



HQ H352465

December 8, 2025

OT:RR:CTF:VS H352465 RRB

CATEGORY: Origin

Juan Moreno
Sandler, Travis & Rosenberg, PA
414 Jackson Street
San Francisco, CA 94111

RE: County of Origin; United States-Colombia Trade Promotion Agreement (CTPA);
Regional Value Content; Lifthauler Trailers

Dear Mr. Moreno:

This is in response to your correspondence, dated August 12, 2025, on behalf of Brandes OES, LLC (“Brandes”), requesting a binding ruling pursuant to 19 CFR § 177.1. Your request concerns the country of origin and eligibility for preferential tariff treatment under the U.S.-Colombia Trade Promotion Agreement (“CTPA”) of certain Lifthauler Trailers.

Although the importer has not requested confidential treatment, the business confidential information contained within brackets in italics will not be released to the public and will be withheld from the published version of this ruling.

FACTS:

The products at issue are 45-foot Combo Lifthauler Trailers (“Lifthauler Trailers”) manufactured in Colombia. The Lifthauler Trailers have an air-ride suspension designed for commercial transportation. They incorporate a steel chassis and a load-bearing flatbed aluminum deck, along with integrated mechanical, pneumatic, and electrical systems.

You explain that the Lifthauler Trailers are manufactured in Colombia from CTPA originating and nonoriginating materials. The processing operations in Colombia consist of the following:

- laser cutting, chamfering, CNC bending, and hole routing of steel and aluminum components;
- fabrication and welding of the structural trailer chassis frame and load-bearing platform;
- assembly of functional subassemblies, including air-ride suspension modules, electrical harnesses, kingpin system, and floor decking components;
- final integration of all subassemblies and installation of tires, axles, lights, wiring, and mechanical fittings;
- painting and surface treatment to ensure corrosion resistance and final finishing; and
- quality assurance processes.

You state that the processes are performed by skilled technicians in Colombia using advanced manufacturing equipment. The subject trailer will be complete and operational upon export. It is intended for use as a freight transport platform.

You further state that the finished trailer is classified in subheading 8716.39.00, Harmonized Tariff Schedule of the United States (“HTSUS”), as “Trailers and semi-trailers; other vehicles, not mechanically propelled; and parts thereof: Other trailers and semi-trailers for the transport of goods: Other: Other: Other: Platform type.”

In support of this ruling request, you also provided a costed bill of materials. The costed bill of materials sets forth the country of origin of each component, value of each component, and whether each component is classified outside of heading 8716, HTSUS. According to this document, the Lifthauler Trailers are made up of the following components:

- Trailer stickers from Colombia, China
- Flooring components from China and Malaysia that are assembled in Colombia into floor decking
- Various fasteners from China
- Air system components from China, Mexico, and the United States are assembled into an air tank assembly in Colombia
- Electrical system components from China, the United States, and Mexico, including a harness kit, assembled in Colombia
- Suspension system components from Turkey that are assembled in Colombia
- Miscellaneous components from the United States and Colombia, assembled into integrated subassemblies in Colombia
- Valve components from the United States
- Axles from China
- Landing gear from the United States that are assembled and installed in Colombia
- Electrical Peterson light kit components from the United States and China and installed in Colombia
- Tires from Colombia

- Steel wheels from China
- Winch assembly components from China assembled in Colombia

The costed bill of materials further sets forth the cost for each of the components, as well as final processing, labor, profit, taxes, and overhead in Colombia. Some of the higher costs are as follows:

