
40 C.F.R. § 600.511-08

Determination of domestic production.

(a) Except with advance approval of the Administrator, an automobile shall be considered domestically produced in any model year if it is included within a domestically produced car line (car line includes station wagons for purposes of this paragraph), unless the assembly of such automobile is completed in Canada or Mexico and such automobile is not imported into the United States prior to the expiration of 30 days following the end of the model year. For purposes of this paragraph a car line will be considered domestically produced if the following ratio is less than 0.25:

(1) The sum of the declared value, as defined in § 600.502, of all of the imported components installed or included on automobiles produced within such a car line within a given model year plus the cost of transportation and insuring such components to the United States port of entry, the Mexican port of entry (when paragraph (b)(3) of this section applies), or the Canadian port of entry but exclusive of any customs duty, divided by

(2) The cost of production, as defined in § 600.502, of automobiles within such car line.

(b) For the purposes of calculations under this subpart with respect to automobiles manufactured during any model year,

(1) An average exchange rate for the country of origin of each imported component shall be used that is calculated by taking the mean of the exchange rates in effect at the end of each quarter set by the Federal Reserve Bank of New York for twelve calendar quarters prior to and including the calendar quarter ending one year prior to the date that the manufacturer submits the calculation of the preliminary average for such model year. Such rate, once calculated, shall be in effect for the duration of the model year. Upon petition of a manufacturer, the Administrator may permit the use of a different exchange rate where appropriate and necessary.

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