States Government under an undesignated government procurement contract. The final determination, HQ H290528, was issued at the request of Aliva Chemica E Sistemi SRL (“Aliva”) for a final determination concerning the country of origin of a product that you refer to as “aluminum honeycomb panels,” pursuant to subpart B of Part 177, U.S. Customs and Border Protection (CBP) Regulations; Country of Origin of Honeycomb Panels.

The merchandise at issue are Aliva aluminum honeycomb panels, which will be used as architectural finished coating panels for wall and tunnel areas in train stations. The panels come in two variations: straight and curved. Each installed panel will contain a casing, a core, and two mounting blades.

The casing is a flat sheet of pre-painted aluminum alloy which will be supplied in both perforated and non-perforated variations as required for aesthetic appearance. The flat sheet is produced in Italy in dimensions of two feet in width and variable lengths. These aluminum alloy sheets are painted through a reverse coil process and will include anti-graffiti characteristics as required by the architectural specification. The sheets are then transferred to a specialized processing factory in Italy that cuts the sheet to the final dimensions, and bends three of the side edges to create the casing that will house the honeycomb core. Along one side of the casing, the edge is left flat and two bending lines are engraved on the back of this edge for reference during the production process.

The core consists of two hard layers called skins and a layer of aluminum honeycomb made up of 3000 series aluminum alloy with hexagonal cells that are 80 microns thick. The skins can either be coated with five microns of primer or pre-painted black with an anti-graffiti finish. The skins are glued to the honeycomb panel to create a singular panel referred to as the core.

The diagonal manufacturer will supply and transport the core sheets in bulk to a U.S. manufacturing facility. Each core sheet will produce three to 16 cores. All cores for the straight panels will be cut-to-size to fit the casing in Italy but cores for the straight panels will be cut to size at the U.S. facility. Eight holes are drilled through the back of the core for attachment of the mounting blades. All panels will be cut and drilled in Italy.

The mounting blades

The mounting blades are aluminum alloy sheets of unknown origin extruded into L-shaped brackets. Two mounting blades will be attached to the back of each core on either side. The mounting blades are extruded, machined, bent, and cut-to-size in the United States before being secured to the core. Two different profiles are produced for the right and left blades, which hook the finished panel onto Aliva’s framing system.

Assembled in the United States, the core is inserted into the case and then the flat edge of each casing will be bent into place with specialized aluminum bending equipment. An average of 16 holes will be drilled into each panel, and 16 stainless steel rivets will be fastened with a specialized riveting tool to secure the core and casing together. Finally, each mounting blade is secured to the finished panel with four stainless steel rivets.

According to Aliva, the processing in the United States requires skilled labor and increases the value of the component parts. Aliva estimates that the work required to incorporate the casing, core and mounting blades into a singular panel in the United States will take approximately 46 minutes of labor. The importer further states that the processes performed in the United States to produce all of the panels will require “hundreds of thousands of dollars of labor.” Aliva indicates that each panel will have a significantly increased value over the collective value of the individual parts (casing, core, and mounting blades) after the processing in the United States is completed.
ISSUE:

Whether the component aluminum parts are substantially transformed by the combining processes in the United States.

LAW AND ANALYSIS:

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 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.).


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 which consists in whole or in part of materials from another country or instrumentality, it has been substantially transformed in the United States into an 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 final determinations for purposes of U.S. Government procurement, CBP applies the provisions of subpart B of Part 177 consistent with the Federal Procurement 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 Trade Agreements Act. 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 transformed.” See 48 C.F.R. § 25.003.

In determining whether the combining of parts constitutes a substantial transformation, the determinative issue for CBP 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, 6 C.I.T. 204 (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. See HH H125975, dated January 19, 2011. CBP considers the totality of the circumstances and makes such determinations on a case-by-case basis.

In determining whether a substantial transformation has occurred in the processing of metals, CBP has generally held that cutting or bending materials to defined shapes or patterns suitable for use in making finished articles, as opposed to mere cutting to length or width which does not render the article suitable for a particular use, constitutes a substantial transformation. For example, in Headquarters Ruling Letter (“HRL”) 055684, dated August 14, 1979, CBP held that components of a water cooler gas absorption refrigeration unit which were formed by cutting to length, cleaning and bending imported into the United States were substantially transformed.

The imported rotors also did not lose their identity and did not become an integral part of a new article when assembled to the U.S. bell. Additionally, the use of the calipers and rotors was predetermined at importation. Thus, CBP found that the imported rotors and calipers did not undergo a change in name, character or use as a result of processing in the United States and remained products of Italy. See also HRL 734873, dated September 7, 1994 (imported brake rotor castings were not substantially transformed by processing which included removing 0.06–0.12 inches of external surface, drilling 5–10 holes, counter coring, installing studs or bolts, and grounding for a fine finish); and National Hand Tool Corp. v. United States, 16 C.I.T. 308 (1992) (finding substantial transformation occurred because components had been cold-formed or hot-forged “into their final shape before importation”, and that “the form of the components remained the same” after the assembly and heat treatment processes performed in the United States).

Here, the U.S. processing of the panels is minimal and does not alter the character of the casing and core. The pre-importation processing is significantly more complicated than the post-importation processes which essentially consists of some cutting and assembly of parts. The physical characteristics of the casing and the core are already determined by the processing in Italy. Most of the cutting and bending of the casing and the core occurs prior to the importation. In Italy, the aluminum sheets are produced; the core is created by linking the skins with the aluminum honeycomb; the aluminum for the casing is cut to size; the casing is painted; the form of the panels is Italy. Most of the cutting and bending of the imported rotors was predetermined at importation. Since the form, materials, and structure remain the same, we find there is no change in character of the core and casing.

