

## GENERAL NOTES

1. Tariff Treatment of Imported Goods. All goods provided for in this schedule and imported into the customs territory of the United States from outside thereof are subject to duty or exempt therefrom as prescribed in general notes 3 and 4.
2. Customs Territory of the United States. The term "customs territory of the United States", as used in the tariff schedule, includes only the States, the District of Columbia and Puerto Rico.
3. Rates of Duty. The rates of duty in the "Rates of Duty" columns designated 1 ("General" and "Special") and 2 of the tariff schedule apply to goods imported into the customs territory of the United States as hereinafter provided in this note:
  - (a) Rate of Duty Column 1.
    - (i) Except as provided in subparagraph (iv) of this paragraph, the rates of duty in column 1 are rates which are applicable to all products other than those of countries enumerated in paragraph (b) of this note. Column 1 is divided into two subcolumns, "General" and "Special", which are applicable as provided below.
    - (ii) The "General" subcolumn sets forth the general most-favored-nation (MFN) rates which are applicable to products of those countries described in subparagraph (i) above which are not entitled to special tariff treatment as set forth below.
    - (iii) The "Special" subcolumn reflects rates of duty under one or more special tariff treatment programs described in paragraph (c) of this note and identified in parentheses immediately following the duty rate specified in such subcolumn. These rates apply to those products which are properly classified under a provision for which a special rate is indicated and for which all of the legal requirements for eligibility for such program or programs have been met. Where a product is eligible for special treatment under more than one program, the lowest rate of duty provided for any applicable program shall be imposed. Where no special rate of duty is provided for a provision, or where the country from which a product otherwise eligible for special treatment was imported is not designated as a beneficiary country under a program appearing with the appropriate provision, the rates of duty in the "General" subcolumn of column 1 shall apply.
    - (iv) Products of Insular Possessions.
      - (A) Except as provided in additional U.S. note 5 of chapter 91 and except as provided in additional U.S. note 2 of chapter 96, and except as provided in section 423 of the Tax Reform Act of 1986, goods imported from insular possessions of the United States which are outside the customs territory of the United States are subject to the rates of duty set forth in column 1 of the tariff schedule, except that all such goods the growth or product of any such possession, or manufactured or produced in any such possession from materials the growth, product or manufacture of any such possession or of the customs territory of the United States, or of both, which do not contain foreign materials to the value of more than 70 percent of their total value (or more than 50 percent of their total value with respect to goods described in section 213(b) of the Caribbean Basin Economic Recovery Act), coming to the customs territory of the United States directly from any such possession, and all goods previously imported into the customs territory of the United States with payment of all applicable duties and taxes imposed upon or by reason of importation which were shipped from the United States, without remission, refund or drawback of such duties or taxes, directly to the possession from which they are being returned by direct shipment, are exempt from duty.
      - (B) In determining whether goods produced or manufactured in any such insular possession contain foreign materials to the value of more than 70 percent, no material shall be considered foreign which either--
        - (1) at the time such goods are entered, or
        - (2) at the time such material is imported into the insular possession,

may be imported into the customs territory from a foreign country, and entered free of duty; except that no goods containing material to which (2) of this subparagraph applies shall be exempt from duty under subparagraph (A) unless adequate documentation is supplied to show that the material has been incorporated into such goods during the 18-month period after the date on which such material is imported into the insular possession.

General Note 3(a)(iv) (con.):

- (C) Subject to the limitations imposed under sections 503(b) and 504(c) of the Trade Act of 1974, goods designated as eligible under section 503 of such Act which are imported from an insular possession of the United States shall receive duty treatment no less favorable than the treatment afforded such goods imported from a beneficiary developing country under title V of such Act.
  - (D) Subject to the provisions in section 213 of the Caribbean Basin Economic Recovery Act, goods which are imported from insular possessions of the United States shall receive duty treatment no less favorable than the treatment afforded such goods when they are imported from a beneficiary country under such Act.
- (b) Rate of Duty Column 2. Notwithstanding any of the foregoing provisions of this note, the rates of duty shown in column 2 shall apply to products, whether imported directly or indirectly, of the following countries and areas pursuant to section 401 of the Tariff Classification Act of 1962, to section 231 or 257(e)(2) of the Trade Expansion Act of 1962, to section 404(a) of the Trade Act of 1974 or to any other applicable section of law, or to action taken by the President thereunder:

Afghanistan	Kampuchea	North Korea
Albania	Laos	Romania
Bulgaria	Latvia	Union of Soviet Socialist
Cuba	Lithuania	Republics
Estonia	Mongolia	Vietnam

(c) Products Eligible for Special Tariff Treatment.

