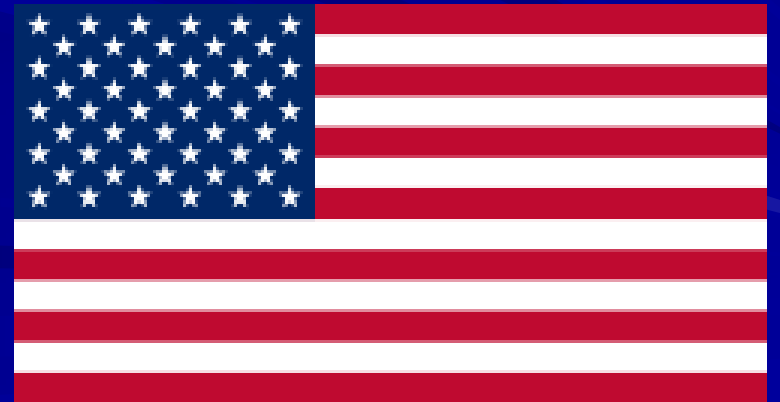


Expanding Turkey's Exports

November 2007



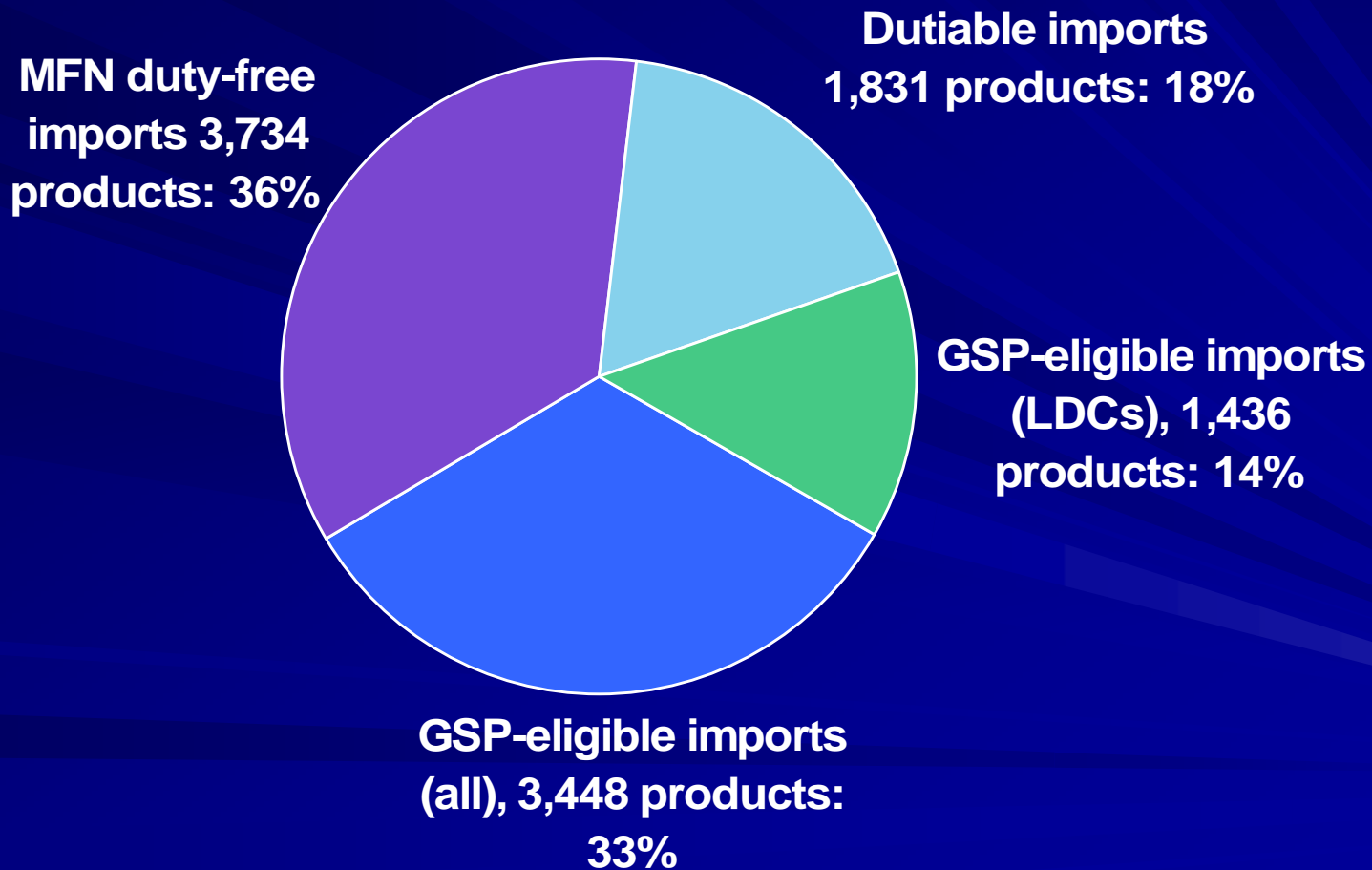
Overview

- **U.S. imports from Turkey through the U.S. Generalized System of Preferences (GSP) Program**
- **Using the U.S. GSP program**
- **Increasing Turkey's export opportunities**

