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 or normal trade relations (NTR) 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, and additional U.S. note 3(e) of chapter 71, 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.

(C) Subject to the limitations imposed under sections 503(a)(2), 503(a)(3) and 503(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.

[(E) **Subdivision deleted.**]

(F) No quantity of an agricultural product that is subject to a tariff-rate quota that exceeds the in-quota quantity shall be eligible for duty-free treatment under this paragraph.

(v) Products of the West Bank, the Gaza Strip or a qualifying industrial zone.

(A) Subject to the provisions of this paragraph, articles which are imported directly from the West Bank, the Gaza Strip, a qualifying industrial zone as defined in subdivision (G) of this subparagraph or Israel and are--

(1) wholly the growth, product or manufacture of the West Bank, the Gaza Strip or a qualifying industrial zone; or

(2) new or different articles of commerce that have been grown, produced or manufactured in the West Bank, the Gaza Strip or a qualifying industrial zone, and the sum of--

(I) the cost or value of the materials produced in the West Bank, the Gaza Strip, a qualifying industrial zone or Israel, plus

(II) the direct costs of processing operations (not including simple combining or packaging operations, and not including mere dilution with water or with another substance that does not materially alter the characteristics of such articles) performed in the West Bank, the Gaza Strip, a qualifying industrial zone or Israel,

is not less than 35 percent of the appraised value of such articles;

shall be eligible for duty-free entry into the customs territory of the United States. For purposes of subdivision (A)(2), materials which are used in the production of articles in the West Bank, the Gaza Strip or a qualifying industrial zone, and which are the product of the United States, may be counted in an amount up to 15 percent of the appraised value of such articles.

(B) Articles are "imported directly" for the purposes of this paragraph if--

(1) they are shipped directly from the West Bank, the Gaza Strip, a qualifying industrial zone or Israel into the United States without passing through the territory of any intermediate country; or

(2) they are shipped through the territory of an intermediate country, and the articles in the shipment do not enter into the commerce of any intermediate country and the invoices, bills of lading and other shipping documents specify the United States as the final destination; or

(3) they are shipped through an intermediate country and the invoices and other documents do not specify the United States as the final destination, and the articles--

(I) remain under the control of the customs authority in an intermediate country;

(II) do not enter into the commerce of an intermediate country except for the purpose of a sale other than at retail, but only if the articles are imported as a result of the original commercial transactions between the importer and the producer or the producer's sales agent; and

(III) have not been subjected to operations other than loading, unloading or other activities necessary to preserve the articles in good condition.

(C) The term "new or different articles of commerce" means that articles must have been substantially transformed in the West Bank, the Gaza Strip or a qualifying industrial zone into articles with a new name, character or use.

(D) (1) For the purposes of subdivision (A)(2)(I), the cost or value of materials produced in the West Bank, the Gaza Strip or a qualifying industrial zone includes--

(I) the manufacturer's actual cost for the materials;

(II) 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;

(III) the actual cost of waste or spoilage, less the value of recoverable scrap; and

(IV) taxes or duties imposed on the materials by the West Bank, the Gaza Strip or a qualifying industrial zone, if such taxes are not remitted on exportation.

(2) If a material is provided to the manufacturer without charge, or at less than fair market value, its cost or value shall be determined by computing the sum of--

(I) all expenses incurred in the growth, production or manufacturer of the material, including general expenses;

(II) an amount for profit; and

(III) freight, insurance, packing and all other costs incurred in transporting the material to the manufacturer's plant.

(3) If the information necessary to compute the cost or value of a material is not available, the Customs Service may ascertain or estimate the value thereof using all reasonable methods.