- (i) (A) Programs under which special tariff treatment may be provided, and the corresponding symbols for such programs as they are indicated in the "Special" subcolumn, are as follows:
 

Generalized System of Preferences	.....	A or A*
Automotive Products Trade Act	.....	B
Agreement on Trade in Civil Aircraft	.....	C
United States-Canada Free-Trade Agreement	.....	CA
Caribbean Basin Economic Recovery Act	.....	E or E*
United States-Israel Free Trade Area	.....	IL
- (B) Articles which are eligible for the special tariff treatment provided for in subdivision (c) of this note and which are subject to temporary modification under any provision of subchapters I and II of chapter 99 shall be subject, for the period indicated in the "Effective Period" column in chapter 99, to rates of duty as follows:
  - (1) if a rate of duty for which the article may be eligible is set forth in the "Special" subcolumn in chapter 99 followed by one or more symbols described above, such rate shall apply in lieu of the rate followed by the corresponding symbol(s) set forth for such article in the "Special" subcolumn in chapters 1 to 98; or
  - (2) if "No change" appears in the "Special" subcolumn in chapter 99 and subdivision (B)(1) above does not apply, the rate of duty in the "General" subcolumn in chapter 99 or the applicable rate(s) of duty set forth in the "Special" subcolumn in chapters 1 to 98, whichever is lower, shall apply.
- (C) Unless the context requires otherwise, articles which are eligible for the special tariff treatment provided for in subdivision (c) of this note and which are subject to temporary modification under any provision of subchapters III or IV of chapter 99 shall be subject, for the period indicated in chapter 99, to the rates of duty in the "General" subcolumn in such chapter.
- (D) Whenever any rate of duty set forth in the "Special" subcolumn in chapters 1 to 98 is equal to or higher than, the corresponding rate of duty provided in the "General" subcolumn in such chapters, such rate of duty in the "Special" subcolumn shall be deleted; except that, if the rate of duty in the "Special" subcolumn is an intermediate stage in a series of staged rate reductions for that provision, such rate shall be treated as a suspended rate and shall be set forth in the "Special" subcolumn, followed by one or more symbols described above, and followed by an "s" in parentheses. If no rate of duty for which the article may be eligible is provided in the "Special" subcolumn for a particular provision in chapters 1 to 98, the rate of duty provided in the "General" subcolumn shall apply.

General Note 3(c) (con.):

- (ii) Products of Countries Designated Beneficiary Developing Countries for Purposes of the Generalized System of Preferences (GSP).
- (A) The following countries, territories and associations of countries eligible for treatment as one country (pursuant to section 502(a)(3) of the Trade Act of 1974 (19 U.S.C. 2462(a)(3)) are designated beneficiary developing countries for the purposes of the Generalized System of Preferences, provided for in Title V of the Trade Act of 1974, as amended (19 U.S.C. 2461 *et seq.*):

Independent Countries

Angola	Grenada	Philippines
Antigua and Barbuda	Guatemala	Poland
Argentina	Guinea	Rwanda
Bahamas, The	Guinea Bissau	St. Kitts and Nevis
Bahrain	Guyana	Saint Lucia
Bangladesh	Haiti	Saint Vincent and the Grenadines
Barbados	Honduras	Sao Tome and Principe
Belize	Hungary	Senegal
Benin	India	Seychelles
Bhutan	Indonesia	Sierra Leone
Bolivia	Israel	Solomon Islands
Botswana	Jamaica	Somalia
Brazil	Jordan	Sri Lanka
Burkina Faso	Kenya	Suriname
Burundi	Kiribati	Swaziland
Cameroon	Lebanon	Syria
Cape Verde	Lesotho	Tanzania
Central African Republic	Madagascar	Thailand
Chad	Malawi	Togo
Chile	Malaysia	Tonga
Colombia	Maldives	Trinidad and Tobago
Comoros	Mali	Tunisia
Congo	Malta	Turkey
Costa Rica	Mauritania	Tuvalu
Cote d'Ivoire	Mauritius	Uganda
Cyprus	Mexico	Uruguay
Czechoslovakia	Morocco	Vanuatu
Djibouti	Mozambique	Venezuela
Dominica	Namibia	Western Samoa
Dominican Republic	Nepal	Yemen Arab Republic (Sanaa)
Ecuador	Niger	Yugoslavia
Egypt	Oman	Zaire
El Salvador	Pakistan	Zambia
Equatorial Guinea	Panama	Zimbabwe
Fiji	Papua New Guinea	
Gambia, The	Paraguay	
Ghana	Peru	

