



HQ H342474

October 21, 2025

OT:RR:CTF:VS H342474 JH

CATEGORY: Origin

Sergio Langarica
Director
Sony Electronic Trade Compliance
16535 Via Esprillo
San Diego, CA 92127

RE: Country of Origin; USMCA; Marking; Verona Crystal LED Display Cabinet

Dear Director Langarica:

This is in response to your September 13, 2024 ruling request, regarding the classification, country of origin for purposes of marking and Section 301 measures, and eligibility for preferential tariff treatment under the United States-Mexico-Canada Agreement (“USMCA”) to the Verona Crystal LED Display Cabinet (“display cabinet”). You provided images and product brochures with your request.

FACTS:

The Sony Electronic (“Sony”) display cabinet is designed for use in cinematography, specifically for video walls used in virtual production in studio environments. Assembly of models ZRD-VP15EB, ZRD-VP23EB, ZRD-VP15EM, and ZRD-VP23EM is contemplated in Mexico. The main differences between the models are whether the display cabinets may operate with third party display controllers (Brompton or Megapixel), and pixel pitch. According to the bill of materials, USMCA originating and non-USMCA originating materials are used, and the nonoriginating materials are all classifiable outside of headings 8528 and 8540, Harmonized Tariff Schedule of the United States (HTSUS). You state that the main components of the display cabinet are:

1. Light Emitting Diode (“LED”) Modules (on the LED module block);
2. HUB and Interconnect Printed Circuit Board Assemblies (PCBAs);
3. Metal Mechanical Frame; and
4. Firmware.

You state that the most expensive component of the display cabinet is the LED module block which is imported from China. Each display cabinet contains four LED module blocks. There are four different types of module blocks depending on the pixel pitch model they are intended for. Each block contains four LED modules and a PCBA which assists with signal distribution and power supply. The function of the block is to display visual content like videos, images and other forms of graphics used as background during film studio recording.

The HUB is the main PCBA onto which the Receiving Card (“RC”), that is responsible for the display cabinet’s controls, is installed onto. In addition to the functions of the RC, the HUB Board is responsible for signal distribution and power supply control. The RC boards are manually mounted onto the HUB board through a complex process in Mexico that requires automated surface mount equipment and experienced engineers and technicians. There are two types of HUB boards depending on whether the display cabinet is a Brompton or Megapixel model.

The metal mechanical frame, produced in China, is the support onto which the LED module blocks and all other components of the display cabinet are assembled onto. The metal mechanical frame is designed to attach to other frames to produce the video wall.

At the final production site in Mexico, a five-minute final assembly operation occurs where the main HUB board including the RC, Interconnect board, Power Supply Unit, and LED blocks are installed onto the mechanical metal frame utilizing connectors, harnesses, bolts, and washers.

Once the final assembly is completed, the display cabinets are subject to additional processing which includes firmware installation and calibration. The firmware installation process takes about five minutes per display cabinet, giving each LED module the required capabilities to operate within the video wall. The firmware is installed into the main control field-programmable gate array (“semiconductor chip”) on the RC in the HUB Board to form the “brains” of the display cabinet. Different firmware codes are installed depending on whether the display cabinet is a Brompton or Megapixel model. The code for the Brompton models is written in the United Kingdom, and the Megapixel models are written in the United States.

ISSUES:

- I. What is the tariff classification for the Verona Crystal LED Display Cabinet?
- II. Whether the Verona Crystal LED Display Cabinet is eligible for USCMA preferential tariff treatment?
- III. What is the country of origin of the Verona Crystal LED Display Cabinet for marking purposes?
- IV. What is the country of origin of the Verona Crystal LED Display Cabinet for Section 301 Remedies purposes?

LAW AND ANALYSIS:

I. Classification

Classification under the HTSUS is made in accordance with the General Rules of Interpretation (“GRIs”). GRI 1 provides that classification shall be determined first according to the terms of the headings of the tariff schedule and any relative section or chapter notes. In the event that the goods cannot be classified solely on the basis of GRI 1, and if the headings and legal notes do not otherwise require, the remaining GRIs 2 through 6 may be applied in order. Pursuant to GRI 6, classification at the subheading level uses the same rules, *mutatis mutandis*, as classification at the heading level.

