



HQ H344538

September 11, 2025

OT:RR:CTF:VS H344538 RMC

CATEGORY: Origin

Brian K. Smith
Johnson Electric
47660 Halyard Dr.
Plymouth, MI 48170

RE: Classification, Country of Origin, and USMCA Eligibility of Transmission Fluid Pump

Dear Mr. Smith:

This is in response to your correspondence of January 2, 2025, in which you ask U.S. Customs and Border Protection (“CBP”) to address the classification of a transmission fluid pump along with its country of origin for purposes of Section 301 measures and its eligibility under the United States-Mexico-Canada Agreement (“USMCA”). Your request, submitted as an electronic ruling request, was forwarded to this office from the National Commodity Specialist Division for response.

We determined that certain information submitted in connection with this internal advice request should be treated as confidential. Therefore, pursuant to the requirements of 19 C.F.R. §177.2(b)(7), the information contained within brackets and all attachments to this internal advice request, forwarded to our office, will not be released to the public and will be withheld from published versions of this decision.

FACTS:

The merchandise at issue is a transmission fluid pump assembly (finished good part number 612818), that will be manufactured by an affiliated company (Johnson Electric Canada) in Mississauga, Ontario. The function of the product is to provide pressurized automotive transmission fluid to the appropriate bands and clutches within the transmission of a passenger vehicle. The automatic transmission fluid that the pump moves through the system provides lubrication, corrosion prevention, and a hydraulic medium to transmit the power required to operate the transmission.

You state that the transaction value and net cost for the good is \$[] Canadian Dollars (“CAD”) and \$[], respectively, and provided the following bill of materials:

Material Name	Quantity	Classification	Value (CAD)	Originating Status	Country of Origin
Cover Cast	1	8413.91	\$[]	Nonoriginating	China
Bushing Cover	1	8483.30	\$[]	Originating	United States
Inlet Seal Assembly	1	4016.93	\$[]	Originating	United States
Inlet Seal	1	4016.93	\$[]	Originating	United States
Inlet Seal Ring	1	7326.90	\$[]	Originating	United States
Baseplate Cast	1	8413.91	\$[]	Nonoriginating	China
Slide Cast	1	8413.91	\$[]	Originating	Canada
Slide Seal	1	7326.90	\$[]	Originating	United States
Slide Seal Support	1	8413.91	\$[]	Nonoriginating	Taiwan
Ring Slide Seal	1	4016.93	\$[]	Originating	United States
Slide Seal O-Ring	1	7326.90	\$[]	Nonoriginating	Taiwan
Channel Plate Cast	1	8413.91	\$[]	Nonoriginating	China
Bushing – Chanel Plate	1	8483.30	\$[]	Originating	United States
Baseplate Cast – 6mm	1	8413.91	\$[]	Nonoriginating	China
Rotor Cast	1	8503.00	\$[]	Originating	Canada
Vane Ring	1	8413.91	\$[]	Nonoriginating	China
Priming Spring	1	7320.20	\$[]	Originating	United States
Relief Ball	1	8481.90	\$[]	Nonoriginating	China
Transmission Pump Shaft	1	8708.99	\$[]	Nonoriginating	Korea
M6X58 Bolt	1	7318.14	\$[]	Originating	United States

Shroud & Gear Assembly	2	8483.90	\$[]	Originating	United States
Shroud Sub-Assembly	1	8482.90	\$[]	Originating	United States
Shroud Sub-Assembly C&S	1	8483.90	\$[]	Originating	United States
Shroud Base	1	8483.90	\$[]	Originating	United States
Shroud Insert	1	8483.90	\$[]	Originating	United States
Drive Gear	2	8483.90	\$[]	Originating	Canada
Clip	1	8483.90	\$[]	Originating	United States
Shroud Cover	1	8483.90	\$[]	Originating	United States
Shroud Cover C&S	1	8483.90	\$[]	Originating	United States
M6X20 Bolt	2	7318.14	\$[]	Originating	United States

The Canadian manufacturing of the goods involves more than 100 steps and 74 different components, including all subassemblies and individual components. The three major casting components are: (1) the cover casting; (2) the baseplate casting; and (3) the channel plate casting. Each is imported from China into Canada for further processing into subassemblies. The Canadian processing for each begins with machining, milling, drilling, reaming, disc grinding, and deburring. Once this processing is completed, the castings are combined with other components, such as bushings, ring dowels, and seals, to complete the subassemblies.

