

## Country of Origin Requirements

(ASTEMO)AM is required to report Country of Origin on their products, and is required to comply with the American Automobile Labeling Act (AALA) and Corporate Average Fuel Economy (CAFÉ) regulations. To do this, we require information from the supplier so we can provide our customers and US Governing Bodies with correct documentation. (ASTEMO)AM also utilizes Free-Trade Agreements (referred to as FTA) for preferential duty treatment with certain countries, should goods qualify. It is highly recommended that suppliers have a staff member who is competent in all areas of 9.1 thru 9.4.

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#### **9.1 - Country of Origin Reporting**

- (ASTEMO)AM will send requests for Supplier Country of Origin Certificates (PM-Form-232) to **ALL** suppliers annually, and all foreign suppliers are required to list Country of Origin on Commercial Invoices to (ASTEMO)AM. For Suppliers within Free-Trade Agreement regions, it is **REQUIRED** the supplier provide a Free-Trade Agreement Form ~~in lieu of~~ in lieu of Supplier Country of Origin Certificate (PM-Form-232) if their products qualify for preferential treatment.
- Additionally, supplier is required to provide (ASTEMO)AM a Supplier Country of Origin Certificate (or FTA form) for all parts during PPAP. ~~It is expected supplier~~ Suppliers are required to alert (ASTEMO)AM Import/Export contacts below if there is a Country of Origin change.
- Should a Country of Origin change occur within the goods ordered, ~~it is expected for the supplier~~ is required to provide an updated Supplier Country of Origin Certificate (or FTA Form) to (ASTEMO)AM Import Export Group as soon as possible.
- Failure to comply with the conditions above may adversely effect supplier ratings.

#### **9.2 - Free Trade Agreements (FTA)**

The United States of America has free trade agreements with 20 countries, in addition to Generalized System of Preference (GSP). What this does is allow the United States to import items from many different locations across the world to help grow their economies and provide competitive pricing for the US Consumer, therefore increasing the US Economy and the value of the US Dollar. Some of the commonly used FTAs are USMCA, CAFTA, US-Australia FTA, and US-Korea FTA. For more detailed information on FTAs to see if you qualify, please see the following links:

- <https://ustr.gov/trade-agreements/free-trade-agreements>
- <https://ustr.gov/issue-areas/trade-development/preference-programs/generalized-system-preference-gsp>
- <http://www.usitc.gov/publications/docs/tata/hts/bychapter/1501gn.pdf>

#### **How Do FTAs Affect You: The Supplier?**

- A good you import might be eligible for preferential treatment under the particular rules of that FTA.
- (ASTEMO)AM could need information from you to determine your regions FTA eligibility for their goods.
- (ASTEMO)AM might have to report content to their customer and must rely on you, the supplier, to provide information based upon your supply chain.
- OEM's may cut cost by eliminating duties. A FTA qualifying part could be more competitive.
- Content information can be crucial and will become more important in the selection of suppliers.

#### **How Do FTAs Work?**

- FTA Rules of Origin are used to determine if a good crossing a border between two FTA countries is eligible for preferential duty treatment.
- The Harmonized Tariff System of the United States (HTSUS) is the basis for utilizing the Rules of Origin for all FTAs. It is the responsibility of the supplier to ensure proper classification for their parts under the HTSUS. This may be accomplished through internal review or consultation with a Customs Broker, Trade Attorney, etc.
- Regional Value Content (RVC) is used in the Rules of Origin to establish the percentage of domestic value that must be achieved as imported / or domestic materials are processed into goods in a FTA country.

#### **9.3 - American Automobile Labeling Act (AALA)**

- Effective on October 1, 1994.
- Administered by National Highway Traffic Safety Administration (NHTSA).
- Requires a window sticker on new cars sold in the United States detailing content and origin of components.
- Requires passenger cars and other light vehicles to be labeled with information about domestic and foreign content.
- Provides the ultimate purchaser with information on the US/CA and foreign parts content of passenger cars sold in the United States.

#### **What Does (ASTEMO)AM Need From You, The Supplier, For AALA?**

- Value by country code for all components / materials of your good.
- Completed and signed (ASTEMO)AM Content Reporting Form.

#### **For AALA, How Do You Determine the Value by Country of the Components/ Materials Used In Your Good?**

- Obtain vendor content information for your files.
- Value is the price paid by the supplier to the customer.
- Use a 12-quarter average exchange rate for foreign currency values.
- "Generic Part" value is attributed to the country in which it is used.

- Import value includes the value of the imported good **plus** ocean freight, insurance, duties and customs brokerage fees.
- Overhead, general and administrative expenses, profit and inland freight should be included as value under the country where the manufacturing process takes place.

#### **9.4 - Corporate Average Fuel Economy (CAFE)**

- Regulated by the United States Environmental Protection Agency (EPA).
- Requires automobile manufacturer's fleets of passenger cars to meet an average fuel economy level on a model year basis.
- Local content calculations are used to classify carlines sold in the United States as "domestic" or "import". Local content of 75% or greater will classify a carline as "domestic".

#### **For CAFE, How Do You Determine the Value By Country of the Component / Materials Used In Your Good?**

- Total value is the sales price.
- Determine the value of all imported components (FOB value plus ocean freight and insurance).
- Determine any Canadian value added.
- United States Content = sales price – imported parts values – Canadian value added.

#### **9.5 – (ASTEMO)AM Import Export Group Contacts**

- Harrodsburg, KY Facilities: Ashley Rice 859-734-8924  
(Including BM, SDC, & LA) [ashley.rice@hitachi-automotive.us](mailto:ashley.rice@hitachi-automotive.us)  
Kevin Charles 859-734-6402  
[kevin.charles@hitachi-automotive.us](mailto:kevin.charles@hitachi-automotive.us)
- Berea (BK), KY Facility: Alexei Tioukalov 859-985-2159  
alexei.tioukalov@hitachi-automotive.us
- Monroe, GA Facility: Deyatae Willingham 770-207-0050  
Deyatae.willingham@hitachi-automotive.us

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