The Explanatory Notes of the Harmonized Commodity Description Coding System (“ENs”) constitute the official interpretation of the Harmonized System. While not legally binding nor dispositive, the ENs provide a commentary on the scope of each heading of the Harmonized System and are generally indicative of the proper interpretation of these headings. See T.D. 89-80, 54 Fed. Reg. 35127, 35128 (August 23, 1989).

EN 85.28 states, in relevant parts that “[t]his heading covers monitors and projectors, not incorporating television reception apparatus; reception apparatus for television, whether or not incorporating radio-broadcast receivers or sound recording or reproducing apparatus.” The display cabinet is *eo nomine* classified under heading 8528 of the Harmonized Tariff Schedule (“HTSUS”) which provides for “[m]onitors and projectors, not incorporating television reception apparatus; reception apparatus for television, whether or not incorporating radio-broadcast receivers or sound recording or reproducing apparatus.” You have stated that the display cabinet is not capable of directly connecting to an automatic data processing (ADP) machine and is not designed for use with an ADP machine. Therefore, since the display cabinet is not capable of directly operating with an ADP machine, the display cabinet is classified under subheading 8528.59, HTSUS, which provides, in relevant part, for “Other” monitors of heading 8528.

II. Eligibility for Preferential Tariff Treatment under USMCA

The United States-Mexico-Canada Agreement (“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)). GN 11 of the HTSUS implements the USMCA. GN 11(a) provides:

- (i) 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; and...

GN 11(b) sets forth the criteria for determining whether a good is an originating good for purposes of the USMCA. GN 11(b) states:

For the purposes of this note, a good imported into the customs territory of the United States from the territory of a USMCA country, as defined in subdivision (l) of this note, is eligible for the preferential tariff treatment provided for in the applicable subheading and quantitative limitations set forth in the tariff schedule as a "good originating in the territory of a USMCA country" only if—

- (i) the good is a good wholly obtained or produced entirely in the territory of one or more USMCA countries;
- (ii) the good is a good produced entirely in the territory of one or more USMCA countries, exclusively from originating materials;
- (iii) the good is a good produced entirely in the territory of one or more USMCA countries using nonoriginating materials, if the good satisfies all applicable requirements set forth in this note (including the provisions of subdivision (o)); or
...

Here, the merchandise will be produced in Mexico using nonoriginating materials. Therefore, the merchandise will not qualify as originating pursuant to GN 11(b)(i) or (ii). We must therefore consider whether the merchandise qualifies as originating pursuant to GN 11(b)(iii).

As noted above, the display cabinet is classified under subheading 8528.59, HTSUS.

GN 11(o)/85.64 provides the following product-specific rule of origin for these goods:

(A) A change to heading 8528 from any other heading.

Since none of the materials used in the production of the display cabinet are classified in heading 8528, the conditions for A are met, and the nonoriginating materials meet the requisite tariff rule. Accordingly, the display cabinet will be eligible for preferential tariff treatment under the USMCA.

II. Country of Origin Marking

The marking statute, section 304, Tariff Act of 1930, as amended (19 U.S.C. § 1304), provides that, unless excepted, every article of foreign origin (or its container) imported into the United States shall be marked in a conspicuous place as legibly, indelibly and permanently as the

nature of the article (or its container) will permit, in such a manner as to indicate to the ultimate purchaser in the United States the English name of the country of origin of the article.

Part 134 of the U.S. Customs and Border Protection (“CBP”) Regulations (19 C.F.R. Part 134) implements the country of origin marking requirements and exceptions of 19 U.S.C. § 1304. Title 19, § 134.1(b) defines “country of origin” as “the country of manufacture, production, or growth of any article of foreign origin entering the United States. Further work or material added to an article in another country must effect a substantial transformation in order to render such other country the ‘country of origin’ within the meaning of [the marking laws and regulations].” Pursuant to section 102.0, interim regulations, related to the marking rules, tariff-rate quotas, and other USMCA provisions, published in the Federal Register on July 6, 2021 (86 FR 35566), the rules set forth in §§ 102.1 through 102.18 and 102.20 determine the country of origin for marking purposes with respect to goods imported from Canada and Mexico. Title 19, C.F.R. § 102.11(a) provides that the country of origin of a good is the country in which:

- (1) The good is wholly obtained or produced;
- (2) The good is produced exclusively from domestic materials; or
- (3) Each foreign material incorporated in that good undergoes an applicable change in tariff classification set out in § 102.20 and satisfies any other applicable requirements of that section, and all other applicable requirements of these rules are satisfied.