Non-Independent Countries and Territories

Anguilla	French Polynesia	Pitcairn Islands
Aruba	Gibraltar	Saint Helena
British Indian Ocean Territory	Greenland	Tokelau
Cayman Islands	Heard Island and McDonald Islands	Trust Territory of the Pacific Islands (Palau)
Christmas Island (Australia)	Macau	Turks and Caicos Islands
Cocos (Keeling) Islands	Montserrat	Virgin Islands, British
Cook Islands	Netherlands Antilles	Wallis and Futuna
Falkland Islands (Islas Malvinas)	New Caledonia	Western Sahara
	Niue	
	Norfolk Island	

General Note 3(c)(ii)(A) (con.):

Associations of Countries (treated as one country)Member Countries  
of the  
Cartagena Agreement  
(Andean Group)

Consisting of:

Bolivia  
Colombia  
Ecuador  
Peru  
VenezuelaMembers of the  
Association of  
South East Asian  
Nations (ASEAN)  
Eligible for GSP  
except Brunei Darussalam  
and Singapore

Consisting of:

Indonesia  
Malaysia  
Philippines  
ThailandMember Countries  
of the  
Caribbean Common  
Market (CARICOM)

Consisting of:

Antigua and Barbuda  
Bahamas, The  
Barbados  
Belize  
Dominica  
Grenada  
Guyana  
Jamaica  
Montserrat  
St. Kitts and Nevis  
Saint Lucia  
Saint Vincent and  
the Grenadines  
Trinidad and Tobago

- (B) The following beneficiary countries are designated as least-developed beneficiary developing countries pursuant to section 504(c)(6) of the Trade Act of 1974, as amended:

Bangladesh  
Benin  
Bhutan  
Botswana  
Burkina Faso  
Burundi  
Cape Verde  
Central African Republic  
Chad  
Comoros  
Djibouti  
Equatorial Guinea  
Gambia, TheGuinea  
Guinea-Bissau  
Haiti  
Kiribati  
Lesotho  
Malawi  
Maldives  
Mali  
Mauritania  
Mozambique  
Nepal  
Niger  
RwandaSao Tome and  
Principe  
Sierra Leone  
Somalia  
Tanzania  
Togo  
Tuvalu  
Uganda  
Vanuatu  
Western Samoa  
Yemen Arab Republic  
(Sanaa)

Whenever an eligible article which is the growth, product or manufacture of one of the countries designated as a least-developed beneficiary developing country is imported into the customs territory of the United States directly from such country, such article shall be entitled to receive the duty-free treatment provided for in subdivision (c)(ii)(C) of this note without regard to the limitations on preferential treatment of eligible articles in section 504(c) of the Trade Act, as amended (19 U.S.C. 2464(c)).

