

§ 10.710 Value-content requirement.

(a) *General.* A good described in § 10.709(a)(1)(ii) may be eligible for preferential tariff treatment under the US-JFTA only if the sum of the cost or value of the materials produced in Jordan, plus the direct costs of processing operations performed in Jordan, is not less than 35 percent of the appraised value of the good at the time it is entered.

(b) *Materials produced in the United States.* For purposes of determining the percentage referred to paragraph (a) of this section, an amount not to exceed 15 percent of the appraised value of the good 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. A material is “produced in the customs territory of the United States” for purposes of this paragraph if it is either:

(1) Wholly the growth, product, or manufacture of the United States; or

(2) Subject to the exceptions specified in § 10.709(b) of this subpart, substantially transformed in the United States into a new and different article of commerce that has a new name, character, or use, which is then used in Jordan in the production or manufacture of a new or different article of commerce that is imported into the United States. Except where the context otherwise requires, the examples set forth in § 10.196(a) of this part will apply for purposes of this paragraph.

(c) *Cost or value of materials—(1) Materials produced in Jordan defined.* For purposes of paragraph (a) of this section, the words “materials produced in Jordan” refer to those materials incorporated into a good that are either:

(i) Wholly the growth, product, or manufacture of Jordan; or

(ii) Subject to the exceptions specified in § 10.709(b) of this subpart, substantially transformed in Jordan into a new and different article of commerce that has a new name, character, or use, which is then used in Jordan in the production or manufacture of a new or different article of commerce that is imported into the United States. Except where the context otherwise requires, the examples set forth in § 10.196(a) of this part will apply for purposes of this paragraph.

(2) *Determination of cost or value of materials.* (i) Except as provided in paragraph (c)(2)(ii) of this section, the cost or value of materials produced in Jordan or in the United States includes:

(A) The manufacturer’s actual cost for the materials;

(B) 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;

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

(D) Taxes and/or duties imposed on the materials by a Party, provided they are not remitted upon exportation.

(ii) 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:

(A) All expenses incurred in the growth, production, or manufacture of the material, including general expenses;

(B) An amount for profit; and

(C) Freight, insurance, packing, and all other costs incurred in transporting the material to the manufacturer’s plant.

(iii) If the pertinent information needed to compute the cost or value of a material is not available, the port director may ascertain or estimate the value thereof using all reasonable ways and means at his or her disposal.

(d) *Direct costs of processing operations—(1) Items included.* For purposes of paragraph (a) 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 goods under consideration. Such costs include, but are not limited to the following, to the extent that they are includable in the appraised value of the imported goods:

(i) All actual labor costs involved in the growth, production, manufacture, or assembly of the specific goods, including fringe benefits, on-the-job training, and the cost of engineering,

supervisory, quality control, and similar personnel;

(ii) Dies, molds, tooling, and depreciation on machinery and equipment which are allocable to the specific goods;

(iii) Research, development, design, engineering, and blueprint costs insofar as they are allocable to the specific goods; and

(iv) Costs of inspecting and testing the specific goods.

(2) *Items not included.* For purposes of paragraph (a) of this section, the words “direct costs of processing operations” do not include items that are not directly attributable to the goods under consideration or are not costs of manufacturing the product. These include, but are not limited to:

(i) Profit; and

(ii) General expenses of doing business that either are not allocable to the specific goods or are not related to the growth, production, manufacture, or assembly of the goods, such as administrative salaries, casualty and liability insurance, advertising, and salesmen’s salaries, commissions, or expenses.

§ 10.711 Imported directly.

(a) *General.* To be eligible for preferential tariff treatment under the US–JFTA, a good must be imported directly from Jordan into the customs territory of the United States. For purposes of this requirement, the words “imported directly” mean:

(1) Direct shipment from Jordan to the United States without passing through the territory of any intermediate country;

(2) If shipment is from Jordan to the United States through the territory of an intermediate country, the goods in the shipment do not enter into the commerce of the intermediate country and the invoices, bills of lading, and other shipping documents show the United States as the final destination; or

(3) If shipment is through an intermediate country and the invoices and other documents do not show the United States as the final destination, the goods in the shipment are imported directly only if they:

(i) Remained under the control of the customs authority in the intermediate country;

(ii) Did not enter into the commerce of the intermediate country except for the purpose of a sale other than at retail, provided that the goods are imported as a result of the original commercial transaction between the importer and the producer or the producer’s sales agent; and

(iii) Have not been subjected to operations other than loading and unloading, and other activities necessary to preserve the goods in good condition.

(b) *Documentary evidence.* An importer making a claim for preferential tariff treatment under the US–JFTA may be required to demonstrate, to CBP’s satisfaction, that the goods were “imported directly” as that term is defined in paragraph (a) of this section. An importer may demonstrate compliance with this section by submitting documentary evidence. Such evidence may include, but is not limited to, bills of lading, airway bills, packing lists, commercial invoices, receiving and inventory records, and customs entry and exit documents.

ORIGIN VERIFICATIONS

§ 10.712 Verification of claim for preferential tariff treatment.

A claim for preferential tariff treatment made under § 10.703 of this subpart, including any statements or other information submitted to CBP in support of the claim, will be subject to such verification as the port director deems necessary. In the event that the port director for any reason is prevented from verifying the claim, or is provided with insufficient information to verify or substantiate the claim, the port director may deny the claim for preferential tariff treatment.

Subpart L [Reserved]

Subpart M—United States–Morocco Free Trade Agreement

SOURCE: CBP Dec. 07–51, 72 FR 35651, June 29, 2007, unless otherwise noted.