



**U.S. Customs and
Border Protection**

N359764

March 31, 2026

OT:RR:NC:N2:212

CATEGORY: Classification; Origin; Trade Programs

Richard Writsman
Continental Agency Inc.
1768 W Second St.
Pomona, CA 91766

RE: The classification, country of origin, and eligibility under the United States-Mexico-Canada Agreement (USMCA) of an AI server rack

Dear Mr. Writsman:

In your letter dated March 16, 2026, you requested a ruling concerning the country of origin and eligibility under the United States-Mexico-Canada Agreement (USMCA) for an Artificial Intelligence (AI) server on behalf of your client, Pegatron Technology Texas, Inc.

The merchandise under consideration is identified by model number GB300 NVL72 and further described as the L11 rack-scale AI server. The subject device is comprised of 18 compute trays. Each tray includes two Central Processing Units (CPU), four Graphic Processing Units (GPU), and up to 480GB of memory. These trays are housed within a rack system that includes a cooling system, power module, and networking equipment.

The subject AI server is used within advanced data centers in order to build, process, and run advanced machine learning and other AI functionalities. The user can input parameters via a personal computer and the server, which is also referred to as an AI cluster, will run the programs in order to build the necessary AI infrastructure.

In your request, you state that the assembly process for the server rack occurs in Mexico using components sourced from China, Taiwan, and Vietnam. This process begins with the importation of Taiwanese origin compute trays. These trays are then incorporated within the racks with the cooling manifold, which is filled with coolant. The power module and network switch are then added before network and power cables are routed throughout the device. The finished rack is then tested and packaged for shipment to the United States.

Classification

Though classification is not a specific issue to this request, we note that in order for this office to accurately examine the applicability of the subject trade agreement, we must accurately reflect the correct classification under the Harmonized Tariff Schedule of the United States (HTSUS). In your request, you state that the

correct classification for the subject server rack is 8471.50.0150, HTSUS. As this item meets the specific qualifications for inclusion within the heading, we agree.

The applicable subheading for the GB300 NVL72 AI server rack will be 8471.50.0150, HTSUS, which provides for “Automatic data processing machines and units thereof... Processing units other than those of subheading 8471.41 or 8471.49, whether or not containing in the same housing one or two of the following types of unit: storage units, input units, output units: Other.” The general rate of duty will be Free.

Country of Origin

When determining the country of origin for purposes of applying current trade remedies under Section 301 and additional duties, the substantial transformation analysis is applicable. See, e.g., Headquarters Ruling Letter H301619, dated November 6, 2018. The test for determining whether a substantial transformation will occur is whether an article emerges from a process with a new name, character, or use different from that possessed by the article prior to processing. See *Texas Instruments Inc. v. United States*, 681 F.2d 778 (C.C.P.A. 1982). This determination is based on the totality of the evidence. See *National Hand Tool Corp. v. United States*, 16 C.I.T. 308 (1992), *aff’d*, 989 F.2d 1201 (Fed. Cir. 1993).

Regarding the origin of the server rack for trade remedy purposes, it is the opinion of this office that the compute trays impart the character of the finished devices as they provide the essential processing functions. Further, the process performed in Mexico does not substantially transform the Taiwanese trays into new and different articles of commerce. The country of origin for trade remedy purposes for the GB300 NVL72 AI server rack will be Taiwan.

USMCA Eligibility

The USMCA was signed by the Governments of the United States, Mexico, and Canada on November 30, 2018. The USMCA was approved by the U.S. Congress with the enactment on January 29, 2020, of the USMCA Implementation Act, Pub. L. 116-113, 134 Stat. 11, 14 (19 U.S.C. § 4511(a)). General Note (“GN”) 11, HTSUS, implements the USMCA.

GN 11(a) provides that:

Goods that originate in the territory of Mexico, Canada or the United States (hereinafter referred to as “USMCA country” or “USMCA countries” as further defined in subdivision (l)(xxiv) of this note) under the terms of subdivision (b) of this note and regulations issued by the Secretary of the Treasury (including Uniform Regulations provided for in the USMCA), and goods enumerated in subdivision (p) of this note, when such goods are imported into the customs territory of the United States and are entered under a subheading for which a rate of duty appears in the “Special” subcolumn, followed by the symbol “S” in parentheses, are eligible for such duty rate, in accordance with section 202 of the United States-Mexico-Canada Agreement Implementation Act.

Accordingly, if all other requirements are satisfied, merchandise imported into the United States will qualify for preferential tariff treatment under the USMCA if it meets one of the origin criteria enumerated in GN 11(b) or if it is classified in a provision listed in GN 11(p). In this case, the Taiwanese compute tray is classified under subheading 8471.50, Harmonized Tariff Schedule of the United States (HTSUS), as it is imported into Mexico. The finished server, imported into the United States, is also classified under subheading 8471.50, HTSUS. As such, it would appear that it does not meet the requirements set forth in GN 11(b).

GN 11(p) provides that:

Notwithstanding any other provisions of this note, the following goods named in the first column below and classified in the provisions enumerated in the second column shall be deemed to be originating goods when imported into the customs territory of the United States from another USMCA country:

Digital processing units.....8471.50

Based upon the information provided, the compute trays as well as the finished server would be considered digital processing units. The subject devices contain advanced processing units (i.e. CPUs, GPUs) that allow them to perform parallel processing and other high-level functions for machine learning and other AI-based processes. These functions are performed via digital processing within the trays. As such, the AI servers will be deemed eligible for preferential treatment under the USMCA when imported into the United States.

The duties cited above are current as of this ruling's issuance. Duty rates are provided for your convenience and are subject to change. The text of the most recent HTSUS and the accompanying duty rates are provided at <https://hts.usitc.gov/>.

This ruling does not address the applicability of any additional duties, taxes, fees, exactions and/or other charges, which may apply to the goods discussed herein. This includes, but is not limited to, tariffs and other duties as provided for in Subchapter III to Chapter 99, HTSUS. Thus, for example, in addition to the classification stated above, the merchandise covered by this ruling may also need to be reported with either the Chapter 99 provision under which an additional tariff applies or one of the Chapter 99 provisions covering exceptions to such tariffs.

For further information to assist with the importation process, please refer to the frequently updated Cargo Systems Messaging Service (CSMS) messages at <https://www.cbp.gov/trade/automated/cargo-systems-messaging-service> and Frequently Asked Questions on the Trade Remedy/IEEPA page at <https://www.cbp.gov/trade/programs-administration/trade-remedies/IEEPA-FAQ>.

The holding set forth above applies only to the specific factual situation and merchandise description as identified in the ruling request. This position is clearly set forth in Title 19, Code of Federal Regulations (CFR), Section 177.9(b)(1). This section states that a ruling letter is issued on the assumption that all of the information furnished in the ruling letter, whether directly, by reference, or by implication, is accurate and complete in every material respect. In the event that the facts are modified in any way, or if the goods do not conform to these facts at time of importation, you should bring this to the attention of U.S. Customs and Border Protection (CBP) and submit a request for a new ruling in accordance with 19 CFR 177.2. Additionally, we note that the material facts described in the foregoing ruling may be subject to periodic verification by CBP.

This ruling is being issued under the provisions of Part 177 of the Customs and Border Protection Regulations (19 C.F.R. 177).

A copy of the ruling or the control number indicated above should be provided with the entry documents filed at the time this merchandise is imported. If you have any questions regarding the ruling, please contact National Import Specialist Luke LePage at luke.lepage@cbp.dhs.gov.

Sincerely,

(for)

James Forkan

Designated Official Performing the Duties of the Division Director
National Commodity Specialist Division