## General Note 3(c)(ii) (con.):

- (C) Articles provided for in a provision for which a rate of duty of "Free" appears in the "Special" subcolumn followed by the symbols "A" or "A\*" in parentheses are those designated by the President to be eligible articles for purposes of the GSP pursuant to section 503 of the Trade Act of 1974. The symbol "A" indicates that all beneficiary developing countries are eligible for preferential treatment with respect to all articles provided for in the designated provision. The symbol "A\*" indicates that certain beneficiary developing countries, specifically enumerated in subdivision (c)(ii)(D) of this note, are not eligible for such preferential treatment with regard to any article provided for in the designated provision. Whenever an eligible article which is the growth, product, or manufacture of a designated beneficiary developing country listed in subdivision (c)(ii)(A) of this note is imported into the customs territory of the United States directly from such country or territory, such article shall be eligible for duty-free treatment as set forth in the "Special" subcolumn, unless excluded from such treatment by subdivision (c)(ii)(D) of this note; provided that, in accordance with regulations promulgated by the Secretary of the Treasury the sum of (1) the cost or value of the materials produced in the beneficiary developing country or any 2 or more countries which are members of the same association of countries which is treated as one country under section 502(a)(3) of the Trade Act of 1974, plus (2) the direct costs of processing operations performed in such beneficiary developing country or such member countries is not less than 35 percent of the appraised value of such article at the time of its entry into the customs territory of the United States. No article or material of a beneficiary developing country shall be eligible for such treatment by virtue of having merely undergone simple combining or packing operations, or mere dilution with water or mere dilution with another substance that does not materially alter the characteristics of the article.
- (D) Articles provided for in a provision for which a rate of duty of "Free" appears in the "Special" subcolumn of rate of duty column 1 followed by the symbol "A\*" in parentheses, if imported from a beneficiary developing country set out opposite the provisions enumerated below, are not eligible for the duty-free treatment provided in subdivision (c)(v)(C) of this note:

0603.10.70 Colombia	1605.10.20 Malaysia;
0702.00.60 Mexico	Thailand
0704.10.40 Mexico	
0704.10.60 Mexico	1701.11.01 Brazil;
0704.20.00 Mexico	Dominican Republic
0705.11.40 Mexico	
0705.19.40 Mexico	1701.11.02 Brazil
0707.00.20 Mexico	1701.12.01 Brazil
0707.00.40 Mexico	1701.91.21 Brazil
0708.10.40 Mexico	1701.99.01 Brazil
0709.30.20 Mexico	1806.10.41 Brazil
0709.30.40 Mexico	1901.90.90 Mexico
0709.60.00 Mexico	2001.90.39 Mexico
0709.90.20 Mexico	2005.90.55 Mexico
0710.80.70 Guatemala	2007.99.50 Brazil
0713.31.40 Thailand	2202.10.00 Mexico
0802.90.15 Mexico	2203.00.00 Mexico
0804.50.60 Mexico	2402.10.80 Dominican Republic
0807.10.20 Mexico	2603.00.00 Mexico
0807.10.70 Mexico	2804.69.10 Brazil
0807.20.00 Mexico	2825.90.15 Brazil
0810.10.40 Mexico	2827.59.05 Israel
0810.90.40 Mexico	2903.40.00 Israel
0811.10.00 Mexico	2903.59.40 Israel
0813.10.00 Turkey	2906.11.00 Brazil
0813.30.00 Argentina	2915.31.00 Brazil
1005.90.20 Argentina	2916.39.15 India
1005.90.40 Argentina	2918.22.10 Turkey
1102.30.00 Thailand	2918.90.30 Bahamas
1103.14.00 Thailand	

