

subpart f - ANDEAN TRADE PROMOTION AND DRUG ERADICATION ACT

10.251 - Applicability.

Title XXXI of Public Law 107210 (116 Stat. 933), entitled the Andean Trade Promotion and Drug Eradication Act (ATPDEA), amended sections 202, 203, 204, and 208 of the Andean Trade Preference Act (the ATPA, [19 U.S.C. 32013206](#)) to authorize the President to extend additional trade benefits to ATPA beneficiary countries that have been designated as ATPDEA beneficiary countries. Sections 204(b)(1) and (b)(4) of the ATPA ([19 U.S.C. 3203\(b\)\(1\)](#) and (b)(4)) provide for the preferential treatment of certain non-textile articles that were not entitled to duty-free treatment under the ATPA prior to enactment of the ATPDEA. The provisions of 10.25110.257 of this part set forth the legal requirements and procedures that apply for purposes of obtaining preferential treatment pursuant to ATPA sections 204(b)(1) and (b)(4).

10.252 - Definitions.

When used in 10.251 through 10.257, the following terms have the meanings indicated: ATPA. ATPA means the Andean Trade Preference Act, [19 U.S.C. 32013206](#).

ATPDEA beneficiary country. ATPDEA beneficiary country means a beneficiary country as defined in 10.202(a) for purposes of the ATPA which the President also has designated as a beneficiary country for purposes of preferential treatment of products under [19 U.S.C. 3203\(b\)\(1\)](#) and (b)(4) and which has been the subject of a finding by the President or his designee, published in the Federal Register, that the beneficiary country has satisfied the requirements of [19 U.S.C. 3203\(b\)\(5\)\(A\)\(ii\)](#).

ATPDEA beneficiary country vessel. ATPDEA beneficiary country vessel means a vessel: (a) Which is registered or recorded in an ATPDEA beneficiary country; (b) Which sails under the flag of an ATPDEA beneficiary country; (c) Which is at least 75 percent owned by nationals of an ATPDEA beneficiary country or by a company having its principal place of business in an ATPDEA beneficiary country, of which the manager or managers, chairman of the board of directors or of the supervisory board, and the majority of the members of those boards are nationals of an ATPDEA beneficiary country and of which, in the case of a company, at least 50 percent of the capital is owned by an ATPDEA beneficiary country or by public bodies or nationals of an ATPDEA beneficiary country; (d) Of which the master and officers are nationals of an ATPDEA beneficiary country; and (e) Of which at least 75 percent of the crew are nationals of an ATPDEA beneficiary country.

HTSUS. HTSUS means the Harmonized Tariff Schedule of the United States.

Preferential treatment. Preferential treatment means entry, or withdrawal from warehouse for consumption, in the customs territory of the United States free of duty and free of any quantitative restrictions in the case of tuna described in 10.253(a)(1) and free of duty in the case of any article described in 10.253(a)(2).

United States vessel. United States vessel means a vessel having a certificate of documentation with a fishery endorsement under chapter 121 of title 46 of the United States Code.

10.253 - Articles eligible for preferential treatment.

(a) General. Preferential treatment applies to any of the following articles, provided that the article in question is imported directly into the customs territory of the United States from an ATPDEA beneficiary country within the meaning of paragraph (b) of this section: (1) Tuna that is harvested by United States vessels or ATPDEA beneficiary country vessels, that is prepared or preserved in any manner, in an ATPDEA beneficiary country, in foil or other flexible airtight

containers weighing with their contents not more than 6.8 kilograms each; and (2) Any of the following articles that the President has determined are not import-sensitive in the context of imports from ATPDEA beneficiary countries, provided that the article in question meets the country of origin and value content requirements set forth in paragraphs (c) and (d) of this section: (i) Footwear not designated on December 4, 1991, as eligible articles for the purpose of the Generalized System of Preferences (GSP) under Title V, Trade Act of 1974, as amended ([19 U.S.C. 2461](#) through 2467); (ii) Petroleum, or any product derived from petroleum, provided for in headings 2709 and 2710 of the HTSUS; (iii) Watches and watch parts (including cases, bracelets, and straps), of whatever type including, but not limited to, mechanical, quartz digital or quartz analog, if those watches or watch parts contain any material which is the product of any country with respect to which HTSUS column 2 rates of duty apply; and (iv) Handbags, luggage, flat goods, work gloves, and leather wearing apparel that were not designated on August 5, 1983, as eligible articles for purposes of the GSP.