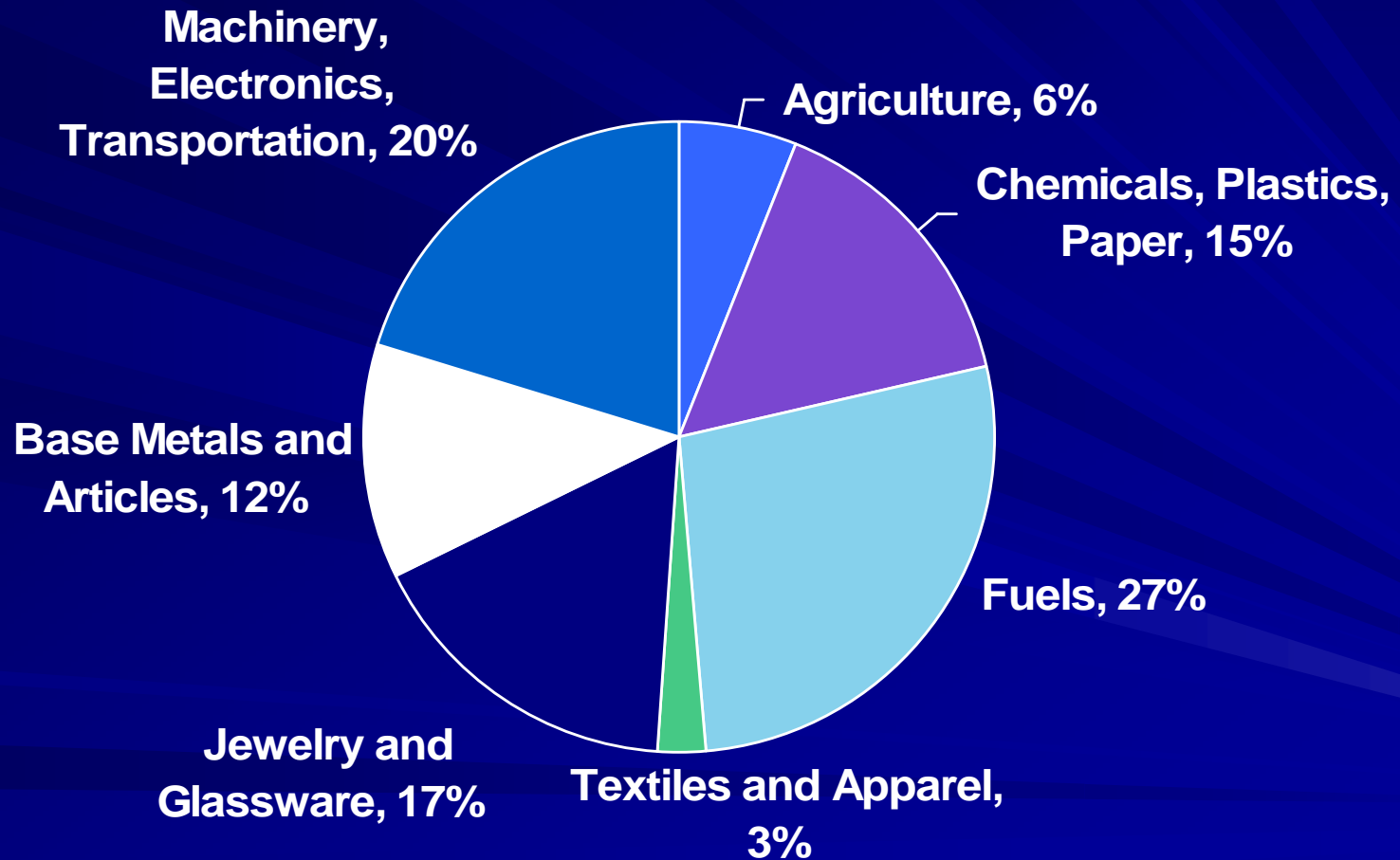
GSP Program

- **Created by U.S. Congress in 1974**
- **Duty-free treatment for imports from 131 countries (43 LDCs)**
- **Gives these imports an advantage in U.S. market; provides cheaper goods to U.S. industry and consumers**
- **Major U.S. import program: \$32.6 billion in 2006; up 22%**

Which Products are Eligible for Duty-Free GSP Treatment?