## General Note 3(c)(ii)(D) (con.):

2929.90.50	Bahamas	4412.29.40	Brazil; Indonesia
2933.39.25	Brazil		
2933.40.10	Israel		
2933.90.47	Mexico	4421.90.50	Brazil
2937.92.10	Mexico	4421.90.60	Brazil
3203.00.50	Mexico	4818.50.00	Mexico
3207.40.10	Mexico	4823.20.10	Brazil
3301.12.00	Brazil	6210.10.20	Mexico
3402.90.10	Mexico	6307.90.60	Mexico
3823.90.40	Brazil		
3904.21.00	Brazil	6406.10.65	Brazil; Dominican Republic
3909.10.00	Israel		
3917.33.00	Mexico		
3926.90.87	Mexico	6406.99.60	Argentina
4011.10.00	Brazil	6702.90.60	Thailand
4011.20.00	Brazil	6810.11.00	Mexico
4011.91.50	Israel	6905.10.00	Mexico
4015.11.00	Malaysia	6908.10.20	Thailand
4104.10.40	India		
4104.21.00	Argentina	6910.10.00	Brazil; Mexico
4104.22.00	Argentina		
4104.29.50	Argentina		
4104.29.90	Argentina	6910.90.00	Brazil
4104.31.20	Thailand	6911.90.00	Brazil
4104.31.50	Argentina	6912.00.44	Brazil
4104.31.60	Argentina	7113.11.20	Thailand
4104.31.80	Argentina	7113.11.50	Thailand
4104.39.50	Argentina	7113.19.10	Peru
4104.39.60	Argentina		
4104.39.80	Argentina	7113.19.50	Israel; Thailand
4105.20.60	Argentina		
4106.12.00	India		
4106.19.00	India	7113.20.50	Thailand
4106.20.30	India	7116.10.10	Thailand
4106.20.60	India	7116.20.10	Thailand
4107.21.00	Argentina	7202.11.10	Mexico
4107.29.30	Argentina	7202.19.50	Mexico
4107.29.60	Argentina	7202.21.10	Brazil
4107.90.60	Argentina	7202.21.50	Brazil
4109.00.70	Argentina	7202.30.00	Brazil
4411.11.00	Brazil	7307.21.50	Brazil
4411.19.20	Brazil	7307.91.50	Brazil
4411.19.40	Brazil	7314.19.00	Mexico
4411.21.00	Brazil	7323.94.00	Mexico
4411.29.60	Brazil	7401.10.00	Mexico
4411.29.90	Brazil		
4412.11.20	Indonesia	7402.00.00	Chile; Mexico
4412.11.50	Indonesia		
		7403.11.00	Chile
4412.12.20	Brazil; Indonesia	7403.12.00	Chile
		7403.13.00	Chile
4412.12.50	Brazil; Indonesia	7403.19.00	Chile
		7403.21.00	Chile
4412.29.30	Brazil; Indonesia	7403.22.00	Chile
		7403.23.00	Chile
		7403.29.00	Chile
		7413.00.10	Peru

## General Note 3(c)(ii)(D) (con.):

7604.10.30	Venezuela	8527.21.10	Brazil; Mexico
7604.29.30	Venezuela	8535.40.00	Mexico
7605.11.00	Venezuela	8536.50.00	Mexico
7605.21.00	Venezuela	8539.90.00	Mexico
7901.11.00	Mexico	8543.80.90	Mexico
8407.34.20	Mexico	8544.51.80	Mexico
8408.20.20	Brazil	8708.21.00	Mexico
8409.91.91	Brazil; Mexico	8802.30.00	Brazil
8409.99.99	Brazil	9022.29.40	Mexico
8415.82.00	Mexico	9025.11.20	Brazil; India
8415.90.00	Mexico	9401.20.00	Mexico
8418.10.00	Mexico	9401.30.40	Yugoslavia
8419.19.00	Israel; Mexico	9401.40.00	Thailand
8419.90.10	Israel	9401.61.40	Yugoslavia
8424.20.10	Mexico	9401.61.60	Thailand
8428.90.00	Mexico	9401.69.60	Yugoslavia
8429.11.00	Brazil	9401.69.80	Thailand
8429.20.00	Brazil	9401.90.40	Yugoslavia
8429.30.00	Brazil	9403.30.80	Thailand
8431.49.90	Brazil	9403.40.90	Thailand
8471.99.34	Mexico	9403.50.90	Thailand
8501.40.40	Mexico	9403.60.80	Thailand
8501.40.60	Mexico	9405.30.00	Thailand
8504.40.00	Mexico	9405.91.30	Mexico
8509.20.20	Mexico	9504.20.60	Brazil
8512.40.40	Mexico		
8521.10.00	Thailand		
8522.10.00	Mexico		
8523.11.00	Mexico		

General Note 3(c) (con.):

