

# ***Expanding Kazakhstan's Exports under the GSP Program***



**Elizabeth Hafner  
Office of the U.S. Trade Representative  
Executive Office of the President  
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# ***Summary of Presentation***

- **Introduction to the U.S. Generalized System of Preferences (GSP) Program GSP Program**
- **U.S. imports from Kazakhstan through the U.S. GSP Program**
- **Increasing Kazakhstan's exports under GSP**

# ***GSP Program***

- **Kazakhstan became a GSP beneficiary on March 4, 1994**
- **GSP provides duty-free treatment to 3,400 types of exports from Kazakhstan**
- **Gives Kazakhstan exports an advantage in U.S. market – lower cost to U.S. importers**
- **GSP is a major source of U.S. imports: \$30.8 billion in 2007**

# ***U.S. Imports from Kazakhstan Under GSP***

- **\$420 million in 2007; \$84 million from January-March 2008**
- **Kazakhstan is 11th largest user of GSP benefits (2007)**
- **34 percent of all U.S. imports from Kazakhstan enter under GSP – one of the highest percentages of U.S. imports under GSP from any country**
- **Just 28 product types enter under GSP**

# ***Top U.S. Imports from Kazakhstan under GSP***

- **Top U.S. imports from Kazakhstan entering under GSP in 2007 were:**
  - **Unwrought zinc (\$172 million) – increase of 753 percent over 2006; \$2.6 million in duties saved (1.5%) in 2007**
  - **Ferrochromium (\$160 million) – increase of 89 percent; \$3 million in duties saved (1.9%)**
  - **Ferrosilicon chromium (\$31 million) – increase of 34 percent; \$3.1 million in duties saved (10%)**

## *Other Top U.S. Imports from Kazakhstan under GSP*

- Ammonium perrhenate: \$21.8m (3.1%)
- Ferrochromium, chromium trioxide, tantalum (3.1 - 4.4%)
- Wheat gluten: \$964,700 (6.8%)
- Gold jewelry: \$890,000 (5.5%), but...U.S. imports dropped from \$5.3m in 2006.
- Non-metal imports very small