Types of U.S. Imports Receiving GSP Duty-Free Treatment (2006)



U.S. Imports from Turkey Under GSP in 2006

- **\$1.13 billion (up 5.4% from 2005)**
- **GSP: 21% of \$5.4 billion total imports**
- **913 (26%) of 3474 GSP product types**
- **Importers saved \$47.5 m in duties**
- **But, GSP-eligible imports are receiving less and less duty-free treatment**

U.S. Imports from Turkey Under GSP (Jan-Sep 2007)

- **Gold jewelry: \$244 million (5.5%-5.8%)**
- **Copper wires: \$86 million* (3%)**
- **Building stones: \$62 million (4.9%)**
- **Olive oils: \$31 million (3.4 cents/kg)**
- **Shotguns: \$28.4 million* (2.6%)**
- **Juice of single fruit: \$27 million* (0.5 cents/liter)**

U.S. Textile and Apparel Imports from Turkey under GSP

- **Turkey is unique in exporting many GSP-eligible textiles and apparel to U.S.**
- **Silk: fabrics, shawls, women's/girls' apparel, handkerchiefs**
- **Headbands, headgear, national flags**
- **Carpets, banners, umbrellas, hairnets**
- **Duty savings as high as 15%**

Competitive Need Limitations

- **2007: \$130 million annual trade or more than 50% of all U.S. imports of that item**
- **Will exceed in 2007 (\$40m, but 75% market share):**
 - **HTS 7413.00.50 Copper cables, plaited bands, etc. not fitted w/fittings & not made up into articles**
 - **Others?**
- **CNL waiver petition deadline: Friday, Nov. 16**

Super-competitive GSP imports?

- **Congressional direction (2006) to revoke CNL 5-year-old waivers for super-competitive imports**
- **Thresholds: \$195 million in annual imports or >75% market share in 2007**
- **Super-competitive? (based on Jan-Sep data)**
 - HTS 71131929 - Gold necklaces and neck chains (other than of rope or mixed links): **\$78m; 11%**
 - HTS 71131950 - Precious metal (o/than silver) articles of jewelry and parts thereto, whether or not plated or clad with precious metal: **\$166m; 4%**

How to Qualify for Duty-free Treatment under GSP

- (1) Product included in tariff list of GSP-eligible articles and not excluded from Turkey**
- (2) Imported directly from Turkey or passes through another country in a sealed container (19 CFR 10.175)**
- (3) Growth or product of Turkey, or if it uses imported inputs, local content and processing equal 35% of product value**

35% Value-added Requirement

- **Cost of Turkish inputs and labor must equal 35% of product's price when sold.**
- **To count toward that 35%, imported inputs must be “substantially transformed” in Turkey and then used to help produce or manufacture item.**
- **A “substantially transformed” article means that its name, character or use differs from the imported article.**

Record-keeping for GSP

- **To verify the 35 percent rule-of-origin rule:**
 - Dated invoices for materials used to produce good and from where
 - Description of product, quantity, and costs
- **If processing operations are involved:**
 - Description of processing and location
 - Direct costs of processing operations
- **For agricultural exports:**
 - Producer's statement verifying on which town and farm the product is grown
 - Description of product and quantity
 - Dated invoices for costs incurred
- **Retain records for at least five years**

Claiming GSP Duty-Free Treatment

- **Importer must REQUEST duty-free treatment for the item**
- **Is NOT automatic**
- **Write an “A” before the tariff number on Customs entry form 7501**

Claiming GSP on Entry Form 7501

The U.S. importer places an "A" in column 27, in front of the tariff number.

15-1.1-2001 10:38am From Trade Corp Invoice 202241206 1 187 003/002 F-066

DEPARTMENT OF HOMELAND SECURITY
U.S. Customs and Border Protection
ENTRY SUMMARY

1. Filter Code/Entry No RMC 000		2. Entry Type 01 ABI/A		3. Summary Date 10/04/2006	
4. Entry No.		5. Bond Type 8		6. Port Code 2704	
7. Entry Date 03/24/2006		8. Country of Origin TR		9. In-Port Date 09/26/2006	
10. Country of Origin TR		11. Expiry Date TR		12. Expiry Date 03/30/2006	
13. Foreign Port of Loading 55735		14. U.S. Port of Unloading 2704		15. Importer No.	
16. Reference No.		17. Importer Name and Address		18. Importer City, State, ZIP	
19. Description of Merchandise		20. HTSUS Rate		21. Duty Rate	
22. A. HTSUS No. B. AD/CVD Case No.		23. A. Gross Weight B. Manifest Qty.		24. Net Quantity in HTSUS Units	
25. A. Entered Value B. CHKS C. Relationship		26. A. HTSUS Rate B. AD/CVD Rate C. IRC Rate D. Visa No.		27. Duty Rate L/R Tax Crate	
28. A. HTSUS No. B. AD/CVD Case No.		29. A. Gross Weight B. Manifest Qty.		30. Net Quantity in HTSUS Units	
31. A. Entered Value B. CHKS C. Relationship		32. A. HTSUS Rate B. AD/CVD Rate C. IRC Rate D. Visa No.		33. Duty Rate L/R Tax Crate	
34. A. HTSUS No. B. AD/CVD Case No.		35. A. Gross Weight B. Manifest Qty.		36. Net Quantity in HTSUS Units	
37. A. Entered Value B. CHKS C. Relationship		38. A. HTSUS Rate B. AD/CVD Rate C. IRC Rate D. Visa No.		39. Duty Rate L/R Tax Crate	