- (iii) Automotive Products and Motor Vehicles Eligible for Special Tariff Treatment. Articles entered under the Automotive Products Trade Act are subject to the following provisions:
- (A) Motor vehicles and original motor-vehicle equipment which are Canadian articles and which fall in provisions for which the rate of duty "Free (B)" appears in the "Special" subcolumn may be entered free of duty. As used in this note--
- (1) The term "Canadian article" means an article which originates in Canada, as defined in subdivision (c)(vii) of this note.
  - (2) The term "original motor-vehicle equipment", as used with reference to a Canadian article (as defined above), means such a Canadian article which has been obtained from a supplier in Canada under or pursuant to a written order, contract or letter of intent of a bona fide motor vehicle manufacturer in the United States, and which is a fabricated component originating in Canada, as defined in subdivision (c)(vii) of this note, and intended for use as original equipment in the manufacture in the United States of a motor vehicle, but the term does not include trailers or articles to be used in their manufacture.
  - (3) The term "motor vehicle", as used in this note, means a motor vehicle of a kind described in headings 8702, 8703 and 8704 of chapter 87 (excluding an electric trolley bus and a three-wheeled vehicle) or an automobile truck tractor principally designed for the transport of persons or goods.
  - (4) The term "bona fide motor-vehicle manufacturer" means a person who, upon application to the Secretary of Commerce, is determined by the Secretary to have produced no fewer than 15 complete motor vehicles in the United States during the previous 12 months, and to have installed capacity in the United States to produce 10 or more complete motor vehicles per 40-hour week. The Secretary of Commerce shall maintain, and publish from time to time in the *Federal Register*, a list of the names and addresses of bona fide motor-vehicle manufacturers.
- (B) If any Canadian article accorded the status of original motor-vehicle equipment is not so used in the manufacture in the United States of motor vehicles, such Canadian article or its value (to be recovered from the importer or other person who diverted the article from its intended use as original motor-vehicle equipment) shall be subject to forfeiture, unless at the time of the diversion of the Canadian article the United States Customs Service is notified in writing, and, pursuant to arrangements made with the Service--
- (1) the Canadian article is, under customs supervision, destroyed or exported, or
  - (2) duty is paid to the United States Government in an amount equal to the duty which would have been payable at the time of entry if the Canadian article had not been entered as original motor-vehicle equipment.
- (iv) Articles Eligible for Duty-Free Treatment Pursuant to the Agreement on Trade in Civil Aircraft. Whenever a product is entered under a provision for which the rate of duty "Free (C)" appears in the "Special" subcolumn, the importer shall file a written statement, accompanied by such supporting documentation as the Secretary of the Treasury may require, with the appropriate customs officer stating that the imported article has been imported for use in civil aircraft, that it will be so used and that the article has been approved for such use by the Administrator of the Federal Aviation Authority (FAA) or by the airworthiness authority in the country of exportation, if such approval is recognized by the FAA as an acceptable substitute for FAA certification, or that an application for approval for such use has been submitted to, and accepted by, the Administrator of the FAA. For purposes of the tariff schedule, the term "civil aircraft" means all aircraft other than aircraft purchased for use by the Department of Defense or the United States Coast Guard.



General Note 3(c) (con.):

(v) Products of Countries Designated as Beneficiary Countries for Purposes of the Caribbean Basin Economic Recovery Act (CBERA).

(A) The following countries and territories or successor political entities are designated beneficiary countries for the purposes of the CBERA, pursuant to section 212 of that Act (19 U.S.C. 2702):

Antigua and Barbuda	Grenada	Nicaragua
Aruba	Guatemala	Panama
Bahamas	Guyana	Saint Christopher and Nevis
Barbados	Haiti	Saint Lucia
Belize	Honduras	Saint Vincent and the Grenadines
Costa Rica	Jamaica	Trinidad and Tobago
Dominica	Montserrat	Virgin Islands, British
Dominican Republic	Netherlands Antilles	
El Salvador		

(B) (1) Unless otherwise excluded from eligibility by the provisions of subdivisions (c)(v)(D) or (c)(v)(E) of this note, any article which is the growth, product, or manufacture of a beneficiary country shall be eligible for duty-free treatment if that article is provided for in a subheading for which a rate of duty of "Free" appears in the "Special" subcolumn followed by the symbol "E" or "E\*" in parentheses, and if--

(I) that article is imported directly from a beneficiary country into the customs territory of the United States; and

(II) the sum of (A) the cost or value of the materials produced in a beneficiary country or two or more beneficiary countries, plus (B) the direct costs of processing operations performed in a beneficiary country or countries is not less than 35 per centum of the appraised value of such article at the time it is entered. For purposes of determining the percentage referred to in (II)(B) above, the term "beneficiary country" includes the Commonwealth of Puerto Rico and the United States Virgin Islands. If the cost or value of materials produced in the customs territory of the United States (other than the Commonwealth of Puerto Rico) is included with respect to an article to which subdivision (c)(v) of this note applies, an amount not to exceed 15 per centum of the appraised value of the article at the time it is entered that is attributed to such United States cost or value may be applied toward determining the percentage referred to in (II)(B) above.

