DEPARTMENT OF HOMELAND SECURITY

U.S. Customs and Border Protection

Notice of Issuance of Final Determination Concerning Certain Score®/7T Tablets


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 SCORE®/7T tablets. Based upon the facts presented, CBP has concluded that the country of origin of the SCORE®/7T tablets in question is Taiwan for purposes of U.S. Government procurement.

DATES: The final determination was issued on September 1, 2022. 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 no later than October 11, 2022.

FOR FURTHER INFORMATION CONTACT: Albena Peters, Valuation and Special Programs Branch, Regulations and Rulings, Office of Trade, at (202) 325-0321.

SUPPLEMENTARY INFORMATION: Notice is hereby given that on September 1, 2022, U.S. Customs and Border Protection (CBP) issued a final determination concerning the country of origin of certain SCORE®/7T tablets for purposes of Title III of the Trade Agreements Act of 1979, as amended (19 U.S.C. 2511 et seq.).

CBP hereby given that on September 1, 2022, U.S. Customs and Border Protection (CBP) issued a final determination concerning the country of origin of certain SCORE®/7T tablets for purposes of Title III of the Trade Agreements Act of 1979, as amended (19 U.S.C. 2511 et seq.), and subpart B of part 177, U.S. Customs and Border Protection (“CBP”) Regulations (19 CFR 177.21, et seq.).

This request is being sought because ATG wants to confirm eligibility of the merchandise for U.S. Government procurement purposes pursuant to Title III of the Trade Agreements Act of 1979 (“TTA”), as amended (19 U.S.C. 2511 et seq.), and subpart B of part 177, U.S. Customs and Border Protection (“CBP”) Regulations (19 CFR 177.21, et seq.).

ATG is a party-at-interest within the meaning of 19 CFR 177.22(d)(1) and 177.23(a), and is therefore entitled to request this final determination. On August 24, 2022, we held a meeting with you and your client representatives.

Facts

The SCORE®/7T tablet at issue is a custom-designed tablet assembled in China and shipped to the United States. The chip set powering the tablet is manufactured in Taiwan and represents approximately 60 percent of the cost of the tablet’s hardware. The circuit and component layout for the motherboard is also made in Taiwan. The tablet uses a system on a chip (“SOC”) design. The SOC is an integrated circuit that

1 ATG previously submitted a request for an advisory ruling dated March 7, 2022. Under the facts presented in the advisory ruling request, the imported tablets arrived with installed manufacturer’s generic Android firmware, which ATG states is no longer the case. On April 20, 2022, we issued advisory ruling HQ H324386 concluding that the removal of the installed manufacturer’s firmware from the imported functioning tablet and the installation of the U.S.-designed and developed firmware did not constitute a substantial transformation. The merchandise was a functioning tablet upon importation and remained a functioning tablet, just with limited and specialized functions.
includes the central processing unit, memory, input/output logic, secondary storage, graphics processing unit, radio frequency signal processing functions, and communication controller on a single microchip. You explain that the chipset does all computing on the tablet. The hardware tablet is assembled in China. The assembly process involves combining the components manufactured in Taiwan with a screen to make the finished tablet. You describe the assembly operations in China as “simple and repetitive” and requiring “little worker skill.” Upon importation into the United States, the tablet does not have the manufacturer’s generic Android firmware or other firmware installed.

ATG designs, develops, writes, and installs the tablet’s operating system (“OS”), known as SCORE® firmware, in the United States at “a substantial effort and cost to ATG.” ATG’s firmware is an ATG proprietary custom-built version of the Android system, which “reflects over 20,000 hours of software development by ATG personnel.” ATG uses Google-provided (not manufacturer’s) Android OS as a starting point to design and develop its own firmware. ATG’s firmware contains security capabilities that control the tablet’s functionality, communication capabilities, applications allowed to be installed or run, and enforces rules that users in correctional institutions must follow. ATG removes all Android functions, features, and drivers that are not needed at correctional institutions and reprograms the remaining Android functions and applications to impose new security rules and adds new security features.

Once ATG’s firmware is installed, the tablet cannot run regular Android applications. The firmware transforms the tablet into a highly secure tablet specifically designed to meet Federal Bureau of Prisons security requirements. When the tablet connects to ATG’s network implemented in correctional institutions, ATG’s SCORE® servers automatically update the firmware to the most current version. The firmware only allows ATG-signed applications to run. You state that only select ATG personnel can modify or remove ATG’s firmware.

Issue

What is the country of origin of the subject tablet for purposes of U.S. Government procurement?