(b) Imported directly defined. For purposes of paragraph (a) of this section, the words imported directly mean: (1) Direct shipment from any ATPDEA beneficiary country to the United States without passing through the territory of any country that is not an ATPDEA beneficiary country; (2) If the shipment is from any ATPDEA beneficiary country to the United States through the territory of any country that is not an ATPDEA beneficiary country, the articles in the shipment do not enter into the commerce of any country that is not an ATPDEA beneficiary country while en route to the United States and the invoices, bills of lading, and other shipping documents show the United States as the final destination; or (3) If the shipment is from any ATPDEA beneficiary country to the United States through the territory of any country that is not an ATPDEA beneficiary country, and the invoices and other documents do not show the United States as the final destination, the articles in the shipment upon arrival in the United States are imported directly only if they: (i) Remained under the control of the customs authority of the intermediate country; (ii) Did not enter into the commerce of the intermediate country except for the purpose of sale other than at retail, and the port director is satisfied that the importation results from the original commercial transaction between the importer and the producer or the producer's sales agent; and (iii) Were not subjected to operations other than loading or unloading, and other activities necessary to preserve the articles in good condition.

(c) Country of origin criteria(1) General. Except as otherwise provided in paragraph (c)(2) of this section, an article described in paragraph (a)(2) of this section may be eligible for preferential treatment if the article is either: (i) Wholly the growth, product, or manufacture of an ATPDEA beneficiary country; or (ii) A new or different article of commerce which has been grown, produced, or manufactured in an ATPDEA beneficiary country.

(2) Exceptions. No article will be eligible for preferential treatment by virtue of having merely undergone simple (as opposed to complex or meaningful) combining or packaging operations, or mere dilution with water or mere dilution with another substance that does not materially alter the characteristics of the article. The principles and examples set forth in 10.195(a)(2) will apply equally for purposes of this paragraph.

(d) Value content requirement(1) General. An article may be eligible for preferential treatment only if the sum of the cost or value of the materials produced in an ATPDEA beneficiary country or countries, plus the direct costs of processing operations performed in an ATPDEA beneficiary country or countries, is not less than 35 percent of the appraised value of the article at the time it is entered.

(2) Commonwealth of Puerto Rico, U.S. Virgin Islands and CBI beneficiary countries. For the specific purpose of determining the percentage referred to in paragraph (d)(1) of this section, the term ATPDEA beneficiary country includes the Commonwealth of Puerto Rico, the U.S.

Virgin Islands, and any CBI beneficiary country as defined in 10.191(b)(1). Any cost or value of materials or direct costs of processing operations attributable to the Virgin Islands or any CBI beneficiary country must be included in the article prior to its final exportation to the United States from an ATPDEA beneficiary country as defined in 10.252.

(3) Materials produced in the United States. For purposes of determining the percentage referred to in paragraph (d)(1) of this section, an amount not to exceed 15 percent of the appraised value of the article at the time it is entered may be attributed to the cost or value of materials produced in the customs territory of the United States (other than the Commonwealth of Puerto Rico). The principles set forth in paragraph (d)(4)(i) of this section will apply in determining whether a material is produced in the customs territory of the United States for purposes of this paragraph.

(4) Cost or value of materials(i) Materials produced in an ATPDEA beneficiary country or countries defined. For purposes of paragraph (d)(1) of this section, the words materials produced in an ATPDEA beneficiary country or countries refer to those materials incorporated in an article which are either: (A) Wholly the growth, product, or manufacture of an ATPDEA beneficiary country or two or more ATPDEA beneficiary countries; or (B) Substantially transformed in any ATPDEA beneficiary country or two or more ATPDEA beneficiary countries into a new or different article of commerce which is then used in any ATPDEA beneficiary country as defined in 10.252 in the production or manufacture of a new or different article which is imported directly into the United States. For purposes of this paragraph (d)(4)(i)(B), no material will be considered to be substantially transformed into a new or different article of commerce by virtue of having merely undergone simple (as opposed to complex or meaningful) combining or packaging operations, or mere dilution with water or mere dilution with another substance that does not materially alter the characteristics of the article. The examples set forth in 10.196(a), and the principles and examples set forth in 10.195(a)(2), will apply for purposes of the corresponding context under paragraph (d)(4)(i) of this section.