# ***Snapshot: First Quarter 2008***

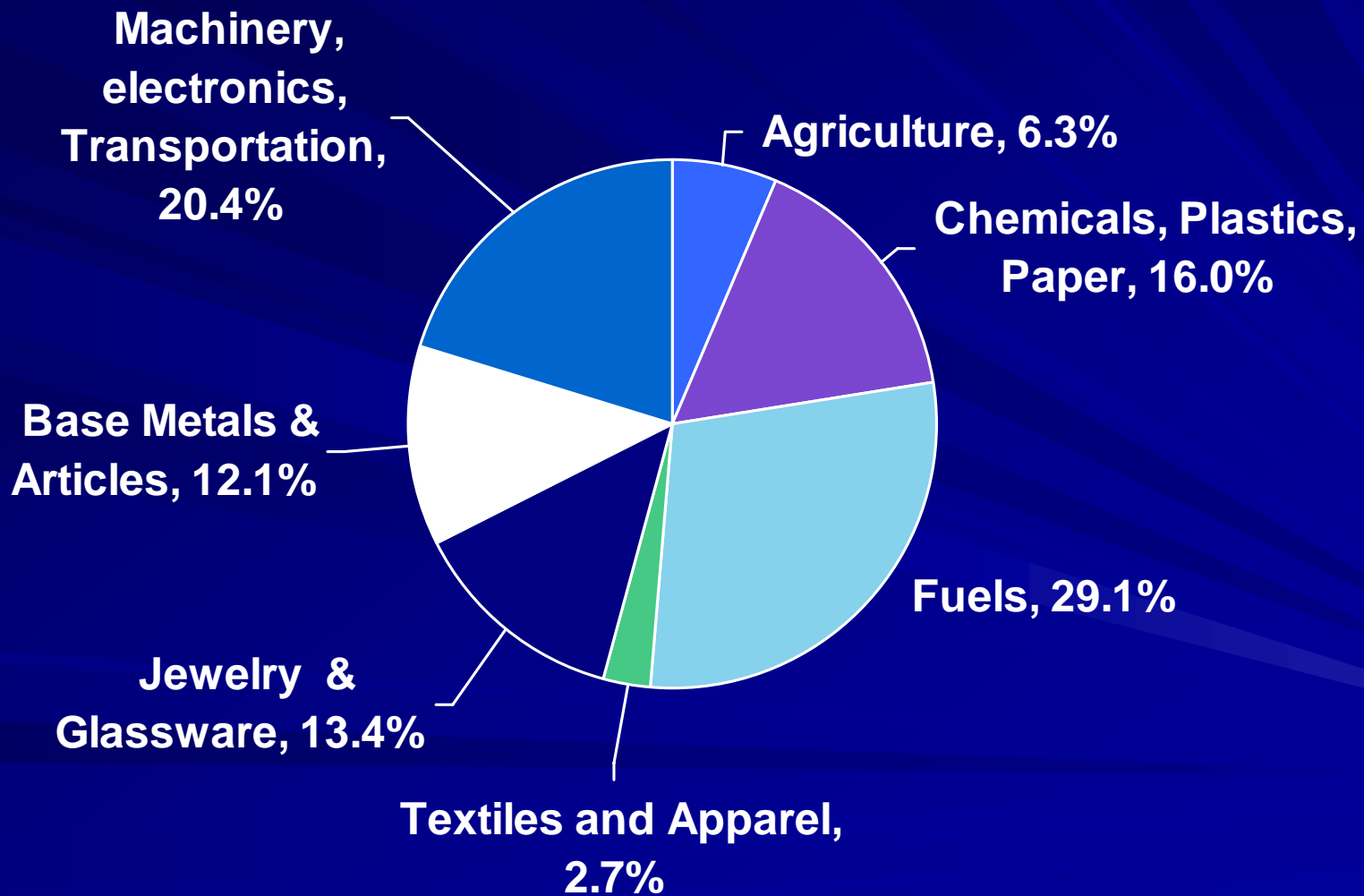
- **Imports under GSP down: \$84 million (from \$173 million during the same period in 2007)**
- **Increased imports of Ferrosilicon Chromium, Tantalum, & Copper-Tin Base Alloys**
- **Decreased imports of Zinc, Ammonium Perrhenate, Unwrought Beryllium, & Unwrought Magnesium**

# *Which Products are Eligible for Duty-Free GSP Treatment?*

- **Eligible**: manufactured items and inputs, jewelry, skins, many carpets, certain agricultural products, chemicals, marble, and minerals
- **Not eligible**: most textiles and leather goods, footwear, home décor textiles



# *Types of U.S. imports that received GSP duty-free treatment in 2007*



# ***How to Qualify for Duty-free Treatment under GSP***

- (1) Product included in list of GSP-eligible articles\***
- (2) Exported directly to U.S. or pass through another country under a “through bill of lading” to the U.S.**
- (3) Growth or product of Kazakhstan, or if imported input, local content & processing equal 35% of product value**
- (4) Importer must request duty-free treatment for item by writing an “A” on the U.S. Customs Entry Form (tariff refunds can be requested)**

**\* A: GSP-eligible from all countries; A\* one ore more countries no longer eligible; A+: only LDCs eligible**

# 1) *GSP eligibility*

**(1) Product must be included in U.S. tariff list of GSP-eligible articles: Free (A...) or Free (A+...) in last column on right**

- Or use this lookup address on the web:  
[http://dataweb.usitc.gov/scripts/gsp/gsp\\_tariff.asp](http://dataweb.usitc.gov/scripts/gsp/gsp_tariff.asp)

6307.90.75	00	Toys for pets, of textile materials .....	No. .... kg	4.3%	Free (BH,CA, CL,E*,IL, J*,JO, MX, P,SG) 1.8% (MA) 3% (AU)
6307.90.85	00	Wall banners, of man-made fibers .....	kg .....	5.8% <u>1/</u>	Free (A,BH,CA, CL,E,IL,J, CL,IL,JO, MX, P,SG)