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 CFR 177.21–177.31, which implements Title III of the TAA, as amended (19 U.S.C. 2511–2518). CBP’s authority to issue advisory rulings and final determinations is set forth in 19 U.S.C. 2515(b)(1), which states:

For the purposes of this subchapter, the Secretary of the Treasury shall provide for the prompt issuance of advisory rulings and final determinations on whether, under section 2518(4)(B) of this title, an article is or would be a product of a foreign country or instrumentality designated pursuant to section 2511(b) of this title.

The rule of origin set forth under 19 U.S.C. 2518(4)(B) states:

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 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.

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 Procurement Regulation (“FAR”). See 19 CFR 177.21. In this regard, CBP recognizes that the FAR restricts 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 CFR 25.403(c)(1).

The FAR, 48 CFR 25.003, defines “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 because its firmware is entirely ATG proprietary and it otherwise has no use.

The issue of substantial transformation is a “mixed question of technology and customs law, mostly the latter.” Texas Instruments, Inc. v. United States, 681 F.2d 778, 783 (CCPA 1982). The substantial transformation test is whether an article emerges from a process with a new name, character, or use, different from that possessed by the article prior to processing. See Texas Instruments, 681 F.2d at 778. CBP considers the totality of the circumstances and makes substantial transformation determinations on a case-by-case basis. The country of origin of the item’s components, the extent of the processing that occurs within a country, and whether such processing renders a product with a new name, character, or use are primary considerations. See Headquarters Ruling Letter (“HQ”) H311606, dated June 16, 2021. No one factor is determinative. A new and different article of commerce is an article that has undergone a change in commercial designation or identity, fundamental character, or commercial use. A determinative issue is the extent of the operations performed and whether the materials lose their identity and become an integral part of the new article. See Nat’l Hand Tool Corp. v. United States, 16 CIT 308 (1992), aff’d, 899 F.2d 1201 (Fed. Cir. 1993). “For courts to find a change in character, there often needs to be a substantial alteration in the characteristics of the article or components.” Energizer Battery, Inc. v. United States, 190 F. Supp. 3d 1308, 1318 (Ct. Int’l Trade 2016) (citations omitted). Courts have looked to “the essence” of the completed article “to
The United States is the attachment of an article and in some cases the firmware uploaded in China was an intermediate OS and the end user in the United States would need to download the final OS after importation into the United States. CBP’s reasoning was that the PCBAs allowed the device to process information, communicate wirelessly, utilize global positioning system (“GPS”) functionality, play music and other audio, send, and receive text and email messages, and gather information on a user’s fitness. In sum, the functionality of the smartwatch was dependent on the collective capabilities of the PCBAs.

In HQ H284834, dated Feb. 21, 2018, a tablet and a smartphone were produced in South Korea and China, respectively. Both were intended for purchase by the Veterans Health Administration for use by patients at home. In the United States, the tablet and smartphone went through a number of software un installations and installations. The generic Android functions originally included on the devices, such as alarms, calculators and text messaging, were removed. Other functions, such as Bluetooth capability, were modified and additional software was added. Mobile application software developed entirely in the United States was installed to enable patients to provide vital sign data by connecting to the peripheral devices via Bluetooth. When the preprogrammed tablets and smartphones were imported, they could perform their standard functions of an Android tablet or smartphone, and could be used for their intended purpose, and their name, character, and use remained the same. They were not substantially transformed in the United States by the downloading of the proprietary software, which allowed them to function with the Department of Veterans Affairs healthcare network.

The subject tablets are distinguishable from the PROM in Data General Corp. v. United States, 4 CIT 182 (1982), the programming in the United States of a read-only memory chip (“PROM”) fabricated in a foreign country for use in a computer circuit board assembly substantially transformed the PROM into a U.S. article. After the programming, the PROM was exported for incorporation into a finished circuit board that was then imported into the United States. The programming bestowed upon each circuit its electronic function. The court concluded that the programming altered the character of the PROM and that altering the non-functioning circuitry comprising the PROM through technological expertise in order to produce a functioning read only memory device, possessing a desired distinctive circuit pattern, was no less a “substantial transformation” than the manual interconnection of transistors, resistors and diodes upon a circuit board creating a similar pattern. The programming established the “essence” of the PROM, its pattern of interconnections, or stored memory.