After the subassemblies have been manufactured, they are assembled into the finished goods via two interconnected assembly lines and a third separate assembly line where the pump shroud and gear are assembled. In short, the assembly involves ultrasonic washing and drying, affixing the three major subassemblies, and installing components such as rings, pivot pins, springs, bolts, and c-clips.

Once assembled, the transmission fluid pump assembly will be incorporated into the transmission of a passenger vehicle which uses an internal combustion piston engine. It will be mounted between the torque converter and the planetary gear set, intended to pump automatic transmission fluid to assist in the changing of gears within a passenger vehicle.

ISSUES:

- I. What is the classification of the transmission fluid pump?
- II. What is the country of origin of the transmission fluid pump for purposes of Section 301 measures?

- III. Whether the transmission fluid pump is eligible for USMCA preferential tariff treatment under the USMCA when imported from Mexico into the United States.

LAW AND ANALYSIS:

I. Classification

In your submission, you suggest that the product is properly classified in subheading 8413.60.00, Harmonized Tariff Schedule of the United States (“HTSUS”), which provides for “Pumps for liquids, whether or not fitted with a measuring device; liquid elevators; part thereof: Other rotary positive displacement pumps:”

In New York Ruling Letter N171997, dated July 18, 2011, CBP held that a “fixed (positive) displacement gear pump” was properly classified in 8413.60.00, HTSUS. The pump used an arrangement of gears to generate fluid pressure and circulate hydraulic fluid to both the transmission and the torque converter.

For similar reasons, we hold that the merchandise at issue is properly classified in subheading 8413.60.00, HTSUS, under General Rules of Interpretation 1 and 6.

II. Country of Origin for Purposes of Section 301 Measures

The United States Trade Representative (“USTR”) has determined that an additional *ad valorem* duty of 25 percent 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”). The Section 301 measures apply to products of China enumerated in Section XXII, Chapter 99, Subchapter III, U.S. Note 20(b), HTSUS. Among the subheadings listed in U.S. Note 20(b) of Subchapter III, Chapter 99, HTSUS, is 8413.60.00.

When determining the country of origin for purposes of applying trade measures under Section 301, the substantial transformation analysis applies. 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. *Texas Instruments, Inc. v. United States*, 69 CCPA 151, 681 F.2d 778 (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. *Belcrest Linens v. United States*, 6 CIT 204, 573 F. Supp. 1149 (1983), *aff’d*, 741 F.2d 1368 (Fed. Cir. 1984).

Assembly operations that are minimal or simple, as opposed to complex or meaningful, will generally not result in a substantial transformation. Factors which may be relevant in this evaluation may include the nature of the operation (including the number of components assembled), the number of different operations involved, and whether a significant period of time, skill, detail, and quality control are necessary for the assembly operation. *See* C.S.D. 80-111, C.S.D. 85-25, C.S.D. 89-110, C.S.D. 89-118, C.S.D. 90-51, and C.S.D. 90-97. 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.

For example, in HQ 561297, dated June 2, 1999, CBP considered whether a substantial transformation occurred when imported raw castings were processed in the United States into receivers, which were then assembled into rifles. The U.S. processing of the raw castings to produce receivers included machining, heat treatment, drilling four holes, sandblasting, dipping the castings into a hot caustic solution, stamping, and final inspection. The receivers were then ready to be assembled into rifles. CBP noted that the raw castings had the shape, character and predetermined use of the finished receivers and merely required intermediate finishing operations. Accordingly, CBP held that the processing of the raw castings into receivers in the United States did not result in a substantial transformation.