## ***2) Imported directly***

**Product must be imported directly from Kazakhstan to the United States or pass through another country on a “through bill of lading” with a U.S. destination.**

### ***3) Product origin***

- **Cost of local inputs and labor must equal 35% of product's FOB price to be from Kazakhstan**
- **If imported item, it must be “substantially transformed” in Kazakhstan and then used in product production**
- **“Substantially transformed” means the item's name, character, or use differs from when it was imported**

## ***4) GSP must be requested***

**U.S. importer (not exporter) MUST REQUEST  
duty-free treatment for the item**

- **Is NOT automatic**
- **Importer writes an “A” before tariff number on Customs entry form 7501**
- **If importer makes a mistake and does not request GSP: can file a “Post-Entry Amendment” to U.S. Customs within 294 days**

**Make sure importer marks an "A" before the tariff number on the form!**

DEPARTMENT OF HOMELAND SECURITY U.S. Customs and Border Protection ENTRY SUMMARY				1. Filer Code/Entry No. AWC 000	2. Entry Type 01 ABI/A	3. Summary Date 10/04/2006	
8. Importing Carrier		9. Mode of Transport 11	10. Country of Origin TR		7. Entry Date 09/24/2006	11. Import Date 09/24/2006	
12. b/L or AWB No.		13. Manufacturer ID	14. Exporting Country TR		6. Port Code 2704	15. Export Date 08/30/2006	
16. I.T. No.	17. I.T. Date	18. Missing Docs	19. Foreign Port of Lading 55735		20. U.S. Port of Unloading 2704		
21. Location of Goods/G.O. No.		22. Consignee No. SAME	23. Importer No.		24. Reference No.		
25. Ultimate Consignee Name and Address				26. Importer of Record Name and Address			
City _____ State IN Zip _____				City _____ State IN Zip _____			
27. Line No.	29. A. HTSUS No. B. AD/CVD Case No.	30. A. Gross Weight B. Manifest Qty.	31. Net Quantity in HTSUS Units	32. A. Entered Value B. CHGS C. Relationship	33. A. HTSUS Rate B. AD/CVD Rate C. IRC Rate D. Visa No.	34. Duty and I.R. Tax Dollars Cents	
	M W465000914	H B08CER1369LY		NOT RELATED	2700 CASES		
01	INVOICE 00001						
A	DISPOSBL SEAMLES RUBBER GL #015.19.1010	16940	112500 DPR	51840 C3959	FREE	0.00	
	HARBOR MAINTENANCE FEE				0.125%	64.80	
	MERCHANDISE PROCESSING FEE				0.21%	108.86	
				<b>AS ENTERED</b>			
Other Fee Summary for Block 39				35. Total Entered Value		CBP USE ONLY	
MPT 499 108.86 EMP 501 64.80				\$ 51,840.00		A. UIC CODE 359	B. Ascertained Duty
				Total Other Fees \$ 173.66		REASON CODE	C. Ascertained Tax
36. DECLARATION OF IMPORTER OF RECORD (OWNER OR PURCHASER) OR AUTHORIZED AGENT							D. Ascertained Other
I declare that I am the <input type="checkbox"/> importer of record and that the actual owner, purchaser, or consignee for CBP purposes is as shown above, OR <input checked="" type="checkbox"/> owner or purchaser or agent thereof. I further declare that the merchandise <input checked="" type="checkbox"/> was obtained pursuant to a purchase or agreement to purchase and that the prices set forth in the invoices are true, OR <input type="checkbox"/> was not obtained pursuant to a purchase or agreement to purchase and the statements in the invoices as to value or price are true to the best of my knowledge and belief. I also declare that the statements in the documents herein filed fully disclose to the best of my knowledge and belief the true prices, values, quantities, rebates, drawbacks, fees, commissions, and royalties and are true and correct, and that all goods or services provided to the seller of the merchandise either free or at reduced cost are fully disclosed.							E. Ascertained Total
I will immediately furnish to the appropriate CBP officer any information showing a different statement of facts.							39. Other 173.66
41. DECLARANT NAME _____ TITLE _____						SIGNATURE	40. Total 173.66
						DATE	
							10/12/2006
42. Broker/Filer Information (Name, address, phone number)				43. Broker/Importer File No. 6841			