Material Description	Country of Origin	Colombia/USA Value of Materials (VOM)
VIN Tag	Originating	[\$***]
Decal Sheet Set	Originating	[\$***]
DOT Bumper Plate	Originating	[\$***]
Miscellaneous King Pin Spool Bolster Component Used in Integrated Assembly	Originating	[\$***]
Mudflap	Originating	[\$***]
Valve Components	Originating	[\$***]
Harness Kit	Originating	[\$***]
Dump Valves for Air System	Originating	[\$***]
Landing Gear	Originating	[\$***]
“Lic Plate Lite” for Electrical System	Originating	[\$***]
Air Brake Hoses	Originating	[\$***]
Front Electrical Connections Used in Electrical System	Originating	[\$***]
Floor Braces for Integrated Subassemblies	Originating	[\$***]
Air Tank Assembly Component	Originating	[\$***]
Peterson Light Kit Components	Originating	[\$***]
Tires	Originating	[\$***]
Suspension System Components	Nonoriginating	[\$***]
Axles	Nonoriginating	[\$***]
Brass Kit	Nonoriginating	[\$***]
Steel Wheels	Nonoriginating	[\$***]
Winch Assembly	Nonoriginating	[\$***]

<u>Colombia Vendor Costs</u>	<u>Colombia/USA Value of Materials (VOM)</u>
Labor	[\$***]
Overhead Allocation	[\$***]
Engineering & Design	[\$***]
Vendor Profit	[\$***]

Vendor Colombian Tax Payments	[\$***]
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In addition to the costed bill of materials, you also provided visual and narrative documentation of the manufacturing operations performed in Colombia. This includes process diagrams, step-by-step descriptions, and photographs in support of your ruling request.

In your ruling request, you assert that based on the costed bill of materials, the regional value content in Colombia is close to 60 percent based upon the build-up method. Based on this document, the total purchase price for the subject merchandise is \$29,167.67. In an email, dated September 15, 2025, you confirmed you and your client's understanding that the purchase price of \$29,167.67 represents the adjusted value of the merchandise (exclusive of transportation, insurance and related services incident to the international shipment of the merchandise from the country of exportation to the country of importation). You further state that while some nonoriginating components may be classified as parts of subheading 8716.90, HTSUS, none are classified in any of the other subheadings under heading 8716, HTSUS. You also assert that the processing operations performed in Colombia effect a substantial transformation of the imported components sufficient to confer Colombian origin for tariff and marking purposes.

ISSUES:

- (1) Whether the subject Lifthauler Trailers qualify for preferential tariff treatment under the CTPA.
- (2) What is the country of origin of the subject Lifthauler Trailers for purposes of marking and trade remedies?

LAW AND ANALYSIS:

1. Eligibility under the CTPA

The U.S.-Colombia Trade Promotion Agreement Implementation Act ("CTPA"), Public Law 112-42, 125 Stat. 462, is implemented in the Harmonized Tariff Schedule of the United States at General Note ("GN") 34. GN 34(b) provides in relevant part:

- (b) For the purposes of this note, subject to the provisions of subdivisions (c), (d), (n) and (o) thereof, a good imported into the customs territory of the United States is eligible for treatment as an originating good of Colombia or of the United States under the terms of this note if—
 - (i) the good is wholly obtained or produced entirely in the territory of Colombia or of the United States, or both;

- (ii) the good is produced entirely in the territory of Colombia or of the United States, or both, and--
 - (A) each of the nonoriginating materials used in the production of the good undergoes an applicable change in tariff classification specified in subdivision (o) of this note; or
 - (B) the good otherwise satisfies any applicable regional value-content or other requirements set forth in such subdivision (o); and
- satisfies all other applicable requirements of this note and of applicable regulations; or...

Since the Lifthauler Trailers contain nonoriginating materials, they will not qualify as originating pursuant to GN 34(b)(i). We must therefore consider whether the Lifthauler Trailers qualify as originating pursuant to GN 34(b)(ii).

You state that the Lifthauler Trailers are classified in subheading 8716.39.00, HTSUS, which provides for "Trailers and semi-trailers; other vehicles, not mechanically propelled; and parts thereof: Other trailers and semi-trailers for the transport of goods: Other: Other: Other: Platform type." We agree. See, e.g., New York Ruling Letter ("NY") L84115, dated April 21, 2005, and NY F80959, dated December 22, 1999. The applicable rule of origin set forth in GN 34(o), Chapter 87, Rule 11 provides as follows:

- 11. (A) A change to subheading 8716.10 through 8716.80 from any other heading; or
- (B) A change to subheading 8716.10 through 8716.80 from subheading 8716.90, whether or not there is also a change from any other heading, provided that there is a regional value content of not less than:
 - (1) 35 percent under the build-up method, or
 - (2) 45 percent under the build-down method.

