

**DEPARTMENT OF HOMELAND
SECURITY**

U.S. Customs and Border Protection

**Notice of Issuance of Final
Determination Concerning Axion
Series Led Video Display
Cabinets**

AGENCY: U.S. Customs and Border
Protection, Department of Homeland
Security.

ACTION: Notice of final determination.

SUMMARY: This document provides
notice that U.S. Customs and Border
Protection (“CBP”) has issued a final
determination concerning the country
of origin of **Axion series LED video
display cabinets**. Based upon the facts
presented, CBP has concluded in the
final determination that Taiwan is the
country of origin of the Axion series
LED video display cabinets for
purposes of U.S. Government
procurement.

DATES: The final determination was issued on April 19, 2018. A copy of the final determination is attached. Any party-at-interest, as defined in 19 CFR 177.22(d), may seek judicial review of this final determination within May 29, 2018.

SUPPLEMENTARY INFORMATION: Notice is hereby given that on April 19, 2018, CBP issued a final determination concerning the country of origin of Axion series LED video display cabinets which may be offered to the United States Government under an undesignated government procurement contract. This final determination, HQ H292849, was issued at the request of Vanguard LED Displays, Inc., under procedures set forth at 19 CFR part 177, subpart B, which implements Title III of the Trade Agreements Act of 1979, as amended (19 U.S.C. § 2511–18). In the final determination, CBP has concluded that, based upon the facts presented, the assembly of imported components does not substantially transform the components into a product of the United States, and therefore, the assembled Axion series LED video display cabinets derive their origin from the imported components, nearly all of which originate in Taiwan. Therefore, Taiwan is the country of origin of the Axion series LED video display cabinets for purposes of U.S. Government procurement.

Dear Mr. Murray:

This is in response to your request of December 15, 2017, on behalf of your client, Vanguard LED Displays, Inc. (hereinafter, Vanguard), requesting a final determination concerning Light Emitting Diode (LED) video display cabinets for purposes of government procurement under Title III of the Trade Agreements Act of 1979 (TAA), as amended (19 U.S.C. § 2511 *et seq.*). Vanguard is a party-at-interest within the meaning of 19 CFR § 177.22(d)(1) and (d)(2), and is entitled to request this final determination under 19 CFR § 177.23(a) and (b).

FACTS:

Vanguard seeks a country of origin determination regarding its Axion series LED video display cabinets, model numbers P1 through P2.5. The video display cabinets are of a uniform size, 640 mm by 360 mm. There are 11 different models offering different degrees of “pixel pitch.” This request is limited to the first nine models in the series, *i.e.*, P1, P1.2, P1.3, P1.4, P1.5, P1.6, P1.8, P2, P2.5.

You explain that:

The Axion series LED video display cabinets receive electronic signals and convert those signals into images that are displayed via the LEDs on the face of the cabinet. They are used by customers to display video images. The Axion series LED video cabinets can be used on a stand-alone basis, but are more commonly attached to other cabinets to create a much larger video screen, such as for the presentation of video images to large audiences.

Vanguard manufactures, sells and distributes LED video display cabinets for both indoor and outdoor use. With regard to the Axion series LED video display cabinets at issue, Vanguard imports the components of the video display cabinets and assembles the cabinets from the imported components at their facility in Lakeland, Florida. You indicate that the components of the Axion series LED video display cabinets (some of which are imported with pre-packaged screws for use in assembling the components to the display cabinet) are:

LED Modules—Manufactured in Taiwan. Each cabinet includes eight LED modules. Each LED module is composed of two subcomponents—LEDs and LED display drivers. These subcomponents are manufactured in

Taiwan. The quantity of LEDs and LED display drivers in each LED module depends upon the desired pixel pitch of the video display.

Receiving Card—Manufactured in China.

Printed Circuit Board (PCB)—Manufactured in Taiwan.

Hub Card—Manufactured in Taiwan.

Power Supply—Manufactured in Taiwan.

Cabinet—Manufactured in China.

You indicate that the LED modules are specifically designed to be used in a particular LED video display, based upon the desired pixel pitch and the size of the cabinet, as ordered by a customer. The PCB is custom-made to meet the criteria specifically requested. While a particular PCB board could theoretically be used in another LED video display, it could not be used in other types of LED goods. The hub card is designed to specifically handle the particular receiving card designed to be used in the specific LED video display as ordered by the customer. In theory, it could be used in a different LED video display, but it could not be used in other types of LED goods. Similarly, the receiving card, power supply, and cabinet can be used in other LED video displays, but cannot be used in other types of LED goods.