“Foreign material” is defined in 19 C.F.R. § 102.1(e) as “a material whose country of origin as determined under these rules is not the same country as the country in which the good is produced.” Here, sections 102.11(a)(1) and 102.11(a)(2) do not apply because the product will neither be wholly obtained or produced nor produced exclusively from “domestic” (Mexican, in this case) materials. Accordingly, each non-Mexican material must meet the applicable change in tariff classification set out in Section 102.20 in order for the product to qualify to be marked as a product of Mexico.

The relevant tariff shift requirement in Part 102.20 for the display cabinet requires:

8528.59	A change to color video monitors from any other good of subheading 8528.59 or from any other subheading, except from subheading 8540.11 through 8540.12; or A change to black and white or other monochrome video monitors from any other good of subheading 8528.59 or from any other subheading, except from subheading 8540.11 through 8540.12.
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Accordingly, based on the information from the diagrams in your submission, all of the non-domestic components of the display cabinet are classified outside of subheadings 8528.59 and 8540.11 through 8540.12. Therefore, the tariff shift requirement is met. As such, the country of origin of the display cabinet for marking purposes will be Mexico.

IV. Country of Origin for Purposes of Section 301 Remedies

The U.S. Trade Representative (“USTR”) has determined that an additional ad valorem duty will be imposed on certain Chinese imports pursuant to USTR’s authority under Section 301(b) of the Trade Act of 1974 (“Section 301 measures”). See Section XXII, Chapter 99, Subchapter III, U.S. Note 20(r), HTSUS. The Section 301 measures apply to products of China enumerated in Section XXII, Chapter 99, Subchapter III, U.S. Note 20(s)(i), HTSUS.

When determining the country of origin for purposes of applying trade remedies under Section 301, the substantial transformation analysis is applicable. 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 (CCPA 1982). In deciding whether the combining of parts or materials constitutes a substantial transformation, the determinative issue is the extent of operations performed and whether the parts lose their identity and become an integral part of the new article. See *Belcrest Linens v. United States*, 6 CIT 204, 573 F. Supp. 1149 (1983), *aff’d*, 741 F.2d 1368 (Fed. Cir. 1984). If the manufacturing or combining process is a minor one which leaves the identity of the article intact, a substantial transformation has not occurred. See *Uniroyal, Inc. v. United States*, 3 CIT 220, 542 F. Supp. 1026 (1982), *aff’d*, 702 F.2d 1022 (Fed. Cir. 1983).

In determining whether a substantial transformation occurs, CBP considers the totality of the circumstances and makes such determinations on a case-by-case basis. The country of origin of the item’s components, extent of the processing that occurs within a country, and whether such processing renders a product with a new name, character, and use are primary considerations in such cases. Additionally, CBP considers factors such as the resources expended on product design and development, the extent and nature of post-assembly inspection and testing procedures, and worker skill required during the actual manufacturing process when determining whether a substantial transformation has occurred. No one factor is determinative.

The Court of International Trade (“CIT”) interpreted the meaning of “substantial transformation” in *Energizer Battery, Inc. v. United States*, 190 F. Supp. 3d 1308 (2016). *Energizer Battery* involved the determination of the country of origin of a flashlight, referred to as the Generation II flashlight. All of the components of the flashlight were of Chinese origin, except for a white LED and a hydrogen getter. The components were imported into the United States and assembled into the finished Generation II flashlight.

The *Energizer Battery* court reviewed the “name, character and use” test utilized in determining whether a substantial transformation had occurred and noted, citing *Uniroyal, Inc.*, 3 C.I.T. at 226, that when “the post-importation processing consists of assembly, courts have been reluctant to find a change in character, particularly when the imported articles do not undergo a physical change.” *Energizer Battery* at 1318. In addition, the court noted that “when the end-use was pre-determined at the time of importation, courts have generally not found a change in use.” *Energizer Battery* at 1319, citing as an example, *National Hand Tool Corp. v. United States*, 16 C.I.T. 308, 312 (1992), *aff’d*, 989 F.2d 1201 (Fed. Cir. 1993). Furthermore, courts have considered the nature of the assembly, i.e. whether it is a simple assembly or more

complex, such that individual parts lose their separate identities and become integral parts of a new article.