CBP has issued a number of rulings and final determinations regarding the origin of tablets and smartphones. In HQ H322417, dated Feb. 23, 2022, CBP concluded that a smartwatch originated from Taiwan for purposes of Section 301 trade remedies because Taiwan was the country where the two printed circuit board assemblies (“PCBAs”), which were the “essence” of the smartwatch, were manufactured by means of surface-mount technology (“SMT”). The final assembly and firmware upload in China did not result in another substantial transformation in China because it was not a complex or time-intensive process compared to the SMT operations in Taiwan and did not substantially transform the PCBAs. The firmware for the smartwatch was developed in third countries outside of China, including in the United States, and in some cases the firmware
component layout for the motherboard manufactured in Taiwan determine the tablet’s functionality. The chipset enables the central processing unit to communicate with the other components of the tablet. You advise that the operations in China are “simple” and involve attaching all the parts together into the final tablet and adding a screen. Thus, consistent with our previous rulings and decisions above, we find that the last substantial transformation takes place in Taiwan where the chipset and the circuit and component layout for the motherboard are manufactured. After the final assembly in China, the tablet will undergo a firmware upload in the United States. The imported tablet already has the system requirements, which make it possible to install the firmware. The installment of the U.S.-developed firmware in the United States does not transform the Taiwan-manufactured tablet into another product with a new name, character or use. The country of origin of the tablet remains the country where the last substantial transformation occurred, which is Taiwan.

Therefore, the SCORE® 7T tablets programmed with ATG’s U.S.-developed firmware in the United States would be products of a foreign country or instrumentality designated pursuant to 19 U.S.C. 2511(b)(1).

Holding

Based on the facts and analysis set forth above, the country of origin of the instant SCORE® 7T tablets will be Taiwan.

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 177.30, 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 U.S. Court of International Trade.

Sincerely,

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

[FR Doc. 2022–19358 Filed 9–7–22; 8:45 am]

DEPARTMENT OF HOMELAND SECURITY

U.S. Customs and Border Protection

[1651–0NEW]

Death Gratuity Information Sheet


ACTION: 60-Day notice and request for comments; new collection of information.

SUMMARY: The Department of Homeland Security, U.S. Customs and Border Protection will be submitting the following information collection request to the Office of Management and Budget (OMB) for review and approval in accordance with the Paperwork Reduction Act of 1995 (PRA). The information collection is published in the Federal Register to obtain comments from the public and affected agencies.

DATES: Comments are encouraged and must be submitted (no later than November 7, 2022) to be assured of consideration.

ADDRESSES: Written comments and/or suggestions regarding the item(s) contained in this notice must include the OMB Control Number 1651–0NEW in the subject line and the agency name. Please use the following method to submit comments:

Email. Submit comments to: CBP_PRA@cbp.dhs.gov.

Due to COVID–19-related restrictions, CBP has temporarily suspended its ability to receive public comments by mail.

FOR FURTHER INFORMATION CONTACT: Requests for additional PRA information should be directed to Seth Renkema, Chief, Economic Impact Analysis Branch, U.S. Customs and Border Protection, Office of Trade, Regulations and Rulings, 90 K Street NE, 10th Floor, Washington, DC 20229–1177 or via email CBP_PRA@cbp.dhs.gov. Please note that the contact information provided here is solely for questions regarding this notice. Individuals seeking information about other CBP programs should contact the CBP National Customer Service Center at 877–227–5511, (TTY) 1–800–877–8339, or CBP website at https://www.cbp.gov/.

SUPPLEMENTARY INFORMATION: CBP invites the general public and other Federal agencies to comment on the proposed and/or continuing information collections pursuant to the Paperwork Reduction Act of 1995 (44 U.S.C. 3501 et seq.). This process is conducted in accordance with 5 CFR 1320.8. Written comments and suggestions from the public and affected agencies should address one or more of the following four points: (1) whether the proposed collection of information is necessary for the proper performance of the functions of the agency, including whether the information will have practical utility; (2) the accuracy of the agency's estimate of the burden of the proposed collection of information, including the validity of the methodology and assumptions used; (3) suggestions to enhance the quality, utility, and clarity of the information to be collected; and (4) suggestions to minimize the burden of the collection of information on those who are to respond, including through the use of appropriate automated, electronic, mechanical, or other technological collection techniques or other forms of information technology, e.g., permitting electronic submission of responses. The comments that are submitted will be summarized and included in the request for approval. All comments will become a matter of public record.

Overview of This Information Collection

Title: Death Gratuity Information Sheet.

OMB Number: 1651–0NEW.

Form Number: N/A.


Type of Review: New collection of information.

Affected Public: Individuals/ Households.

Abstract: When the U.S. Customs and Border Protection (CBP) Commissioner has made the determination that the death of a CBP employee is to be classified as a line-of-duty death (LODD), a Death Gratuity (DG) may become payable to the personal representative of the deceased. After the LODD determination is made, CBP will send the potential personal representative of the deceased a DG Information Sheet. This information sheet aids the involved CBP offices in establishing who the personal representative of the deceased is, approving DG, and subsequently, getting the payment paid to the correct person after CBP Commissioner approval.

Potential personal representatives are provided by/from the deceased CBP employee, through their executed beneficiary forms. However, if there are no beneficiary forms on file, next of kin will be identified via the emergency contact information listed with the agency for that employee in WebTele. Potential personal representatives will be required to provide the following