

ALERT

ITC Seeks Comment on Proposed NAFTA Rule Modification Increasing Access of Communications Equipment Manufacturers and Distributors to Duty-Free Status

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On March 28, 2013, the U.S. International Trade Commission (Commission) announced an investigation into the economic effects of proposed changes to the rules of origin laid out in the North American Free Trade Agreement (NAFTA). These changes stand to affect manufacturers of communications equipment that import or export communications equipment among the three NAFTA countries, as well as companies that have production and assembly operations within the United States, Canada and Mexico.

Relevant products subject to the proposed changes include:

- Telephones for cellular networks or for other wireless networks;
- Other telephone sets;
- Base stations and machines for the reception, conversion and transmission or regeneration of voice, images or other data, including switching and routing apparatus, including parts thereof;
- Headphones and earphones, whether or not combined with a microphone, and sets consisting of a microphone and one or more loudspeakers;
- Sound recording or reproducing apparatus;
- Discs, tapes, solid-state non-volatile storage devices, "smart cards" and other media for the recording of sound or of other phenomena, whether or not recorded, including matrices and masters for the production of discs;

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Practice Areas

International Trade
Telecom, Media & Technology
Wireless

- Portable automatic data processing machines, weighing not more than 10 kg, consisting of at least a central processing unit, a keyboard and a display;
- Other automatic data processing machines comprising in the same housing at least a central processing unit and an input and output unit, whether or not combined; and
- Hearing aids and other appliances which are worn or carried, or implanted in the body, to compensate for a defect or disability; parts and accessories thereof.

The proposed changes may make it easier for companies—and their competitors—to obtain the benefits of duty-free imports and exports among the United States, Canada and Mexico. For example, the proposed changes to the rules of origin for telephones for cellular and other wireless networks will greatly simplify the rules and permit a wider number of products to be subject to NAFTA duty-free status.

The Commission intends to accept comments from interested parties regarding the proposed changes through June 4, 2013, and will use these comments in preparing a report for the U.S. Trade Representative (USTR) regarding the economic effects of the proposals. While comments in this proceeding will be public, the Commission has a process for submitting confidential information without public disclosure. The Commission has provided for one round of comments, without a reply round, and is generally not open to lobbying or *ex parte* activity. However, such activities may be pursued with USTR.