32. Total Entered Value: 51,640.00
33. Total Other Fees: 173.66
34. Total Value: 51,813.66

35. CBP USE ONLY
A. LIG CODE: 359
B. Ascertained Duty: 0.00
C. Ascertained Tax: 64.80
D. Ascertained Other: 108.86
E. Ascertained Total: 173.66

36. DECLARATION OF IMPORTER OF RECORD (OWNER OR PURCHASER) OR AUTHORIZED AGENT
I declare that I am the importer of record and that the actual owner, purchaser, or consignee for CSP purposes is as shown above, OR owner or purchaser or agent thereof. I further declare that the merchandise was obtained pursuant to a purchase or agreement to purchase and the prices and fees in the invoices are true, OR 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 this document's header field fully disclose to my knowledge and belief the true prices, values, quantities, measures, descriptions, uses, combinations, and royalties and are true and correct, and goods or services provided to the holder of the merchandise either free or at reduced cost are fully disclosed. I will immediately furnish to the appropriate CBP office any information showing a different statement of facts.

37. DECLARANT NAME: [Signature]
38. TITLE: [Signature]
39. Date: 10/10/2006

40. Declarant Information (Name, address, phone number)
41. Entry/Importer File No.: 6841

CBP Form 7501 (04/05)

Ensure GSP-eligible products get GSP duty-free treatment !

- **Importers of GSP-eligible goods from Turkey are paying duties needlessly**
- **2004: 99% of GSP-eligible goods entered the U.S. duty-free**
- **2006: 88% entered GSP duty-free**
- **Extra \$6.2 million in duties assessed on Turkish products in 2006**

Extra Duties Paid on...

- **National flags: \$233,000 @ 7% duty**
- **Telescopic sights for rifles: 14.9%**
- **Silver jewelry: 13.5%**
- **Prepared vegetables: 11.2%**
- **Imitation jewelry: 11%**

Maximize Use of GSP Benefits

- 1. Increase exports of GSP-eligible textile, apparel, and handcrafted products**
- 2. Identify Turkey's exports to other countries that would get GSP in U.S.**
- 3. Inform importers and exporters of GSP**

Handmade Crafts and Home Decor

- **Use GSP certified handicraft arrangement (wall hangings, pillow covers)**
- **Many handicraft exports can enter the United States duty-free, either from all countries or from GSP beneficiaries:**
 - **games, racket strings, and cotton hammocks**
 - **paintings, sculpture, and wall hangings**
 - **many types of carpets, kilims, tapestries and rugs**
 - **wooden furniture, statuettes, boxes, and picture frames**
 - **walking sticks**
 - **wind, string, and drum musical instruments**

Export more of Turkey's current GSP-eligible exports to the U.S.

- **Nuts and seeds (saves up to 11.3 cents/kg)**
- **Tractor power trains, camper tops (2.5%)**
- **Piston engine parts (saves 2.5%)**
- **Household/Laundry washers (saves 1.4%)**
- **Vehicle radial tires (saves 4%)**
- **Insulated wiring sets: vehicles, planes, ships (saves 5%)**

Looking for your input

- **How to increase amount and type of Turkish exports entering under GSP?**
- **Ways to reach out to U.S. importers and customs brokers?**
- **Working with the Turkish-American Chamber of Commerce & Industry?**

Questions?

■ For agriculture:

AGANKARA@FAS.USDA.GOV

Istanbul: 212-335-9068

Ankara: 312-468-6129

■ Other questions:

Ankara.Office.Box@mail.doc.gov

For Additional Information

**Office of the U.S. Trade Representative
Website:**

GSP guidebook, lists of GSP-eligible and ineligible products, notices:

- http://www.ustr.gov/Trade_Development/Preference_Programs/GSP/Section_Index.html

For Additional Information

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>
- <http://www.customs.treas.gov/xp/cgov/toolbox/publications/>

Teşekkür ederim