(2) Pursuant to subsection 213(a)(2) of the CBERA, the Secretary of the Treasury shall prescribe such regulation as may be necessary to carry out subdivision (c)(v) of this note including, but not limited to, regulations providing that, in order to be eligible for duty-free treatment under CBERA, an article must be wholly the growth, product, or manufacture of a beneficiary country, or must be a new or different article of commerce which has been grown, produced, or manufactured in the beneficiary country, and must be stated as such in a declaration by the appropriate party; but no article or material of a beneficiary country shall be eligible for such treatment by virtue of having merely undergone--

(I) simple combining or packaging operations, or

(II) mere dilution with water or mere dilution with another substance that does not materially alter the characteristics of the article.

General Note 3(c)(v)(B) (con.):

- (3) As used in subdivision (c)(v)(B) of this note, the phrase "direct costs of processing operations" includes, but is not limited to--
- (I) all actual labor costs involved in the growth, production, manufacture, or assembly of the specific merchandise, including fringe benefits, on-the-job training and the cost of engineering, supervisory, quality control, and similar personnel; and
  - (II) dies, molds, tooling, and depreciation on machinery and equipment which are allocable to the specific merchandise.
- Such phrase does not include costs which are not directly attributable to the merchandise concerned or are not costs of manufacturing the product, such as (I) profit, and (II) general expenses of doing business which are either not allocable to the specific merchandise or are not related to the growth, production, manufacture, or assembly of the merchandise, such as administrative salaries, casualty and liability insurance, advertising, and salesmen's salaries, commissions or expenses.
- (4) Notwithstanding section 311 of the Tariff Act of 1930 (19 U.S.C. 1311), the products of a beneficiary country which are imported directly from such country into Puerto Rico may be entered under bond for processing or manufacturing in Puerto Rico. No duty shall be imposed on the withdrawal from warehouse of the product of such processing or manufacturing if, at the time of such withdrawal, such product meets the requirements of subdivision (c)(v)(B)(1)(II) above.
- (5) Pursuant to subsection 213(a)(5) of the CBERA, duty-free treatment shall be provided under the CBERA to an article (other than an article enumerated in subsection 213(b) of the CBERA) which is the growth, product, or manufacture of Puerto Rico if--
- (I) the article is imported directly from the beneficiary country into the customs territory of the United States,
  - (II) the article was by any means advanced in value or improved in condition in a beneficiary country, and
  - (III) any materials are added to the article in a beneficiary country, such materials are a product of a beneficiary country or the United States.
- (C) Articles provided for in a provision for which a rate of duty of "Free" appears in the "Special" subcolumn followed by the symbols "E" or "E\*" in parentheses are eligible articles for purposes of the CBERA pursuant to section 213 of that Act. The symbol "E" indicates that all articles provided for in the designated provision are eligible for preferential treatment except those described in subdivision (c)(v)(E). The symbol "E\*" indicates that some articles provided for in the designated provision are not eligible for preferential treatment, as further described in subdivision (c)(v)(D) of this note. Whenever an eligible article is imported into the customs territory of the United States in accordance with the provisions of subdivision (c)(v)(B) of this note from a country or territory listed in subdivision (c)(v)(A) of this note, it shall be eligible for duty-free treatment as set forth in the "Special" subcolumn, unless excluded from such treatment by subdivisions (c)(v)(D) or (c)(v)(E) of this note.
- (D) Articles provided for in a provision for which a rate of duty of "Free" appears in the "Special" subcolumn followed by the symbol "E\*" in parentheses shall be eligible for the duty-free treatment provided for in subdivision (c)(v) of this note, except--
- (1) articles of beef or veal, however provided for in chapter 2 or chapter 16 and heading 2301, and sugars, sirups and molasses, provided for in heading 1701 and subheadings 1702.90.31, 1806.10.41, 1806.10.42, and 2106.90.11, if a product of the following countries, pursuant to section 213(c) of the CBERA:

Antigua and Barbuda  
Montserrat  
Netherlands Antilles  
Saint Lucia  
Saint Vincent and the Grenadines

