

# Machinery and Electronics

### Recorded August 21, 2019

This presentation is provided for your consideration in preparing for the 2019 MTB cycle. Any information furnished to you in this presentation, by email, or otherwise by Commission staff in the course of reviewing your petition should not be regarded as a staff opinion or an indication that the Commission will consider the article description you provide to be one that is administrable by U.S. Customs and Border Protection or that otherwise meets the requirements of the American Manufacturing Competitiveness Act of 2016.



## Overview

- General concepts for writing an article description
- Tips for machinery and electronics
- Petition information other than article description
- Summary and list of useful resources



**Step One** — Be sure that you know where Customs classifies your product.

*Tip*: When in doubt, seek a ruling! (Surprise--CBP might not agree with your broker.) Link here to request an e-ruling: <u>https://erulings.cbp.gov/home</u>

**Step Two** — Go into the current HTS chapter, and **look at that tariff line's coverage and descriptive language**. See how this line fits into the structure of the heading and of surrounding provisions.

*Tip*: Your goods probably won't be the only product classified there! And remember that everyone can use your tariff line if it passes. The tariff provisions can give you "tried and true" language to use in a stand-alone chapter 99 heading.

**Step Three** — Plan to **create a verbal snapshot that distinguishes your product** at the dock from others in the same tariff provision.

*Tip*: Focus on visible physical characteristics first, then on listing necessary additional criteria that do not require lab tests or new legal interpretations.



#### Step Four -- Remember the Goldilocks principle in drafting—"just enough" product detail is best.

*Tip*: Don't include what you don't need—you'd need to prove your goods comply!

#### **Step Five** — Yes, you can cover an entire tariff category.

Tip: Don't use "other" as your article description, even if that is in the HTS, but beware the revenue loss cap! Covering an entire line avoids new terms that require interpretation, but may mean you only qualify for a duty reduction.

#### Step Six -- Think about your U.S. competitors—so you can avoid domestic producer objections!

*Tip*: Think about what makes your product different from theirs, and include (or exclude) that feature in writing your article description.

#### Step Seven — Go metric, and be careful with your "tariff grammar."

*Tip:* Descriptions should be plural in coverage, but did you say how many of each named characteristic each article must have at the time of entry, and cover endpoints in a range? Take a look at the 9902 headings already in place for guidance.



## Step Eight — Be complete. If the right words are not in the "article description" box, we probably cannot add them.

*Tip*: You know what makes your product unique better than anyone else!

Step Nine — Do not give us a Customs ruling that covers a different product in support of the classification you reference in the article description.

*Tip*: If you have *any* customs document that shows the HTS line where CBP liquidated the good, you can upload a confidential copy—we'd love to know how CBP has classified it, officially.

**Step Ten** — **Do not commit overlap**, especially not with another petition you have filed or later file!

*Tip*: Keep track of what is being filed by other firms for goods in the 8-digit HTS subheading covering your product, and check out our guidance on avoiding overlapping article descriptions. [You may not realize it, but "Widgets" and "Widgets, green" overlap when used as article descriptions in separate petitions.]

**Do you need more help?** Watch our web site for additional guidance, see what Congress passed after our first report and what failed, and send questions to <u>MTBinfo@usitc.gov</u>!



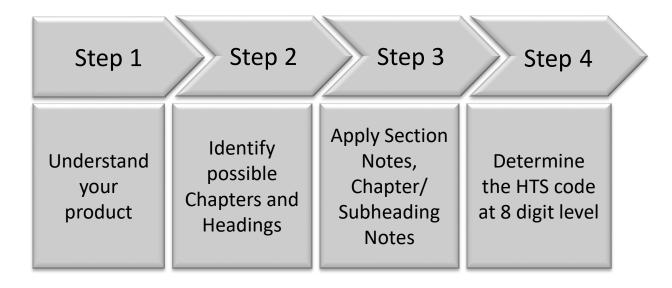
- General Considerations:
  - Put "(provided for in subheading xxxx.xx)" at end of article description
  - Use current 8 digit HTS subheading number, not 10 digit statistical reporting number
  - Use HTS nomenclature, not DataWeb abbreviations
  - Use metric measurements



HTS Section XVI: Machinery and Mechanical Appliances; Electrical Equipment; Parts Thereof; Sound Recorders and Reproducers, Television Image and Sound Recorders and Reproducers, and Parts and Accessories of Such Articles

Chapter 84	Nuclear reactors, boilers, machinery and mechanical appliances; parts thereof
Chapter 85	Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television image and sound recorders and reproducers, and parts and accessories of such articles





https://www.usitc.gov/



#### Step 1. Understand your product

- Is it a complete article?
- Is it a part or subassembly?
- Is it an accessory?