(E) (1) For purposes of this paragraph, the "direct costs of processing operations performed in the West Bank, the Gaza Strip or a qualifying industrial zone" with respect to an article are those costs either directly incurred in, or which can be reasonably allocated to, the growth, production, manufacture or assembly of that article. Such costs include, but are not limited to, the following to the extent that they are includible in the appraised value of articles imported into the United States:

(I) All actual labor costs involved in the growth, production, manufacture or assembly of the article, including fringe benefits, on-the-job training and costs of engineering, supervisory, quality control and similar personnel;

(II) Dies, molds, tooling and depreciation on machinery and equipment which are allocable to such articles;

(III) Research, development, design, engineering and blueprint costs insofar as they are allocable to such articles; and

(IV) Costs of inspecting and testing such articles.

(2) Those items that are not included as direct costs of processing operations with respect to an article are those which are not directly attributable to the article or are not costs of manufacturing the article. Such items include, but are not limited to--

(I) profit; and

(II) general expenses of doing business which are either not allocable to the article or are not related to the growth, production, manufacture or assembly of the article, such as administrative salaries, casualty and liability insurance, advertising and salesmen's salaries, commissions or expenses.

(F) Whenever articles are entered with a claim for the duty exemption provided in this paragraph--

(1) the importer shall be deemed to certify that such articles meet all of the conditions for duty exemption; and

(2) when requested by the Customs Service, the importer, manufacturer or exporter submits a declaration setting forth all pertinent information with respect to such articles, including the following:

(I) A description of such articles, quantities, numbers and marks of packages, invoice numbers and bills of lading;

(II) A description of the operations performed in the production of such articles in the West Bank, the Gaza Strip, a qualifying industrial zone or Israel and an identification of the direct costs of processing operations;

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(III) A description of the materials used in the production of such articles which are wholly the growth, product or manufacture of the West Bank, the Gaza Strip, a qualifying industrial zone, Israel or the United States, and a statement as to the cost or value of such materials;

(IV) A description of the operations performed on, and a statement as to the origin and cost or value of, any foreign materials used in such articles which are claimed to have been sufficiently processed in the West Bank, the Gaza Strip, a qualifying industrial zone or Israel so as to be materials produced in the West Bank, the Gaza Strip, a qualifying industrial zone or Israel; and

(V) A description of the origin and cost or value of any foreign materials used in the article which have not been substantially transformed in the West Bank, the Gaza Strip or a qualifying industrial zone.

(G) For the purposes of this paragraph, a "qualifying industrial zone" means any area that--

(1) encompasses portions of the territory of Israel and Jordan or Israel and Egypt;

(2) has been designated by local authorities as an enclave where merchandise may enter without payment of duty or excise taxes; and

(3) has been designated by the United States Trade Representative in a notice published in the Federal Register as a qualifying industrial zone.

(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: 1/

Republic of Belarus	North Korea
Cuba	Russian Federation

(c) Products Eligible for Special Tariff Treatment.

(i) 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, A* or A+
United States-Australia Free Trade Agreement	AU
Automotive Products Trade Act	B
United States-Bahrain Free Trade Agreement Implementation Act	BH
Agreement on Trade in Civil Aircraft	C
United States-Chile Free Trade Agreement	CL
African Growth and Opportunity Act	D
Caribbean Basin Economic Recovery Act	E or E*
United States-Israel Free Trade Area	IL
United States-Jordan Free Trade Area Implementation Act	JO
Trade Agreement Between the United States and Japan	JP
Agreement on Trade in Pharmaceutical Products	K
Dominican Republic-Central America-United States Free Trade Agreement Implementation Act	P or P+
Uruguay Round Concessions on Intermediate Chemicals for Dyes	L
United States-Caribbean Basin Trade Partnership Act	R
United States-Morocco Free Trade Agreement Implementation Act	MA
United States-Singapore Free Trade Agreement	SG
United States-Oman Free Trade Agreement Implementation Act	OM
United States-Peru Trade Promotion Agreement Implementation Act	PE
United States-Korea Free Trade Agreement Implementation Act	KR
United States-Colombia Trade Promotion Agreement Implementation Act	CO
United States-Panama Trade Promotion Agreement Implementation Act	PA

1/ See U.S. note 30, subchapter III, chapter 99 and heading 9903.90.08 for additional duty treatment.