Based on the costed bill of materials, some of the nonoriginating components do not satisfy the tariff shift requirement set forth in GN 34(o), Chapter 87, Rule 11(A) because they remain classified in heading 8716, HTSUS. Therefore, we must turn to GN 34(o), Chapter 87, Rule 11(B).

Per GN 34(o), Chapter, 87, Rule 11(B), which sets forth the RVC requirement under either the build-up or build-down method, you state that according to the costed bill of materials, the value of the Colombian-origin chassis frame, deck, and integrated

assemblies, combined with final processing, labor and overhead, constitutes more than 35% of the adjusted value of finished trailer using the build-up method.

Pursuant to GN 34(g)(i), the RVC for a good referred to in subdivision (o) of this note on the basis of the build-down method described in subdivision (g)(i)(A) or the build-up method described in subdivision (g)(i)(B) of this note shall be calculated as follows:

- (A) For the build-down method, the regional value content of a good may be calculated on the basis of the formula $RVC = ((AV - VNM) / AV) \times 100$, where RVC is the regional value content, expressed as a percentage; AV is the adjusted value of the good; and VNM is the value of nonoriginating materials that are acquired and used by the producer in the production of the good, but does not include the value of a material that is self-produced, or
- (B) For the build-up method, the regional value content of a good may be calculated on the basis of the formula $RVC = (VOM / AV) \times 100$, where RVC is the regional value content, expressed as a percentage; AV is the adjusted value of the good; and VOM is the value of originating materials that are acquired or self-produced, and used by the producer in the production of the good.

Per GN 34(g)(ii),

- (A) For the purpose of calculating the regional value content of a good under subdivision (g)(i)..., the value of a material is:
 - (1) In the case of a material that is imported by the producer of the good, the adjusted value of the material;
 - ...
 - (3) in the case of a material that is self-produced, the sum of—
 - (I) all expenses incurred in the production of the material, including general expenses, and
 - (II) an amount for profit equivalent to the profit added in the normal course of trade.

(B) The value of materials may be further adjusted as follows:

- (1) for originating materials, the following expenses, if not included in the value of an originating material calculated under subdivision (A) above, may be added to the value of the originating material:

- (I) the costs of freight, insurance, packing and all other costs incurred in transporting the material within or between the territory of Colombia or of the United States, or both, to the location of producer;
- (II) duties, taxes and customs brokerage fees on the material paid in the territory of Colombia or of the United States, or both, other than duties and taxes that are waived, refunded, refundable or otherwise recoverable, including credit against duty or tax paid or payable; and
- (III) the cost of waste and spoilage resulting from the use of the material in the production of the good, less the value of renewable scrap or byproducts;...

In addition, GN 34(e)(iii) defines the term “adjusted value” as follows:

...the value determined in accordance with Articles 1 through 8, Article 15 and the corresponding interpretive notes of the Agreement on Implementation of Article VII of the General Agreement on Tariffs and Trade 1994 referred to in section 101(d)(8) of the Uruguay Round Agreements Act (19 U.S.C. 3511(d)(8)), adjusted, if necessary, to exclude any costs, charges or expenses incurred for transportation, insurance and related services incident to the international shipment of the merchandise from the country of exportation to the place of importation.

Under the first part of GN 34(o), Chapter 87, Rule 11(B), whether or not there is a change to subheading 8716.39, HTSUS, from any other heading, there must be a change to that subheading from subheading 8716.90, HTSUS. You explain that those nonoriginating components that remain classified in heading 8716 are classified as parts of trailers under subheading 8716.90, HTSUS. Assuming these classifications to be accurate, we find that the tariff shift requirement in GN 34(o), Chapter 87, Rule 11(B) is met.

In order to calculate the VOM under the build-up method, we begin by adding the value of all the originating components (i.e., those of U.S. or Colombian origin). The costed bill of materials also provides values for labor, overhead, engineering & design, vendor profit and vendor Colombian tax payments, which you state are incurred in Colombia and are not connected to the importer.