The processing here is similar to the brake kits in HRL 562653. The major parts are imported in essentially the same shape that they will be in when assembled into the final product. Although there is some cutting, drilling, and slotting, the casing and the core do not lose their identity or become an integral part of a new article when assembled in the United States. Like the brake kits, at importation the casing and core are not rough, generic forms with a multitude of uses—they are imported only to be assembled to be sold as wall panels. Therefore, the casing and core are not new and different articles of commerce from the assembled panels.

Here, because the core and the casing are not substantially transformed in the United States, the country of origin of the completed panels is Italy.

HOLDING:

Based on the facts of this case, aluminum honeycomb panels are not substantially
transformed through the assembly of the parts in the United States. The country of origin of the aluminum honeycomb panels is Italy.

Notice of this final determination will be given in the Federal Register, as required by 19 C.F.R. § 177.29. Any party-at-interest other than the party which requested this final determination may request, pursuant to 19 C.F.R. § 177.31, that CBP reexamine the matter anew and issue a new final determination. Pursuant to 19 C.F.R. § 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 and Rulings
Office of International Trade

[FR Doc. 2018–04279 Filed 3–1–18; 8:45 am]

BILLING CODE P

DEPARTMENT OF HOMELAND SECURITY

U.S. Customs and Border Protection


ACTION: Notice of final determinations.

SUMMARY: This document provides notice that U.S. Customs and Border Protection ("CBP") has issued two final determinations concerning the country of origin of tablet computers and smart phones, systems, which may be offered to the United States Government under an undesignated government procurement contract. These final determinations, HQ H284834 and HQ H284617, were issued at the request of 1Vision, LLC and Care Innovations, LLC, respectively, 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 determinations, CBP was asked to consider whether disabling the general applications of a tablet computer or smart phone and loading specialized software onto the device, enabling a patient to provide medical information to the VA, constituted a substantial transformation. In one final determination, CBP was further asked if the integration of the altered tablets and smartphones into a larger telehealth system constituted a substantial transformation. In the final determinations, CBP concluded that these activities do not constitute a substantial transformation and the origin of the tablet computers, smart phones, and systems remains the original country of manufacturing.

Section 177.29, CBP 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 CFR 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.


Alice A. Kipel,
Executive Director, Regulations and Rulings, Office of Trade.

HQ H284834
February 21, 2018

OT: RR: CTF: VS: H284834 JMV

CATEGORY: Origin

George W. Thompson, Esq.
Thompson & Associates, PLLC
1250 Connecticut Ave. NW, Suite 200
Washington, DC 20036

RE: U.S. Government Procurement; Title III, Trade Agreements Act of 1979 (19 U.S.C. § 2511); Subpart B, Part 177, CBP Regulations; Tablet Computers, CareConsole Hub and Mobile Hub

Dear Mr. Thompson:

This is in response to your letter of March 20, 2017, on behalf of 1Vision, LLC ("1Vision"), requesting a final determination concerning the country origin of a product that you refer to as the AMC Home Tele-health System ("Tele-health System" or the System"), pursuant to subpart B of Part 177, U.S. Customs and Border Protection (CBP) Regulations (19 C.F.R. § 177.21, et seq.). You state in your letter that this request is being made pursuant to a contract with the Department of Veterans Affairs (VA) with 1Vision requiring the fitting to be remanufactured for a country of origin determination from CBP.

As a domestic producer, 1Vision 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:

The products at issue are the Tele-health System in its entirety and the components, the CareConsole Hub and the Mobile Hub. The CareConsole Hub and the Mobile Hub, respectively, begin as a tablet computer and a smart phone. The CareConsole Hub is produced in the Republic of Korea and the Mobile Hub is produced in China. Both products are intended for purchase by the Veterans Health Administration for use by patients at home. The CareConsole Hub and the Mobile Hub are designed to collect health data that is measured by other peripheral devices, such as blood pressure cuffs, blood glucose monitors, etc. These other peripheral devices are not imported with the tablet and could be used “as is” within the 1Vision ecosystem, without any changes.

In the United States, the tablet and smart phone go through a number of software uninstallations and installations. The generic Android functions originally included on the devices, such as alarms, calculators and text messaging, are removed. In order to enable the devices to function within the Tele-health System, other functions, such as Bluetooth capability, are modified and additional software is added. In addition, 1Vision also further processes the devices to include additional security mechanisms and to enable them to function in Plain Old Telephone Systems ("POTS"), an analog telephone service that continues to be the basic form of home and small business service connection to telephone networks. Finally, the AMC CareConsole Mobile Application is installed on both devices.

According to the information provided, this software was developed entirely in the United States. The software enables the patient to provide vital sign data by connecting to the peripheral devices via Bluetooth. The patient’s information is then forwarded to VA clinicians over the VA intranet. This application is installed on the tablet to meet the VA’s requirements for medical devices, including patient confidentiality and interoperability with VA systems and protocols. After the software installation is completed, the tablets cannot run any other program and cannot be reprogrammed to perform any other function.

The CareConsole Hub and Mobile Hub are then integrated into the Tele-health System, which also includes servers, data storage, networking, additional software, and health monitoring devices such as blood pressure cuffs and glucose monitors. The integration process consists of the CareConsole Hub or Mobile Hub contacting the Tele-health System, hosted in the VA data centers, which then sends an activation code and