Nepal Preference Program .....NP
United States-Mexico-Canada Agreement.....S or S+

(ii) Articles which are eligible for the special tariff treatment provided for in general notes 4 through 14 and which are subject to temporary modification under any provision of subchapters I, II and VII of chapter 99 shall be subject, for the period indicated in the "Effective Period" column in chapter 99, to rates of duty as follows:

(A) 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

(B) if "No change" appears in the "Special" subcolumn in chapter 99 and subdivision (c)(ii)(A) 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.

(iii) Unless the context requires otherwise, articles which are eligible for the special tariff treatment provided for in general notes 4 through 14 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.

(iv) 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.

(d) Certain Motor Vehicles Manufactured in Foreign Trade Zones.

(i) Duty imposed. Notwithstanding any other provision of law, the duty imposed on a qualified article shall be the amount determined by multiplying the applicable foreign value content of such article by the applicable rate of duty for such article.

(ii) Qualified article. For purposes of this subdivision, the term "qualified article" means an article that is--

(A) classifiable under any of subheadings 8702.10 through 8704.90 of the Harmonized Tariff Schedule of the United States,

(B) produced or manufactured in a foreign trade zone before January 1, 1996,

(C) [**Subdivision deleted.**]

(D) [**Subdivision deleted.**]

[(I)] [**Subdivision deleted.**]

[(II)] [**Subdivision deleted.**]

(iii) Applicable foreign value content.

(A) Applicable foreign value content. For purposes of this subdivision, the term "applicable foreign value content" means the amount determined by multiplying the value of a qualified article by the applicable percentage.

(B) Applicable percentage. The term "applicable percentage" means the FTZ percentage for the article plus 5 percentage points.

(iv) Other definitions and special rules. For purposes of this subdivision--

(A) FTZ percentage. The FTZ percentage for a qualified article shall be the percentage determined in accordance with subparagraph (I), (II), or (III) of this paragraph, whichever is applicable.

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(I) Report for year published. If, at the time a qualified article is entered, the FTZ Annual Report for the year in which the article was manufactured has been published, the FTZ percentage for the article shall be the percentage of foreign status merchandise set forth in that report for the subzone in which the qualified article was manufactured, or if not manufactured in a subzone, the foreign trade zone in which the qualified article was manufactured.

(II) Report for year not published. If, at the time a qualified article is entered, the FTZ Annual Report for the year in which the article was manufactured has not been published, the FTZ percentage for the article shall be the percentage of foreign status merchandise set forth in the most recently published FTZ Annual Report for the subzone in which the article was manufactured, or if not manufactured in a subzone, the foreign trade zone in which the qualified article was manufactured.

(B) Applicable rate of duty. The term "applicable duty rate" means the rate of duty set forth in any of subheadings 8702.10 through 8704.90 of the Harmonized Tariff Schedule of the United States that is applicable to the qualified article and which would apply to that article if the article were directly entered for consumption into the United States from the foreign trade zone with non-privileged foreign status having been claimed for all foreign merchandise used in the manufacture or production of the qualified article.

(C) Foreign trade zone; subzone. The terms "foreign trade zone" and "subzone" mean a zone or subzone established pursuant to the Act of June 18, 1934, commonly known as the Foreign Trade Zones Act (19 U.S.C. 81a et seq.).

(D) FTZ annual report. The term "FTZ Annual Report" means the Annual Report to the Congress published in accordance with section 16 of the Foreign Trade Zones Act (19 U.S.C. 81p(c)).

(E) Non-privileged foreign status. The term "non-privileged foreign status" means that privilege has not been requested with respect to an article pursuant to section 3 of the Foreign Trade Zones Act.