Pursuant to GN 34(g)(i)(B), the VOM under the build-up method is the value of originating materials that are acquired or self-produced, and used by the producer in the production of the good. Therefore, we must look to GN 34(g)(ii)(A)(3), which provides that the value of a material that is self-produced for purposes of calculating the regional value content must include all expenses incurred in the production of the material, including general expenses, and an amount for profit equivalent to the profit added in

the normal course of trade. Moreover, GN 34(g)(ii)(B)(1) must be taken into account. This provision states that the VOM may include the cost of freight, insurance, packaging and all other costs incurred in transporting the material within or between Colombia or the United States or both, to the location of the producer; duties, taxes and customs brokerage fees; and the cost of waste and spoilage. Accordingly, values for labor, overhead, engineering & design, vendor profit and vendor Colombian tax payments, which you state are incurred in Colombia and are not connected to the importer, should be included when calculating the VOM under the build-up method.

Here, the VOM is calculated by adding up the value of all components of U.S. and Colombian origin plus labor, overhead, engineering & design, vendor profit and vendor Colombian tax payments. The total VOM calculated by adding up these items is \$17,145.09. Because you confirmed that the purchase price of \$29,167.67 represents the adjusted value of the merchandise (exclusive of transportation, insurance and related services incident to the international shipment of the merchandise from the country of exportation to the country of importation), we will divide the VOM by this figure as the adjusted value. Thus, using the formula from GN 34(g)(i)(B), the RVC under the build-up method is $(\$17,145.09 / \$29,167.67) \times 100$, which is 58.8%. Because the RVC under the build-up method is greater than 35%, the applicable rule of origin under GN 34(o), Chapter 87, Rule 11(B)(1) is satisfied. As the requisite rule of origin for merchandise classified in subheading 8716.39.00, HTSUS, is met, we agree that the Lifthauler Trailers will qualify as originating goods under the CTPA.

2. Country of Origin for Marking and Trade Remedies

Section 304 of the Tariff Act of 1930, as amended (19 U.S.C. 1304), provides that unless excepted, every article of foreign origin 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. Congressional intent in enacting 19 U.S.C. 1304 was “that the ultimate purchaser should be able to know by an inspection of the marking on the imported goods the country of which the goods is the product. The evident purpose is to mark the goods so that at the time of purchase the ultimate purchaser may, by knowing where the goods were produced, be able to buy or refuse to buy them, if such marking should influence his will.” See United States v. Friedlaender & Co., 27 C.C.P.A. 297, 302 (1940).

Part 134 of the U.S. Customs and Border Protection (“CBP”) Regulations (19 CFR 134) implements the country of origin marking requirements and exceptions of 19 U.S.C. 1304. Section 134.1(b), CBP Regulations (19 CFR 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. When determining the country of origin for purposes of applying current trade remedies, the substantial transformation analysis is also applicable. See, e.g., Headquarters Ruling

Letter (“HQ”) H301619, dated November 6, 2018. A substantial transformation occurs when, as a result of manufacturing process, a new and different article emerges, having a distinct name, character or use, which is different from that originally possessed by the article or material before being subjected to the manufacturing process. See *United States v. Gibson-Thomsen Co., Inc.*, 27 C.C.P.A. 267 (C.A.D. 98) (1940).

In *National Hand Tool Corp. v. United States*, 16 CIT 308 (1992), *aff’d*, 989 F.2d 1201 (Fed. Cir. 1993), the court held that hand tool components imported from Taiwan and used to make flex sockets, speeder handles, and flex handles were not substantially transformed in the United States. The court focused on the fact that the components had been cold-formed or hot-forged into their final shape before importation and their use was predetermined at the time of importation. *Id.* at 311-312. The court stated that the fact that there was only one predetermined use of the imported articles did not preclude the finding of substantial transformation but that the finding would be based on a “totality of the evidence.” *Id.* at 312.

In order to determine whether a substantial transformation occurs when components of various origins are assembled into completed products, 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, 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 will be considered when determining whether a substantial transformation has occurred. No one factor is determinative.