You state that the LEDs constitute the majority of the component costs of the video display cabinets. You describe the function of the LEDs as “a type of semiconductor that conveys electronic signals into infrared-rays or light.” The LED display driver is described as “an integrated circuit that provides the circuitry necessary to interface most common microprocessors or digital systems to an LED display. [It] is an electrical device that regulates the power to an LED or a string (or strings) of LEDs.” The receiving card “reads the program commands from the sending card or the computer transmitting the signals regulating the brightness/chromaticity of the LEDs.” The PCB “mechanically and electrically connects electronic components.” Vanguard receives the PCB with the hub card integrated onto the PCB. The hub card “sends power to the LED modules, as well as instructions/information from the receiving card. The LED modules and the receiving card are attached to the PCB by Vanguard. The power supply component receives electrical power from an external source and provides power to the electrical components of the LED video cabinet. Finally, the cabinet, a die-cast aluminum cabinet, provides the structure into which the other

components are installed to create a video display cabinet.

You describe the assembly process in the United States as follows:

1. Attaching and affixing (via screws) the power cable to the cabinet frame.
2. Affixing the power supply to its mount via screws and connecting the power cable to the power supply's adapter.
3. Placing the integrated PCB/hub card assembly on top of the previously attached components, centered in the cabinet, and affixing the PCB/hub card assembly (via screws) to the power supply.
4. Affixing the integrated PCB/hub assembly (via screws) to the cabinet.
5. Affixing the receiving card to the integrated PCB/hub card assembly via a notch in the hub card. (The hub card . . . has a notch into which the receiving card is to be installed.)
6. Installing each of the eight magnetized LED modules into the cabinet by attaching them to their respective data/power slots in the integrated PCB/hub card assembly.

After the video display cabinets are assembled, Vanguard tests them to ensure they function properly. Then, the video display cabinets are packaged for shipment to customers. You indicate that the processing in the United States, including the assembly, testing, and packaging generally requires no more than a day to complete, with the testing and packaging taking more time than the assembly.

You submit that the manufacturing processes which occur in Taiwan to create the Taiwanese components of the video display cabinet are more complex than the assembly process which occurs in the United States or the manufacturing processes which occur in China to create the two components of Chinese origin utilized in the assembly of the finished video display cabinets. In addition, you indicate that the collective value of the Taiwanese-manufactured components is overwhelmingly the majority of the component costs of the completed video display cabinets. Thus, you submit that the country of origin of the finished video display cabinets is Taiwan.

ISSUE:

What is the country of origin of the Axion series LED video display cabinets described herein for U.S. government procurement purposes?

LAW AND ANALYSIS:

U.S. Customs and Border Protection (CBP) issues country of origin advisory rulings and final determinations as to whether an article is or would be a

product of a designated country or instrumentality for the purpose of granting waivers of certain "Buy American" restrictions in U.S. law or practice for products offered for sale to the U.S. Government, pursuant to subpart B of Part 177, 19 CFR 177.21 *et seq.*, which implements Title III, Trade Agreements Act of 1979, as amended (19 U.S.C. 2511–2518).

The rule of origin set forth in 19 U.S.C. 2518(4)(B) states:

An article is a product of a country or instrumentality only if (i) it is wholly the growth, product, or manufacture of that country or instrumentality, or (ii) in the case of an article which consists in whole or in part of materials from another country or instrumentality, it has been substantially transformed into a new and different article of commerce with a name, character, or use distinct from that of the article or articles from which it was so transformed.

See also 19 CFR 177.22(a).

In rendering advisory rulings and final determinations for purposes of U.S. Government procurement, CBP applies the provisions of subpart B of Part 177 consistent with the Federal Procurement Regulations. *See* 19 CFR 177.21. In this regard, CBP recognizes that the Federal Acquisition Regulations restrict the U.S. Government's purchase of products to U.S.-made or designated country end products for acquisitions subject to the TAA. *See* 48 CFR 25.403(c)(1). The Federal Acquisition Regulations define "U.S.-made end product" as:

. . . an article that is mined, produced, or manufactured in the United States or that is substantially transformed in the United States into a new and different article of commerce with a name, character, or use distinct from that of the article or articles from which it was transformed.

The regulations define a "designated country end product" as:

WTO GPA [World Trade Organization Government Procurement Agreement] country end product, an FTA [Free Trade Agreement] country end product, a least developed country end product, or a Caribbean Basin country end product.

A "WTO GPA country end product" is defined as an article that:

- (1) Is wholly the growth, product, or manufacture of a WTO GPA country; or
- (2) In the case of an article that consists in whole or in part of materials from another country, has been substantially transformed in a WTO GPA country into a new and different article of commerce with a name, character, or use distinct from that of

the article or articles from which it was transformed. The term refers to a product offered for purchase under a supply contract, but for purposes of calculating the value of the end product includes services (except transportation services) incidental to the article, provided that the value of those incidental services does not exceed that of the article itself. *See* 48 CFR 25.003.

Taiwan is a WTO GPA country; China is not.