#### Step 2. Identify possible Chapters

- Section notes for Section XVI will give guidance as to whether the goods you are describing fall in either Chapter 84 or Chapter 85.
- Chapter notes then give further guidance as to what is included in the chapter and what is not, and if not, the likely chapter in which the good under consideration is classified.



- Chapter 84 covers machinery, regardless of the source of power, and includes computers (referred to as Automatic Data Processing equipment).
- Chapter 85 covers electrical and electronic goods, from components through finished products.



#### Do's

- ✓ Get a ruling by Customs if possible
- ✓ If you find a CROSS ruling that applies, that language should serve in the description
- Write the description so that the good can be classified even if an HTS number is not present.
- Use metric measurements, not "standard."
- ✓ Spell out abbreviations.

#### **Don'ts**

- ✓ Don't include unnecessary information.
- Don't use brand names, trademarks, or company part numbers.
- ✓ Don't use industry jargon or slang.
- Avoid using terms not already in use in the HTS or recognized by CBP in previous decisions.



#### Original AD:

Electric breakfast sandwich makers (provided for in subheading 8516.79.00)

#### • <u>Final AD</u>:

Electrothermic sandwich cookers of a kind used for domestic purposes, designed to be used with round bread (provided for in subheading 8516.79.00)

From HTS language

From consultation with CBP



- 1. <u>Original AD</u>:
  - Ice cream-making parts designed for use with electromechanical food stand mixers (provided for in subheading 8509.90.55)

[Goods are considered "accessories" by CBP, classified elsewhere and not as parts]

#### 2. <u>Original AD</u>:

 Food spiralizing parts designed for use on electromechanical food stand mixers, each having more than five interchangeable cutting blades and a removable peeling blade (provided for in subheading 8509.90.55)

["Product use" field contained a list of functions; grammatical confusion led to CBP finding this unadministrable]

#### 3. <u>Original AD</u>:

• Mercury vapor lamp assemblies classifiable under HTS 8539.32.0040, incorporated within digital media projectors.

[It was unclear how the lamp assemblies were incorporated into the projectors, thus this was found unadministrable]

#### 4. <u>Original AD</u>:

Electronic control module part of an emission control system - Monitors and adapts AdBlue/DEF volume by processing ongoing engine operation data

[Classification did not conform with chapter notes]



- Article description is most important
- Additional product information
  - Description of the product and how it is used
  - Opportunity to upload product information or website links
- U.S. production information
  - Is an identical, like, or directly competitive product produced in the United States?
  - Additional information about the domestically produced product



- Import data
  - Your knowledge of the market
  - USITC's DataWeb (dataweb.usitc.gov)
  - Your industry association
- Other importers and beneficiaries
- Temporary duty suspensions are available to all importers, not just the filer of the original petition



- Article descriptions are critical for success
  - Go to future seminars
  - Check your tariff heading in HTS Search
  - Look at current provision in HTS chapter 99, Subchapter 2, for more examples of article descriptions
- Check <u>CROSS</u> rulings for your tariff heading
  - Accessible from HTS Search or on CBP website
- Seek an <u>e-ruling from CBP</u> as early as possible and include it with your petition
- Prepare early, file early half of all petitions came in during the last 7 days, leaving little time for assistance



- Harmonized Tariff Schedule of the United States (HTS): <u>https://hts.usitc.gov/current</u>
- U.S. Customs and Border Protection:
  - Customs Rulings Online Search System (CROSS): <u>www.rulings.cbp.gov</u>
  - e-Rulings: <u>www.erulings.cbp.gov</u>
  - Informed Compliance Publications (ICPS):
    <u>https://www.cbp.gov/trade/rulings/informed-compliance-publications</u>
- DataWeb: <u>https://dataweb.usitc.gov/</u>



- What's Coming Up
  - Finalizing proposed rule amendments
  - Updating guidance
  - Portal Walk-Through session in October
- Where to go
  - For 2019 info: www.usitc.gov/mtb\_landing.htm
  - For 2016 petitions and comments: <u>https://mtbps.usitc.gov</u>
  - For email updates: <u>https://www.usitc.gov/quicksubscribe.htm</u>
- Who to contact
  - mtbinfo@usitc.gov