In HQ H022169, dated May 2, 2008, CBP found that an imported mini-truck glider was substantially transformed as a result of assembly operations performed in the United States to produce an electric mini-truck. The decision was based on the fact that under the described assembly process, the imported glider lost its individual identity and became an integral part of a new article possessing a new name, character, and use. In addition, a substantial number of the components added to the imported glider were of U.S. origin. The glider was assembled with approximately 87 different components, 68 of which were of U.S. origin. The batteries, charger, and gear box were of U.S. origin, and other major parts, including the electric motor and brakes, were of foreign origin.

Similarly, in NY N324668, dated March 24, 2022, CBP considered the country of origin of a mobile scissor lift with a hydraulic lifting platform. The subject merchandise consisted of five major structural subassemblies produced in Poland, including the arm platform, chassis, counterweight and assembly pin. The control system included electrical components sourced from Germany and Italy, while the driving system consisted of a gear box sourced from India. The hydraulic system contained components sourced from Poland, Germany, and Italy. The electrical system consisted of a motor from Germany, sensor from Italy, switch from France, harness cable from

Poland, battery from Vietnam, and battery charger from Mexico. Other components consisted of tires, fastening pieces, plastic covers, and fuses sourced from China. Production of various subassemblies and the final mobile scissor lift in Poland consisted of machining the metal components for the arm subassembly and chassis by way of a sawing tube, punching holes, lathing, laser cutting, pressing, drilling, tapping, bending, burring, and boring. This was followed by welding of the metal components. Final assembly of the subassemblies into the mobile scissor lift consisted of installation, fastening, wiring of the motor and motor controller, mounting, testing, calibration, and inspection. Here, CBP found that the processing performed in Poland was not simple; in addition to the final assembly in Poland, all of the major structural subassemblies were manufactured from steel material and transformed into integral subassemblies in Poland. Moreover, the complex operations performed in Poland resulted in the individual parts losing their separate identities such that the country of origin of the mobile scissor lift was Poland.

On the other hand, in HQ H267876, dated December 23, 2015, CBP considered whether intermodal shipping containers made of various components, including foreign origin side, roof, and floor panels were substantially transformed by assembly operations in the United States. It found that the assembly operations did not change the predetermined use of the panels, all of which originated from one country. Relying on *National Hand Tool*, CBP concluded that the essential character of the intermodal shipping container was imparted by the foreign origin panels, which like *National Hand Tool*, were already formed in their final shape prior to importation. See also, HQ H273529, dated May 13, 2026 (holding that the country of origin of intermodal shipping containers was Korea because the Korean-origin roof and side panels imparted the essential character of the intermodal shipping containers whereas the assembly operations in the United States were not sufficient to result in a substantial transformation).

In the instant matter, while certain foreign components, including trailer axles, steel plates and wheels, fasteners, and suspension components, are integrated into the final assembly, many of the most important subassemblies, including the air-ride suspension modules, electrical harnesses and electrical system, kingpin system, and floor decking components, are assembled in Colombia through complex manufacturing operations described above. Additionally, laser cutting, chamfering, CNC bending, and hole routing of steel components that are integral to the trailer chassis frame, and fabrication and welding of the structural trailer chassis frame and load-bearing platform, are complex operations performed in Colombia. As in NY N324668 and HQ H022169, the most complex assembly operations in the instant matter occur in the same country as where the most significant components or subassemblies are also manufactured. Based on the totality of the circumstances, where functional and complex subassemblies are manufactured in Colombia, where the structural chassis frame is manufactured in Colombia, and where the final assembly operations take place in Colombia to manufacture the finished Lifthauler Trailer, we find that the non-Colombian components are substantially transformed and lose their individual identities to become

integral components of the finished trailer. Accordingly, the country of origin of the Lifthauler Trailer will be Colombia for purposes of marking and trade remedies.

HOLDING:

The country of origin of the subject Lifthauler Trailers for purposes of marking and trade remedies will be Colombia.

The subject Lifthauler Trailers qualify for preferential tariff treatment under the CTPA.

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

Sincerely,

Monika R. Brenner, Chief
Valuation and Special Programs Branch