However, in that case, CBP also ruled that the processing of the raw castings into receivers and assembling them with other components to create finished rifles in the United States resulted in a substantial transformation creating a new article with a new name, character, and use. The factors considered were the complexity of the assembly operation, the number of parts involved, and the need for trained technicians to meet very exacting specifications.

In HQ 561405, dated October 23, 2001, CBP relied on HQ 561297 in holding that a substantial transformation occurred when imported raw castings were combined with other components to form regulators, transducers, and valve positioners.¹ We noted that most of the imported castings needed extensive processing before they could be assembled with various components to make the finished regulators, transducers, and valve positioners. It was “significant” that, except for the imported castings, all the components were made in the country of assembly. Moreover, the assembly operations appeared to be “fairly complex,” including drilling, rapping, and machining to exact specifications—in addition to pressing components into the castings, positioning springs and spring guides, applying torque to screws, and aligning various components.

Here, as in the cases cited above, the processing of the castings, along with the addition of numerous additional components, will result in an article with a different name, character, and use. The Canadian processing of the castings involves machining, milling, drilling, reaming, disc grinding, and deburring. This processing must be completed before the castings can be combined with other components, such as bushings, ring dowels, and seals, to complete the subassemblies. After the subassemblies have been manufactured, they are assembled into the finished goods via two interconnected assembly lines and a third separate assembly line where the pump shroud and gear are assembled. This assembly involves ultrasonic washing and drying, affixing the three major subassemblies, and installing components such as rings, pivot pins, springs, bolts, and c-clips. A significant portion of the total value materials used in the production of the goods is Canadian. Moreover, the assembly operations require precision in order to produce a sophisticated device that can effectively regulate the flow of transmission fluid. Accordingly, we hold that a substantial transformation will occur in Canada, and the country of origin of the merchandise for purposes of Section 301 measures will be Canada.

¹ In HQ H308201, dated February 2, 2021, CBP modified HQ 561297 to remove references to HQ 561745, dated July 20, 2000, which was rescinded on September 19, 2000. As noted in H308208, “[t]he finding of HQ 561297 that the imported castings are substantially transformed . . . is unaffected.”

III. 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 of the HTSUS implements the USMCA.

GN 11(a) provides that:

Goods originating in the territory of a country named herein, pursuant to the United States-Mexico-Canada Agreement (USMCA), are subject to duty as provided herein, including any treatment set forth in subchapter XXIII of chapter 98 and subchapter XXII of chapter 99 of the tariff schedule. For the purposes of this note, as provided in the tariff schedule—

- (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 [sic] 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 Canada using originating and 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 merchandise is classified in 8413.60.00, HTSUS. The applicable product-specific rule of origin in GN 11(o)/84.40 is underscored and requires:

40. (A) A change to subheadings 8413.11 through 8413.82 from any other heading; or
- (B) A change to subheadings 8413.11 through 8413.82 from subheadings 8413.91 through 8413.92, whether or not there is also a change from any other heading, provided there is a regional value content of not less than:
- (1) 60 percent where the transaction value method is used; or
 - (2) 50 percent where the net cost method is used.

The applicable subheading rule provides that “[t]he underscoring of the designations in subdivision 40 pertain to goods provided for in subheadings 8413.11 through 8413.82 for use in a motor vehicle of chapter 87.” Furthermore, Chapter rule 7 for goods of Chapter 84 provides that “[f]or the purposes of the subdivisions pertaining to this chapter, whenever the subdivision designation is underscored, the provisions of subdivision (k) of this note may apply to goods for use in a motor vehicle of chapter 87.” Here, because the product-specific rule is underscored and the merchandise is for use in a motor vehicle of chapter 87 (namely, a passenger vehicle or light truck), the provisions of subdivision (k) may apply.