(e) Exemptions. For the purposes of general note 1--

(i) corpses, together with their coffins and accompanying flowers,

(ii) telecommunications transmissions,

(iii) records, diagrams and other data with regard to any business, engineering or exploration operation whether on paper, cards, photographs, blueprints, tapes or other media,

(iv) articles returned from space within the purview of section 484a of the Tariff Act of 1930,

(v) articles exported from the United States which are returned within 45 days after such exportation from the United States as undeliverable and which have not left the custody of the carrier or foreign customs service,

(vi) any aircraft part or equipment that was removed from a United States-registered aircraft while being used abroad in international traffic because of accident, breakdown, or emergency, that was returned to the United States within 45 days after removal, and that did not leave the custody of the carrier or foreign customs service while abroad, and

(vii) residue of bulk cargo contained in instruments of international traffic previously exported from the United States,

are not goods subject to the provisions of the tariff schedule. No exportation referred to in subdivision (e) may be treated as satisfying any requirement for exportation in order to receive a benefit from, or meet an obligation to, the United States as a result of such exportation. For purposes of subparagraph (vii) of this paragraph: The term 'residue' means material of bulk cargo that remains in an instrument of international traffic after the bulk cargo is removed, with a quantity, by weight or volume, not exceeding 7 percent of the bulk cargo, and with no or de minimis value. The term 'bulk cargo' means cargo that is unpackaged and is in either solid, liquid, or gaseous form. The term 'instruments of international traffic' means containers or holders, capable of and suitable for repeated use, such as lift vans, cargo vans, shipping tanks, skids, pallets, caul boards, and cores for textile fabrics, arriving (whether loaded or empty) in use or to be used in the shipment of merchandise in international traffic, and any additional articles or classes of articles that the Commissioner of U.S. Customs and Border Protection designates as instruments of international traffic.

(f) Commingling of Goods.

(i) Whenever goods subject to different rates of duty are so packed together or mingled that the quantity or value of each class of goods cannot be readily ascertained by customs officers (without physical segregation of the shipment or the contents of any entire package thereof), by one or more of the following means:

(A) sampling,

(B) verification of packing lists or other documents filed at the time of entry, or

(C) evidence showing performance of commercial settlement tests generally accepted in the trade and filed in such time and manner as may be prescribed by regulations of the Secretary of the Treasury,

the commingled goods shall be subject to the highest rate of duty applicable to any part thereof unless the consignee or his agent segregates the goods pursuant to subdivision (f)(ii) hereof.

(ii) Every segregation of goods made pursuant to subdivision (f) of this note shall be accomplished by the consignee or his agent at the risk and expense of the consignee within 30 days (unless the Secretary authorizes in writing a longer time) after the date of personal delivery or mailing, by such employee as the Secretary of the Treasury shall designate, of written notice to the consignee that the goods are commingled and that the quantity or value of each class of goods cannot be readily ascertained by customs officers. Every such segregation shall be accomplished under customs supervision, and the compensation and expenses of the supervising customs officers shall be reimbursed to the Government by the consignee under such regulations as the Secretary of the Treasury may prescribe.

(iii) The foregoing provisions of subdivision (f) of this note do not apply with respect to any part of a shipment if the consignee or his agent furnishes, in such time and manner as may be prescribed by regulations of the Secretary of the Treasury, satisfactory proof--

(A) that such part (1) is commercially negligible, (2) is not capable of segregation without excessive cost and (3) will not be segregated prior to its use in a manufacturing process or otherwise, and

(B) that the commingling was not intended to avoid the payment of lawful duties.

Any goods with respect to which such proof is furnished shall be considered for all customs purposes as a part of the goods, subject to the next lower rate of duty, with which they are commingled.

(iv) The foregoing provisions of subdivision (f) of this note do not apply with respect to any shipment if the consignee or his agent shall furnish, in such time and manner as may be prescribed by regulations of the Secretary of the Treasury, satisfactory proof--

(A) that the value of the commingled goods is less than the aggregate value would be if the shipment were segregated;

(B) that the shipment is not capable of segregation without excessive cost and will not be segregated prior to its use in a manufacturing process or otherwise; and

(C) that the commingling was not intended to avoid the payment of lawful duties.