# ***Expand Use of GSP Benefits***

- 1. Apply for waivers of eligibility limitations**
- 2. Ensure eligible products get GSP duty-free treatment (96% of all eligible did in 2007)**
- 3. Increase exports of current GSP-eligible products (especially non-metals, non-chemicals)**
- 4. Identify exports to other countries that would get GSP if exported to U.S.**
- 5. Export more consumer items, including handicrafts and home décor items**
- 6. Use the internet to tell your story and find buyers for consumer goods**



# ***Claim the GSP Savings!***

- **Kazakhstan is doing well! U.S. imported \$437 million in GSP-eligible goods in 2007**
- **U.S. importers did not claim just \$17million (\$500,000 in duties paid)**
- **However, average duty on items not claimed under GSP was 2.6%, as compared to items claimed (1.9%)**

# ***Top GSP-eligible imports by duties paid***

- **U.S. importers did not claim these exports under GSP (2006-March 2008):**
  - **Tantalum (\$20.9 million) - \$582,000 in duties paid (2.5 - 4.4%) since 2006**
  - **Ammonium perrhenate (\$22.9 million) - \$700,000 in duties paid (3.1%) since 2006**
  - **Ferrochromium (\$3.7 million) - \$76,000 in duties paid (1.9-3.1%) since 2006**

# ***Identify GSP-eligible Items that Kazakhstan exports to other markets***

- For example, Kazakhstan exports to the European Union give an idea of articles that could benefit from GSP if exported to the United States.
- Topping the list of Kazakhstan exports to the EU are:
  - Mineral fuel
  - Iron and steel
  - Copper
  - Zinc
  - Precious stones and metals
  - Inorganic chemicals
  - Other base metals
  - Cereals

## ***Export jewelry and home décor items duty-free: strong U.S. demand***

- **Jewelry: gold and silver (5-11% saved)**
- **Wood statues, boxes, and tableware (3.2 - 10.9%)**
- **Leather belts and bandoliers (2.7%)**
- **Carpets and rugs (6%)**
- **Ceramic houseware articles (6 - 9.8%)**
- **Woven baskets and bags (6.6%)**
- **Woven wall hangings and pictures (DF)**

# ***Export Handicrafts***

**Under a certified textile handicraft agreement between Kazakhstan and the U.S.:**

- Artisans can export duty-free...**
  - hand-loomed fabrics (3% duty saved)**
  - hand-loomed and folklore wall hangings and pillow covers (3.8% duty saved)**
- ...when the Kazakhstan government certifies them as hand-made.**

**Letter was given to Kazakhstan in August 2007 in response to interest from the Kazakhstan government.**

# *Other GSP Export Strategies*

- **Moving up the value-added chain of production creates opportunities for higher-skilled jobs.**
- **For example, hides and skins are a leading export to the European Union.**
- **Some of these hides and skins could be used in the United States to make GSP-eligible leather goods such as belts, shoe laces, and sports gloves and handbags.**

# ***Outreach and Education***

## **■ Outreach tools**

- seminars (in-person, via teleconference, videoconference);**
- GSP guides and export analyses for Kazakhstani government, Chambers of Commerce, USAID and USAID contractors, artisan groups, and other organizations**
- news articles and public service radio announcements**

## **■ USTR also works with key U.S. importers**

# ***Questions?***

## **Office of the U.S. Trade Representative**

**GSP Guidebook, lists of GSP-eligible and ineligible products, notices:**

- [http://www.ustr.gov/Trade\\_Development/Preference\\_Programs/GSP/Section\\_Index.html](http://www.ustr.gov/Trade_Development/Preference_Programs/GSP/Section_Index.html)

## **U.S. Tariff Schedule**

- <http://www.usitc.gov/tata/hts>

## **Department of Homeland Security:**

### **Customs & Border Protection**

- <http://www.customs.gov/xp/cgov/import/>
- Customs Entry Form 7501:  
<https://forms.customs.gov/customsrf/getformharness.asp?formName=cf-7501-form.xft>



# *Spasibo!*