GN 11(k) provides special rules for automotive goods. GN 11(k)(i) provides that:

An automotive good and other motor vehicles and parts described herein shall be subject to applicable requirements set forth in this paragraph, including, with respect to a passenger vehicle or light truck that has been authorized to use the alternative staging regime described under subparagraph (viii), applicable requirements for the duration of the alternative staging period specified in the approval.

GN 11(k)(ii)(E)(2) includes in the definition of an “automotive good” any “part, component or material listed in table A.1, A.2, B, C, D, or E of the automotive appendix, subject to any provisions that may be included in regulations issued by the Secretary of the Treasury.” GN 11(k)(ii)(D) defines “automotive appendix” as “. . . the Appendix to Annex 4-B of the USMCA (relating to the product-specific rules of origin for automotive goods, as reflected in subdivision (o) of this note).”

Goods of subheading 8413.60 are not listed in the tables of the automotive appendix. The rule of origin in GN 11(o)/84.40 therefore applies.

Examining the bill of materials, numerous materials used in the production of the good fail to meet the required tariff shift in GN 11(o)/84.40(A) because they are classified in heading 8413. Before examining whether the goods qualify as originating under GN 11(o)/84.40(B), you first ask us to determine whether the goods qualify as originating under the USMCA de minimis provision.

GN 11(e), HTSUS, provides that:

De minimis amounts of nonoriginating materials.

(i) In general.—Except as provided in subparagraphs (e)(ii) through (iv) below, a good that does not undergo a change in tariff classification or satisfy a regional value content requirement set forth in subdivision (o) of this note is an originating good if—

(A) the value of all nonoriginating materials that are used in the production of the good, and do not undergo the applicable change in tariff classification set forth in subdivision (o) of this note—

(1) does not exceed 10 percent of the transaction value of the good, adjusted to exclude any costs incurred in the international shipment of the good; or

(2) does not exceed 10 percent of the total cost of the good;

(B) the good meets all other applicable requirements of this note; and

...

Here, the transaction value of the good is \$[] CAD. Although you provided the net cost of the good, you did not provide the total cost. Based on the information in the bill of materials, the total value of nonoriginating materials that fail to meet the required tariff shift is \$[] – or approximately 18% of the transaction value of the good. Accordingly, the goods do not qualify as USMCA originating under the de minimis provision in GN 11(e).

Turning to the rule of origin in GN 11(o)/84.40(B), the good may also qualify as originating as a result of “[a] change to subheadings 8413.11 through 8413.82 from subheadings 8413.91 through 8413.92, whether or not there is also a change from any other heading, provided there is a regional value content of not less than:

(1) 60 percent where the transaction value method is used; or

(2) 50 percent where the net cost method is used.

The transaction value method for determining regional value content (“RVC”) under the USMCA is set forth in GN 11(c)(ii):

Transaction value method.--- An importer, exporter or producer of a good may calculate the regional value content of the good on the basis of the following transaction value method:

$$RVC = ((TV-VNM)/TV) \times 100$$

where RVC means the regional value content of the good, expressed as a percentage; TV means the transaction value of the good adjusted to exclude any costs incurred in the international shipment of the good; and VNM means the value of nonoriginating materials, including materials of undetermined origin, used by the producer in the production of the good.

Here, the RVC under the transaction value method is calculated as $(([] - []) / [] * 100) = 77.5\%$. Because the RVC exceeds the 60% threshold in GN 11(o)/84.40(B)(1), the goods will qualify as USMCA originating.

HOLDING:

Based on the information provided, the subject merchandise is classified in subheading 8413.60.00, HTSUS. Because a substantial transformation occurs in Canada, the merchandise is a product of Canada for purposes of Section 301 measures. Additionally, the goods qualify as USMCA originating and will be eligible for preferential tariff treatment under the USMCA, provided that all other applicable requirements are met.

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 Customs Service 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