In reaching its decision in *Energizer*, the court expressed the question as one of whether the imported components retained their names after they were assembled into the finished Generation II flashlights. The court found “[t]he constitutive components of the Generation II flashlight do not lose their individual names as a result [of] the post-importation assembly.” The court also found that the components had a pre-determined end-use as parts and components of a Generation II flashlight at the time of importation and did not undergo a change in use due to the post-importation assembly process. Finally, the court did not find the assembly process to be sufficiently complex as to constitute a substantial transformation. Thus, the court found that Energizer’s imported components did not undergo a change in name, character, or use as a result of the post-importation assembly of the components into a finished Generation II flashlight. The court determined that China, the source of all but two components, was the correct country of origin of the finished Generation II flashlights under the government procurement provisions of the TAA.

Furthermore, in Headquarters Ruling Letter (“HQ”) H292849, dated April 19, 2018, CBP held that the imported components of the Axion series LED video display cabinets were not substantially transformed as a result of their assembly in the United States. In that case, all but two components were sourced from Taiwan. The post-importation assembly process involved manual assembly of the components. CBP found that the components were dedicated for use as components of the LED video display cabinets. As such, the individual components did not lose their separate identities as a result of the assembly process and did not undergo a change in their pre-determined uses. Accordingly, CBP found that the country of origin of the assembled Axion series LED video display cabinets was Taiwan, the country where all of the components of the Axion series LED video display cabinets, except two, were made.

Similarly, in this case, the assembly of the components, calibration, inspection, adjustments, and packaging performed in Mexico and the United States do not substantially transform any of the main components into a different article. Further, the component that imparts the character of the display cabinet (the LED module block) is the most expensive component of the display cabinet and imparts the essential character of the display cabinet and carries out the main function of the display cabinet which is to display the visual content. Here, the assembly process, including the manufacturing in Mexico, involves the manual assembly of components that are dedicated for use as components of the display cabinet. Moreover, the individual components (LED Modules, PCBA, Metal Mechanical Frame, etc.) do not lose their separate identities as a result of the assembly process in Mexico and do not undergo a change in their pre-determined uses. The assembly process is not proven to be sufficiently complex to amount to a substantial transformation of the imported components.

Based on the facts provided, it is our view that the manufacturing process performed in Mexico for the display cabinet render the end-use to be pre-determined, as they could not be used for any other purpose than a display. Further, the assembly processes performed in Mexico would not substantially transform the display cabinet into new and different articles of commerce with a name, character, and use distinct from that of the exported good. Therefore, we look to

the LED module block which imparts the essential character of the display block. It is by far the most expensive component of the display cabinet, and it carries out the essential function of the display cabinet as it displays visual content.

Thus, because the display cabinet was not substantially transformed in Mexico, the country of origin will be the same as the LED Module block which is China.

HOLDING:

Based on the information provided, the display cabinet is classified under subheading 8528.59, HTSUS. The display cabinet may be considered a product of Mexico for purposes of marking. Additionally, the goods at issue will also be eligible for preferential tariff treatment under the USMCA. Lastly, the country of origin of the display cabinet for Section 301 remedies purposes is China.

Please note that 19 C.F.R. § 177.9(b)(1) provides that “[e]ach ruling letter is issued on the assumption that all of the information furnished in connection with the ruling request and incorporated in the ruling letter, either directly, by reference, or by implication, is accurate and complete in every material respect. The application of a ruling letter by a CBP field office to the transaction to which it is purported to relate is subject to the verification of the facts incorporated in the ruling letter, a comparison of the transaction described therein to the actual transaction, and the satisfaction of any conditions on which the ruling was based.”

A copy of this ruling letter should be attached to the entry documents filed at the time this merchandise is entered. If the documents have been filed without a copy, this ruling should be brought to the attention of the CBP officer handling the transaction.

Sincerely,

Monika R. Brenner, Chief
Valuation and Special Programs Branch