

CLIENT ALERT

Domestic Preferences – CBP Says (Again) More Than Software Download Needed to Effect a Substantial Transformation under the Trade Agreements Act

March 16, 2015

In a [final determination](#) published today, Customs and Border Protection ruled that the last "substantial transformation" (and, hence, the country of origin) of a laptop occurred in a country not "designated" under the Trade Agreements Act when the "base unit" was assembled from principal components (*e.g.*, the CPU and BIOS chip) which were also manufactured in that "non-designated country." Subsequent "download" (which CBP distinguishes from "programming") in a country "designated" under the TAA of critical software necessary for the laptop to function as a computer (*e.g.*, the BIOS and the Operating System, both of "designated country" origin) were insufficient to substantially transform the laptop and shift the country of origin to the "designated country" and permit sale under GSA Schedule and contracts subject to the TAA.

For more information, please contact the professional(s) listed below, or your regular Crowell & Moring contact.

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