(ii) Failure to establish origin. If the importer fails to maintain adequate records to establish the origin of a material, that material may not be considered to have been grown, produced, or manufactured in an ATPDEA beneficiary country or in the customs territory of the United States for purposes of determining the percentage referred to in paragraph (d)(1) of this section.

(iii) Determination of cost or value of materials. (A) The cost or value of materials produced in an ATPDEA beneficiary country or countries or in the customs territory of the United States includes: (1) The manufacturer's actual cost for the materials; (2) When not included in the manufacturer's actual cost for the materials, the freight, insurance, packing, and all other costs incurred in transporting the materials to the manufacturer's plant; (3) The actual cost of waste or spoilage, less the value of recoverable scrap; and (4) Taxes and/or duties imposed on the materials by any ATPDEA beneficiary country or by the United States, provided they are not remitted upon exportation.

(B) Where a material is provided to the manufacturer without charge, or at less than fair market value, its cost or value will be determined by computing the sum of: (1) All expenses incurred in the growth, production, or manufacture of the material, including general expenses; (2) An amount for profit; and (3) Freight, insurance, packing, and all other costs incurred in transporting the material to the manufacturer's plant.

(5) Direct costs of processing operations(i) Items included. For purposes of paragraph (d)(1) of this section, the words direct costs of processing operations mean those costs either directly incurred in, or which can be reasonably allocated to, the growth, production, manufacture, or

assembly of the specific merchandise under consideration. Those costs include, but are not limited to the following, to the extent that they are includable in the appraised value of the imported merchandise: (A) 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; (B) Dies, molds, tooling, and depreciation on machinery and equipment which are allocable to the specific merchandise; (C) Research, development, design, engineering, and blueprint costs insofar as they are allocable to the specific merchandise; and (D) Costs of inspecting and testing the specific merchandise.

(ii) Items not included. For purposes of paragraph (d)(1) of this section, the words direct costs of processing operations do not include items which are not directly attributable to the merchandise under consideration or are not costs of manufacturing the product. These include, but are not limited to: (A) Profit; and (B) General expenses of doing business which either are 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.

(6) Articles wholly the growth, product, or manufacture of an ATPDEA beneficiary country. Any article which is wholly the growth, product, or manufacture of an ATPDEA beneficiary country as defined in 10.252, and any article produced or manufactured in an ATPDEA beneficiary country as defined in 10.252 exclusively from materials which are wholly the growth, product, or manufacture of an ATPDEA beneficiary country or countries, will normally be presumed to meet the requirement set forth in paragraph (d)(1) of this section.

10.254 - Certificate of Origin.

A Certificate of Origin as specified in 10.256 must be employed to certify that an article described in 10.253(a) being exported from an ATPDEA beneficiary country to the United States qualifies for the preferential treatment referred to in 10.251. The Certificate of Origin must be prepared by the exporter in the ATPDEA beneficiary country.

Where the ATPDEA beneficiary country exporter is not the producer of the article, that exporter may complete and sign a Certificate of Origin on the basis of: (a) Its reasonable reliance on the producer's written representation that the article qualifies for preferential treatment; or (b) A completed and signed Certificate of Origin for the article voluntarily provided to the exporter by the producer.

10.255 - Filing of claim for preferential treatment.

(a) Declaration. In connection with a claim for preferential treatment for an article described in 10.253(a), the importer must make a written declaration that the article qualifies for that treatment. The written declaration should be made by including on the entry summary, or equivalent documentation, the symbol J+ as a prefix to the subheading of the HTSUS in which the article in question is classified. Except in any of the circumstances described in 10.256(d)(1), the declaration required under this paragraph must be based on a complete and properly executed original Certificate of Origin that covers the article being imported and that is in the possession of the importer.

(b) Corrected declaration. If, after making the declaration required under paragraph (a) of this section, the importer has reason to believe that a Certificate of Origin on which a declaration was based contains information that is not correct, the importer must within 30 calendar days after the date of discovery of the error make a corrected declaration and pay any duties that may be due. A corrected declaration will be effected by submission of a letter or other written statement to the Customs port where the declaration was originally filed.