Any goods with respect to which such proof is furnished shall be considered for all customs purposes to be dutiable at the rate applicable to the material present in greater quantity than any other material.

(v) The provisions of subdivision (f) of this note shall apply only in cases where the tariff schedule does not expressly provide a particular tariff treatment for commingled goods.

(g) Abbreviations. In the tariff schedule the following symbols and abbreviations are used with the meanings respectively indicated below:

$	-	dollars	kN	-	kilonewtons
¢	-	cents	kVA	-	kilovolt-amperes
%	-	percent ad valorem	kvar	-	kilovolt-amperes reactive
+	-	plus	kW	-	kilowatts
/	-	per	kWH	-	kilowatt-hours
°	-	degrees	lin	-	linear

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AC	-	alternating current	m	-	meter
ASTM	-	American Society for Testing Materials	Mbq	-	megabecquerel
bbl	-	barrels	mc	-	millicuries
C	-	Celcius	mg	-	milligrams
cc	-	cubic centimeters	MHz	-	megahertz
cu.	-	cubic	ml	-	milliliters
cg	-	centigrams	mm	-	millimeters
cm	-	centimeters	MPa	-	megapascals
cm^2	-	square centimeters	m^2	-	square meters
cm^3	-	cubic centimeters	m^3	-	cubic meters
cy	-	clean yield	No.	-	number
d	-	Denier	ode	-	ozone depletion equivalent
DC	-	direct current	pcs	-	pieces
doz.	-	Dozens	pf.	-	proof
g	-	grams	prs.	-	pairs
G.V.W.	-	gross vehicle weight	r.p.m.	-	revolutions per minute
I.R.C.	-	Internal Revenue Code	sbe	-	standard brick equivalent
kcal	-	kilocalories	SME	-	square meters equivalent
kg	-	kilograms	t	-	metric tons
kHz	-	kilohertz	V	-	volts
			W	-	watts
			wt.	-	weight

(h) Definitions. For the purposes of the tariff schedule, unless the context otherwise requires--

(i) the term "entered" means entered, or withdrawn from warehouse for consumption, in the customs territory of the United States;

(ii) the term "entered for consumption" does not include withdrawals from warehouse for consumption;

(iii) the term "withdrawn from warehouse for consumption" means withdrawn from warehouse for consumption and does not include goods entered for consumption;

(iv) the term "rate of duty" includes a free rate of duty;

(v) the terms "wholly of", "in part of", and "containing", when used between the description of an article and a material (e.g., "woven fabrics, wholly of cotton"), have the following meanings:

(A) "wholly of" means that the goods are, except for negligible or insignificant quantities of some other material or materials, composed completely of the named material;

(B) "in part of" or "containing" mean that the goods contain a significant quantity of the named material.

With regard to the application of the quantitative concepts specified above, it is intended that the de minimis rule apply.

(vi) the term "headings" refers to the article descriptions and tariff provisions appearing in the schedule at the first hierarchical level; the term "subheading" refers to any article description or tariff provision indented thereunder; a reference to "headings" encompasses subheadings indented thereunder.

(i) Issuance of Rules and Regulations. The Secretary of the Treasury is hereby authorized to issue rules and regulations governing the admission of articles under the provisions of the tariff schedule. The allowance of an importer's claim for classification, under any of the provisions of the tariff schedule which provides for total or partial relief from duty or other import restrictions on the basis of facts which are not determinable from an examination of the article itself in its condition as imported, is dependent upon his complying with any rules or regulations which may be issued pursuant to this note.

(j) Methods of Ascertainment. The Secretary of the Treasury is authorized to prescribe methods of analyzing, testing, sampling, weighing, gauging, measuring or other methods of ascertainment whenever he finds that such methods are necessary to determine the physical, chemical or other properties or characteristics of articles for purposes of any law administered by the Customs Service.