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- (2) sugars, sirups and molasses, provided for in heading 1701 and subheadings 1702.90.31, 1806.10.41, 1806.10.42, and 2106.90.11, to the extent that importation and duty-free treatment of such articles are limited by additional U.S. note 4 of chapter 17, pursuant to section 213(d) of the CBERA; or
- (3) textile and apparel articles--
  - (I) of cotton, wool or fine animal hair, man-made fibers, or blends thereof in which those fibers, in the aggregate, exceed in weight each other single component fiber thereof; or
  - (II) in which either the cotton content or the man-made fiber content equals or exceeds 50 percent by weight of all component fibers thereof; or
  - (III) in which the wool or fine animal hair content exceeds 17 percent by weight of all component fibers thereof; or
  - (IV) containing blends of cotton, wool or fine animal hair, or man-made fibers, which fibers, in the aggregate, amount to 50 percent or more by weight of all component fibers thereof;

provided, that beneficiary country exports of handloom fabrics of the cottage industry, or handmade cottage industry products made of such handloom fabrics, or traditional folklore handicraft textile products, if such products are properly certified under an arrangement established between the United States and such beneficiary country, are eligible for the duty-free treatment provided for in subdivision (c)(v) of this note.
- (E) The duty-free treatment provided under the CBERA shall not apply to watches and watch parts (including cases, bracelets and straps), of whatever type including, but not limited to, mechanical, quartz digital or quartz analog, if such watches or watch parts contain any material which is the product of any country with respect to which column 2 rates of duty apply.

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(vi) United States-Israel Free Trade Area Implementation Act of 1985.

- (A) The products of Israel described in Annex 1 of the Agreement on the Establishment of a Free Trade Area between the Government of the United States of America and the Government of Israel, entered into on April 22, 1985, are subject to duty as provided herein. Products of Israel, as defined in subdivision (c)(vi)(B) of this note, imported into the customs territory of the United States and entered under a provision for which a rate of duty appears in the "Special" subcolumn followed by the symbol "IL" in parentheses are eligible for the tariff treatment set forth in the "Special" subcolumn, in accordance with section 4(a) of the United States-Israel Free Trade Area Implementation Act of 1985 (99 Stat. 82).
- (B) For purposes of subdivision (c)(vi) of this note, goods imported into the customs territory of the United States are eligible for treatment as "products of Israel" only if--
- (1) each article is the growth, product or manufacture of Israel or is a new or different article of commerce that has been grown, produced or manufactured in Israel;
  - (2) each article is imported directly from Israel into the customs territory of the United States; and
  - (3) the sum of--
    - (I) the cost or value of the materials produced in Israel plus
    - (II) the direct costs of processing operations performed in Israel, is not less than 35 percent of the appraised value of each article at the time it is entered.

If the cost or value of materials produced in the customs territory of the United States is included with respect to an article to which subdivision (c)(vi) of this note applies, an amount not to exceed 15 percent of the appraised value of the article at the time it is entered that is attributable to such United States cost or value may be applied toward determining the percentage referred to in subdivision (c)(vi)(B)(3) of this note.

- (C) No goods may be considered to meet the requirements of subdivision (c)(vi)(B)(1) of this note by virtue of having merely undergone--
- (1) simple combining or packaging operations; or
  - (2) mere dilution with water or mere dilution with another substance that does not materially alter the characteristics of the goods.
- (D) As used in subdivision (c)(vi) of this note, the phrase "direct costs of processing operations" includes, but is not limited to--
- (1) all actual labor costs involved in the growth, production, manufacture or assembly of the specific merchandise, including fringe benefits, on-the-job training and the cost of engineering, supervisory, quality control and similar personnel; and
  - (2) dies, molds, tooling and depreciation on machinery and equipment which are allocable to the specific merchandise.

Such phrase does not include costs which are not directly attributable to the merchandise concerned, or are not costs of manufacturing the product, such as (I) profit, and (II) general expenses of doing business which are either not allocable to the specific merchandise or are not related to the growth, production, manufacture or assembly of the merchandise, such as administrative salaries, casualty and liability insurance, advertising and salesmen's salaries, commissions or expenses.

- (E) The Secretary of the Treasury, after consultation with the United States Trade Representative, shall prescribe such regulations as may be necessary to carry out subdivision (c)(vi) of this note.